

# MULTIPLYING



**FOR PEOPLE, BUSINESSES, ECONOMIES AND THE PLANET**



**Property**

# THANK YOU, OUR DEAR SHAREHOLDERS

2022 was a year of recovery not only for the global community, but also for Sime Darby Property. Our focus during the onslaught of the COVID-19 pandemic was to stay resilient and persevere through all challenges that came our way to create sustainable value for our stakeholders – and we have continued to do so. We thank you, our dear shareholders for your trust in us, which has made it possible for us to deliver value-added results across all aspects of our domain, as well as achieve numerous milestones along the way.





erty **OASIS** **DAMANSARA**



MSC  
Cybercentre



# A VALUE MULTIPLIER FOR PEOPLE, BUSINESSES, ECONOMIES AND THE PLANET

As a brand synonymous with bringing people and communities together, we are cognisant of the need to continuously adapt to the times. Our brand new Purpose sets the direction for us to traverse into the future and deliver positive, sustainable value and results to all our stakeholders, by not only cementing our role as a responsible property developer, but also as a creator of harmonious communities and a custodian of the planet's well-being.





# BEYOND 50: ONWARDS AND UPWARDS

Sime Darby Property celebrated its golden jubilee in 2022 with the theme “Beyond 50” – a definitive tagline highlighting our past achievements, as well as our vision of the time ahead.

For the last five decades, we have consistently pushed the boundaries to create and develop homes for people of all walks of life. Looking into the future, our aim is to continue delivering value as a strategic master developer to build homes of tomorrow and leave a lasting positive impact in the real estate industry for years to come.





# A 'FORCE FOR GOOD'

We pride ourselves on delivering value to our stakeholders through a holistic and sustainable business model. Along with our philanthropic arm, Yayasan Sime Darby, coupled with our 2030 Sustainability Goals, we strive to be at the forefront of making impactful changes and social good for collective progress, as well as for the betterment of society.









## MULTIPLYING VALUE FOR PEOPLE, BUSINESSES, ECONOMIES AND THE PLANET

At Sime Darby Property, we are putting into motion our Purpose of Multiplying Value for People, Businesses, Economies and the Planet through initiatives that will shape the future of our industry.

As an industry leader, we aim to transform from a pure-play residential-focused property developer into a real estate company by 2025. Our strategy is centred on executing initiatives that align with our priorities to diversify revenue streams, enhance competencies to increase resilience and improve market offerings, cultivate new capabilities that complement our transformation and expansion plans, as well as implement new and innovative technology. We are also focused on prioritising sustainability and integrating ESG practices in all that we do.

Aligned with our future-forward direction, we are ready to advance real estate as a catalyst for collective progress and manage a thriving asset portfolio that delivers value to all our stakeholders. By redefining our purpose, we believe that Sime Darby Property will contribute to making the world a better place for future generations.

## ABOUT THIS REPORT

Sime Darby Property's Integrated Report 2022 has been prepared according to the principles of integrated reporting. It provides a balanced and accurate narrative about the Group's financial and non-financial performance and prospects based on our strategy, taking into account the challenges posed by the operating environment and other key risks impacting the property industry post COVID-19. The report is intended primarily for providers of capital, but is also relevant to all stakeholders who would like to understand how we seek to create value in the short, mid and long term through good governance, balancing our vision for growth against environmental and social imperatives.

This is our sixth Annual Report since our listing in 2017. It covers the Financial Year 2022 and is prepared in accordance with the principles prescribed by the International Integrated Reporting Council. The report also includes the main activities, key business areas and discusses our outlook, targets and objectives.



Tells you where you can find more information online at

[www.simedarbyproperty.com](http://www.simedarbyproperty.com)

## MATERIAL MATTERS



## STAKEHOLDERS



## Materiality

Information disclosed in this integrated report is relevant to our material matters, which have been determined by extensive stakeholder engagement, as well as internal evaluation. These material matters reflect existing and emerging risks and opportunities, which could affect our ability to create value and deliver on our Purpose, Vision, Mission and Values.

## Scope and Boundary

This integrated report focuses on the activities, initiatives and key events that took place during the financial year from 1 January 2022 until 31 December 2022, unless stated otherwise. It covers the operations of the Sime Darby Property Group including our subsidiaries and joint ventures.

## Reporting Framework

Our integrated reporting process, as well as the contents of this report have been guided by the principles and requirements of:

- The Integrated Reporting <IR> Framework issued by the International Financial Reporting Standards (“IFRS”) Foundation.
- The Main Market Listing Requirements (“MMLR”) issued by Bursa Malaysia.
- Bursa Malaysia’s Sustainability Guidelines (3rd Edition).
- The Malaysian Code on Corporate Governance (“MCCG”) 2021 issued by Securities Commission Malaysia.
- GRI Standards, issued by the Global Reporting Initiative (“GRI”).
- United Nations’ Sustainable Development Goals (“SDGs”).
- Taskforce on Climate-Related Financial Disclosures (“TCFD”).
- Malaysian Financial Reporting Standards (“MFRS”).
- Malaysia’s Companies Act 2016.

## Combined Assurance

Contents of the entire report have been read and approved by the Management and Board of Directors. Additionally, all the financial data presented have been assured by our internal and external auditors while the non-financial disclosures have been reviewed by PricewaterhouseCoopers PLT Malaysia.



## Forward-looking Statements

This integrated report contains certain forward-looking statements relating to future performance. Such statements are premised on current assumptions and circumstances, which could change, hence they necessarily involve uncertainty. Various factors could cause actual results to differ materially from those expressed or implied by these forward-looking statements.

## Directors’ Responsibility Statement

The Board of Directors of Sime Darby Property acknowledges responsibility for ensuring the integrity of our Integrated Report 2022. In our opinion, the report presents a fair assessment of the Group’s performance and addresses all key matters that are material to our ability to create value. This report was approved by the Board on 23 March 2023.

### Rizal Rickman Ramli

Non-Independent Non-Executive Chairman

### Dato’ Azmir Merican

Group Managing Director

## Feedback

We welcome all enquiries, comments and feedback on our Integrated Report in order to clarify issues and to further improve our reporting. Please channel your feedback or query to:

## Group Corporate Communications

Level 8, Block G, No. 2, Jalan PJU 1A/7A, Ara Damansara PJU 1A, 47301 Petaling Jaya, Selangor

Tel : +603-7849 5000

Email : group.communications@simedarbyproperty.com

## KEY STRATEGIC PRIORITIES

- Achieve Cost & Operational Efficiencies
- Launch New Growth Areas
- Expand Recurring Income Portfolio
- Embark On Digital Transformation
- Improve Organisational Effectiveness

## KEY RISKS

- R1** Market
- R2** Development & Product Strategy
- R3** Joint Ventures, Collaborations & Strategic Partnership
- R4** Talent & Resource Management
- R5** Project Development & Execution
- R6** Environmental, Safety & Health
- R7** Utilities Supply
- R8** Cybersecurity
- R7** Legal/Regulatory & Contractual Compliance
- R8** Competition

## CAPITALS



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Please scan the QR code for the following documents of the Company which are available at

<https://www.simedarbyproperty.com/investor-relations/shareholders>





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## Property

Sime Darby Property ("the Group") is Malaysia's leading property developer with over 50 years of experience in building sustainable communities. With over 100,000 homes across 25 active townships and developments under its belt, Sime Darby Property has a wide reach throughout the country. It marked its presence in the United Kingdom as part of a Malaysian consortium that redeveloped the iconic Battersea Power Station in Central London.

Beyond Property Development, Sime Darby Property has a strong footing in the industrial and logistics sector at Bandar Bukit Raja, Elmina Business Park, and Serenia City in Selangor; Nilai Impian and Hamilton Nilai City in Negeri Sembilan; and Bandar Universiti Pagoh in Johor. Within its Leisure arm, Sime Darby Property is the proud owner of the Kuala Lumpur Golf & Country Club, one of the region's most prestigious golf clubs.

As a responsible corporate player, Sime Darby Property and its philanthropic arm, Yayasan Sime Darby ("YSD") actively implement various social welfare initiatives to assist underprivileged communities living within and nearby its townships.

As at December 2022, the Group has approximately 14,700 acres of land bank, most of which are located strategically on the west coast of Peninsular Malaysia. Within its Investment & Asset Management business, the Group operates 5.4 million sq. ft. of net lettable area across commercial, retail, hospitality, education and industrial segments.



**UNITED KINGDOM**  
Battersea Power Station,  
Central London

**MALAYSIA**

# Who We Are

MARKET CAPITALISATION	TOTAL ASSETS	TOTAL SALES
RM <b>3.1</b> billion as at 31 December 2022	RM <b>15.3</b> billion as at 31 December 2022	RM <b>3.7</b> billion for the financial year ended 31 December 2022

## OUR PURPOSE

To be a Value Multiplier for people, businesses, economies and the planet.

## OUR VISION

Advancing real estate as a force for collective progress, in harmony with the planet's resources.

## OUR MISSION

To develop, own and manage a thriving asset portfolio, creating value for all stakeholders.

## OUR CORE VALUES

- T** **Together** We Do What's Right
- E** We Lead with **Excellence**
- A** We Embrace New **Approaches**
- M** We **Make** things Happen



Overview of Sime Darby Property

Key Messages

Value Creation

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# Our Investment Case

## 2022 PERFORMANCE SNAPSHOT

### FINANCIAL HIGHLIGHTS



#### Revenue

**RM2,742.1**

MILLION

(2021 : RM2,216.6 million)



#### Operating Profit

**RM487.8**

MILLION

(2021: RM317.7 million)



#### Profit Before Tax

**RM458.9**

MILLION

(2021 : RM280.5 million)



#### Profit After Tax and Minority Interest

**RM315.8**

MILLION

(2021 : RM146.9 million)



#### Total Equity

**RM9,644.8**

MILLION

(2021 : RM9,554.0 million)



#### Cash Position

**RM985.3**

MILLION

(2021 : RM909.7 million)



#### Gross Gearing Ratio

**32.0%**

(2021: 40.8%)



#### Net Gearing Ratio

**21.8%**

(2021 : 31.3%)



#### Net Assets per Share Attributable to Owners of the Company

**RM1.40**

(2021: RM1.38)



#### Dividend Payout

**RM136.0** MILLION

**2.0** Sen Per Share; **43.1%** Payout Ratio

(FY2021: 1.0 sen per share; 46.3% payout ratio)

### SUSTAINABILITY HIGHLIGHTS

A constituent of

**MSCI ACWI  
SMALL  
CAP INDEX**

and received

**MSCI ESG  
RATING**

of BBB



Lost Time Injury  
Frequency Rate:

**0.11%\***

compared to 0.08% in 2021



**101,661  
hours**

of learning and training  
recorded



34 community  
programmes and  
initiatives benefitting  
close to

**7,000  
people**



## BUSINESS HIGHLIGHTS



Sales Achievement of

**RM3.7**  
BILLION

Exceeded Sales Target of RM2.6 billion



Number of Units Sold:

**3,332**  
UNITS

(2021 : 3,111 units)



Delivery of Completed Units:

**1,855**  
UNITS

(2021 : 3,129 units)



Launched

**Malaysia's First Inclusive Playground** in collaboration with UNICEF at City of Elmina



Unveiled

**Elmina Rainforest Knowledge Centre** in partnership with Tropical Rainforest Conservation and Research Centre



Commenced groundwork for the

**E-Metro Logistics Park in Bandar Bukit Raja**, Sime Darby Property and LOGOS Property joint venture's maiden asset



Battersea Power Station in Central London welcomed **Over 250,000** visitors during its opening weekend between 14 and 16 October 2022



**30%\***  
**female**  
Board members



**44%\***  
**women**  
representation in the workforce



**24,560**  
Endangered, Rare & Threatened ("ERT") species of trees planted since 2011



Total Carbon Emissions Reduction:  
**3.3%**  
against 2021 baseline

\* This data has been externally assured. Please refer to Independent Limited Assurance Report on pages 350 to 354.

# Awards & Recognition

## The Edge Malaysia Property Excellence Awards 2022

- The Edge Malaysia Top Property Developers Awards – Ranked 4<sup>th</sup>
- The Edge Malaysia Property Development Excellence Award 2022 – Bandar Bukit Raja Industrial Gateway.

## BCI Asia Awards 2022

- BCI Asia Top 10 Developers (Malaysia)

## Putra Brand Awards – The People's Choice Awards 2022

- Platinum Award – Property Development Category
- Marketer of the Year

## Malaysia Developer Awards 2022

- Top-of-the-Chart Awards – Top 10 (For Market Capitalisation of RM1 billion and above)

## British Malaysian Chamber of Commerce (“BMCC”) Business Excellence Awards 2022

- Outstanding ESG Award

## StarProperty Awards 2022 – Real Estate Developer

- All-Stars Award – Sime Darby Property
- The Business Estate Award (Industrial Park) – Bandar Bukit Raja

- The Neighbourhood Award (Above 2,000 Acres) – Bandar Bukit Raja
- The Close-To-Home Award (Widest Amenities Within Walking Distance) – The Ridge, KL East
- The Family Friendly Award (Landed Within Greater KL – Serenia City
- The Landscape Development Award (Best Landscape Development) – The Leaf Master Plan, Serenia City
- The Leading Low-Density Award (Low-Density Development) – The Glades, Putra Heights
- The Skyline Award (High-Rise Residential Development) – Jendela Residences, KLGCC Resort
- The Pinnacle Award (High-End High-Rise Development) – Jendela Residences, KLGCC Resort
- The Placemaker Award (Best Placemaking Facilities) – City of Elmina



# 2022

## The 40<sup>th</sup> Malaysian Society for Occupational Safety & Health (“MSOSH”) Occupational Safety & Health Awards

- Gold Class 1 – Kuala Lumpur Golf & Country Club

## Malaysia Landscape Architecture Awards 12

- Developer & GLC Category Landscape Master Plan Awards (Honour Award)
  - City of Elmina Master Plan, City of Elmina
  - The Leaf Landscape Master Plan, Serenia City
- Professional Category (Malaysian) Landscape Analysis & Study Awards (Excellence Award)
  - Elmina Sport Park, Elmina East, City of Elmina
- Professional Category (Malaysian) Landscape Analysis & Study Awards (Honour Award)
  - The Living Canal, Bandar Bukit Raja 2

## Malaysian Institute of Planners Planning Excellence Awards (“MIPPEA”) 2022

- Silver Award – Placemaking and Public Space Award (Private Sector Category) – The Leaf, Serenia City
- Bronze Award – ‘Inclusive Design Award’ Category – UNICEF Inclusive Playground, City of Elmina

## Top 100 Platinum Golf & Country Club of the World 2022-2023 and Top 50 Platinum Golf & Country Club of Asia Pacific Category – 5-Star Private Clubs

- 5-Star Platinum Club – Kuala Lumpur Golf & Country Club



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# Our Competitive Strengths

## Strategic Development Regions Across Malaysia and the United Kingdom

We have 25 active townships in the Klang Valley, as well as in Negeri Sembilan and Johor, with more than RM100 billion in remaining GDV alongside our iconic Battersea Power Station development in Central London.

## A Leading Voice

We are industry leaders in sustainability by prioritising biodiversity and reducing our carbon footprint through various energy-efficient initiatives.

## Broad and Diversified Product Offerings

Our product portfolio includes residential, commercial, and industrial properties, as well as integrated developments coupled with green spaces and other amenities.





### Over 50 Years of Experience

As a master developer, we have built a solid reputation for delivering high-quality townships that are well-designed, sustainable and well-connected.

### Resilient Financial Position

Our resilient financial position is a result of a solid financial base, sufficient cash flow, and a healthy net gearing ratio.

### Compelling Mission

Our integrated and sustainable developments create value that is multiplied across different segments, including financial, social, environmental and economic.

# Indices Representation & Credit Ratings



**MSCI**  
ESG RATINGS



CCC	B	BB	<b>BBB</b>	A	AA	AAA
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# Group Corporate Structure

## – Operating Entities



### MALAYSIA : WHOLLY-OWNED SUBSIDIARIES

- Harvard Golf Resort (Jerai) Berhad
- Harvard Hotel (Jerai) Sdn Bhd
- Impian Golf Resort Berhad
- Kuala Lumpur Golf & Country Club Berhad
- MVV Holdings Sdn Bhd
- Sime Darby Property (Ainsdale) Sdn Bhd
- Sime Darby Property (Ampar Tenang) Sdn Bhd
- Sime Darby Property (Ara Damansara) Sdn Bhd
- Sime Darby Property (Asset I) Sdn Bhd
- Sime Darby Property (BBR Asset I) Sdn Bhd
- Sime Darby Property (BBR Asset II) Sdn Bhd
- Sime Darby Property (BBR Asset III) Sdn Bhd
- Sime Darby Property (BBR Asset IV) Sdn Bhd
- Sime Darby Property (BBR Industrial I) Sdn Bhd
- Sime Darby Property (Bukit Jelutong) Sdn Bhd
- Sime Darby Property (Bukit Raja) Sdn Bhd
- Sime Darby Property (Bukit Subang) Sdn Bhd
- Sime Darby Property (Bukit Tunku) Sdn Bhd
- Sime Darby Property (BUP Asset I) Sdn Bhd
- Sime Darby Property (Chemara) Sdn Bhd
- Sime Darby Property (City of Elmina) Sdn Bhd
- Sime Darby Property (Convention Centre) Sdn Bhd
- Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd
- Sime Darby Property (Golfhome) Sdn Bhd
- Sime Darby Property (Golftrek) Sdn Bhd
- Sime Darby Property (Ironwood) Sdn Bhd
- Sime Darby Property (KL East) Sdn Bhd
- Sime Darby Property (Klang) Sdn Bhd
- Sime Darby Property (KLGCC Resort) Sdn Bhd
- Sime Darby Property (Lagong) Sdn Bhd
- Sime Darby Property (Lembah Acob) Sdn Bhd
- Sime Darby Property (Lukut) Sdn Bhd
- Sime Darby Property (MVV Central) Sdn Bhd
- Sime Darby Property (Nilai Realty) Sdn Bhd
- Sime Darby Property (Nilai) Sdn Bhd
- Sime Darby Property (Pagoh) Sdn Bhd
- Sime Darby Property (Sabah) Sdn Bhd
- Sime Darby Property (Saujana Impian) Sdn Bhd
- Sime Darby Property (Selangor) Sdn Bhd
- Sime Darby Property (Serenia City) Sdn Bhd
- Sime Darby Property (SJ7) Sdn Bhd
- Sime Darby Property (Subang) Sdn Bhd
- Sime Darby Property (Sungai Kapar) Sdn Bhd
- Sime Darby Property (Utara) Sdn Bhd
- Sime Darby Property Holdings Sdn Bhd
- Sime Darby Property Management Sdn Bhd
- Sime Darby Property Selatan (Holding) Sdn Bhd
- Sime Darby Property Urus Harta Sdn Bhd
- Sime Darby Property Ventures (MY) Sdn Bhd

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**MALAYSIA : NON-WHOLLY OWNED SUBSIDIARIES**

- Sime Darby Brunfield Holding Sdn Bhd Group
- Sime Darby Nilai Utama Sdn Bhd
- Sime Darby Property Selatan Sdn Bhd Group

**MALAYSIA : JOINT VENTURES**

- PJ Midtown Development Sdn Bhd
- Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd
- Sime Darby Property MIT Development Sdn Bhd Group
- Sime Darby Property Sunrise Development Sdn Bhd

**MALAYSIA : ASSOCIATES**

- Shaw Brothers (M) Sdn Bhd

**FOREIGN : WHOLLY-OWNED SUBSIDIARIES**

- Sime Darby Property (Capital Holdings) Pte Ltd
- Sime Darby Property (Hong Kong) Limited
- Sime Darby Property (London) Limited
- Sime Darby Property (Vietnam) Pte Ltd
- Sime Darby Property Singapore Limited Group

**FOREIGN : JOINT VENTURES**

- Aster Real Estate Investment Trust I
- Battersea Power Station Development Company Limited Group
- Battersea Power Station Estates Limited
- Battersea Project Holding Company Limited Group
- SDPLOG - IDF 1 (JV Holdings) Pte Ltd Group
- Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP Group

Note:

For the full list of entities, please refer to page 333 to 341, Note 43 List of Subsidiaries, Joint Ventures and Associates

# What We Do:

## Core Business Segments



### Property Development

We are a leading developer of sustainable communities, delivering landed to high-rise properties encompassing affordable to high-end homes, as well as commercial, industrial and niche developments.

Among our most notable and iconic townships are Melawati, Subang Jaya, USJ Heights, Ara Damansara and Bukit Jelutong, as well as other ongoing developments in the Klang Valley, Negeri Sembilan and Johor. These include the City of Elmina, Putra Heights, Serenia City, Bandar Bukit Raja, Nilai Impian, Hamilton Nilai City, Bandar Ainsdale and Bandar Universiti Pagoh.

These townships, coupled with our new industrial-themed developments in Hamilton Nilai City and Pagoh Special Economic Zone, make up the core existing and future offerings from the Property Development segment.

**93%**

Contribution to the Group Revenue

**RM3.7**  
billion

Sales Achieved in FY2022

**RM3.6**  
billion

Unbilled Sales



### Investment & Asset Management

Our Investment & Asset Management segment comprises retail, commercial and industrial & logistics assets located within Malaysia, as well as Singapore and the United Kingdom, where we were part of an international consortium that redeveloped the historic Battersea Power Station in Central London.

Through concession arrangements, the business also provides asset management services, including facilities and infrastructure management for campuses in the Pagoh Education Hub in Bandar Universiti Pagoh.

Key commercial assets under Investment & Asset Management include Wisma MRT and ReGen Rehab Hospital, as well as key retail assets such as KL East Mall and Melawati Mall.

**28**

Total Number of Assets Owned/Managed

**5.4**

million sq. ft.  
Total Net Lettable Area



### Leisure

The Leisure segment of our business manages Malaysia's premier golf and country club, the iconic Kuala Lumpur Golf & Country Club ("KLGCC") located in the pristine area of Bukit Kiara, Kuala Lumpur.

Besides KLGCC, the segment also manages the Impian Golf & Country Club ("IGCC") in Kajang, as well as the Sime Darby Convention Centre ("SDCC"), an esteemed venue for meetings, conferences, events and exhibitions.

### KLGCC

- Ranked amongst the Top 50 Platinum Golf & Country Clubs of Asia Pacific
- Retains status as a Top 100 Platinum Golf & Country Club in the world for 2022-2023



# Our Distinctive Developments



**TOWNSHIP DEVELOPMENTS**

- City of Elmina, Shah Alam
  - Denai Alam
  - Elmina Business Park
  - Elmina East
  - Elmina West
- Bukit Jelutong, Shah Alam
- Bandar Bukit Raja, Klang
- Serenia City, Sepang
- Hamilton Nilai City, Nilai
- Nilai Impian, Nilai
- Bandar Ainsdale, Seremban
- Bandar Universiti Pagoh, Muar
- Taman Pasir Putih, Pasir Gudang



**INTEGRATED DEVELOPMENTS**

- Ara Damansara, Petaling Jaya
  - Cantara Residences
  - Maya Ara Residences
- KL East, Kuala Lumpur
  - East 57
  - The Ridge
  - The Veo
- Melawati, Ampang Jaya
  - Park One
  - Melawati Corporate Centre
  - Serini
- Saujana Impian, Kajang
- USJ Heights, Subang Jaya
- Putra Heights, Subang Jaya
  - The Serenade
- SJ7, Subang Jaya
- Subang Jaya City Centre, Subang Jaya
  - Aurora
  - Lot 15



**SIGNATURE/NICHE DEVELOPMENTS**

- KLGCC Resort, Kuala Lumpur
  - East Residences
  - Jendela Residences
  - Senada Residences
- Chemara Hills, Seremban
- Planters Haven, Nilai



**JOINT VENTURE DEVELOPMENTS**

- PJ Midtown
- Radia, Bukit Jelutong

Township, Integrated and Signature / Niche Developments

**25\***

Approximately

**14,700** Acres  
Available Land Bank

Total Estimated Gross Development Value ("GDV")

**RM103** billion

\* including JV Developments

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# 2022 Significant Events



## JANUARY 2022

### 24 January

The Concept Home 2030 Competition, a collaboration with the Malaysian Institute of Architects, announces its winners from a total of 171 registrants nationwide.



## MARCH 2022

### 2 March

Sime Darby Property, in partnership with UNICEF, launches Malaysia's first Inclusive Playground in the City of Elmina.

### 15 March

The Kuala Lumpur Golf & Country Club retains its status as the sole Malaysian golf club in the prestigious 'Top 100 Platinum Golf & Country Clubs of the World 2022-2023' list.



## APRIL 2022

### 11 April

SDPLOG, the joint venture between Sime Darby Property and LOGOS Property, secures preliminary commitments of 50% for the First Close of its inaugural Industrial Development Fund of up to US\$250 million.



## JULY 2022

### 4 July

Sime Darby Property becomes Malaysia's first corporation to hold its Auxiliary Police anniversary parade at Pusat Latihan Polis ("PULAPOL") Kuala Lumpur, Malaysia's oldest police academy and training institute.

### 5 July

Sime Darby Property signs a Memorandum of Understanding ("MoU") with AmBank Group to offer homebuyers a new sustainable financing option for the purchase of its homes.

### 8 July

Groundwork for SDPLOG's maiden asset, the E-Metro Logistics Park in Bandar Bukit Raja, officially commences.



## AUGUST 2022

### 12 August

Sime Darby Property opens a flyover on Jalan Meru in Bandar Bukit Raja, benefitting the residents of Bandar Bukit Raja, Meru and Kapar in Klang.

### 29 August

Sime Darby Property, Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd., joint venture Sime Darby Property MIT Development Sdn. Bhd. ("SDPMIT") commences groundwork for its multi-tenanted Ready-Built Warehouse project at the Bandar Bukit Raja Industrial Gateway.



**MAY 2022**

**30 May**

The Elmina Rainforest Knowledge Centre (“ERKC”), a collaborative effort with Tropical Rainforest Conservation and Research Centre (“TRCRC”), is officially launched.



**JUNE 2022**

**16 June**

The Kuala Lumpur Golf & Country Club celebrates its brand return through an official brand launch event graced by Her Majesty Seri Paduka Baginda The Raja Permaisuri Agong.

**24 June**

SDPLOG announces its First Close of Shariah-compliant Fund with 70% in capital commitments for a fund size of up to US\$250 million.



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**OCTOBER 2022**

**7 October**

Sime Darby Property, in collaboration with BoomGrow, launches Serenia City’s first urban farm as part of its ‘The Greener Good’ sustainable farming initiative, which aims to shape resilient and healthy communities.

**12 October**

His Majesty Seri Paduka Baginda The Yang di-Pertuan Agong officiates the opening ceremony of the Battersea Power Station in Central London.



**NOVEMBER 2022**

**1 November**

Sime Darby Property is recognised as one of the top property developers in Malaysia for the 11th year running at the prestigious The Edge Malaysia Top Property Developers Award 2022, with an overall fourth ranking.

**15 November**

The Kuala Lumpur Golf & Country Club wins the ‘Best Championship Course in Asia Pacific – Bronze’ at the Asian Golf Awards 2022 in Vietnam, solidifying its status as one of the best championship courses in Asia Pacific.



**DECEMBER 2022**

**5 December**

Sime Darby Property officially inaugurates ‘Temu @ City of Elmina’, the township’s first lifestyle-centric commercial centre.

“

The Group achieved its highest sales since our 2017 demerger at RM3.7 billion, breaching our target of RM2.6 billion, as well as recording an operating profit of RM487.8 million.

”

**RIZAL RICKMAN RAMLI**  
Chairman



## Dear Stakeholders,

Sime Darby Property delivered solid operational and financial results for the financial year ended 31 December 2022 (“FY2022”), notwithstanding labour-related challenges and escalating material prices. The Group achieved its highest sales since our 2017 demerger at RM3.7 billion, breaching our target of RM2.6 billion, as well as recording an operating profit of RM487.8 million. This outstanding achievement would not have been possible without the determination to persevere in the face of adversity, the unwavering trust and support of all stakeholders and customers, as well as the resilience and passion of *TEAM Sime Darby Property* in realising our purpose of multiplying value for people, businesses, economies, and the planet.

Reflecting on our transformation journey, we can say that it has been magnificent yet challenging. Our performance and efficiency have significantly improved, particularly for our operations in Malaysia, and 2022 demonstrated the Group’s agility and perseverance.

On this note, it is with great pride that I introduce Sime Darby Property’s annual report for the year 2022, a year that was significant on many counts. It not only marked the Group’s 50th anniversary, a significant milestone for any corporation, but it also signalled the beginning of a new era for one of the country’s most established and respected property entities. 2022 marks the second year of Sime Darby Property’s transformation journey from being a pure-play property developer towards becoming a sustainable real estate company. This was also the year in which we introduced our new Purpose, Vision, Mission and Values, refreshed to reinforce and invigorate our SHIFT25 aspirations.

The SHIFT25 strategy was established in 2021, defining the Group’s ambitions, business direction, goals and tactics in pivoting the organisation over the next few years. The new Purpose, Vision and Mission statements alongside our TEAM values define the spirit and soul of this transformative journey, lending a deeper meaning and purpose to everything

# CHAIRMAN'S MESSAGE

OUR PURPOSE

To be a Value Multiplier for people, businesses, economies and the planet.

OUR VISION

Advancing real estate as a force for collective progress, in harmony with the planet's resources.

OUR MISSION

To develop, own and manage a thriving asset portfolio, creating value for all stakeholders.

OUR VALUES



Together We Do  
What's Right



We Lead with  
Excellence



We Embrace  
New Approaches



We Make  
things Happen

we do as part of our ongoing transformation. Together, both our strategy and statements ensure that we not only create value for our stakeholders, but also multiply it across all the domains that we are part of.

Guided and driven by our new direction and purpose, Team Sime Darby Property was able to overcome various challenges in the operating environment, most notably, the persistent labour shortage and rising cost of materials, to produce a solid set of results exceeding expectations.

To have achieved such commendable results, particularly in the aftermath of COVID-19 pandemic, is indeed remarkable, and reflects a strong leadership team that has consistently demonstrated the ability to capitalise on strategic opportunities, as well as dedicated employees who are driven by a strong sense of purpose aligned with our value-creation goals. On behalf of the Board, I would like to take this opportunity to commend the entire Sime Darby Property team for their determination, perseverance and for giving their best.

## OUTSTANDING MOMENTS IN 2022

While the year was eventful, with no less than 31 product launches and numerous internal and external events and activities, two occasions in particular raised the Group's profile in both Malaysia and internationally.

Most significantly, we officially opened the doors of the Battersea Power Station to the public on 14 October 2022. This was a historical moment for both Sime Darby Property and Malaysia, as it demonstrated to the world that we have the expertise and capabilities to manage a project of this complexity and magnitude. In recognition of the invaluable contributions of the Malaysian consortium comprising Sime Darby Property, SP Setia Berhad and the Employees Provident Fund ("EPF"), a central space in the iconic monument has been appropriated as Malaysia Square. The entrance to the mall, meanwhile, draws inspiration from the Mulu Caves in Sarawak.

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## Chairman's Message

Closer to home, we celebrated another defining moment when Her Majesty Seri Paduka Baginda The Raja Permaisuri Agong inaugurated the official rebranding of TPCKL, embracing its original birth name, Kuala Lumpur Golf and Country Club ("KLGCC"). The name is reflective of the club's history and its cultural personality, setting it apart from others in its league. KLGCC continues to be an international golfing destination, ranking yet again amongst the Top 100 Platinum Golf & Country Clubs of the World 2022-2023.

Further to our operational excellence, we continued to be recognised with coveted industry awards. Among others, we were honoured with 10 wins at the StarProperty Awards 2022, acknowledging our outstanding developments, inclusive of the All-Stars Award in the Real Estate Developer category. Sime Darby Property was also once again ranked among the Top 10 Developers 2022 in the BCI Asia Awards and similarly in The Edge Malaysia's Top Property Developers Awards for the 11<sup>th</sup> consecutive year, achieving an overall position of fourth place. As selected by the voting public for the Putra Brand Awards, we were recognised with the coveted Platinum ranking in the Property Development category and was awarded the Putra Malaysian Marketer Award for excellence in marketing.

### CREATING VALUE FOR OUR STAKEHOLDERS

As a result of our strong performance in 2022, I am pleased to share that the Board has approved a second single-tier dividend of 1 sen per share, leading to a total dividend of 2 sen per share for the year amounting to RM136.0 million. Our shareholders are extremely important to us, and we remain committed to ensuring consistent returns from their investments in the Group.

We also continue to create value for our employees through a competitive and rewarding remuneration and benefits plan, attractive performance-based bonuses, the provision of continuous professional training and development, as well as dynamic career progression opportunities.

Similarly, the safety of our people is of top priority, which drives the continuous strengthening of our safety framework to prevent incidents and injuries. In 2022, we introduced improved safety monitoring and mechanisms to systemise various Health, Safety, Security & Environment ("HSSE") standards and practices. These reinforced our on-site safety standards, supervision, self-regulation and basic safety compliance and reporting. In promoting felt and visible leadership on HSSE, our leadership team participated in 11



*Bird's-eye view of the Kuala Lumpur Golf & Country Club*

official Leadership Engagement Action Programme ("LEAP") site visits across the year to ensure the observance of safety practices at our project sites. A Partners' Dialogue was also organised to engage with our vendors and contractors on health, safety and sustainability matters.

Further attesting to our social citizenry, we organised several community outreach programmes both independently, via our philanthropic foundation, Yayasan Sime Darby ("YSD"). Following the floods in Johor, our volunteers delivered daily necessities to close to 200 families in January and February. Meanwhile, through our flagship Sinar Harapan Festive Aid Programme, we contributed essentials to three centres in the Klang Valley and Negeri Sembilan, benefitting about 200 homeless and aged individuals, as well as special needs children.

Children have always been close to our heart. Last year, together with UNICEF, we launched the country's first Inclusive Playground in the City of Elmina in Shah Alam, offering a safe space for children with disabilities to play, engage and have fun. We also provided 1,755 children from B40 families with back-to-school kits in preparation for the new academic year.



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### BUILDING OUR SUSTAINABILITY SCORECARD

Our community outreach programmes are part of our Environmental, Social and Governance (“ESG”) agenda through which we manifest our value creation imperatives. Our commitment towards ESG is clearly reflected in our Purpose, Vision and Mission statements, which reiterate the triple bottom-line approach of creating profits while serving the interests of our stakeholders and protecting the environment. This notion has been further underlined by the setting up of the Board Sustainability Committee (“BSC”) on 1 January 2023.

While the Board has always overseen sustainability matters in Sime Darby Property, today there is a structured framework for sustainability discussions and oversight, with the BSC taking the lead in the Group’s sustainability direction and strategies. Under the guidance of the BSC, all sustainability risks are entered into our risk register for effective monitoring and management.



**As a result of our strong performance in 2022, I am pleased to share that the Board has approved a second single-tier dividend of 1 sen per share, leading to a total dividend of 2 sen per share for the year amounting to RM136.0 million.**



## Chairman's Message



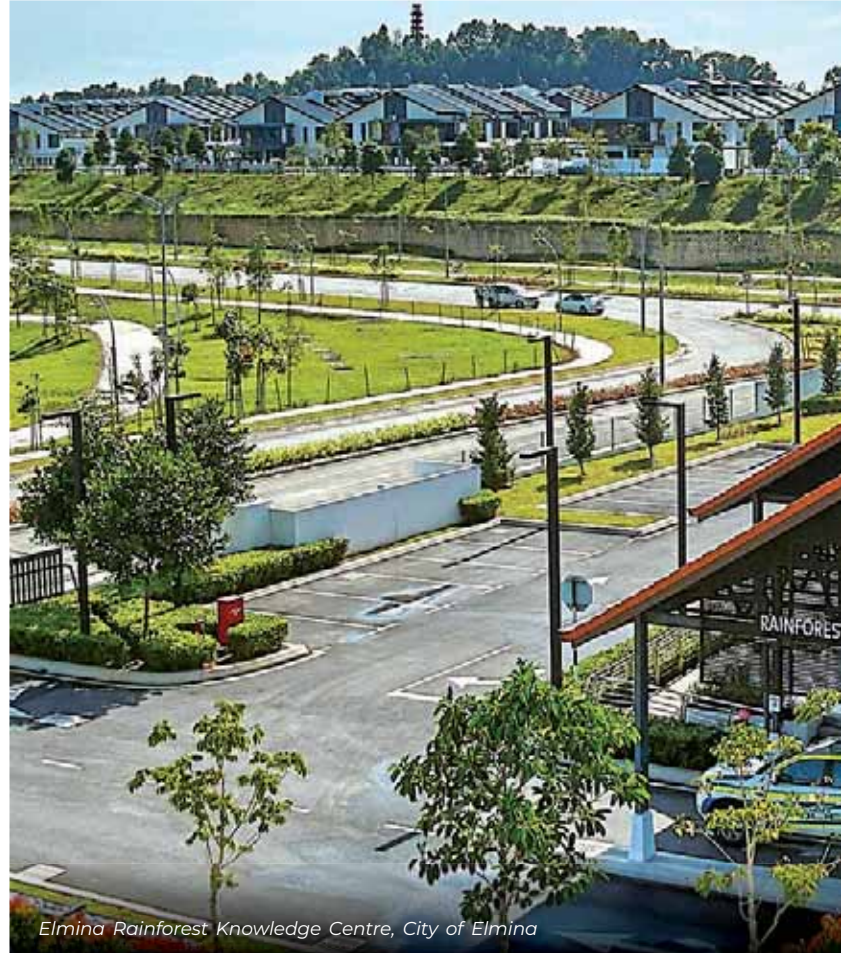
**As a responsible organisation, we are committed to reducing our carbon footprint and contributing to the fight against climate change.**



As a responsible organisation, we are committed to reducing our carbon footprint and contributing to the fight against climate change. Recognising the criticality of climate action, we are currently developing our net zero pathway. Over the past year, the Board and management team have been working closely with experts to better understand our carbon emissions and identify risks and opportunities as we transition towards net zero.

Meanwhile, we have been pleased to see increasing efforts towards the preservation of biodiversity across our townships and developments. In the City of Elmina, for example, we established the Elmina Rainforest Knowledge Centre ("ERKC"), which runs various public conservation programmes. In the process, we have developed our own capabilities and capacity to execute urban projects where man and nature can co-exist in harmony.

Efforts to integrate ESG practices into the fabric of our operations did not go to waste. In 2022, we were presented the Outstanding ESG Award at the Business Excellence Awards 2022 from the British Malaysian Chamber of Commerce ("BMCC"), further solidifying us as a leading voice in advancing the sustainability agenda.



*Elmina Rainforest Knowledge Centre, City of Elmina*

### GOVERNANCE

A sound corporate governance system underpins our sustainable operations and performance, as well as our ability to create stakeholder value. Acknowledging its importance, the Board ensures that Sime Darby Property adopts best practices in corporate governance as advocated by the Malaysian Code on Corporate Governance ("MCCG") issued by the Securities Commission Malaysia, and the Main Market Listing Requirements ("MMLR") issued by Bursa Malaysia Securities Berhad.

Upon the recommendation of our Nomination and Remuneration Committee ("NRC"), on 24 March 2022, the Board approved the proposed Fit and Proper Policy for Sime Darby Property. This policy stipulates criteria for the appointment and re-election of Directors to the Boards of Sime Darby Property and our subsidiaries, in line with the latest MMLR requirements to address board quality and integrity.





Students being briefed about the conservation of native tree species at the Elmina Living Collection Nursery

**ACKNOWLEDGMENTS**

In conjunction with Sime Darby Property's 50<sup>th</sup> anniversary in 2022, I would like to express my gratitude not only to our current Board, leadership and employees, but also to all previous Board members, leaders and employees who have contributed to the creation of a values-driven organisation that continues to make all the right moves in meeting stakeholders' needs.

At the same time, it would be remiss if we failed to recognise the many stakeholders who have played a critical role in our 50-year journey. Therefore, on behalf of the Board, I would like to express our sincere appreciation to the Government and its regulatory bodies, our shareholders, vendors, partners and customers for their continued support and trust in our brand.

Thanks to the contributions of all our internal and external stakeholders, Sime Darby Property today is in a stronger position than ever before to achieve our aspiration to become Malaysia's leading and most admired real estate company, *multiplying value for People, Businesses, Economies and the Planet.*

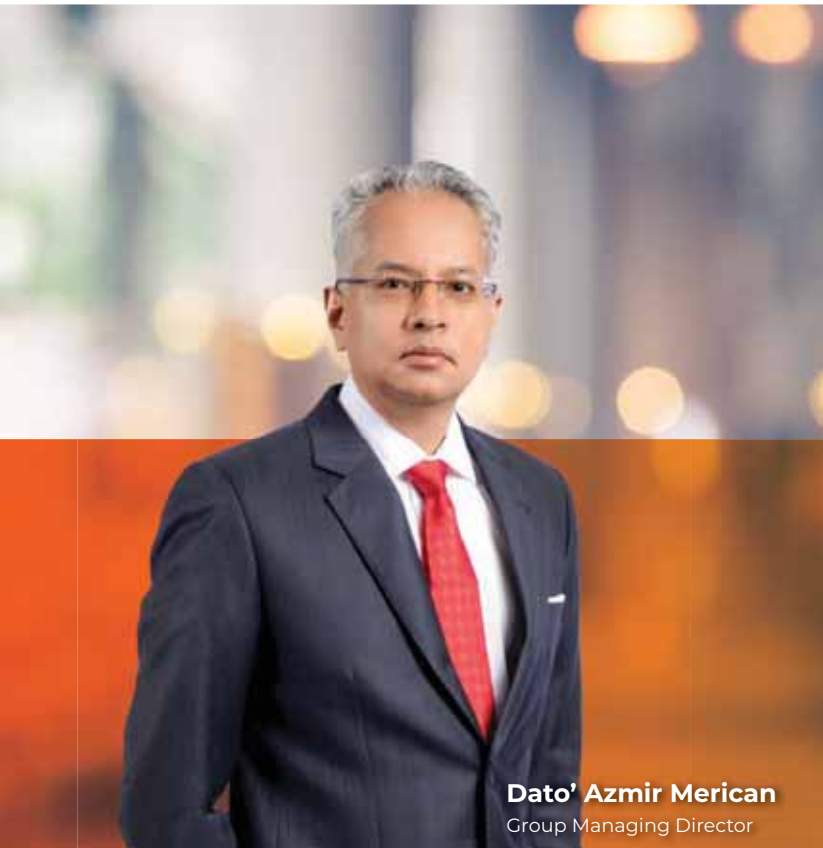
**Rizal Rickman Ramli**

Non-Independent, Non-Executive Chairman

In November 2022, the Board also approved the formation of the BSC to drive the Group's sustainability agenda. The BSC comprises four members, namely Dato' Seri Ahmad Johan Mohamad Raslan as Chairman, along with Datin Norazah Mohamed Razali, Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin. Other significant Board changes during the year included the redesignation of Dato' Jagan Sabapathy, previously our Senior Independent Director ("SID"), as a Non-Independent Director; and his replacement by Dato' Soam Heng Choon as our new SID. This change is in line with Clause 3.2 of Sime Darby Property's Board Charter and Practice 5.3 of the MCCG, which limits the tenure of independent directors to nine years. Dato' Jagan would have served the Board for nine years on 27 March 2023.

In my message last year, I had indicated that we are committed to maintaining women representation in senior management at a minimum of 30%. The Group did not waver in its commitment, with three out of our 10 (or 30%) C-suite positions today still held by our outstanding female leaders.

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**Dato' Azmir Merican**  
Group Managing Director

## Dear Shareholders,

It gives me pleasure to share that, in 2022, Sime Darby Property celebrated our 50th anniversary in the best possible way – a solid performance with its highest ever post 2017 demerger operating profit of RM487.8 million and sales achievement of RM3.7 billion, surpassing its RM2.6 billion sales target. This was supported by the launch of 31 projects with a gross development value (“GDV”) of RM2.6 billion. Remarkably, all of this was achieved despite the less-than-conducive market conditions, with elevated cost of materials, rising interest rates and a prolonged labour shortage. We were able to navigate through these conditions by staying true to our focus and disciplined execution. We also forged stronger relationships with the relevant authorities and government agencies, working together to overcome challenges and drive the industry forward.

We are proud of our performance which can be distilled to one salient factor – our people. Our people understood what it takes and delivered results to make the difference. We launched the Group’s new Purpose, Vision and Mission statements and TEAM Values where our Purpose guides us to be a *Value Multiplier for People, Businesses, Economies, and the Planet*. All of this creates greater clarity across the organisation on what Sime Darby Property stands for as we look into being more sustainable for people and planet as well as profit.

Through teamwork and collaboration, we undertook strategic land activation to drive sales, matching our new product launches with market demand. We brought forward RM816 million worth of industrial product launches that had been slated for 2023 and beyond, achieving 100% take-up rates for some with an average take-up rate of 82% of new product launches as we had the agility to take advantage of the market conditions. This resulted not only in the enhanced sales but also in a more diversified product portfolio, in line with our SHIFT25 strategy.

As the Group embarks on business diversification with greater emphasis on growing our recurring income stream, we are pleased to announce the first close of our inaugural Industrial Development Fund (“IDF”) amounting to 70% of capital commitment for a target fund size of up to US\$250 million. The Shariah-compliant fund is anchored by Permodalan Nasional Berhad (“PNB”) and unit trust funds under its management and Kumpulan Wang Persaraan (Diperbadankan) (“KWAP”). Sime Darby Property and LOGOS SE Asia Pte. Ltd. (“LOGOS Property”) are sponsors and co-investors in the fund, which will enable the development of logistics assets over the next three years.

On the international front, it was an incredibly proud moment for us when the eight-year restoration journey of Battersea Power Station, involving Sime Darby Property



**We brought forward RM816 million worth of industrial product launches that had been slated for 2023 and beyond, achieving 100% take-up rates for some with an average take-up rate of 82% of new product launches.**



# GROUP MANAGING DIRECTOR'S REVIEW

and our consortium partners SP Setia Berhad and the Employees Provident Fund (“EPF”), was completed and the iconic building was officially opened to the public for the first time in 40 years on 14 October 2022. We were honoured to have His Majesty The Yang Di-Pertuan Agong, Al-Sultan Abdullah Ri’ayatuddin Al-Mustafa Billah Shah, to officiate its opening. The hype surrounding this massive project – which has been described as “one of the most challenging engineering and architectural feats in London’s history” – led to no less than a quarter of a million visitors to the development on its opening weekend, the number increasing to three million as of mid-January 2023. The reopening of this prestigious building demonstrates Malaysia’s ability, working collaboratively with partners from across the world, to deliver inspirational projects. This is an achievement that our country can justifiably be proud of.

More than key business wins, we made significant progress in our sustainability journey during the year, further entrenching Sime Darby Property’s position as an Environmental, Social and Governance (“ESG”) leader in our industry. Of note, we set up a Management Sustainability Committee in September 2022 and a Board Sustainability Committee in January 2023 to guide our sustainability agenda and ensure that the Group continues to strike a balance in efforts to create positive outcomes based on the three spheres of People, Planet and Prosperity.

## ROBUST LAUNCHES AND SALES

Industrial properties have seen tremendous growth over the years and continued to experience strong demand in 2022. In meeting the increase in demand for industrial properties, we launched a total of 15 industrial projects during the year, with a GDV of RM1.2 billion, comprising 46.0% of the GDV of all our launches in 2022. As at year end, no less than six of the developments had achieved 100% take-up rates.

At the same time, having identified demand for landed property post COVID-19 lockdowns, we introduced 13 semi-detached and super-link projects with a combined GDV of RM1.1 billion in our townships of Nilai Impian, City of Elmina,

Bandar Ainsdale, Bandar Bukit Raja, Serenia City and KL East. As with our industrial launches, several phases were fully sold by the end of the year, specifically Ilham Residence 2 in Elmina East; Anira 1 in Serenia City; and East 57 in KL East. Cumulatively, the average take-up rate of our landed residential properties stood at 89% as at 5 February 2023.

Following the successful launches of Jendela Residences and Maya Ara Residences, we introduced two more high-rise residential developments in 2022 – Serenade in Putra Heights and Park One in Melawati. Although both were launched only in November, they have achieved respectable take-up rates of 64% and 58% as at March 2023, respectively.

Successful sales enjoyed with our launches stem from robust market research and planning to ensure our products meet market needs and requirements. Our ability to understand the lifestyle needs of our customers especially in a post-pandemic era also contributed to our success. We place a great deal of emphasis on placemaking to inject each development with a unique identity that resonates with the lifestyle preferences of its residents.

For the year as a whole, our residential landed projects contributed to 42% of our sales revenue, with very strong performances from Ilham Residence 2, Nadira 1 & 2 in Bandar Bukit Raja, and Anira 1 & 2 in Serenia City. Industrial properties accounted for 25% of the total, or RM907 million, mainly from Industrial plots in Bandar Bukit Raja and Hamilton Nilai City. Meanwhile, our high-rise residential developments made up 24% of our sales, driven by Maya Ara in Ara Damansara, Park One in Melawati and The Serenade in Putra Heights.

In the United Kingdom, the Group’s Battersea Power Station project achieved £480 million in residential sales during the year, while £1.1 billion worth of completed properties were handed over, which saw the local community grow to over 2,500 residents.

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*Battersea Power Station in Central London*

As a result of rapid development in 2022, as well as the disposal of 610 acres of non-core land, Sime Darby Property activated no less than approximately 1,250 acres during the year. Partly to replenish this, as well as to further strengthen our industrial portfolio, we signed an agreement to acquire 949 acres of land in Kapar, Klang, from Sime Darby Plantation Berhad, which is to be developed into an integrated sustainable industrial township.

### SHIFTING OUR PRIORITIES

Integral to SHIFT25 strategy is to ensure the Group pivots from a pure-play property developer into a sustainable real estate company, having a broader presence along the real estate value chain encompassing property development, as well as investment and asset management.

This shift in strategic priority has been reflected in improved performance of our Investment & Asset Management as well as Leisure businesses, which saw year-on-year revenue growth of 18% to RM107.9 million and 53% to RM84.7 million, respectively.

With the pandemic now firmly behind us, the retail sector has regained its momentum along with increased tenant occupancy, visitor footfall and patronage in KL East Mall and Melawati Mall. In the industrial space, through Sime Darby Property MIT Development Sdn Bhd ("SDPMIT") – a joint venture ("JV") with Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd. – we have secured tenancies with CEVA Logistics and SL Ng in a 487,000 sq. ft. ready-built warehouse. This is our third project to kick off at the Bandar Bukit Raja Industrial Gateway, through which we aspire to provide solutions for the global supply chain industry.

Meanwhile, upon securing 70% capital commitment for our IDF, anchored by PNB and KWAP, alongside Sime Darby Property and our partner LOGOS Property as sponsors and co-sponsors, we held the ground-breaking ceremony for our maiden development through the fund on 8 July 2022. Upon its completion, the E-Metro Logistics Park in Bandar Bukit Raja will be managed by our JV with LOGOS Property, SDPLOG.

Kuala Lumpur Golf and Country Club ("KLGCC") continues to be a flagship asset in our Leisure portfolio. In 2021, in conjunction with the club's 30th anniversary, we carried out a rebranding exercise to adopt anew its original name, highlighting its history and prestige as a leading golf and country club in the region. In 2022, we affirmed the rebrand through an official launch event, which was graced by Her Majesty Seri Paduka Baginda The Raja Permaisuri Agong. Along with increased banqueting, dining and golfing activity following life post-pandemic, both KLGCC and Impian Golf and Country Club recorded higher revenues. More encouragingly, the Leisure segment is now profitable as a result of prudent cost management and improved service quality on top of revenue growth.

### STRONG FINANCIAL PERFORMANCE

For the full year 2022, the Group recorded RM2.7 billion in revenue, marking a 24% increase year on year ("YoY"), supported by record sales of RM3.7 billion with the property sector still climbing up the growth curve post COVID-19 pandemic. On the back of our revenue growth, we achieved our highest ever operating profit of RM487.8 million, while our profit after tax and minority interest ("PATAMI") more

than doubled to RM315.8 million from RM146.9 million in 2021. Our profit before tax (“PBT”), meanwhile, grew by 64% YoY to RM458.9 million, underpinned by profitability growth across all business segments, together with contributions from land monetisation activities and the disposal of non-core assets. These more than cushioned the Group’s fair value loss and lease adjustments on investment properties totalling RM64.4 million.

I am pleased to share that our strong showing in 2022 meant that we ended the year with RM1.8 billion in total bookings, RM3.6 billion in unbilled sales, and a cash position that was 8.3% stronger YoY at RM985.3 million. The Group continues to demonstrate its financial strength as substantiated by a net gearing ratio of 21.8%.

**DEVELOPING OUR PEOPLE**

We recognise our people as being our most valuable asset and are investing significantly into providing opportunities for them to develop professionally in order to contribute to Sime Darby Property’s ongoing transformation. While providing targeted learning and upskilling programmes, we also encourage our employees to make the most of self-learning platforms such as LinkedIn Learning, which is accessible to all employees Group-wide. Our Human Resources (“HR”) department has assessed our competency gaps with regard to achieving SHIFT25 and has made known the critical skills we require to guide our employees in their self-learning journey. I am pleased to share that the focus we are placing on training and development has resulted in an almost four-fold increase in the average time spent in training from 2.2 days in 2021 to 8.7 days in 2022.

Further motivating our people, we are accelerating our talent management via a new framework that rewards high performance and incentivises contributions to our growth areas. We have also introduced an Internal Mobility Framework, giving preference to our internal talent to step up into vacant roles.

To keep employees engaged, we leveraged the ability to resume activities by bringing our people together via various events, key among which were our quarterly Townhalls, Sustainability Day 2022, Safety Day 2022, and our Annual Gala Dinner, which in 2022 celebrated our golden jubilee. Following the launch of our new Purpose, Vision, Mission statements and TEAM Values on 23 June 2022, we also held a number of workshops for management to personally engage all employees on the rationale and shared vision behind these statements. The objective was for employees to internalise these guiding principles and to contribute fully to our value creation aspirations.

While our 2022 business results are indicative of the success of our employee-facing initiatives, we were also pleased to see our annual employee engagement score increase by a notable 9% for the year versus the preceding year.

**DIGITALISATION**

We continue to press ahead with our digitalisation efforts to optimise systems and processes, with a focus on property development project management and customer engagement.

In 2021, we became the first in Malaysia to implement Procure, a collaborative software that creates transparency across the entire value chain, enabling better coordination across all stakeholders leading to more effective project execution. As of end December 2022, a total of 89 projects within our property development portfolio had been transitioned onto the platform.

We implemented an Online Booking and Payment System linked to a virtual showroom for product launches to boost sales. The system proved extremely effective when 84% of the units in Maya Ara Residences were snapped up within 45 minutes of its online launch. Its continued popularity with customers was underlined when we sold all 57 units of East 57 in KL East in less than a day following its virtual launch in May 2022. Meanwhile, through Project Crystal Ball, we are enabling our Marketing and Sales teams to deep-dive into a prospect’s profile, needs and preferences, allowing them to make more targeted recommendations.

We believe our digital transformation journey plays an important role in our future growth. Building on the momentum thus far, we will continue to realise our digital agenda given the fast pace of digital and technology adoption that we have seen in recent years.

Along with greater digitalisation, we are also enhancing our cybersecurity governance and creating greater awareness among our employees on how they can play their part to protect data belonging to the Group and our stakeholders.

**CLIMATE ACTION**

Sime Darby Property is one of Malaysia’s pioneers in sustainability in the property industry, recognising from early on the impact that we have on society and the environment, and our responsibility to minimise the negatives while enhancing positive outcomes. To streamline our sustainability efforts, in 2020, we developed our very own Group-centric 2030 Sustainability Goals, which outlined 18 key goals to be achieved by 2030, encompassing the four broad areas of economic,



## Group Managing Director's Review

environmental, social and governance performance. It is with great pride to share that in 2022, we fulfilled 12 out of the 18 goals set.

Given the urgency of climate change, achieving carbon net zero throughout our operations is essential to Sime Darby Property's sustainable growth journey. Expanding on our reporting of greenhouse gas ("GHG") emissions, we are using the Science Based Targets initiative ("SBTi") framework to ensure that the accuracy of our committed target is based on science, which not only covers operational carbon reduction as measured under Scope 1 and Scope 2 but also results in a Scope 3 reduction target aligned with SBTi. Although it will be a challenge to manage our Scope 3 emissions, we are determined in this regard and are already working towards establishing our Scope 3 baseline while identifying ways in which we can reduce emissions along our supply chain. During the year, we commissioned an embodied carbon study on a typical double-storey link house, which led to a re-assessment of our design and the use of alternative low-carbon materials, among others.

Another environmental area that is very closely linked to our operations is biodiversity conservation. Towards this end, we are committed to incorporating the protection and conservation of biodiversity into our planning and applying a zero rainforest removal practice for our developments. Almost all our land bank comprises old plantation land which we rehabilitate by planting new trees, focusing on endangered local species. City of Elmina stands as a model of what we seek to achieve in all future townships. In designing this development, we collaborated with the Tropical Rainforest Conservation and Research Centre ("TRCRC") for guidance on optimising green open spaces. Among the features that we are most proud of are the Elmina Rainforest Knowledge Centre ("ERKC"), which is open to the public, as well as the Elmina Living Collection Nursery ("ELCN"), which will supply native forest tree seedlings to be planted throughout Elmina. To date, we have planted 125,161 trees; and our objective is 160,000 trees by 2030, at least 10% of which will be of endangered, rare and threatened ("ERT") species.

We believe that to be optimally effective in our ESG endeavours, we need the full support of our employees and partners. We are, therefore, building their ESG capacity and reinforcing the oversight function with our newly formed Board Sustainability Committee as well as Management Sustainability Committee. As from 2022, sustainability parameters have been included into the key performance indicators ("KPIs") of everyone, from the Board level down to employees on the ground, displaying our unwavering commitment to making sustainability part and parcel of our business.



we have planted **125,161** trees; and our objective is **160,000** trees by 2030

### SAFETY FIRST

Taking the safety of our people and contractors' workers very seriously, we have been placing increasing emphasis on nurturing a culture of safety, whereby everyone takes responsibility for his or her own safety, as well as the safety of others. Underlining our philosophy that everyone should go home safe, we instil safe behaviours at our sites through constant training focusing on high-risk areas such as working at height, toolbox sessions, as well as LEAP visits and Fishbowl Sessions with contractors. In addition, audits are conducted by our Group Corporate Assurance Department ("GCAD"), and we recently conducted a gap analysis on our Health, Safety, Security and Environment ("HSSE") Management System, following which a gap closure plan was outlined.

It was therefore heart-breaking to have suffered one recordable fatality of a contractor's worker during the year. This is unacceptable, and we have since worked closely with both our employees and contractors to heighten awareness of safety standards, practices and culture at worksites. At the same time, we will intensify all efforts to emphasise safety compliance and ramp up activities to ensure all employees, contractors and site workers comply with the latest safety standards and regulations.

### OUTLOOK

We enter the year 2023 with the worst of the pandemic now behind us. However, geo-political uncertainties from elevated tensions caused by the invasion of Ukraine, heightened trade conflict between the US and China, as well as the sharp rise in interest rates to curb escalating inflation, are creating fears of a global recession.

Nevertheless, Malaysia remains relatively buffered from global headwinds, strengthened by private spending and domestic consumption amid labour market improvements. Despite continuing inflation and prospects of further increases in the Overnight Policy Rate ("OPR") to between 3.25% and 3.50%, the country's economy is expected to grow at between 4.0% and 5.0%. Although this is a significant slowdown from 8.7% in 2022, it is still relatively robust compared with the global average.

Growth experienced in the property sector in 2023 may slow down in tandem with rising interest rates and inflation. Nevertheless, we are confident that the new unity Government will help to create political stability and attract greater inflow of foreign investment. Along with normalising material costs and availability of foreign labour in the second half



Annual Management Dialogue 2023

of the year, the property market is expected to remain steady overall in 2023, with indications that demand for landed residential and industrial products will continue to be steadfast.

Given the anticipated economic outlook, Sime Darby Property will stand guided by our SHIFT25 strategy by further building on our Property Development business while continuing to diversify our product mix. In tandem with a more subdued market, we will rein in our aggressive product launches, yet continue to introduce products that resonate with market demand to maintain sustainable earnings visibility. Along with fears of a climate crisis, there is increasing demand for homes that incorporate ESG elements. This, together with placemaking to create lifestyle destinations, will influence our product design going forward.

Beyond Property Development, we seek to grow our Investment & Asset Management business segment through the generation of higher recurring income contribution to the Group. In 2023, we also expect to carry out the final close of the IDF as we complete the first phase of the E-Metro Logistics Park measuring approximately 2 million sq. ft. for prospective tenants.

While we have an expanded tenancy base for our Leisure segment, we continue to remain focused on delivering a good customer experience with quality F&B, lifestyle and event spaces.

Both Investment & Asset Management and Leisure segments will continue to rev up as key drivers for placemaking and developing catalytic assets such as retail, commercial, industrial and hospitality to uplift the value of our townships and their surrounding developments, while also accelerating our land monetisation strategy.

To counter any rise in the cost of development, we will continue to focus on effective cash flow and capital management. Our priority will be on funding requirements for business growth in support of SHIFT25. Our business teams are aware of the performance targets in the upcoming year and will work to ensure these are met while costs are prudently managed.

**ACKNOWLEDGEMENTS**

It gives me great pleasure to acknowledge the many parties that have contributed not only to Sime Darby Property's encouraging performance in 2022, but to our steady growth in the last 50 years.

Being a strategic investment company of PNB, Sime Darby Property appreciates its continued trust and support provided to the Group in contributing towards sustainable growth and returns.

To all our Board of Directors, thank you for the guidance, counsel and support; to my colleagues on the management, thank you for inspiring a spirit of collaboration across the Group.

I would also like to extend my gratitude to business partners, financiers, shareholders, regulatory bodies and the Government. Your continued support has been instrumental to the Group's continuous evolution, helping us to achieve deliverables that were set in 2022 and driving our current SHIFT25 transformation journey.

Special thanks goes to our customers for choosing Sime Darby Property. Your support and belief in the company is important to us and drives us to do better.

As for all our employees, my deepest appreciation for demonstrating incredible resilience during trying times, and continuing to be the backbone of the Group. Without your dedication and commitment, we would not be where we are today – on the cusp of becoming a leading ESG-driven real estate company. Thank you for sharing in our Purpose, Vision, Mission and Values. With everyone working together, I have no doubt that we will be a force for collective progress, multiplying value for people, businesses, economies and the planet.

**Dato' Azmir Merican**  
Group Managing Director

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# Our Approach To Value Creation

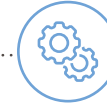
To achieve our Purpose of multiplying value for people, businesses, economies and the planet, we need to ensure we have a robust business model and that our strategy is both responsive and progressive. This requires an integrated approach to value creation that takes into account the risks and opportunities presented by our operating environment, the needs of our stakeholders, as well as our own aspirations.



## Assess Our Operating Context

Our performance and ability to create value is impacted by the macroenvironment, and especially economic, regulatory, social, environmental and competitive dynamics. We therefore constantly monitor our operating context and identify trends that could affect us.

*Refer to 'Market Review and Outlook' on page 53 for more details.*



## Identify and Manage Risks

We identify and are aware of operational, financial, regulatory, market, digital and sustainability risks that could impact our businesses, and integrate them into our risk register. These risks are monitored and managed to ensure they remain within our risk appetite and do not prevent Sime Darby Property from attaining our corporate objectives.

*Refer to 'Key Risks and Mitigation' on page 83 for more details.*



## Take Stock of Our Capitals

Our six capitals are the resources that we have and use to drive our business and create value. Access to and management of the six capitals are critical to managing every aspect of the business.

*Refer to 'Our Capitals' on page 42 for more details.*



## Plan Our Strategy

Consolidating our risks and opportunities, our material matters and capitals, we outlined our SHIFT25 Strategy to transform Sime Darby Property from a pure-play property developer to one of Malaysia's leading and most admired real estate players by 2025 with a diversified business, enhanced competencies and new capabilities, supported by fully digitalised operations.

*Refer to 'Our Strategy' on page 92 for more details.*





### Factor in Stakeholder Needs

Each of our key stakeholder groups – namely our suppliers, contractors, partners, shareholders, investors, employees and the community – contributes to our sustainable growth. Recognising their importance, we build strong relationships with them, engage to understand their needs and expectations, and incorporate these into our strategies.

*Refer to 'Stakeholder Engagement' on page 46 for more details.*



### Define Our Material Matters

Taking into account our macroenvironment, risks, and the needs of our stakeholders, we define our material matters, which are matters that are important to value creation for Sime Darby Property and our stakeholders.

*Refer to 'Material Matters' on page 80 for more details.*



## Our Integrated Business Model

Through our business model, we develop, own and manage a thriving asset portfolio that creates value for all stakeholders.

Leveraging our expertise and land bank, and guided by sound governance, we focus on our core businesses in Property Development, Investment & Asset Management and Leisure to meet our customers' and the market's needs as we protect the environment and biodiversity and create value for all our stakeholders.



# Our Value Creating Business Model

## OUR CAPITALS...

## ... ENABLE VALUE-ADDING

### KEY INPUTS



#### Manufactured Capital

- We own approximately 14,700 acres of land bank in strategic locations and with good connectivity.
- 25 active townships and integrated developments.
  - 5.4 million sq. ft. of total net lettable area.
  - 4 Leisure assets.



#### Financial Capital

- Prudent in protecting the Group's financial position through optimal liquidity management and efficient capital structure.
- Shareholders' fund of RM9.5 billion.
  - Cash balances of RM985.3 million.
  - Total debt of RM3.1 billion.



#### Human Capital

- 1,458 employees across our business segments in Property Development, Investment & Asset Management, and Leisure.
- RM2.8 million invested in Learning & Development programmes.
  - 4,385 learning and development programmes made available in 2022.



#### Intellectual Capital

- The knowledge, processes, technologies and systems embedded in our operations nurture the capacity for innovation, which is key to maintaining our competitive edge.
- Migrated core applications and servers to Microsoft's Azure cloud in January 2022.
  - Implemented eProcurement solution.
  - Successfully rolled out Procore project management collaboration tool.
  - Utilised in-house built Virtual Sales Gallery and Online Booking, Payment and Balloting System.



#### Social Capital

- We maintain strong and effective relationships with key stakeholders, namely shareholders, customers, local authorities, communities and suppliers.
- 30 organisations supported through donations and sponsorships.
  - 34 community programmes and initiatives organised.



#### Natural Capital

- We optimise environmental performance by embedding sustainability in our value chain to manage natural resources, i.e. land, water and energy.
- 7,888 homes installed with water-saving fittings.
  - 5,560 energy-efficient homes.
  - 353.1 tonnes of waste recycled through community recycling programme.

### KEY STRATEGIC PRIORITIES



**ACHIEVE COST & OPERATIONAL EFFICIENCIES**



**LAUNCH NEW GROWTH AREAS**



**EXPAND RECURRING INCOME PORTFOLIO**



**EMBARK ON DIGITAL TRANSFORMATION**



**IMPROVE ORGANISATIONAL EFFECTIVENESS**

### Market Trends

- Industrial & Logistics Growth
- Urbanisation
- Shifting Demographics
- Digitalisation, Technology & Innovation
- Growing Awareness and Interest in ESG

### Material Matters

#### Financial Capital

- Financial and Operational Performance
- Financial Budget
- Strategic Partnerships

#### Manufactured Capital

- Product Delivery Timeliness
- Product Quality

#### Human Capital

- Occupational Health & Safety
- People Management

#### Social Capital

- Community Development

#### Natural Capital

- Environmental Stewardship
- Sustainable Development Pipeline

#### Intellectual Capital

- Technology, Innovation and R&D

### Key Risks

- Market
- Development & Product Strategy
- Joint Ventures, Collaborations & Strategic Partnership
- Talent & Resource Management
- Project Development & Execution
- Environmental, Safety & Health
- Utilities Supply
- Cybersecurity
- Legal/Regulatory & Contractual Compliance
- Competition

## SUPPORTED BY STRONG GOVERNANCE AND ETHICS

**PURPOSE**

To be a Value Multiplier for people, businesses, economies and the planet

**VISION**

Advancing real estate as a force for collective progress, in harmony with the planet's resources

**MISSION**

To develop, own and manage a thriving asset portfolio that creates value for all stakeholders

**VALUES**

- T** - Together We Do What's Right
- E** - We Lead with Excellence
- A** - We Embrace New Approaches
- M** - We Make things Happen

ACTIVITIES THAT CREATE...

... VALUE FOR OUR STAKEHOLDERS

**PROPERTY DEVELOPMENT**



**INVESTMENT & ASSET MANAGEMENT**



**LEISURE**



**OUTPUTS**

**Active Land Bank Management**

As a master developer, we enhance the value of existing townships and execute strategic land monetisation and acquisitions.

**Township & Integrated Development**

Conceptualise & design projects that meet buyers' demands and standards.

**Investment & Asset Management**

Deliver innovative projects, focusing on industrial developments, to diversify income.

**Leisure Operations**

Offer products, services and amenities that complement various lifestyles and demographics.

**Robust Capital Management**

Deliver sustainable earnings to reward shareholders while maintaining efficient cash and capital management.

**Strong Financial Discipline**

Deliver profitable performance through constant review of business plans, sales performance, inventory management and cost management.

**Sustainable Talent & Performance Management**

Focus on effective people management to groom talent and optimise efficiency across all operations.

**Effective Governance**

Enhancement of our policies & procedures to meet compliance requirements, stakeholder expectations and to suit industry practices.

**Corporate Sustainability Strategy**

Focus on decarbonising our operations & products; implementing good biodiversity practices; shaping inclusive & resilient communities; and maintaining socially responsible operations.

**Sustainable Procurement**

Key products and materials that possess green certifications from across the region.

**Product & Digital Innovation**

Leverage digitalisation, technology & innovation to broaden customer channels, improve customer experience and project collaboration.

**OUR OUTCOMES**

**Manufactured Capital**

- 13 projects completed with a total delivery of 1,855 units in FY2022.
- Achieved a QCLASSIC Score of 79%.

**Financial Capital**

- Revenue of RM2,742.1 million.
- PATAMI of RM315.8 million.
- 43.1% dividend payout ratio.
- Net gearing ratio of 21.8%.
- RM167.2 million tax paid to the Government and contribution to the society.

**Human Capital**

- Average of 8.72 days in training hours per employee
- 101,661.09 total training hours in 2022.
- 44% of our workforce, 30.0% of the Board, 36% of C-suite are women.

**Intellectual Capital**

- Sime Darby Property became the first property developer in Malaysia to fully adopt Microsoft Azure and house all our business applications, solutions and infrastructure online.
- The Online Booking System allows homebuyers to conveniently complete online payments for their dream homes.
- Procure digitises, digitalises and automates property development processes by designing digital workflows.

**Social Capital**

- More than RM21.395 million worth of charitable contributions made.
- Contributed 2,219.5 hours to the community.
- More than 7,000 beneficiaries benefited from 34 community programmes and initiatives.

**Natural Capital**

- Operational carbon emissions reduction of 3.3% (14,253.78 tCO<sub>2</sub>e).
- 28% recycling increment.
- 13,072 tCO<sub>2</sub>e carbon sequestration.
- 24,560 Endangered, Rare & Threatened ("ERT") species of trees with a total of 125,161 trees planted since 2011.
- 162 bird species from 52 families recorded, including 16 threatened species.

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# Performance By Capitals

Our six capitals are the resources and relationships that we use to enhance our operations and grow our business. Although inter-related, these capitals are broadly categorised as financial, manufactured, intellectual, human, social & relationship, and natural. Our aim is to grow their stock optimally, recognising that the different capitals play off each other. Effective capitals management is integral to value creation for the Group and our stakeholders.



## MANUFACTURED CAPITAL

Our land bank and property products that we continue to manage provide a sustained source of revenue generation for years to come.

### INPUTS

- Approximately 14,700 acres of land bank.
- 25 active townships and integrated developments.
- 5.4 million sq. ft. of total net lettable area.
- 4 leisure assets.

### VALUE WE CREATE

- 1,855 units constituting 13 projects completed and delivered.
- 79% QLASSIC score achieved in 2022.

### ACTIONS TO ENHANCE OUTCOMES

- Conducted a total assessment and restructured new launch plans amid challenging market conditions.
- Reviewed land bank management and monetisation strategy to unlock value in remaining land bank.
- Transformed complementary businesses to add value to core property development business.
- Completed the first phase of homes that accommodate multi-generational living with senior-friendly, age-in-place features.
- Launched Malaysia's first Inclusive Playground, as well as a Best Business Practices Circular and Guidance Toolkit for other developers to follow suit.

### TRADE-OFFS

Land acquisition for future developments and the transformation of complementary business requires financial capital in the short-term. In the long term, it will catalyse overall organisational growth for financial stability. The development of our land bank can also negatively impact natural capital. However, the latter can be mitigated by leveraging human capital and intellectual capital.



## FINANCIAL CAPITAL

Income from our core and recurring business segments, monetisation planning and fundraising exercise ensure a healthy cash flow position for the Group to capitalise on new value propositions.

### INPUTS

- Shareholders' fund of RM9.5 billion.
- Cash balances of RM985.3 million.
- Total debt of RM3.1 billion.

### VALUE WE CREATE

- RM2,742.1 million in revenue.
- RM315.8 million in PATAMI.
- 43.1% dividend payout ratio.
- 21.8% net gearing ratio.
- RM167.2 million tax paid to the Government and contribution to society.

### ACTIONS TO ENHANCE OUTCOMES

- Continue to offer diversified product mix predominantly within industrial and residential products.
- Market-driven launch plan to cater to fluctuating market preferences and changing demographics.
- Aggressive marketing campaigns via data-driven and omnichannel customer-focused initiatives.
- Prudent inventory management to minimise unsold inventories.
- Active land bank management and monetisation via accelerated monetisation plans for non-core land sales and low-yielding assets
- Focus on income diversification strategy specifically on complementary businesses to synergise with property developments and support our recurring income plan.
- Maintained a healthy balance sheet through effective capital, cashflow and cost management.
- Ensured sufficiency in funding lines, including the activation of SRI Sustainability Sukuk Musharakah to raise funds for projects that support Sime Darby Property's 2030 Sustainability Goals.

### TRADE-OFFS

The need to strengthen financial capital through such measures as cost rationalisation can compromise human capital and natural capital. Some other actions to enhance financial capital require additional borrowings, which would increase the gearing level. However, these actions are necessary to achieve sustainable returns in the medium to long term.



**HUMAN CAPITAL**

The skills, capabilities and diversity of our employees drive our SHIFT25 strategy to future-proof Sime Darby Property as we deliver our strategic priorities and achieve positive business outcomes.

**INPUTS**

- 4,385 learning and development programmes organised in 2022; 28% from LinkedIn Learning, 12% from ACE Leadership Programme and 60% from classroom sessions and webinars.
- RM2.8 million invested in learning & development programmes.

**VALUE WE CREATE**

- Average 8.72 days of training per employee.
- 101,661.09 total training hours in 2022.
- 44% of our workforce, 30.0% of the Board, 36% of C-suite are women.

**ACTIONS TO ENHANCE OUTCOMES**

- Increased the number of training programmes and learning hours, with the implementation of LinkedIn Learning in January 2022.
- Implementation of Quality, Health, Security, Safety and Environment (“QHSSE”) Policy together with HSSE Compliance Controls, HSSE Management Systems, and Safety & Health Management Plans across our operations.
- Implementation of effective performance management, robust talent management and framework.
- Sustain inclusive employee engagement platforms to motivate performance, build competencies and deliver a positive employee experience.
- Empower employees with continuously updated digital systems to facilitate work, ensure better engagement and sharing of resources.

**TRADE-OFFS**

Investments into bringing on board more employees, and the provision of continuous training and employee engagement programmes reduce our financial capital in the short term but enhance our financial, manufactured, natural and social capitals in the long term as more engaged and competent talents will increase our productivity and strengthen our stakeholder relationships.



**SOCIAL CAPITAL**

Our relationship with stakeholders, formed through goodwill, build trust and credibility in our brand and create an ecosystem where every stakeholder is a beneficiary of our community enrichment initiatives.

**INPUTS**

- 461 TEAM Sime Darby Property participated in volunteer programmes.
- More than RM21.4 million worth of charitable contributions made.
- More than RM1.8 million worth of sponsorships made.
- Invested RM759,812 into community programmes and initiatives.

**VALUE WE CREATE**

- 2,219.5 hours spent volunteering for the community.
- 30 organisations supported through donations and sponsorships.
- More than 7,000 beneficiaries benefited from 34 community programmes and initiatives.
- Continued with the rental subsidy for three units of business lots in Taman Bukit Subang Commercial Complex as incentive to kick start businesses, as well as a social enterprise centre. Funds raised from the 21K Strong Virtual Run & Ride campaign in 2021 were channelled to run the programme.

**ACTIONS TO ENHANCE OUTCOMES**

- Continued to donate, plan, and support various community development programmes to aid underprivileged communities.
- Continued to plan and manage the volunteers among employees in delivering impactful activities as part of corporate and employer branding towards achieving 10,000 volunteer hours in line with the Group's 2030 Sustainability Goals #7.

**TRADE-OFFS**

Building bridges with all our stakeholders takes a toll on both our financial and human capitals. However, effective social and relationship capital via stakeholder engagement can strengthen our social license to operate, as well as enable us to build manufactured capital for more inclusive results.

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## Performance By Capitals



### NATURAL CAPITAL

We seek to utilise land, water and energy efficiently and responsibly in order to preserve a healthy natural environment which is critical to the well-being of people and the planet.

#### INPUTS

- Fuel used for construction and to power electricity in our office premises.
- Approximately 14,700 acres of developable land bank.

#### VALUE WE CREATE

- Operational carbon emissions reduction by 3.3%.
- 28% recycling increment.
- 13,072 tCO<sub>2</sub>e carbon sequestration.
- 24,560 Endangered, Rare & Threatened (“ERT”) species of trees with a total of 125,161 trees planted since 2011.
- 162 bird species from 52 families recorded, including 16 threatened species.

#### ACTIONS TO ENHANCE OUTCOMES

- Continuous monitoring of the Group’s 2030 Sustainability Goals that are aligned with the UN SDGs.
- Annual Sustainability Index (“SUSDEX”) assessment across the Group to ensure implementation of sustainability practices.
- Strengthened governance of sustainability matters with the establishment of Management Sustainability Committee and Board Sustainability Committee.
- Constant engagement with stakeholders in the value chain to communicate the Group’s climate change direction and expectation of vendors to start their ESG journeys.
- Communication programme to raise awareness of sustainability among employees.
- Identified sustainability risks in our enterprise risk framework.
- Enhanced the sustainability features of our units by installing solar panels and water-saving fittings.
- Conducting biodiversity baseline to active township.
- Maintained the Elmina Rainforest Knowledge Centre and Elmina Living Nursery Collection as biodiversity inventories.
- Establishment of embodied carbon baseline for double storey link house as part of Scope 3 study.
- Continuous community engagement with NGOs to raise awareness of waste recycling.

#### TRADE-OFFS

Although the protection and conservation of the natural environment depletes our financial capital, it is critical to our long-term business sustainability, as the preservation of the natural environment supports the availability of land that is suitable for property development. Our efforts also enhance our market reputation (and our social and relationship capital), ensuring we can continue to grow our manufactured and financial capitals.



**INTELLECTUAL CAPITAL**

We leverage the latest technologies to significantly enhance our operational efficiencies as well as to engage more efficiently and effectively with customers.

**INPUTS**

- New improvements were implemented in 2022 since the full onboarding of Cloud Computing in 2021.
- Implementation of eProcurement solutions for Vendor Registration, Cost Database, eTender Management, eContract Management and Consultant Management.
- Rolled out the Procure project management collaboration tool for full visibility on all construction-related progress for Property Development and inspections.
- Further enhance our Online Booking System (“OBS”) to meet the ever-changing landscape by integrating machine learning and predictive analysis.

**VALUE WE CREATE**

- Enhanced visibility, process efficiency and organisational improvements, as well as structured data management and secured system and data protection towards becoming a data-driven decision-making organisation.
- The OBS allows homebuyers to view, track, book and pay online for their dream homes at their convenience.
- Procure digitises, digitalises and automates property development processes by designing digital workflows and connecting multiple stakeholders to follow up on the completion of construction projects on time, while providing full visibility of process ownership and ensuring quality delivery.
- Change management, training and awareness programmes, as well as the adaption for internal users and external consultants and vendors conducted quarterly to drive a transformed and adaptative environment.

**ACTIONS TO ENHANCE OUTCOMES**

- Conducted research on existing products to understand customer behaviour through customer behavioural analysis and enhanced digital marketing channels through the application of new technologies.
- Formulated a five-year Digital & IT Strategy Blueprint in 2021 as a guidance for our Digital Transformation journey.
- Formulated a three-year Cybersecurity Framework with advisory from an external consultant.

**TRADE-OFFS**

Intellectual capital provides the Group opportunities to implement future digital initiatives to support decision-making and planning, through machine learning, predictive analysis and artificial intelligence. The possibilities of utilising technology to positively impact our stakeholders and to create value is endless with better data accessibility, as it is easier for our users to access relevant data through an integrated system; reduce cost, improvise delivery process, standardise and improve quality and create value for customers; utilise new and innovative approaches; as well as streamline project communications and documentation processes for accurate financial and project information.

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# Stakeholder Engagement



## EXISTING AND POTENTIAL CUSTOMERS

We engage with existing and potential customers to understand their needs and what they seek for their homes, using their input to shape our product designs.

### VALUE CREATED

For Our Customers	For Sime Darby Property
Safe and sustainable products that meet their lifestyle aspirations, complete with facilities and amenities that support a thriving community, and the highest level of service.	Continuous demand for our projects; recognition as a reliable developer; and cooperation to create sustainable communities.

### ENGAGEMENT PLATFORMS & FREQUENCY

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Project launches.	P	• Website, call centre and social media channels.	O
• Virtual showrooms and online booking system.	O	• Community events that promote sustainability such as tree-planting, urban farming and recycling efforts.	P
• Physical sales and marketing initiatives.	O	• High-5 and Quick-Fix initiatives (upon hand-over of keys).	O
• PRIME members events.	P	• Net Promoter Score ("NPS") surveys.	O
• Meetings with joint management bodies and residents' associations.	P		

### KEY CONCERNS RAISED & OUR RESPONSE

Key Concern	Our Response
A responsible property developer that maintains continuous engagement with customers and resolves any property-related issues that may arise.	<ul style="list-style-type: none"> <li>Regular meetings with management bodies and residents' associations.</li> <li>Dedicated personnel for each township and development to serve as points of contact with the community.</li> <li>Quick-Fix programme to resolve any issues upon residents moving into their new homes.</li> </ul>
Community-engaging facilities that promote healthy and sustainable lifestyles.	<ul style="list-style-type: none"> <li>Placemaking features such as jogging and bicycle tracks, as well as community parks, among others.</li> <li>Organise recycling programmes at our townships.</li> <li>Launch of an urban farm in Serenia City in collaboration with BoomGrow.</li> </ul>
Eco-efficient townships/homes and safe amenities.	<ul style="list-style-type: none"> <li>Use of green label construction materials from forestry products such as Forest Stewardship Council ("FSC") doors and timber flooring.</li> <li>Installation of solar panels and water-saving fittings in units.</li> <li>Tree-to-Tree replacement policy, with focus on endangered, rare and threatened ("ERT") species.</li> <li>Establishment of the Elmina Living Collection Nursery ("ELCN") as part of the Elmina Rainforest Knowledge Centre ("ERKC") in the City of Elmina.</li> </ul>

### RISKS & OPPORTUNITIES

Risks	Opportunities
Failure to keep up with changing expectations of the market and evolving demographics would put our business at risk of becoming irrelevant.	<ul style="list-style-type: none"> <li>Catering to current and future trends helps to maintain our market share and leadership.</li> <li>The incorporation of elements that promote sustainability will influence communities to adopt sustainable lifestyles.</li> </ul>



Frequency of Engagement

**A** Annually
**D** Daily
**M** Monthly
**O** Ongoing
**OR** On Request
**P** Periodically
**Q** Quarterly
**R** Regularly
**W** Weekly



**EMPLOYEES**

We engage with employees to engender a feeling of connectedness with the Group and to encourage ownership of roles and responsibilities to promote a high-performance culture, while gathering important feedback on issues that are of concern to them.

**VALUE CREATED**

For Our Employees	For Sime Darby Property
<ul style="list-style-type: none"> <li>Competitive remuneration and benefits.</li> <li>Professional development opportunities.</li> <li>Safe and conducive working environment and effective welfare management.</li> <li>Equal opportunities in an inclusive work environment.</li> <li>Work-life balance.</li> <li>Opportunity to contribute towards sustainable environment.</li> </ul>	<p>Pipeline of talent to drive a high-performance and engaged work culture that can deliver our aspirations.</p>

**ENGAGEMENT PLATFORMS & FREQUENCY**

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Intra- and interdepartmental meetings.	<b>W</b>	• Focus group discussions.	<b>A</b>
• Email announcements.	<b>D</b>	• Townhalls.	<b>Q</b>
• Newsletters.	<b>Q</b>	• Employee engagement surveys.	<b>A</b>
• SelfDrvn digital employee engagement platform.	<b>O</b>	• Learning and development programmes.	<b>W</b>
• Virtual chats with Executive Leadership.	<b>M</b>	• Volunteering opportunities.	<b>O</b>
• Individual performance reviews.	<b>A</b>	• HR Business Partner engagements.	<b>O</b>
• Personal and professional development programmes.	<b>O</b>	• Jalinan Nurani digital platform.	<b>O</b>

**KEY CONCERNS RAISED & OUR RESPONSE**

Key Concern	Our Response
Fair and competitive career promotion opportunities.	<ul style="list-style-type: none"> <li>Provide training and project assignments in line with business goals that enhance employees' skills.</li> <li>Rolled out an internal mobility framework.</li> </ul>
Employee well-being and wellness.	<ul style="list-style-type: none"> <li>Continue to enhance the Jalinan Nurani platform to assist employees and family members with mental or physical health concerns.</li> <li>Provide monetary relief in the event of floods and other natural disasters.</li> <li>Organise employee well-being programmes such as webinars on resilience, financial planning, men and women's health, self-care tips for caretakers, and becoming a male ally, among others.</li> </ul>
Work-life balance.	<ul style="list-style-type: none"> <li>Continuation of flexible work arrangements.</li> </ul>
Better understanding of sustainability issues and how employees can add value.	<ul style="list-style-type: none"> <li>Educate employees about sustainability using internal channels.</li> <li>Organise Sustainability Day, focusing on key issues.</li> <li>Involve employees in sustainability-related programmes.</li> </ul>

**RISKS & OPPORTUNITIES**

Risks	Opportunities
Without the right work culture and competencies, we will not be able to attain our SHIFT25 goals.	By engaging effectively with our employees and instilling our Values, as well as Purpose, we will motivate our employees to deliver a consistently superior performance that will drive our corporate and sustainability agenda forward.

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# Stakeholder Engagement



## SUPPLIERS, CONTRACTORS, CONSULTANTS, STRATEGIC PARTNERS

Open two-way communication with our suppliers, contractors and strategic partners is important for better understanding of each party's needs. Such communication leads to commitment on meeting all deliverables, enhancing our performance and building trust.

### VALUE CREATED

For Our Suppliers, Contractors, Strategic Partners	For Sime Darby Property
Business continuity and competitive terms of contract supported by safe work standards, as well as a fair and transparent procurement process.	Fulfilment of contractual obligations and delivery of project targets while meeting safe and sustainable criteria.

### ENGAGEMENT PLATFORMS & FREQUENCY

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Annual dialogue.	A	• Relationship-building and networking sessions.	A
• Eco-efficiency training.	A	• Data collection process.	M
• Procurement and appointment process.	M	• Meetings.	M
• Vendor Performance Evaluation.	O		

### KEY CONCERNS RAISED & OUR RESPONSE

Key Concern	Our Response
Supply chain challenges such as materials price fluctuations and labour shortage.	<ul style="list-style-type: none"> <li>Organise design workshops to optimise cost and efficiency.</li> <li>Performance assessment to keep competitiveness in the future.</li> </ul>
More two-way communication and transparent processes.	<ul style="list-style-type: none"> <li>Conduct townhalls, workshops with industry experts, knowledge sharing sessions and on-site learning activities.</li> <li>Enforce Vendor Code of Business Conduct to align with Sime Darby Property's supply chain aspirations.</li> </ul>
Recognition of contributions to sustainability targets such as eco-efficiency and reduction of waste, water and carbon emissions.	<ul style="list-style-type: none"> <li>Adopted best practices in tackling sustainable development.</li> <li>Engaged vendors on eco-efficiency programmes and improved data collection.</li> </ul>

### RISKS & OPPORTUNITIES

Risks	Opportunities
<ul style="list-style-type: none"> <li>Dependence on preferred vendors may lead to supply disruptions in unexpected events.</li> <li>ESG issues in the supply chain could result in non-compliance and affect progress on Sime Darby Property 2030 Sustainability Goals.</li> <li>Not receiving the latest vendor information in the Vendor Management System could lead to inappropriate vendor selection or appointments.</li> </ul>	<ul style="list-style-type: none"> <li>Synergistic partnerships present the opportunity to facilitate innovation and the adoption of advanced construction methods or technology.</li> <li>It also will lead to competitive pricing and enhanced cost optimisation.</li> </ul>

Frequency of Engagement

**A** Annually
**D** Daily
**M** Monthly
**O** Ongoing
**OR** On Request
**P** Periodically
**Q** Quarterly
**R** Regularly
**W** Weekly



**INVESTORS & ANALYSTS**

Our investors and analysts need to be kept updated on our financial and operational performance, our business developments, strategies and direction in order to make informed investment decisions. At the same time, through engagement with them, we are able to clarify the Group's position on key issues and announcements made.

**VALUE CREATED**

For Our Investment Community	For Sime Darby Property
Attractive short and long-term returns on investment driven by sound corporate governance and risk management, a robust growth strategy plan, and transparent disclosures on financial and non-financial performance.	A reliable investment rating and sustained capital inflow to finance our business activities and growth.

**ENGAGEMENT PLATFORMS & FREQUENCY**

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Investor conferences.	<b>P</b>	• Non-deal roadshows.	<b>P</b>
• Annual General Meetings and annual reports.	<b>A</b>	• Email or phone communication.	<b>R</b>
• Investor briefings.	<b>Q</b>	• Investor Relations webpage and news updates.	<b>R</b>
• One-on-one meetings.	<b>R</b>	• Site visits.	<b>P</b>

**KEY CONCERNS RAISED & OUR RESPONSE**

Key Concern	Our Response
Sustainable performance on quarterly basis.	• Organise quarterly briefings on financial and operational results, as well as updates on key developments and strategies.
Growth strategy with clear emphasis on long-term shareholder returns.	• Communicate clear strategic direction, goals & outcomes, broad risk exposures, as well as performance targets of the Group via: <ul style="list-style-type: none"> <li>◆ One-on-one/group meetings.</li> <li>◆ Investor conference calls.</li> <li>◆ Non-deal roadshows.</li> <li>◆ Informative, accurate, timely and transparent quarterly results announcements and annual reports.</li> </ul>
Prospects of the property sector and response to macroenvironment relating to the Group's operating landscape.	• Allow direct access to the Board members and Executive Leaders at Annual General Meetings. • Provide prompt responses to investors' and analysts' queries.

**RISKS & OPPORTUNITIES**

Risks	Opportunities
Inaccurate financial analysis and/or forecasts reported by analysts would cause a less favourable rating on our stock affecting our share price performance.	Transparent and timely disclosures provide investors with opportunities to make informed and sound investment decisions.

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# Stakeholder Engagement



## MEDIA

We engage with the media to ensure the public is provided accurate and prompt information about the Group and our business developments. We seek to establish a mutually beneficial partnership between the Group and media to manage and enhance the Group's credibility and reputation.

### VALUE CREATED

For the Media	For Sime Darby Property
Access to reliable and timely information and insights on our Company specifically and the industry more generally.	<ul style="list-style-type: none"> <li>Ability to address public concerns about Group initiatives, campaigns or crises.</li> <li>Enhance transparency in our reporting.</li> <li>Establish Sime Darby Property as a leading voice for the industry.</li> <li>Build brand equity and reputation as a reputable lifestyle master developer.</li> </ul>

### ENGAGEMENT PLATFORMS & FREQUENCY

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Press releases & statements, notes to editors.	M	• Festive gatherings & media events.	P
• Networking sessions.	Q	• Media site visits.	P
• Media briefings.	OR	• Award ceremonies.	P
• Annual General Meetings and annual reports.	A	• Participation in feature/news articles.	P
• Product launches and corporate events.	P	• Joint campaigns and advertising.	OR

### KEY CONCERNS RAISED & OUR RESPONSE

Key Concern	Our Response
Regular, accurate and transparent updates on performance, developments and financial statements.	<ul style="list-style-type: none"> <li>Work closely with Executive Leadership on financial and non-financial updates to the media.</li> <li>Provide Group updates on product launches, sales campaigns, CSR and sustainability initiatives and key appointments, among others.</li> </ul>
Market and industry insights.	<ul style="list-style-type: none"> <li>Provide access to leadership for Sime Darby Property's perspective on the market and industry.</li> </ul>
Updates on business strategies and tactics.	<ul style="list-style-type: none"> <li>Share business strategies, market insights and outlook.</li> </ul>
Prompt responses to issues raised in the media.	<ul style="list-style-type: none"> <li>Group Corporate Communications responds promptly to enquiries and requests from the media.</li> </ul>

### RISKS & OPPORTUNITIES

Risks	Opportunities
Negative, incorrect or insufficient media coverage has the potential to derail our progress and success.	Ensuring positive and regular media interaction will result in increased brand value.

Frequency of Engagement

**A** Annually
**D** Daily
**M** Monthly
**O** Ongoing
**OR** On Request
**P** Periodically
**Q** Quarterly
**R** Regularly
**W** Weekly



**DEBT PROVIDERS**

Engagement with our lenders to provide update on the Group’s financial and operational performance. Through this engagement, we would be able to communicate the Group’s strategies and direction to maintain our strong credit standing.

**VALUE CREATED**

For Our Debt Providers	For Sime Darby Property
<ul style="list-style-type: none"> <li>Steady returns anchored by reliable principal and interest payments, sound governance and risk management, compliance with terms of borrowing.</li> <li>New potential financing opportunities while building long-term relationships.</li> </ul>	<ul style="list-style-type: none"> <li>Access to debt markets to support our business growth.</li> <li>Available market updates and key updates on monetary policy regulations.</li> <li>Access to green financing on projects which have positive impact on the environment and communities that we operate in.</li> </ul>

**ENGAGEMENT PLATFORMS & FREQUENCY**

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Email communication.	<b>R</b>	• Site visits.	<b>P</b>
• Meetings.	<b>Q</b>	• Annual General Meetings and Annual Reports.	<b>A</b>
• Events hosted by debt providers.	<b>Q</b>		

**KEY CONCERNS RAISED & OUR RESPONSE**

Key Concern	Our Response
Ability to service debt obligations and adherence to covenants.	<ul style="list-style-type: none"> <li>Transparent disclosure of operational and financial updates, as well as corporate governance and risk framework.</li> </ul>
Good governance and risk management framework.	

**RISKS & OPPORTUNITIES**

Risks	Opportunities
Unable to obtain timely financing to support the business growth of the Group.	The Group has available standby facilities and has the ability to access different debt providers, given its financial strength.

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## REGULATORS & INDUSTRY AFFILIATIONS

We engage actively with relevant regulators and authorities to keep up to date with changes in the regulatory environment and ensure compliance with existing as well as new requirements.

### VALUE CREATED

For Regulators & Industry Affiliations	For Sime Darby Property
Compliance with rules and regulations, as well as contribution to industry developments.	Guidance on rules, regulations and support from industry peers and the authorities.

### ENGAGEMENT PLATFORMS & FREQUENCY

Engagement Platforms	Frequency	Engagement Platforms	Frequency
• Meetings.	<b>P</b>	• Industry forums.	<b>Q</b>
• Email communication.	<b>O</b>	• Government consultations.	<b>Q</b>
• Seminars/webinars.	<b>P</b>	• Advisory groups.	<b>Q</b>

### KEY CONCERNS RAISED & OUR RESPONSE

Key Concern	Our Response
Compliance with rules and regulations, with the Group kept abreast of new requirements.	<ul style="list-style-type: none"> <li>Participate in industry and national-level forums to keep abreast of changes in the regulatory environment.</li> <li>Compliance function in the Group ensures our operations adhere to all relevant requirements.</li> </ul>
Share, contribute and co-create industry best practices or new policies and regulations.	<ul style="list-style-type: none"> <li>Provide industry perspective to help shape new policies and regulations.</li> <li>Share knowledge and best practices in industry forums.</li> </ul>
Support for national agenda.	<ul style="list-style-type: none"> <li>Support and contribute to national development through products and initiatives such as affordable housing, biodiversity inventories as well as wetland construction and maintenance guidelines.</li> </ul>

### RISKS & OPPORTUNITIES

Risks	Opportunities
Not being aware of or complying with changing regulations could result in fines and impact our deliverables as well as project timelines.	By engaging with regulators and industry bodies, we are able to deepen existing relationships for more strategic collaborations.

#### Frequency of Engagement

**A** Annually   **D** Daily   **M** Monthly   **O** Ongoing   **OR** On Request   **P** Periodically   **Q** Quarterly   **R** Regularly   **W** Weekly

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### THE MALAYSIAN ECONOMY AND GENERAL OPERATING LANDSCAPE

In 2022, the Malaysian economy saw gross domestic product (“GDP”) expand by 8.7% year-on-year (“y-o-y”). This strong growth was driven by continued expansion in domestic demand, robust recovery in the labour market, and ongoing policy support as economic activities normalised. According to BNM, the Malaysian economy is expected to expand at a more moderate pace in 2023, ranging between 4.0% and 5.0%, due to a challenging external environment. Based on Budget 2023, which reflects the government’s revised Economic and Fiscal Outlook, the economy is expected to grow by 4.5% in 2023, supported by domestic demand, improvements in the labour market, multi-year investment projects, and higher inbound tourism activity.

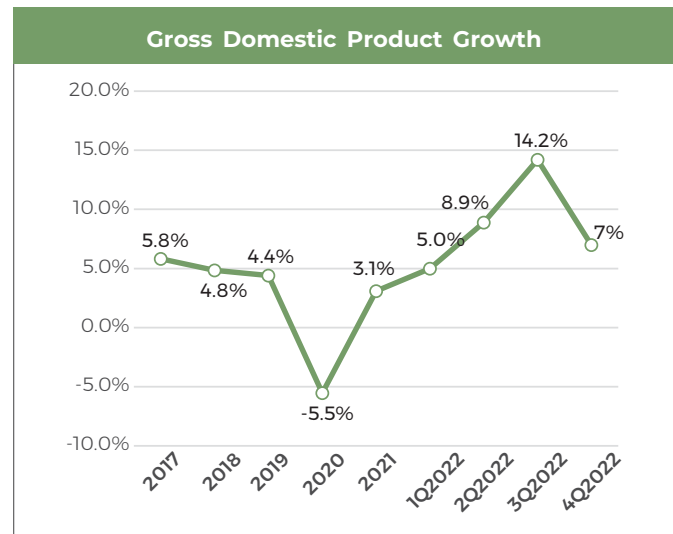
In 2022, the Consumer Price Index (“CPI”) saw headline inflation trend higher to 3.3% y-o-y (2021: 2.5%), mostly contributed by higher prices of food-related goods and services. In addition, prices for other CPI services including rental, restaurants and hotels rose too due to a combination of cost and demand factors. The cost factors included high global commodity prices, prolonged supply-related disruptions, domestic food supply shortages and seasonal factors. Meanwhile, demand conditions improved following the reopening of the Malaysia economy. Headline inflation is expected to moderate but remain elevated in 2023, averaging between 2.8% and 3.8%, due to demand and cost pressures as well as potential domestic policy changes on subsidies.

Labour market conditions continued to improve in 4Q2022, with the unemployment rate falling to 3.6% (3Q2022: 3.7%) thanks to robust employment gains and an increase in the number of people entering the labour force. The labour force participation rate also increased to 69.5% of the working-age population, exceeding pre-pandemic levels (3Q2022: 69.4%; 4Q2019: 69.1%).

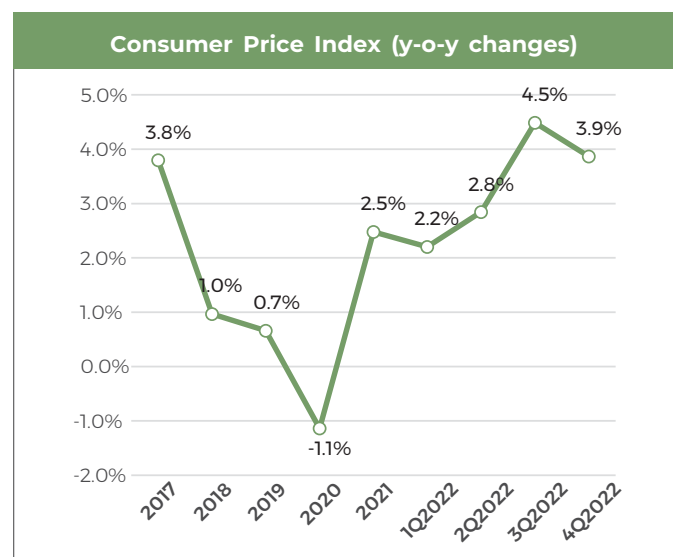
The Consumer Sentiment Index (“CSI”) increased to 105.3 points in 4Q2022 (3Q2022: 98.4 points) due to the expectation of increased income and employment opportunities, and decrease in inflation. However, planned consumer spending remains cautious as consumers are wary of future uncertainties, and excitement spending post-pandemic moderates.

The Business Conditions Index (“BCI”) dropped significantly to 85.9 points in 4Q2022 (3Q2022: 99.8 points) with companies experiencing a significant slowdown in sales as both domestic and external orders reduced, primarily due to protracted inflationary pressure. Greater government assistance to cope with rising costs is believed to be beneficial to businesses.

On 3 November 2022, BNM increased the Overnight Policy Rate (“OPR”) by 25 basis points to 2.75% in response to rising global inflationary pressures. It then kept the OPR unchanged on 19 January 2023 to assess the impact of past OPR adjustments, given the lag effects of monetary policy on the economy. Corresponding to the OPR, the Base Lending Rate (“BLR”) and average base rate were revised upward to 6.3% in 4Q2022 (3Q2021: 6.1%) and 3.4% (3Q2022: 3.0%), respectively. The high interest rate environment is expected to increase saving and decrease spending, narrowing the gap between supply and demand, and tempering any rapid rise in prices.



Source: Bank Negara Malaysia (“BNM”)



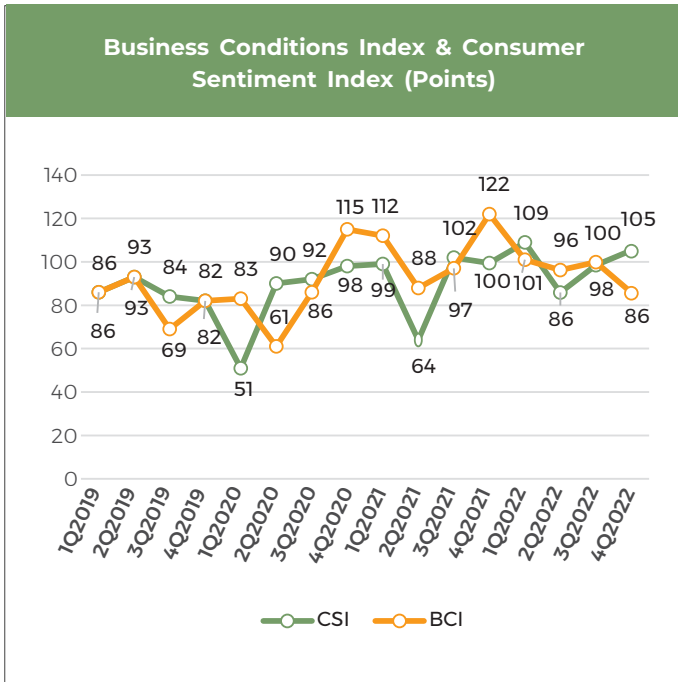
Source: BNM

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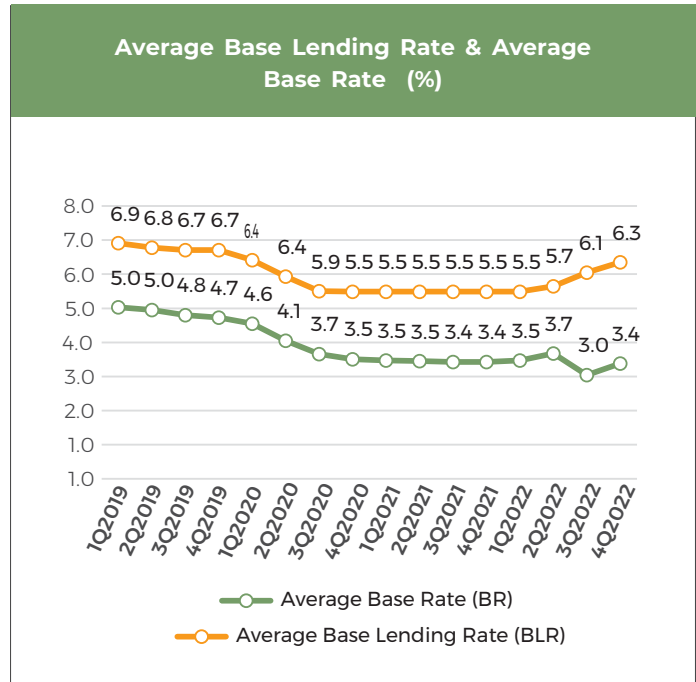
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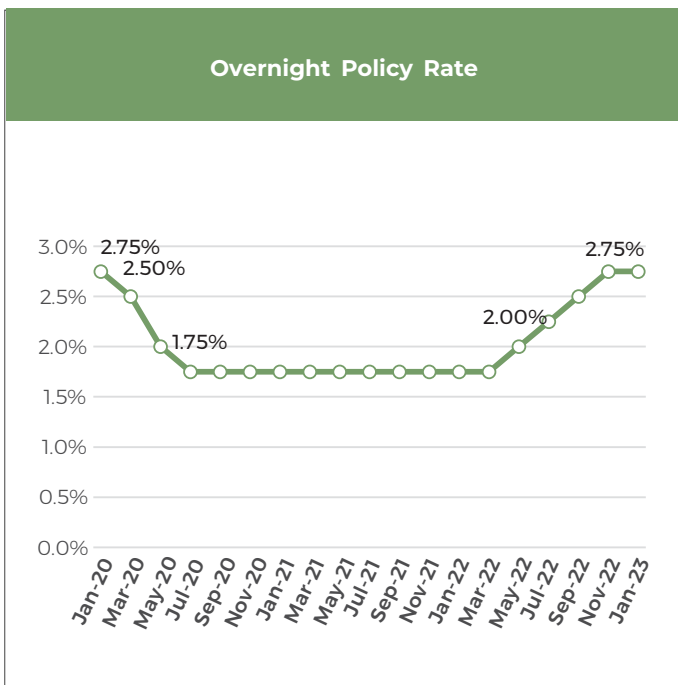
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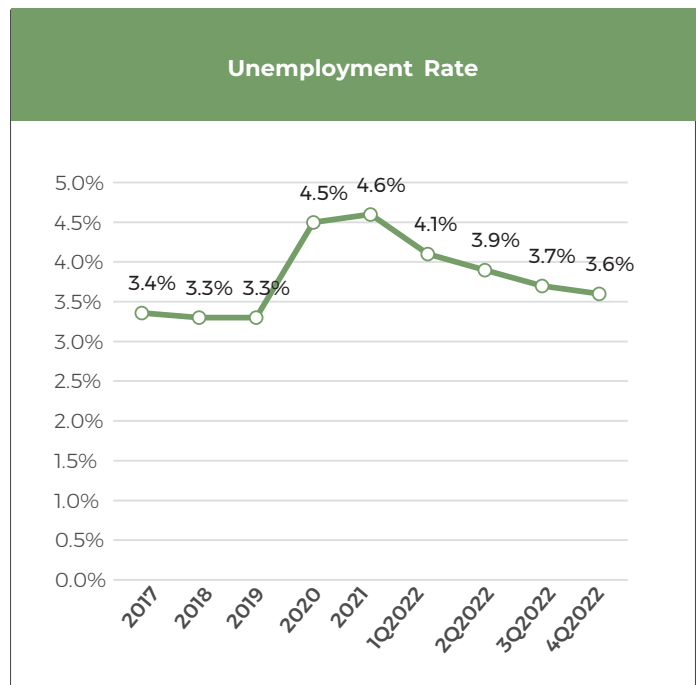
Source: Malaysia Institute of Economic Research ("MIER")



Source: BNM



Source: BNM



Source: BNM



## RESIDENTIAL PROPERTY SECTOR

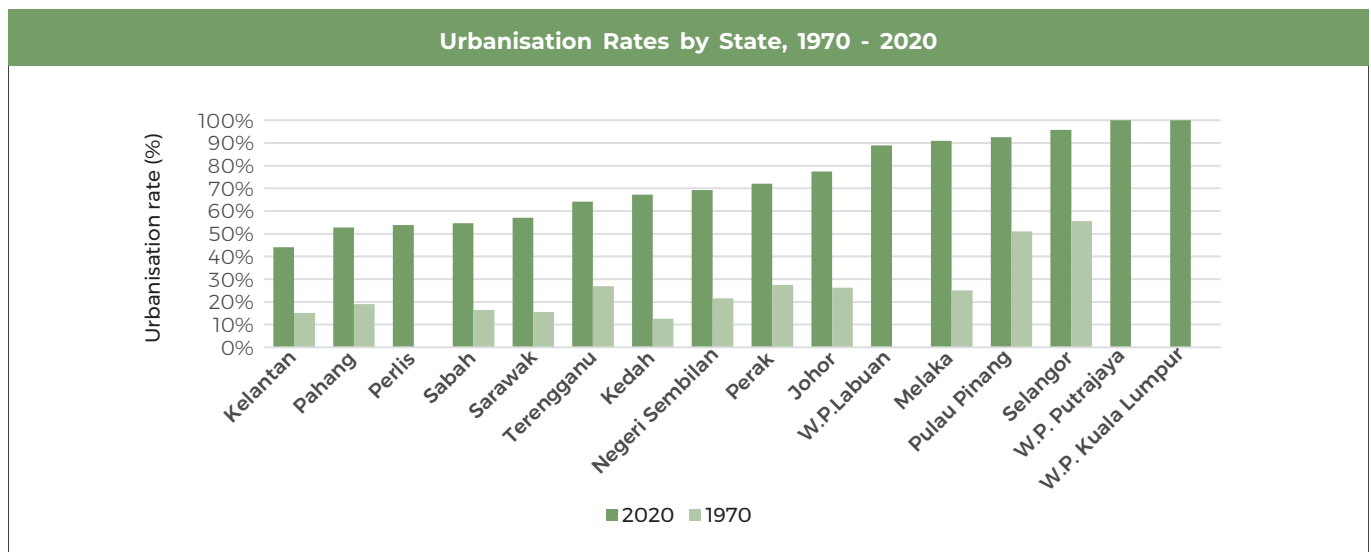
### MARKET OVERVIEW

#### Malaysia: Urbanisation Rate

According to official estimates from the Department of Statistics Malaysia (“DOSM”), Malaysia’s urbanisation rate has tripled from 28.4% in 1970 to 75.1% in 2020 due to natural population growth, migration and boundary changes. As the country’s main metropolitan region, Klang Valley has experienced rapid economic growth, contributed by urbanisation. The Federal Territories of Kuala Lumpur and Putrajaya have the highest urbanisation rate at 100%, followed by Selangor at 95.8%.

Negeri Sembilan’s urbanisation rate has tripled over the last five decades, from 21.6% in 1970 to 69.0% in 2020. The presence of prominent projects particularly in the Seremban - KLIA corridors and Nilai, e.g., Malaysian Vision Valley 2.0 (“MVV 2.0”), Bandar Sri Sendayan, Bandar Ainsdale, S2 Heights, Putra Nilai, and Nilai Utama, are expected to contribute significantly to the state’s urbanisation through the introduction of new drivers promoting economic growth.

According to the Population & Housing Census of Malaysia 2020, migration trends from rural to urban areas over the past five decades will cause a further increase in the urban population rate to 81.2% in 2030, 85.0% in 2040, and 88.8% in 2050.



Source: Department of Statistics Malaysia (“DOSM”), Knight Frank Research

### EXISTING & FUTURE SUPPLY

#### Klang Valley

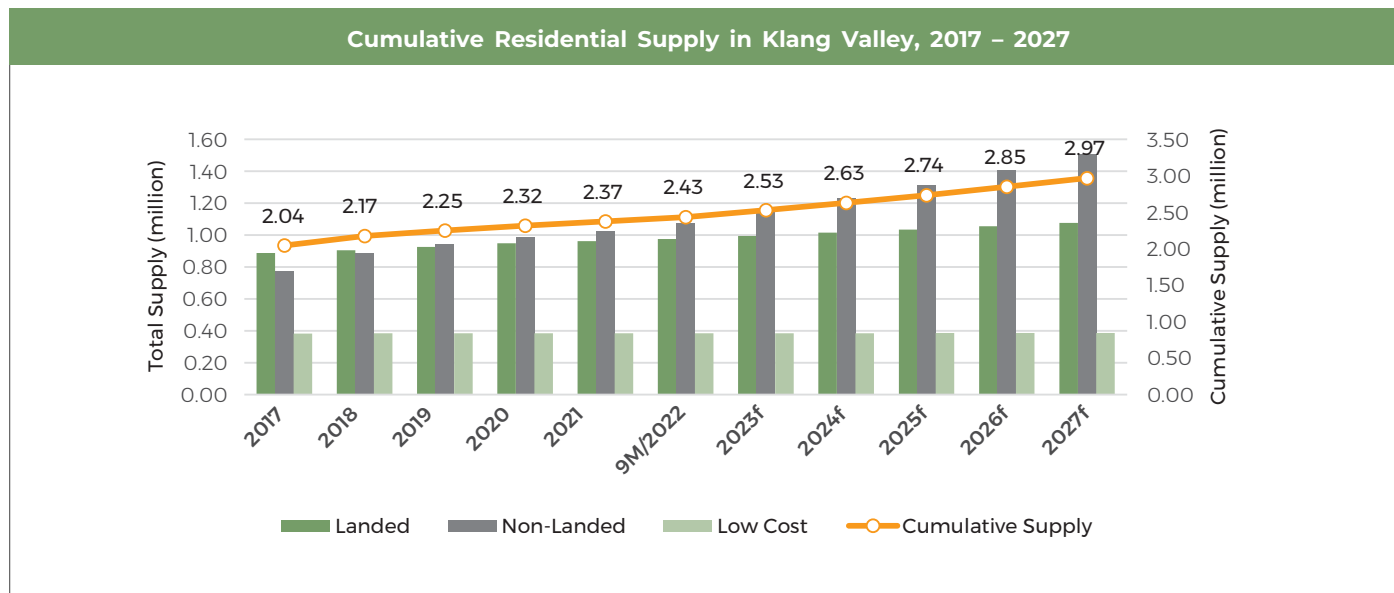
The cumulative supply of residential properties in Klang Valley grew by 2.5% to 2.43 million units in the first nine months of 2022 (“9M 2022”). Out of the total, 44.1% comprised non-landed properties followed by landed properties at 40.1% and low-cost properties at 15.8%. The cumulative residential supply is expected to reach approximately 2.97 million units in the next five years, driven primarily by non-landed residential properties, which will contribute to about 55% of the total incoming supply.

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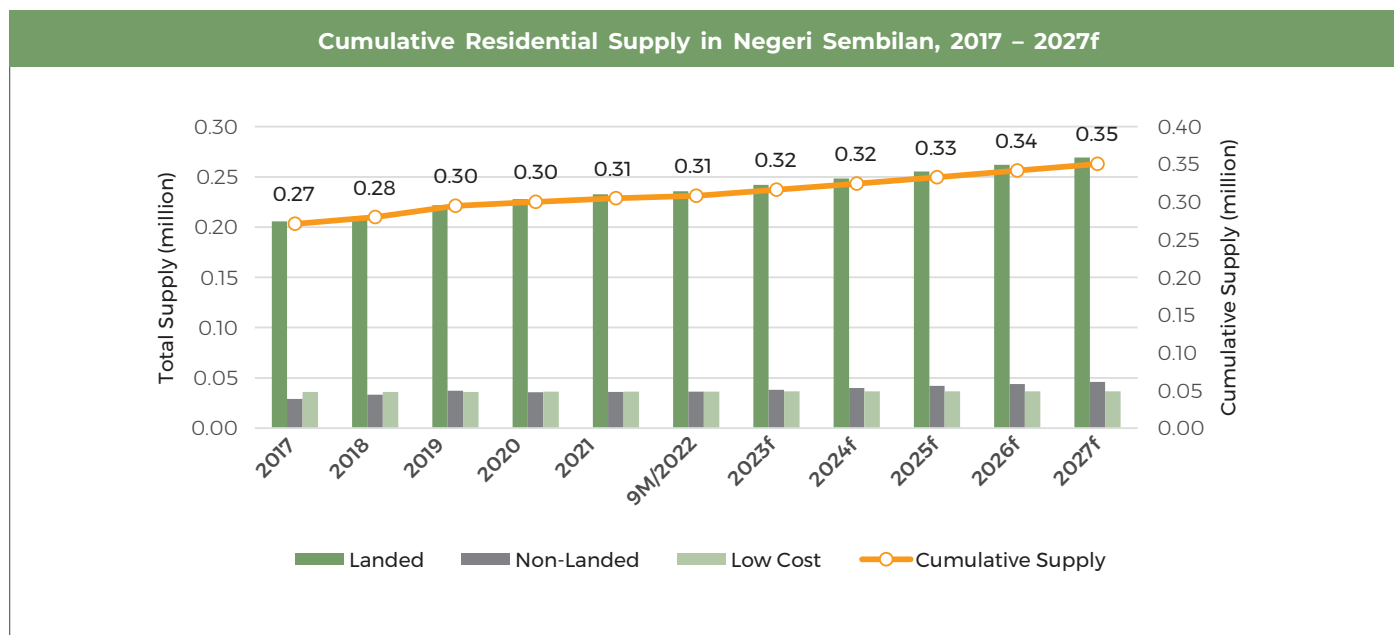


Source: NAPIC, Knight Frank Research

Note: The cumulative residential supply includes Serviced Apartments and Sohos

### Negeri Sembilan

The cumulative supply of residential properties in Negeri Sembilan grew by 1.0% to 308,141 units in the first nine months of 2022. Landed properties made up most of the total residential supply at 76.5%, followed by non-landed and low-cost properties at 11.7% and 11.8%, respectively. The cumulative residential supply is expected to reach approximately 350,337 units in the next five years, with landed residential properties contributing about 70% of the total.



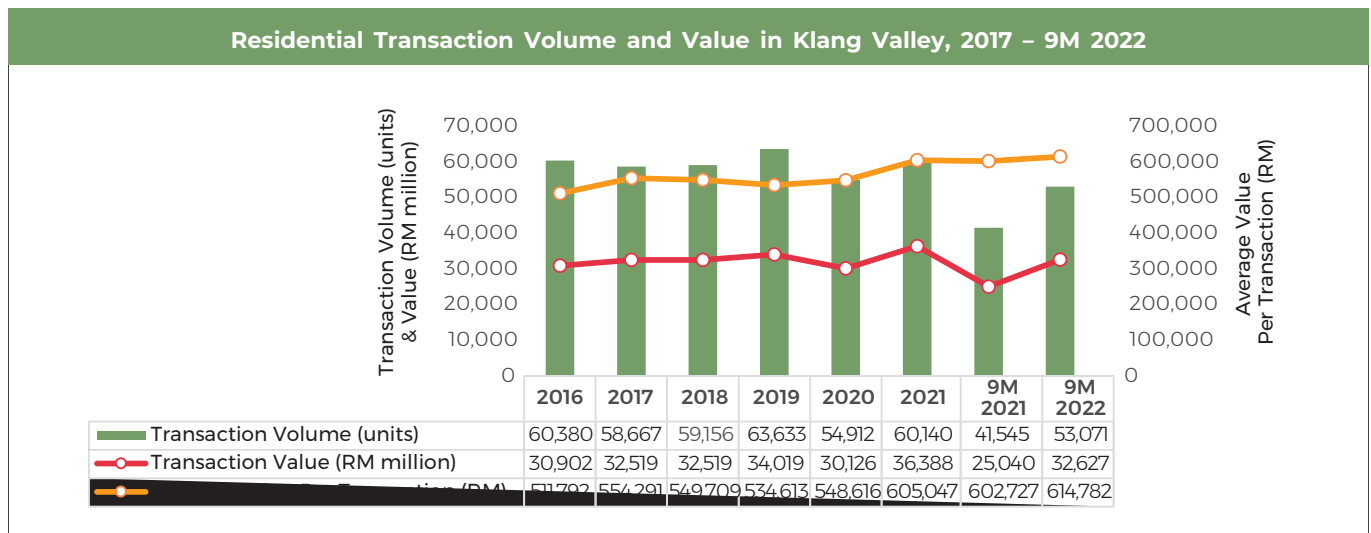
Source: NAPIC, Knight Frank Research

Note: The cumulative residential supply includes Serviced Apartments and Sohos

**TRANSACTION VOLUMES AND VALUES**

**Klang Valley**

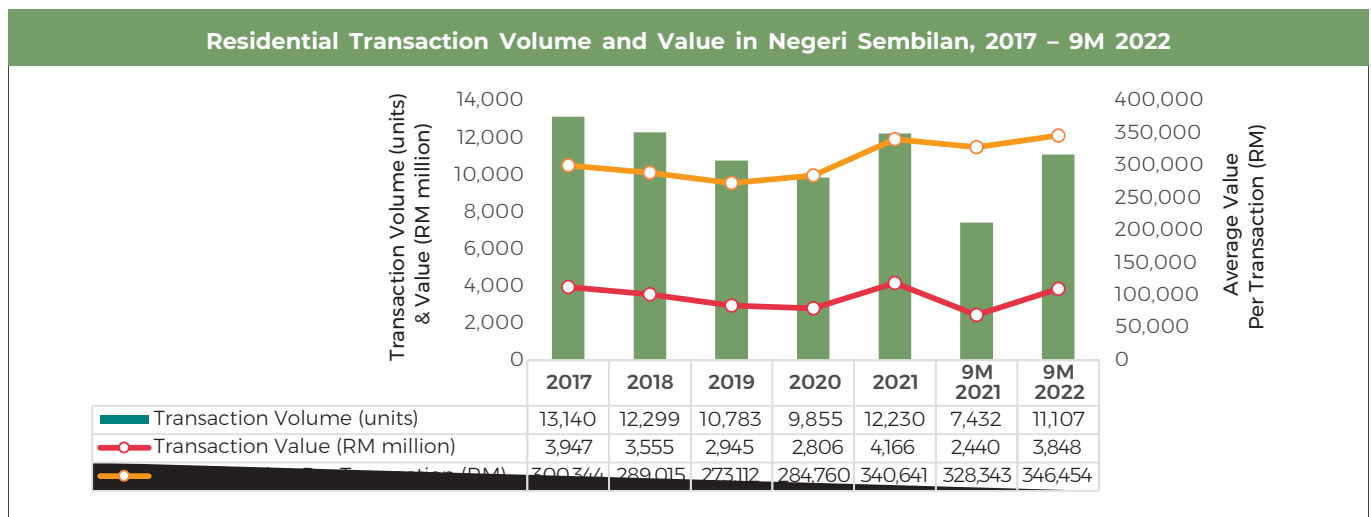
The residential property market in Klang Valley performed well in 9M 2022, with 53,071 residential transactions valued at RM32.6 billion. This represents 88.2% of the total residential property sales volume in 2021 and 89.7% of the total residential transaction value. Overall, the average value per residential transaction in 9M 2022 stood at RM614,782, reflecting a y-o-y increase of 2.0% from RM602,727 in 9M 2021.



Source: NAPIC, Knight Frank Research

**Negeri Sembilan**

The residential property market in Negeri Sembilan also performed well in the 9M 2022 with 11,107 residential transactions at a total value of RM3.8 billion, translating into y-o-y growth of 49.4% and 57.7%, respectively. The 9M 2022 volume and value of sales amounted to 90.8% of the total property sales volume and 92.4% of total transaction value in 2021. Overall, the average value per residential transaction in 9M 2022 stood at RM346,454, an increase of 5.5% from RM328,343 in 9M 2021.



Source: NAPIC, Knight Frank Research

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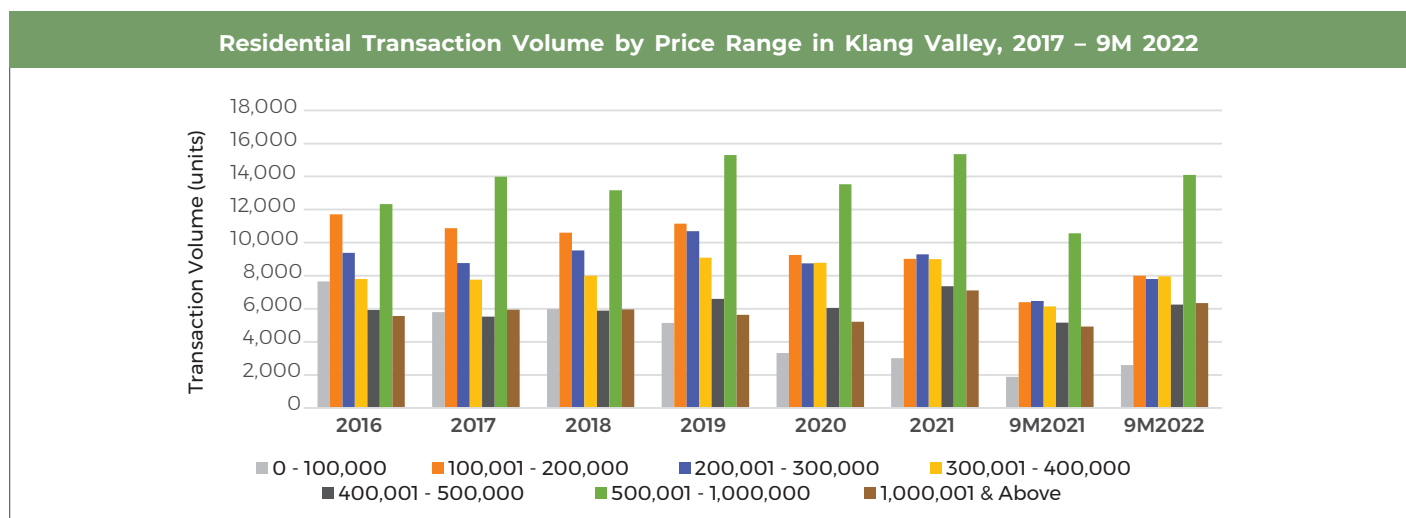
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### TRANSACTION VOLUMES BY PRICE RANGE

#### Klang Valley

During the first nine months of 2022, there were 53,071 residential transactions in Klang Valley, with 61.5% (32,628 units) priced below RM500,000. Most of the transactions were in the RM100,001-RM400,000 price range, which accounted for 44.8% (23,733 units) of the total. Residential units priced above RM500,000 made up 38.5% (20,443 units) of the total transactions, with the most frequently transacted price range being between RM500,001 and RM1,000,000, comprising 26.6% (14,107 units) of all transactions.

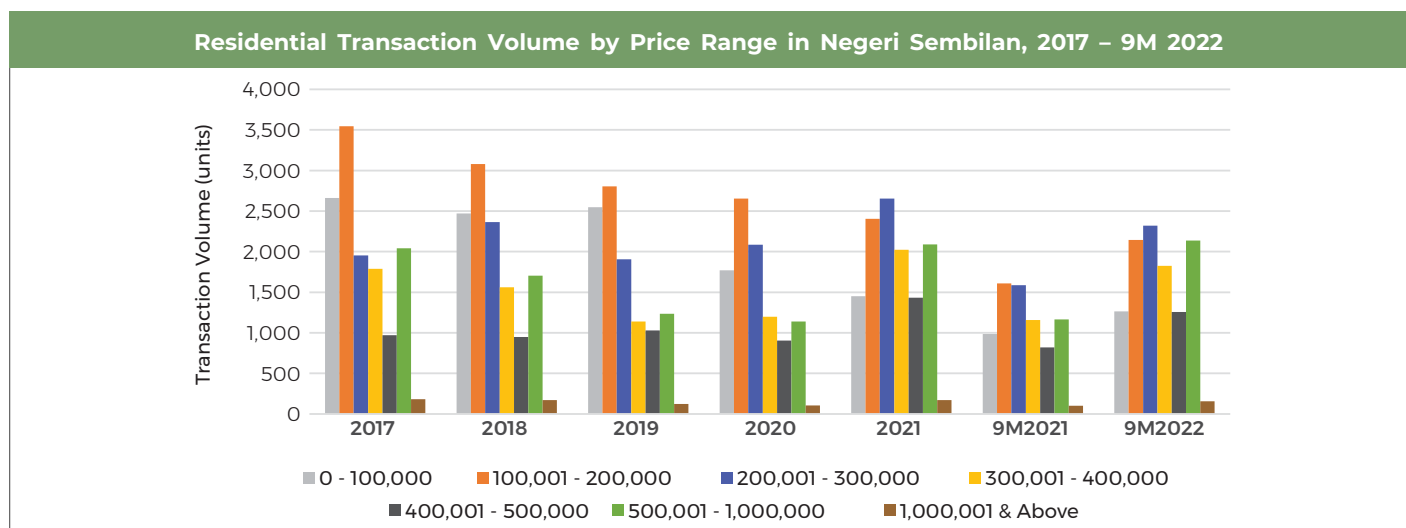


Source: NAPIC, Knight Frank Research

Note: The above chart excludes Serviced Apartments and Sohos

#### Negeri Sembilan

In the first nine months of 2022, there were 11,107 residential transactions in Negeri Sembilan. Of these, 79.3% (8,812 units) were priced below RM500,000, with the most frequently transacted price range being RM100,001 to RM300,000, accounting for 40.2% (4,466 units) of all residential transactions. Residential units priced above RM500,000 accounted for 20.7% (2,295 units) of the total transactions, with the most commonly transacted price range falling between RM500,001 and RM1,000,000, comprising 19.2% (2,138 units) of all transactions.



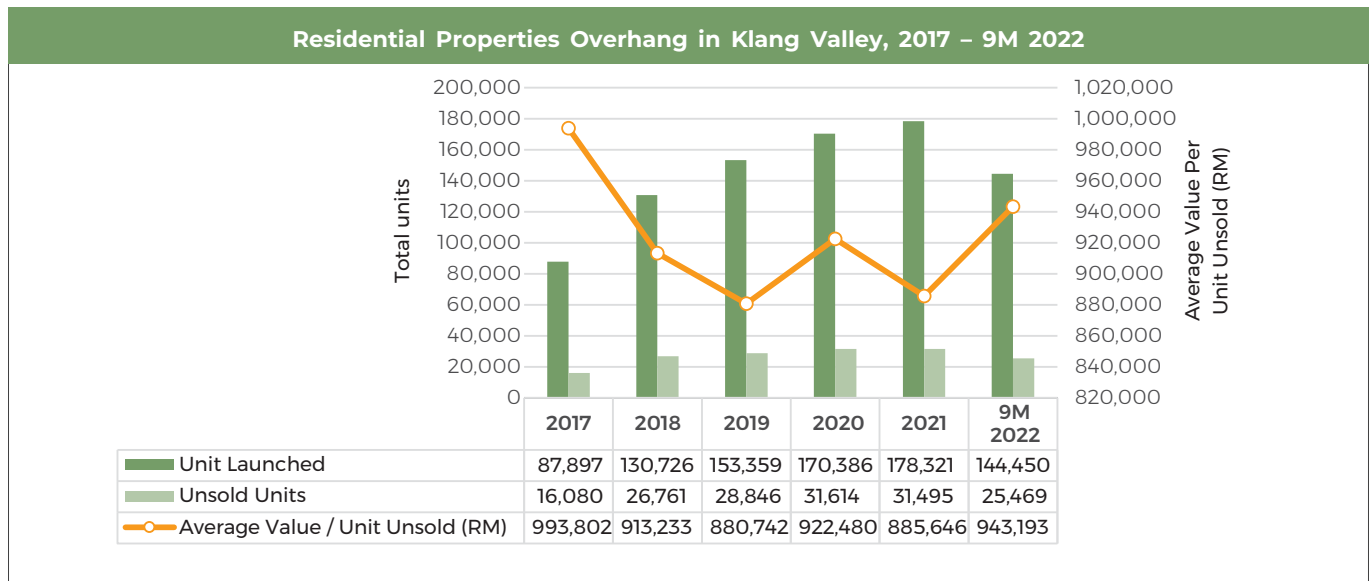
Source: NAPIC, Knight Frank Research

Note: The above chart excludes Serviced Apartments and Sohos

**RESIDENTIAL PROPERTY OVERHANG**

**Klang Valley**

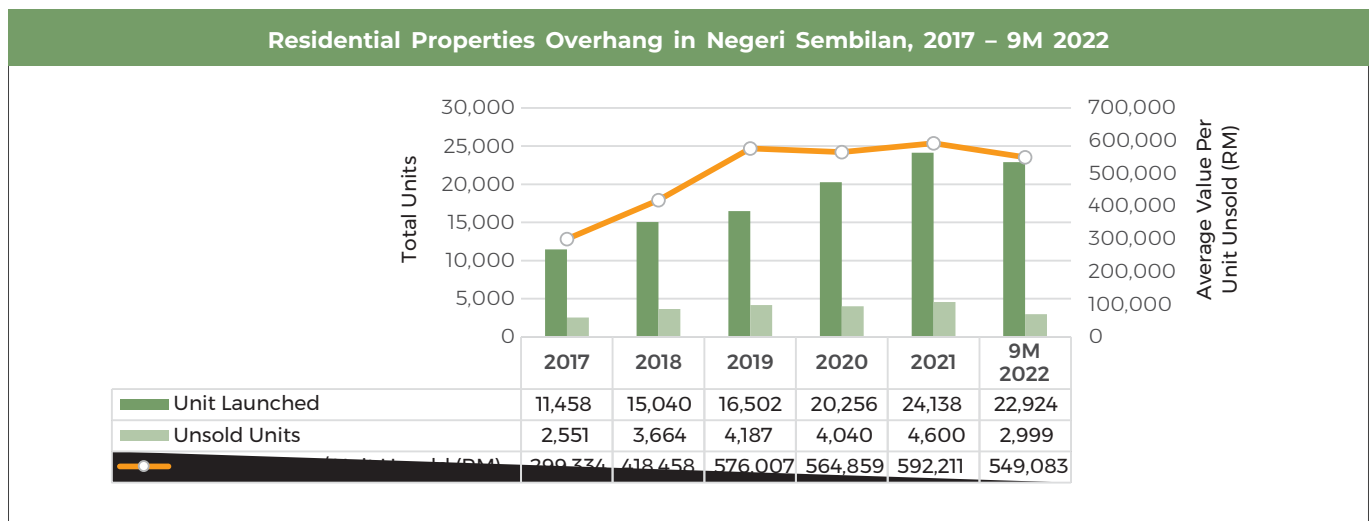
As of the first nine months of 2022, the overhang in Klang Valley totaled 25,469 unsold units, representing 17.6% of the 144,450 units launched during the same period. On average, the value of each overhang unit was RM943,193, with condominiums and apartments accounting for 81.5% (20,748 units) of the total. The residential overhang in Klang Valley has ranged between 17.6% and 20.5% of the total launched units from 2017 to 9M 2022.



Source: NAPIC, Knight Frank Research

**Negeri Sembilan**

For the first nine months of 2022, the number of unsold residential units in Negeri Sembilan totalled 2,999 units, representing 13.1% of the 22,924 units launched during the same period. On average, the value of each unsold unit was RM549,063, with two-to-three-storey terraced houses and condominiums and apartments accounting for 45.6% (1,369 units) and 26.2% (785 units) of the overhang, respectively. The residential overhang in Negeri Sembilan has ranged between 13.1% and 25.4% of the total launched units from 2017 to 9M 2022.



Source: NAPIC, Knight Frank Research

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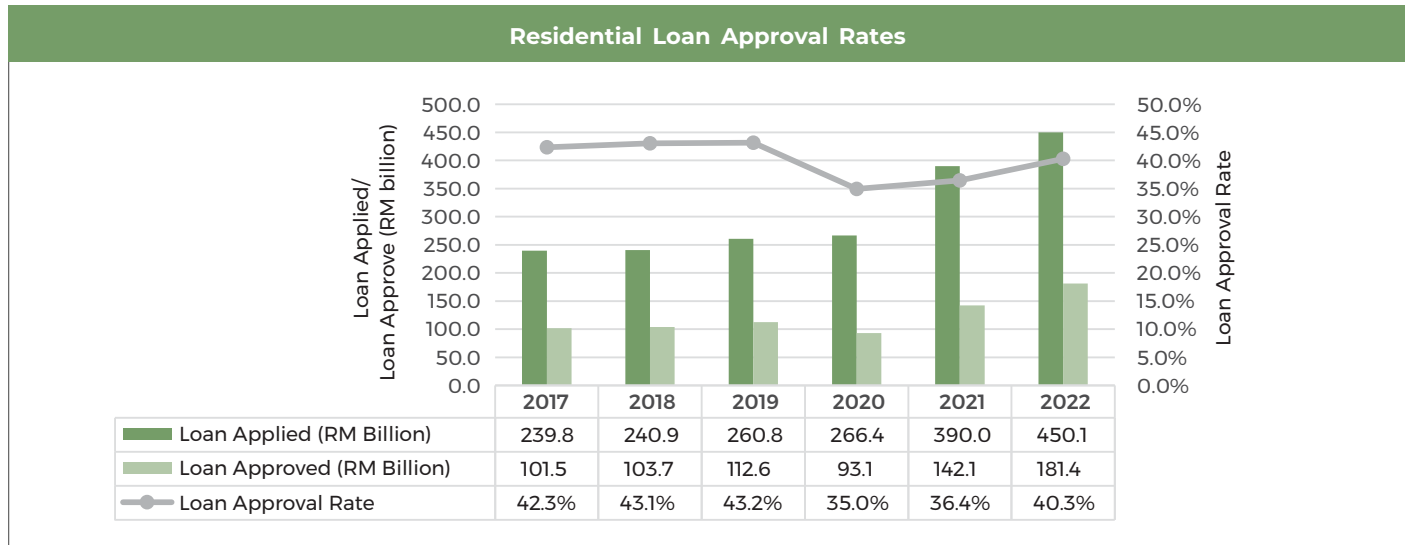
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### MALAYSIA: LOAN APPROVAL RATES

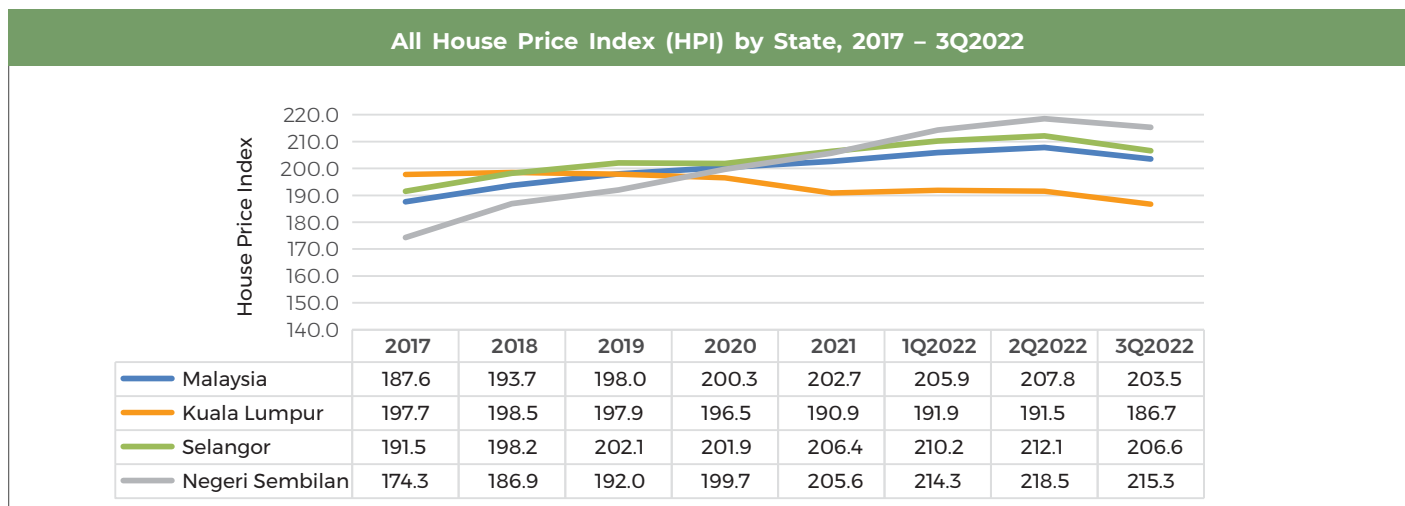
Citing data from BNM, loan approval rates in 2020 and 2021 declined to 35.0% and 36.4%, respectively, due to a more cautious approach to lending during the pandemic. In contrast, the total value of home loans application in 2022 grew by 15.4% y-o-y to RM450.1 billion, while the total value of approved loans increased by 27.7% to RM181.4 billion, pushing up the loan approval rate to 40.3% in 2022 from 36.4% in 2021. This mirrored the active property transactions recorded in 9M 2022.



Source: BNM, Knight Frank Research

### MALAYSIA HOUSE PRICE INDEX

The Malaysian All House Price Index (“HPI”) trended upwards with a compound annual growth rate (“CAGR”) of 1.9% between 2017 at 187.6 points and 2021 at 202.7 points. In 3Q2022, the country’s HPI stood at 203.5 points (3Q2021: 198.6 points), marking a 2.5% increase y-o-y. Negeri Sembilan recorded a 4.4% y-o-y increase to 215.3 points (3Q2021: 206.3 points). In comparison, Selangor and Kuala Lumpur registered marginal gains in HPI at 2.1% y-o-y to 206.6 points (3Q2021: 202.4 points) and 1.3% to 186.7 points (3Q2021: 184.3 points), respectively.



Source: NAPIC, Knight Frank Research

## RESIDENTIAL MARKET OUTLOOK

The Klang Valley residential property market has shown resilience, achieving 88.2% and 89.7% of the sales volume and value for the full year 2021 and in just the first nine months of 2022. This is an encouraging sign, considering the challenges faced in the past year and a half. The market in Negeri Sembilan also performed well in the first nine months of 2022, achieving 90.8% and 92.4% of the total residential property sales volume and values for the year 2021, respectively.

The government has launched several initiatives to make home ownership more attainable for first-time buyers. These include the Home Ownership Programme (“HOPE”), offering financial assistance to eligible individuals to purchase their first homes; and the Keluarga Malaysia Home Ownership Initiative (“i-Miliki”), which provides affordable housing options for low and middle-income families.

The government has also increased the stamp duty exemption from 50% to 75% for first residential properties valued at between RM500,000 and RM1 million. Additionally, there is now a 100% stamp duty exemption for the purchase of first residential properties valued at RM500,000 and

below. These measures reduce the upfront costs associated with purchasing a property, and are complemented by the 2% reduction in income tax announced in Budget 2023.

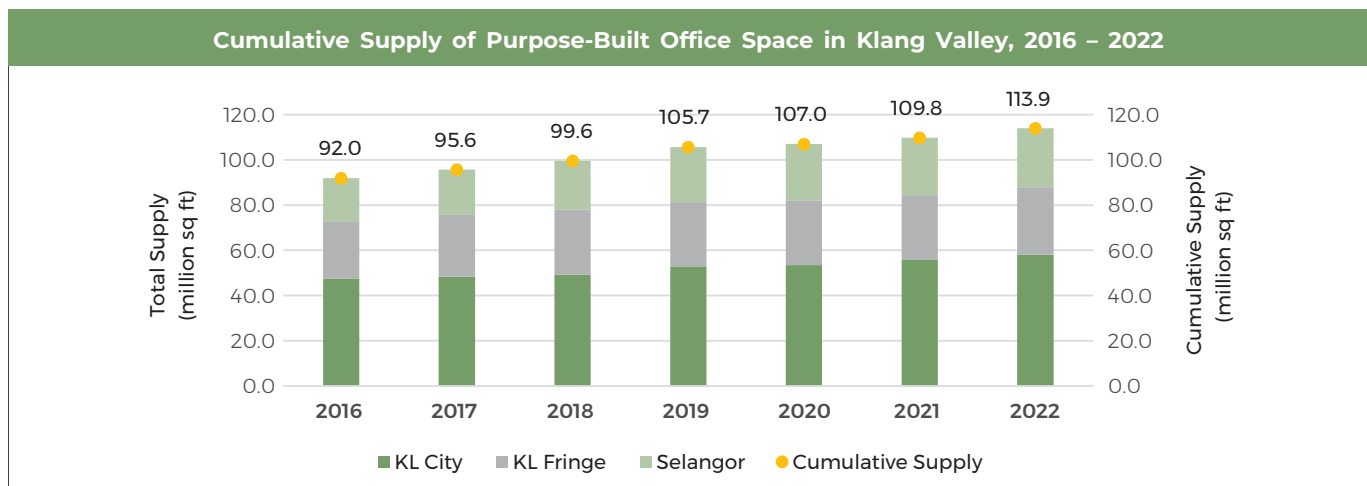
Meanwhile, with climate change and recurring periods of heavy rain causing flash floods, there is increased awareness of environmental issues, the latter influencing decisions on buying, investing or renting property. Discerning buyers now seek quality sustainable features such as solar panels, rainwater harvesting, food waste composting, and electric vehicle charging stations when making property purchases even if these features come with a premium.

While the residential property market has shown signs of improvement in 2022, the short-term outlook remains challenging due to several factors. One of the primary concerns is the impact of inflation and potential hikes in OPR, which could make it difficult for buyers and investors to enter the market. This combined with the expected economic slowdown domestically and globally in 2023, is likely to lead to more cautious behaviour among potential property buyers and investors who are expected to adopt a wait-and-see approach. Nevertheless, as overall confidence improves, the residential transaction momentum is expected to continue in 2023, albeit at a slower pace.

## OFFICE PROPERTY SECTOR

### MARKET OVERVIEW

The cumulative supply of purpose-built office space in Klang Valley grew at a CAGR of 3.1% per annum, from 92.0 million sq. ft. in 2016 to 113.9 million sq. ft. in 2022. Following the completion of eight buildings in 2022, a total of 4.1 million sq. ft. of office space was added to the market in Klang Valley.



Source: Knight Frank Research

Note:

- *KL City:* New Central Business District (formerly Golden Triangle), Old Central Business District (formerly Central Business District), KL City Centre Peripheral
- *KL Fringe:* Decentralised localities of Damansara Heights, KL Sentral, Taman Tun Dr Ismail (“TTDI”), Mont’ Kiara, Dutamas, Mid Valley City, KL Eco City, KL Gateway, Bangsar South, Kerinchi, Pantai and Bangsar
- *Selangor:* Refers to all zones in Selangor



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KL City saw five new completions, namely Affin Tower @ TRX, The Stride Strata Office, UOB Tower 2, and two blocks in Pavilion Embassy Kuala Lumpur (the Corporate Tower and Corporate Suites), totalling 2.2 million sq. ft. Meanwhile, KL Fringe witnessed the completion of the stratified MET Corporate Towers (Tower A and Tower B), RAC Sentral and TNB Platinum during the review period, which offer a total space of circa 1.3 million sq. ft. Block G and Block J of Empire City are two new completions in Selangor, totaling 0.6 million sq. ft.

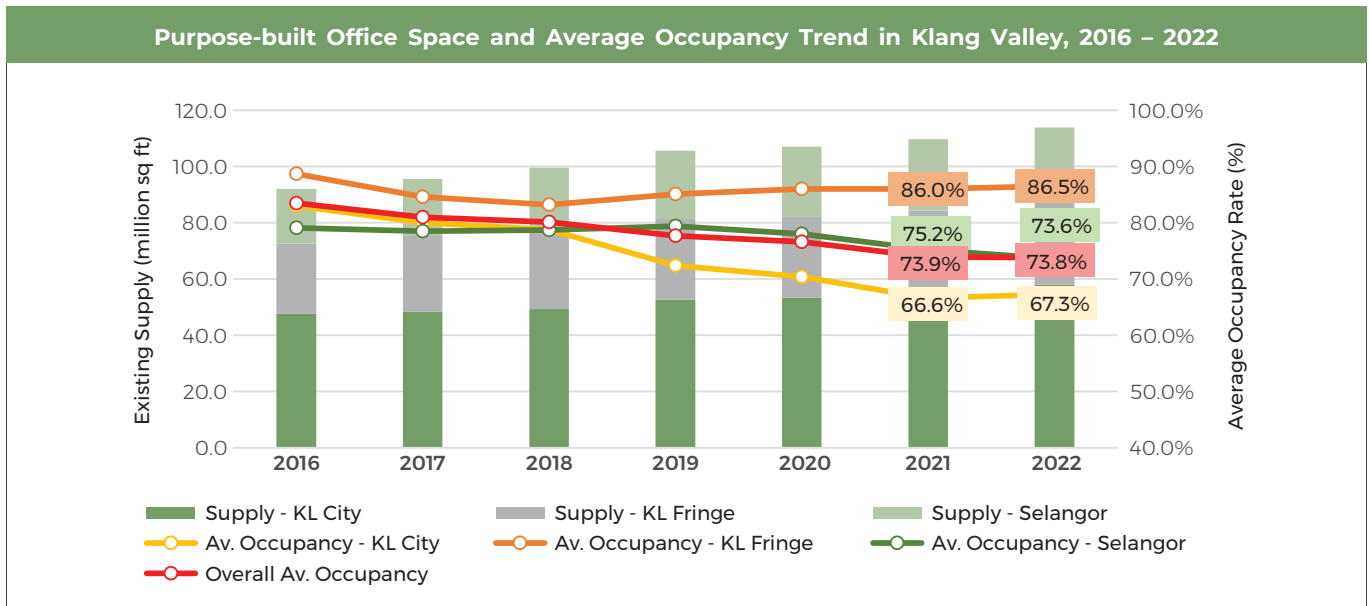
By 2023, another eight office buildings are scheduled for completion – four in KL City, two in KL Fringe and another two in Selangor. Notable upcoming completions in KL City are PNB 1194, V2 Corporate Office Tower (Velocity 2), Lendlease Corporate Tower @ TRX and Felcra Tower, totalling 0.9 million sq. ft., while in KL Fringe, they are Aspire Tower and Pavilion Damansara Heights Corporate Tower (Phase 1), totalling 1.9 million sq. ft. The impending completions in Selangor are Tower 5 of PJ Sentral Garden City and Office Towers @ Atwater, totalling 0.9 million sq. ft. Collectively, these completions will add circa 3.8 million sq. ft. of space to Klang Valley's existing office stock.

#### New and Expected Completions of Purpose-built Office Space in 2022 and 2023

New Completions in 2022	Net Lettable Area ("NLA")
<b>KL City</b>	
Affin Tower @ TRX	2.2 million sq. ft.
The Stride Strata Office	
UOB Tower 2	
Corporate Tower & Corporate Suites @ Pavilion Embassy Kuala Lumpur	
<b>KL Fringe</b>	
Towers A & B @ MET Corporate Towers	1.3 million sq. ft.
RAC Sentral	
TNB Platinum	
<b>Selangor</b>	
Blocks G & J @ Empire City	0.6 million sq. ft.
<b>Expected Completions in 2023</b>	
<b>KL City</b>	
PNB 1194	0.9 million sq. ft.
V2 Corporate Office Tower @ Velocity 2	
Lendlease Corporate Tower @ TRX	
Felcra Tower (Lot 391)	
<b>KL Fringe</b>	
Aspire Tower	1.9 million sq. ft.
Pavilion Damansara Heights Corporate Tower (Phase 1)	
<b>Selangor</b>	
Tower 5 @ PJ Sentral Garden City	0.9 million sq. ft.
Office Towers @ Atwater	

Source: Knight Frank Research





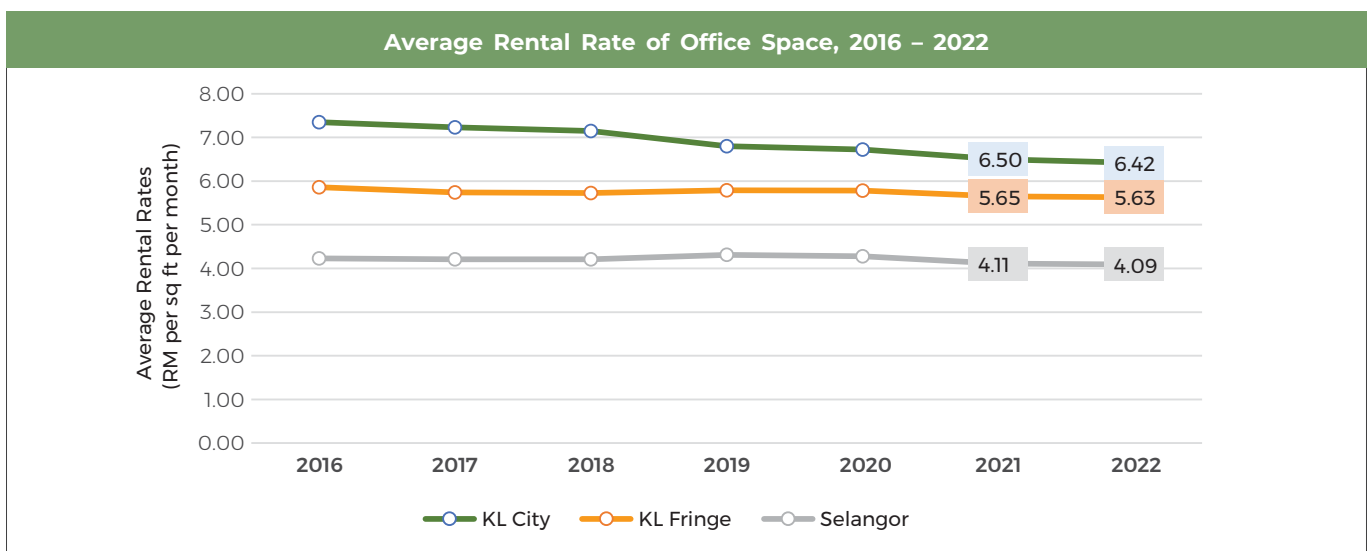
Source: Knight Frank Research

The purpose-built office space in Klang Valley continued to record a decline in occupancy rates to 73.8% in 2022, given the substantial increase in new supply over the past six years. The decline was primarily attributable to a decrease in office space occupancy in Selangor, which dropped to 73.6% (2021:75.2%). Nevertheless, the average occupancy rate of office space in KL City improved slightly to 67.3% in 2022 (2021: 66.6%). Similarly, demand for office space in KL Fringe continued to be resilient with an occupancy rate of 86.5% in 2022 (2021: 86.0%).

The average rental rate of office space in KL City stood at RM6.42 per sq. ft. per month in 2022 (2021: RM6.50 per

sq. ft. per month). The lack of catalysts to boost office demand coupled with the fundamental shift in the way people work has led to supply outpacing demand.

In KL Fringe, however, the average office rent remained relatively stable, driven by a wider pool of tenants / occupiers and high-quality decentralised offices, particularly in areas with ease of accessibility and adequate transportation links. The average rent in KL Fringe stood at RM5.63 per sq. ft. per month (2021: RM5.65 per sq. ft. per month). Similarly, in Selangor, it remained resilient at RM4.09 per sq. ft. per month (2021: RM4.11 per sq. ft. per month).



Source: Knight Frank Research



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### OFFICE MARKET OUTLOOK

The office market in Klang Valley remains challenging in the medium term amid looming supply and limited demand. With no immediate catalyst to boost office demand, the office market is facing growing pressure. Nevertheless, demand for co-working spaces in the Klang Valley is increasing as they provide businesses with the flexibility to expand their premises according to their business needs. Additionally, the quality of new build space could attract more businesses and stimulate demand in the future.

The office rental rates and occupancy levels in Klang Valley, particularly in KL City, are expected to experience further pressure in the near term amid a growing mismatch in supply and demand, and as more organisations, especially multinational corporations (“MNCs”), embrace the hybrid work model. Intense competition for tenants further compounds this situation. With so much office space available, landlords need to differentiate their properties and offer attractive terms such as lower rental rates and more flexible lease terms.

Riding on Malaysia’s solid economic recovery in 2022, InvestKL has attracted global MNCs to set up regional hubs in Greater Kuala Lumpur to serve the Asia Pacific market. The country’s resilient post-pandemic economic performance was also reflected in increased foreign investments, with more global companies deciding to establish their international service hubs in Greater KL this year. Four major companies, namely Tupperware, Endava plc, Baxter Southeast Asia and Arnott’s, are among the few that helped bolster InvestKL’s 10-year strategic plan to attract investment.

KL City continues to be the core of the Malaysian office market, with most foreign interests choosing to have their initial office set-ups in a central KL location, as a prime KL City address is more recognisable at a global level. However, with the high office supply expected in 2023, overall demand for office space will continue to be outpaced by existing and incoming supply. In the New Central Business District (“CBD”), the completion of Grade A office space continues to heighten competition as landlords of existing and new buildings compete for the same pool of tenants / occupiers.

The growing number of MNCs looking to set up their operations in premium or Grade A office space, however, is helping to absorb some of the oversupply.

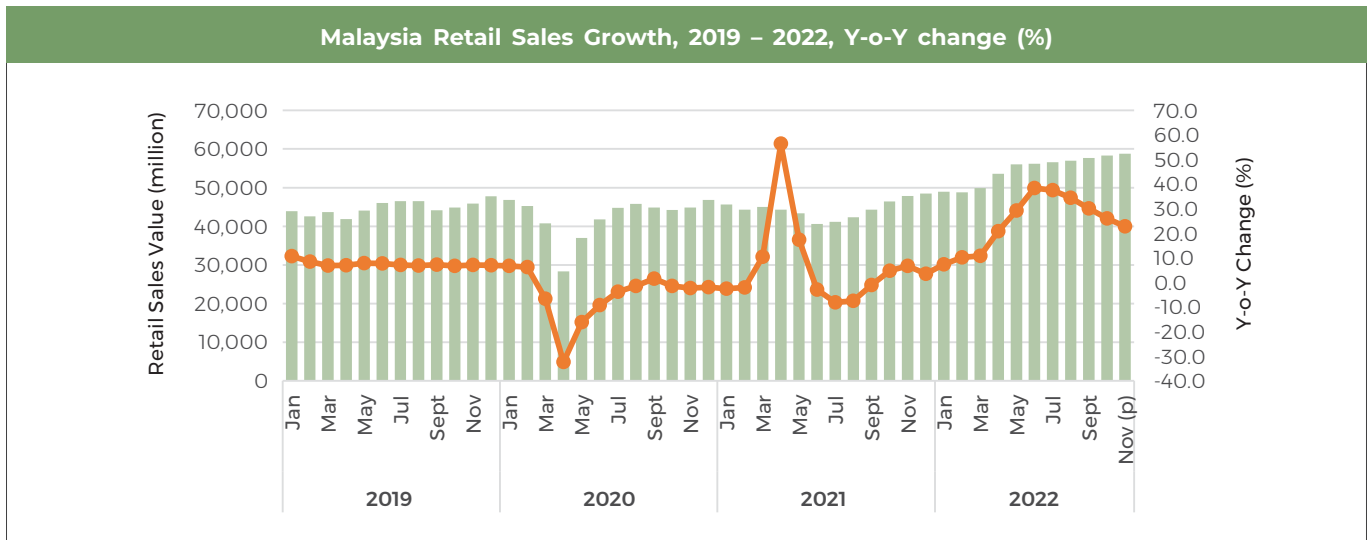
Meanwhile, the decentralised office market in KL Fringe and Selangor is expected to hold steady and resilient, supported by strong domestic and regional occupier demand. The well-connected office locations, enhanced by improved road connectivity and integrated rail infrastructure, as well as availability of a wide array of amenities, continue to attract strong demand. Good quality decentralised office space with attractive rental and leasing packages remains favourable and continues to capture market demand. Additionally, it is believed that office buildings located along the upcoming Putrajaya MRT Line Phase 2, scheduled to begin operations on 16 March 2023, will reap significant benefits.

Increasing awareness of environmental, social and governance (“ESG”) imperatives has led to higher interest in green buildings, as operating out of green-rated buildings would help organisations to meet their sustainability goals. Occupiers seek facilities that support and complement their sustainability initiatives by improving resource efficiency and lowering their carbon footprint. To remain competitive and compelling, landlords are implementing ESG initiatives and aligning them with industry standards.

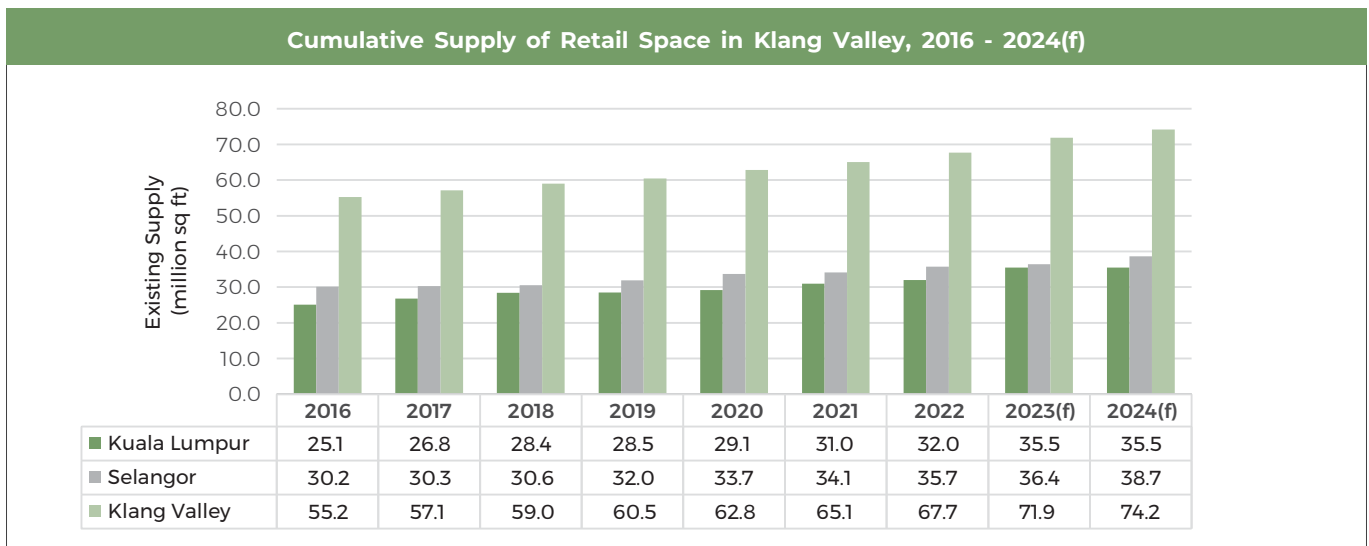
### RETAIL PROPERTY SECTOR

#### Market Overview

According to DOSM, retail sales in Malaysia rose by 24.0% y-o-y in the first 11 months of 2022 to RM601.6 billion, with double-digit growth recorded each month. This growth was primarily due to increased sales across the board, from that of automotive fuel and goods in specialised stores such as clothing, fashion accessories, health & beauty products, and household items, as well as retail sales in non-specialised stores such as supermarkets/hypermarkets, department stores, and convenience stores, and retail trade not in stores, stalls, or markets, such as via mail order, internet, and television.



Source: DOSM, Knight Frank Research  
(p) = Preliminary



Source: Knight Frank Research  
(f) = Forecast

The cumulative retail space supply in Klang Valley has grown at a CAGR of 3.5% per annum, from 55.2 million sq. ft. in 2016 to 67.7 million sq. ft. in 2022. Following the completion of six retail projects in Klang Valley, as listed in the table below, a total of 2.6 million sq. ft. of retail space was added to the market in 2022.

These include Mitsui Shopping Park Lalaport, Malaysia Grand Bazaar in Bukit Bintang, and Datum Jelatek Shopping Centre in Kuala Lumpur, with a combined retail space of approximately 1.3 million sq. ft., and three new completions of malls in Selangor, namely IOI City Mall Phase II, Setia Ecohill Mall and Megah Rise Mall, with a combined retail space of approximately 1.3 million sq. ft.

With the completion of Phase II, IOI City Mall now spans over 2.5 million sq. ft. of lettable area, welcoming an additional 300 stores, making it the largest shopping centre in Malaysia. Meanwhile, Setia Ecohill Mall aspires to be a one-stop centre for the community in the Southern Klang Valley Corridor, offering a wide range of food and beverage options, Lulu Supermarket and Department Store, and a Boutique Digital Center.

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In 2023, four new shopping centres and supporting retail components with a total retail space of approximately 2.6 million sq. ft. are set to open in Kuala Lumpur namely in Pavilion Damansara Heights, The Exchange TRX, retail mall @ 8 Conlay, and retail component at Lot 91, KLCC. Additionally, KSL Esplanade Mall, with a total retail space of 0.65 million sq. ft., is expected to be completed in Selangor.

### New and Expected Completions of Retail Malls in 2022 and 2023

New Completions in 2022	Net Lettable Area ("NLA")
<b>Kuala Lumpur</b>	
Mitsui Shopping Park Lalaport	1.3 million sq. ft.
Malaysia Grand Bazaar	
Datum Jelatek Shopping Centre	
<b>Selangor</b>	
IOI City Mall Phase 2	1.3 million sq. ft.
Setia Ecohill Mall	
Megah Rise Mall	
Expected Completions in 2023	Net Lettable Area ("NLA")
<b>Kuala Lumpur</b>	
Pavilion Damansara Heights	2.6 million sq. ft.
Retail component @ 8 Conlay	
The Exchange TRX	
Retail component @ Lot 91, KLCC	
<b>Selangor</b>	
KSL Esplanade Mall	0.65 million sq. ft.

Source: Knight Frank Research

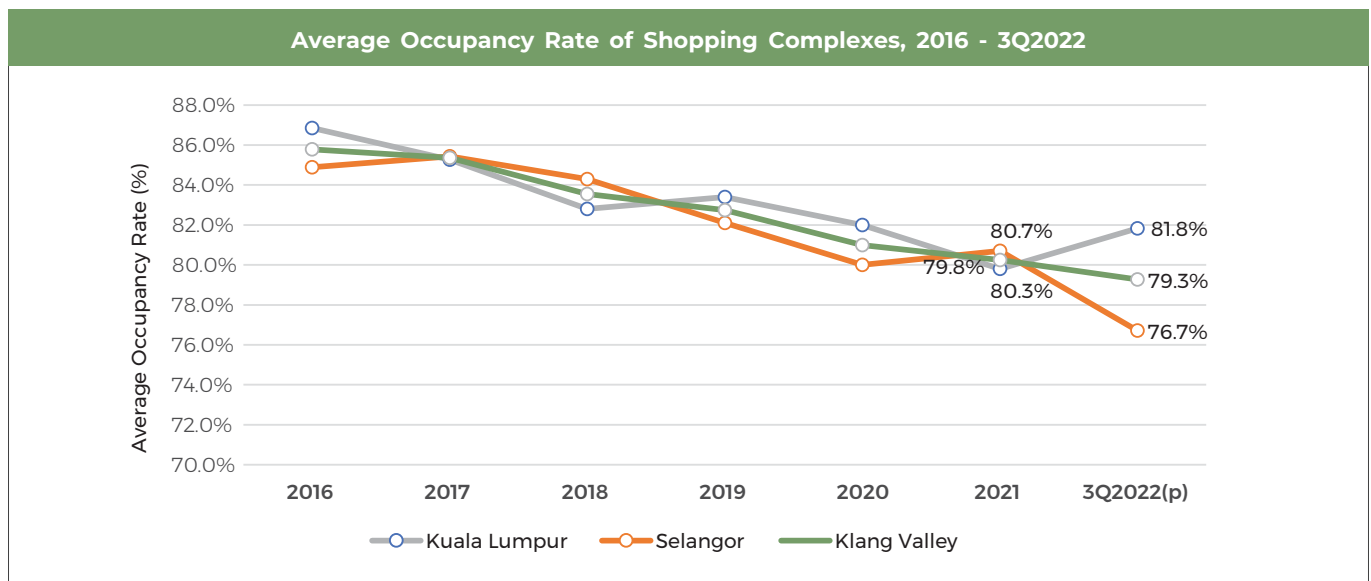
According to NAPIC, the average occupancy rate of shopping complexes (shopping centres, hypermarkets and arcades) in Kuala Lumpur increased by 0.3% quarter on quarter ("q-o-q") in 3Q2022 to 81.8%. Meanwhile, in Selangor, the average occupancy rate declined by 1.3% q-o-q to 76.7% during the review period. Given the supply of retail space in Selangor, the decline is largely attributable to shopping complexes that were collectively underperforming pre-pandemic and have struggled to survive post-pandemic.

Nevertheless, local and foreign brands continue to debut in prime shopping centres while existing retailers strategise for expansion. Amid shifting shopping patterns and an evolving e-commerce landscape in this age of digitalisation, retailers and mall operators are increasingly leveraging flagship and specialty stores to increase sales and improve engagement.

New-to-market retailers include Sacoor Blue, a Portuguese fashion brand that chose Malaysia for its first Southeast Asia flagship store; Ralph's Coffee, a café launched by luxury fashion label Ralph Lauren in Malaysia as part of plans to strengthen its presence in the Southeast Asia market; and Arthur's Storehouse, Guinness Malaysia's first flagship outlet, all located in Pavilion KL. Existing retailers across the spectrum have introduced new flagship and concept stores such as Mothercare in Suria KLCC, Ilaollao in Pavilion Kuala Lumpur, MINISO in Setia City Mall, and Grand SenQ in Cheras Leisure Mall, among others.

Meanwhile, the opening of K Plus Food Market at The Curve, which offers an expansive range of Korean consumer goods, reflects the growing popularity of ethnic groceries such as Jaya Grocer's Korean Grocer and Don Don Donki. The rise of niche groceries with smaller store formats is also concurrent with the growth of ready-to-eat convenience stores, which include Family Mart, CU, emart24, and 7-café.

Adapting to consumers' on-the-go lifestyle, several retailers including Texas Chicken, Subway, The Coffee Bean and Tea Leaf, Starbucks, and Taco Bell are expanding their drive-thru outlets. Such outlets seek to provide better reach and greater service to consumers while increasing their own profitability.



Source: NAPIC, Knight Frank Research  
(p) = Preliminary

Since the transaction of Empire City Mall in 2021, there have been a few notable transactions of shopping centres. During the review period, MTrustee Bhd, the trustee of Pavilion REIT, signed a sale and purchase agreement to acquire Pavilion Bukit Jalil Mall from Malton's subsidiary, Regal Path Sdn Bhd, for RM2.2 billion. Concurrently, YNH Property Bhd also announced the sale of 163 Retail Park shopping centre to ALX Asset Bhd for RM270.5 million.

**RETAIL MARKET OUTLOOK**

The retail sector in Malaysia experienced a remarkable double-digit growth in sales in the first 11 months of 2022, indicating a significant return of shoppers. This surge in retail activity suggests an increase in consumer confidence and spending, resulting in higher sales volume both in physical stores and online. Nevertheless, growing inflationary pressure and the potential rising interest rate, leading to a rise in the cost of living, could impact consumer sentiment and purchasing power in the near term.

There has been a notable increase in retail space in the Klang Valley, which is expected to persist as construction and development activities continue to escalate. The emergence of so much new retail space has created a highly competitive landscape, where retail developers and owners are under immense pressure to attract tenants to maintain steady cash flow. As a result, rental rates may experience downward pressure as developers seek to incentivise tenants to occupy vacant spaces.

While shopping traffic at major retail malls has returned to pre-pandemic levels, occupancy and rental rates have yet to fully recover. However, prime malls and those under real estate investment trusts ("REITs") have witnessed an increase in footfall and occupancy rates as the economy reopens after more than two years of movement restrictions during the COVID-19 pandemic in 2020 and 2021.

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- Value Creation
- Management Discussion and Analysis
- Leadership
- Governance
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Collaborative and flexible commercial terms between landlords and tenants are becoming more prevalent in the retail market, moving away from traditional rental structures towards profit-sharing arrangements. The pandemic has accelerated this trend, with tenants increasingly open to the idea of paying rent based on a percentage of turnover. However, this approach requires greater transparency from tenants in providing accurate sales data. Ultimately, this shift towards more collaborative and transparent commercial terms has the potential to benefit both landlords and tenants and contribute to a more sustainable and profitable retail market.

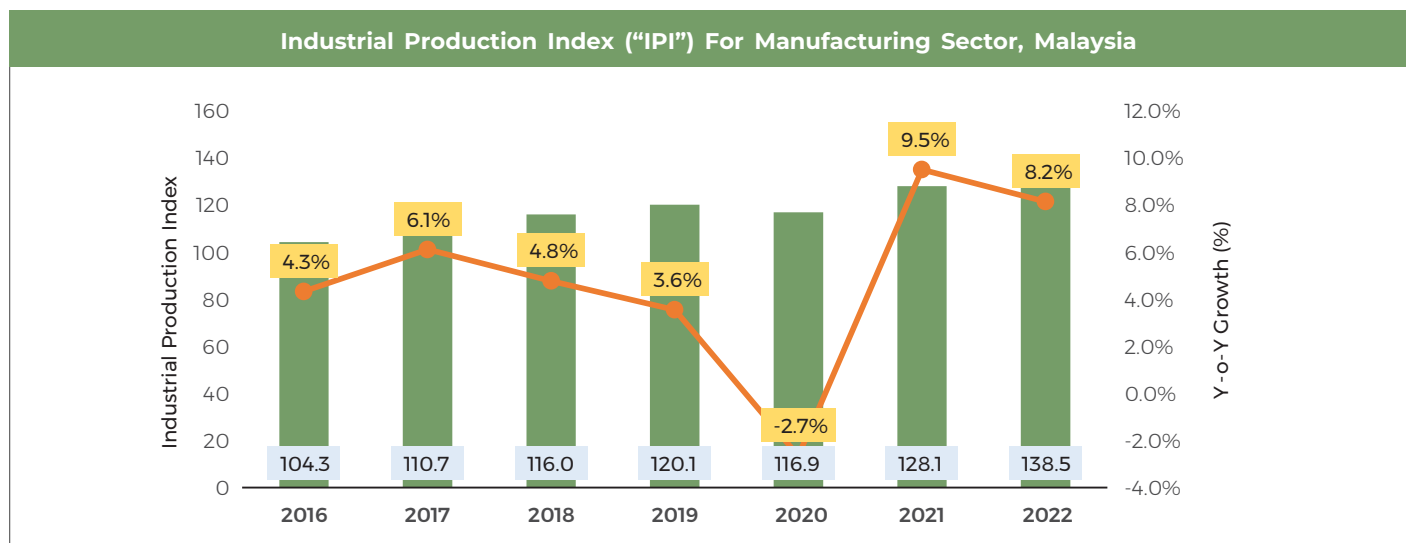
Retail malls have regained their status as a preferred leisure destination for Malaysian consumers, despite their increased familiarity with online shopping and food ordering during the pandemic. The natural innate human desire to experience the ambience and environment of in-person dining and shopping has drawn them back to physical retail outlets. Although the rising cost of living has not resulted in increased shopping expenditures yet, shoppers are actively engaged in window shopping, F&B, and experiential entertainment activities. With major malls offering a diverse range of amenities and retail experiences, patrons are spending more time on-site than previously. While fashion and related segments experience heightened consumer engagement during festive seasons, the F&B sector is emerging as a post-pandemic star, despite inflationary pressures.

Driven by Malaysia's steady growth of digital consumers as well as high penetration of e-wallets and digital payments, e-commerce is proving to be an indispensable retail channel. Despite the resumption of physical retail, consumers expect a seamless shopping experience, online and offline. With the ever-evolving retail landscape, retailers and mall operators are increasingly re-configuring their spaces and services to offer experiential retail, as well as considering ESG initiatives as a key part of their strategy to meet changing conditions.

## INDUSTRIAL PROPERTY SECTOR

### MARKET OVERVIEW

Malaysia's Industrial Production Index ("IPI") for the manufacturing sector narrowed to 8.2% in 2022 after a tremendous rise of 9.5% in 2021. Nevertheless, the index shifted from 128.1 to 138.5 points, indicating continuous growth in the sector since the fallout in 2020 due to supply chain disruptions, labour shortages and a decline in global demand resulting from lockdowns. The main sub-sectors contributing to the y-o-y growth included transport equipment and other manufactured products (18.1%), electrical and electronics products (14.3%), and non-metallic, mineral products, basic metals, and fabricated metal products (7.6%).

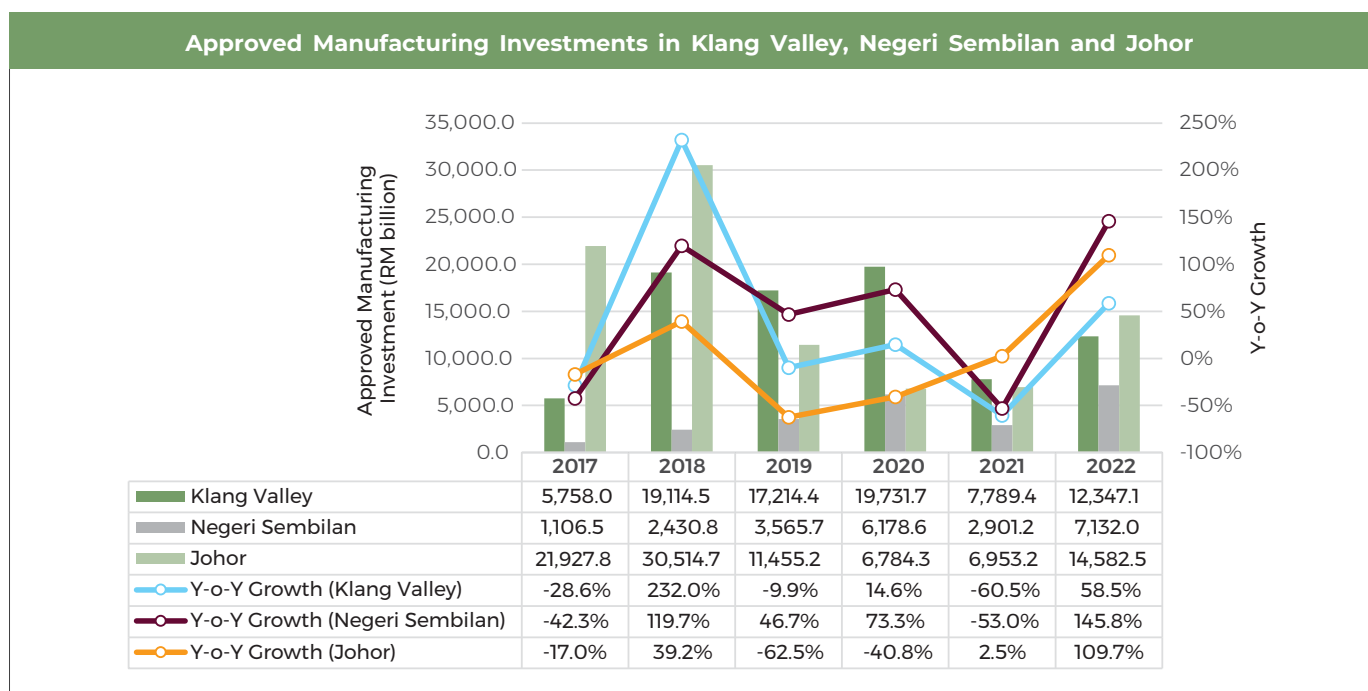


Source: DOSM, Knight Frank Research

### APPROVED MANUFACTURING INVESTMENT

In 2021, approved manufacturing investment in Klang Valley declined by 60.5% y-o-y to a record RM7.79 billion due to the 88.3% decline in foreign direct investment. Similarly, Negeri Sembilan saw its approved manufacturing investment decline by 53.0% to RM2.90 billion due to the decrease in domestic direct investment (92.4%) and foreign direct investment (79.3%). On the other hand, Johor saw an increase in its approved manufacturing investment by 2.5% at RM6.95 billion, primarily from domestic direct investment.

Following the investment slowdown in 2021, there was an impressive rebound in 2022 for the three states. In 2022, the Klang Valley recorded RM12.34 billion in approved manufacturing investments, while Negeri Sembilan and Johor secured RM7.13 billion and RM14.58 billion, respectively. These investments represent approximately 14.7%, 8.5% and 17.3% of total investments in the country.



Sources: MIDA, Knight Frank Research

### CUMULATIVE SUPPLY OF READY-BUILT FACTORIES IN KLANG VALLEY, NEGERI SEMBILAN & JOHOR

As of 9M 2022, the cumulative supply of ready-built factories in Klang Valley, Negeri Sembilan and Johor totalled 71,054 units. Supply in Selangor was the highest at 58.6% (41,624 units), followed by Johor at 26.3% (18,718 units), Negeri Sembilan at 7.8% (5,574 units) and Kuala Lumpur at 7.2% (5,138 units).

The industrial property market in the Klang Valley has remained robust, with the addition of 1,358 new ready-built factories over the past six years. Similarly, Johor has witnessed a notable uptick in the availability of industrial properties, with the addition of 1,304 new ready-built factories over the same period. Although the supply moderated in 2021, it picked up again in 9M 2022 due to construction delays. Meanwhile, the market in Negeri Sembilan has experienced a comparatively modest increase, with only 97 additional industrial properties available in the market.

As of 9M 2022, the Klang Valley industrial property market is expected to see a significant influx of new supply in the near future, with a total of 3,262 incoming and planned units. Klang has the highest share of future supply in the region, accounting for 38.2% or 1,246 units. In Negeri Sembilan, the upcoming supply of industrial properties consists of 168 ready-built factories in the pipeline and an additional 598 units under planning, mainly in Seremban. In Johor, future supply of industrial properties is estimated at 1,526 units, with 63.4% or 967 units located in Johor Bahru and 10.0% or 152 units in Kota Tinggi.

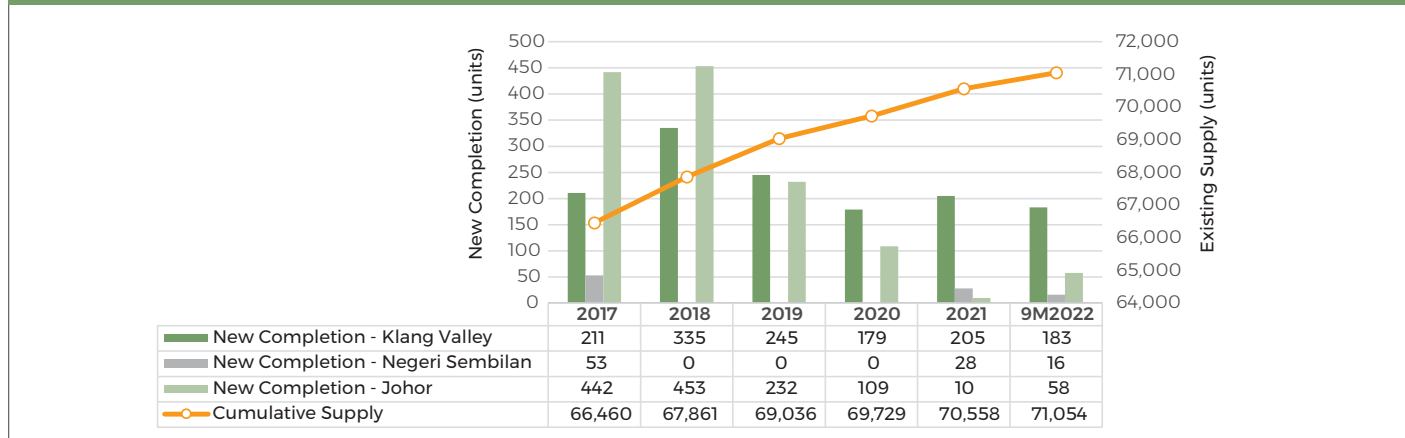
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### Cumulative Supply of Ready-Built Factories in Klang Valley, Negeri Sembilan & Johor



Sources: NAPIC, Knight Frank Research

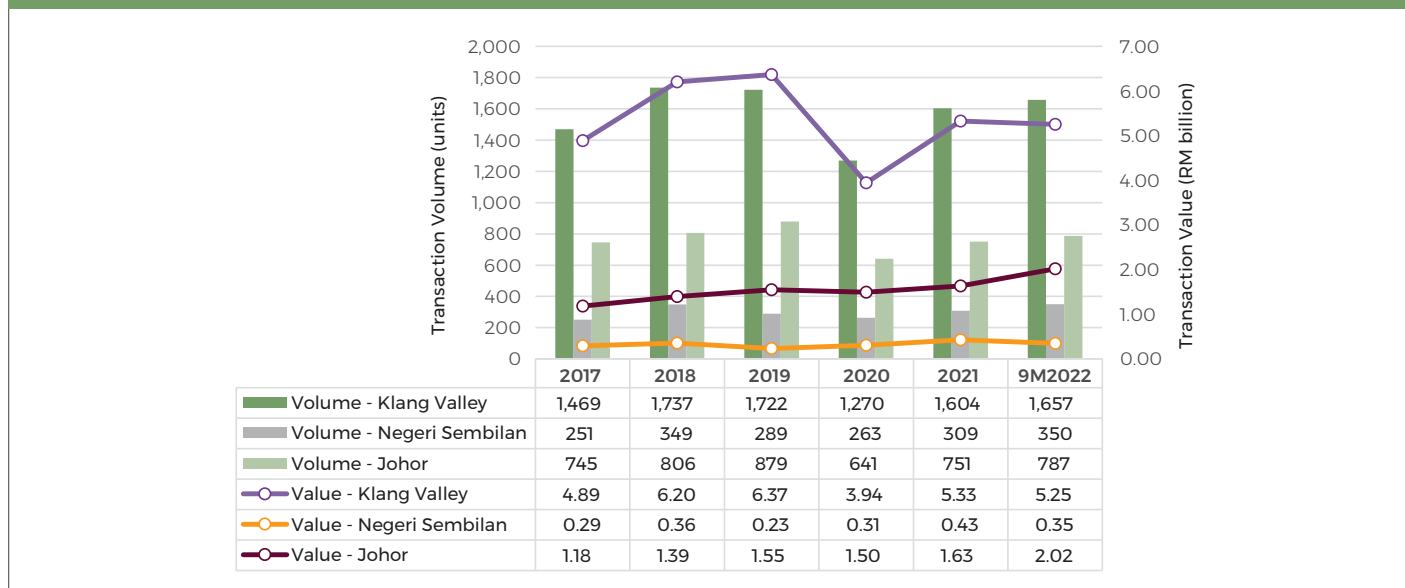
### TRANSACTION VOLUME & VALUE

The transaction volume of ready-built factories in Klang Valley from 2017 to 9M 2022 stood at 9,459 units, valued at RM32.0 billion. Demand for these properties remained steady throughout the period, with sales ranging between 1,270 units and 1,737 units. In terms of transaction type, terraced factories/ warehouses have dominated the market, accounting for 47.5% of all industrial transactions in 9M 2022, followed by semi-detached factories/ warehouses at 20.4% and detached factories/ warehouses at 10.2%. The districts of Klang and Petaling have been the most active in terms of transaction volume.

In Negeri Sembilan, a total of 1,811 transactions were recorded during the same period, with a combined value of RM2.0 billion. Terraced factories/warehouses accounted for 34.5% of all industrial transactions in 9M 2022, with the majority of the transactions located in Seremban.

Meanwhile, Johor saw a total of 4,609 transactions valued at RM9.3 billion during the review period. Semi-detached factories/ warehouses and terraced factories/ warehouses were the most popular transaction types, comprising 31% and 25% of all industrial transactions in 9M 2022, respectively. Johor Bahru has been the most active district in terms of transaction volume.

### Transaction Volume & Value of Ready-Built Factories in Klang Valley, Negeri Sembilan & Johor



Sources: NAPIC, Knight Frank Research



### OVERVIEW OF READY-BUILT, BUILT-TO-SUIT FACTORY DEVELOPMENT AND THE LOGISTICS SUB-SECTOR

According to MIDA, Malaysia continues to attract high-quality investments in the manufacturing sector, reflecting the country’s competitiveness as a preferred location for investment in the region. From January to September 2022, the manufacturing industry accounted for RM64.9 billion (33.5%) of total approved investments in various economic sectors, compared to RM103.9 billion for the same period in 2021. The approval of a few large projects was cited as the reason for the high total approved investments in the manufacturing sector for the same period in 2021. Nevertheless, the manufacturing industry has directly impacted the industrial real estate market by generating robust demand for leasing and the acquisition of industrial land across the country. According to NAPIC, the volume and value of industrial properties rose between 2017 and 2020, subsequently dipping in 2020 and rebounding in 2021 through the first nine months of 2022 (as shown in the table below). Selangor, the country’s most industrialised state, is a significant contributor, accounting for 33.4% of the nation’s industrial volume.

**Table: Transaction Volume and Value for Industrial Properties in Malaysia, 2017 – 9M2022**

Year	2017	2018	2019	2020	2021	9M2022
Volume (units)	5,725	6,032	6,261	4,758	5,595	6,043
Value (RM bil)	11,642.37	15,012.61	14,845.67	12,763.30	16,964.38	15,228.96

Sources: NAPIC, Knight Frank Research

Several notable projects were approved in the manufacturing sector, including Samsung SDI Energy Malaysia Sdn Bhd’s Phase Two EV battery cell manufacturing facility, valued at RM6 billion, representing Samsung SDI Energy’s first production location in Southeast Asia. TF-AMD Microelectronics Sdn Bhd announced plans to expand its manufacturing facility in Penang by constructing a second site in Batu Kawan Industrial Park, Penang. Ferrotec Holdings Corporation, a global supplier of materials, components and precision system solutions, has established a new manufacturing facility at Kulim Hi-Tech Park, Kedah. Lastly, Smart Glove Holdings Berhad, one of Malaysia’s leading innovative glove manufacturers, has invested RM2 billion to expand its manufacturing capacity.

Meanwhile, REITs are expanding their portfolio to include the thriving industrial segment. Axis REIT announced its acquisition of an industrial facility in Kapar, Klang, while KIP REIT made its first industrial asset acquisition by acquiring three industrial properties in Pulau Indah Industrial Park, Port Klang. Sunway REIT also acquired a prime industrial asset consisting of two buildings in Sungai Way, Petaling Jaya. Newly listed AME REIT, with 37 industrial properties (including worker dormitories) in Johor, is exploring expansion into the central and northern regions of Peninsular Malaysia.

With consumers embracing e-commerce during the Movement Control Orders (“MCOs”) – not only for fashion but also for food and beverage, pharmaceuticals and other manufactured goods – demand for logistics, warehousing and smart factories has increased exponentially.

Malaysia’s investment policies and good infrastructure has resulted in various logistics and distribution investments in the country. In 2021, the following were completed: IKEA Distribution Hub in Port Klang, Hap Seng Industrial Hub in Shah Alam, and Lam Soon Distribution Hub in Selangor. Cainiao Aeropolis Electronic World Trade Platform (“eWTB”) Hub at the Kuala Lumpur International Airport, a joint venture between Alibaba Group Holding Ltd and Malaysia Airports Holdings Berhad, serves as a regional distribution centre and e-commerce logistics hub.

The logistics sector is expected to continue to emerge as a strategic investment opportunity, as evidenced by several logistics-related announcements. The inaugural Industrial Development Fund by Sime Darby Property and LOGOS Property joint venture (“SDPLOG”) will be channelled into developing sustainable, large-scale, integrated modern logistics assets with green building certification at its E-Metro Logistics Park in Bandar Bukit Raja, Klang. This is a 177-acre freehold logistics development that features built-to-suit (“BTS”) specifications and ready-built solutions, allowing tenants to expand their businesses by customising and developing layout designs according to their needs, including enhancements required for warehouse automation. The development, aimed at creating a large-scale integrated logistics hub, is scheduled for completion in 2026.

JCorp has partnered with Tiong Nam Logistics Holdings Bhd (“Tiong Nam”) to build a technology-enabled logistics park in Sedenak Technology Valley in the southern region of Malaysia. Meanwhile, J&T Express is acquiring a 20-acre plot of land in Bandar Rimbayu to build a logistics centre



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that will serve as a one-stop shop for express distribution, logistics and warehousing, as part of its strategy to strengthen its position in Southeast Asia. Additionally, the Employees Provident Fund (“EPF”) and Ally Logistic Property Co Ltd (“ALP”) have entered into a shareholder’s agreement to develop a 100% pre-leased logistics hub in Bukit Raja Industrial Gateway, Klang. Separately, Sime Darby Property MIT Development Sdn Bhd (“SDPMIT”) has secured a pre-committed tenancy for the third project at Bukit Raja Industrial Gateway. The multi-tenant two-storey warehouse will be occupied by CEVA Logistics, a global logistics and supply chain company, and SL Ng, a leading homegrown FMCG market expansion service provider.

Newer industrial developments are now offering BTS properties that provide tailored features to meet the specific operational requirements of business tenants. Sime Darby Property’s industrial townships, which include Bandar Bukit Raja Industrial Gateway, Elmina Business Park, and Cipta Serenia at Serenia Business Park, offer versatility for businesses. Their offerings include bespoke Grade A facilities, flexible spatial designs to allow for a high degree of warehouse customisation, extended lease options to optimise costs, and the latest technology to suit technical and operational needs. Bandar Bukit Raja Industrial Gateway has 10 land plots with Grade A amenities and provides BTS services and land leases to business owners. It has successfully completed two BTS projects, totaling 384,000 sq. ft., which have been fully occupied. The first project was handed over to Sengheng Electric (KL) Sdn Bhd in 2020, while the second project was handed over to Leschaco (Malaysia) Sdn Bhd and CEVA Logistics in 2021. Sime Darby Property is in discussions with prospective tenants such as third-party logistics providers, warehousing and distribution centres, and cold chain logistics providers for the two remaining projects. In addition, Compass at Kota Seri Langat offers businesses custom-built factories in its Compass Industrial and Logistics Hub. Demand for BTS industrial properties is expected to grow as more developers secure the interest of manufacturers or industrial operators to engage in larger BTS industrial properties.

The market for ready-built industrial properties has experienced significant growth, with strong supply and stable performance in recent years, driven mainly by increasing manufacturing investments in the country. As a result, demand for such properties is expected to continue to grow in the coming years. Sime Darby Property offers a range of highly appealing ready-built industrial warehouses and properties for immediate start-ups, including semi-detached and detached factories in Elmina Business Park, Cipta Serenia at Serenia Business Park, and XME Business Park in Nilai Impian. In addition, Compass at Kota Seri Langat, located in Compass SME Precinct and occupying 58.84 acres, will offer a variety of ready-built factories targeting small and mid-sized businesses. These will range from terraced factories

to detached and semi-detached factories, as well as hybrid cluster factories consisting of detached and semi-detached factories separated by a party wall. However, progressive changes are necessary in the design of industrial buildings to meet the evolving needs of businesses. These include the provision of larger spaces, more sophisticated racking systems to save space and cost, better safety systems, and improved loading bays.

Sime Darby Property is committed to meeting the ever-changing needs and demands of its customers and stakeholders by providing sustainable amenities in its industrial townships. These amenities include solar power generation, extensive use of LED lighting, rainwater harvesting systems, green spaces, renewable power sources, on-site recycling, and electric vehicle (“EV”) charging stations.

### INDUSTRIAL MARKET OUTLOOK

With the growth of local and regional economies, demand for industrial space is imminent. Multiple economic initiatives have been unveiled to drive the industrial sector, aiming to spur post-pandemic growth by attracting foreign investment and MNCs while empowering local SMEs. The government is committed to reviving the economy with digitalisation and attracting new high-quality, high-tech and green-tech investments.

Meanwhile, the Selangor Government launched its First Selangor Plan (“RS-1”) 2021-2025 in July 2022. The comprehensive development plan covers four main thrusts – reinforcing economic growth, bettering social inclusivity and social welfare, sustainability, and transformation towards modern, visionary, and people-oriented governance. In the manufacturing and services sectors, the focus will be on selected industries such as life sciences, food and beverage manufacturing, electrical and electronics product manufacturing, machinery, and equipment, and two new industries, namely logistics services and digital investment. The Integrated Development Region in South Selangor (“IDRISS”) is a key initiative in RS-1, covering 20,000 hectares across Sepang and Kuala Langat districts with an expected GDV of RM1 trillion. Five incentives were introduced at IDRISS’ launch in March 2023 to drive development, including a special premium scheme, interest-free installment payments for development charges, vacant land assessment tax exemption, a 50% deduction in vacant building assessment tax and business license fee exemption.

Disruptions to the global supply chain, such as border closures and rising geopolitical tensions, have made businesses rethink their strategies with many opting for nearshoring hubs to add value to their existing supply chain. Klang Valley has emerged as an ideal destination as it enables businesses to tap into the Southeast Asia economic bloc with the right balance of cost, efficiency and quality.

The industrial property market is expected to continue its positive trajectory into 2023, driven by several factors including steady growth in manufacturing investment, accelerating growth in retail sales and e-commerce, as well as better logistics infrastructure and increasing freight volumes. In addition, government policies are supportive of industrial growth, further fueling demand. The sector remains attractive to investors, and there is a steady pipeline of warehouse development projects to meet the needs of tenants looking for high-tech and sophisticated storage solutions. These new warehouses are being designed to meet the evolving preferences and requirements of logistics tenants, with a growing trend towards the built-to-suit (“BTS”) model that allows for greater customisation and technological enhancements to improve efficiency.

There is also a real opportunity to plan and develop industrial parks incorporating ESG fundamentals and technological advancements to remain competitive and achieve economic, social and environmental targets. Elmina Business Park, in the multi-award-winning City of Elmina, offers a complete industrial ecosystem that integrates wellness and sustainability principles as its core values. The sustainable industrial master plan includes recreational parks and green spaces, sports facilities, co-working spaces, and a business support centre. Commercial developments will also complement the development to cater to the community’s needs. The development is set to be a game-changing industrial township that raises the bar for future industrial business parks.

### KEY REGULATORY DEVELOPMENTS IN 2022

The table below includes a range of initiatives and regulations announced by the Malaysian Government to stimulate the residential property market and support low- and middle-income groups.

Initiative/Regulation	Description
Housing Credit Guarantee Scheme (“HCGC”)	An allocation of RM2 billion for the HCGC was announced under Budget 2022 to encourage home ownership. The scheme helps first-time home buyers who do not have a fixed income, such as gig workers, independent business owners and small traders or entrepreneurs, to own low or medium-cost homes. These can be new houses or existing houses (sub-sale) or auction houses to be owner-occupied. The financing limit is RM400,000, including legal and property valuation fees.
Abolition of Real Property Gains Tax (“RPGT”)	The Government has removed the imposed Real Property Gain Tax (“RPGT”) on Malaysians, permanent residents (“PR”), and other companies when they dispose of their real property assets from the sixth year onwards. The RPGT for property disposals used to be 5% in the sixth year and 10% in subsequent years after acquisition.
Premium Visa Programme (“PViP”)	PViP Malaysia is a long-term residency visa that enables investors, entrepreneurs and foreign talents to live, work or study in Malaysia for up to 20 years. It is eligible for those earning a minimum offshore income of RM40,000 per month. The objective is to attract more foreign investment and, potentially, boost demand for high-end residential properties.
Low-cost housing	The Government will continue housing projects specifically for low-income groups, with an allocation of RM1.5 billion for affordable homes ( <i>Rumah Mesra Rakyat</i> ) and public housing upgrading programme in Budget 2022.
Bantuan Keluarga Malaysia (“BKM”)	BKM is an allocation RM8.2 billion direct cash aid initiative announced during Budget 2022 to assist those in need to recover post-pandemic. A one-off contribution of RM2,000 is given to households with three or more children and households with incomes of less than RM2,500.
Stamp Duty Exemption	First-time home owners buying properties priced RM500,000 and below through the i-Miliki initiative are 100% exempted from stamp duty from 1 June 2022 to December 2023. Home owners who purchase properties priced between RM500,000 and RM1 million will benefit from a 75% stamp duty exemption.

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## Market Review and Outlook

### LONDON PROPERTY MARKET OUTLOOK

#### ECONOMIC OVERVIEW

The United Kingdom's GDP contracted by 0.3% in 3Q2022 following modest growth of 0.1% and 0.6% in the preceding quarters. In 4Q2022, GDP remained unchanged following a contraction in the previous three months (0.1% in November 2022, 0.5% growth in October 2022, and 0.5% growth in December 2022).

The Consumer Price Index, including owner occupiers' housing costs ("CPIH"), increased by 9.2% year-on-year in December 2022, slightly down from 9.3% in November 2022. Housing and household services, particularly electricity, gas and other fuels, as well as food and non-alcoholic beverages, made the most significant contributions to the annual CPIH inflation rate in December 2022.

The Bank of England's Monetary Policy Committee ("MPC") announced on 3 November 2022 that it had obtained a majority vote to increase UK's interest rates by 0.75 percentage points to 3.0% in order to meet its 2.0% inflation target. This is the largest increase since 1989 and marks the eighth consecutive time that the MPC has raised interest rates. The UK interest rates are now at their highest since November 2008.

According to the Bank of England Monetary Policy Report, the UK economy faces a challenging outlook, with GDP expected to decline throughout 2023, while CPI inflation remains elevated at over 10% in the near term. Despite a predicted short-term slowdown in 2023, a rebound is expected in 2024, supported by government efforts to boost economic growth.

#### PROPERTY MARKET OVERVIEW

**Residential.** In November 2022, the average house price in the UK increased by 10.3% year-on-year to £295,000 (November 2021: £267,000), as reported by HM Land Registry. This is compared to a 12.4% rise in October 2022 and 9.8% in September 2022. In England, the average house price increased by 10.9% year-on-year to £315,000 during the same period. However, the London region experienced the lowest annual growth rate of 6.3%, with an average house price of

£542,311. Following the UK Government's mini-Budget on 23 September 2022, which saw the base rate rise to 2.25%, there are concerns that higher mortgage rates will negatively impact the residential property market. As a result, it is expected that housing prices in the secondary market will fall, with predictions of a 3.0% decline in Prime Central London, a 4.0% decline in Prime Outer London, and a 10.0% decline in Greater London in 2023 and 2024. However, those in Prime Central London may be less affected due to greater affluence and housing equity, as well as a broader base of returning international buyers. As supply and demand levels normalise, it is projected that housing prices will increase by 7.0% in Prime Central London, 5.0% in Prime Outer London, and 8% in Greater London between 2025 and 2026.

**Office.** In 2022, demand for office space in Central London increased by 24% y-o-y, despite the ongoing popularity of hybrid working. The strongest trend in demand was for energy-efficient premises, and this trend is expected to continue throughout 2023 as companies seek out high-quality spaces. Financial services firms drove the market, accounting for a quarter of all take-up. Office investment volumes also increased, reaching £13.2 billion, a 7.0% increase from 2021. Despite various economic shockwaves, the London office market maintained strong letting volumes in 2022, driven by the need to occupy better quality buildings that offer improved workplace experiences and address ESG targets from both a commitment and cultural vision viewpoint.

**Retail.** Despite the challenging economic conditions, the retail markets in Central London are making a full recovery. The city is expected to recover to its pre-pandemic annual turnover levels by 2023, with sales projected to exceed £10 billion in 2024, a 20% increase from 2019 levels. This resurgence can be attributed to tourism revival, with inbound tourist visits and spending showing robust recovery. The second most significant source of business in Central London is office workers who commute back home an average of 3.5 days per week. In the third quarter of 2022, Central London retail rents increased by 0.6%, compared to 0.4% in Outer London. Over the medium to long term, West End rents are expected to increase by 1.5%, compared to 0.9% in the City and 1.0% in Greater London.

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ECONOMIC GROWTH: DRIVING INDUSTRIAL SECTOR

Over the past two decades, Asia-Pacific has been one of the fastest-growing regions in the world, its contribution to the global economy increasing from 27% in 2000 to around 37% in 2021.<sup>1</sup> And the trend has not changed in the last few years. According to the Asian Development Bank (“ADB”), economic growth in ASEAN is likely to come in at 5.5% in 2022, far outstripping the global average of 3.2%, as forecasted by the International Monetary Fund (“IMF”). This has been driven both by strong domestic demand, as well as increasing in-flow of foreign direct investment (“FDI”). ASEAN nations are seen as attractive investment destinations due to non-restrictive trade policies, as well as a relatively low cost of doing business.

Going into 2023, the region’s economy is expected to moderate somewhat to 4.7%, yet to remain much more robust than the global average of 2.7%. As in 2022, the economy is likely to be fuelled by even stronger domestic demand as regional markets recover from the pandemic as well as rising foreign investment into key sectors such as technology, manufacturing and infrastructure development.

Impact

Malaysia charted its highest gross domestic product (“GDP”) growth in 22 years, at 8.7%, in 2022, which Bank Negara Malaysia anticipates will slow down to between 4% and 5% in 2023, impacting all industries, including property. Nevertheless, fuelled by rapidly burgeoning e-commerce, which has pushed up demand for distribution hubs, warehousing and logistics facilities, the industrial sector is predicted to continue to record robust growth. In the first nine months of 2022, the volume of industrial property transactions spiked by 57.5% compared to the same period in 2021 while the value of transactions increased by 34.9%; and the Valuation & Property Services Department of the Ministry of Finance (“JPPH”)<sup>2</sup> expects the trend to continue into 2023.

In terms of location, industries are adopting the nearshoring hub strategy to manage supply chain complexities, turning the Klang Valley into an attractive destination for logistics-related developments.

Our Response

- Achieved first close of SDPLOG’s Shariah-compliant Industrial Development Fund (“IDF”), securing 70% of the capital commitment for a fund size of up to US\$250 million. The fund will support the development of sustainable, large-scale, integrated modern logistics real estate assets in Malaysia with green building certification.
- Held the official groundbreaking for the first phase of SDPLOG’s maiden asset, the E-Metro Logistics Hub at Bandar Bukit Raja (Metro Hubs 1 and 2); and the groundbreaking for SDPMIT’s Ready-Built Warehouse at the Bandar Bukit Raja Industrial Gateway.
- Launched RM1.2 billion in GDV of industrial products, representing a mix of ready-built factories and industrial lots across all six of our industrial townships (Elmina Business Park, Nilai Impian, Hamilton Industrial Park, Bandar Universiti Pagoh, Bandar Bukit Raja and Serenia City).
- Launched an industrial-driven campaign, “We’re the Go-To Experts”, in June 2022 positioning SDP as the No.1 Industrial Developer in Malaysia, with knowledge and capabilities to offer customers end-to-end industrial solutions.
- Exercised acquisition of 949 acres of land in Sungai Kapar Klang, earmarked for industrial development.

Note: <sup>1</sup> The ascent of APAC in the global economy, S&P Global Market Intelligence, 1 July 2022  
<sup>2</sup> Malaysia Property Outlook 2023, NST, 10 January 2023

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### URBANISATION: THE NEED FOR BETTER PLANNING

Along with increasing populations and the concentration of development in cities, more people are moving from rural to urban areas. The process began much earlier in more developed nations but is now picking up in lesser developed and emerging nations, with Asia and Africa experiencing the most rapid pace of urbanisation today. Globally, according to the United Nations (“UN”), the share of the world’s population living in urban areas is set to increase from 57% in 2022 to 70% in 2050. According to the intergovernmental organisation, urbanisation is the most certain megatrend of our times.<sup>3</sup>

In Malaysia, the rate of urbanisation has nearly tripled in the five decades since 1970, with three-quarters of the population currently living in cities. From just three million city dwellers in 1970, the number exploded to 24.4 million in 2020.<sup>4</sup> This reflects a shift in the country’s economic powerhouse from agricultural and mining to manufacturing and the services industries.

#### Impact

Urbanisation has the potential to contribute to higher standards of living along with economic productivity, if it is planned and well managed. In many instances, however, it has resulted in congestion and an increasing chasm between the haves and have nots, resulting in security, health and environmental issues. As cities become over-crowded, there is a marked loss of green spaces exacerbating climate change while the sheer number of people leads to water stress, floods, pollution and, as the cities expand, encroachment into natural habitats.

The pandemic provided an opportunity to reflect on urban planning and design principles, reinforcing the idea that developments today must integrate sustainability into their blueprints, with adequate green zones and flood mitigation features, for example, while promoting social cohesion.

#### Our Response

- Leveraging our existing presence beyond the Greater Klang Valley, for example to Negeri Sembilan and Johor.
- Contributing to more efficient mobility via Transit-Oriented Developments (“TOD”), such as the recently launched Serasi Residences in Putra Heights.
- Incorporation of flexible home features such as open plan layouts allowing homeowners to craft spaces according to their needs; and greater connection with outdoors via internal gardens, balconies and back gardens, etc.
- Innovating through the adoption of Nature-based Solutions, for example the Elmina Central Park in the City of Elmina also functions as a flood mitigation initiative which is able to accommodate Q100-Q1000 flood events.
- Promoting sustainable living, for example urban farming in City of Elmina and Serenia City.

Note: <sup>3</sup> Urbanisation: The “Most Certain” Megatrend, United Nations, Qery AS 2023

<sup>4</sup> Malaysia’s urbanisation rate tripled over past five decades, The Edge, 23 December 2022



## SHIFTING DEMOGRAPHICS

While the world's population continues to grow, it is doing so at a slower rate, with the number of births per woman dropping from 3.2 in 1990 to 2.5 in 2019, continuing to decline to an expected 2.2 by 2050. Accompanied by increasing life expectancies, the world's population is ageing, with the United Nations Department of Economic and Social Affairs, Population Division predicting that by 2050,<sup>5</sup> one in six people or 16% will be over the age of 65, compared to just 10% in 2022. At the same time, younger generations such as the millennials and Gen Z are becoming more visible in the workspace and in exerting their lifestyle expectations on product and service development. Gen Z, especially, are rapidly changing the way we work and live, given their penchant for technology, environmental consciousness, and their generally positive approach to sustainability.

According to UN statistics, by 2050, there will be more Malaysians aged 65 and above than pre-working Malaysians aged 15 and below.<sup>6</sup> At the same time, millennials currently account for 50% of the working population.

### Impact

Changing demographics are causing a shift in living patterns, with people extending their working lives before retirement for greater income security; adults choosing to live with their aging parents to care for them; and millennials either continuing to live in multi-generational homes for financial reasons or opting out into smaller units to exert their independence. Property developers need to reconcile these changes in preference by offering a variety of products, each catering to a specific niche.

### Our Response

- Incorporate multi-generational features in our products, for example, including designs to cater for wheelchair access.
- Offer configurable layouts, allowing for the easy transformation of space in homes to cater for different lifestyle needs.
- Enhanced inclusivity of products with the launch of Malaysia's first Inclusive Playground that caters to differently abled children at the City of Elmina in partnership with UNICEF.
- Development of sustainable townships such as the City of Elmina's Central Park with active lifestyle amenities; urban farming in Serenia City; and private garden spaces.
- Digital experience and transaction through our Virtual Sales Gallery and Online Booking System.

Note: <sup>5</sup> 9.7 billion on Earth by 2050, but growth rate slowing, says new UN population report, UN

<sup>6</sup> The changing nature of aging, The Edge, 24 October 2022

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### DIGITALISATION, TECHNOLOGY & INNOVATION

Digitalisation is increasing efficiencies across all industries through data collection, mining and analysis. While most organisations had already started on the process of digitalisation pre COVID-19, the pandemic accelerated the process with the objective of facilitating access to and sharing of information by people unable to meet physically. With digital technologies, systems today are more connected, intelligent, efficient, reliable and sustainable. They enable us to build speed, innovate and create agility across functions. They also enable us to connect and engage with customers more effectively.

#### Impact

Digital technologies are transforming the real estate sector, making the entire ecosystem more efficient by enabling the seamless flow of information for property developers, homeowners, real estate agents, brokerages, bankers, etc. Leveraging the latest technologies, developers are able to significantly enhance efficiencies in carrying out projects; engaging with potential customers (through 3D virtual tours, AR & VR); and transacting with various stakeholders through smart contracts, customer relationship management (“CRM”) systems, property management apps and alternative payment, among others.

#### Our Response

- Standardised our manufacturing approach, improving health, safety and environmental (“HSE”) performance, productivity and quality while reducing lead time, defects and costs.
- Adoption of Industrialised Building System (“IBS”) in township and integrated developments to meet an IBS score of 70 and 80 with enhanced environmental sustainability, product quality and productivity as well as safety and working conditions.
- Partnered AmBank Group to launch a digital green financing solution for homebuyers.
- Organised “Innovators of Tomorrow – Reimagine the Future Home” competition for high-school students in Malaysia.
- Launched a Smart Service Desk System using Information Technology Service Management (“ITSM”) to assist with internal IT glitches and respond to IT enquiries.
- Developed our own Virtual Sales Gallery and Online Booking System in-house.
- Expanding the use of Procore, a software that integrates data from all parties involved in project management.
- Initiated Concept Home 2030 to create a platform for industry experts and consumers to exchange innovative solutions and challenge the way homes are designed and built in the future.





## GROWING INTEREST IN ENVIRONMENTAL, SOCIAL & GOVERNANCE (“ESG”) MATTERS

With the reality of climate change becoming more evident, there is increasing awareness of the need for corporations to play a part in managing not just environmental but also social and governance issues. While governments are introducing ESG-related policies and regulations, investors are prioritising companies that have strong ESG values and clear commitment to workplace safety as well as sustainability as they are better equipped to manage risks associated with environmental and social issues such as climate change, human rights violations and labour disputes. ESG is becoming such a high priority in society in general that it shapes decisions by youth in choosing their place of employment, and consumers in choosing a brand they want to support.

### Impact

In the property industry, there is growing demand from various stakeholders for developments to be environmentally and socially responsible, undertaken by companies that demonstrate sound corporate governance. Among others, there is an expectation for developers to reduce their carbon footprint in construction with energy-efficient technologies; that they incorporate sustainable materials and designs in creating eco-friendly properties; and promote social cohesion, as well as inclusivity.

### Our Response

- Reduce operational carbon via energy efficiency programmes including incorporating sustainability and green elements through our minimum sustainability element checklist in our developments and products.
- Developing carbon reduction roadmap including Scope 3 emissions; and studying embodied carbon through a typical double-storey linked house to find ways to reduce our embodied carbon.
- Continuous enhancement of disclosures in line with Task Force on Climate-Related Financial Disclosures (“TCFD”) guidelines.
- Promoting green spaces through our Tree-2-Tree Replacement programme and afforestation project in Elmina Central Park and Elmina Rainforest Knowledge Centre.
- Introduced urban farming to promote resilience and healthy living in our communities, with the next urban farm planned in Bandar Bukit Raja townpark. Parc is a space for the Group to test sustainability-themed ideas, concepts and products while serving as an education centre for the community to learn about sustainable lifestyles.
- Developed a Sustainability Sukuk Framework in 2020 based on the principles of the ASEAN Sustainability Sukuk SRI, in which the proceeds from the tranche is used to develop projects and eligible assets that meet the criteria as set out in the framework, where the projects are reviewed periodically.
- Rolled out Total Waste Management Programme at KL East Mall requiring retail and F&B tenants to separate their waste into recyclable, bio-organic/ food and non-recyclable waste.
- Continuous community engagement with NGOs to raise awareness of waste recycling.
- Enhanced product inclusivity with Malaysia’s first Inclusive Playground that caters to differently abled children at the City of Elmina in partnership with UNICEF.
- Introduced Safety & Sustainability Practitioner Playbook, including HSSE Manuals, Enhanced Sustainability Design Element Checklist, Urban Farming Guidebook, Landscape Maintenance Cost Guide to be adopted across our business units.
- Structured engagements and monitoring through Leadership Engagement Action Programme (“LEAP”) with vendors, contractors and site workers to ensure compliance with safety standards within our business operations.

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# Material Matters

Focusing on value creation through our six capitals, we are able to manage our material matters more effectively, with clarity on risks and opportunities as well as the ability to monitor performance based on set metrics.



### FINANCIAL CAPITAL

#### Material Matters

- Financial and Operational Performance
- Financial Budget
- Strategic Partnerships

#### Why They Are Important

- Analysis and reporting of financial and operational performance of the businesses for future strategic planning.
- Financial budgeting through Annual Operating Plan for upcoming financial periods.
- Strategic partnerships that add value to the Group and its stakeholders.
- Ensure sufficient funding via sukuk and other programmes.

#### Managing Our Material Matters

Refer to “Actions to Enhance Outcomes” in Performance by Capitals on page 42.

#### Risks

- Economic recovery remains susceptible to global growth and outlook as inflationary pressures increase the risk of margin compression.
- Cost escalation and foreign labour shortage continue to persist across the sector and supply chain, placing limit on top-line growth.
- Challenging environment necessitates efforts to bridge the gap between demand and supply by identifying the right products at the right locations and price points.

#### Opportunities

- Diversify and broaden recurring income business as part of the Group’s portfolio.
- Land replenishment for key matured townships to ensure continuous and sustainable expansion.
- Establishment of strategic partnerships or joint ventures to leverage third-party expertise and resources, maximising joint returns.

#### Strategic Priorities in FY2023

- Ensure sustainable launch pipeline for greater earnings visibility.
- Effective cash flow and capital management.
- Continue to introduce products that resonate with market demand.
- Diversify product mix and income streams beyond Property Development.
- Further progress of active land bank management and monetisation.
- Expand placemaking initiatives.

#### How We Measure Our Value Creation

- Sime Darby Property’s revenue and profit.
- Dividends to shareholders.
- Taxes paid to the Government.
- Payments to our supply chain partners.
- Wages and benefits to employees.
- Investments in economic, environmental, and social programmes to create sustainable communities.



### MANUFACTURED CAPITAL

#### Material Matters

- Product Delivery Timeliness
- Product Quality

#### Why They Are Important

- To further expand geographically by activation of new land bank / township for future growth.
- Ensure products are tailored to market needs.
- Build up good customer experience via delivering the best quality of products in a timely manner.

#### Managing Our Material Matters

Refer to “Actions to Enhance Outcomes” in Performance by Capitals on page 42.

#### Risks

- Strong financial resources as well as feasibility study are required prior to new activation of land bank / township.
- Inflationary pressure and changes in property market landscape may affect market demand of our products.
- Price increase in raw materials contribute to higher construction costs and subsequently affect profit margin.

#### Opportunities

- To strengthen our brand and presence through geographical expansion.
- Explore new product features and offerings to attract customers from various background.
- New methods of construction to save time and cost as well as to improve quality.

#### Strategic Priorities in FY2023

- Further progress active land bank management.
- Re-strategise product launches & planning to be market-driven products & sustainable launch pipeline.
- Continue managing costs prudently to strive for healthy profit margin.
- Expedite placemaking to elevate the Group’s township branding and positioning.

#### How We Measure Our Value Creation

- Ensure continuous launching pipeline by improving speed to market and shortening the end-to-end development cycle.
- Good sales take-up indicating market acceptance of launched products.
- Innovative products and solutions to cater to customers’ evolving needs.
- Ensure customer satisfaction via service excellence and good quality products.
- Socioeconomic growth of residents in our townships.
- Awards and recognition.



## HUMAN CAPITAL

### Material Matters

- Occupational Health & Safety
- People Management

### Why They Are Important

- Occupational safety and health ensuring a safe and conducive working environment for our employees, contractors and other stakeholders.
- Continuous employee engagement to ensure engaged employees with the capabilities and intent to achieve the Group's objectives.

### Managing Our Material Matters

Refer to "Actions to Enhance Outcomes" in Performance by Capitals on page 43.

#### Risks

- The nature of construction poses safety hazards that need to be monitored constantly.
- Ever-changing marketplace continues to drive the need for employees to acquire new skills and competencies.
- Technological disruptions influence expectations of quality and service.

#### Opportunities

- Unrelenting emphasis on HSE to establish Sime Darby Property as a champion of safety.
- Implement organisation strategies that effectively develop key people initiatives and programmes which promote well-being, motivate employees, improve organisational practices, as well as retain new and existing workforce.

### Strategic Priorities in FY2023

- Organisational design and manpower cost management.
- Rewards and performance management.
- Adoption of TEAM Values and align ACE Leadership Programmes to Purpose, Vision, Mission and Values ("PVMV") statements.
- Conduct competency gap mapping and build inventory list of urgent skills.
- Talent and succession planning.

### How We Measure Our Value Creation

- Succession pipeline.
- Talent retention, mobility and growth.
- Diversity for development.
- Futureproof talent.



## SOCIAL CAPITAL

### Material Matters

- Community Development

### Why They Are Important

- Provision of affordable housing to ensure the ability of everyone to own a home
- Support local SMEs to contribute towards national economic development
- Community development to support thriving, inclusive and sustainable communities

### Managing Our Material Matters

Refer to "Actions to Enhance Outcomes" in Performance by Capitals on page 43.

#### Risks

- Social inequities lead to discontent in the community which could result in social unrest and increased incidence of security issues.
- Lack of resources for the delivery of affordable homes compared to more profitable open-market products.
- Lack of clarity on purpose and intended outcomes of community outreach programmes.

#### Opportunities

- Establish Sime Darby Property as an inclusive brand that caters to the needs for all segments in society.
- Build strong relationships with suppliers and partners to create synergies and develop positive outcomes.
- Nurture holistic communities where there is interest in environmental, health, sports and cultural issues.

### Strategic Priorities in FY2023

- Launch at least 4,115 affordable homes under RM600,000.
- Invest further into enriching communities through Yayasan Sime Darby.
- Look for different ways to build meaningful relationships that have the potential to create sustainable outcomes.

### How We Measure Our Value Creation

- Number of affordable housing units built.
- Volume and value of total procurement channelled to local suppliers.
- Investment into community programmes.
- Total volunteer hours per annum.
- Number of people impacted by our programmes.

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# Material Matters



### NATURAL CAPITAL

#### Material Matters

- Environmental Stewardship
- Sustainable Development Pipeline

#### Why They Are Important

- Environmental stewardship ensures the conservation and preservation of natural resources through the adoption of sustainable practices to create value for the current and future generations.
- Climate change mitigation and adaptation supports the critical need to reduce emissions, as well as to prepare for changes in weather patterns.

#### Managing Our Material Matters

Refer to “Actions to Enhance Outcomes” in Performance by Capitals on page 44.

#### Risks

- Insufficient climate action would result in extreme climate events including excessive rain and floods.
- Irresponsible land bank development could lead to water security issues such as water scarcity.
- Erosion of biodiversity would damage the ecosystem.
- Inability to manage environmental-related supply chain activities.

#### Opportunities

- Establish leadership in biodiversity through the Elmina Rainforest Knowledge Centre and the Elmina Living Collection Nursery.
- Contribute to environmental education, community inclusion and opportunities for urban reforestation research and development.
- Greater adoption of renewable energy in products and assets to establish Sime Darby Property as a sustainable property developer.

#### Strategic Priorities in FY2023

- Increase targets to further reduce our carbon emissions.
- Integrate sustainability principles into core decision-making for new products and offerings.
- Continue to drive a culture of sustainability throughout the Group.
- Development of net zero reduction roadmap and establishing Scope 3 baseline.

#### How We Measure Our Value Creation

- Progress of the Group’s 2030 Sustainability Goals.
- SUSDEX assessment.
- Compliance with the Minimum Sustainability Element Checklist
- Sustainability KPIs.
- Responsible land bank management.
- Carbon, waste and water footprints.
- Establishing biodiversity inventory and baseline throughout our townships.



### INTELLECTUAL CAPITAL

#### Material Matters

- Technology, Innovation and R&D

#### Why They Are Important

- Digitalisation and adoption of the latest technologies are critical to optimally efficient operations as well as the ability to engage with customers and other stakeholders seamlessly.

#### Managing Our Material Matters

Refer to “Actions to Enhance Outcomes” in Performance by Capitals on page 45.

#### Risks

- Companies that lag behind in digital adoption will be financially disadvantaged as narrowing margins demand optimum cost and operational efficiencies.
- Inability of employees to adapt to rapidly changing digital/technology landscape.
- Increased threat of cyberattacks that would impact the integrity of data belonging to Sime Darby Property as well as our stakeholders.

#### Opportunities

- Development of a clear digital strategy and blueprint mapping Sime Darby Property’s evolution into a digital-centric organisation.
- Reskill and upskill employees for greater comfort in using new technologies optimally.
- Integrate the most effective technologies into all operations to ensure the fastest, most cost-effective and sustainable developments of consistently high quality.

#### Strategic Priorities in FY2023

- Further institutionalise technology as a key transformation driver across the Group.
- Expand the use of Procore for project management
- Further enhance our Online Booking System.
- Review cybersecurity to ensure our digital infrastructure is adequately protected from external threats.
- Leverage digital technology to develop greener, more sustainable products.
- To enhance and optimise decision-making by leveraging on data.

#### How We Measure Our Value Creation

- Investment into digital and other technologies.
- Number of developments that use Procore.
- Number of visits to Virtual Sales Gallery and sales generated via Online Booking System.

## Strategic Review

# Key Risks and Mitigation

Despite various challenges as the Malaysian and global economy started to recover from two years of closures during the pandemic, the Group performed well in FY2022. Most pertinently, global inflationary pressure and tightening of financial conditions continued to cast a shadow on consumer confidence and the ability to spend on big-ticket items. Further exacerbating the situation, supply chain disruptions caused by the Russia-Ukraine War and China's 'Zero COVID' stand led to increased construction material prices and industry-wide labour shortages. These resulted in margin compression for all new product launches and increased risk of late delivery of products to customers, extending to the first half of FY2023. The Group kept a close track of the macroeconomic climate, adjusting our execution strategy where needed to ensure our financial and non-financial targets were not materially impacted.

The Group acknowledges that even with a robust risk management framework and practices, we cannot fully mitigate all the key risks faced as some will be inherent or outside our control. However, we will continue to monitor and minimise the potential impact of these risks, levelling them to our risk appetite.

Key features of the Group's Enterprise Risk Management Framework can be found in the Statement on Risk Management and Internal Control on page 194.

The Group's 10 broad key risks and their mitigation measures for the financial year under review are outlined below:

### MARKET RISK

Macroeconomic factors – including a continually subdued property market, tightening loan conditions, increase in cost of borrowing, supply chain disruptions resulting in higher construction materials cost and labour shortages – hampered key operations such as sales and construction activities. This put a strain on our profitability and liquidity position, and impeded the achievement of our growth strategy and financial targets.

#### Impact on Value

Diminishing financial capital due to:

- Poor Group performance and returns;
- Unsold stocks;
- Potential delay in delivery of products to customers;
- Prolonged deferment or delayed launches leading to weak product pipeline;

- Insufficient operational cash flow to fund projects; and
- Tight capital market conditions for customers to obtain financing and for the Group to raise funds.

#### Mitigation Strategies

- Continuously assessed and realigned strategy to market conditions and requirements;
- Closely monitored performance across core business units, including active profit & loss and cash management, as well as maintaining funding facilities;
- Launched products that are compelling and relevant to target market with the right price points and strong value proposition;
- Detailed scrutiny, evaluation and monitoring of contractors' delivery capabilities and labour availability during the tender and delivery stage;
- Sized the market potential, and used market intelligence on product and service offerings for similar/comparable developments to support product viability prior to launch;
- Introduced sales offers and innovative packages for new products, leveraging brand name;
- Continued to leverage technology to provide a seamless customer journey via online sales campaign and end-to-end purchasing journey;
- Continued to monitor the impact of increased interest rates on the take-up of the Group's products and margins, taking necessary actions to reduce this impact, where required.
- Continued to provide affordable housing design and packages; and
- Continued tactical price review for unsold stocks, where required.

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# Key Risks and Mitigation

### DEVELOPMENT AND PRODUCT STRATEGY RISK

Ineffective portfolio development and delivery of low-demand products to the market (portfolio, product, price, product cost and timing to the market).

#### Impact on Value

Diminishing financial capital due to:

- Poor take-up rate of products resulting in higher holding costs;
- Low profit margin or losses incurred on products;
- Loss of market share; and
- Low returns on capital due to diminished demand.

#### Mitigation Strategies

- Conducted rigorous review and market research to develop a business case for each new product;
- Monitored the implementation of a 'check and balance' approach when aligning and embedding strategies along the product supply chain;
- Implemented design-to-cost principles for products to ensure target margins are protected;
- Extended strategic sourcing initiative to reduce product cost;
- Continued with the Variation of Price ("VOP") clause in tender requirements to manage price fluctuations of key construction materials. The VOP was designed to assist contractors protect their operational viability against price fluctuations;
- Performed Value Engineering to ensure cost optimisation for newly launched products;
- Reviewed and revised the Annual Operating Plan ("AOP"), where required, to address market changes;
- Monitoring sales performance and changing the products to suit market condition i.e., reducing built-up area to reduce absolute price; and
- Ensure product diversification for both residential and industrial products.

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## PROJECT DEVELOPMENT & EXECUTION RISK

Development projects not delivered on time and do not meet expected returns or product quality.

**Impact on Value**

Diminishing financial capital and compromised intellectual capital due to:

- Additional cost for rectification/replacement, compensation, settlement, overruns and/or liquidated ascertained damages (“LAD”);
- Poor product quality and late delivery of products;
- Potential claims/disputes/legal action from purchasers; and
- Potential reputational damage.

**Mitigation Strategies**

- Continued to enlarge the pool of competent and experienced consultants and contractors with good track records to support project requirements, based on a pre-qualified and pre-approved set of criteria;
- Continue to appoint preferred contractors that already have workers to be recycled into projects in the same geographical location;
- Assigned dedicated and experienced project teams to monitor project performance and coordinate with key stakeholders;
- Engaged with contractors to ensure appropriate actions are taken to mitigate any delay in the delivery of projects;
- Applied and obtained Extension of Time (“EOT”) for projects which were delayed;
- Identified key materials facing supply disruptions and worked with vendors/contractors on supply chain alternatives, if required, to minimise the disruption to projects;
- Closely monitored labour supply on-site and worked with contractors and industry associations to resolve the labour supply/shortage issue;
- Increased frequency and timeliness of quality audits and inspections at various stages of construction;
- Improved project management, cost control and procurement processes; and
- Improved procurement processes and resources to ensure tenders, appointments and payments to contractors are made in a timely manner.

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# Key Risks and Mitigation

### ENVIRONMENTAL, SAFETY & HEALTH (“ESH”) RISK

- Flood Risk
- Major safety, health and/or environmental breaches at the workplace and project sites.

#### Impact on Value

Diminishing financial capital, compromised intellectual capital and loss of human capital due to:

- Impact on value and demand for products (long-term) located in flood-risk areas;
- Decline in productivity and performance due to accidents, injuries and casualties;
- Significant penalties/disruptive stop-work orders imposed by authorities;
- Potential environmental harm and additional costs arising from possible claims and litigation; and
- Potential reputational damage.

#### Mitigation Strategies

##### Flood Risk:

- Continuous engagement with local authorities on short-term and long-term flood mitigation plans;
- Identification of temporary retention ponds to alleviate flood risk, where required;
- Initiated cleaning works to prevent clogging of drains;
- Voluntarily increased development platform (above regulatory requirements) for new launches in townships that have been identified as high-flood risk;
- Implemented flood monitoring and emergency response protocol in high-risk townships;
- Continuous engagement with residence committees in high-risk townships to ensure assistance can be deployed in a timely manner in the event of floods; and
- Developed a Flood Mitigation Toolkit to address prospective purchasers' queries and to inform them of strategies adopted by Sime Darby Property to address flood-risk exposure.

##### Safety and Health:

- Continued with top management site visits focusing on Environment, Safety and Health (“ESH”) including engaging staff and contractor owners and workers;
- Implemented the Safety & Sustainability Practitioner Playbook to provide clarity on how to execute the Group's Health, Safety, Security and Environment (“HSSE”) Policies and Plan;
- Worked with contractor organisations to improve Reporting Culture, Hygiene at Workers' Quarters and Work at Height;
- Incorporated one (1) KPI into the Group 2022 Scorecard on Safety Observation (“SO”) to promote an injury reporting culture;
- Incorporated one (1) KPI into the Chief Operating Officers' 2022 Scorecard on compliance with the Group's Workers' Quarters Hygiene Standards;
- Continued to manage ESH risks through:
  - HSE policy and ESH procedures, trainings and campaigns such as Safety Day, Work at Height, Toolbox Talks and Taiso;
  - Reviewing and updating ESH requirements into contracts and development project plans;
  - Unscheduled and scheduled ESH audits and related reporting; and
- Continued with COVID-19 risk mitigation, where required, which included:
  - Crisis Management Team continuing to lead and respond to COVID-19 related issues.
  - Monitoring, updating and communicating changes to COVID-19 related SOPs through communication channels to minimise infection risk at the workplace. The implementation and compliance required were monitored and reported on a periodic basis, aligned with the Ministry of Health's SOPs on COVID-19.
  - Providing personal protection equipment (“PPE”) such as face masks, face shields, thermal scanners and hand sanitisers to all employees in operational areas.
  - Maintenance of COVID-19 SOPs which encourage the wearing of face masks if warranted and weekly self-testing to assist in the detection and minimisation of infection in the office.
  - Continuing to provide employees with various support through SDP Cares COVID-19 Plan Handbook such as self-test kits, financial assistance and quarantine leave.
  - Annual sanitisation of the Group's Headquarters via microbial surface protection.
  - Providing employees with mental health and well-being support through digital service platform *Jalanan Nurani*, where employees can access certified health coaches and various resources to better manage their mental, physical and financial well-being.

#### RISK TRENDS



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## CYBERSECURITY RISK

Infrastructure and systems failure or data loss arising from cyber attacks, potentially crippling core systems and controls.

**Impact on Value**

Compromised manufactured and intellectual capitals and diminishing financial capital due to:

- Business disruption;
- Loss of valuable business data and stakeholder trust;
- Penalties/fines by authorities and/or legal action by third parties; and
- Potential reputational damage.

**Mitigation Strategies**

- Deployed various infrastructure security protection solutions and Intrusion Prevention System to manage Internet/web security;
- Conducted annual Security Posture Assessment (“SPA”) and Vulnerability Assessment (“VA”) to evaluate IT infrastructure and systems security robustness;
- Implemented Multi-Factor Authentication (“MFA”) for all applications, systems and VPN to avoid/prevent unauthorised access to the internal system;
- Implemented Deep Security through Virtual Patching to ensure all vulnerabilities of applications and infrastructure are patched before any damage is done; and Patch management is in place for continuous management of endpoint clients with updates on date patches;
- Implemented Advanced Persistent Threat (“APT”), Privilege Access Management (“PAM”) and Identity Access Management (“IAM”) solutions to detect and prevent targeted attacks;
- Utilised multi-layer infrastructure security protection solutions (such as web application firewall, multi-tiered firewall, anti-spam/virus, security operations centre) to prevent malicious threats to corporate network and data centres, as well as user computers;
- Utilised Unified Threat Management (“UTM”), Internet/Web Security, and Security Event Manager tools that monitor, prevent and resolve security incidents;
- Continuous monitoring of new and potential threats that emerge in the cybersphere through round-the-clock Security Operations Centre (“SOC”);
- Continuous promotion of cybersecurity awareness in the organisation to prevent employee-related security breaches and potential vulnerabilities;
- Conducted cybersecurity e-learning and e-assessment to provide cybersecurity awareness to employees across the organisation to equip them with cybersecurity knowledge and potential vulnerabilities, as well as provide guidance on how to recognise and respond to cyber threats;
- Continuous implementation and monitoring of the completion of cybersecurity improvement programmes and activities which had been identified as part of the Cybersecurity Maturity Assessment exercise;
- Continuous improvement through Cybersecurity Strategic Roadmap and Framework;
- Implementation of DevSecOps to ensure all applications and systems are tested and vetted by EAGRC (for Governance, Risk and Compliance requirements) before being moved to the production environment; and
- Implemented a three-year Cybersecurity Framework as per Control Objectives for Information and Related Technologies (“COBIT”), ISO27001: Information Security Standard, Payment Card Industry Data Security Standard (“PCIDSS”) & National Institute of Standards and Technology (“NIST”) Framework.

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# Key Risks and Mitigation

### JOINT VENTURES, COLLABORATIONS AND STRATEGIC PARTNERSHIPS RISK

Misaligned investment objectives/interest, lower than expected returns, weak joint venture ("JV") management team and disagreements with JV partners.

#### Impact on Value

Diminishing financial capital, compromised intellectual capital, and deteriorating human capital due to:

- Lower than expected returns;
- Additional capital requirements to sustain JV operations/businesses;

- Potential litigation arising from claims/disputes; and
- Potential reputational damage.

#### Mitigation Strategies

- Robust assessment and due diligence conducted on potential JV partners prior to entering into the JV partnership;
- Obtained sufficient external advisory in structuring the terms of a JV partnership to safeguard the Group's rights and interest;
- Active engagement in the set-up of the JV, including in devising board/shareholders' reserved matters, alignment on roles and responsibilities of JV partners, preparation of business plans, human resources requirements, governance structures, key operating guiding policies, procedures, and delegated authority limits;
- Closely monitored/tracked the performance of JVs through periodic reporting/audits and representation on the Board/development committee/management of the JV company; and
- Continued engagement with JV partners to ensure objectives of the JVs are achieved and to mitigate/reduce disagreements.

#### RISK TRENDS



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## TALENT AND RESOURCE MANAGEMENT RISK

Inability to attract, maintain and retain proficient talents to execute strategies for sustainable growth.

**Impact on Value**

Deteriorating human capital due to:

- Lack of skills and competencies needed to implement the Group's strategies and deliver the expected performance;
- Misaligned performance outcomes, measurements and targets; and
- Loss of key talents.

**Mitigation Strategies**

- Implementation of Total Rewards Framework to attract and retain competent talents;
- Ensured remuneration packages are comparable to industry norms;
- Reviewed succession plans periodically to strengthen leadership bench strength, fast tracking high-potential talents and creating stretched development opportunities for competent performers;
- Clear strategy cascade, target setting and performance management system in place to manage performance and targets;
- Reviewed competency and training gaps, and provide continuous training and support to build key expertise under major growth areas;
- Established individual development plans ("IDPs") to build up/enhance the skills and competencies of identified successors or talents;
- Introduced Employee Mobility Framework to encourage cross pollination and visible career enhancement opportunities for employees;
- Implemented the recruitment of young talents and retention strategies;
- Leveraged technology to improve efficiency in managing HR-related matters through digital HR platform, HR On Cloud ("HROC");
- Implemented initiatives to instil a culture of a highly engaged organisation; and
- Continuous communication to ensure employees are engaged and aligned with the Group's direction.

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# Key Risks and Mitigation

### LEGAL/REGULATORY AND CONTRACTUAL COMPLIANCE RISK

Non-compliance with local and international laws, as well as regulations and contractual obligations due to:

- Complex and voluminous laws/regulations;
- Lack of awareness of existing and new laws/regulations and case laws, and lack of understanding of contractual provisions and impact on transactions/operations;
- Ambiguity in the interpretation/application of laws/regulations and case law; and
- New case laws, statutory amendments, and introduction of new laws/regulations.

#### Impact on Value

Compromised financial and intellectual capitals due to:

- Non-compliance costs arising from penalties, fines, payment of damages and compensation;
- Failure to meet legal/contractual obligations and potential claims/litigation;
- Additional compliance costs; and
- Potential reputational damage.

#### Mitigation Strategies

- Continued to inculcate a compliance culture within the organisation, with complementing internal processes, and providing internal and external legal support to operational teams when required;
- Maintained close collaboration and conducted effective dialogues with trade associations/regulatory bodies on emerging legal/regulatory requirements, as well as industry trends and standards;
- Assigned dedicated project teams to monitor compliance with specific laws/regulations and contractual provisions;
- Defined an escalation matrix and a stringent monitoring, resolution and reporting mechanism to manage material breaches;
- Enhanced employees' (both legal department employees and other employees of the Group) knowledge of regulatory requirements, case law updates, and statutory amendments via talks, training, and seminars by internal and external speakers and continuous internal legal research and write-ups; and
- Maintained a close monitoring of appellate courts' decisions and case law developments affecting the Group's businesses and monitoring of any new bills/laws or amendments which would affect the Group's business or industry.

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## COMPETITION RISK

Business model disrupted by new and/or current entrants through new innovations (products and services) or technology advancement.

**Impact on Value**  
 Diminishing financial capital due to:

- Loss of market share, and lower than expected performance and returns.

**Mitigation Strategies**

- Maintained market watch to monitor existing and new industry entrants and technology;
- Implemented the Group's own innovation roadmap and initiatives to source for and pilot new products and services that will complement the Group's business segments, namely in home designs and placemaking; and
- Continuous improvements to online sales platform to ensure seamless experience for customers.

**RISK TRENDS** ◀▶

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## UTILITIES SUPPLY

Inability to secure adequate water & electricity supply and connection for future projects in growing and/or new townships.

**Impact on Value**  
 Compromised manufactured capital and diminishing financial capital due to:

- Inability to meet strategic development and growth targets;
- Inability to meet financial targets; and
- Loss of market share.

**Mitigation Strategies**

- Continuously engaged and followed up with the relevant authorities and utility providers to ensure relevant approvals were obtained and utility works progressed as planned at various stages of development;
- Kept abreast of and complied with the requirements of utility providers; and
- Assessed and tracked projected future demand for utilities to ensure the relevant infrastructure is commissioned in a timely manner.

**RISK TRENDS** ◀▶

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# Strategic Review

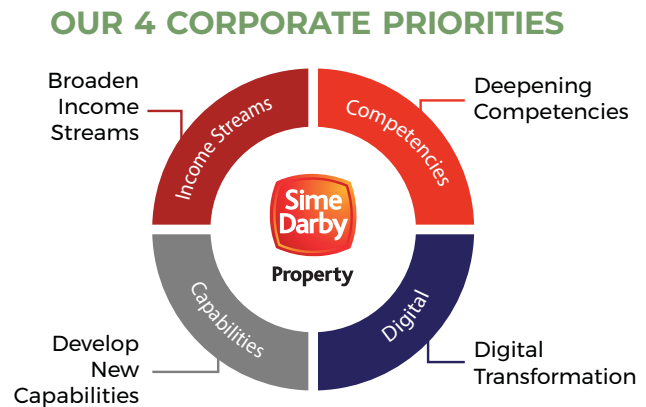
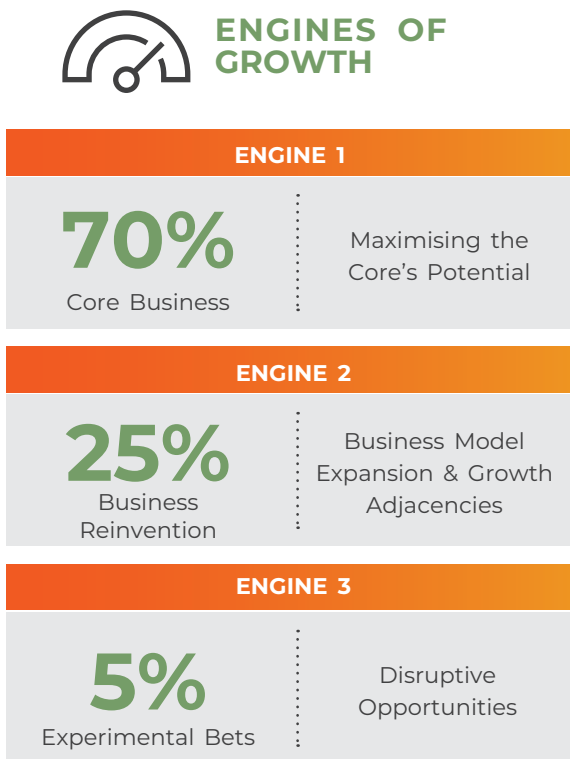
## Our Strategy

In 2021, we launched our SHIFT25 strategy, aimed at transforming Sime Darby Property not only from a pure-play residential-focused property developer into a full-blown real estate company, but also one of Malaysia's leading and most admired real estate players by 2025.

After one full year of implementation, we are making good progress in all four Corporate Priorities and seven Focus Areas, supplementing our organisational transformation with an Engines of Growth framework. The latter provides clarity on our resource allocation: 70% channelled towards maximising our core business; 25% towards growing core

adjacencies/recurring income streams; and the remaining 5% on experimenting with disruptive opportunities. In conjunction with our 50<sup>th</sup> anniversary in 2022, we also unveiled our new Purpose, Vision, Mission and Values, redefining a clear aspiration and vision with a shared purpose that will drive the Group into the future.

Empowered by both our Engines of Growth and redefined Purpose, Vision, Mission and Values, our emphasis as we go forward will be on fine-tuning our plans to realise our transformation.



7 FOCUS AREAS	
1. Operational Excellence	5. Tech & Innovation
2. Organisational Excellence	6. Branding & Communication
3. Safety & Sustainability	7. New Revenue Streams
4. Customer First	

# OUR 4 CORPORATE PRIORITIES



## I. BROADEN INCOME STREAMS

Strengthen our position as a master developer by leveraging strategically located land banks to develop economic corridors, embed robust economic activities and enhance our recurring income portfolio of industrial, retail and office assets.

### Achievements in 2022

- Achieved highest-ever operating profit of RM487.8 million, with PATAMI more than doubling to RM315.8 million and PBT growing by 64% YoY to RM458.9 million, based on profitability of all segments - Property Development recording a 66% increase in PBT to RM447.3 million; Investment & Asset Management achieving a PBT of RM0.2 million; and Leisure turning around a loss in 2021 to a PBT of RM11.3 million.
- Recorded RM3.7 billion in sales, significantly exceeding our target of RM2.6 billion, including RM907.0 million from industrial products, which contributed towards growth of our non-residential offerings.
- Secured first close for our inaugural Industrial Development Fund ("IDF") with 70% in capital commitments for a fund size of up to US\$250 million or approximately RM1 billion.

### Strategic Initiatives

- Sime Darby Property as a master developer.
- Enhance Investment & Asset Management portfolio.
- Amplify industrial and logistics developments.
- Enhanced development at MVV 2.0 and the Pagoh Special Economic Zone.

### Focus in 2023

- Ensure sustainable launch pipeline for Property Development (landed & high-rise residential) for greater earnings visibility.
- Continue to introduce products that resonate with market demand to sustain strong sales momentum.
- Diversify product mix and income streams beyond Property Development.
- Optimise net property income ("NPI") yields in the retail segment.

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# Our Strategy



## II. DEEPEN COMPETENCIES

Enhance our competencies as a sustainable lifestyle and community developer by cultivating a performance-driven culture and embedding sustainability into our daily operations.

### Achievements in 2022

- Launched and rolled-out the Safety & Sustainability Playbook to all business units that outlines minimum green elements to be incorporated/implemented in product development.
- 76.8% safety observations recorded among operational staff: 1,051 (actual safety observations), versus target of 1,368.
- Average IBS score of 63 for Township Development (landed-residential); and 56 for Integrated Development (high-rise residential).

### Strategic Initiatives

- Embed a strong safety culture.
- Enhance design & lifestyle developer capabilities.
- Improve financial management and cost rationalisation.

### Focus in 2023

- Strengthen financial discipline and cost optimisation for effective capital, cash flow and cost management.
- Develop a carbon reduction approach and roadmap for Scopes 1, 2 and 3 emissions.
- Continue to enhance safety culture and HSSE management system by incorporating the Guidelines on Occupational Safety and Health in Construction Industry (Management) ("OSHCIM") standards.
- Further enhance the customer journey with better after-sales service and engagement.





### III. DEVELOP NEW CAPABILITIES

Disrupt the way we operate positively via unlocking business opportunities in new areas, and leveraging partnerships as well as strategic collaborations.

#### Achievements in 2022

- Activated approximately 1,250 acres of land, surpassing FY2021 by 450 acres or >50% YoY.
- Secured CEVA Logistics, a global logistics and supply chain company, together with SL Ng, an FMCG market expansion service provider, as tenants at SDPMIT's 487,000 sq. ft. ready-built warehouse in Bandar Bukit Raja Industrial Gateway.
- Launched Malaysia's first Inclusive Playground in the City of Elmina, as well as a BoomGrow urban farm in Serenia City.

#### Strategic Initiatives

- Partner and work with best-in-class partners
- Enhance land bank management and monetisation.
- Maximise placemaking at our developments.

#### Focus in 2023

- Expand and enhance placemaking across all townships
- To increase R&D efforts in Design & Building Materials.
- To activate Phase 2 of Concept Home 2030
- Complete Sungai Kapar land acquisition, activating new townships and pursue land monetisation opportunities.



### IV. DIGITAL TRANSFORMATION

Future-proof our business model against disruptive global trends by digitisation and digitalisation of our core processes to enable new frontiers within technology, innovation as well as R&D.

#### Achievements in 2022

- Implemented Phase 1 of the Digital Blueprint for greater efficiencies within the pre-development/construction phase.
- Implemented and rolled out digital procurement systems.

#### Strategic Initiatives

- Core IT process rationalisation.
- Cloud computing and enterprise data warehouse.
- Data security framework.
- Data-driven decision making.
- Collaborative platforms.
- Software, apps and developers.

#### Focus in 2023

- Implement Phase 2 of the Digital Blueprint to refine digital capabilities (connected digital infrastructure/platform/analytics).
- Cybersecurity enhancements.
- Design and build innovation via modern methods of construction ("MMC").

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### OUR 7 FOCUS AREAS

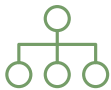
01



#### Operational Excellence

To be a performance-driven organisation, with continuous improvement in the way we work.

02



#### Organisational Excellence

To raise productivity and enrich our talent pool.

03



#### Safety & Sustainability

To develop a safe workplace for our employees and business associates in the pursuit of our three strategic pillars of People, Planet and Prosperity.

04



#### Customer First

To drive improved customer experience via the adoption of new technologies.

05



#### Tech & Innovation

To develop technological capabilities by expanding the use of digital channels and data analytics.

06



#### Branding & Communication

To enhance stakeholder interest in the Group's innovative offerings and solutions as a lifestyle developer via communication activities.

07



#### New Revenue Streams

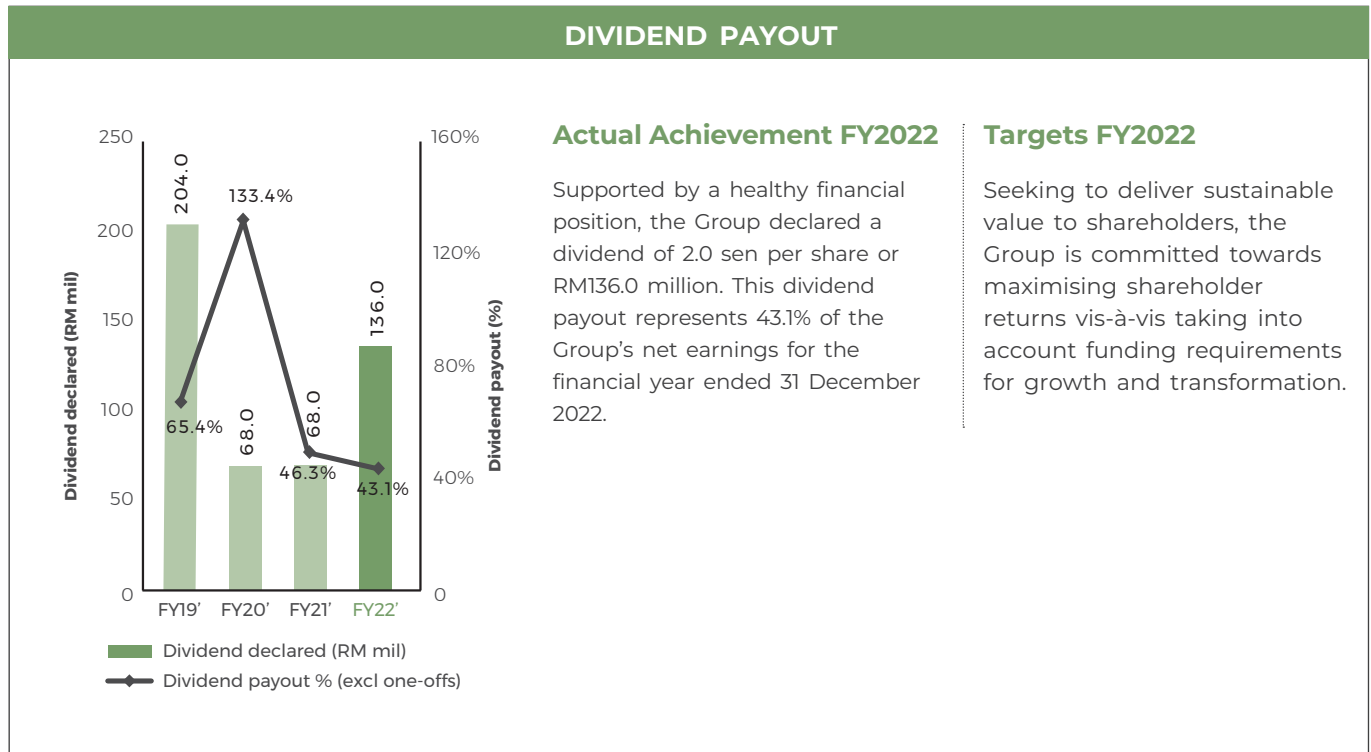
To establish prominence in other segments of the real estate industry to accelerate the diversification of income and complement our property development business.

Strategic Review

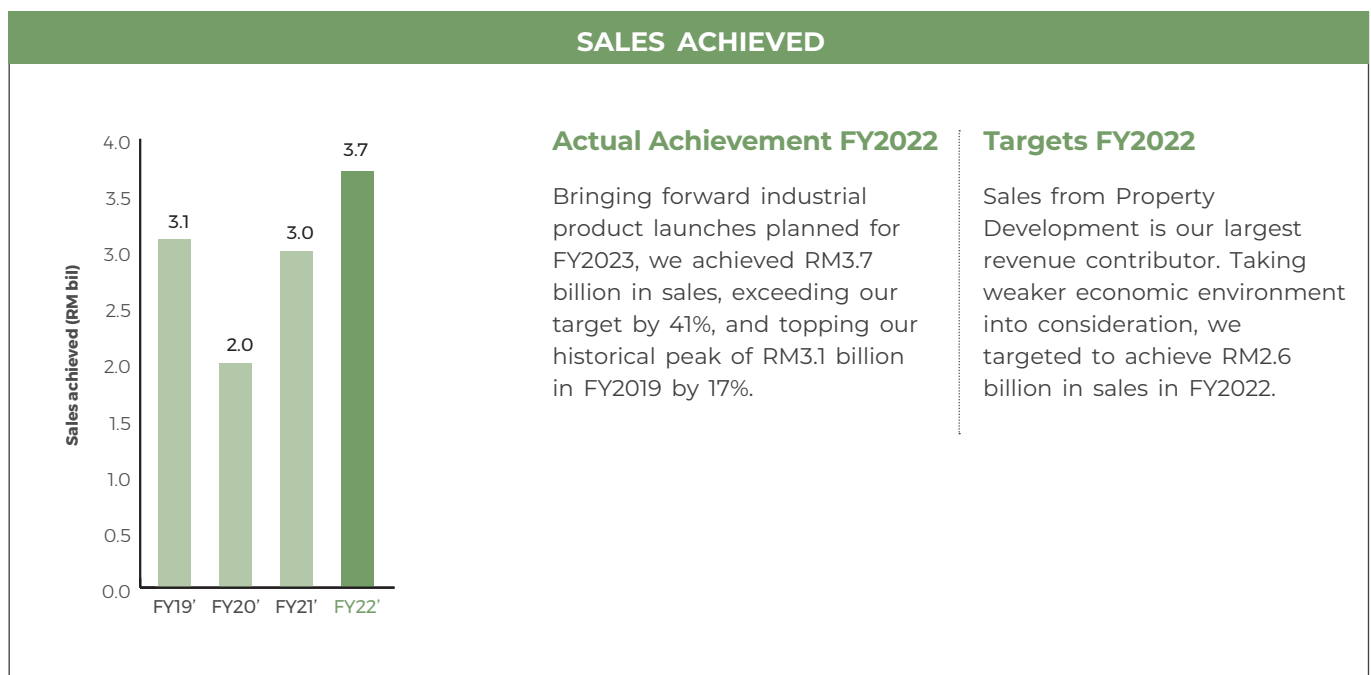
# Key Performance Metrics

We monitor our performance through various qualitative and quantitative metrics, with the objective of enhancing our value creation over the years.

## Financial Capital



Note: The dividend payout for FY2019 and FY2020 excludes one-offs.

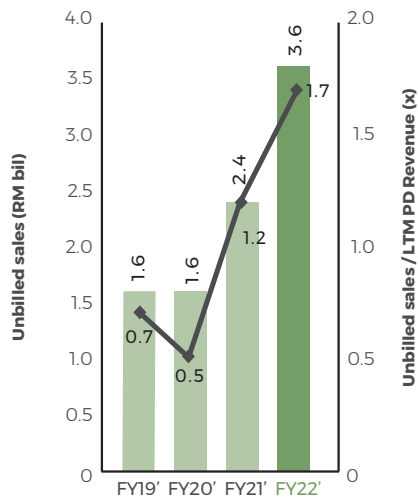


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## Strategic Review

# Key Performance Metrics

### UNBILLED SALES



■ Unbilled Sales (RM bil)  
◆ Unbilled Sales / Last Twelve Months PD Revenue (x)

#### Actual Achievement FY2022

The Group achieved total unbilled sales of RM3.6 billion, meanwhile our cover ratio of 1.7x improved from 1.2x in December 2021 supported by contributions from Integrated Development and strong sales momentum in FY2022.

#### Targets FY2022

To strengthen our future earnings visibility and future sales recognition, we set the target of achieving a cover ratio of at least 1.0x.

# Manufactured Capital

## LAND ACTIVATION

Fiscal Year	Land activation (acreage)
FY19'	300
FY20'	250
FY21'	800
FY22'	1,250

### Actual Achievement FY2022

Total land activation for the year totalled 1,250 acres, with 640 acres used in property development and 610 acres of non-core land disposed. This surpassed our previous 3-year average by >100% and our activation in FY2021 of 800 acres by >50%.

### Targets FY2022

We seek to develop our landbank in order to unlock the value of our assets and contribute to the Group's development. We had targeted land activation of >500 acres for FY2022.

## VALUE OF PROJECTS LAUNCHED

Fiscal Year	Number of units launched	GDV of projects launched (RM bil)
FY19'	2,917	2.3
FY20'	1,668	1.5
FY21'	3,594	3.7
FY22'	2,045	2.6

### Actual Achievement FY2022

Total GDV of projects launched in FY2022 was RM2.6 billion, with 46% of the total amount contributed from industrial developments, supporting our diversification strategy.

### Targets FY2022

We seek to maintain a steady pipeline of product launches to keep our visibility and to monetise our land.

\*Cover ratio = unbilled sales / LTM PD Revenue

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## Key Performance Metrics

### Social Capital

#### NET PROMOTER SCORE (NPS)

Fiscal Year	Net Promoter Score (%)
FY19'	30%
FY20'	55%
FY21'	68%
FY22'	69%

#### Actual Achievement FY2022

Achieved a 12-month NPS of 69% in FY2022 for the “My Home Key Collection” customer touchpoint supported by continued commitment in delivering a rewarding key collection experience through our “High 5” initiative.

#### Targets FY2022

To ensure we deliver consistently high value and service to our customers, we had set the target of scoring >65% for FY2022.

#### SAFETY OBSERVATION/CONCERN REPORTING

Fiscal Year	Safety observation reporting (%)
FY19'	n/a
FY20'	n/a
FY21'	70%
FY22'	77%

#### Actual Achievement FY2022

This is our second year of inculcating awareness on the importance of safety observation reporting, with the aim to improve our overall safety culture. We have expanded the safety observation reporting pool from the Property Development and Leisure operations pilot group in FY2021 to include Investment & Asset Management and a Joint Venture subsidiary operations teams in FY2022. 77% of the FY2022 reporting pool achieved the minimum quarterly reporting targets set for the year.


#### Targets FY2022

We place top priority on the safety of our employees, contractors and business partners, setting the target of minimum two safety observations per quarter, per operational staff in FY2022.


Regrettably, the organisation suffered one fatality on our project site on 19 December 2023. A scoring penalty was imposed on the Corporate Scorecard reflecting the seriousness of such a tragedy in the organisation.

# Human Capital

## FEMALE REPRESENTATION



**Female 640 (44%)**



**Male 818 (56%)**

Level	Female (%)	Male (%)
Senior Management	34%	66%
Middle Management	45%	55%
Executive	55%	45%
Non-Executive	37%	63%

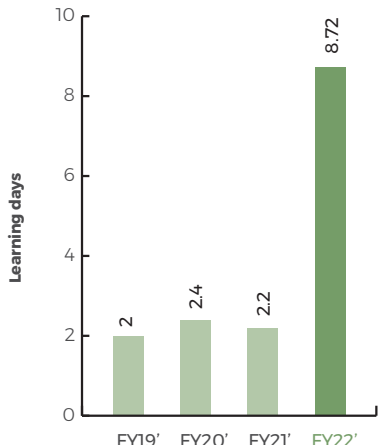
### Actual Achievement FY2022

In FY2022, women represented 44% of our total workforce, marking an increase from 43% of the total in FY2021.

### Targets FY2022

We seek to continuously be an equal opportunity employer and fully embrace gender equality.

## LEARNING HOURS



Fiscal Year	Learning days
FY19'	2
FY20'	2.4
FY21'	2.2
FY22'	8.72

### Actual Achievement FY2022

In FY2022, we invested RM2.8 million in driving 101,661.09 group learning hours. This led to an average of 69.7 learning hours or 8.72 learning days per employee. 60% of the learning hours were of organisation and industry-related classroom/webinar format, 28% from online learning platforms and the balance 12% from the Group's ACE Leadership Development Programme.

### Targets FY2022

We provide continuous professional training and development opportunities for our employees, targeting a budget of RM3.05 million in FY2022 for employee training and development.

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## Key Performance Metrics

### Intellectual Capital

#### ENHANCED CYBERSECURITY

Fiscal Year	Number of training sessions
FY19'	Nil
FY20'	Nil
FY21'	Nil
FY22'	9

**Actual Achievement FY2022**

Introduced four more cybersecurity policies; and organised nine cybersecurity training sessions which were attended by more than 260 staff per session.

**Targets FY2022**

To protect our digital systems as well as data belonging to the Group and our stakeholders, we are increasing our cybersecurity with more training and policies.

#### PROCORE PLATFORM IMPLEMENTATION

Fiscal Year	Number of projects
FY19'	Nil
FY20'	Nil
FY21'	Nil
FY22'	89

**Actual Achievement FY2022**

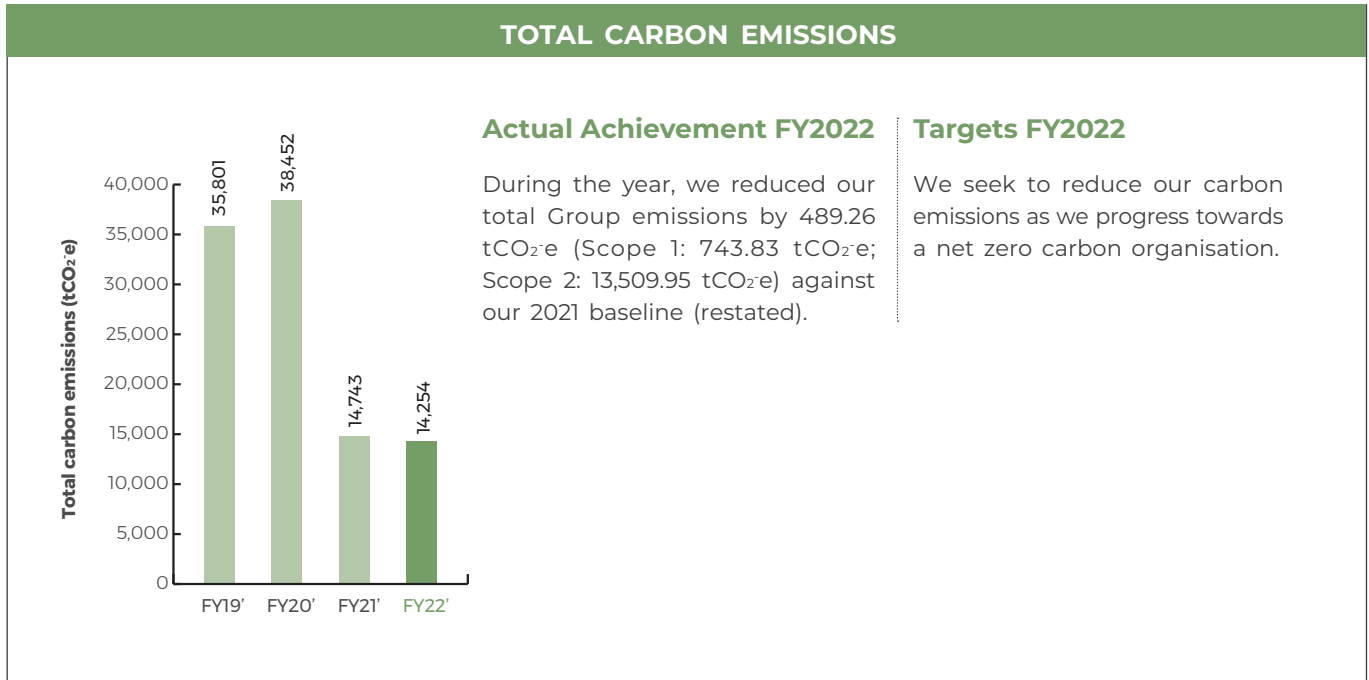
Implemented Procore solutions for a total of 89 projects, gaining end-to-end visibility of all aspects of the property developments.

**Targets FY2022**

To facilitate data sharing and enhance collaboration between different stakeholders in development project, we set the target of onboarding 70 projects onto the Procore platform.



# Natural Capital



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# GROUP CHIEF FINANCIAL OFFICER'S REVIEW

Sime Darby Property achieved one of our best financial results in FY2022, recording our highest operating profit of RM487.8 million since the demerger in 2017. This was supported by enhanced operational efficiencies through joint efforts from Team Sime Darby Property across all our business segments, together with an unrelenting focus on financial discipline in addressing various headwinds including the prolonged labour shortage, increasing material costs as well as rising interest rates.

In FY2022, we accelerated our land bank activation and monetisation plan involving more than 1,250 acres of land – a historical high. In line with our product range expansion and diversification strategy, the GDV of industrial launches exceeded that of landed residential products for the first time in Sime Darby Property's history. Of the RM2.6 billion in GDV launched during the year, 46% comprised industrial products and 41% landed homes. That this strategy was in tune with market sentiment was evidenced by the Group exceeding the sales target we had set of RM2.6 billion as we hit record sales of RM3.7 billion.

In shifting our priorities, the Group is transforming from a pure-play property developer into Malaysia's most admired real estate company, having a presence along the entire real estate value chain. In the first half of FY2022, the Group achieved a milestone via the first close of our inaugural Industrial Development Fund ("IDF") launched in partnership with LOGOS Property to accelerate developments and investments in industrial assets, centering on the fast-growing logistics sector.

Meanwhile, cost management remains one of our highest priorities. The result of assiduous efforts to control costs was reflected in our ability not only to preserve but to improve margins in FY2022, despite rising costs. Thanks to our unwavering focus on cost management and financial discipline, we have been able to manage our working capital effectively. This was reflected in our positive operating cash flow of RM1.0 billion for the financial year, supplementing the Group's funding requirements for growth and shareholder returns. At the same time, we have optimised our processes through digitalisation to allow for an efficient procure-to-pay cycle thus ensuring timely payments to our suppliers and contractors, leading to more effective project execution.

Last but not least, we recognise that the finance function plays a pivotal role in our environmental, social and governance ("ESG") agenda and the effective implementation of a triple bottom-line approach. We see to it that the sustainability agenda is ingrained into our processes from performance measurement to internal and external reporting, and from capital raising to capital allocation via budgetary allocation for ESG spends. We are guided by the Board Sustainability Committee ("BSC") to continue our journey in broadening the finance function's reach in ESG to support and balance the interrelationships between financial and sustainability measures.



Highest operating profit of  
**RM487.8** million  
since the demerger in 2017



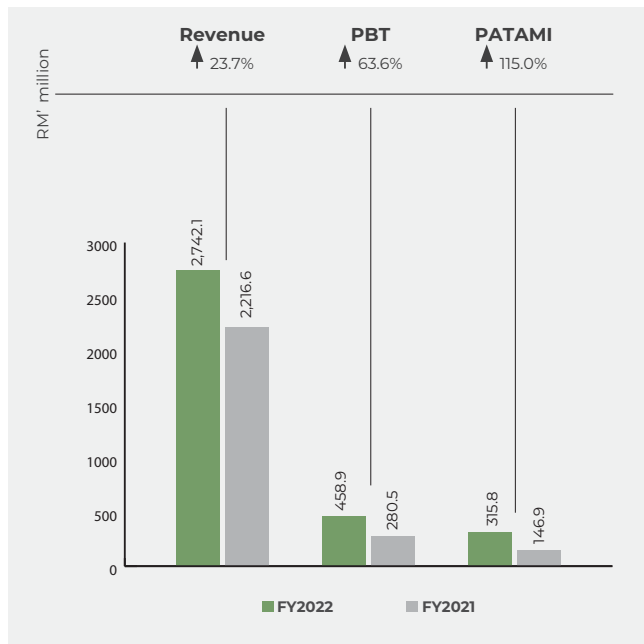
Record sales achieved of  
**RM3.7** billion



Positive operating cash flow of  
**RM1.0** billion

## FINANCIAL PERFORMANCE

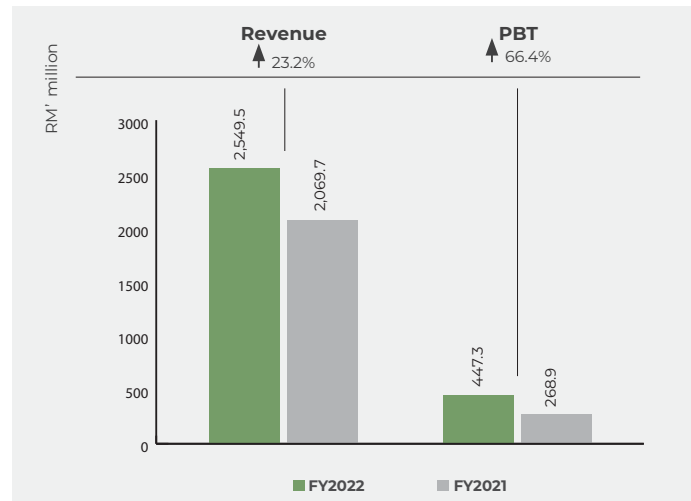
Record sales led to Sime Darby Property increasing revenue by 23.7% from RM2.2 billion in FY2021 to RM2.7 billion. Meanwhile, profit before tax (“PBT”) increased by 63.6% from RM280.5 million to RM458.9 million; and profit after tax and minority interest (“PATAMI”) surged by 115.0% from RM146.9 million to RM315.8 million.



The significant increase in PBT was underpinned by profitability growth across all business segments, including contributions from land monetisation, RM44.1 million gain on dilution upon first close of IDF and RM8.9 million in gain from the disposal of a low-yielding asset in Vietnam. These positive achievements offset the Group’s fair value loss and lease adjustments on investment properties totalling RM64.4 million enabling us to close the year with PATAMI that more than doubled compared to FY2021.

## SEGMENTAL FINANCIAL PERFORMANCE

### PROPERTY DEVELOPMENT



Property Development continued to be the top contributor to the Group’s revenue at RM2.5 billion or 93.0% of the Group’s total and increasing by 23.2% from RM2.1 billion in FY2021. Despite escalating material costs and the prevalent labour shortage, the segment’s PBT increased by 66.4% year-on-year (“YoY”) from RM268.9 million to RM447.3 million, contributing 97.5% of the Group’s total. The segment’s commendable performance was backed by strong sales of industrial and residential products and increased on-site development activities towards the year end.

The segment’s performance was driven by sales of ongoing projects and higher on-site development activities in City of Elmina, Bandar Bukit Raja, Serenia City, Elmina Business Park, Hamilton Nilai City and Nilai Impian townships. This was further boosted by the sale of land in Selangor, Sabah and Kedah as part of the Group’s land bank management and monetisation exercise. The Group’s record sales of RM3.7 billion marked a 24.2% increase compared with RM3.0 billion achieved in FY2021, supported by RM2.6 billion GDV worth of new launches; mainly of in-demand products at the right price points in strategically located townships. As at 31 December 2022, the Group’s unbilled sales stood at RM3.6 billion, 49.5% higher than at end FY2021, ensuring revenue visibility for more than two years. Despite the prolonged labour shortage, the Group successfully handed over 13 phases delivering 1,855 units to customers during the year.

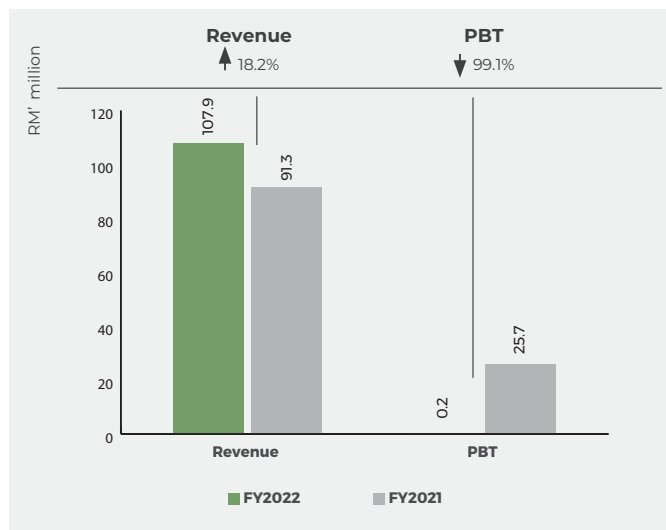
Property Development’s PBT was further enhanced by the share of net fair value gain on investment properties held in the Battersea Power Station development in London. The iconic development is gaining traction and vibrancy following the Northern Line opening in September 2021 and the official opening of Battersea Power Station to the public in October 2022.

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# Group Chief Financial Officer's Review

### INVESTMENT AND ASSET MANAGEMENT



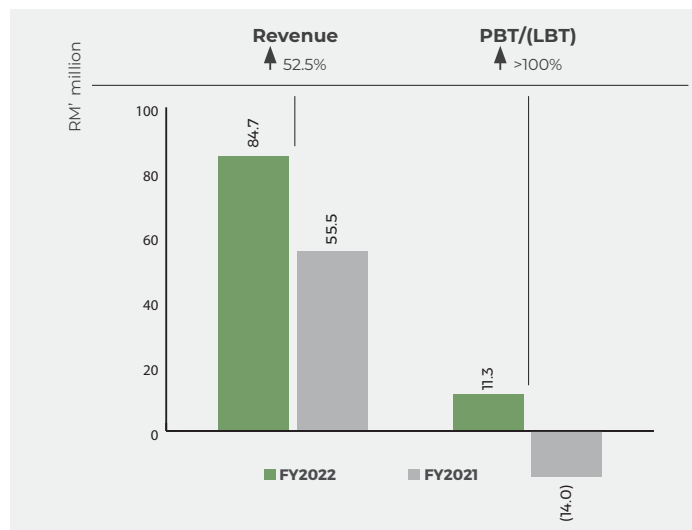
As we expand our portfolio of assets under management, we have replaced the cost model in accounting for the Group's investment properties with the fair value model. Fair value model provides better financial performance measures while facilitating comparisons with peers, many of whom also adopt this model.

The Investment & Asset Management segment registered 18.2% revenue growth YoY from RM91.3 million to RM107.9 million. Due to the recognition of RM63.5 million in fair value loss and lease adjustments on investment properties, the segment's PBT decreased to RM0.2 million from RM25.7 million in FY2021. Excluding this fair value loss and lease adjustments, the segment would have recorded a PBT of RM63.7 million as compared with RM57.2 million in FY2021.

Investment & Asset Management's performance was contributed by the retail sub-segment, with an increase in occupancy rate and footfall upon the easing of lockdown restrictions. Notably, KL East Mall registered a healthy occupancy of 85.2% as at 31 December 2022, up from 79.0% in FY2021, while Melawati Mall's occupancy improved to 81.6%.

### LEISURE

The Leisure segment recovered strongly with revenue growing by 52.5% YoY to RM84.7 million from RM55.5 million, boosted by more events and functions, dining and golfing activities following the uplift of lockdowns. The segment turned around a loss of RM14.0 million in FY2021 to a profit of RM11.3 million, supported by a gain of RM8.9 million from the disposal of a leisure property in Vietnam in line with the Group's focus on monetising low-yielding assets.



### FINANCE COSTS

Through effective debt management, the Group contained its finance cost despite the increase in interest rate. Total finance costs amounted to RM145.5 million, comprising borrowing costs from conventional and Islamic financings, versus RM142.5 million in FY2021. Of the total, RM48.2 million was capitalised and the remaining RM97.4 million was charged out to the profit and loss.

The Group's weighted average cost of borrowings stood at 4.5% per annum compared with 3.4% per annum in FY2021, reflecting the rising trend in interest rates.

### TAXATION

The effective tax rate for the financial year of 28.9% was higher than the statutory tax rate of 24% due to the effects of Cukai Makmur\* (Prosperity Tax), non-deductible expenses and unrecognised deferred tax assets for losses incurred by certain subsidiaries.

*\* For the year of assessment 2022, the Cukai Makmur was applicable to companies with chargeable incomes in excess of RM100.0 million, with income for the first RM100.0 million taxed at 24%, and income above RM100.0 million taxed at 33%.*

### DIVIDEND

We are guided by the need to balance our shareholder returns with the retention of sufficient funds for our growth plans in determining the appropriate dividend payout. Supported by the Group's healthy financial position, the Board has declared a dividend of 2.0 sen per share or RM136.0 million for FY2022, which represents a dividend payout of 43.1% of the Group's net earnings for the financial year ended 31 December 2022.

## FINANCIAL POSITION REVIEW

### INVENTORIES MANAGEMENT

The Group maintains its inventories at a manageable level through the launch of in-demand products at the right price points in strategically located townships. Total inventories decreased by 4.3% to RM5.5 billion as at 31 December 2022 from RM5.8 billion as at 31 December 2021, with the following breakdown:

#### Land held for property development (non-current):

Land held for property development increased slightly by 3.8% to RM4.0 billion, from RM3.9 billion in FY2021. During the financial year, land that was activated for development was reclassified as property development costs (current) and in turn, costs for additional works carried out on the land are capitalised to pave the way for the Group's expanding launch pipeline. This is in line with the Group's growth aspiration to accelerate the pace of land activation in unlocking greater value moving forward.

#### Property development costs (current):

Property development costs totalled RM1.2 billion, 21.5% less than RM1.6 billion in FY2021. This comprised development costs incurred in the Group's major townships, i.e., Bandar Bukit Raja, City of Elmina, Hamilton Nilai City and KLGCC Resort. During the financial year, the Group transferred a total of RM252.5 million in assets from inventories to investment properties as part of the plan to build up assets under management – a key stepping stone to enhancing recurring income in the long term.

#### Completed inventories (current):

The Group has been committed to keeping completed inventories at manageable levels through effective and targeted marketing and sales efforts. As at 31 December 2022, our completed inventories decreased to RM277.2 million, the lowest since the demerger. This was largely a result of decreased inventories in Taman Melawati, KL East and Bandar Universiti Pagoh.

### WORKING CAPITAL / LIQUIDITY MANAGEMENT

The Group's capital management strategy post pandemic continues to focus on optimal operational efficiency and a robust balance sheet position. In FY2022, the Group maintained a healthy liquidity position with total cash and cash equivalents increasing by 8.3% to RM985.3 million from RM909.7 million in FY2021.

The Group improved its operating cash flow by more than double in the current financial year to RM1.0 billion from RM494.3 million in FY2021, demonstrating the ability

and resilience to generate cash post pandemic from core business operations. This was attributable to collections from sales of new and existing residential, commercial and industrial products as well as the handover of 1,855 residential and commercial units during the year.

Net cash flow reduced from RM107.8 million to RM75.6 million in FY2022, mainly as a result of the substantial net loan repayment position, compared to the high borrowing raised in the previous year, testament of the Group's commitment to our capital management strategy.

RM' million	FY2022	FY2021
Operating cash flow	<b>1,015.4</b>	494.3
Investing cash flow	<b>32.4</b>	(677.8)
Financing cash flow	<b>(22.3)</b>	(17.4)
Net finance cost paid	<b>(114.0)</b>	(125.0)
Dividends paid	<b>(78.8)</b>	(76.8)
Net borrowings (paid)/ raised	<b>(757.3)</b>	510.5
Foreign exchange differences	<b>0.2</b>	-
Net cash flow	<b>75.6</b>	107.8

### DEBT AND FUNDING MANAGEMENT

#### The Group's borrowings

The Group continued to manage its gearing diligently in order to maintain sustainable debt levels, reducing total borrowings by 20.7% from RM3.8 billion at end 2021 to RM3.0 billion as at 31 December 2022. As a result of continued efforts, the Group's gross and net gearing ratios decreased to 32.0% and 21.8% respectively from 40.8% and 31.3% in FY2021.

RM' million	FY2022	FY2021
Total borrowings	<b>3,037.8</b>	3,831.6
Lease liabilities	<b>45.6</b>	66.7
Total debt	<b>3,083.4</b>	3,898.3
Cash and bank balances (including cash under housing development accounts)	<b>985.3</b>	909.7
Total equity	<b>9,644.8</b>	9,554.0
Gross gearing ratio (%)	<b>32.0</b>	40.8
Net gearing ratio (%)	<b>21.8</b>	31.3

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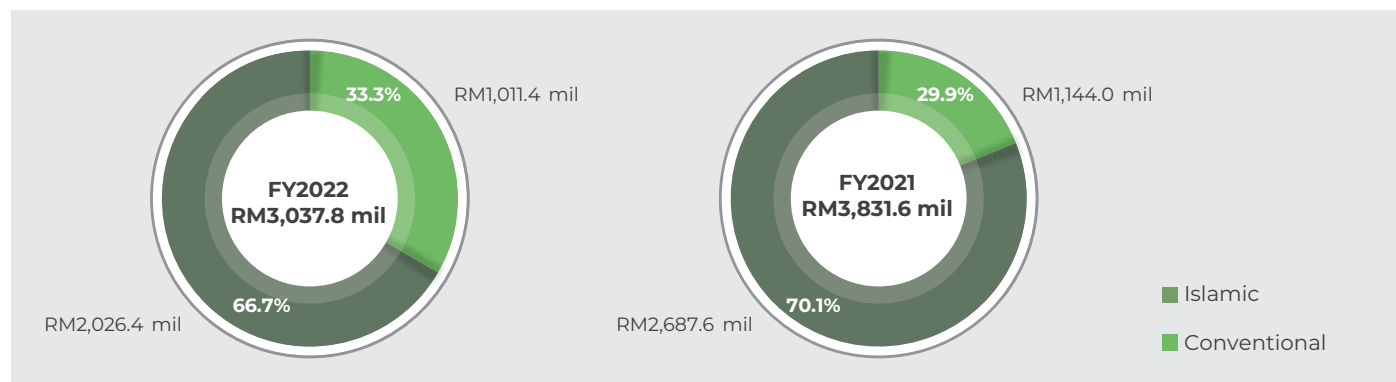
## Performance Review

# Group Chief Financial Officer's Review

### Funding Mix

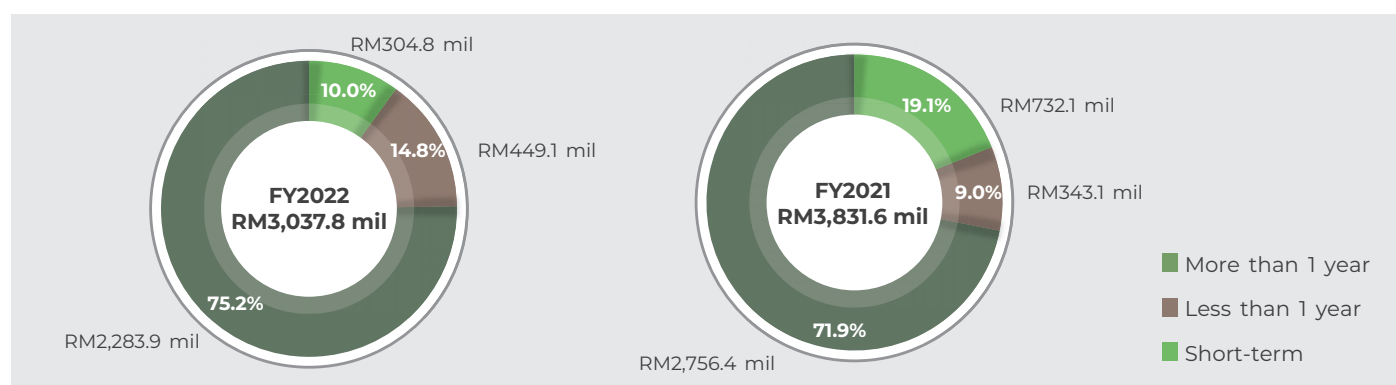
In supporting its business growth plans, the Group continues to ensure a diversified funding mix and well-balanced borrowings profile. The Group's objective is to have the ability to broaden its funding options to allow greater flexibility in supporting the Group's longer-term business growth.

The Group continued to maintain a well-balanced profile between its conventional and Islamic financing in FY2022. The Group's Islamic and conventional funding mix is reflected in the following chart.



To preserve its status as a shariah counter in Bursa Malaysia, the Group's interest-bearing debt over total assets ratio remained below the 33% requirement of Securities Commission. As at 31 December 2022, the ratio stood at 6.6% compared with 7.3% at end 2021.

The debt maturity profile of the Group is managed to ensure optimal repayment spread to alleviate high cashflow requirements in any one period, as well as to reduce both concentration and refinancing risks. 75.2% of the Group's total borrowings has a maturity of more than a year, while 14.8% of the borrowings are due less than a year. The 10.0% balance comprises borrowings under revolving credit which can be rolled over periodically.



The Group's borrowings repayment profile:

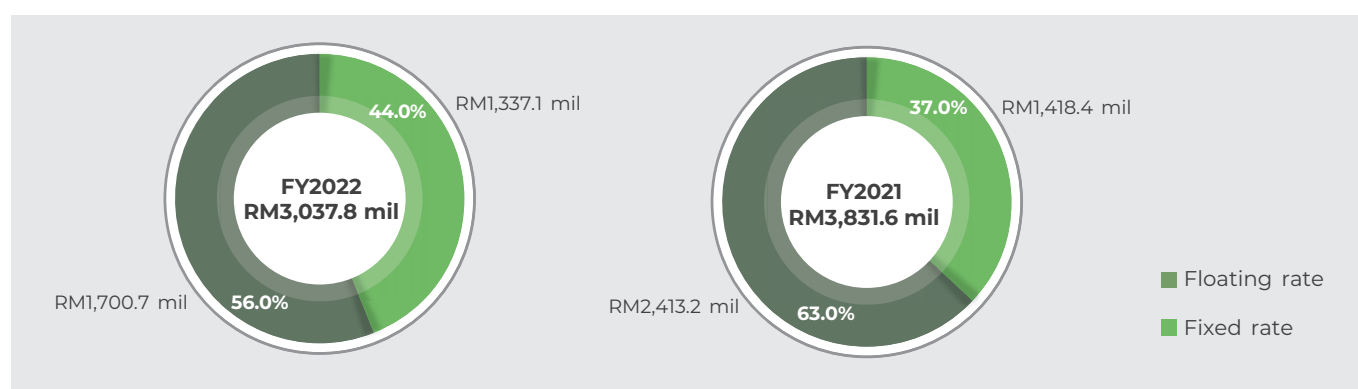
	Short-term*	< 1 Year	1 to 2 Years	2 to 5 Years	> 5 Years	Total
<b>FY2022</b>						
Amount (RM' million)	304.8	449.1	308.8	1,352.4	622.7	3,037.8
Percentage (%)	10.0	14.8	10.2	44.5	20.5	100.0
<b>FY2021</b>						
Amount (RM' million)	732.1	343.1	438.5	1,056.1	1,261.8	3,831.6
Percentage (%)	19.1	9.0	11.4	27.6	32.9	100.0

\* Short-term relates to amounts under revolving credit facilities which are rolled over on a periodic basis.

As part of the Group’s natural hedging strategy, repatriation proceeds from the investment in Battersea Power Station was utilised to pare down the short-term multi-currency facilities in Pound Sterling. In total, the Group has made net repayment in borrowings amounting to RM757.3 million for FY2022.

The composition of fixed-rate borrowings over total borrowings stood at 44.0% as at 31 December 2022, 7.0% higher than the 37.0% as at 31 December 2021, as most of the revolving credit facilities on floating rate were repaid.

During FY2022, there was no issuance of the Sukuk Musharakah, however the Group continued to maintain a strong credit rating of AA+<sub>IS</sub> with a stable outlook status on its RM4.5 billion Islamic Medium Term Note Programme (Sukuk Musharakah Programme) as affirmed by MARC during the 2022 annual review.



As of 31 December 2022, the Group has RM5.4 billion in available undrawn facilities as summarised below:

RM' million	Facility Limit	Facility Limit Available
Bank borrowings	4,600.4	1,679.1
IMTN programme	4,500.0	3,700.0
<b>Total</b>	<b>9,100.4</b>	<b>5,379.1</b>

**OUTLOOK**

Malaysia’s economic growth is expected to be moderate in FY2023 as labour shortage and rising raw material prices persist, further compounded by inflationary pressures and high interest rates. The economic growth for the year has been predicted to come in at 4.0% to 5.0%, the slowdown lending caution as we proceed into the year.

In contrast to the adoption of an aggressive stance on product launches in FY2022, in FY2023 we will modulate our launches while shifting our focus towards project execution and delivery, along with prudent cost control. All industrial and residential product launches will be market-

driven, featuring the right price and size in the right location. Although we expect the property market to soften overall, there will still be pockets of resilience which we will tap into by leveraging our broadening expertise.

Along with steady development, we will balance our resource allocation in exploring opportunities to replenish our land bank to maintain a healthy pace of land activation well into the future. We have exercised a call option on the acquisition of 949 acres of land in Sg. Kapar from Sime Darby Plantation Berhad, which is to be developed into an integrated industrial township. At the same time, we will continue to implement strategic initiatives to enhance our recurring income streams via the Investment & Asset Management segment. In FY2023, we will allocate more resources towards our own projects as well as collaborations with partners in creating quality industrial, logistics and retail assets, funds and platforms.

Barring any unforeseen circumstances, we are optimistic of achieving our operational and financial targets for FY2023, enabling us to deliver greater returns for our shareholders while creating value for all our other stakeholders.

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## Performance Review

# Group Chief Financial Officer's Review

### Statement of Value Added

Supported by improved financial performance, the Group generated a total stakeholder value of approximately RM892.8 million in FY2022 as compared with RM656.6 million in FY2021. The Group remains committed to delivering sustainable value creation for our stakeholders.

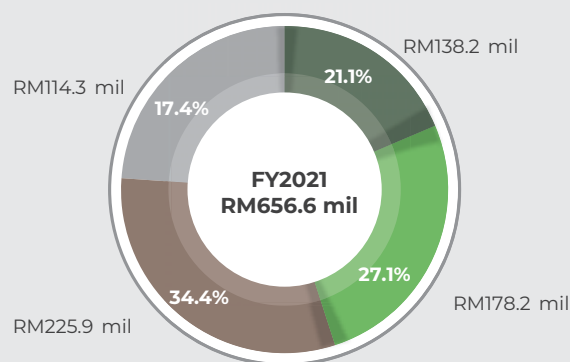
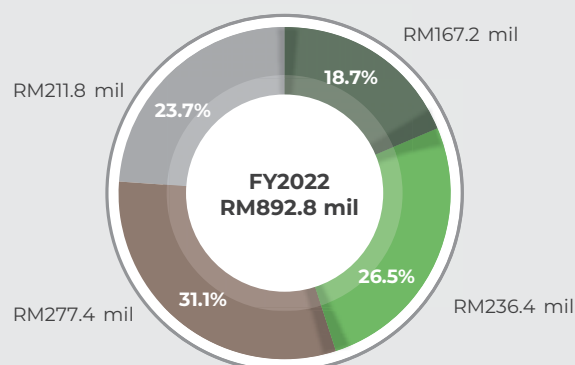
#### VALUE ADDED

RM' million	FY2022	FY2021
Revenue	<b>2,742.1</b>	2,216.6
Direct and indirect costs	<b>(1,940.1)</b>	(1,630.5)
<b>Value added from operations</b>	<b>802.0</b>	586.1
Other operating income	<b>22.4</b>	12.7
Other losses	<b>(11.5)</b>	(29.2)
Share of results of joint ventures and associates	<b>(26.1)</b>	(15.8)
Finance income	<b>106.0</b>	102.8
<b>Total value added</b>	<b>892.8</b>	656.6

#### VALUE DISTRIBUTED

RM' million	FY2022	FY2021
<b>Employees</b>	<b>236.4</b>	178.2
<b>Government and society</b>	<b>167.2</b>	138.2
<b>Providers of capital</b>		
Dividends	<b>136.0</b>	68.0
Finance costs	<b>145.5</b>	142.5
Non-controlling interests	<b>(4.1)</b>	15.4
	<b>277.4</b>	225.9
<b>Reinvestment and future growth</b>		
Depreciation and amortisation	<b>32.0</b>	35.4
Addition to retained earnings	<b>179.8</b>	78.9
	<b>211.8</b>	114.3
<b>Total value distributed</b>	<b>892.8</b>	656.6

#### Total Value Distributed



- Providers of capital
- Employees
- Reinvestment and future growth
- Government and society



## Quarterly Performance

### FINANCIAL RESULTS

RM' thousand	1QFY2022 31 Mar 2022	2QFY2022 30 Jun 2022	3QFY2022 30 Sep 2022	4QFY2022 31 Dec 2022	FY2022 Total
Revenue	480,327	615,612	689,301	956,896	<b>2,742,136</b>
Operating profit	75,265	110,419	125,460	176,696	<b>487,840</b>
Share of results from joint ventures & associates	1,418	(8,564)	(27,969)	9,020	<b>(26,095)</b>
Other gains/(losses)	7,019	44,931	(6,120)	(57,338)	<b>(11,508)</b>
Profit before interest and tax	83,702	146,786	91,371	128,378	<b>450,237</b>
Profit before taxation	83,171	145,870	94,072	135,747	<b>458,860</b>
Profit after taxation	55,717	105,551	54,445	95,985	<b>311,698</b>
<b>Profit attributable to owners of the Company</b>	<b>51,559</b>	<b>104,998</b>	<b>56,131</b>	<b>103,151</b>	<b>315,839</b>

### SEGMENT RESULTS

RM' thousand	1QFY2022 31 Mar 2022	2QFY2022 30 Jun 2022	3QFY2022 30 Sep 2022	4QFY2022 31 Dec 2022	FY2022 Total
<b>Revenue</b>					
Property Development	435,747	566,732	640,641	906,387	<b>2,549,507</b>
Investment & Asset Management	25,244	27,058	27,013	28,632	<b>107,947</b>
Leisure	19,336	21,822	21,647	21,877	<b>84,682</b>
<b>Total</b>	<b>480,327</b>	<b>615,612</b>	<b>689,301</b>	<b>956,896</b>	<b>2,742,136</b>
<b>Profit/(loss) before tax</b>					
Property Development	58,250	132,719	79,291	177,069	<b>447,329</b>
Investment & Asset Management	16,806	12,203	13,113	(41,901)	<b>221</b>
Leisure	8,115	948	1,668	579	<b>11,310</b>
<b>Total</b>	<b>83,171</b>	<b>145,870</b>	<b>94,072</b>	<b>135,747</b>	<b>458,860</b>

\* Segment results after elimination

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# Group Chief Financial Officer's Review

### 2018 to 2022 Financial Summary

RM' thousand	12 Months Dec 2022 FY2022	12 Months Dec 2021 FY2021*	12 Months Dec 2020 FY2020	12 Months Dec 2019 FY2019	6 Months Dec 2018 FP2018
<b>FINANCIAL RESULTS</b>					
Revenue	<b>2,742,136</b>	2,216,557	2,062,781	3,179,994	1,269,145
Profit/(loss) before taxation	<b>458,860</b>	280,495	(474,804)	665,670	(38,146)
Profit/(loss) after taxation	<b>311,698</b>	162,298	(535,547)	590,881	(311,179)
Profit/(loss) attributable to owners of the Company	<b>315,839</b>	146,893	(501,566)	598,531	(318,700)
<b>FINANCIAL POSITION</b>					
Share capital	<b>6,800,839</b>	6,800,839	6,800,839	6,800,839	6,800,839
Shareholders' funds	<b>9,519,718</b>	9,412,392	9,013,844	9,721,710	9,209,519
<b>TOTAL EQUITY</b>	<b>9,644,796</b>	9,553,968	9,193,373	9,950,006	9,446,400
Property, plant and equipment	<b>586,343</b>	615,247	626,178	636,284	640,445
Investment properties	<b>1,085,200</b>	987,286	709,030	745,785	644,206
Inventories	<b>5,543,837</b>	5,792,317	6,234,325	6,532,772	6,752,621
Joint ventures	<b>2,885,238</b>	3,300,352	2,476,101	2,805,001	2,574,020
Cash (including cash in Housing Development Accounts)	<b>985,317</b>	909,664	801,837	743,338	649,090
Other assets	<b>4,176,774</b>	4,017,045	3,941,495	4,019,113	3,855,975
<b>Total Assets</b>	<b>15,262,709</b>	15,621,911	14,788,966	15,482,293	15,116,357
Borrowings	<b>3,083,441</b>	3,898,348	3,409,406	3,295,999	3,273,037
Other liabilities	<b>2,534,472</b>	2,169,595	2,186,187	2,236,288	2,396,920
<b>Total Liabilities</b>	<b>5,617,913</b>	6,067,943	5,595,593	5,532,287	5,669,957
<b>NET ASSETS</b>	<b>9,644,796</b>	9,553,968	9,193,373	9,950,006	9,446,400
<b>FINANCIAL RATIOS (%)</b>					
PBT/(LBT) margin	<b>16.7</b>	12.7	(23.0)	20.9	(3.0)
PATAMI/(LATAMI) margin	<b>11.5</b>	6.6	(24.3)	18.8	(25.1)
Return on average shareholders' funds	<b>3.3</b>	1.6	(5.4)	6.3	(3.4)
Gross gearing ratio	<b>32.0</b>	40.8	37.1	33.1	34.6
Net gearing ratio	<b>21.8</b>	31.3	28.4	25.7	27.8
<b>SHARE INFORMATION</b>					
Basic earnings/(loss) per share (sen)	<b>4.6</b>	2.2	(7.4)	8.8	(4.7)
Dividend per share (sen)	<b>2.0</b>	1.0	1.0	3.0	1.0
Net assets per share attributable to owners of the Company (RM)	<b>1.40</b>	1.38	1.33	1.43	1.35

Note:

\* FY2021 were restated due to the adoption of the fair value model for investment properties and prior year adjustment in relation to the deferred tax liabilities, tax provision and tax recoverable arising from reassessment of industrial building allowances claims.

# Financial Calendar

## FINANCIAL RESULTS

**Announcement of Unaudited Consolidated Results**

- ▶ **1<sup>st</sup> Quarter Ended 31 March 2022**  
 📅 24 May 2022
- ▶ **2<sup>nd</sup> Quarter Ended 30 June 2022**  
 📅 25 August 2022
- ▶ **3<sup>rd</sup> Quarter Ended 30 September 2022**  
 📅 29 November 2022
- ▶ **4<sup>th</sup> Quarter Ended 31 December 2022**  
 📅 28 February 2023

**50<sup>th</sup> ANNUAL GENERAL MEETING**

- ▶ **Notice Date**  
 📅 20 April 2023
- ▶ **Meeting Date**  
 📅 24 May 2023

## DIVIDENDS

**First Single-Tier Dividend of 1.0 sen Per Ordinary Share**

- ▶ **Announcement of the Notice of Entitlement and Payment**  
 📅 25 August 2022
- ▶ **Date of Entitlement**  
 📅 30 September 2022
- ▶ **Date of Payment**  
 📅 19 October 2022

**Second Single-Tier Dividend of 1.0 sen Per Ordinary Share**

- ▶ **Announcement of the Notice of Entitlement and Payment**  
 📅 28 February 2023
- ▶ **Date of Entitlement**  
 📅 15 March 2023
- ▶ **Date of Payment**  
 📅 28 March 2023

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# Investor Information

The Group's Investor Relations ("IR") unit places great emphasis on carrying out efficient IR activities with the investment community at large. It plays a crucial role in engaging and disseminating information on strategies, corporate development, as well as the Group's financial and operational performance to existing shareholders and the broader investment community. The team conducts regular engagements and communications with shareholders, fund managers and financial analysts, domestically and internationally.

The Board of Directors and Executive Leadership team are apprised regularly of feedback collated via investor engagement sessions and the sell-side analysts' reports through routine IR reports.

### INVESTOR RELATIONS ENGAGEMENT CHANNELS

Channel	Detail	Targeted Audience
Corporate Website and Email	<ul style="list-style-type: none"> <li>The IR team maintains the IR section of the corporate website at <a href="https://www.simedarbyproperty.com/investor-relations">https://www.simedarbyproperty.com/investor-relations</a> in a timely and accurate manner.</li> <li>The website is our key online repository for providing up-to-date and historical investor-related information to enable investors to make timely and sound investment decisions.</li> <li>The IR team can also be contacted at <a href="mailto:investor.relations@simedarbyproperty.com">investor.relations@simedarbyproperty.com</a>.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors.</li> <li>Fund managers.</li> <li>Financial analysts.</li> <li>Retail investors/ Minority shareholders.</li> <li>Media.</li> <li>Bankers.</li> </ul>
Quarterly Analyst & Media Briefings	<ul style="list-style-type: none"> <li>Sime Darby Property holds analyst and media briefings quarterly after its results announcements. In FY2022, the second and fourth quarterly briefings were held in hybrid mode where attendees were given options to either attend physically or virtually. The rest of the analyst briefings were done virtually in view of the COVID-19 pandemic.</li> <li>Presentation materials provided during the briefings are clear and concise to respond to key matters and are available on the Group's website for download.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors.</li> <li>Fund managers.</li> <li>Analysts.</li> <li>Bankers.</li> <li>Media.</li> </ul>
One-on-One or Small Group Meetings & Non-deal Roadshows	<ul style="list-style-type: none"> <li>One-on-one and small group meetings as well as non-deal roadshows provide opportunity for institutional investors, fund managers and analysts to gain a better insight on the business performance, corporate developments and strategic direction periodically.</li> <li>Mainly held via conference calls or small group meetings.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors.</li> <li>Fund managers.</li> <li>Analysts.</li> </ul>
Investor Conferences & Retail Briefings	<ul style="list-style-type: none"> <li>The Group also participates in investor conferences in Malaysia organised by research houses/investment banks/Bursa Malaysia. Corporate development, strategic direction, financial and operational performance are shared during the group presentation.</li> <li>This channel is important to attract the interest of new institutional and retail investors/fund managers to invest in the Group, while maintaining the interest and rapport with existing investors.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors.</li> <li>Fund managers.</li> <li>Analysts.</li> <li>Retail investors.</li> </ul>
Annual General Meetings	<ul style="list-style-type: none"> <li>In addition to serving as an avenue for existing shareholders to vote for proposed resolutions of the Group, the Annual General Meeting is an important engagement platform for the Executive Leadership team and shareholders.</li> <li>The Management will leverage on this meeting to recap the previous year's performance and convey ongoing strategy plans, key developments and performance updates. Shareholders are given the opportunity to raise questions and concerns during the meeting.</li> <li>The 49<sup>th</sup> Annual General Meeting was held on 24 May 2022 virtually, in view of the pandemic.</li> </ul>	<ul style="list-style-type: none"> <li>Institutional investors.</li> <li>Retail investors/ Minority shareholders.</li> <li>Media.</li> </ul>

**IR CALENDAR FOR FY2022**

In FY2022, the Group maintained an active IR calendar of timely, consistent and transparent engagement activities with our investment community. Throughout the year, we conducted the following IR activities:

- Four quarterly results analyst and media briefings with an average of 43 sell-side, buy-side fund managers and bankers, as well as 10 media representatives participating in each briefing.
- Participated in four investor conferences including one retail briefing.
- 34 engagements with investors, fund managers and analysts via non-deal roadshows, one-on-one/small group management meetings, including two site visits to townships.
- 49th Annual General Meeting.

**RETURNS TO SHAREHOLDERS**

The Group has been continuously paying dividends from FY2018 to FY2021 at a historical dividend payout ratio (excluding one-offs) of 46.3% to 133.4%. In the current financial year, the dividend payout ratio is at 43.1%. Moving forward, the Group is committed to maximising shareholder returns vis-a-vis taking into account funding requirements for growth and transformation. The dividend policy instils the Group's commitment to maximising returns to our shareholders.

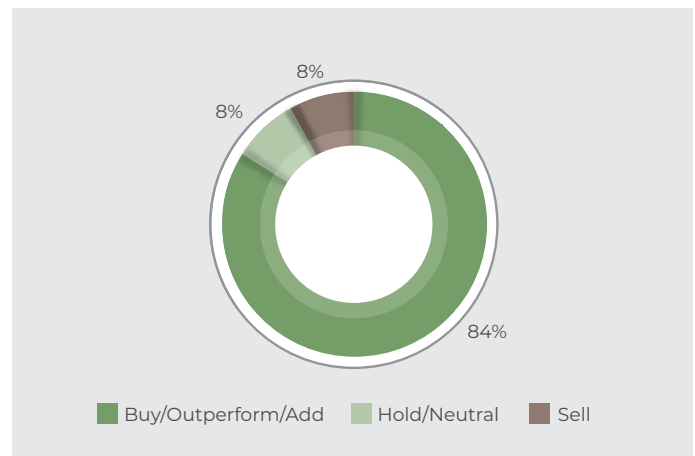
**BROAD RESEARCH COVERAGE**

The number of research houses that issued analyst coverage report for Sime Darby Property increased from 12 to 13 in the financial year as Hong Leong Investment Bank initiated research coverage in February 2022. As at 2 March 2023, the Group garnered 84% Outperform/Buy/Add rating, 8% Hold rating, and 8% Sell ratings, with an average target share price of RM0.615, approximately 20.4% higher than the average trading price during the period under review of RM0.511.

The average target share price translates to a discount on Revalued Net Asset Value ("RNAV") and Price-to-Book Value (P/BV) of 65%. A summary of the research analysts' rating recommendations and target price is detailed below:

	FY2022	FY2021
Number of research houses	13	13
Average target price (RM)	0.615	0.743
Analysts' recommendations		
Buy/Outperform/Add	11 (84%)	9 (69%)
Hold/Neutral	1 (8%)	3 (23%)
Sell	1 (8%)	1 (8%)

**ANALYST RECOMMENDATIONS**



**TARGET PRICE AS AT 2 MARCH 2023**



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### SUMMARY OF INVESTOR INTEREST:

The investors' key focus areas and our responses are tabulated as below:

Focus Area	Our Response
<b>Value Proposition</b>	<ul style="list-style-type: none"> <li>Sime Darby Property is an established property developer with a track record of over 50 years in developing sustainable communities. Its growth in the industry is represented by the 25 strategically located and active townships/developments built to date that are connected to major highways and transportation hubs within key growth areas and economic zones.</li> <li>The properties developed by Sime Darby Property are extensive, consisting mainly of residential freehold units which range from the affordable to high-end segments, landed and high-rise units, as well as industrial &amp; logistics, retail and commercial developments. Its ability to deliver quality products to its customers over the past five decades has cemented its position among Malaysians as an experienced and trusted property developer.</li> <li>The Group also marks its presence in the UK as part of a Malaysian consortium to develop the iconic Battersea Power Station Project ("the BPS Project") in Central London. BPS was officially launched in October 2022 and garnered over three million visitors since. BPS recorded £480m in residential sales in 2022.</li> <li>The Group is pursuing a transformation journey with an end-goal 2025 of transforming itself from a pureplay property developer to a leading and most admirable real estate company with diversified business model in place.</li> <li>Expansion of Industrial &amp; Logistics Development business identified as the spin off factor of the recurring income approach across six major townships namely Elmina Business Park, Bandar Bukit Raja, Bandar Universiti Pagoh, Hamilton Nilai City, Serenia City and Nilai Impian. In FY2022, the Group had an increasingly diversified product mix whereby industrial products comprised 46% of total GDV launched (25% in FY2021).</li> <li>Sime Darby Property owns approximately 14,700 acres of remaining land bank in Malaysia with a total estimated Gross Development Value of RM103.0 billion. Its land bank is strategically connected to major highways and mainly within key growth areas and economic corridors from the central region of the Klang Valley all the way to Negeri Sembilan and Johor in the south, which the Group foresees to have significant potential in the short to long term.</li> </ul>
<b>Financial Performance</b>	<ul style="list-style-type: none"> <li>Sime Darby Property outperformed financial and operational expectations in FY2022 and successfully delivered greater returns to shareholders despite market uncertainties.</li> <li>The Group's reported revenue of RM2.7 billion and highest operating profit since de-merger of RM487.8 million improved by 23.7% and 53.6% respectively. Profits attributable to owners of the Company of RM315.8 million improved by more than 100% respectively from the previous financial year. The financial improvement was driven by improved financial performance of all three business segments. The Property Development segment, being the top contributor, registered positive results from strong sales performance in both industrial and residential products, and increased on-site development activities towards the end of the year.</li> <li>Sime Darby Property continues to preserve financial discipline and deploy prudent financial management, which includes cash flow and inventory management. The Group had a healthy cash balance of RM985.3 million as of 31 December 2022. Completed inventories reached a new low of RM277.2 million, declined by 15.9% from FY2021..</li> </ul>

Focus Area	Our Response
<p><b>Capital Management and Dividend Payment</b></p>	<ul style="list-style-type: none"> <li>Sime Darby Property's capital management plan focuses on building up a sustainable financial model to increase long-term shareholder value.</li> <li>As part of funding plans, the Group activated the RM4.5 billion Sukuk Musharakah Programme for Sustainability Sukuk in Financial Year 2020. In 2022, Malaysian Rating Corporation Berhad ("MARC") reaffirmed investment-grade rating of AA+IS and stable outlook for the Sukuk.</li> <li>Sime Darby Property adopts a monetisation approach to dispose of low-yielding and non-core investment assets as well as land. Proceeds of the disposals are repatriated for internal working capital and business expansion purposes.</li> <li>In October 2021, the Group acquired a 760 acres of land in Labu, as part of strategic development in Malaysia Vision Valley 2.0. In August 2022, the Group exercised the acquisition of 949 acres of land in Sungai Kapar, Klang, both sites earmarked for industrial developments. The land acquisitions will synergise the Group's strategic transformation and expansion plans while keeping in mind to maintain decent capital management.</li> <li>The Group leverages joint ventures / partnerships for project funding on catalyst investment assets and business expansion. In September 2021, the Group established a joint venture with LOGOS Property, an established Asia Pacific logistics specialist, to develop and manage a fund management platform for Industrial and Logistics Development business expansion. In FY2022, the Fund closed 70% in capital commitments and marked a milestone with the commencement of groundwork of its maiden asset in Bandar Bukit Raja.</li> <li>Sime Darby Property shall maintain a debt-to-equity ("D/E")ratio of not exceeding 50.0%. As at 31 December 2022, the Group's gross and net D/E ratios remained moderate at 32.0% and 21.8%, respectively. Sime Darby Property continues to monitor closely its gearing level from time-to-time ensuring it remains sustainable.</li> <li>Sime Darby Property maintains a healthy cash position to ensure its liquidity. Sime Darby Property's cash and cash equivalents as at 31 December 2022 stood at RM985.3 million, out of which RM1.0 billion was generated from operating activities.</li> <li>Sime Darby Property always expends its best effort to maximise shareholders' return. For the financial year under review, Sime Darby Property recorded a dividend pay-out ratio of 43.1% by declaring a total of 2 sen dividend per ordinary share for its shareholders.</li> </ul>
<p><b>Overseas Exposure</b></p>	<p><b><u>Battersea Power Station Project</u></b></p> <ul style="list-style-type: none"> <li>The BPS project achieved £480 million in residential sales in 2022, and a further £1.1 billion worth of properties completed and were handed over as the community grew to over 2,500 residents.</li> <li>2022 was a pivotal year for the project, with the public opening of the Power Station and Electric Boulevard, a new pedestrianised high street, on 14 October 2022. Over three million visitors have been welcomed since.</li> <li>Repatriation of funds from the BPS project of RM366.5 million was received by the Group in fourth quarter of FY2022.</li> <li>The outlook for the BPS Project remains promising, and the Group will continue to monitor the investment closely to ensure efficient capital management and the progressive development and delivery of the BPS Project.</li> <li>The Group will consider international expansion opportunities should these arise, by leveraging our presence in the BPS Project in the UK and experience gained from managing the Project.</li> </ul>
<p><b>Board &amp; Management Leadership and Employee Capabilities</b></p>	<ul style="list-style-type: none"> <li>The Board is chaired by Encik Rizal Rickman Ramli who is also the Chief Investment Officer of Private &amp; Strategic Investments at Permodalan Nasional Berhad, and consists of experienced Board members with deep expertise in economy, property industry, regulations and governance.</li> <li>Sime Darby Property is led by the experienced Dato' Azmir Merican and Executive Leadership with proven track records across different fields, including the real estate and property sectors. They are supported by talented and committed employees of the Group.</li> <li>Sime Darby Property will prioritise on developing and maintaining a competent and sustainable talent pool to ensure a seamless succession planning.</li> </ul>

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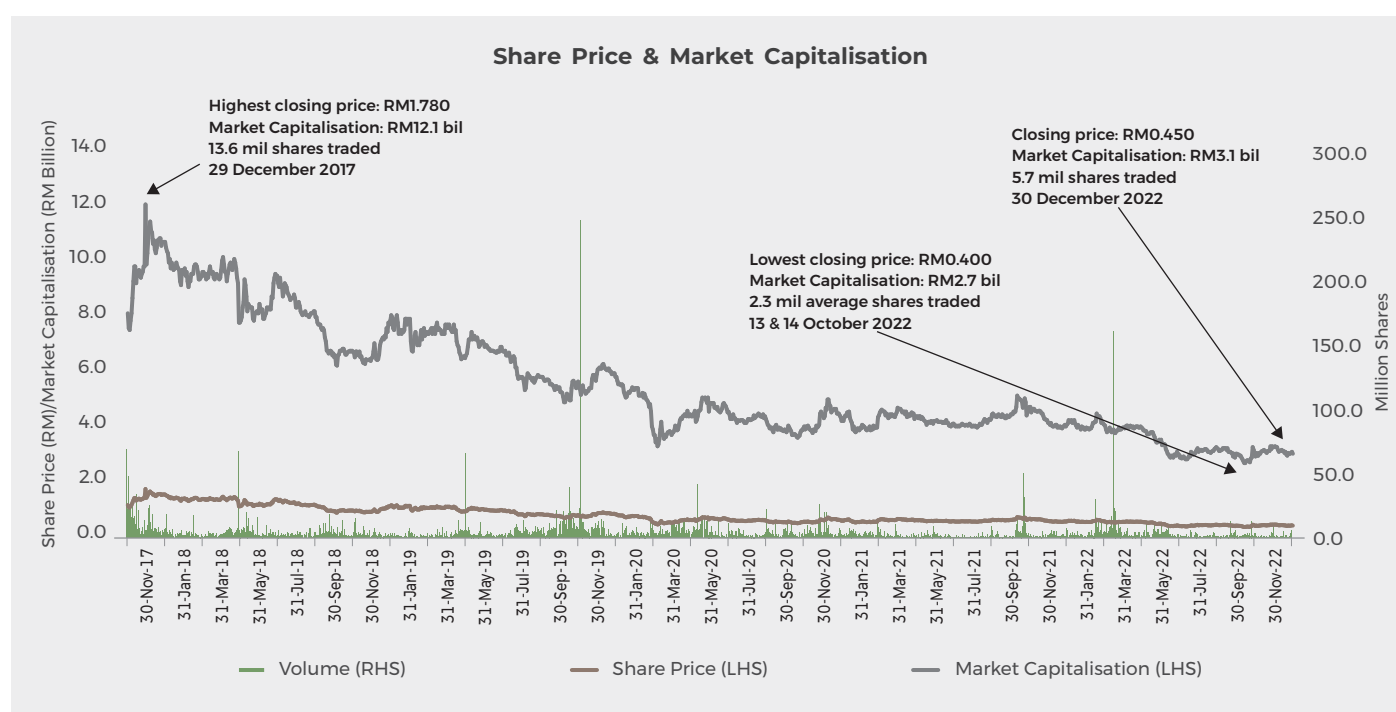
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### SHARE PRICE & MARKET CAPITALISATION

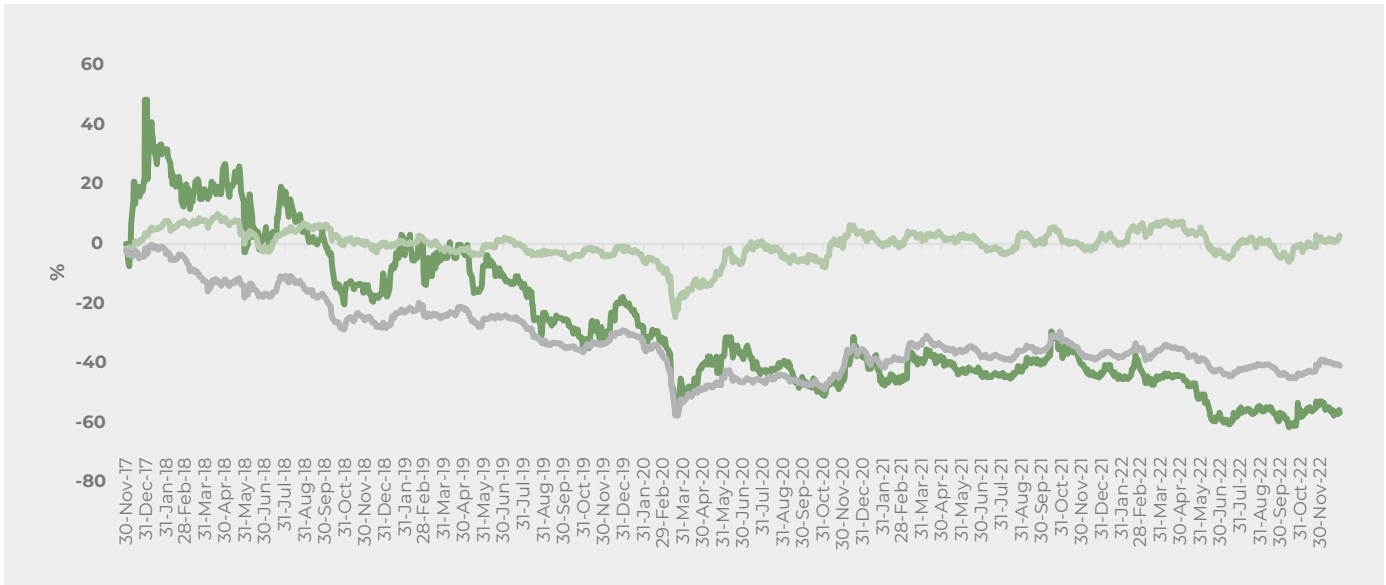
	Calendar Year Ended				Quarter Ended							
	Dec-17	Dec-18	Dec-19	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22
Price – Highest (RM)	1.780	1.690	1.190	0.905	0.690	0.700	0.670	0.760	0.665	0.600	0.485	0.490
Price – Lowest (RM)	1.110	0.920	0.730	0.490	0.570	0.600	0.590	0.590	0.560	0.430	0.420	0.400
Market Capitalisation on Last Trading Day (RM Billion)	12.10	6.80	6.20	4.52	4.40	4.10	4.50	4.00	4.01	3.06	3.06	3.06
Average Volume Traded (Million Shares)	19.50	4.80	6.20	4.95	3.40	2.00	1.30	4.00	8.34	3.55	1.92	2.06



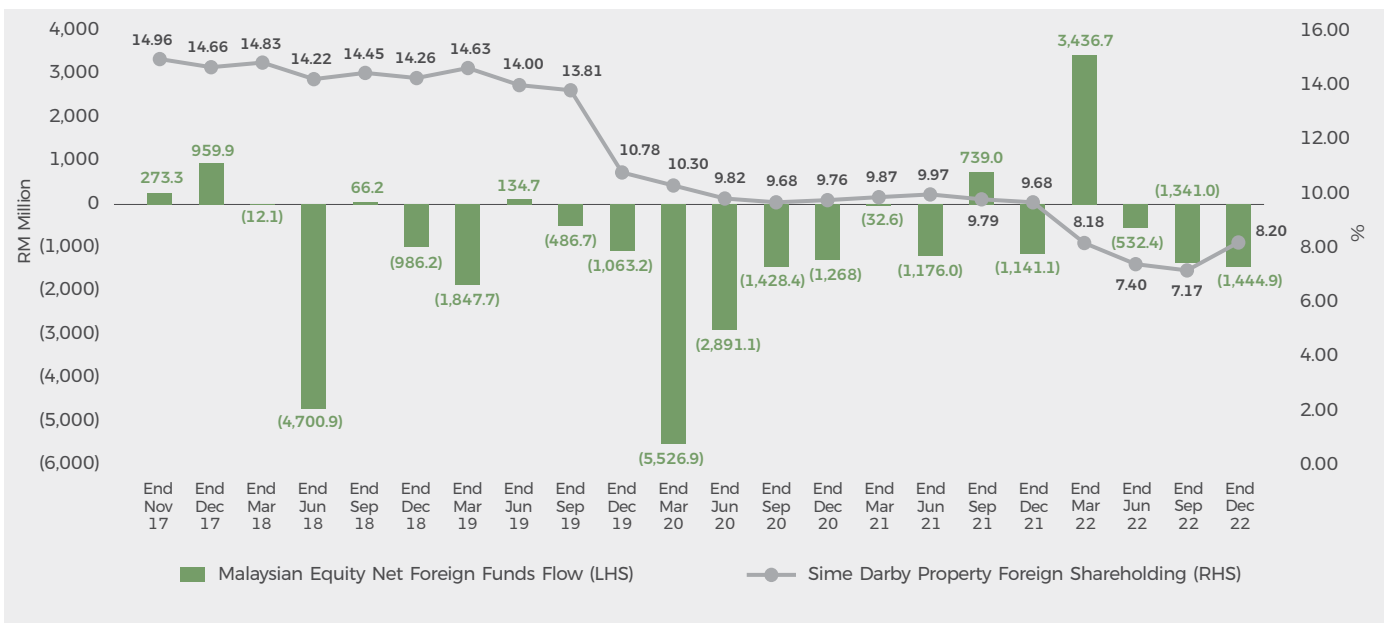


**SIME DARBY PROPERTY'S TOTAL SHAREHOLDER RETURN (TSR) VS FBMKLCI & BURSA MALAYSIA PROPERTY INDEX TSR**

	30 November 2017 – 30 December 2022	3 January 2022 – 30 December 2022
Sime Darby Property TSR	-56.7%	-27.0%
FBM KLCI TSR	2.8%	4.2%
Bursa Malaysia Property Index TSR	-40.9%	-5.5%



**SIME DARBY PROPERTY'S MONTHLY FOREIGN SHAREHOLDING AND MALAYSIAN EQUITY NET FOREIGN FUNDS FLOW**



Source: Sime Darby Property's Website, MIDF Fund Flow Report

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# Property Development

Through our Property Development segment, we develop and sell various properties, with a focus on landed-residential and high-rise products, as well as industrial themed developments. We currently have approximately 9,093 acres of developable land and another 3,522 acres of future developable land, located mainly in the Klang Valley, as well as in Negeri Sembilan and Johor.





**TOWNSHIP AND INTEGRATED DEVELOPMENT**

The Group has a 50-year track record of delivering landed and high-rise properties covering residential, commercial and industrial development. Our broad product spectrum – from affordable to luxury homes, malls, eco-parks, office buildings, shop lots and industrial business parks – captures various market segments and caters to different lifestyle preferences, affordability and business needs.

➔ Community Park, City of Elmina



➔ XME Business Park, Nilai Impian

**INDUSTRIAL DEVELOPMENT**

As part of our product diversification efforts, Sime Darby Property has expanded its industrial development through projects at Elmina Business Park in Shah Alam, Bandar Bukit Raja in Klang, Serenia City in Sepang, as well as Hamilton Nilai City and Nilai Impian in Negeri Sembilan. We are also involved in a joint initiative with the Malaysian Government and the Johor State Government to develop the Pagoh Special Economic Zone (“PSEZ”), which is aimed at spurring the economic and industrial growth in northern Johor.

**BATTERSEA POWER STATION**

The Battersea Power Station, one of London’s most iconic landmarks, opened during the year under review following an eight-year restorative and transformational development led by a consortium comprising Sime Darby Property, SP Setia Berhad and the Employees Provident Fund (“EPF”). The mixed commercial development features approximately 3.5 million sq. ft. of shops, restaurants, cafes, leisure facilities and office space, combined with over 4,000 homes together with 19 acres of public space including a six-acre public park and a town square, named Malaysia Square.



➔ Battersea Power Station, located in the heart of Central London

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## Operations Review

# Property Development



### KEY FOCUS AREAS

- Maximising and sustaining revenue growth.
- Managing cost to ensure consistency of healthy profit margin.
- Innovative initiatives to increase operational efficiency.
- Enhance placemaking and commercial components.

### OVERVIEW

Despite various headwinds affecting property development, such as the increase in cost of materials and labour shortage, Sime Darby Property leveraged the economic rebound to launch a total of 31 projects during the year, with a combined GDV of RM2.6 billion, which attracted a total take-up rate of 82%.

Catering to market demand, as well as the Group's product diversification strategy, 15 launches were industrial products

carrying a total GDV of RM1.2 billion, making up 46% of total GDV launch. Six developments achieved 100% take-up rates in Elmina Business Park, XME Business Park in Nilai Impian, and Bandar Bukit Raja.

The remaining launches were mainly residential products, with two launches being high-rise development - Serenade in Putra Heights and Park One in Melawati. The landed residential products launched comprises a total GDV of RM1.1 billion and attracted a take-up rate of 89%. Notable launches include Ilham Residence 2 in City of Elmina, Anira 1 in Serenia City, East 57 in KL East, Dayana 2 (Phase 2) in Nilai Impian, and Anggun 2 in Bandar Ainsdale, which were fully sold by year end.

**KEY INITIATIVE**

Broaden income streams via product diversification through the launch of premium/high-value products to optimise margins.

**RESULTS AND ACHIEVEMENTS**

- Launch of Aqila, the first semi-detached residential product in Serenia City.
- Launch of superlink product, East 57 in KL East, an integrated development consisting of high-rise products.



➔ Artist's impression of Aqila, Serenia City

**KEY INITIATIVE**

Increase industrial launches to take advantage of market demand.

**RESULTS AND ACHIEVEMENTS**

- Accelerated the activation of new industrial phases in Bandar Bukit Raja and Serenia City.

**KEY INITIATIVE**

Ensure the right product with the right pricing tailored to market demand.

**RESULTS AND ACHIEVEMENTS**

- Registered over 90% take-up rates from the following launches:
- Ilham Residence 2, City of Elmina.
  - Elmina Green Six, City of Elmina.
  - Nadira, Bandar Bukit Raja.
  - Anira, Serenia City.
  - Dayana 2 (Phase 2), Nilai Impian.
  - Anggun 2, Bandar Ainsdale.
  - East 57, KL East.

**KEY INITIATIVE**

Further strengthen placemaking to attract convergence to Sime Darby Property's townships.

**RESULTS AND ACHIEVEMENTS**

- Activation of value-added amenities for the community:
  - Elmina Rainforest Knowledge Centre ("ERKC").
  - Malaysia's first inclusive playground in City of Elmina in partnership with UNICEF.
  - Town Park in Bandar Bukit Raja.
  - FIFA-certified football field and sports courts in Serenia City.
  - Lake Park in Bandar Ainsdale.
  - Bandar Universiti Pagoh Lake.
  - KL East Park in KL East.
- Retail/commercial placemaking:
  - Elmina Lakeside Mall (ongoing).
  - Serenia Cube (ongoing).

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# Property Development

### FINANCIAL PERFORMANCE

The Property Development segment saw its revenue grow by 23.2% from RM2.1 billion to RM2.5 billion with PBT increasing by 66.4% from RM268.9 million to RM447.3 million. Revenue was driven by an increase in sales to RM3.7 billion from RM3.0 billion in FY2021. While site progress was better than in FY2021 – when a Full Movement Control Order (“FMCO”) was in place from June to August – Property Development also derived higher contributions from the activation of new phases in Nilai Impian, Bandar Bukit Raja, Hamilton Nilai City, City of Elmina and Serenia City.

Landed residential projects continued to contribute the most to sales, accounting for 42% of the total, mainly from Ilham Residence 2 in City of Elmina, Nadira 1 & 2 in Bandar Bukit Raja and Anira 1 & 2 in Serenia City. Nevertheless, the contribution from industrial developments grew from 18% in FY2021 to 25% in the year under review, mainly from Bandar Bukit Raja and Hamilton Nilai City. The residential high-rise sector, meanwhile, contributed 24% or RM871.3 million in sales achieved, driven by Jendela Residences in KLGCC Resort, Maya Ara in Ara Damansara, Park One in Melawati and The Serenade in Putra Heights.

### HIGHLIGHTS



Platinum Award in the Property Development Category and the Putra Malaysia Marketer Award at the Putra Brand Awards 2022.

Top 10 Property Developer in Malaysia at The Edge Malaysia Top Property Developers Award 2022.

10 awards at the StarProperty Awards 2022, including All-Star Award and 8 Excellence Awards for Bandar Bukit Raja, Serenia City, KLGCC Resort, KL East and Putra Heights.



 A view of the park at Bandar Ainsdale






**CHALLENGES & MITIGATION**

CHALLENGES	MITIGATING ACTIONS
<p>Nationwide labour shortage disrupting the construction sector.</p> <p>Price increase in building materials affecting construction cost, impacting margins.</p>	<ul style="list-style-type: none"> <li>• Explore new methods of construction and leverage technology to improve product and process efficiencies and reduce dependencies on labour.</li> <li>• Active cost control and financial discipline to manage margin compression.</li> </ul>

**OUTLOOK & PROSPECTS**

Following a bullish economic growth in 2022, Malaysia’s economy is expected to moderate in 2023 in tandem with global uncertainties. Although most Malaysians are likely to adopt a wait-and-see approach to big-ticket purchases, all indicators point to continued demand for landed homes and industrial units, the very same areas that we focused on in 2022 with very promising results. As we continue to play to market demand, we will pay close attention to managing our costs in anticipation of continued high prices for building materials, at least in the first half of the year. At the same time, we will explore different channels to replenish our land bank in order to activate new townships for continued and increasingly diversified business growth.

**OUR STRATEGIC PRIORITIES IN 2023 INCLUDE THE FOLLOWING:**

 <p>Value multiplication towards achieving healthy revenue growth.</p>	 <p>Re-strategising and planning to create market-driven and sustainable launch pipeline.</p>	 <p>Prudent cost management for healthy profit margins.</p>	 <p>Enhance placemaking to elevate our township branding and positioning.</p>	 <p>Increased focus on sustainability and biodiversity agenda.</p>
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# Investment & Asset Management

Our Investment & Asset Management ("IAM") segment provides recurring income through rental of investment properties, returns from our concession business and investments, and fees via our Industrial Development Fund ("IDF").



Average occupancy rate of

**93.2%**



**INVESTMENT ASSETS**

Our investment portfolio encompasses 5.4 million sq. ft. of diversified assets across the commercial, retail and industrial & logistics sectors throughout Malaysia, Singapore and the United Kingdom (“UK”). It comprises:

**COMMERCIAL ASSETS**

- Klang Valley – Wisma MRT, ReGen Rehab Hospital, Blocks F and G in Oasis Square, where Sime Darby Property’s corporate headquarters is located. The Group’s office assets in Malaysia currently enjoy an average occupancy rate of 94.5%.
- Overseas – Sime Darby Business Centre in Singapore and the Battersea Power Station in the United Kingdom, held via joint ventures (“JVs”).



➔ Battersea Power Station, located in the heart of Central London



➔ A built-to-suit warehouse at the Bandar Bukit Raja Industrial Gateway

**INDUSTRIAL & LOGISTICS DEVELOPMENT (“ILD”)**

The Bandar Bukit Raja Industrial Gateway in Bandar Bukit Raja 1, being developed under a JV partnership with Mitsui & Co., Ltd. and Mitsubishi Estate Co., Ltd. known as Sime Darby Property MIT Development Sdn. Bhd. (“SDPMIT”). To date, we have completed two built-to-suit (“BTS”) warehouses with a total gross floor area (“GFA”) of 384,000 sq. ft., with the first warehouse handed over to Malaysian electrical goods chain Senheng Electric (KL) Sdn. Bhd. (“Senheng”). Leschaco (Malaysia) Sdn. Bhd. (“Leschaco”), a German-integrated logistics provider, and CEVA Logistics, a multinational logistics and supply chain company, occupy the second warehouse.

**RETAIL**

- Fully owned KL East Mall within the KL East development, with a net lettable area (“NLA”) of 402,000 sq. ft.
- Melawati Mall, held under a 50:50 JV with CapitaMalls Asia Ltd., with an NLA of 615,000 sq. ft.

**Concession Arrangement**

Sime Darby Property Selatan (“SDPS”), a JV with Tunas Selatan Pagoh Sdn. Bhd., provides asset management services under a concession for the campus facilities and infrastructure at the Pagoh Education Hub in Bandar Universiti Pagoh in Johor, which houses four higher educational institutions.



➔ KL East Mall

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# Investment & Asset Management

### FUND MANAGEMENT

On 29 September 2021, we incorporated SDPLOG as a JV with LOGOS SE Asia Pte. Ltd. ("LOGOS") to provide fund management and development services to the Sime Darby Property-LOGOS Property Industrial Development Fund 1 LP ("IDF").

### OVERVIEW

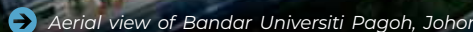
As the economy picked up in 2022, we have been able to push ahead with the development of assets under our portfolio, which include two retail malls in KLGCC and Elmina East, and three warehouses in Bandar Bukit Raja, while attracting more tenants to existing malls and retaining 100% occupancy at key commercial assets, as well as our industrial assets. Two of the warehouses being built at the E-Metro Logistics Park in Bandar Bukit Raja 2 are under the IDF, which is gaining traction. At its first close on 23 June 2022, IDF secured 70% of its targeted fund size of up to RM1 billion or approximately

US\$250 million from Sime Darby Property, LOGOS, PNB and KWAP. The 177-acre E-Metro Logistics Park is set to deliver efficient industrial and logistics solutions spanning 8 million sq. ft. in gross leasable area.

### KEY FOCUS AREAS

- Broaden income streams – via fund management platforms such as IDF and facilities management for industrial properties.
- Deepen competencies – in mall management and industrial development products.
- Develop new capabilities – via talent pipeline in investment & fund management, marketing & leasing, property management and other value-added services via secondment from Sime Darby Property to SDPLOG.
- Digital transformation – through the adoption of digital marketing channels, a business-to-business ("B2B") social media platform, and the Procore solution for better project management, among others.





### KEY INITIATIVES

#### Sustainable Development Pipeline:

Continued to grow our recurring income through placemaking and catalytic elements such as retail and industrial assets in strategic locations.

#### Optimise Strategic Assets:

Optimised the mix of single-occupier and multi-tenanted assets in our portfolios through active asset and lease management, while focusing on tenant retention to maintain stable portfolio occupancy.

#### Commitment to ESG:

Integrated technology and innovation with ESG elements into existing and future assets to create sustainability-themed investments.

RESULTS & ACHIEVEMENTS

- Two retail malls in KLGCC Resort and City of Elmina are under development totalling 0.42 million sq. ft.
- Commenced construction of a ready-built warehouse (“RBW”) in Bandar Bukit Raja Industrial Gateway in August 2022 and secured pre-commitments for 487,000 sq. ft. of space from two anchor tenants: CEVA Logistics, a multinational logistics and supply chain company; and SL Ng, a leading home-grown FMCG market expansion service provider in Malaysia. The RBW is expected to be completed in the second half of 2023.
- Commenced construction of two RBWs: E-Metro Hub 1 (December 2022) and E-Metro Hub 2 (April 2022). E-Metro 2 is expected to be completed in the second half of 2023, and E-Metro Hub 1 in the second half of 2024. SDPLOG’s marketing team is in discussions with several leading international logistics players to come aboard as potential tenants.

- KL East Mall achieved 85.2% occupancy, attracting a few international retailers and two major entertainment brands. Among the notable new openings were Camp5 Climbing Gym, Jungle Gym, Charles & Keith, Bath & Body Works, Steve Madden, Victoria’s Secret and PUMA. This helped to attract higher footfall (904,000 shoppers, 86.4% more than in FY2021), and increased revenue.
- Occupancy in Melawati Mall improved to 81.6% from 79.8% in FY2021, with 72 new and renewed tenants occupying 115,427 sq. ft. of NLA.
- Maintained 100% occupancy in key commercial assets – Wisma MRT, ReGen Rehab Hospital and Block G in Oasis Square – with net yield above 5% (as at 31 December 2022). Moreover, these assets are leased to single tenants under typically long periods, providing stability and income visibility to our portfolio.
- Maintained 100% occupancy in all industrial assets, i.e., Senheng warehouse and Leschaco/CEVA Logistics warehouse (both totalling 384,000 sq. ft.) in Bandar Bukit Raja Industrial Gateway, providing a 6% to 7% net yield.
- Continuous contributions from the Pagoh Education Hub under the concession arrangement, contributing to 32% of IAM’s total revenue.

- KL East Mall was recognised with a 5 Star CII Rating Award for Best Practices in Food Waste Management and Best Food Waste Management from SWCorp Malaysia.
- Adoption of sustainability elements as standard design for new industrial buildings, targeting green certifications and accreditations.

IMPACT OF COVID-19

- New tenants/international prospects have delayed their opening to focus on existing stores.
- Labour shortage affecting operational efficiency of existing assets and progress of industrial projects currently under construction.

FINANCIAL PERFORMANCE

IAM recorded an 18% increase in revenue to RM107.9 million as compared to FY2021, with the retail business and commercial assets as main contributors. The increase in revenue from retail was mainly due to new tenants opening and a higher turnover rent post COVID-19 lockdowns. Revenue from commercial assets was mainly from higher rental income arising from better occupancy and rental rates, further enhanced by increased income from the car parks.

The segment’s PBT decreased from RM25.7 million in FY2021 to RM0.2 million in FY2022, mainly attributable to fair value adjustment on the investment properties, cushioned off by the better results from retail business. KL East Mall’s PBT increased due to higher occupancy and income post-pandemic. Melawati Mall also contributed an increase in share of profit in FY2022.

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## Investment & Asset Management


### HIGHLIGHTS

<p>Strong portfolio occupancy of 100% for key commercial assets providing a net yield of above 5%.</p>	<p>Bandar Bukit Raja Industrial Gateway won The Edge Property Development Excellence Award 2022 at The Edge Malaysia Top Property Developers Award 2022.</p>	<p>KL East Mall received the 5 Star CII Rating Award for Best Practices in Food Waste Management and Best Food Waste Management from SWCorp Malaysia.</p>	<p>Held the First Close for IDF on 23 June 2022, with 70% capital commitment secured from Sime Darby Property, LOGOS, PNB and KWAP for the target fund size of up to RM1 billion or approximately US\$250 million.</p>
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### CHALLENGES & THEIR MITIGATION

CHALLENGES	MITIGATING ACTIONS
<p>Risk of development delays, cost overruns and lower-than-expected quality due to manpower shortage.</p>	<ul style="list-style-type: none"> <li>• Construction cost control through value engineering, as well as regular project progress reviews.</li> <li>• Stringent pre-qualifications for consultants and contractors, with increased emphasis on contractors' capability and manpower (i.e., lower value, number of contracts at hand with sufficient workers, etc.).</li> </ul>
<p>Increasing cost of operations due to higher manpower and utility costs.</p>	<ul style="list-style-type: none"> <li>• Many of our key commercial assets are leased to single tenants, who are responsible for a major part of maintenance costs.</li> <li>• Various initiatives and measures to ensure retail operations efficiency and cost control to minimise impact on financial returns.</li> </ul>
<p>Securing new tenants for retail mall and to maintain footfall.</p>	<ul style="list-style-type: none"> <li>• Adopt customer-centric approach to build stronger customer relationships and increase repeat visits.</li> <li>• Better tenancy mixes with more established experiential brands to drive high spending footfall.</li> </ul>
<p>Securing tenants for industrial facilities and managing delays in roll-out of development plan under IDF.</p>	<ul style="list-style-type: none"> <li>• Our industrial assets in Bandar Bukit Raja target the logistics and light to medium industries, leveraging the proximity to Port Klang; good connectivity/accessibility from major highways and infrastructure; and ready support ecosystem from surrounding industrial areas.</li> <li>• Leverage Sime Darby Property and LOGOS Property's extensive client networks, and experience in logistics real estate development, as well as asset and fund management.</li> <li>• SDPLOG has dedicated marketing and business development teams, as well as a development management team which oversees the construction and development of the Fund's assets/facilities.</li> </ul>



 The Twin Factories 2, Elmina Business Park

**OUTLOOK & PROSPECTS**

In 2023, IAM will continue to scale up our asset portfolio size and fund under management leveraging our development capabilities and sizeable as well as strategically placed land bank, focusing on placemaking and catalytic assets to uplift the value of our townships and surrounding developments. The year will see the completion of three properties – the retail mall at Elmina East and two RBWs in Bukit Bandar Raja, namely E-Metro Hub 2 and the warehouse at the Bandar Bukit Raja Industrial Gateway – adding approximately 1.5 million sq. ft. of NLA to our portfolio, increasing the total NLA by 28% to 6.9 million sq. ft.

SDPLOG, which is developing E-Metro Hubs 1 and 2, is confident of securing further commitments in the final close of IDF in 2023, given overall healthy investor interest in logistics as an asset class. Meanwhile, SDPMIT is in advanced discussion with BTS prospects to complete the development of the remaining five plots of land in the Bandar Bukit Raja Industrial Gateway. Interest in Bandar Bukit Raja remains high given the exponential growth in e-commerce and resulting demand for quality, as well as sustainable logistics facilities that are well-connected and close to transit hubs.

We are also actively marketing and planning future BTS developments in Elmina Business Park (“EBP”) and City of Elmina, providing more options in locations to our prospects with EBP being closer to the Kuala Lumpur (“KL”) city centre and boasting its own growing population. EBP is supported by a network of highways, mainly the Guthrie Corridor, and serves as the gateway from the northern hinterland to KL City.

With approximately 2,800 acres of industrial land available along the economic corridors of Peninsular Malaysia’s west coast, Sime Darby Property aims to be the preferred delivery partner for industrial and logistics developments in Malaysia. Our objective is to offer end-to-end services from the design to the pre-development, development and post-development phase of projects. In line with our ESG focus, moreover, all assets under the Group’s management will incorporate sustainability elements in their blueprint and DNA.

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# Leisure

The Leisure segment at Sime Darby Property consists of four key assets, namely the 279-acre award-winning Kuala Lumpur Golf & Country Club (“KLGCC”) and the Sime Darby Convention Centre (“SDCC”) which features a 2,600 pax ballroom – both in the KLGCC Resort, the 142-acre Impian Golf & Country Club (“IGCC”) in Kajang, as well as the Bayuemas Sports and Event Complex (“Bayuemas”), boasting a cricket stadium in Klang.



➔ Aerial view of KLGCC's West Course, Hole 14



➔ A view of the clubhouse at KLGCC

**OVERVIEW**

As Malaysians were able to resume leisure activities upon the lifting of all lockdown restrictions in 2022, our Leisure assets experienced an increase in footfall – with more events organised as well as enhanced patronage at the food and beverage (“F&B”) outlets. A key event was the official launch of our rebranded KLGCC, the function being graced by Her Majesty Seri Paduka Baginda The Raja Permaisuri Agong. Overall, the segment saw a significant increase in revenue for the year, leading to its first ever operating profit.

**KUALA LUMPUR GOLF & COUNTRY CLUB**



Malaysia’s premier golf & country club spanning 279 acres within the KLGCC Resort

**IMPIAN GOLF & COUNTRY CLUB**



A delightful 142-acre golf and country club nestled in the outskirts of the city and filled with luscious greenscapes for all to enjoy.

**SIME DARBY CONVENTION CENTRE**



**Convention Centre**

A 17,000 sq. ft. venue located in the KLGCC Resort which features a ballroom with a capacity of 2,600 pax and 17 function rooms.

**BAYUEMAS SPORTS AND EVENTS COMPLEX**



A sports complex featuring a cricket stadium which has played host to both local and international tournaments.

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# Leisure

### KEY FOCUS AREAS

- Ensure financial stability in the next three years.
- Provide and maintain five-star hospitality.
- Enhance lifestyle services and activities at the heart of the KLGCC Resort township.
- Achieve ISO 45001:2018 Occupational Health and Safety certification.
- Digitalise systems, improve apps and upgrade IT infrastructure.

### 2022 PERFORMANCE REVIEW

KEY INITIATIVES	RESULTS & ACHIEVEMENTS
Revitalise KLGCC as the nation's premier golf and country club.	<ul style="list-style-type: none"> <li>• Launched the refreshed KLGCC brand on 16 June 2022.</li> <li>• Launched new types of membership and reopened new lifetime membership in May 2022.</li> <li>• Enhanced menu variety and revamped outdoor seating area.</li> <li>• Improved tenancy mix with attractive lifestyle, wellness and F&amp;B offerings by bringing in Flyproject, Petite Maison, Victoria Harbour Seafood Restaurant and QingHeGu Korean Restaurant.</li> </ul>
Digitalised operational systems.	<ul style="list-style-type: none"> <li>• New back-end system Albatrozz went live in KLGCC in January 2022 to make operations more efficient.</li> </ul>
Diversify business and enhance revenue.	<ul style="list-style-type: none"> <li>• Bayuemas Parcel A was leased out to the Malaysian Cricket Association ("MCA") in July 2022.</li> </ul>

### FINANCIAL PERFORMANCE

During the year, revenue from the Leisure segment increased by 52.6% to RM84.7 million, compared to RM55.5 million in the year prior. This increase is attributed to normalisation of business activities post-MCO for both golfing activities and F&B outlets.

The segment registered a significant improvement of RM11.3 million in PBT as compared to a loss of RM14.0 million in FY2021. This was derived from a gain of RM8.9 million from the disposal of a leisure property in Vietnam and lower operating costs following a consolidation exercise focusing on manpower and cost optimisation.

### HIGHLIGHTS

KLGCC was named:



A Top 50  
Platinum Club  
in Asia Pacific

A Top 100 Platinum Golf  
& Country Club of the  
World 2022-2023

The Best Championship  
Course in Asia Pacific by  
Asian Golf Awards

A Top 100 Golf  
Course Asia 2022  
(West Course)



**CHALLENGES & MITIGATION**

CHALLENGES	MITIGATING ACTIONS
<p>Increase in price of raw materials affecting F&amp;B and golf course maintenance.</p>	<ul style="list-style-type: none"> <li>Managing F&amp;B costs by reviewing the menu while maintaining quality.</li> <li>Managing golf course maintenance costs by enhancing business processes, renting and acquiring additional machinery to improve capacity while progressively replacing maintenance machinery to increase efficiency.</li> </ul>
<p>Issues with foreign workers' work validity for F&amp;B, housekeeping and golf course maintenance.</p>	<ul style="list-style-type: none"> <li>Ensure all foreign workers have proper licenses and valid work permits.</li> </ul>
<p>Competition from nearby golf clubs and event spaces.</p>	<ul style="list-style-type: none"> <li>Continue to keep costs low and focus on event space rental.</li> </ul>
<p>Aged buildings and facilities causing safety issues.</p>	<ul style="list-style-type: none"> <li>Continue to come up with new exciting offerings for club members and patrons.</li> <li>Maintained upkeep of buildings with plans for refurbishment.</li> </ul>

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Impian Golf & Country Club, Hole 15

**OUTLOOK & PROSPECTS**

As sporting, dining and other leisure activities completely recover in 2023, our Leisure segment is expected to see further growth in revenue. This will be supported by membership drives at our golf and country clubs combined with upgrades to facilities, products and services as well as efforts to promote their dining outlets. Meanwhile, SDCC will continue to upgrade its technology infrastructure for an enhanced customer experience while creating greater awareness of the venue to leverage pent-up demand for convention facilities. Over in Klang, Bayuemas will further capitalise on the potential of leasing its space while monetising part of its land for leisure expansion plans.

# Corporate Information

## BOARD OF DIRECTORS

**Rizal Rickman Ramli**

(Non-Independent Non-Executive Chairman)

**Dato' Azmir Merican**

(Group Managing Director)

**Dato' Soam Heng Choon**

(Senior Independent Non-Executive Director)

**Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj**

(Non-Independent Non-Executive Director)

**Dato' Jaganath Derek Steven Sabapathy**

(Non-Independent Non-Executive Director)

**Dato' Seri Ahmad Johan Mohammad Raslan**

(Independent Non-Executive Director)

**Datin Norazah Mohamed Razali**

(Independent Non-Executive Director)

**Mohamed Ridza Mohamed Abdulla**

(Independent Non-Executive Director)

**Dato' Hamidah Naziadin**

(Independent Non-Executive Director)

**Dr. Lisa Lim Poh Lin**

(Independent Non-Executive Director)

### GROUP MANAGING DIRECTOR

Dato' Azmir Merican

### GROUP COMPANY SECRETARY

Noreen Melini Muzamli  
SSM PC No. 201908002218  
LS 0008290

### REGISTERED OFFICE

Level 10, Block G  
No. 2, Jalan PJU 1A/7A  
Ara Damansara, PJU 1A  
47301 Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel. no. : +603-7849 5000  
Fax no. : +603-7849 5688  
E-mail : group.communications@  
sime Darby Property.com  
Website: www.sime Darby Property.com

### SHARE REGISTRAR

Tricor Investor & Issuing House Services  
Sdn Bhd  
Registration No. 197101000970 (11324-H)

#### Office:

Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
Tel. no. : +603-2783 9299  
Fax no. : +603-2783 9222  
Email : is.enquiry@my.tricorglobal.com

#### Customer Service Centre:

Unit G-3, Ground Floor, Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia

### AUDITORS

PricewaterhouseCoopers PLT  
(LLP0014401-LCA & AF 1146)

Level 10, 1 Sentral  
Jalan Rakyat  
Kuala Lumpur Sentral  
P.O. Box 10192  
50706 Kuala Lumpur  
Wilayah Persekutuan  
Malaysia  
Tel. no. : +603-2173 1188  
Fax no. : +603-2173 1288

### FORM OF LEGAL ENTITY

Incorporated on 15 September 1973 as a private company limited by shares under the Companies Act 1965 and deemed registered under the Companies Act 2016.

Converted into a public company limited by shares on 2 October 2003.

### STOCK EXCHANGE LISTING

Listed on the Main Market of  
Bursa Malaysia Securities Berhad since  
30 November 2017

Stock Code : 5288  
Stock Name : SIMEPROP

### PLACE OF INCORPORATION AND DOMICILE

Malaysia

# Board Composition

as at 23 March 2023

## DEMOGRAPHICS

- 3 Non-Independent Non-Executive Directors (including Chairman)

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- 6 Independent Non-Executive Directors (including Senior Independent Non-Executive Director)

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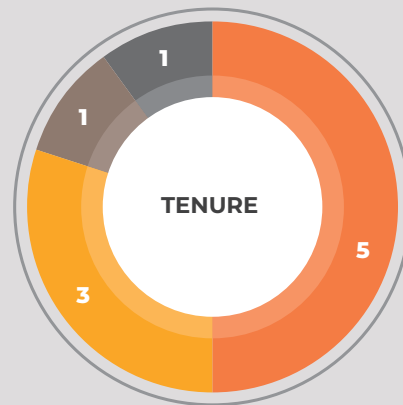
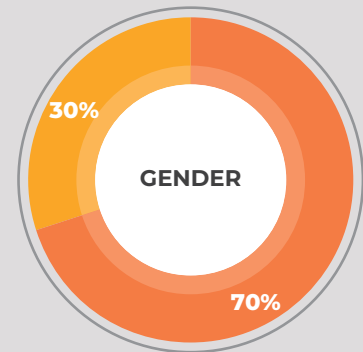
- 1 Executive Director (Group Managing Director)

## ETHNICITY

Malay		7
Chinese		2
Indian		1

## AGE GROUP

50 years and below		2
51 years to 60 years		4
Above 60 years		4



-  Dato' Azmir Merican
-  Dato' Soam Heng Choon\*
-  Mohamed Ridza Mohamed Abdulla\*
-  Dato' Hamidah Naziadin\*
-  Dr. Lisa Lim Poh Lin\*
-  Dato' Jaganath Derek Steven Sabapathy

-  Rizal Rickman Ramli (Chairman)
-  Dato' Seri Ahmad Johan Mohammad Raslan\*
-  Datin Norazah Mohamed Razali\*
-  Tengku Datuk Seri Ahmad Shah Alhaj Ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj

\* Independent director

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# Board of Directors' Profiles



## RIZAL RICKMAN RAMLI

Non-Independent Non-Executive Chairman

Age	<b>45</b>
Gender	<b>Male</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>5 April 2018</b>
Length of Tenure as Director (as at 23 March 2023)	<b>4 years 11 months</b>
Board Meeting Attendance in 2022	<b>8/8</b>
Membership of Board Committees	<b>Nil</b>

### **ACADEMIC QUALIFICATION(S)**

- Master of Business Administration, Kellogg School of Management, Northwestern University, United States of America
- Bachelor of Arts, Economics (Hons), University of Chicago, United States of America

### **PRESENT DIRECTORSHIP(S)**

#### **Other Listed Entity(ies)**

- Nil

#### **Other Public Company(ies)**

- Nil

### **PRESENT APPOINTMENT(S)**

- Chief Investment Officer, Private & Strategic Investments, Permodalan Nasional Berhad

### **PAST RELEVANT EXPERIENCE**

- **February 2018-August 2021** – Held various positions in Boston Consulting Group including Country Managing Partner

### **DECLARATION**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company except being a Nominee Director of Permodalan Nasional Berhad.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.



**DATO' AZMIR MERICAN**  
Group Managing Director

Age	<b>52</b>
Gender	<b>Male</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>22 April 2020</b>
Length of Tenure as Director (as at 23 March 2023)	<b>2 years 11 months</b>
Board Meeting Attendance in 2022	<b>8/8</b>
Membership of Board Committees	<b>Nil</b>

**ACADEMIC QUALIFICATION(S)**

- Bachelor's Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America

**PRESENT DIRECTORSHIP(S)**

**Other Listed Entity(ies)**

- Nil

**Other Public Company(ies)**

- Nil

**PRESENT APPOINTMENT(S)**

- Vice President, Real Estate and Housing Developers' Association ("REHDA") Malaysia

**PAST RELEVANT EXPERIENCE**

- **August 2014-April 2020** – Managing Director/Chief Executive Officer, UEM Edgenta Berhad
- **February 2014-July 2014** – Executive Director, UEM Edgenta Berhad
- **October 2012-July 2014** – Group Chief Operating Officer, Business Units, UEM Group Berhad
- **2007-2012** – Group Chief Executive Officer/Managing Director, AWC Berhad
- **2003-2007** – Various positions held in CIMB Investment Bank Berhad
- **1997-2002** – Consultant/Senior Consultant, PricewaterhouseCoopers
- **1995-1997** – Investment Analyst/Senior Investment Analyst, Maybank Group

**DECLARATION**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.

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## Board of Directors' Profiles



### **DATO' SOAM HENG CHOON**

Senior Independent Non-Executive Director

Age **63**

Gender **Male**

Nationality **Malaysian**

Date of Appointment **1 July 2020**

Length of Tenure as Director *(as at 23 March 2023)* **2 years 8 months**

Board Meeting Attendance in 2022 **8/8**

Membership of Board Committees

- **Nomination and Remuneration Committee**
- **Risk Management Committee**
- **Board Tender Committee**

#### **ACADEMIC QUALIFICATION(S)**

- Bachelor of Science in Civil Engineering, University of Strathclyde, United Kingdom

#### **PRESENT DIRECTORSHIP(S)**

##### **Other Listed Entity(ies)**

- Nil

##### **Other Public Company(ies)**

- Construction Labour Exchange Centre Berhad
- Amanat Lebuhraya Rakyat Berhad

#### **PRESENT APPOINTMENT(S)**

- Chairman, Construction Research Institute of Malaysia

#### **PAST RELEVANT EXPERIENCE**

- **2018-2022** – President, Real Estate and Housing Developers' Association ("REHDA") Malaysia
- **2020-2022** – Board Member, Construction Industry Development Board (CIDB) Malaysia
- **April 2015-August 2019** – Managing Director and Chief Executive Officer, IJM Corporation Berhad
- **April 2009-April 2015** – Managing Director and Chief Executive Officer, IJM Land Berhad
- **2004-April 2009** – Executive Director, RB Land Holdings Berhad (now known as IJM Land Berhad)
- **November 1989-2003** – Held various positions in Road Builder (M) Sdn Bhd, including Senior Engineer and Executive Director

#### **DECLARATION:**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.



**TENGGU DATUK SERI AHMAD SHAH ALHAJ IBNI ALMARHUM SULTAN SALAHUDDIN ABDUL AZIZ SHAH ALHAJ**

Non-Independent Non-Executive Director

Age	<b>67</b>
Gender	<b>Male</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>31 December 2010</b>
Length of Tenure as Director (as at 23 March 2023)	<b>12 years 3 months</b>
Board Meeting Attendance in 2022	<b>8/8</b>
Membership of Board Committees	<ul style="list-style-type: none"> <li>• <b>Board Tender Committee (Chairman)</b></li> <li>• <b>Risk Management Committee</b></li> </ul>

**ACADEMIC QUALIFICATION(S)**

- Diploma in Business Administration, Universiti Teknologi MARA

**PRESENT DIRECTORSHIP(S)**

**Other Listed Entity(ies)**

- Chairman, DutaLand Berhad
- Chairman, Tuju Setia Berhad
- Director, Mycron Steel Berhad

**Other Public Company(ies)**

- Nil

**PRESENT APPOINTMENT(S)**

- Chairman, Landas Efektif Sdn Bhd, I-City (Selangor) Sdn Bhd, Titas Holding Sdn Bhd, Advan Rail Sdn Bhd
- Director, City Properties Sdn Bhd, Red Giant Sdn Bhd

**PAST RELEVANT EXPERIENCE**

- **2008-2010** – Member (Supervisory Committee and Audit Committee - Property Division), Sime Darby Berhad
- **1987-2013** – Non-Executive Chairman, Sime Darby Medical Centre Subang Jaya Sdn Bhd
- **1987-2007** – Director, Tractors Malaysia Holdings Berhad
- **1983-1987** – Director, Sime UEP Properties Berhad
- **1978-2000** – Director, TTDI Development Sdn Bhd and various listed and private companies
- **1974-1981** – Broker, Charles Bradburne (1930) Sdn Bhd

**DECLARATION**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.

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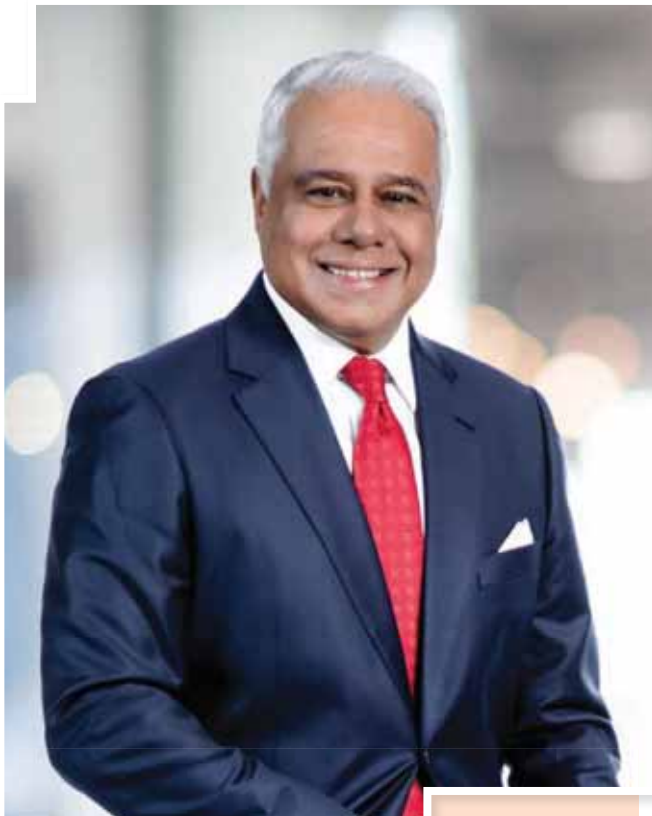
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## Board of Directors' Profiles



### **DATO' JAGANATH DEREK STEVEN SABAPATHY**

Non-Independent Non-Executive Director

Age **65**

Gender **Male**

Nationality **Malaysian**

Date of Appointment **28 March 2014**

Length of Tenure as Director (as at 23 March 2023) **9 years**

Board Meeting Attendance in 2022 **8/8**

Membership of Board Committees

- **Risk Management Committee\***
- **Audit Committee**
- **Board Tender Committee**

\* Re-designated from Chairman to Member of Risk Management Committee on 23 March 2023

#### **ACADEMIC QUALIFICATION(S)**

- Master of Arts in Corporate Finance and International Trade, Edinburgh University, United Kingdom

#### **PRESENT DIRECTORSHIP(S)**

##### **Other Listed Entity(ies)**

- Deputy Chairman, Microlink Solutions Berhad
- Director, Principal Asset Management Berhad

##### **Other Public Company(ies)**

- Nil

#### **PRESENT APPOINTMENT(S)**

- Founder and Chief Executive Officer, Tribeca Real Estate Asset Management Sdn Bhd
- Director, Ho Hup Ventures (KK) Sdn Bhd and Golden Wave Sdn Bhd, subsidiary and associate of Ho Hup Construction Company Berhad

#### **PAST RELEVANT EXPERIENCE**

- **1999-2013** – Chief Executive Officer/Director, Bandar Raya Developments Berhad
- **1999-2013** – Director, Mico Chipboard Berhad
- **1997-1999** – Managing Director, Prime Utilities Berhad
- **1997-1999** – Managing Director, Indah Water Konsortium Sdn Bhd
- **1995-1997** – Director, Austral Lao Power Co. Ltd.
- **1994-1995** – Executive Director, Benta Plantation Berhad
- **1984-1994** – Various positions held in KPMG Peat Marwick
- **1981-1984** – Chartered Accountant, Price Waterhouse London, United Kingdom

#### **DECLARATION**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.





**DATO' SERI AHMAD JOHAN MOHAMMAD RASILAN**

Independent Non-Executive Director

Age	<b>63</b>
Gender	<b>Male</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>12 July 2017</b>
Length of Tenure as Director (as at 23 March 2023)	<b>5 years 8 months</b>
Board Meeting Attendance in 2022	<b>8/8</b>
Membership of Board Committees	<ul style="list-style-type: none"> <li>• <b>Audit Committee (Chairman)</b></li> <li>• <b>Board Sustainability Committee (Chairman)</b></li> <li>• <b>Nomination and Remuneration Committee</b></li> </ul>

**ACADEMIC QUALIFICATION(S)**

- Bachelor of Economics (Hons) in Economics and Accountancy, University of Hull, United Kingdom

**PROFESSIONAL QUALIFICATION/MEMBERSHIP(S)**

- Fellow, Institute of Chartered Accountants in England and Wales (“ICAEW”)
- Member, Malaysian Institute of Certified Public Accountants (“MICPA”)
- Member, Malaysian Institute of Accountants (“MIA”)

**PRESENT DIRECTORSHIP(S)**

**Other Listed Entity(ies)**

- Nil

**Other Public Company(ies)**

- Nil

**PRESENT APPOINTMENT(S)**

- Board Member, Institute of Corporate Directors Malaysia (“ICDM”)
- Board Member, Audit Oversight Board – Securities Commission Malaysia

**PAST RELEVANT EXPERIENCE**

- **2014-2019** – Non-Executive Director, Eco World International Berhad
- **2016-2017** – Non-Executive Director, AMMB Holdings Berhad
- **2014-2016** – Senior Advisor and Director, AMMB Holdings Berhad
- **2010-2012** – Board Member, Kumpulan Wang Persaraan (Diperbadankan)
- **2009-2012** – Member, Financial Stability Executive Committee, Bank Negara Malaysia
- **2008-2012** – Trustee, Yayasan Sultan Azlan Shah
- **2005-2012** – Board Member and Audit Committee Chairman, Putrajaya Corporation
- **2004-2012** – Member, International Advisory Panel of the Labuan Financial Services Authority
- **2003-2009** – Chairman, Financial Reporting Foundation
- **1992-2012** – Held various positions in Pricewaterhouse-Coopers Malaysia and retired as Executive Chairman
- **1990-1992** – Manager and Senior Manager, Price Waterhouse London, United Kingdom
- **1981-1990** – Robson Rhodes Chartered Accountants, United Kingdom

**DECLARATION**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.

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### DATIN NORAZAH MOHAMED RAZALI

Independent Non-Executive Director

Age	52
Gender	Female
Nationality	Malaysian
Date of Appointment	12 July 2017
Length of Tenure as Director (as at 23 March 2023)	5 years 8 months
Board Meeting Attendance in 2022	8/8
Membership of Board Committees	<ul style="list-style-type: none"> <li>• <b>Nomination and Remuneration Committee (Chairman)</b></li> <li>• <b>Audit Committee</b></li> <li>• <b>Board Sustainability Committee</b></li> </ul>

#### **ACADEMIC QUALIFICATION(S)**

- Master of Business Administration (MBA), Imperial College Business School, University of London, United Kingdom
- Diploma in Management, Imperial College, London, United Kingdom
- Bachelor of Laws (Hons), International Islamic University Malaysia

#### **PROFESSIONAL QUALIFICATION/MEMBERSHIP(S)**

- Admitted to the Malaysian Bar (1994)

#### **PRESENT DIRECTORSHIP(S)**

##### **Other Listed Entity(ies)**

- MISC Berhad

##### **Other Public Company(ies)**

- Permodalan Nasional Berhad

#### **PRESENT APPOINTMENT(S)**

- Independent Director, Cradle Fund Sdn Bhd
- Independent Director, Kapital DX Sdn Bhd
- Investment Panel Member, Penjana Kapital Sdn Bhd
- Senior Advisor (Public Sector Practice), Boston Consulting Group

#### **PAST RELEVANT EXPERIENCE**

- **2000-2017** – Held various positions in Boston Consulting Group, including Partner and Managing Director and member of Boston Consulting Group's Southeast Asia Executive Leadership
- **1999-2000** – Consultant, Booz, Allen & Hamilton, Singapore
- **1994-1997** – Solicitor, Sidek, Teoh, Wong & Dennis

#### **DECLARATION**

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.



**MOHAMED RIDZA MOHAMED ABDULLA**

Independent Non-Executive Director

Age	<b>53</b>
Gender	<b>Male</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>1 July 2020</b>
Length of Tenure as Director (as at 23 March 2023)	<b>2 years 8 months</b>
Board Meeting Attendance in 2022	<b>7/8</b>
Membership of Board Committees	<ul style="list-style-type: none"> <li>• <b>Risk Management Committee (Chairman)*</b></li> <li>• <b>Audit Committee</b></li> <li>• <b>Board Tender Committee</b></li> </ul>

\* Re-designated from Member to Chairman of Risk Management Committee on 23 March 2023

**ACADEMIC QUALIFICATION(S)**

- Bachelor of Laws, International Islamic University Malaysia

**PROFESSIONAL QUALIFICATION/MEMBERSHIP(S)**

- Advocate and Solicitor of the High Court of Malaya
- Fellow, Chartered Institute of Adjudicators
- Fellow, Institute of Chartered Secretaries & Administrators (London) ("FCIS")

**PRESENT DIRECTORSHIP(S)**

**Other Listed Entity(ies)**

- KPJ Healthcare Berhad

**Other Public Company(ies)**

- Nil

**PRESENT APPOINTMENT(S)**

- Managing Partner, Messrs Mohamed Ridza & Co
- Board Member, OIC Arbitration Centre, Istanbul, Turkey

**PAST RELEVANT EXPERIENCE**

- **2000-2005** – Partner, Messrs Zaid Ibrahim & Co
- **1998-2000** – General Legal Counsel, Technip Asia Pacific
- **1996-1998** – Group Legal Adviser, Arab Malaysian Corporation Berhad
- **1993-1996** – Solicitor, Messrs Rashid & Lee

**DECLARATION**

- He does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- He has not been convicted for any offences within the past five (5) years nor has he been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- He has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.

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## Board of Directors' Profiles



### **DATO' HAMIDAH NAZIADIN**

Independent Non-Executive Director

Age	<b>59</b>
Gender	<b>Female</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>1 October 2021</b>
Length of Tenure as Director (as at 23 March 2023)	<b>1 year 5 months</b>
Board Meeting Attendance in 2022	<b>8/8</b>
Membership of Board Committees	<ul style="list-style-type: none"> <li>• <b>Nomination and Remuneration Committee</b></li> <li>• <b>Board Sustainability Committee</b></li> </ul>

#### **ACADEMIC QUALIFICATION(S)**

- Bachelor of Laws, University of Wolverhampton, United Kingdom
- Certificate in Personnel Management, Malaysian Institute of Personnel Management

#### **PROFESSIONAL QUALIFICATION/MEMBERSHIP(S)**

- Certified in-house Facilitator – Franklin Covey's the 7 Habits of Highly Effective People for CIMB Group

#### **PRESENT DIRECTORSHIP(S)**

##### **Other Listed Entity(ies)**

- Maxis Berhad
- Nestle (Malaysia) Berhad
- Mr D.I.Y. Group (M) Berhad

##### **Other Public Company(ies)**

- Nil

#### **PRESENT APPOINTMENT(S)**

- Board Member, Majlis Sukan Negara
- Member, Razak School of Government's Leadership Development Committee

#### **PAST RELEVANT EXPERIENCE**

- **October 2013-October 2020** – Group Chief People Officer of CIMB Group
- **May 2016-October 2020** – Chief Executive Officer of CIMB Foundation
- **August 2010-September 2014** – Member of the Board of Commissioners and the NRC of PT Bank Niaga Tbk, Indonesia
- **August 2001-September 2013** – Head of Group Corporate Resources, CIMB Group
- **February 1991-July 2001** – Head of Human Resources of CIMB Securities Sdn Bhd
- **January 1983-January 1991** – Personnel Officer with Pacific Bank Berhad

#### **DECLARATION**

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.

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**DR. LISA LIM POH LIN**  
Independent Non-Executive Director

Age	<b>46</b>
Gender	<b>Female</b>
Nationality	<b>Malaysian</b>
Date of Appointment	<b>1 October 2021</b>
Length of Tenure as Director (as at 23 March 2023)	<b>1 year 5 months</b>
Board Meeting Attendance in 2022	<b>8/8</b>
Membership of Board Committees	<ul style="list-style-type: none"> <li>• <b>Risk Management Committee</b></li> <li>• <b>Board Sustainability Committee</b></li> </ul>

**ACADEMIC QUALIFICATION(S)**

- Doctor of Philosophy (PhD), Masters and Bachelor in Engineering, University of Cambridge, United Kingdom

**PROFESSIONAL QUALIFICATION/MEMBERSHIP(S)**

- Chartered Financial Analyst

**PRESENT DIRECTORSHIP(S)**

**Other Listed Entity(ies)**

- Nil

**Other Public Company(ies)**

- Nil

**PRESENT APPOINTMENT(S)**

- Partner and Fund Manager, Prusik Investments Management LLP
- Investment Committee Member of CFA UK
- Investment Committee Member of Foundation Scotland

**PAST RELEVANT EXPERIENCE**

- **2020** – Senior Advisor, Prusik Investments
- **2018-2020** – Independent Non-Executive Director, Axiata Group
- **2007-2018** – Fund Manager, Columbia Threadneedle, London
- **2005-2006** – Instructor and Assistant Professor, National University of Singapore
- **2001-2002** – Associate Consultant, Boston Consulting Group
- **2000** – Investment Bank Analyst, Morgan Stanley Dean Witter

**DECLARATION**

- She does not have any conflict of interest with the Company or any family relationship with any other Director and/or major shareholder of the Company.
- She has not been convicted for any offences within the past five (5) years nor has she been imposed any public sanction or penalty by any relevant regulatory bodies during the financial year ended 31 December 2022.
- She has not held any direct or indirect shares in the Company during the financial year ended 31 December 2022.

# Executive Leadership Composition

## ETHNICITY

### Group Managing Director

Bumiputera 1

### Senior Management

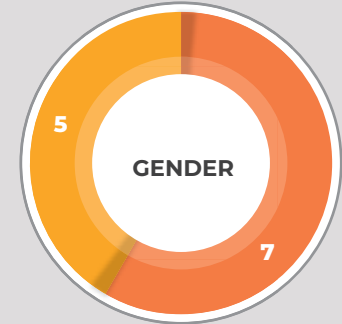
Bumiputera 4

Chinese 6

Indian 1



- Bumiputera (including GMD)
- Chinese
- Indian



- Male
- Female

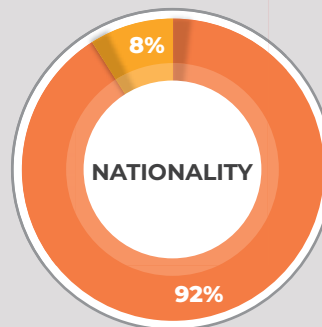
## GENDER

Male 7

Female 5

## NATIONALITY

Malaysian 92%



- Malaysian
- Non-Malaysian

## AGE GROUP

### Group Managing Director

51 years to 59 years 1

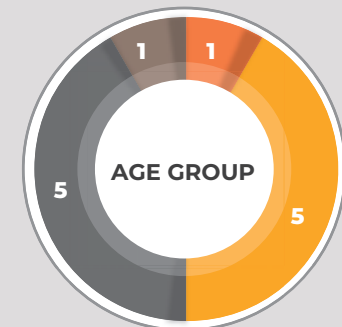
### Senior Management

35 years to 40 years 1

41 years to 50 years 5

51 years to 59 years 4

Above 60 years 1



- 35-40 years
- 41-50 years
- 51-59 years
- > 60 years

# Executive Leadership Profiles

**DATO' AZMIR MERICAN**  
Group Managing Director



 52 / Male | 22 April 2020

**Academic/Professional Qualification(s)**

- Bachelor's Degree in Business Administration (Finance), Haworth College of Business, Western Michigan University, United States of America

**Present Directorship(s) In Listed Entity/Other Public Companies**


- Nil

**Working Experience**

For details of Dato' Azmir Merican's profile, please refer to page 139 of this Annual Report.

**BETTY LAU SUI HING**  
Group Chief Financial Officer



 60 / Female | 3 December 2018

**Academic/Professional Qualification(s)**

- Associate of The Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA")
- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom ("FCCA")
- Member of the Malaysian Institute of Accountants ("MIA")

**Present Directorship(s) In Listed Entity/Other Public Companies**

- Nil

**Working Experience**

- 2017-2018: Chief Financial Officer, Hatten Land Limited, Singapore
- 2010-2017: Chief Financial Officer, IOI Properties Group Berhad
- 2009-2010: Group Financial Controller, INTI Education Group, Laureate International Universities
- 2004-2009: Chief Financial Officer, Cosmos Discovery Sdn Bhd

**DATO' IR. MOHD SOHIMIN MOHD ALAYEDIN**  
Chief Executive Officer  
– Property Development



 55 / Male | 1 April 2020

**Academic/Professional Qualification(s)**

- Bachelor of Science in Civil Engineering, California State University, Long Beach, United States of America
- Member of The Institution of Engineers Malaysia
- Professional Engineer, Board of Engineers, Malaysia

**Present Directorship(s) In Listed Entity/Other Public Companies**

- Nil

**Working Experience**

- 2020-2022: Chief Operating Officer – Township Development, Sime Darby Property Berhad
- 2013-2020: Managing Director, Project, Tropicana Corporation Berhad
- 2012-2013: Head of Project Management, Glenmarie Properties Sdn Bhd
- 2003-2012: General Manager, Planning, Development & Technical Audit, Kumpulan Hartanah Selangor Berhad
- 1997-2003: Head of Technical Department, Central Spectrum (M) Sdn Bhd
- 1994-1997: Assistant Project Manager, Sunway City Berhad
- 1992-1994: Site Engineer, PKNS Engineering & Construction Berhad
- 1991-1992: Site Engineer, Kulim Enterprise Sdn Bhd

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**Family Relationship with Directors and/or Major Shareholders**  
None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

**Conflict of Interest**  
None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

**Conviction of Offences**  
None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

**Public Sanction/Penalty**  
None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2022.

**Shareholdings**  
None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2022.

## Executive Leadership Profiles

### APPOLLO LEONG YONG KUAN

Chief Operating Officer  
– Township Development



#### Academic/Professional Qualification(s)

- Master of Science in Property Appraisal and Management, Sheffield Hallam University, United Kingdom
- Bachelor's Degree in Architecture, Manchester Metropolitan University and The University of Manchester, United Kingdom
- Bachelor of Applied Science in Architectural Technology, Curtin University, Australia
- Member of the Royal Institution of Chartered Surveyors ("MRICS")
- Member of the Royal Institute of British Architects ("RIBA")

#### Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

#### Working Experience

- Feb 2021-Jun 2022: Deputy Chief Operating Officer – Township Development, Sime Darby Property Berhad
- Mar 2020-Jan 2021: Senior General Manager, Business Unit 1, Sime Darby Property Berhad
- 2017-2019: General Manager, Business Unit 1, Sime Darby Property Berhad
- 2015-2017: Head of Cluster 1, Sime Darby Property Berhad
- 2014-2015: Head of Township, Elmina West & Puchong Land, Sime Darby Property Berhad
- 2011-2014: Development Manager, Sime Darby Property Berhad
- 2009-2011: Planning & Development Consultant, Peel Group, United Kingdom

### DATUK IR. MOHD IDRIS ABDULLAH

Chief Operating Officer  
– Integrated Development



#### Academic/Professional Qualification(s)

- Bachelor's Degree in Civil Engineering (Hons), Universiti Teknologi Malaysia
- Member of The Institution of Engineers Malaysia
- Professional Engineer, Board of Engineers, Malaysia

#### Working Experience

- 2020: Senior General Manager, Business Unit 2/Acting General Manager, Business Unit 3, Sime Darby Property Berhad
- 2017-2020: General Manager, Business Unit 2, Sime Darby Property Berhad
- 2015-2017: Head of Cluster 2, Sime Darby Property Berhad
- 2014-2015: Head of Township, Bandar Bukit Raja 2 & 3, Sungai Kapar Indah & Jalan Acob, Sime Darby Property Berhad
- 2012-2014: Head of Township, Nilai Impian 1 & 2 and Planters' Haven 1 & 2, Sime Darby Property Berhad
- 2008-2012: Held various positions in IJM Corporation and the last being the Head of Properties, IJM India
- 1991-2008: Project Manager, Road Builder Group of Companies

### AURELIA LEE MAY YOKE

Chief Operating Officer  
– Investment & Asset Management



#### Academic/Professional Qualification(s)

- Master of Finance, RMIT University
- Bachelor's Degree in Biotechnology, Monash University

#### Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

#### Working Experience

- Jan 2022-Feb 2023: General Manager, Corporate Planning & Development, Sime Darby Property Berhad
- May 2020-Dec 2021: General Manager, Corporate Planning & Development | Acting Head, Investment & Asset Management, Sime Darby Property Berhad
- 2018-2020: Head of Corporate Strategy, UEM Edgenta Berhad
- 2011-2018: Vice President, Investments, Khazanah Nasional Berhad
- 2009-2011: Manager, Corporate Finance, RHB Investment Bank Berhad

#### Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

#### Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

#### Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

#### Public Sanction/Penalty

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2022.

#### Shareholdings

None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2022.



**DATUK LAI SHU WEI**

Chief Marketing & Sales Officer



 50 / Male | 1 April 2021

**Academic/Professional Qualification(s)**

- Bachelor of Science in Business Administration, Tri-State University, United States of America
- Executive Programme, Advanced Strategic Management, IMD Business School, Switzerland

**Present Directorship(s) In Listed Entity/Other Public Companies**

- Nil

**Working Experience**

- 2017-2021: Vice President & Head of Marketing, Commercial Division, Telekom Malaysia Berhad
- 2015-2017: Chief Marketing Officer, Webe Digital Sdn Bhd (a Telekom Malaysia company)
- 2013-2014: Group Chief Marketing & Head of Analytics, Standard Chartered Bank Malaysia Berhad
- 2005-2013: Senior General Manager, Maxis Berhad
- 2003-2005: Group Brand Manager, Johnson & Johnson Sdn Bhd
- 2001-2003: Senior Brand Manager, Nestle (Malaysia) Berhad
- 1999-2001: Franchise Manager, Johnson & Johnson ASEAN
- 1995-1999: Senior Brand Manager, Lam Soon Malaysia Berhad

**MICHELLE ANN IKING**

Chief People Officer



 46 / Female | 2 August 2021

**Academic/Professional Qualification(s)**

- Bachelor's Degree in Electrical Engineering, University of Sydney, Australia

**Present Directorship(s) In Listed Entity/Other Public Companies**

- Nil

**Working Experience**

- 2020-2021: Chief People Officer, SelfDrvn Enterprise
- 2013-2019: Head of Talent, Learning and Performance, Citibank Malaysia
- 2007-2010: General Manager, Marketing & Corporate Communications, Tune Hotels Regional Services Sdn Bhd
- 2004-2007: Director of Communications, Sutera Harbour Resort
- 2003-2004: Client Relationship Manager, Haveli Sdn Bhd
- 2000-2003: Technical Support Engineer, Lucent Technologies

**DATUK CHOY KAH YEW**

Chief Corporate Development Officer



 52 / Male | 15 February 2023

**Academic/Professional Qualification(s)**

- Member of the Malaysian Institute of Certified Public Accountants ("MICPA")
- Member of the Malaysian Institute of Accountants

**Present Directorship(s) In Listed Entity/Other Public Companies**

- Nil

**Working Experience**

- 2014-2022: Executive Vice President & Chief Financial Officer, S P Setia Berhad
- 2009-2014: Head of Capital Markets, Alliance Financial Group
- 2008-2009: Corporate Investment Banking Transactor, Hong Leong Bank
- 2004-2007: Vice President, Corporate Banking, Alliance Financial Group

**Family Relationship with Directors and/or Major Shareholders**

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

**Conflict of Interest**

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

**Conviction of Offences**

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

**Public Sanction/Penalty**

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2022.

**Shareholdings**

None of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2022.

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## Executive Leadership Profiles

### NOREEN MELINI MUZAMLI

Group Company Secretary



#### Academic/Professional Qualification(s)

- Bachelor of Laws (Hons), University of Bristol, United Kingdom
- Licensed Secretary by the Companies Commission of Malaysia
- Certificate of Legal Practice, Brickfields College

#### Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

#### Working Experience

- 2015-2021: General Manager, Corporate Secretarial Services/Joint Company Secretary, Bumi Armada Berhad
- 2010-2015: Regional Head, Corporate Secretarial Services, Maybank Kim Eng/ Company Secretary, Maybank Investment Bank Berhad
- 2006-2010: Assistant Vice President, Group Secretarial Services, Malayan Banking Berhad
- 2001-2006: Senior Executive, Secretarial Services, United Malayan Land Berhad

### TANG AI LEEN

Chief Risk, Integrity & Compliance Officer



#### Academic/Professional Qualification(s)

- Master of Forensic Accounting, University of Wollongong, Australia
- Bachelor's Degree in Accounting and Finance, Middlesex University London, United Kingdom
- Member of the Malaysian Institute of Certified Public Accountants

#### Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

#### Working Experience

- 2017: Head of Compliance, Sime Darby Plantation Berhad
- 2012-2017: Head, Group & Divisional Compliance, Sime Darby Holdings Berhad
- 2007-2012: Associate Director, Pricewaterhouse-Coopers Advisory Sdn Bhd
- 2005-2007: Senior Manager, KPMG Forensic, KPMG Australia
- 1994-2005: Associate Director, KPMG Consulting Services Sdn Bhd

### ARAVINDAN K. DEVAPALAN

Chief Assurance Officer



#### Academic/Professional Qualification(s)

- Chartered Association of Certified Accountants ("ACCA")
- Fellow Member of the Chartered Association of Certified Accountants ("ACCA")
- Member of the Malaysian Institute of Accountants

#### Present Directorship(s) In Listed Entity/Other Public Companies

- Nil

#### Working Experience

- 2012-2017: Chief Internal Auditor/Head of Group Internal Audit, Wah Seong Corporation Berhad
- 2012: Audit Director, KPMG Malaysia
- 2005-2012: Senior Manager, Pricewaterhouse-Coopers (Malaysia & Los Angeles)

#### Family Relationship with Directors and/or Major Shareholders

None of the Key Senior Management has any family relationship with any Director and/or major shareholder of Sime Darby Property Berhad.

#### Conflict of Interest

None of the Key Senior Management has any conflict of interest with Sime Darby Property Berhad.

#### Conviction of Offences

None of the Key Senior Management has been convicted for offences within the past five (5) years other than traffic offences, if any.

#### Public Sanction/Penalty

None of the Key Senior Management has any public sanction or penalty imposed on them by any regulatory bodies during the financial year ended 31 December 2022.

#### Shareholdings

Save for Tang Ai Leen who holds 5,000 ordinary shares (direct), none of the Key Senior Management holds any direct or indirect shares in Sime Darby Property Berhad during the financial year ended 31 December 2022.

# Organisation Structure



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# CORPORATE GOVERNANCE OVERVIEW STATEMENT



## LEADERSHIP & PURPOSE Chairman's Introduction

On behalf of the Board I am pleased to present the Corporate Governance Overview Statement for the financial year ended 31 December 2022. This Statement describes the governance structures and procedures in place and summarises the work of the Board and its Committees to illustrate how our responsibilities have been discharged in 2022.



This Corporate Governance Overview Statement is to be read with our Corporate Governance Report which is made available online at [www.simedarbyproperty.com/investor-relations/shareholders](http://www.simedarbyproperty.com/investor-relations/shareholders).

The Board recognises the value and importance of good corporate governance and the role it plays in supporting the long-term success and sustainability of the business. This Corporate Governance Overview Statement provides vital insights into the corporate governance practices of Sime Darby Property Group ("the Group"), guided by the updated principles and best practices as set out in the Malaysian Code of Corporate Governance ("MCCG") published by the Securities Commission of Malaysia.

### FRAMEWORKS APPLIED

- MCGG
- Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities")
- Corporate Governance Guide 4th Edition issued by Bursa Malaysia Berhad ("Bursa Malaysia")
- Companies Act 2016 ("CA 2016")

### MCCG PRINCIPLES

#### PRINCIPLE A

**Board Leadership and Effectiveness**

#### PRINCIPLE B

**Effective Audit and Risk Management**

#### PRINCIPLE C

**Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

We strongly believe that sound corporate governance practices are essential for delivering shareholder value, enhancing business integrity, maintaining investors' confidence and achieving the Group's corporate objectives and vision.

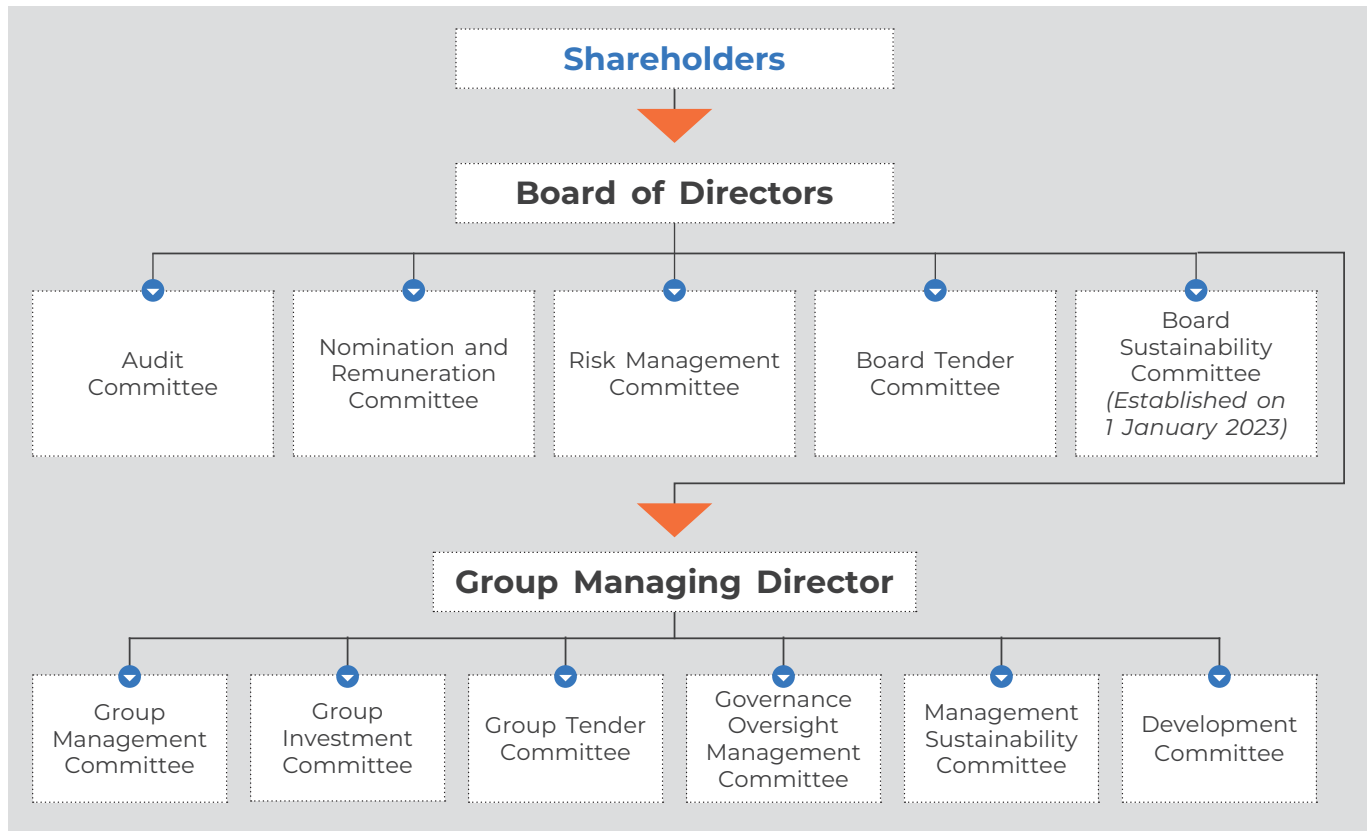
As Sime Darby Property continues to work towards its strategic and sustainability goals and objectives, the Board together with Management continues to enhance the Group's governance framework to ensure the Group's operation and its related governance structure is complementary to those goals and objectives, while uphold ethical behaviour, accountability, transparency and sustainability. The Board is resolute in continuing to focus on our new Purpose, Vision, Mission & Values ("PVMV") and culture, to ensure that as a business, we innovate and find new solutions to the challenges faced.

The rest of the Corporate Governance Overview Statement will describe in detail how the Company continues to uphold high standards of corporate governance. Each key Board Committee will provide a detailed view of the work each has respectively undertaken.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

As a testament to the Board’s commitment to corporate governance best practices, in December 2022, Sime Darby Property received a recognition in the 2021 ASEAN Corporate Governance Scorecard Assessment under the category of Top 100 Companies for 2021 Corporate Disclosure based on its Annual Report 2020. The Board will continue improving on such practices and reporting disclosures going forward.

### GOVERNANCE FRAMEWORK



### THE ROLE OF THE BOARD AND ITS COMMITTEES

Good governance practices are integrated across the Sime Darby Property Group. The Board is accountable to shareholders to create and deliver sustainable value through oversight of the management of the Group’s business, approving strategic plans, monitoring their implementation and providing the necessary support for their successful execution.

The Board is ultimately responsible for all the actions and decisions of the Company and has in place specific policies, procedures and processes to guide organisational behaviour and to ensure that the line of responsibility between the Board and Management is clearly demarcated.

The Board discharges its responsibilities within a clearly defined governance framework and robust mechanisms in place. Effective operation of the Board relies on clarity of the various roles and responsibilities.

The Board views corporate governance as a fundamental process contributing towards achieving long-term shareholder value, taking into account the interests of all other stakeholders. Amidst a challenging business environment, the Board strives to strengthen the Group’s corporate governance practices and processes, which would withstand operating challenges. The Board embraces transparency and accountability in the boardroom and promotes these critical components of governance throughout the Company.

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# Corporate Governance Overview Statement

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The table below shows the governance oversight role of the Board, the various components of governance that facilitate the interaction and flow between them.

THE BOARD			
<p>1. Considers the balance of interests between stakeholders for the long-term success of the Group</p>	Oversees the Group's governance	Sets the Group strategy	Oversees alignment of the Group's purpose, culture and values, strategy and risk appetite
Principal Board Activities page 157   Division of Responsibilities pages 159 to 160   Our Board page 138 to 147			
<p><b>NOMINATION AND REMUNERATION COMMITTEE ("NRC")</b></p> <p>1. Reviews the composition and balance of the Board, the required mix of skills, experience, knowledge and diversity of the Board.</p> <p>Reviews the succession planning and human capital development focus in the Group, remuneration framework for the Non-Executive Directors ("NEDs"), Executive Director, key critical positions and employees of the Group.</p>	<p><b>RISK MANAGEMENT COMMITTEE ("RMC")</b></p> <p>1. Oversees the risks management, integrity and compliance framework within the Group.</p> <p>Provide guidance on key sustainability risks of the Group, which include monitoring and advising Management on the progress updates against the Sustainability Strategy and climate actions.</p> <p>Ensure Management have put in place adequate resources, infrastructure, system and processes to manage material risks that could impact the Group's ability to achieve its strategic objectives and targets, while safeguarding shareholders' investment and the Group's assets.</p>		
<p><b>AUDIT COMMITTEE ("AC")</b></p> <p>1. Oversees the Group's financial reporting process and practices, reviews the Group's business process and system of internal controls across the Group, assesses suitability, objectivity and the independence of both external auditors and internal audit function.</p>	<p><b>BOARD TENDER COMMITTEE ("BTC")</b></p> <p>1. Oversees the process of awarding significant tender awards valued above RM50 million and up to RM300 million.</p> <p>Reviews the procurement policies and procedures as set out in the Group Policies and Authorities ("GPA"), and Group Procurement Policies and Authorities.</p>		
<p><b>BOARD SUSTAINABILITY COMMITTEE ("BSC")</b></p> <p>1. On 25 November 2022, the Board approved the establishment of BSC effective 1 January 2023 to support the Board in fulfilling its oversight responsibilities in relation to the Environmental, Social and Corporate Governance ("ESG") strategy and framework for the Sime Darby Property Group of Companies and regularly assess the adequacy and effectiveness of such strategy and framework.</p> <p>Prior to the establishment of BSC, Management and several Board members met twice during the financial year under review for an in-depth and robust discussion on the Group's Sustainability Strategy and Plan.</p>			

The terms of reference ("TOR") of the NRC, RMC, AC and BSC are available on the Group's website at [www.simedarbyproperty.com/who-we-are/corporate-governance](http://www.simedarbyproperty.com/who-we-are/corporate-governance).

### GROUP MANAGING DIRECTOR

1. Leads the business and is responsible for its day-to-day management.

### MANAGEMENT

1. The Management is given certain powers to execute transactions under the Group Policies and Authorities, specifically the Limits of Authority. The Directors are fully aware that such delegation does not absolve them from their responsibilities as they remain responsible for the Management's exercise of powers as if such powers have been exercised by the Directors themselves.

**PRINCIPAL BOARD ACTIVITIES IN 2022**

Since the financial year under review, the Board spent a considerable amount of time reviewing and discussing with Management on the impact of labour shortage challenges, rise in material prices, as well as market challenges and headwinds. This included discussion on actions taken to fortify the financial and operational performance. At every scheduled Board meeting, the Board receives an update from the Senior Management and the Company Secretary on financial matters, operational and strategic activities and governance. The table below provides examples of significant matters discussed since the financial year ended (“FY”) 31 December 2022:

TOPIC	ACTIVITY AND OUTCOME
Strategic Growth and Sustainability Agenda	<ul style="list-style-type: none"> <li>Reviewed and approved the proposed Annual Operating Plan for Financial Year (“FY”) 2023 to 2025, presented by all Heads of Business Units and key Departments at the 2023 Board Strategy Session held in October 2022.</li> <li>Received quarterly reports by the Group Managing Director (“GMD”), comprising status updates of the Corporate Priorities of the Group.</li> <li>Reviewed the refinements made to the proposed Sustainability Strategy, which includes the ESG 10 priorities and key initiatives.</li> <li>Received quarterly reports on Health, Safety, Security and Environment of the Group.</li> <li>Reviewed proposed acquisition under Call Option Agreement with Sime Darby Plantation Berhad.</li> <li>Reviewed and approved divestment of non-core lands as part of the landbank management and monetisation activities.</li> </ul>
Financial and Business Performance	<ul style="list-style-type: none"> <li>Reviewed and approved the Audited Financial Statements for FY 31 December 2021.</li> <li>Reviewed and approved the Quarterly Results and Quarterly Press Releases for announcement to Bursa Securities.</li> <li>Reviewed and approved the Global Statutory Audit Fees for the FY 31 December 2022.</li> <li>Approved the Interim Dividends for the FY 31 December 2022.</li> <li>Approved report / contents of the Annual Report for FY2021, comprising the Corporate Governance (“CG”) Overview Statement and CG Report.</li> <li>Reviewed the proposed Capital Allocation Framework.</li> <li>Received quarterly updates on the progress of the Battersea Power Station project.</li> <li>Received quarterly Investor Relations report.</li> <li>Received the summary of changes in accounting practices.</li> </ul> <p>The Board received updates on all matters discussed at the AC meetings as set out in the AC Report on page 180.</p>
Governance, Integrity and Risks	<ul style="list-style-type: none"> <li>Approved amendments to the Board Charter and TOR of the NRC and RMC to align with the MCCG and market best practices.</li> <li>Approved the proposed Fit and Proper Policy for Sime Darby Property Group.</li> <li>Reviewed the results and findings of the Board Effectiveness Evaluation (“BEE”) for FY2021.</li> <li>Noted Minutes of Board Committee Meetings and received updates from the Chairman of respective Board Committees.</li> <li>Reviewed quarterly reports on Related Party Transactions (“RPTs”).</li> <li>Reviewed proposals deemed to be RPT and ensure such RPTs are conducted on a fair and at arms’ length basis.</li> <li>Reviewed the Circular to Shareholders in relation to the renewal of shareholders’ mandate for existing Recurrent RPT of revenue or trading nature.</li> <li>Assessed the independence of its Independent Directors.</li> <li>Reviewed the agenda outline of Board and Board Committees’ meetings for 2023.</li> <li>Reviewed revisions to the Group Policies &amp; Authorities and Code of Business Conduct of Sime Darby Property for adoption by the Group.</li> <li>Reviewed update on the execution of Digital Transformation Initiatives as outlined in the Digital &amp; IT Blueprint.</li> <li>Reviewed and approved changes to corporate representatives and principal officers of the Group.</li> </ul> <p>The Board received updates on all matters discussed at the RMC meetings as set out in the RMC Report on page 184.</p>



# Corporate Governance Overview Statement

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

TOPIC	ACTIVITY AND OUTCOME
People, Leadership and Succession Planning	<ul style="list-style-type: none"> <li>• Reviewed the retirement of Directors by rotation and eligibility for re-election and recommended their re-election at the 49th Annual General Meeting ("AGM").</li> <li>• Reviewed and approved changes to the composition of the Board and Board Committees.</li> <li>• Approved the establishment of the BSC.</li> <li>• Reviewed and approved the Performance Scorecards for Corporate / GMD and GMD-1s for FY2021 and scorecard setting for FY2022.</li> <li>• Reviewed and approved promotions and contract renewal of key critical positions.</li> <li>• Reviewed the progress update on PVMV.</li> <li>• Reviewed the trainings attended by Directors.</li> </ul>
Remuneration Matters	<ul style="list-style-type: none"> <li>• Reviewed and recommended the NEDs' Fees and Benefits for shareholders' approval at the 49th AGM.</li> <li>• Reviewed and approved the revisions to the salary and benefits of the Group's employees.</li> <li>• Reviewed and approved the 3-year scorecard targets and framework for long-term variable compensation for GMD and key Senior Management.</li> <li>• Reviewed and approved the roadmap to implement living wage for affected employees.</li> <li>• Approved salary increments for FY2022 and bonus payout for FY2021, for Group's employees.</li> </ul> <p>The Board received updates on all matters discussed at the NRC meetings as set out in the NRC Report on page 170.</p>

### BOARD COMPOSITION

During the financial year under review, the composition of the Board exceeded the requirements of Paragraph 15.02 of the Listing Requirements of Bursa Securities as more than one-third of its members are Independent NEDs. This composition enables an objective and effective check and balance on the Board's deliberation and decision-making.

For Sime Darby Property, the Board's current size of ten (10) members ensures that the purpose, involvement, participation, harmony and sense of responsibility of the Directors are not jeopardised and that it achieves the correct balance to realise the Company's strategic objectives.

The current Board's composition is diverse in terms of age, gender and a blend of skills, experience and knowledge enabling it to provide effective oversight, strategic guidance and constructive challenge to GMD and Management. This is to ensure diversity and inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation at its meetings.

The tenure of all Independent NEDs do not exceed a term limit of twelve (12) years in line with the requirement of the enhanced Listing Requirements of Bursa Securities announced on 19 January 2022. As at the date of this Statement, none of the Independent NEDs has served the Board for more than nine (9) years pursuant to our Board Charter and in compliance with Practice 5.3 of the MCCG.

The Board reviews annually, the declarations made by Directors on the number and nature of their external directorships that they hold as well as their assurances on time commitment in ensuring that they are able to effectively continue discharging their duties and responsibilities.



## DIVISION OF RESPONSIBILITIES AND ROLES OF THE DIRECTORS AND THEIR COMMITTEE MEMBERSHIPS

Majority Directors had attended all Board and Board Committees' meetings held in year 2022.

	NUMBER OF MEETINGS				
	BOARD	AC	NRC	RMC	BTC
<b>CHAIRMAN</b>					
<b>Rizal Rickman Ramli</b>	8/8	–	–	–	–
<ul style="list-style-type: none"> <li>Responsible for providing appropriate leadership to the Board and Group to ensure its smooth functioning and the fulfilment of obligations to the Group.</li> <li>Leads the Board in setting the values and ethical standards of the Group, instilling good corporate governance practices, leadership and effectiveness of the Board.</li> <li>Conducts meetings of the Board and shareholders, and ensures that they are properly briefed at their respective meetings with sufficient time allowed for discussion on complex or contentious issues and where appropriate, arranges informal meetings beforehand to enable thorough preparation so that ultimately, decisions can be made on a sound and well-informed basis.</li> <li>Facilitates meetings of the Board and ensures that no Board member, whether executive or non-executive, dominates the discussion, and that healthy debate takes place.</li> </ul>					
<b>GROUP MANAGING DIRECTOR</b>					
<b>Dato' Azmir Merican</b>	8/8	6/6	7/8	5/5	5/5
<ul style="list-style-type: none"> <li>Responsible for the overall management of the Group, ensuring that strategies, policies and matters set by the Board are effectively implemented in line with the Board's direction.</li> <li>Regularly reviews the performance of the heads of divisions and departments who are responsible for all functions contributing to the success of the Group.</li> <li>Develops and implements the Group's long-term strategy and vision leading to the creation of long-term profitability and stakeholder value.</li> <li>Promotes a corporate culture entrenched in core ethical values of individuals as well as collective responsibility, integrity and accountability and implements the Group's corporate social responsibilities.</li> <li>Ensures the day-to-day business affairs of the Company are effectively managed.</li> <li>Recommends suitable management structure and operating authority levels.</li> </ul>					
<b>SENIOR INDEPENDENT DIRECTOR ("SID")</b>					
<b>Dato' Soam Heng Choon <sup>(1)</sup></b>	8/8	–	7/8	4/5	4/4
<ul style="list-style-type: none"> <li>Designated contact to whom concerns pertaining to the Group may be conveyed to by shareholders and other stakeholders.</li> <li>Chairs meetings of the Board and shareholders in the absence of the Chairman.</li> </ul>					

Note:

(1) Redesignated to SID effective 23 March 2023.

# Corporate Governance Overview Statement

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

	NUMBER OF MEETINGS				
	BOARD	AC	NRC	RMC	BTC
<b>NON-EXECUTIVE DIRECTORS</b>					
<b>INDEPENDENT</b>					
<b>Dato' Seri Ahmad Johan Mohammad Raslan</b>	8/8	6/6	8/8	–	5/5
<b>Datin Norazah Mohamed Razali</b>	8/8	6/6	8/8	–	–
<b>Mohamed Ridza Mohamed Abdulla</b>	7/8	6/6	–	5/5	–
<b>Dato' Hamidah Naziadin</b>	8/8	–	8/8	–	–
<b>Dr. Lisa Lim Poh Lin</b>	8/8	–	–	5/5	–
<b>NON-INDEPENDENT</b>					
<b>Dato' Jaganath Derek Steven Sabapathy <sup>(2)</sup></b>	8/8	6/6	–	5/5	5/5
<b>YAM Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj</b>	8/8	–	–	5/5	5/5
<ul style="list-style-type: none"> <li>• Ensure that business and investment proposals presented by Management, key transactions or critical decisions are fully deliberated, examined and decided on by the Board in a meeting.</li> <li>• Play a key role by providing unbiased, unfettered and independent views, advice and judgment, which take into account the interests of the Group and all its stakeholders including shareholders, employees, customers, business associates and the community as a whole, regardless of their independent status.</li> </ul>					

Note:

(2) Redesignated to Non-Independent NED effective 23 March 2023.

### DISCHARGING BOARD RESPONSIBILITIES

The Board safeguards stakeholder value-creation. The Board ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic and ESG considerations thereby strengthening the integration of sustainability in the Company's operations. Through sustainable practices, the Company becomes more resilient, is able to create durable and sustainable value and maintains simultaneously, the confidence of its stakeholders.

In fostering a strong corporate governance culture, the Board strives for the highest standard of corporate governance practices. The Chairman leads the Board by setting the tone at the top and managing the Board's effectiveness by focusing on strategy, governance and compliance. Together with Management, the Board ensures ethical leadership, prudent and professional behaviour in the conduct of its business and in all aspects of its operations.

The positions of the Chairman and the GMD are held by different individuals with clear and distinct roles formally documented in the Board Charter.

Prudent and effective controls enable the Board to assess and manage emerging risks and opportunities continuously, to ensure long-term sustainable development and growth.

The presence of NEDs on the Board ensures that no individual or small group of Directors are able to dominate the decision-making process and that the interests of shareholders are protected. The Board considers each Independent NED to be independent in character and judgement.

The current composition of Directors has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine, review and decide on Management's proposals and empower the GMD to implement strategies approved by the Board.

In delegating its authority to Board Committees, the Board does not abdicate its responsibility and ensures that its delegation does not hinder or reduce its ability to discharge its functions. In this regard, the Board clearly sets out the division of responsibilities in the respective TORs.

**GROUP COMPANY SECRETARY**

The Group Company Secretary of Sime Darby Property is qualified to act as the company secretary under Section 235 of the CA 2016.

The Group Company Secretary plays an advisory role to the Board particularly with regard to the Constitution, Board policies and procedures as well as its compliance with regulatory requirements and legislations.

The Group Company Secretary is responsible for facilitating effective information flows within the Board and Board Committees and between Senior Management and the Board. All Directors have unrestricted direct access to the advice and services of the Group Company Secretary to facilitate the discharge of their duties.

The Group Company Secretary attends all Board and Board Committees meetings and ensures that discussions and deliberations of the Board and Board Committees are properly documented and recorded in a timely manner, and subsequently communicated to the Management for appropriate actions.

The Group Company Secretary further ensures that outstanding action items are properly tracked and monitored until such items are addressed and where necessary, reported to the Board.

Pertinent comments and observations of each Director are recorded in the minutes of meetings, which are circulated to all Directors and members of the Board Committees for their perusal and comments. The minutes of the Board Committee meetings are also tabled to the Board for notation.

The Group Company Secretary is tasked with organising and facilitating the induction programme or onboarding session for new Directors and the ongoing professional development of all Directors.

The Group Company Secretary keeps herself abreast of the evolving regulatory changes and developments in corporate governance through continuous training.

Based on the findings of the BEE conducted for the financial year under review, the Board commended the effectiveness of the Board administration and processes. The Board is satisfied with the performance and strong support rendered by the Group Company Secretary to the Board in discharging their functions in the FY2022. The roles and responsibilities of the Group Company Secretary are clearly specified in the Board Charter.

Noreen Melini Muzamli was appointed as Group Company Secretary on 17 August 2021. She is a Bachelor of Laws (Hons) graduate from the University of Bristol, United Kingdom. She is a certified legal practitioner and licensed company secretary with close to 20 years of working experience in several public listed companies from various industries.

**DIVISION OF RESPONSIBILITIES**

There is a clear division between the executive and non-executive responsibilities, which ensures accountability and oversight. During the financial year under review, the NEDs held at least one discussion without the presence of the Executive Director and Management via various platforms. The roles of Chairman, GMD and SID are clearly defined, set out in writing and regularly reviewed by the Board and are available on the Group’s website under Corporate Governance section.

**RESPONSIBILITY AND DELEGATION**

The Board meets at least once every quarter in a financial year. Meeting dates are scheduled in advance (before the commencement of each calendar year) to enable the Directors to plan their schedules ahead. Directors are expected to allocate sufficient time to perform their responsibilities effectively, including adequate time to prepare for Board meetings.

Key decisions are made at Board meetings while Directors’ Written Resolutions are confined to administrative matters or to formalise matters that have been deliberated at Board meetings. All Directors’ Written Resolutions are supported with sufficient information to enable the Directors to make informed decisions. Directors’ Written Resolutions passed by the Board are tabled at the next Board meeting for notation.

Board meetings are convened immediately following the finalisation of the Group’s quarterly and annual results for the Board’s review and approval prior to announcement to Bursa Securities.



# Corporate Governance Overview Statement

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

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Comprehensive Board papers comprising objectives, background issues, implications of risks, and other relevant information are prepared to enable the Board to make informed and effective decisions.

The robust and vigorous deliberations at Board and Board Committee meetings provide opportunities for all Directors to participate and contribute to the decision-making process as well as to ensure that constructive and healthy dialogues are satisfactorily achieved.

Relevant members of Senior Management and external advisers may be invited to attend Board meetings to report and advise the Board when matters under their purview are being considered or as otherwise requested by the Board, to enable informed decision-making. In the event a Director is unable to attend a meeting, his / her views are sought in advance and put to the meeting to facilitate a comprehensive discussion. Effectively this means that each Director makes himself / herself available to other fellow Directors and is able to contribute to all major decisions before the Board.

Directors must immediately declare if they have any interest in transactions that are to be entered directly or indirectly with the Sime Darby Property or Group. They must disclose the extent and nature of their interests at a Board meeting or as soon as practicable after they become aware of the potential conflict of interest. A Director must also abstain from participating in the deliberation and Board decision on the matter as he / she is an interested party.

The Directors' commitment in carrying out their duties and responsibilities is reflected by their attendance at Board meetings held during the year.

Although some Directors hold multiple directorships, they managed to commit and devote their time for the Board / Board Committee meetings.

The Board is satisfied that each Director has devoted sufficient time to effectively discharge his / her responsibilities, which is evident from Directors' high record of attendance for meetings as well as active participation at meetings.

In compliance with Paragraph 15.06 (1) of the Listing Requirements, each member of the Board holds not more than five (5) directorships in public listed companies. During the financial year under review, the Directors notified the Group Company Secretary as and when they resigned / retired from other boards, which were updated to the Board accordingly.

During the financial year under review, the Board met eight (8) times, two (2) of which were special meetings, whilst another two (2) were Part 2 of the Quarter 1 and 3 FY2022 meetings to provide sufficient time to the Board to deliberate on the agendas tabled. A majority of the Directors achieved full attendance during the financial year under review. Most meetings were held in hybrid mode with majority of the Directors attending in person throughout the year. All Directors achieved more than 85% rate of attendance of Board meetings held in 2022, which is above the minimum requirements on attendance of at least 50% at Board meetings pursuant to Paragraph 15.05(3)(c) of the Listing Requirements.

### ACCESS TO INFORMATION AND ADVICE

Presentations to the Board are prepared and delivered in a manner that ensures clear and adequate understanding of the subject matter. If there are any urgent matters or additional documents that are sent at least three (3) business days before the meeting, the Management will take the Board through the documents for a more detailed explanation during discussions at the meeting.

The Minutes of Board meetings accurately reflect the deliberations and decisions of the Board, including any dissenting views and if any Director had abstained from voting or deliberating on a particular matter.

**DIRECTORS' INDEMNITY**

**MANAGEMENT COMMITTEES**

High-level Management Committees are in place to assist the Board in the day-to-day management of the Group.

The Management Committees are as follows:

<p><b>GROUP MANAGEMENT COMMITTEE</b></p> <p>The Group Management Committee ("GMC") has overall responsibility for management policies, day-to-day operations of the Group, the deployment and implementation of Board resolutions and oversees the achievement of objectives and results.</p> <p>The GMD is the Chairman of the GMC and the current members include the Senior Management team. Heads of departments will be invited to attend meetings of the GMC. The venue of meetings is held at various operations locations to enable the GMC to not only better understand issues on site but to meet with respective team members as part of engagement initiatives.</p> <p>The Group Company Secretary acts as Secretary to the meetings of the GMC.</p> <p>The GMC met four (4) times during the FY2022.</p>	
<p><b>GOVERNANCE OVERSIGHT MANAGEMENT COMMITTEE</b></p> <p>Management established a Governance Oversight Management Committee ("GOMC") to drive, manage and monitor the implementation of the Governance, Risk and Compliance Framework within the Group.</p> <p>The GMD is the Chairman of the GOMC.</p> <p>The GOMC met four (4) times during the FY2022.</p>	<p><b>GROUP TENDER COMMITTEE</b></p> <p>The Group Tender Committee ("GTC") reviews Tender Evaluation Reports / Single Source Appointment for tenders with a value of between RM5 million to RM50 million.</p> <p>The GMD is the Chairman of the GTC.</p> <p>The GTC met eleven (11) times during the FY2022.</p>
<p><b>GROUP INVESTMENT COMMITTEE</b></p> <p>The Group Investment Committee ("GIC") reviews and recommends major investment and capital expenditure proposals for tabling to the Board in accordance with the Group Policies and Authorities.</p> <p>The GMD is the Chairman of the GIC.</p> <p>The GIC met six (6) times during the FY2022.</p>	<p><b>MANAGEMENT SUSTAINABILITY COMMITTEE</b></p> <p>The Management Sustainability Committee ("MSC") which was formalised in August 2022 assists the Board and the BSC (from 1 January 2023) in ensuring the integration of sustainability considerations into the Group's corporate strategy, priorities and targets, governance and decision-making, in line with Sime Darby Property's PVMV. The MSC also ensures oversight of the implementation of the Company's Sustainability Policy and material issues pertaining to ESG and monitors the execution of the Sustainability Strategy.</p> <p>The GMD is the Chairman of the MSC.</p> <p>The MSC met once during the FY2022.</p>

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## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### PROMOTING GOOD BUSINESS CONDUCT

The Board commits to ethical business and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members.

All Board members discharge their duties and responsibilities at all times as fiduciaries in the best interest of the Company. They act with integrity, lead by example, and keep abreast of their responsibilities as Directors and of the conduct, business and development of the Company.

In directing or managing the Company's business and affairs, they exercise reasonable care, skill and diligence by applying their knowledge, skill and experience.

The Board ensures that key transactions or critical decisions are deliberated and decided on by the Board in a meeting. The Board also ensures that decisions and basis for those decisions, including any dissenting views are made known and properly minuted.

The Board has put in place a suite of Group policies for implementation and compliance throughout the Group. The Group policies cover various areas such as Ethics and Conduct, Protection of Group Assets, conduct of key functions and processes of the Group and Limits of Authorities addressing various key transactions of the Group.

### BOARD DIVERSITY

In managing the diversity of the Board, the Board is guided by the Board Composition Policy and Framework in ensuring that the mix and profiles of its members provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management of Sime Darby Property.

The Directors bring with them years of experience in managing sustainable business growth and collectively represent a strong and capable leadership that supports effective decision-making. In today's rapidly transforming and challenging business environment, diversity and inclusivity are important to ensure Sime Darby Property remains relevant, resilient and sustainable.

The Board believes that a truly diverse and inclusive Board will not only be able to leverage the differences in perspectives, industry experience, knowledge and skill, it will also help the Group retain its competitive industry edge.

In this regard, the Board through the NRC conducts an annual review of its size and composition, to determine if the Board has the right size and adequate diversity that fits the Company's objectives and strategic goals, as well as to assess qualified candidates to occupy Board positions.

For gender diversity, the Board appreciates the benefits of having gender diversity in the boardroom as a mixed gendered Board would offer different viewpoints, ideas and market insights. The Board has three (3) women Directors, which constitutes 30% of the Board's composition. This is in line with Practice 5.9 of the MCCG.

While it is important to promote diversity, Directors are selected based on various factors, i.e. an effective blend of skills, competencies, experience and knowledge of the industry or other identified areas in order to carry out effective Board functions and duties.

To ensure that there is a healthy talent pipeline, the Board Diversity Policy also includes policies on the participation of women in decision-making / Senior Management positions within the Group.

### SUSTAINABILITY COMMITMENT

Sime Darby Property incorporates sustainability in the Company's business strategy to maintain its long-term competitive performance while safeguarding the environment and related communities. Sustainability is guided at the highest levels of decision-making and cuts across functions as well as business areas.

To ensure that sustainability is integrated into the strategic direction of Sime Darby Property, the Board continuously ensures that there are sufficient oversight and management of the Group's sustainability agenda, which include its goals, targets, framework and related policies and risk exposure.

A joint meeting platform between Management and several Board members was established in June 2022 to oversee the overall sustainability strategy, including tracking and prioritising ESG initiatives. In November 2022, the Board as recommended by the NRC, approved the establishment of BSC effective 1 January 2023 to further strengthen the Board's oversight on sustainability agenda.

Sime Darby Property is focused on enhancing sustainable developments and practices in its townships. In addition to climate change action, good biodiversity practices are fundamental components to the long-term survival of its business. Biodiversity is therefore one of the Company's four core imperatives in its sustainability strategy.

Sime Darby Property's Sustainability Governance Framework defines the roles and responsibilities of the Board, Management and the rest of the organisation. The Framework aims to ensure that sustainability-related risks are effectively identified, assessed and managed while improving transparency through disclosures and reporting to promote overall accountability.

The Board acknowledges the importance in addressing the climate change action, mitigation and adaptation, and are now in the midst of adapting it into the Group's short, medium and long-term plans. Management was in the midst of conducting periodic scenario-based climate risk assessment for the Group's climate mitigation and adaptation strategy.

Sime Darby Property's sustainability strategies, priorities and targets as well as performance against these targets are monitored and assessed through the performance evaluation of the Board and Senior Management to measure how they have performed their respective roles in addressing material sustainability risks and opportunities.

The Board acknowledges that Sime Darby Property's long-term success and continued relevance are dependent on the prosperity and trust of the communities it serves and the environment it operates in. The Board recognises that an inclusive society built on human dignity and the responsible use of human capital is essential for all to thrive.

The Board ensures that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to our internal and external stakeholders. In this regard, a designated person within Management has been assigned to provide dedicated focus to manage sustainability strategically.

Sime Darby Property's Sustainability Report for FY2022 sets out in detail the scope of its sustainability reporting and sustainability framework that addresses stakeholder expectations across various sustainability concerns.

The Report also articulates our commitment to improving the Group's sustainability practices so that Sime Darby Property is more competitive, resilient and adaptable to change, which has been reinforced amid the challenges of COVID-19.

**DIRECTORS' INDEPENDENCE**

The Independent NEDs play a significant role in bringing objectivity and scrutiny to the Board's deliberations and decision-making. Their roles are also particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders.

Decision-making on key issues regarding the Company are deliberated by the Directors. Board decisions are made taking into account the views of the Independent NEDs, which carry substantial weight. Independent NEDs fulfil their roles by ensuring that strategies proposed by Management are discussed and examined as well as ensuring that the interest of stakeholders of the Company are safeguarded.

It is crucial for the Board to assess the independence of its Independent NEDs. This is undertaken annually with reference to the key criteria developed by the NRC and the Listing Requirements, which include independence from Management and the absence of any business relationship, which could materially interfere with or be perceived to materially interfere with the Independent NED's judgement.

All Directors, regardless of their independent status, are required to act in the best interests of Sime Darby Property and to exercise unfettered and independent judgement.

The Board performed an internal assessment on the independence of the Independent NEDs in office for the financial year under review. The Board concluded that each Independent NED has met the independence criteria as set out in the Listing Requirements. The Board was generally satisfied that each Independent NED remained independent in character and judgement and was free from any relationship or circumstance, which were likely to affect or could appear to affect his / her judgement. The Board further concurred that their continuous contributions are beneficial to the Board and Sime Darby Property Group as a whole.

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Each Independent NED Director also provided his / her declaration of independence to Sime Darby Property in compliance with the criteria set out in the Listing Requirements.

### SUCCESSION PLANNING

Succession planning is an integral part of the Board's corporate governance practices. The Board has in place a Board Succession Plan Framework to assist the Board in particular the NRC in ensuring the orderly sourcing, identification and selection of new NEDs in the event of an opening on the Board. Such a structured succession plan addresses the composition and effectiveness of the Board or otherwise. The Board believes that the membership and composition of the Board should be assessed from time to time, while ensuring continuity in meeting the Group's long-term goals and objectives.

The NRC also plays a key role in the oversight of the nomination, selection process and succession planning of key critical positions reporting to the GMD. Sime Darby Property, with the assistance of an external consultant, continuously reviews succession planning for senior critical roles and talent pool demographics with the view of enhancing the Group's Succession Planning Framework including talent management and human capital development for the key critical management positions. The Framework focuses on, amongst others, the determination of the criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap.

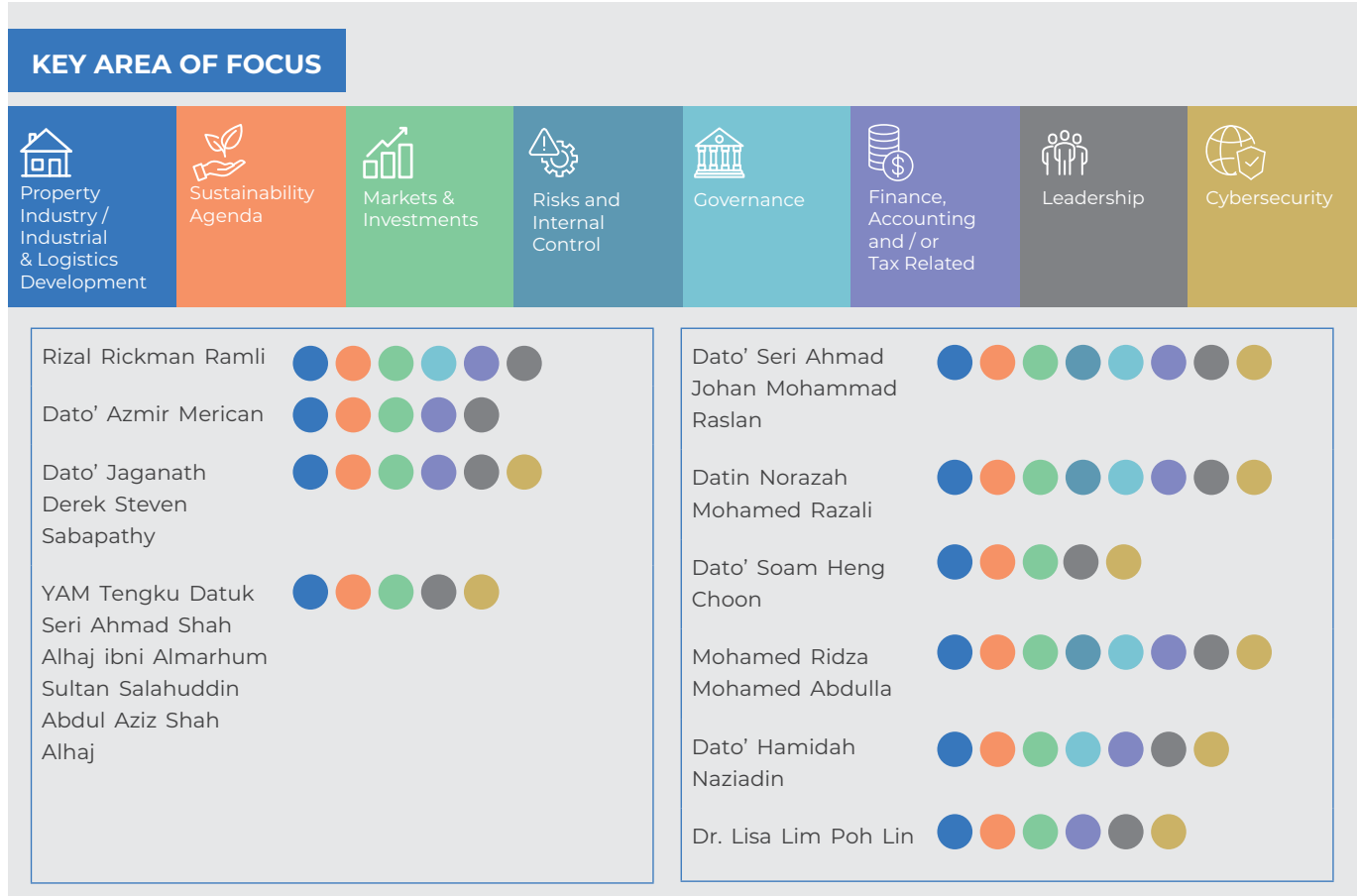
### BOARD INDUCTION AND PROFESSIONAL DEVELOPMENT

On joining the Board, it is the responsibility of the Chairman and Group Company Secretary to ensure that all newly appointed Directors receive a full and formal induction, which is tailored to their individual needs based on experience and background. The induction programme includes a comprehensive overview of the Group and guidance and training, as appropriate, are provided on Board governance and the duties, responsibilities and liabilities of a director of a listed company. The Board and Board Committees receive training, including in specialist areas, and updates on issues relevant to the Group's business, including legal, regulatory and governance developments and operational and technological updates. Training is typically arranged by the Group Company Secretary in consultation with the Chairman or relevant Board Committee Chairman. The Board have also received briefings from external advisers on a range of strategic matters.

In line with Paragraph 15.08 of the Listing Requirements, the Directors acknowledge the importance and value of attending conferences, training programmes and seminars in order to keep themselves abreast of the latest developments in areas related to their duties and to be equipped with the necessary skills and knowledge to meet the challenges faced by the Board.



Further to said Board's acknowledgment, the areas of trainings / seminars / conferences attended or participated by the Directors during the financial year under review, among others, are set out below.



For full details of the list of trainings, please refer to the CG Report on pages 32 to 37.

**DIRECTORS' REMUNERATION FRAMEWORK**

The Board has established a remuneration policy for its NEDs that aligns remuneration with the Group's strategy to drive the long-term success of the Group together with a comprehensive and fair remuneration package to continue to attract, retain and motivate Directors.

The Board has delegated to the NRC the responsibility to set the principles, parameters and governance framework relating to the Group's remuneration matters. The NRC is authorised to formulate, develop and implement formal and transparent procedures for the Group's NEDs and Senior Management ensuring that their compensation remains competitive and consistent with industry standards as well as commensurate with their experience, skills, level

of responsibilities and complexity of the business. In this regard, the NRC has established a remuneration framework for the NEDs which is subject to periodic review.

The remuneration of the NEDs consists of fixed directors' fees and other benefits, all of which are subject to the approval of shareholders at the AGM. The fees of the NEDs for their services to the Board and Board Committees are paid to all NEDs on a monthly basis pursuant to the shareholders' mandate obtained at the AGM.

For full details of the Directors' Remuneration Framework, please refer to the CG Report on pages 60 to 62.

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### STRENGTHENING INTEGRITY AND ETHICS

The Board acknowledges its role in establishing a corporate culture with uncompromising ethical conduct. In line with this principle, the Group has in place the following policies to ensure the conduct of business of the Group and the employees, as well as our vendors and counterparties, are consistently carried out ethically and with integrity.

#### Code of Business Conduct

The Code of Business Conduct (“COBC”) of the Group provides guidance on the standards of behaviour and ethical conduct expected of all Directors, employees, counterparts, and business partners of the Group. The COBC not only promotes legal and procedural compliance but also provides a moral compass to ensure that the individual’s behaviour is in line with the Group’s Core Values and business objectives.

All employees are expected to understand the principles and standards stipulated and must comply with them not only in their form but also in the substance of the ethical principles and conduct stated in the COBC.

Further details on the COBC are available on the Group’s corporate website

#### No Gift Policy

The No Gift Policy demonstrates the Group’s commitment to the highest standards of integrity and good governance in the conduct of its business.

With this commitment the Group has imposed a ‘No Gift Policy’, which prohibits the offering, giving, soliciting or accepting directly or indirectly any form of gifts to avoid conflict of interest or the appearance of conflict of interest in any ongoing or potential business dealings.

#### Anti-Bribery and Corruption, Anti-Money Laundering, Conflict of Interest, Sponsorship and Donation, Gift, Entertainment and Travel Policy

The Group adopts a zero-tolerance stance against all forms of bribery and corruption and will not tolerate any acts which are in breach of Sime Darby Property’s policies.

As part of the Group’s efforts to support the implementation of the anti-bribery and corruption and ethical principles articulated in the Group’s COBC and to uphold the highest standards of good governance, the Board has adopted the following policies:

- Anti-Bribery and Corruption Policy, which covers facilitation payment.
- Anti-Money Laundering Policy.
- Conflict of Interest Policy.
- Sponsorship and Donation Policy, including political contribution.
- Gift, Entertainment and Travel Policy.
- Anti-Bribery Management System Manual (“ABMS”) guided by and designed to reflect the requirements of ISO37001: 2016 Anti-Bribery Management System.

The employees of the Group are required to confirm their understanding and compliance with the Group’s Ethical policies via the Group’s Annual Integrity and Compliance Pledge. The Annual Integrity and Compliance Pledge reaffirm the Group’s zero-tolerance stance against all forms of bribery and corruption where employees are prohibited from committing or directing or instructing any form of bribery and corruption, which benefited them or the Group directly or indirectly.

Various engagement activities continue to be conducted to spread awareness of the policies and address any concerns.

#### Vendor COBC

The Vendor COBC and Vendor Integrity Pledge (“VIP”) sets out the expected standard of behaviours of our vendors and counterparties, covering compliance requirements, governance and management systems, ethical practices, protection of assets and information, environmental protection and employment practice. It is a step up and improvement to the previous practices, which required our vendors and counterparties to comply with our employee’s COBC and Vendor’s Letter of Declaration.

The VIP includes compliance with Anti-Bribery & Corruption requirements and the following:

- The Vendor COBC.
- Applicable laws and regulations relating to anti-money laundering, anti-terrorism financing and fraud.
- Vendor’s commitment to have similar values and conduct in their own COBC, if any, and to complete with their own code.

#### Whistleblowing Policy

The Group’s Whistleblowing Policy (“WP”) provides a transparent mechanism and avenue for all stakeholders to report or raise genuine concerns on any misconduct without fear of retaliation and intimidation.

Confidentiality and anonymity are assured to stakeholders who disclose their concerns in good faith and in doing so, had followed the appropriate disclosure procedures, accordingly. The WP sets a clear procedural guide for stakeholders to follow in raising their concerns to ensure that issues are addressed in respect of the appropriate personnel and definitive action can be taken.

### Gift, Entertainment and Travel Policy

The Gift, Entertainment and Travel Policy is intended to enable the Directors, Management and employees to be able to provide business hospitality that is appropriate and do not create any appearance of unfair advantage/benefit or impropriety or misconstrued or perceived to be a bribe or gratification.

### Corporate Liability

The Malaysian Anti-Corruption Commission Act 2009 (“MACC Act 2009”) has been amended to include a corporate liability provision that imposes liability on a commercial organisation for corruption committed by persons associated with the organisation to obtain a business advantage. Taking cognisance of the enforced provision which came into effect on 1 June 2020, Sime Darby Property has taken proactive actions to ensure that it has adequate procedures in place designed to prevent associated persons from undertaking conduct that would be in breach of the Section 17A of the MACC Act 2009.

### BOARD EFFECTIVENESS EVALUATION (“BEE”)

Every year, under the purview of the NRC, a formal evaluation is undertaken by an independent consultant to assess the effectiveness of the Board as a whole, the Board Committees, and the performance and contribution of individual Directors and the Board Committee members. The evaluation is especially important in deciding whether a Director who is subject to re-election as a Director can be recommended to be re-elected at the next AGM and ensure there is continued effective oversight and delegation of responsibilities by the Board.

The NRC engaged an external independent consultant, the Institute of Corporate Directors Malaysia (“ICDM”) to conduct and facilitate the BEE for the financial year under review, through a questionnaire approach by way of self and peer assessment to identify key themes of strengths and areas for improvement, covering questionnaires that were largely similar to the questionnaires from 2021 BEE exercise with additional sustainability related questionnaires. During the evaluation exercise, Board members and selected Senior Management had also provided feedback on areas of improvement moving forward.

The overall results of the BEE in respect of the financial year under review were reasonably positive in the five (5) components of the evaluation namely, the ‘Basic Ingredients’, Strategy, Risk Management, Dynamics & Information and Sustainability. Areas of assessment under Basic Ingredients includes, among others, trust and openness, the right people, Directors’ duties and Board diversity. Strategy covers setting goals, people strategy, ESG and strategic contribution whilst Dynamics & Information includes well-structured papers, managing the agenda and inclusive discussions. The new section on Sustainability looks at structure, oversight and people.

The areas for enhancement for FY2022 as highlighted below have recorded an improvement following the FY2021 BEE report:

- 1) Strategy on emerging issues such as technology, people strategy (e.g. remuneration, performance management, succession planning and culture) and ESG.
- 2) Risk management on cybersecurity review and how the Company responds to IT challenges.

Whilst the Board was satisfied with the FY2022 BEE results that trended positively, it also noted the areas of enhancement for FY2023, which included a focus on the impact of technology on strategy, ensuring adequate crisis preparation and reliable crisis recovery as well as more Board participation in initiatives that shapes culture in the organisation. The NRC and Board reviewed the results of the evaluation process and recommendations in relation to targeted outcomes and further action plan.

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### ► Nomination and Remuneration Committee Report

“

The NRC is pleased to present its report for the financial year ended 31 December 2022 in compliance with Paragraph 15.08A (3) of the Listing Requirements of Bursa Securities and the MCGG.

This report provides shareholders with valuable insights into the activities of the NRC during the financial year under review and how the NRC plays a key oversight role for the Board. ”

#### KEY ROLES OF THE NRC

In compliance with the requirement of Paragraph 15.08A (1) of the Listing Requirements, the NRC comprises as at the date of this report, exclusively Non-Executive Directors (“NEDs”), all of whom are Independent NEDs. The NRC is chaired by an Independent NED, which is consistent with Practice 5.8 of the MCGG.

The NRC’s role, amongst others, is to assist the Board in fulfilling its responsibilities with regard to the appropriate size and balance of the Board and Board Committees, the required mix of skills, experience, knowledge, diversity and other qualities, including core competencies, which NEDs should bring to the Board and respective Board Committees. All of these considerations, in the Board’s view, facilitate effective governance and decision-making.

In discharging this role, the NRC ensures that there is a formal and appropriate procedure for the appointment of new Directors to the Board and is responsible for making recommendations to the Board.

Additionally, the NRC determines and makes recommendations to the Board on Sime Darby Property’s framework and policy for the remuneration of the NEDs, the GMD and key critical positions in the Sime Darby Property Group. The participation of women in Senior Management is also reviewed to ensure a sustainable talent pipeline.

The NRC is also responsible for developing plans to identify the necessary and desired competencies and skills of Directors and succession plans to ensure that there are appropriate dynamics of experience, diversity and expertise on the Board. The Board has put in place succession planning principles to ensure there is orderly identification for selection of new NEDs in the event of an opening on the Board and successors to Committee Chairs from amongst the existing NEDs. The Board via the NRC also oversees the appointment and succession planning of the critical positions in the Group with a focus on human capital development.

#### TERMS OF REFERENCE

The NRC is governed by clearly defined and documented TOR. The TOR of the NRC, which was last revised in March 2022 is consistent with the Listing Requirements and the MCGG. For the financial year under review, all the requirements under the TOR have been complied with. The TOR is assessed, reviewed and updated, as the need arises, to ensure that the terms remain relevant, up-to-date and in conformity with the various changes in regulations.

For more information on the TOR of the NRC, please refer to the Group’s website at [www.simedarbyproperty.com/who-we-are/corporate-governance](http://www.simedarbyproperty.com/who-we-are/corporate-governance).

**OVERVIEW OF ACTIVITIES FOR THE FINANCIAL YEAR UNDER REVIEW**

Throughout the financial year under review, the NRC continued to provide critical support to the Board in relation to the succession planning of the Board and Management.

Since the financial year under review, the NRC carried out among others, the following key activities in discharging its functions, duties and responsibilities:

FUNCTIONS	MATTERS CONSIDERED
Nomination	<ol style="list-style-type: none"> <li>1) Reviewed and assessed the performance of and made recommendations to the Board with regard to Directors seeking re-election at the Sime Darby Property's 49th AGM.</li> <li>2) Reviewed and recommended to the Board changes to the composition of the Board and Board Committees and the selection of potential candidates for nomination as Independent NEDs.</li> <li>3) Reviewed the update on Succession Management and Learning &amp; Development of Sime Darby Property.</li> <li>4) Reviewed the progress of the People Strategy and Transformation Initiatives.</li> <li>5) Reviewed the Organisational Structure of the Group.</li> <li>6) Assessed and recommended to the Board the promotion and / or contract renewal of key critical positions of the Group, including GMD, Chief Executive Officer – Property Development, Chief Operating Officer – Township Development and Chief Operating Officer – Integrated Development.</li> <li>7) Reviewed the trainings attended / participated by each Director and assessed the training needs of the Directors.</li> </ol>
Remuneration	<ol style="list-style-type: none"> <li>1) Reviewed and recommended to the Board the payment of Fees and Benefits to the NEDs for the period from 25 May 2022 until the next AGM of Sime Darby Property.</li> <li>2) Reviewed the Car Allowances and KLGCC Membership for Senior Management.</li> <li>3) Reviewed and recommended to the Board the Salary Increment for FY2022 and Bonus Payout for FY2021 for Employees and Top Management of Sime Darby Property Group.</li> <li>4) Reviewed and recommended to the Board the Performance Scorecards for Corporate / GMD and GMD-1s for FY2022.</li> <li>5) Reviewed and recommended to the Board the Performance Assessment for GMD and GMD-1s for the FY 31 December 2022.</li> <li>6) Reviewed and recommended to the Board the 3-year scorecard targets and framework for long-term variable compensation for GMD and key Senior Management.</li> <li>7) Reviewed updates on Staff Purchase Discount for Sime Darby Property Group's Products.</li> <li>8) Reviewed and recommended to the Board the roadmap to implement living wage for affected employees.</li> </ol>
Governance	<ol style="list-style-type: none"> <li>1) Engagement of an independent third-party external consultant to facilitate the conduct of the BEE and reviewed its findings.</li> <li>2) Reviewed Sime Darby Property's succession planning for senior critical roles and talent pool demographics.</li> <li>3) Reviewed and endorsed the disclosures in the NRC Report for the financial year under review for inclusion in the Annual Report 2021 to ensure that it was prepared in compliance with the relevant regulatory requirements and guidelines.</li> <li>4) Reviewed and recommended to the Board for implementation of the proposed Fit and Proper Policy for Sime Darby Property Group.</li> <li>5) Reviewed the results of the 2022 Employee Engagement Survey and respective action plans.</li> <li>6) Proposed the establishment of the BSC, a new Board Committee to support the Board in fulfilling its oversight responsibilities on sustainability matters of the Group.</li> <li>7) Reviewed the progress of the Purpose, Vision and Mission Statements, in line with Sime Darby Property's goal to be a real estate company by 2025.</li> <li>8) Reviewed update on Directors of Key Operating Entities of Sime Darby Property Group.</li> <li>9) Planned and approved the NRC Annual Outline Agenda for FY2023.</li> </ol>

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## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### COMPOSITION, MEETINGS AND ATTENDANCE

The NRC consists of four (4) members, all of whom are Independent NEDs. The NRC is chaired by an Independent NED, Datin Norazah Mohamed Razali. There were no changes to the composition of the NRC during the financial year under review.

The NRC meetings for the financial year under review were scheduled in advance of the financial year to facilitate the members and management in planning and ensuring the NRC meetings are incorporated into their respective schedules. This also serves to provide members with ample notice of the meetings. The attendance at all NRC meetings met the requisite quorum as stipulated in the NRC's TOR.

The NRC met eight (8) times during the financial year under review, four (4) of which were special meetings, to discharge its duties and functions as a Committee of the Board. The composition of the NRC and the attendance record of its members for the financial year under review are as follows:

Members	Designation	No. of Meetings Attended
Datin Norazah Mohamed Razali (Chairman)	Independent NED	8 / 8
Dato' Seri Ahmad Johan Mohammad Raslan (Member)	Independent NED	8 / 8
Dato' Soam Heng Choon (Member)	Independent NED	7 / 8
Dato' Hamidah Naziadin (Member)	Independent NED	8 / 8

During the financial year under review, meetings of the NRC were attended by the GMD and Chief People Officer. Other members of the Board and Senior Management were invited to meetings of the NRC, when necessary, to support detailed discussions and to brief and furnish the NRC with necessary information and clarification to relevant items on the agenda.

The Group Company Secretary acts as Secretary to the NRC.

The agenda and meeting papers relevant to the business of the meeting are distributed to the NRC members at least several days from the date of the meeting via secured collaborative software. The software eases the process of distribution of meeting papers, minimises the risk of leakage of sensitive and confidential information, and enables the Directors access to the proposal papers electronically.

All proceedings of the NRC are properly documented and recorded in the minutes of each meeting, including comments made by each member, how they have voted and pertinent observations and reservations. The minutes of the NRC meetings are circulated to all members for their perusal and comments well in advance and the signed minutes of each NRC meeting are properly kept by the Group Company Secretary.

Minutes of the NRC meeting are tabled for confirmation at the next NRC meeting, following which extracts of the decisions are escalated to the relevant process owners for action. The Minutes are thereafter circulated to the Board for notation.

The Chairman of the NRC periodically provides a report, highlighting significant points of the decisions and recommendations made by the NRC to the Board. The Minutes of the NRC meeting are submitted to the Board every quarter for the Board's notation.

### BOARD COMPOSITION AND DIVERSITY

The Board Composition Policy ("Policy") of Sime Darby Property was first adopted by the Board on 26 July 2017. The Policy ensures that the mix and profiles of Board members in terms of age and gender provide the necessary range of perspectives, experience and expertise required to achieve effective stewardship and management.

The Board believes that a truly diverse and inclusive Board will leverage on differences in thought, perspective and knowledge, skill, industry experience and geographical background, age and gender, all of which will ensure that Sime Darby Property retains its competitive industry advantage.

The Board's status of compliance with the Policy is set out below:

01	<p><b>Gender Diversity</b></p> <p>As of the date of this Annual Report, Sime Darby Property has on its Board, three (3) women Directors, namely Datin Norazah Mohamed Razali, Dato' Hamidah Naziadin and Dr. Lisa Lim Poh Lin constituting 30% of the Board's composition. This is also in line with Practice 5.9 of the MCCG.</p>	03	<p><b>Ethnic Diversity</b></p> <p>The Board will work towards diversifying the ethnic composition of the Board as and when vacancies arise where suitable candidates are identified. Currently, the Board comprises 70% Malay, 20% Chinese and 10% Indian.</p>
02	<p><b>Age Diversity</b></p> <p>The Board is committed to working towards having a generationally-diverse Board to have a balance between maturity and experience as well as a greater level of flexibility and adaptability to reinvigorate Sime Darby Property. Age diversity within the Board can enable the Board to better understand the needs of diverse customers, employees and investors. A Board that is diverse according to many intersecting criteria is likely to be stronger than a mostly homogenous Board.</p>	04	<p><b>Independence of Directors</b></p> <p>The Board believes that a Board comprising a majority of Independent Directors allows for more effective oversight of Management. Their role broadly includes improving the corporate credibility and governance standards of Sime Darby Property, functioning as a watchdog, playing a vital role in risk management and as active members of Committees set up by the Board to ensure good governance.</p> <p>Currently, six (6) out of ten (10) Directors of Sime Darby Property are Independent NEDs. None of the six (6) Directors has served on the Board for more than nine (9) years.</p>

The NRC is responsible for the implementation of the Policy and for monitoring progress towards the achievement of the Board's objectives.

**FIT AND PROPER POLICY**

Pursuant to Paragraph 15.01A of the Listing Requirements, a listed issuer must have a fit and proper policy for the appointment and re-election of directors of the listed issuer and its subsidiaries, ensure the policy addresses board quality and integrity and will aid the listed issuer to comply with paragraph 2.20A of the Listing Requirements, and to make available the policy on its website.

The NRC had reviewed the proposed Fit and Proper Policy for Sime Darby Property at its meeting in March 2022 and recommended it to the Board for approval. The Board had on 24 March 2022 approved the Fit and Proper Policy.

**BOARD APPOINTMENT PROCESS**

Sime Darby Property practices a formal and transparent Board Appointment Process for the sourcing, selection, nomination and appointment of new directors.

The NRC considers the gaps in the Board's composition and requirements before sourcing, screening and conducting the initial selection of potential candidates. The NRC is responsible for assessing a potential candidate for a proposed directorship on the Board of Sime Darby Property and submitting its recommendation to the Board for decision. The NRC considers primarily the candidate's propriety and suitability for appointment based on his / her skills, specialist knowledge, competencies, experience, probity, integrity, fit and properness, and perceived ability to work cohesively with other members of the Board. The NRC ensures that the right balance of skills, breadth of experience and diversity in terms of age and gender are reflected in the selection process.

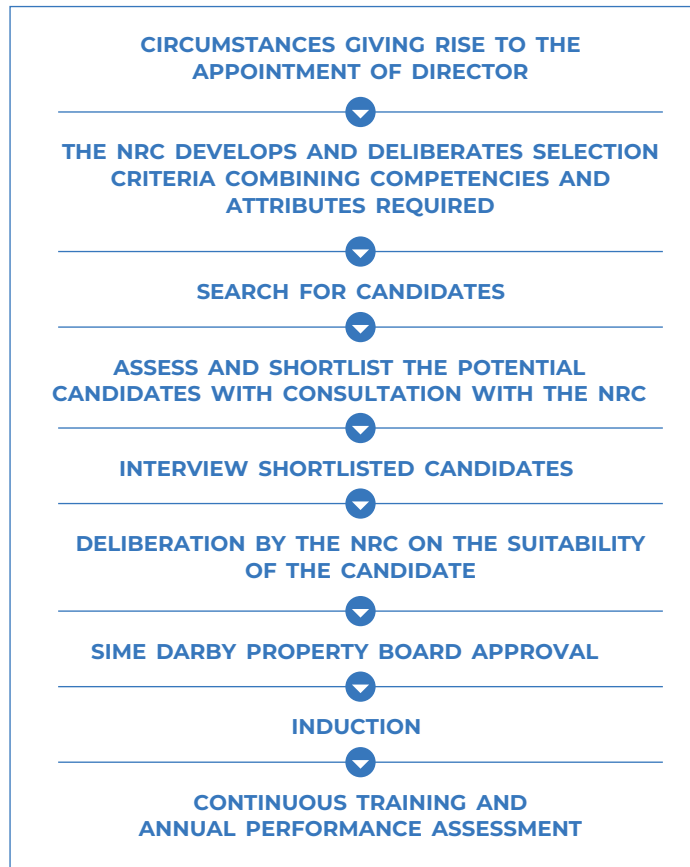
In its selection of suitable candidates, the NRC adheres to the guidelines stipulated in the Board selection criteria set out in the Board Appointment Process.

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## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The process flow for the appointment of a Director is as follows:



The Group Company Secretary ensures that all appointments adhere to the governance process and that all necessary information is obtained from the Director, both for the Group's records and for the purposes of meeting statutory obligations as well as obligations arising from the Listing Requirements.

During the financial year under review, the NRC reviewed the composition of the Board and Board Committees taking into consideration the mix of skills, competencies, industry experience, integrity, personal attributes and time commitment required of a Director to effectively fulfil his or her role as a Director and Chairman / Member of the respective Board Committees. This included succession planning to ensure a smooth transition in the Board's succession process as existing Directors leave the Board and new ones come on board. The NRC will continue to leverage on various sources, such as referrals from existing Directors and other leadership development and consulting organisations to identify potential candidates for nomination as Directors.

As of the date of this report, the Board had, upon the recommendation of the NRC, approved the following changes in the composition of the Board Committees:

Board Committee	Director
BTC	<ul style="list-style-type: none"> <li>Dato' Azmir Merican <i>(redesignated from a member to permanent invitee on 24 June 2022 in line with good governance that board committees comprised exclusively of NEDs)</i></li> <li>Dato' Seri Ahmad Johan Mohammad Raslan <i>(resigned effective 1 January 2023 following his appointment as Chairman of the BSC)</i></li> </ul>
BSC <i>(established on 1 January 2023)</i>	Appointment of: <ul style="list-style-type: none"> <li>Dato' Seri Ahmad Johan Mohammad Raslan (Chairman)</li> <li>Datin Norazah Mohamed Razali</li> <li>Dato' Hamidah Naziadin</li> <li>Dr Lisa Lim Poh Lin</li> </ul>
RMC	Changes effective 23 March 2023: <ul style="list-style-type: none"> <li>Mohamed Ridza Mohamed Abdulla <i>(redesignated from a member to a Chairman)</i></li> <li>Dato' Jaganath Derek Steven Sabapathy <i>(redesignated from a Chairman to a member)</i></li> </ul>



On the element of size and composition of the Board, based on the 2022 BEE results, the NRC had ensured that the Board of Sime Darby Property had the right mix in relation to skills, expertise and experience. The NRC will regularly review the Board and Board Committees' compositions and ensure their continuing effectiveness throughout the year.

**RETIREMENT AND RE-ELECTION OF DIRECTORS**

The NRC is responsible for recommending to the Board, Directors who are retiring and standing for re-election at the AGM pursuant to and in accordance with the Constitution of Sime Darby Property ("Constitution").

Pursuant to Rule 111 of the Constitution, at least one-third (1/3) of the Directors for the time being shall retire from office at each AGM. Rule 112 of the Constitution states that all Directors shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

The Directors' rotation list is presented to the NRC for endorsement prior to recommendation to the Board. Subsequently, the retiring Directors standing for re-election would be recommended to the shareholders for approval. The Board recognises Directors' performance as a basis for recommending their re-election to the shareholders. This, in turn, is determined through their annual evaluation and independence assessment, which are assessed by the NRC before any recommendation is made to the Board for deliberation and approval. The affected Directors are required to give their consent on their re-election prior to the convening of the AGM.

In assessing the retiring Directors, the NRC takes into consideration the following:

- 01 Performance and contribution based on the 2022 BEE results.
- 02 Level of contribution to the Board deliberations through his/her skills, experience and strength in qualities as well as their effective leadership as chairperson of the Board.

- 03 Level of independence demonstrated by the Independent Director and the ability to act in the best interests of Sime Darby Property in decision-making.
- 04 Character, integrity, experience and competence, as well as fit and properness in discharging their role effectively. Each Director has signed an annual Fit and Proper declaration.
- 05 Ability to commit and devote adequate time to fulfil their responsibilities effectively.

Based on the aforesaid assessment, the Board and the NRC are satisfied that the Directors who are seeking re-election at the 50th AGM of Sime Darby Property have met the performance criteria required of an effective and high-performance Board and the Board's expectations by continuously discharging their duties diligently as Directors of Sime Darby Property.

The Directors who would be retiring pursuant to Rule 111 of the Constitution of Sime Darby Property at the 50th AGM are as follows :

- 01 Rizal Rickman Ramli
- 02 Dato' Azmir Merican
- 03 Dato' Soam Heng Choon

The retiring Directors have offered themselves for re-election at the 50th AGM.

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## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### ASSESSMENT OF INDEPENDENT DIRECTORS

The NRC acknowledges the role played by and the continuous contribution of the Independent NEDs in bringing independent and objective judgement to the Board's deliberations. The Board assesses the independence of its Independent Directors annually with reference to the key criteria developed by the NRC and as set out in the Listing Requirements. The criteria include the independence of Management and the absence of any business or other relationship or circumstance that could materially interfere or could reasonably be perceived to materially interfere with the Independent NED's judgement or affect the best interests of Sime Darby Property Group.

The Board assessed the independence of each Independent NED in office for the financial year under review and concluded that they had each met all the criteria of an Independent Director set out in the Listing Requirements and requisite fit and proper requirements as stipulated in the Corporate Governance Guide 4th Edition issued by Bursa Malaysia Berhad. The Board is generally satisfied that each Independent NED has remained independent in character and judgement and continues to bring sound, independent and objective judgement to Board deliberations. Each Independent NED is also free from relationships or circumstances, which are likely to affect or could appear to affect his / her judgement. The Independent NEDs are also required to give their confirmation on their independence pursuant to the Listing Requirements vide the annual Independent Directors' Self-Assessment Checklist.

None of the current Independent Directors have served Sime Darby Property beyond nine (9) years pursuant to Practice 5.3 of the MCCG. In line with the step-up practice, as recommended under Practice 5.4 of the MCCG, the Board also approved the adoption of the revised Board Charter and TOR of the NRC on 25 November 2021, which includes the limit on the tenure of its independent directors to nine (9) years without further extension.

Dato' Jaganath Steven Derek Sabapathy's nine (9) year tenure as an Independent Director expired on 27 March 2023. The Board, upon the recommendation of the NRC, had approved the redesignation of Dato' Jaganath to a Non-Independent NED effective 23 March 2023 as his skills, expertise and experience are still required. The Board believes he is able to continue contributing to the organisation as a Non-Independent Director. Further to Dato' Jaganath's appointment as Chairman of Battersea Project Holding Company Limited, as a representative of Sime Darby Property, for three (3) years commencing from 1 October 2021 until 30 September 2024, it is also critical that he remains on the Board of Sime Darby Property until completion of this Chairmanship tenure.

Dato' Jaganath has been extensively involved with the Battersea Power Station project and his deep industry knowledge is key in ensuring that there is continued leadership in following through the completion of the remaining phases of the project. His property development and industry background and experience, including in the international market qualify him as a suitable representative of Sime Darby Property. His involvement to-date has been valuable to the Battersea team in aligning their deliveries to the expected return on investment for the shareholders.

Further to the above, the Board upon the recommendation of the NRC had appointed Dato' Soam Heng Choon as the SID effective 23 March 2023. As SID, Dato' Soam will serve as a sounding Board for the Chairman and an intermediary for other Directors when necessary.

### EVALUATING THE PERFORMANCE OF DIRECTORS: BOARD EFFECTIVENESS EVALUATION

The NRC had engaged PricewaterhouseCoopers PLT ("PwC") to conduct the annual BEE of Sime Darby Property for the FY 30 June 2018 to FY 31 December 2020.

In FY2021, the NRC had engaged another independent third-party consultant namely, the ICDM led by an international facilitator to facilitate objective and candid BEE for 2021 in a different approach and methodology. Inputs were compiled from the interview sessions with the GMD and Chairmen of the Board and key Board Committees in November 2021, as well as the two (2) Sustainable Leadership Workshops organised on 6 January and 4 August 2022. The workshops were part of the BEE exercise to examine sustainable leadership, beyond the typical parameters of governance. The objective and intent for the second workshop was also to strengthen strategic alignment between the Board and Management in rolling out the relevant sustainability initiatives.

For FY2022, an independent digital evaluation, via the Thinking Board platform, a partner of ICDM, was conducted with questionnaires largely similar to 2021 BEE for easy comparison of the results and monitoring the progress of areas of improvement. Board members also evaluated all the key Board Committees based on the composition, mix and diversity, decision-making, reporting, competency, Chair appointments, meeting minutes, committee deliberation and oversight of ESG matters.

### AC PERFORMANCE REVIEW

Pursuant to Paragraph 15.20 of the Listing Requirements, the NRC, through the BEE for the financial year under review, also reviewed the terms of office and performance of the AC and is satisfied that the AC as a whole and its members individually had discharged their functions, duties and responsibilities in accordance with the Committee's TOR. The overall rating for the AC has improved progressively from 2021.

### NRC AND RMC EFFECTIVENESS AND PERFORMANCE REVIEW

Based on the BEE findings, the Board and Management are satisfied with the performance and effectiveness of the NRC and RMC respectively in providing sound advice and recommendations to the Board during the financial year under review.

### BOARD INDUCTION AND DEVELOPMENT

The Board acknowledges the importance of continuing education for Directors to ensure that they are well equipped with the necessary skills and knowledge, and kept abreast of the development and challenges in the industry to perform their duties and responsibilities effectively. The Board members attended / participated in external training programmes, also available online, on a continuous basis to ensure they remained updated with the development of the Group's business and that of the industry that were likely to affect the discharge of their duties and responsibilities.

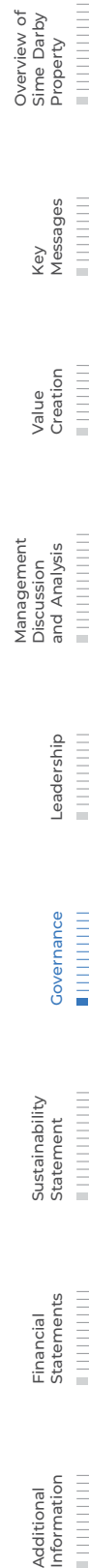
The Board has in place, an induction programme for newly appointed Directors that provides comprehensive briefings on the Group's legal and governance, operations and projects, growth strategy and financial performance of the Group.

During the financial year under review, the Directors attended external training programmes, workshops and seminars that covered areas which were considered useful and relevant to the Directors in contributing to the effective discharge of their duties as Directors. During the financial year under review, the Group Company Secretary coordinated two (2) online virtual trainings on the following topics for the Board and Senior Management of Sime Darby Property:

No.	Topic	Speaker
1	Tax Audit for Property Developers	Jagdev Singh <i>Tax Leader, PwC Malaysia</i>
2	Training and Updates on Cybersecurity	Ho Siew Kei <i>Executive Director, Risk Advisory – Cyber Risk, Deloitte Malaysia</i>

The Management team had also, during the financial year under review, organised trainings / knowledge sessions for the Board and Senior Management of Sime Darby Property on property industry-related topics as follows:

No.	Topic	Speaker
1	Macroeconomic Outlook	Dr Mohd Afzanizam Abdul Rashid <i>Head of Economics &amp; Research Department, Employees Provident Fund</i>
2	Investment and Asset Management	Michelle Ling <i>Chief Executive Officer ("CEO"), Private Capital Management of Mapletree</i>
3	Disruption Through Tech and Innovation	Ir. Venugopal Nambiar <i>Founder Director, Acre Works Sdn Bhd</i> Ng Pek Har <i>Director, Web Structures</i> Dr. John Keung <i>Emirates Fellow, BCA, Academy &amp; Former CEO, Building &amp; Construction Authority – Singapore (BCA)</i>
4	Geographical Expansion – Opportunities in the United Kingdom	Jamie Pope <i>Chairman of London Capital Markets, Knight Frank</i>
5	Fireside Chat with Permodalan Nasional Berhad's PGCE	Ahmad Zulqarnain Onn <i>President &amp; Group Chief Executive Permodalan Nasional Berhad</i>



# Corporate Governance Overview Statement

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

The Board was appraised of the property market updates during the Board Retreat, which was held from 21 to 23 October 2022.

Several Directors including the newly appointed Director in October 2021 visited various townships development in 2022 with the aim of better understanding the business and operations of Sime Darby Property Group as well as engaging with the respective team members.

The full list of training programmes and site visits participated by the Directors in 2022 is stated in the CG Report on pages 32 to 37.

### BOARD REMUNERATION

The fees and benefits for NEDs are determined by the Board and are subject to the approval of the shareholders of Sime Darby Property at a general meeting.

The breakdown of the fee structure of individual Directors of Sime Darby Property on a named basis paid during the financial year under review is provided in the CG Report, which is accessible to the public for reference at the Group's corporate website [www.simedarbyproperty.com/investor-relations/shareholders](http://www.simedarbyproperty.com/investor-relations/shareholders).

The NRC continued to carry out an annual review of the Directors' fees and benefits. Based on the recommendation from the NRC, the Board had on, 28 February 2023, agreed that the proposed Remuneration Framework shall remain unchanged. In respect of the new BSC, the fees for the BSC Chairman and Members are as per the Remuneration Framework and would take effect from 1 January 2023. However, the payment of fees to the BSC Chairman and Members would be made if shareholders' approval at the 50th AGM is obtained. Furthermore, Sime Darby Property is not seeking any increase in approval limit in respect of the amount of benefits payable to the NEDs from that approved at the 50th AGM.

Further details of the fees and benefits payable to the NEDs could be found in the explanatory notes to the Notice of the 50th AGM of Sime Darby Property.

### SUCCESSION PLANNING

Succession planning is an integral part of the Board's corporate governance practices. The Board believes that the membership and composition of the Board should be assessed from time to time while ensuring continuity in meeting the Group's long-term goals and objectives.

A structured succession plan addresses the composition and effectiveness of the Board. This responsibility has been given to the NRC to ensure the orderly identification and selection of new NEDs in the event of a vacancy or an opening by reason of an anticipated retirement or expansion in the size of the Board. The NRC would also ensure that there is an appropriate dynamic of skills, experience, expertise and diversity on the Board and Board Committees.

In addition to the succession plan for the Board, the NRC looks at the criticality of positions, identification and selection of talents based on pre-defined competency profiles and drawing up individual development plans to bridge the competency gap. The NRC had, in May and November 2022, reviewed Sime Darby Property's succession planning for senior critical roles (including GMD) and talent pool demographics with the assistance of an external consultant. The process involved enhancement of the Succession Planning Framework, which encompasses talent management and human capital development for the senior critical roles and talent pool, i.e. the current and future leadership bench. The enhancement includes changes to the Talent Review exercise to ensure a more robust succession pipeline. Talents identified for senior critical roles and succession nomination for these roles are deliberated at Talent Council Meetings. Subsequently, updates on succession management for the successors identified are tabled to the NRC for review and consideration before being updated to the Board accordingly.

Internal and external talents are considered during succession planning, with a preference to the former. Due to additional focus by Senior Management towards identifying potential successors from within Sime Darby Property as well as from external sources, a more rigorous process and discussion on succession management, and clearer expectations set on building a succession pipeline, had resulted in improvements in succession coverage, which were recorded between the two (2) Talent Reviews conducted in the second and fourth quarters of 2022.

### STRATEGIC ORGANISATIONAL CHANGE

Strategic organisational change is a business necessity to meet the transformation of organisational goals, core values, processes and technologies of the Group. The change is also a crucial performance driver for the Group to continue to meet and exceed the competition in the market as a leading real estate development company.

During the financial year under review, the NRC ensured that appropriate assessment was conducted on key critical positions in the Group, which included the review and evaluation of the identified candidates for Senior Management promotion recommendation to the Board and renewal of GMD’s contract, all of whom are critical, to ensure the continuity of the Group’s SHIFT25 transformation plan and the various initiatives under it. The NRC also ensured that the said promotions and contract renewal were based on the criteria, merit, performance and key achievements during their tenure and with due regard for diversity in skills, experience, age and cultural background. A rigorous and robust review process was undertaken to consider GMD’s contract renewal, including gathering feedback from all Board Members and selected Senior Management.

**SIME DARBY PROPERTY GROUP REMUNERATION POLICY**

The Remuneration Policy of Sime Darby Property in relation to long-term variable compensation, was extensively deliberated by both the NRC and Board during the year under review and was subsequently approved by the Board in January 2023. This is based on Sime Darby Property’s 3-year business plan from FY2023 to FY2025, which takes into consideration global and local macroeconomic headwinds as well as longer term risks and opportunities, and alignment with stakeholders’ interests. This is to ensure the continued strength and resilience of Sime Darby Property for the longer term. Together with an independent compensation and benefits consultant, a cash-based long-term variable compensation plan has been devised to retain key Senior Management who will be driving and delivering on the 3-year plan.

As of the date of this report, Sime Darby Property had also embarked on a two-year roadmap to progressively improve the living wage for affected employees. This is part of Sime Darby Property’s efforts to enhance the well-being of all employees and to support overall equity and inclusion.

**EMPLOYEE ENGAGEMENT SURVEY**

An Employee Engagement Survey was conducted in the first quarter of 2022, by an independent survey consultant, to garner feedback on how the Group did in various themes such as Communication & Decision Making, Connectivity & Engagement, Wellness, Safety & Health, Leadership & Compliance, Operational Efficiency, Sustainability and Digitalisation Work Effectiveness. A significant improvement was recorded in the response rate of 98% compared to 84% in 2021, which provided a robust set of survey results with crucial insights of Sime Darby Property Group.

The results of the survey were presented to the NRC, Board, Senior Management as well as employees. Focus group discussions were conducted to deep dive into the findings, and ensure that employees’ feedback was captured, accountability was taken by respective Heads and to monitor the progress of the action plans. Amongst the company-wide action plans taken include the Annual Dinner organised in December 2022, exploring a Flexible Working Arrangement policy, more communication and employee recognition via the SelfDrvn application as well as team activities organised across the Company. Townhalls continue to be organised on a quarterly basis to provide the opportunity for employees and leadership to come together as a team, engage in open conversation, and share updates, successes, and any queries that cropped up along the way.

More initiatives will be explored moving forward as the Group takes progressive steps to continue building trust with employees, improve work experiences, and produce better development opportunities that will foster a positive and engaging work culture in the organisation.

**PURPOSE, VISION, MISSION AND VALUES (“PVMV”)**

After several in-depth reviews and deliberation of the proposed PVMV at the NRC and Board meetings, PVMV was launched in June 2022 to support Sime Darby Property’s pursuit of becoming a real estate company by 2025. The PVMV was rolled out, under the guidance of the NRC, commencing with a PVMV Primer Workshop for Successors, Business / Functional Heads and Talents with the capabilities to adapt to the requirements of the PVMV, leading themselves so they can role-model and lead others in connecting with and internalising the PVMV. Subsequently, all employees were assigned to attend the company-wide PVMV Workshops to fully understand and immerse themselves in the new PVMV and how it relates to them. One of the Board’s initiatives to help shape the organisation’s culture is a leadership talk series involving Directors. The inaugural talk was led by Dato’ Hamidah Naziadin in September 2022 and titled “Ingredients to Sime Darby Property’s Culture”. She shared her past experiences on culture transformation and lessons learnt that may help Sime Darby Property’s employees on their respective PVMV journey.

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## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### ▶ Audit Committee Report

#### INTRODUCTION

#### OVERVIEW

“ The AC continues its commitment to ensure that the Group has a sound system of internal controls, and that the announced financial results are reliable. ”

In achieving these objectives, the AC works closely with Management and the RMC and takes cognisance of the Group's material risks, amongst others:

- |  |  |
|--|--|
| <p>a) Site progress delays due to labour shortage remains a key concern. Despite Malaysia having temporarily eased rules for hiring of foreign workers, the supply of workers is still an issue.</p> | <p>b) Increase in cost of material due to disruption of global supply chain. These disruptions have exposed vulnerabilities in the supply of raw materials and are the result of numerous factors, which include the war in Ukraine.</p> |
|--|--|

The AC is conscious of the importance that audit plays in ensuring a sound system of internal controls and therefore continues to ensure that internal and external auditors provide quality independent auditing services and meets with both internal and external auditors privately at least once yearly.

The AC of Sime Darby Property is pleased to present the AC Report for the FY2022. This Report provides an insight into the activities of the AC during the financial year under review.

#### COMPOSITION OF THE AC AND ATTENDANCE AT ITS MEETINGS

There were no changes in composition of the AC during the financial year under review. As at the date of this Report, The AC is comprised of a majority of Independent NEDs.

The profiles of all the AC members are disclosed on pages 142 to 145 of the Annual Report.

The details of the AC membership and meetings held during the FY2022 are as follows:

Members	Membership / Designation	Appointment	Attendance at meetings	
			6/6	100%
Dato' Seri Ahmad Johan Mohammad Raslan (MIA member)	Chairman / Independent NED	12 July 2017	6/6	100%
Dato' Jaganath Derek Steven Sabapathy	Member / SID	29 February 2016	6/6	100%
Datin Norazah Mohamed Razali	Member / Independent NED	12 July 2017	6/6	100%
Mohamed Ridza Mohamed Abdulla	Member / Independent NED	1 July 2020	6/6	100%

The minutes of all AC meetings are provided to the Board. The Board is briefed on significant matters deliberated during the AC meetings.

The senior members of Management comprising the GMD, Chief Executive Officer (“CEO”) Property Development, Group Chief Financial Officer, Chief Operating Officer – Township, Chief Operating Officer – Integrated, the Chief Risk, Integrity & Compliance Officer and the Chief Assurance Officer (“CAO”) are permanent invitees to AC meetings. They attend all AC

meetings in order to provide explanations and answer queries. The Chief People Officer is invited to the AC meetings as and when required. Where required, the respective Heads of Department or Business Units are called to provide clarification to the AC on specific matters related to their areas of responsibility.

The external auditors are invited to the AC meetings to brief the Committee on relevant matters.

**TERMS OF REFERENCE (“TOR”)**

The TOR of the AC sets out the authority, duties and responsibilities of the AC which are consistent with the requirements of the Listing Requirements of Bursa Malaysia and the MCCG. All the requirements of the TOR have been complied with.

In discharging its duties, the AC has authority to investigate any matter within its TOR. The full TOR for the AC is available online in the Corporate Governance section at [www.simedarbyproperty.com/who-we-are/corporate-governance](http://www.simedarbyproperty.com/who-we-are/corporate-governance).

<p><b>FINANCIAL REPORTING</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed the unaudited quarterly financial results and the related press statements for recommendation to the Board for approval before release to Bursa Malaysia.</li> <li>(b) Reviewed all matters highlighted by the external auditors in relation to the audited financial statements and significant judgements made by Management.</li> <li>(c) Reviewed the audited financial statements of the Group and ensured that they comply with Malaysian Financial Reporting Standards, for recommendation to the Board for approval.</li> <li>(d) Reviewed the dividends proposed by Management for recommendation to the Board.</li> </ul>	<p><b>EXTERNAL AUDIT</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed the written assurance provided by external auditors in respect of their independence in relation to the audit engagement for the FY 2022.</li> <li>(b) Reviewed the external auditors’ group’s audit plan, which outlines the scope of work, audit strategy and approach, for the FY 2022.</li> <li>(c) Received the Annual Transparency Report (“ATR”) prepared by external auditors, which contains the audit firm’s legal and governance structure, measures taken to uphold audit quality and manage risks and indicators of audit quality. The ATR was then taken into consideration as part of the external auditors’ annual performance assessment. This assessment was conducted primarily via an evaluation based on the recommended criteria in the Corporate Governance Guide under Bursa Malaysia.</li> <li>(d) Considered, together with Management, the Group’s audit fees and provisions for non-audit services by the external auditors for recommendation to the Board for approval.</li> <li>(e) Monitored the non-audit engagement of the external auditors on quarterly basis to ensure their independence was not impaired and that they remained objective throughout the financial year.</li> <li>(f) Considered major findings, key significant external audit matters and recommendations raised by the external auditors and Management’s response and follow-up actions thereto and reported to the Board.</li> <li>(g) Held two private meetings with the external auditors without the presence of Management.</li> <li>(h) In recommending the suitability of the external auditors for re-appointment at the forthcoming AGM, the AC considered their suitability and independence, by assessing, inter alia, the adequacy of their experience and resources, their audit engagements, the number and experience of their engagement partners, and the supervisory and professional staff assigned to Sime Darby Property.</li> </ul>
<p><b>INTERNAL AUDIT</b></p> <ul style="list-style-type: none"> <li>(a) Approved Group Corporate Assurance Department (“GCAD”) scope of work, audit plan and budget, as well as made enquiries as to GCAD’s resources, expertise, professionalism and independence to meet planned audit activities across the Group.</li> <li>(b) Considered GCAD’s major findings and recommendations, Management’s responses and follow-up actions to report to the Board.</li> <li>(c) Reviewed the implementation of consequence management by Human Resources Department in response to serious audit findings as a continuous effort by Senior Management to enhance the culture of responsibility and accountability.</li> <li>(d) Reviewed GCAD’s reports on how Management’s implementation of the internal audit recommendations are being followed up.</li> <li>(e) One private session was held between AC and CAO without the presence of Management.</li> <li>(f) Assessed and approved the KPIs for the CAO and appraised the CAO’s performance.</li> <li>(g) Reviewed the whistleblowing matters presented by CAO.</li> <li>(h) Monitored and tracked the achievement of audit plan via quarterly updates provided by CAO during the AC meetings.</li> <li>(i) Considered the recommendations proposed by an external firm based on the Quality Assurance Review (“QAR”) performed. GCAD is in the process of implementing the recommendations.</li> </ul>	<p><b>RELATED PARTY TRANSACTIONS (“RPTs”)</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed significant RPTs entered into by the Group to ensure that the transactions were in the best interest of Sime Darby Property and were fair, reasonable, and on the Group’s normal commercial terms, and not detrimental to the interest of the minority shareholders of Sime Darby Property.</li> <li>(b) Reviewed the processes and procedures on RPTs/recurrent RPTs to comply with the CA 2016 and the Listing Requirements, and to ensure that related parties are appropriately identified and that RPTs are declared, approved and reported appropriately.</li> </ul>
	<p><b>ANNUAL REPORT</b></p> <ul style="list-style-type: none"> <li>(a) Reviewed and endorsed the Statement on Risk Management and Internal Control for Board approval and inclusion in the Annual Report for the FY 31 December 2021.</li> <li>(b) Reviewed and approved the AC report for inclusion in the Annual Report for the FY 31 December 2021.</li> <li>(c) Reviewed and endorsed the Corporate Governance Overview Statement and Report for Board’s approval and inclusion in the Annual Report for the FY 31 December 2021.</li> </ul>
<p><b>OTHER ACTIVITIES</b></p> <ul style="list-style-type: none"> <li>a) Reviewed the proposed revision of GPA.</li> <li>b) Reviewed the update of Group Risk Register.</li> <li>c) Reviewed the update of tax matters.</li> </ul>	<p><b>TRAINING</b></p> <p>During the year, AC members attended various conferences, seminars and training programmes to enhance their knowledge to maintain high level of financial competencies, and generally keep themselves abreast of changes and updates.</p> <p>The details of training programmes and seminars attended by each AC member during FY2022 are set out on pages 33 to 36 of the CG Report.</p>

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# Corporate Governance Overview Statement

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### ► Group Corporate Assurance Department (“GCAD”)

#### OVERVIEW

GCAD is the Group’s in-house internal audit function and is headed by the CAO.

To ensure appropriate degree of independence and objectivity:

- The CAO reports functionally to the AC and administratively to the GMD to ensure its independence.
- The authority, function, roles and responsibilities of GCAD as articulated in the Group Corporate Assurance Charter have been approved by the AC.
- The appointment, transfer or dismissal of the CAO is subject to final approval of the Board, following recommendation of the NRC and the AC.
- Performance of both the CAO and GCAD will be evaluated by the AC.
- Members of GCAD do not have any business or operational line of responsibility.

GCAD confirmed its organisational independence to the AC that GCAD and internal auditors were and have been independent, objective and free from any conflict of interest situation through an annual declaration of independence and were in compliance with the Code of Ethics and Standards as prescribed in the 2017 IPPF.

#### FRAMEWORK AND PRACTICES

GCAD is guided by its Group Corporate Assurance Charter, which defines the mission & objective, responsibility, accountability, authority, independence & objectivity and professionalism & ethical standards of GCAD.

The internal audit processes and activities are governed by the Group’s COBC, GPA and the Institute of Internal Auditors’ (“IIA”) mandatory guidance, which includes the Core Principles for the Professional Practice of Internal Auditing, the Definition of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing.

A Quality Assurance and Improvement Programme (“QAIP”) is conducted for all aspects of the internal audit activities. QAIP includes internal and external assessments to enable an evaluation of internal audit’s performance in line with the IIA’s International Standards and Code of Ethics.

#### RESOURCES AND COMPETENCIES

The internal audit activities were conducted by a team of fourteen internal auditors with the following backgrounds and expertise:

Background	No. of Auditors
Accounting and Finance (6 auditors possess professional qualification qualifications (ACCA, CPA, etc))	9
Engineering	4
Legal	1
<b>Total</b>	<b>14</b>

GCAD is committed to the development and enhancement of knowledge of the internal auditors. This is evidenced through attendance at external and internal trainings, workshops, conferences and knowledge sharing sessions designed to improve their competencies in both technical and soft skills. On average, each GCAD staff achieved five learning days in FY 2022.

A total of RM4.4 million was spent in FY 2022 on internal audit. This comprised mainly of staff payroll and costs associated with audit work.

Source: based on the GCAD headcount as of December 2022



**RESPONSIBILITIES AND ACTIVITIES**

The primary responsibilities and key activities for GCAD are summarised below:

Undertakes regular and systematic reviews of the internal control systems so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in the Group.

Provides recommendations in improving risk management, governance and internal control processes.

Manages the whistleblowing process to ensure that all complaints received are properly recorded and reported to AC and concluded.

The key activities carried out by GCAD during the FY 2022 included:

**Audit Framework & Practices**

- Group Corporate Assurance Charter was reviewed and refreshed to ensure it is in line with IPPF guidelines.
- Similarly, the Audit Manual was also updated to reflect the latest audit practices.

**Audit Risk Assessment**

- Evaluated risk exposure relating to achievement of the Group’s strategic objectives and mapping this against the Risk Register to ensure key risks are considered and deliberated with Management, external auditors and Group Risk Management on a periodic basis.

**Audit Planning**

- Prepared and tabled the annual risk-based audit plan to AC for review and approval.
- The audit plan is reviewed at least bi-annually, especially when there is a change in risk profile or business strategy.

**Internal Controls Assessment**

- Devised a programme of work taking into consideration the risk profile and identification for key business cycles audited.
- Reviewed and appraised the adequacy and application of internal controls.
- Evaluated the systems established to ensure adherence with those policies, plans and procedures, which could have a significant impact on the Group.
- During the course of work, identified potential cost savings and prevention of income leakage.
- Performed investigative audits on allegations of mismanagement or improper acts reported through the whistleblowing procedures and other channels.
- Conducted ad-hoc or special reviews requested by Directors or Senior Management.

- Performed follow up audit and monitored the progress of implementation of recommendations and resolutions of all outstanding matters in relation to findings.
- Reported status of outstanding audit findings to the AC. Undue delays in the implementation of agreed action plans were escalated to the relevant authority for appropriate decision.

**Provision of Consultative and Advisory Services**

- The CAO attended the meetings of the AC on a quarterly basis to brief the AC on audit results and significant matters raised in GCAD’s reports.
- The CAO attended meetings of the Group Management Committee on a consultative and advisory capacity to provide independent feedback on the risk management, control and governance aspects for deliberation.
- The CAO attended the quarterly Group Oversight Management Committee meetings and presented the results and significant matters raised in the audit reports.
- Witnessed the tender opening process for procurement goods or services to ensure the activities in the tendering processes are conducted in a fair, transparent and consistent manner.
- The CAO was as a shareholder representative to provide oversight over the Governance, Risk and Compliance workstream in Battersea Power Station Development Company Limited.
- The CAO conducted an onboarding session with new members of Senior Management where they were briefed on GCAD’s main roles and responsibilities, including the significant matters that required their attention.

**Performance Evaluation**

- Both AC and Management’s feedback on GCAD’s overall performance were sought via the annual feedback survey.
- Under IPPF’s guidelines, the internal audit function is subject to independent assessment by external consultants at least once every five years. Based on the assessment by the QAR Consultant, overall, GCA has scored ratings of four and five in its process maturity covering People Management, Organisational Relationship & Culture, Governance Structure and Internal Audit Role & Services. In addition, there was no non-conformance with IPPF guidelines.
- Collaboration with Other Assurance Functions.
- Worked together in collaboration with the external auditors on specific reviews.

This Report was approved by the Board on 23 March 2023.



# Corporate Governance Overview Statement

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

### ► Risk Management Committee Report

#### “ Role of the Committee

The RMC, a Board Committee whose primary responsibility is to assist the Board in fulfilling its responsibility for risk management, integrity, and compliance.

The RMC is comprised of a majority of independent directors, in line with Principle B, Chapter II of the MCCG, Step Up 10.3.

The RMC's primary responsibilities include but are not limited to ensuring Management has put in place adequate resources, infrastructure, systems, and processes to manage material risks that could impact the Group's ability to achieve its strategic objectives and targets, while safeguarding shareholders' investments and the Group's assets.

The roles and responsibilities of the RMC are summarised in the Corporate Governance Overview Statement on page 156 of this Annual Report. The TOR of the RMC are available on the Group's website at [www.simedarbyproperty.com/who-we-are/corporate-governance](http://www.simedarbyproperty.com/who-we-are/corporate-governance).

”

#### COMMITTEE EFFECTIVENESS

##### COMPOSITION AND ATTENDANCE

During the financial year under review, the composition of RMC is as follows:

Members	Membership / Designation	Appointment	Attendance at meetings	
Dato' Jaganath Derek Steven Sabapathy	Chairman / SID <sup>(1)</sup>	12 July 2017	5/5	100%
Mohamed Ridza Mohamed Abdulla	Member / Independent NED <sup>(2)</sup>	1 July 2020	5/5	100%
Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj	Member / Non-Independent NED	12 July 2017	5/5	100%
Dato' Soam Heng Choon	Member / Independent NED	1 July 2020	4/5	80%
Dr. Lisa Lim Poh Lin	Member / Independent NED	1 October 2021	5/5	100%

Notes:

<sup>(1)</sup> Re-designated from Chairman to Member of RMC and SID to Non-Independent NED on 23 March 2023.

<sup>(2)</sup> Re-designated from Member to Chairman of RMC on 23 March 2023.

The RMC comprises five (5) experienced members of the Board, who are independent of Management. Four (4) out of five (5) members are Independent NEDs during FY2022.

The qualifications and experience of all RMC members are listed on pages 140, 141, 142, 145 and 147 of this Annual Report and on the Group's website at [www.simedarbyproperty.com/who-we-are/board-of-directors](http://www.simedarbyproperty.com/who-we-are/board-of-directors).

**OPERATIONS OF RMC**

During FY2022, five (5) RMC meetings were held. These meetings were pre-determined, scheduled, and approved by the Board in the preceding year.

To enable in-depth discussions during meetings, the RMC is supported by permanent invitees including the GMD, Group Chief Financial Officer, Chief Executive Officer of Property Development, Chief Operating Officer of Township Development, Chief Operating Officer of Integrated Development, and Chief Risk, Integrity and Compliance Officer. Other attendees, both internal and external, may also be invited to attend RMC meetings to brief members as necessary.

In the same quarter, the RMC Chairman reported and updated the Board on key matters deliberated and decisions made at each quarterly RMC meeting. This report was tabled by the RMC Chairman and was a standing agenda item in the scheduled Board meeting. Details of meeting deliberation are further shared with the Board through the circulation of RMC minutes of meeting in subsequent quarters.

At the operational level, the RMC is supported by the Chief Risk, Integrity and Compliance Officer who manages the day-to-day operations of both the Group Risk Management ("GRM") and Group Compliance Office ("GCO").

**ANNUAL PERFORMANCE ASSESSMENT**

The terms of office and assessment of the composition, performance and effectiveness of the RMC were reviewed by the Board for the financial year under review based on the NRC's recommendation. The Board was satisfied that the RMC and its members have effectively discharged their duties in accordance with their TOR.

**SUMMARY OF RMC'S WORK DURING THE FINANCIAL YEAR**

FY2022 saw a marginal recovery in the global and Malaysian economy as the world slowly reopened post COVID-19 pandemic. The positive effect of the reopening of the economy across the world was offset by the impact of growing inflationary pressure globally, tightening financial conditions, continuous supply strains, and disruptions due to the ongoing Russia-Ukraine war and China's 'Zero COVID' policy. The markets continued to be subdued while businesses faced increasing challenges trying to manage the high cost of doing business.

The Group was directly impacted by these challenging conditions. Management and RMC continuously assessed and monitored these challenges, including changes in the operating environment, to ensure key risks at the Enterprise and Operational levels were managed appropriately to minimise the impact of the risk exposures to the Group. Key risks impacting the Group are assessed, managed and reported by the Management, RMC and the Board as part of the Group's risk management process.

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# Corporate Governance Overview Statement

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

For the financial year under review, RMC continues to carry out its duties as follows:

### A) Risk Management

Enterprise Risk Management Framework Elements	Details
Leadership and Commitment	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary feedback on the results of the independent review of the RMC TOR.</li> </ul>
Design & Integration and Continuous Improvements	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary counsel and feedback to the results of the independent review on the ESG Risk Integration Review.</li> </ul>
Monitoring and Review (Culture and Engagement)	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary counsel and feedback to the results of the independent review on the Group Enterprise Risk Management (“ERM”) Maturity Assessment.</li> </ul>
Risk Management Activities <ul style="list-style-type: none"> <li>Assessment</li> <li>Monitoring and Review</li> <li>Communication and Consultation</li> </ul>	<ul style="list-style-type: none"> <li>Monitored Group-level risk exposures and management of significant financial and non-financial risks, including the potential impact of cybersecurity, sustainability, and COVID-19 on the Group.</li> <li>Evaluated existing, new and emerging risks identified by the Management and / or GRM every quarter or as and when required.</li> <li>Reviewed the Group’s Key Risks Profile and ensured that significant risks outside tolerable range were addressed, with prompt and appropriate actions taken.</li> <li>Provided the necessary feedback and / or challenged the Management on the effectiveness of mitigation action plans for key risks impacting the Group.</li> <li>Provided counsel and guidance on the Group’s Sustainability Roadmap, Strategy and ESG related risks.</li> <li>Provided counsel on the Group’s exposure to cyber risk, including reviewing the status of implementation of the Group’s Cybersecurity Framework, which will improve the Group’s cybersecurity maturity to its intended maturity level.</li> <li>Provided counsel and guidance on updates on Industrial Logistics &amp; Development operations.</li> </ul>
Reporting (Internal and External)	<ul style="list-style-type: none"> <li>Reviewed and provided feedback on the quarterly status update on activities undertaken by GRM.</li> <li>Reviewed and recommended the Board to include the Group’s Statement on Risk Management and Internal Control, RMC Report and Key Risk write-up in the Annual Report 2022.</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>Reviewed the status of achievement of the GRM Annual Plan for FY2022.</li> <li>Reviewed and approved the GRM Annual Plan for FY2023.</li> <li>Reviewed and approved risk related KPI for the Chief Risk, Integrity and Compliance Officer and its subsequent achievement for 2022.</li> </ul>

(B) Integrity and Compliance:

Group Compliance Framework Elements	Details
Compliance Management	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary feedback on the proposed revision to the GPA. Recommended the proposed changes to the Board for their deliberation and approval.</li> <li>Reviewed and provided the necessary feedback to the proposed changes to the Group's COBC.</li> </ul>
Compliance Monitoring	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary counsel and feedback on the status update on gap closure in respect of the Group's preparation to meet the Corporate Liability provisions.</li> </ul>
Reporting and Resolution	<ul style="list-style-type: none"> <li>Reviewed and provided feedback on the quarterly status update on activities undertaken by the GCO.</li> </ul>
Reporting (Internal and External)	<ul style="list-style-type: none"> <li>Reviewed and approved for submission to the Malaysian Anti-Corruption Commission ("MACC"), the Group's half-yearly status updates on corruption-related activities and programmes as required by the MACC.</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>Reviewed the status of achievement of the GCO Annual Plan for the financial year 2022.</li> <li>Reviewed and approved the GCO Annual Plan for the financial year 2023.</li> </ul>

**GROUP RISK MANAGEMENT**

GRM was established as a dedicated function to assist the Board, RMC and Management with the coordination and implementation of the Risk Management Framework across the Group.

GRM's roles include assisting Management, business and operating units to:

- Embed risk management into the organisational culture and encourage effective decision-making at all levels of the organisation.
- Integrate risk management into key business processes and facilitate achievement of Group's objectives while mitigating uncertainty.
- Establish, maintain and monitor the implementation of formal, explicit risk management processes by identifying, assessing, and managing risks impacting business objectives and/or those which are outside the Group's risk appetite parameters. These risks are documented, aggregated, evaluated and reported at Group-level to the Management and the RMC.
- Review key corporate activities and transactions that are significant to the Group.



# Corporate Governance Overview Statement

## PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

Key activities for the financial year under review included but were not limited to:

Enterprise Risk Management Framework Elements	Details
Leadership and Commitment	<ul style="list-style-type: none"> <li>Facilitated, reviewed and provided the necessary feedback on the independent review conducted on RMC TOR.</li> </ul>
Design & Integration and Continuous Improvements	<ul style="list-style-type: none"> <li>Facilitated, reviewed and provided the necessary feedback on the independent review conducted on ESG Risk Integration Review.</li> <li>Review and updated the Risk Management Policy (as part of the GPA) for onwards approval.</li> </ul>
Monitoring and Review (Culture and Engagement)	<ul style="list-style-type: none"> <li>Facilitated, reviewed and provided the necessary feedback on the independent review conducted on ERM Maturity Assessment Review.</li> </ul>
Risk Management Activities <ul style="list-style-type: none"> <li>Assessment</li> <li>Monitoring and Review</li> <li>Communication and Consultation</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary challenge and feedback on key risks identified by a business or functional department on proposals relating to major investments, commencement of development projects and key tenders entered into by the Group prior to submission to various Management Committee and/ or to Board Committee(s) or the Board for approval.</li> <li>Reviewed and provided the necessary challenge and feedback on the Quarterly Risk Reports provided by Business and Operating Units to improve the quality of reported risks and its related information.</li> <li>Reviewed and provided feedback on risk exposures for Joint Ventures entered by the Group.</li> </ul>
Training and Communication	<ul style="list-style-type: none"> <li>Participated as one of the key trainers and presented the risk module during the Group's employees' onboarding training.</li> <li>Conducted Risk Forum to share risk culture survey results, risk governance structure, roles and responsibilities and key risks of the Group with the Risk Coordinators.</li> </ul>
Reporting (Internal and External)	<ul style="list-style-type: none"> <li>Coordinated the quarterly risk review and prepared the Group's Quarterly Risk Report to GOMC, RMC and the Board.</li> <li>Prepared the Group's Statement on Risk Management and Internal Control ("SORMIC"), RMC Report and Key Risk write-up in the Annual Report 2022.</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>Continue to support the Crisis Management Team in their operations. COVID-19 risk exposure and its mitigation actions was reported as part of the Group's Quarterly Risk Report to the GOMC and RMC.</li> <li>Prepared the GRM Annual Plan for FY2023 for RMC approval.</li> </ul>

### GROUP COMPLIANCE OFFICE

GCO was established as an independent function to assist the Board and Management in achieving the compliance and integrity strategy and objectives by coordinating key compliance risk management activities across the Group.

GCO's roles include:

- Planning and executing compliance, ethics and integrity programmes based on approved frameworks, addressing key compliance and integrity issues and concerns within the Group.
- Maintaining an effective compliance communication programme for the Group to foster a compliance and integrity culture.

Key activities for the financial year under review included but were not limited to:

Group Compliance Framework Elements	Details
Compliance Management	<ul style="list-style-type: none"> <li>Continued with the implementation of key anti-bribery and corruption prevention activities to reduce the corporate liability risk exposure.</li> <li>Coordinated the Group’s annual review on the GPAs. Conducted the necessary review and presented the proposed amendments to the Management and Board for deliberation and approval.</li> <li>Reviewed and updated the GPAs for onwards approval:                             <ul style="list-style-type: none"> <li>Whistleblowing Policy.</li> <li>Gift, Travel and Entertainment Policy.</li> <li>Anti-Bribery &amp; Corruption Policy.</li> <li>Conflict of Interest Policy.</li> <li>Sponsorship and Donation.</li> </ul> </li> <li>Coordinated the review to the proposed revision to the Group’s COBC. Conducted the necessary benchmarking and external review prior to submission to Management and Board for feedback to ensure continuing relevance in guiding Directors and Employees.</li> <li>Completed the validation exercise on key control of the Group’s Vendor Management process.</li> <li>Assisted Cost and Control Department in the design of the Vendor Declaration of Interest and Conflict of Interest disclosure requirements as part of Vendor COBC requirements.</li> <li>Provided various advisory in relation to the Group’s COBC or GPAs or Group Limits of Authorities.</li> </ul>
Compliance Monitoring	<ul style="list-style-type: none"> <li>Reviewed and provided the necessary counsel and feedback on the status update on gap closure in respect of the Group’s preparation to meet the Corporate Liability provisions.</li> <li>Coordinated the regulatory compliance reporting requirements, which included quarterly reporting to Management and Board for key non-compliance incidences reported by operations / employees.</li> <li>Initiated and tracked the completion of the Annual Compliance &amp; Integrity Pledge, which is a yearly attestation by employees on their compliance with all laws and regulations, and Group’s policies and procedures, including the COBC.</li> </ul>
Training	<ul style="list-style-type: none"> <li>Designed, rolled out and tracked the completion of COBC E-Learning and E-Assessment for all employees of the Group.</li> <li>Participated as a key trainer for the Group’s employees’ onboarding training, covering the governance structure and policies such as the GPA, COBC and Whistleblowing Policy.</li> </ul>
Reporting and Resolution	<ul style="list-style-type: none"> <li>Prepared the quarterly status update on activities undertaken by the GCO.</li> </ul>
Reporting (Internal and External)	<ul style="list-style-type: none"> <li>Prepared the necessary half-yearly status updates on corruption-related activities and programmes as required by the MACC for submission to MACC.</li> </ul>
Other Matters	<ul style="list-style-type: none"> <li>Prepared the GCO Annual Plan for the financial year 2023 for RMC approval.</li> </ul>

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## PRINCIPLE C : ENGAGING WITH OUR STAKEHOLDERS

### COMMUNICATIONS WITH STAKEHOLDERS

Sime Darby Property ensures that its communications with the shareholders and various stakeholders are transparent, timely and with quality disclosure. Sime Darby Property also actively engages all its stakeholders through various platforms including announcements via Bursa LINK, disclosures on its websites and quarterly engagements with the media and analysts. In 2022, a number of events were held to maintain an open communication with the issuers, investors, shareholders, regulators, employees, supply chain and other communities.

The Board view that effective engagement has been crucial in understanding the views of our stakeholders and potential impact on all key stakeholders was always considered in ensuring the Board and Management make informed decisions. This is evident from the Board's response in dealing with difficult conditions, such as the COVID-19 pandemic since 2020 and last year with labour shortage issues and material price increase.

### CONDUCT OF GENERAL MEETINGS

The AGM serves as the principal platform for open dialogue and direct two-way interaction between the shareholders, the Board and Management.

Sime Darby Property held its 49th AGM on 24 May 2022, its fifth AGM post the listing of Sime Darby Property Berhad in 2017. The 49th AGM was, for the third time, conducted on a fully virtual basis held at a broadcast venue. The notice of the 49th AGM was issued to the shareholders on 25 April 2022, which was more than twenty-eight (28) days before the 49th AGM. The notice of the 49th AGM provided details of the resolutions proposed along with relevant information to enable the shareholders to evaluate and vote accordingly.

Based on the registration data given by Sime Darby Property's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd ("TIIH") as at 10.00 a.m. on 22 May 2022, a total of 1,117 shareholders had registered through the Remote Participation Voting facilities at TIIH Online website, for attendance at the 49th AGM which represented 4,954,243,252 ordinary shares, constituting 72.85 percent of the total issued shares of Sime Darby Property.

The Chairman briefed the attending shareholders on the voting procedures and programme outlined, including proceedings that would take place, whereby the holding of the virtual AGM was in line with the provision of the CA 2016, Sime Darby Property's Constitution and the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions ("FAQs") on the Conduct of General Meetings for Listed Issuers.

At the AGM in May 2022, the Chairman assured the shareholders that Group was confident in its ability to navigate the challenging environment and remain on track to achieve its end goal of becoming a real estate company by the end of 2025 through its strong leadership, employees' agility, and sound business fundamentals.

The Board acknowledged that the operating environment in 2021 remained challenging due to the reimposition of lockdowns under the Movement Control Order and the National Recovery Phase amid the resurgence of COVID-19 cases in Malaysia. Malaysia's prolonged lockdown in 2021 had led to the intermittent closure of the Group's sales galleries, retail and leisure businesses, and impacted the progress of development at the Group's construction sites, exacerbated by a shortage of raw materials supply and a tight labour market.

Notwithstanding the above, the Group managed to navigate the challenging environment through the strength of its people and leadership bench, coupled with its renewed digital and technology capabilities. The Group sustained its resilience by achieving a commendable and improved financial performance, underpinned by its strategic launch plans, encouraging sales achievement and enhanced operational efficiency across all business segments. The strategic initiatives implemented throughout the pandemic have enabled the Group to rebound fairly. Nevertheless, the Group remained cautious with the uncertainties and challenges in the property market for 2022 due to the lingering impact of the prolonged COVID-19 pandemic.

The Board encouraged active participation by the shareholders and investors at the AGM. The Chairman also opened the floor for questions as a platform for the shareholders to seek and clarify any issues and to have a better understanding of the Group's businesses. All Directors and Senior Management together with the external auditors were present at the 49th AGM broadcast venue in order to provide responses to questions raised by the shareholders.



The GMD presented the overall performance and the moving forward plan of the Group at the 49th AGM. In addition, questions raised by the Minority Shareholders Watch Group and Sime Darby Property's responses were presented for the benefit of the shareholders. The questions and responses were also uploaded onto the Group's website prior to the 49th AGM. Thereafter, a copy of the presentation by the GMD was made available on the website upon the conclusion of the 49th AGM, followed by the publication of the Minutes of the 49th AGM.

All resolutions tabled at the 49th AGM were carried out by way of poll through electronic voting and the results were announced to Bursa Securities on the same day. TIIH was appointed as Poll Administrator to conduct the polling process whilst Coopers Professional Scrutineers Sdn Bhd was engaged as an independent scrutineer to verify the poll results.

As an initiative to explore the leveraging of technology to broaden its channel of dissemination of information, enhance the quality of engagement with its shareholders and facilitate further participation of shareholders at Sime Darby Property's general meetings as well as to promote environmental sustainability and cost efficiency, the Group will continue to leverage on e-communication platform with shareholders for the following:

- 1) Sime Darby Property's Annual Report 2022 onwards together with Circular to Shareholders.
- 2) E-Lodgement of proxy forms by shareholders for Sime Darby Property's 50th AGM.

Shareholders may register as a user with TIIH Online website at <https://tiih.online>. An e-mail will be sent to the entitled registered users to enable them to submit their proxy forms through the e-submission facility via TIIH Online.

Sime Darby Property will continue to leverage on technology and implement remote shareholders' participation and online remote voting (or voting in absentia) at the 50th AGM in accordance with Section 327(1) and (2) of the CA 2016 and Rule 72 of Sime Darby Property's Constitution.

Shareholders who attend the 50th AGM via remote participation will also be able to submit questions during the AGM for Sime Darby Property to respond. Shareholders are encouraged to take advantage of this technology to attend the 50th AGM remotely.

## INVESTOR RELATIONS

Sime Darby Property's Investor Relations is principally tasked with facilitating effective communication channels between the Group and the investment community. The Investor Relations unit has an extensive programme that involves the holding of regular meetings, conference calls, site visits, road shows and conferences, all of which are intended to keep the investment community abreast of the Group's strategic developments and financial performance.

Any enquiries on investor-related matters may be directed to [investor.relations@simedarbyproperty.com](mailto:investor.relations@simedarbyproperty.com) or:

Sime Darby Property Berhad  
Level 5, Block G  
No. 2, Jalan PJU 1A/7A  
Ara Damansara, PJU 1A  
47301, Petaling Jaya  
Selangor Darul Ehsan  
Malaysia  
Tel: +603-7849 5000

## STATEMENT BY THE BOARD ON COMPLIANCE

The Board has deliberated, reviewed and approved this Statement and is satisfied that Sime Darby Property has fulfilled its obligations under the relevant paragraphs of the Listing Requirements of Bursa Securities, CA 2016, the MCGG and the CG Guide – 4th Edition issued by Bursa Malaysia and other applicable laws and regulations throughout the FY 31 December 2022. This CG Overview Statement was approved by the Board of Sime Darby Property on 23 March 2023.

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# Statement on Risk Management and Internal Control

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This Statement of Risk Management and Internal Controls has been prepared in line with the paragraph 15.26 (b) of Bursa Malaysia's Main Market Listing Requirements (“MMLR”) and Principle B, Chapter II, Intended Outcome 10.0, Practices 10.1 and 10.2 and Guidance 10.1 and 10.2 as set out in the Malaysian Code on Corporate Governance (“MCCG”) respectively, with guidance from the Bursa Malaysia's ‘Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers’. It outlines the key features of the Sime Darby Property Berhad's risk management and internal control framework and system during the year under review.

The scope of this disclosure excludes associated companies and joint ventures that are not under the control of the Group.

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## RESPONSIBILITY AND ACCOUNTABILITY

### AT BOARD LEVEL

#### The Board

The Board affirms its overall responsibility for establishing a sound and effective risk management, internal controls and accountability framework and systems. As part of the risk management framework, the Board has set the risk appetite which articulates the levels and types of risk that the Group is willing to accept as it pursues its business and strategic objectives. The Board also ensures that Management has put in place sound controls, accountability and reward systems to manage the various business operations and governance strategies, objectives and commitment. This will provide the required comfort that corresponding strategic and operational risks that would hinder the achievements of the set strategies and objectives are adequately mitigated within its approved risk appetite and the Group's governance and ethical environment. Deviation from these set controls or appetite due to unforeseen circumstances will require Board's approval prior to any implementation.

The Board recognises that the Group's risk management and internal controls system are designed and updated from time to time to align with the changes in business environment to manage the Group's risk exposure and is not intended to eliminate risk. Therefore, the system can only provide reasonable assurance and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

In fulfilling its oversight responsibility, the Board, as a whole, or through delegation to the Audit Committee (“AC”) and Risk Management Committee (“RMC”), reviews the Group's risk management system and internal control systems' adequacy and effectiveness.

Even though the AC and RMC assist the Board in discharging its duties, the Board remains responsible for both board committees' actions. The Board maintains its role in determining the Group's risk appetite, as well as identifying and challenging the Group's key business risk while continuously monitoring them to safeguard the Group's investments and key assets.

Please refer to the Corporate Governance Overview Statement on page 156 of this Annual Report for the full list of responsibilities of the Board, AC and RMC.

#### Audit Committee (“AC”):

One of the primary responsibilities of the AC is to assist the Board in assessing the adequacy and effectiveness of the Group's governance, risk management and internal controls system through the operations of internal audit reviews conducted by Group Corporate Assurance (“GCA”), internal controls recommendation prepared by external audits and/or any reviews conducted by external consultants/auditors. AC members comprises independent non-executive directors.

The AC has active oversight on the independence, scope of work and resources of the GCA, and meets periodically to review audits and investigation reports prepared by the GCA. The AC reviews all significant and material findings by the internal and external auditors to ascertain that the mitigation plans are implemented by Management on a timely manner to ensure proper upkeep of governance and to safeguard the Group's interest.

Any significant matters relating to internal controls deliberated by the AC are brought to the attention of the Board for further deliberation, where necessary.

To ensure risk and internal control alignment, the AC is provided with a quarterly risk update by the Group Risk Management ("GRM").

Written summaries of key matters discussed by the AC and minutes of its meetings are presented to the Board every quarter.

**Risk Management Committee ("RMC"):**

The RMC's primary responsibility is to support the Board in establishing and overseeing the Group's Risk, Compliance and Integrity Management Frameworks while regularly reviewing the Frameworks to ascertain its adequacy and effectiveness. The RMC is chaired by an independent director.

Recognising the importance of managing sustainability and cybersecurity risk, RMC provides oversight, direction, and counsel over the risk areas related to information technology and sustainability on top of other key material enterprise and operational risk of the Group.

The RMC offers its guidance and assessments through engagements with relevant internal stakeholders, reviews quarterly risk, compliance and integrity reports and holds discussions with the Chief Risk, Integrity and Compliance Officer and the Management. The RMC reviews all significant and material findings by the risk and compliance officers to ascertain that the mitigation plans implemented by Management are adequate to safeguard the Group's interest and assets.

The RMC also reviews major investment outside the Group's current business lines and the Management's assessment of its key associated risks (including funding options, costs and investment returns) prior to the Board's approval.

As with the AC, any significant risk-related matters are brought to the Board's attention for deliberation and approval. A summary of key matters discussed by the RMC and minutes of its meetings are presented to the Board.

**AT OPERATIONAL/IMPLEMENTATION LEVEL**

**Management**

The Management, which is led by the Group Managing Director ("GMD"), is accountable to the Board and responsible for implementing Board-approved frameworks, policies, and procedures on risk management and internal control management.

Governance Oversight Management Committee ("GOMC"), chaired by the GMD, was established to deliberate on risk, compliance and audit matters on a quarterly basis to ensure issues highlighted by GCA, Group Risk Management ("GRM") and Group Compliance Office ("GCO") are deliberated, monitored and resolved, where possible, at the highest level of the Management.

The Management acknowledges its role in respect to risk management and internal controls which includes:

- (i) Identifying and evaluating the risks faced by the Group in line with the business objectives, strategies and overall risk appetite;
- (ii) Formulating, implementing, and monitoring relevant controls, policies and procedures to manage key risks and their impact on operating systems and environment;
- (iii) Continuously monitoring the changes to the risk environment, including identifying key emerging risks, taking appropriate mitigation actions and promptly bringing these changes to the Board's attention;
- (iv) Monitoring the implementation of related governance frameworks to achieve intended objectives;
- (v) Enforcing compliance; and
- (vi) Promptly addressing any shortcomings or incidents of non-compliance with policies and procedures.

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# Statement on Risk Management and Internal Control

## GRM and GCO:

The GRM and GCO are dedicated functions established to coordinate, facilitate and support risk management, compliance and integrity frameworks and its activities. Pursuant to the Prime Minister Directive (No.1 of 2018), GCO also function as the Group's Integrity & Governance Unit ("IGU"), where it is tasked to drive the Group's Anti-Corruption and related Integrity Frameworks.

The GRM and GCO are led by the Chief Risk, Integrity and Compliance Officer, who together with GRM and GCO, report directly to the RMC, allowing them to remain objective and independent of Management.

The GRM and GCO Charters has outlined the functions and duties of the GRM and GCO respectively, which are subject to RMC's approval. Both GRM and GCO's annual scope of work are documented in their annual plans which are approved by the RMC after considering the Management's feedback.

Please refer to the RMC Report on pages 184 to 189 of this Annual Report for GRM and GCO's mandates and key activities for the financial year under review.

## GCA:

The GCA is an independent internal audit function which provides independent and objective assurance. The GCA helps the Group achieve its objectives by bringing a systematic, risk-based approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The GCA, led by the Chief Assurance Officer, reports directly to the AC, which allows the GCA to exercise objectivity and independence when discharging its duties. The GCA's internal audit work is based on a risk-based annual audit plan approved by the AC. Internal audit work covers, amongst others, risk exposure and compliance with policies, procedures and relevant laws and regulations.

Wherever practical, internal audit findings are benchmarked against best practices.

Please refer to the AC Report on pages 180 to 183 of this Annual Report for the GCA's mandate and key activities for the financial year under review.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group recognises that an embedded Risk Management Framework within the Group's operations is an integral part of good corporate governance as it provides insights, improves decision making and enhances outcomes. The Group Enterprise Risk Management ("ERM") framework sets out the Group's risk strategy, objectives, risk governance, structure, practices, tools and the roles and responsibilities in managing the Group's material risks (current and emerging).

The ERM/Risk Management Framework is designed to be in line with principles of ISO 31000 for risk management. One of the features of the ERM is the implementation of the five (5) lines of defence which establish clear functional responsibilities and accountability for the management of risk. Management, business and support units being the first line of defence are accountable to manage for enterprise and operation day-to-day risks that are inherent to business operations, as well as the risks taken within the established strategy, objectives, appetite, policies and procedures. The second line of defence which comprises the GRM team will assist Management and the Board in establishing the required frameworks, policies and procedures that would provide governance, oversight and challenges over the risk activities carried out by the first line of defence. GCA, being the third line of defence, provides assurance via independent assessment, review and validation of risk management and governance frameworks, policy, procedures and tools, as well as related controls. RMC and AC support the Board as the fourth line of defence by overseeing and assessing the adequacy and effectiveness of the Group's governance, risk management and internal controls system. The Board, being its final fifth line of defence, has the overall responsibility for the corporate governance, risk management and internal control of the Group. The Board ensures that Management has put in place sound controls, accountability and reward systems to manage the various business operations within its approved risk appetite.

The objective of the Group's Risk Management Framework is to provide a structured and consistent approach to risk management across the Group, which will allow the Group to continue to identify, assess, treat, communicate, monitor and review risks impacting the Group at both enterprise and operational levels. The framework adopts both the 'top-down strategic' and 'bottom-up operational/tactical' approach and spans the entire organisation to address all significant risk areas. The systematic and comprehensive (covers all key areas of the Group) framework is integrated into the Group's key business processes and activities to ensure risk assessment remains current and reflects the

ever-changing business environment, and form part of the integral decision-making tool for the Management. The same Framework is also applied when evaluating business and investment proposals to ensure that key risks arising from any business and investment decisions are evaluated and subsequently managed before any business decisions are made. Through such structure, material risks are consolidated from operational to Management level, before being escalated to the RMC and finally to the Board.

The Group's key risks are tracked, documented, updated, and formally reported to GOMC, RMC, AC and the Board every quarter, or as and when required. The RMC reviews and assesses the mitigation actions to manage the Group's overall risk exposure and provides the Management with feedback for improvement.

Please refer to Key Risks and Mitigation Strategy on pages 83 to 91 of this Annual Report for details on the key risk areas impacting the Group.

**CONTROL ENVIRONMENT**

The Board and Management have taken multiple steps to establish a controlled environment to manage various risks. The key elements of the Group's internal controls are as follows:

Board Committees
<p>The Board has formed various Board Committees such as the Nomination and Remuneration Committee ("NRC"), RMC, AC and Board Tender Committee to oversee specific responsibilities on its behalf. These Board Committees play an oversight role in promoting governance, transparency, and accountability, including facilitating the decision-making process based on specific levels of authority as stipulated in its respective terms of reference.</p> <p>Any change to the structure, composition, and terms of reference for any Board committee will require the Board's approval.</p>

Management Committees
<p>The Group has established various management committees, chaired by the GMD to ensure that the day-to-day business operations are consistent with the corporate objectives, strategies, business plans and budgets approved by the Board. These committees bring together a wealth of experience and expertise to address key matters arising from operations (internal and external) in a more focused, effective, and timely manner.</p> <p>Key management committees include but are not limited to the Group Management Committee, Governance Oversight Management Committee, Group Investment Committee, Group Tender Committee, Development Management Committee, and Talent Council. In 2022, Sustainability Management Committee has been established to oversee the implementation of the Group's Sustainability Strategy.</p>



# Statement on Risk Management and Internal Control

## Annual Plan, Budgets and Management Reports

### Annual Planning and Budgetary Exercise

The Board deliberates and approves the Group's annual business plan and budget for the year. The performance achievements of the plan and budget are assessed monthly and reported quarterly to allow for appropriate responses and actions to be taken.

### Management and Board Monitoring and Reporting

The GMD and Senior Management team, via the Group Management Committee or other Management-level committees, review and provide the required intervention and/or approval to various reports including business and financial performance, business propositions, investment and disposal proposals, proposals to launch new products or services and various other management reports that highlight either performance indicators, latest developments in the governance and/or operational areas.

The Group's quarterly financial statements and performance are reviewed by the AC, which subsequently shares feedback for the Board's consideration and approval.

The Board is provided with and has access to a suite of reports, enabling it to monitor performance against the Group's strategy, business and operational plan. The Board deliberates on the reports to ensure that appropriate actions are taken to resolve issues identified, and where necessary, provide guidance to the Management.

## Values, Code of Conduct and Group Policies

### A) Values and Conduct

In FY2022, the Group established a revised Purpose, Vision, Mission and Values ("PVMV") to drive the direction and behaviour expected from the Group's employees. The revised PVMV adopted by all employees are:

- **Purpose** – To be a Value Multiplier for people, businesses, economies and the planet
- **Vision** – Advancing real estate as a force for collective progress, in harmony with the planet's resources
- **Mission** – To develop, own and manage a thriving asset portfolio that creates value for all stakeholders
- **Values** – 'TEAM':
  - **T** – Together we do what's right
  - **E** – We lead with Excellence
  - **A** – We embrace new Approaches
  - **M** – We Make things happen

The Group continues to promote its **Code of Business Conduct** ("COBC") which is designed to clearly articulate the Group's belief, values and aspiration that is expected of all employees. The COBC covers commitment to our workplace, preservation & protection of the Group's assets and information, fostering open and honest communication, ethical conduct, interaction with counterparties, business partners, customers, environment & communities, working with joint venture partners & business alliances and when we deal with the Government, regulators, political parties, and non-governmental organisations ("NGOs"). The Code of Business Conduct is publicly available on the Group's website at

<https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

## Values, Code of Conduct and Group Policies

### B) Group Policies & Authorities and Limits of Authority

The **Group Policies & Authorities (“GPA”)** is a key component of the Group's internal control framework and is the highest policy level, covering a wide range of areas, including functional policies, ethics and conduct, policies to protect the Group's assets, key Group processes and limits of authority. These policies are supported by the clearly defined delegation of authorities which covers, amongst others, spending on operating and capital expenditure, procurement of goods and services and committing to investment or divestment. The GPA is reviewed annually and approved by the Board prior to its implementation to ensure that it remains effective and relevant to support the Group's activities and business environment.

The Limits of Authority as prescribed in the GPA and extended to all operational areas, where required, form the multi-tier authorisation and segregation of duties control process that govern day-to-day operations.

### C) Compliance, Ethics and Integrity

The Board recognises that a strong compliance culture cultivates high standards of integrity and conduct. The Group's **Compliance Policy** is based on the premise of shared responsibility where compliance is the responsibility of all staff regardless of their position. The Group always strives to comply with its obligations. An event of non-compliance will be corrected immediately upon detection.

The Group takes a serious view of its legal and ethical responsibilities. It has taken steps to ensure compliance with internal controls, as well as relevant laws and regulations that govern the business and operations of the Group.

#### Anti Bribery and Corruption

The Group has a zero-tolerance stance against any form of bribery and corruption in all its business dealings. To guide the Group's employees on the expected behaviour, practices and approval requirements of these areas, the Group has put in place the following policies:

- Anti-Bribery & Corruption Policy
- Gift, Entertainment & Travel Policy
- Conflict of Interest Policy
- Sponsorships and Donations Policy
- Whistleblowing Policy
- Anti-Money Laundering Policy

A summary of the above policies is publicly available on the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

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# Statement on Risk Management and Internal Control

## Working with Counterparties

Ethical behaviour is the cornerstone of the Group's belief and practice. The expected behaviour is cascaded to the Group's supply chain through the **Vendor Code of Business Conduct ("Vendor COBC")** as the Group strives to develop, work, strengthen and maintain a mutually beneficial relationship with counterparties that share the same values and practices, while recognising that some values and business practices of counterparties may vary and significantly impact the Group. As such, Group's Vendor COBC is developed to provide clarity on the Group's expectations with regards to the Group's counterparties' behaviour and conduct when working with, providing goods/services or entering any business transactions with the Group.

The Counterparties are expected to read, understand and acknowledge acceptance of the expected behaviour and practices by signing the **Vendor Integrity Pledge ("VIP")**. The VIP is a formal affirmation from the vendors that they will comply with, respect and uphold the principles of the Vendor COBC, as well as all applicable laws and regulations, especially those relating to Anti-Bribery and Corruption.

The Vendor COBC and VIP is publicly accessible on the Group's website at <https://www.simedarbyproperty.com/who-we-are/corporate-governance>.

## Adequacy and Effectiveness of Internal Controls, Policies and Procedures

### Adequacy and Effectiveness of Internal Controls, Policies, and Procedures

The adequacy and effectiveness of the internal controls, policies and procedures are subjected to on-going monitoring by the Group's second line of defence (i.e., GRM and GCO) and assessment as to the level of compliance by the Group's third line of defence (i.e., GCA).

GCA, the in-house internal audit team, helps the Group achieve its objectives by bringing a systematic and disciplined risk-based approach to evaluate the effectiveness of the risk management, control and governance processes. The GCA's annual audit plan is reviewed and approved by the AC, where the planned audits' achievement is monitored every quarter. Audit findings are presented to the AC every quarter for their review and deliberation before it is tabled at Board meetings. Further details of activities undertaken by the AC can be found in the AC Report.

These three (3) independent functions assist the Board in discharging its oversight responsibilities on the risk management and internal controls system's adequacy and effectiveness.

As part of its audit process, the Group's external auditors also provide the Management and AC with observation and recommendation to enhance the Group's control environment, where applicable.

### Managing Unethical Practices and Material Non-compliance

The Group is committed to an ethical way of conducting its business and operations. Accordingly, it takes a serious view of any violation to the Group's COBC, policies or applicable laws and regulations. The Group has disciplinary procedures to deal with any violation. Material cases are also reported to the Board to ensure it has an overview of the ethical climate within the Group.



### Human Capital Management

The Group manages its human capital requirements and its corresponding risks according to its operational needs. It considers the human resource market development to ensure that it retains a highly engaged workforce whilst continuously attracting top talents. The Group continues to review its workforce requirements and the benefits and rewards framework to ensure that roles are adequately created, sized and compensated for driving a high-performance culture, as well as cultivating a workforce capable of adapting to future changes and innovation.

The Group has:

- Various frameworks, policies, and operating procedures on workforce planning, talent acquisition and management, performance management, learning and development, and employment practices to manage people-related risks and to ensure compliance with all applicable employment laws.
- A structured screening and interview process in the hiring and placement of candidates to ensure their talents match job functions.
- Defined and communicated job descriptions and responsibilities of approved positions on the internal online platform via HR on Cloud.
- Various in-house and external training programmes for employees at all levels to enhance competencies, knowledge, and skills, as well as a leadership curriculum that is aimed at equipping managers with tools to coach, develop and retain talents.
- A comprehensive Human Resource (“HR”) system that enables faster turnaround time for key HR processes and empowers line managers to make informed decisions on people processes. The platform also provides transparency in the flow of decision making and minimises dependence on physical paper trail.

In addressing the COVID-19 pandemic, specifically in safeguarding employees’ well-being, the Group continues to adopt and refine the COVID-19 standard operating procedures that, are at minimum, in compliance with the Malaysian Government’s guidelines, to curb the spread of the virus at the workplace and provide support to its employees via #SDPCares COVID-19 initiative.

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### Insurance

The Group has established and put in place sufficient insurance coverage and physical safeguards on the Group’s major assets to ensure that the Group’s assets are adequately covered against mishaps that could result in material loss. Corresponding insurance coverage is also put in place by the Group’s main contractors to ensure construction and its operational sites have adequate coverage to reduce any material losses arising from any mishaps at site.

A yearly review on adequacy of coverage is conducted prior to renewal of Group’s insurance coverages.

### Communication and Reporting

#### Reporting to Shareholders and Other Stakeholders

The Group has established processes and procedures to ensure that Quarterly and Annual Reports, which cover the Group’s performance, are submitted to Bursa Malaysia for release to shareholders and stakeholders on a timely basis. The Board reviews all Quarterly Results prior to their announcements.

The Group’s Annual Report is issued to shareholders within the stipulated time as prescribed under Bursa Malaysia’s MMLR.

# Statement on Risk Management and Internal Control

## MATERIAL JOINT VENTURES AND ASSOCIATES

This statement does not cover the risk management, internal controls framework and processes of the Group's material joint ventures and associates as these areas fall within the control of their shareholders and management.

The Group safeguards its interests in those entities by appointing representatives on their respective boards and, in some cases, through their management or operational committees. The representatives provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

## REVIEW OF THIS STATEMENT

As required by Paragraph 15.23 of the Bursa Malaysia's MMLR, external auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control issued by the Malaysian Institute of Accountants and included in the Group's Annual Report for the financial year ended 31 December 2022.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group including the assessment and statements by the Board and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## ASSURANCE FROM MANAGEMENT

The Board has received reasonable assurance from the GMD and Group Chief Financial Officer that the Group's existing risk management and internal controls system is operating adequately and effectively in all material aspects. The Management has also committed to continuously review and strengthen the risk management and internal controls system to ensure its adequacy and robustness.

## CONCLUSION

The Board recognises that the risk management and internal controls system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud.

The Board, having taken into consideration the assurance from the Management and input from relevant assurance providers, is of the view that the Group's risk management and internal control system in place for the financial year under review and up to the date of approval of this statement for inclusion in the Annual Report, is generally adequate and effective to safeguard the interest of shareholders and assets of the Group.

The Board, together with AC and RMC continues to be committed to maintaining as far as is practical, a sound system of risk management and internal controls that is reflective of current business needs and can support the achievements of the Group's strategic objectives.

This statement was approved by the Board on 23 March 2023.

# Additional Compliance Information

“ The information set out below is disclosed in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ”

## 1. UTILISATION OF PROCEEDS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2022.

## 2. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid to external auditors by the Group and the Company for the financial year ended 31 December 2022 are as follows:

	Group RM'000	Company RM'000
– Audit fees	2,091	358
– Other assurance related fees	354	269
– Non-Audit fees	264	107

Services rendered by PricewaterhouseCoopers PLT are not prohibited by regulatory and other professional requirements and are based on globally practiced guidelines on auditors' independence.

## 3. MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed, there are no material contracts entered into by the Group involving the interest of Directors and Major Shareholders, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial period:

### (i) Shareholders' Agreement for the Set Up Of Industrial Development Funds

Sime Darby Property (Capital Holdings) Pte Ltd (“SDPCH”), a wholly-owned subsidiary of Sime Darby Property had, on 29 September 2021, entered into a shareholders' agreement with LOGOS SE Asia Pte Ltd (“LOGOS Property”), a wholly-owned subsidiary of LOGOS Group Property Limited to govern the parties' relationship as shareholders to a new joint venture company named Industrial Joint Venture (Holdings) Pte Ltd (now known as SDPLOG - IDF 1 (JV Holdings) Pte Ltd) (“JV Co”) (“Joint Venture”), on a 51% (SDPCH) : 49% (LOGOS Property) basis.

JV Co was incorporated in Singapore for the purpose of providing fund management and development services to industrial development funds established by the Joint Venture.

Sime Darby Property's share of equity requirements of the JV Co and its subsidiaries, which are expected to be minimal at RM2 million, will be raised via internally generated funds.

None of the directors or major shareholders of Sime Darby Property or persons connected with them has any interest, direct or indirect, in the Joint Venture.

### (ii) MVV Sale And Purchase Agreement

Pursuant to MVV Call Option Agreements (“**Lot 3235 COA**”) entered into between Sime Darby Property and Kumpulan Sime Darby Berhad (“**KSDB**”), an indirect wholly-owned subsidiary of Sime Darby Berhad (“**SDB**”) on 25 August 2017, Sime Darby Property (MVV Central) Sdn Bhd (“**SDP MVV Central**”), a wholly-owned subsidiary of Sime Darby Property had, on 27 October 2021, entered into a sale and purchase agreement (“**MVV Sale and Purchase Agreement**”) with KSDB, where KSDB agreed to sell and SDP MVV Central agreed to purchase a part of the land under GRN 76723, Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan (“**Lot 3235 Option Land**”) measuring approximately 760.12 acres (“**New Option Land**”) for a total cash consideration of RM280 million. The New Option Land consists of a portion of the Lot 3235 Option Land measuring approximately 656.05 acres which KSDB has offered to Sime Darby Property pursuant to the Sale Notice and an additional portion of the Lot 3235 Option Land measuring approximately 104.07 acres based upon Sime Darby Property's exercise of its option to purchase under the Lot 3235 COA. The MVV Sale and Purchase Agreement is to be completed within three (3) months from the expiry of the fifteen (15) months' conditional

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period from the date of the MVV Sale and Purchase Agreement or such other date as SDP MVV Central and KSDB may mutually agree in writing.

The purchase price of the New Option Land is to be funded via a combination of internally generated funds and/or external bank borrowings, the quantum of which will only be determined at a later stage after taking into consideration, among others, the actual funding required and eventual amount of bank borrowings.

Permodalan Nasional Berhad (“**PNB**”) and Amanahraya Trustees Berhad - Amanah Saham Bumiputera (“**ASB**”) are deemed interested in the Lot 3235 COA.

KSDB is a wholly-owned subsidiary of SDB.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SDB and indirect major shareholder of KSDB.

### (iii) Kapar Land Sale and Purchase Agreement

Pursuant to the Sungai Kapar Estate Call Option Agreement (“**Kapar Land COA**”) entered between Sime Darby Property and Sime Darby Plantation Berhad (“**SD Plantation**”), Sime Darby Property (Bukit Tunku) Sdn Bhd (“**SDPBT**”), a wholly-owned subsidiary of Sime Darby Property had, on 1 December 2022, entered into a sale and purchase agreement (“**Kapar Land Sale and Purchase Agreement**”) with SD Plantation where SD Plantation agreed to sell and SDPBT agreed to purchase all three (3) parcels of freehold lands held under Geran 297363, Lot 40, Geran 297364, Lot 41 and Geran 297365, Lot 42, all in Mukim of Kapar, Daerah Klang, Negeri Selangor and measuring a net land area of approximately 948.826 acres (“**Kapar Land**”) for a total cash consideration of RM618 million. The Kapar Land Sale and Purchase Agreement is to be completed within three (3) months from the expiry of the six (6) months’ conditional period from the date of the Kapar Land Sale and Purchase Agreement with one (1) month automatic extension subject to further extension as may be mutually agreed by SDPBT and SD Plantation.

The purchase price of the Kapar Land is to be fully satisfied in cash, to be funded via a combination of internally generated funds and bank borrowings, the breakdown which has not been determined at this juncture.

PNB and ASB are deemed interested in the Kapar Land COA.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property. ASB is also a major shareholder of SD Plantation.

### (iv) Amended and Restated Limited Partnership Agreement

On 19 August 2021, the SDPLOG – IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) (“**General Partner**”) and Sime Darby Property Ventures (HK) Limited (the “**Initial Limited Partner**”), a wholly-owned subsidiary of Sime Darby Property had entered into an Initial Limited Partnership Agreement to form the inaugural Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) (“**Fund**”). The Fund was formed and registered in Singapore as a limited partnership pursuant to the Limited Partnership Act 2008 and Limited Partnership Regulations of Singapore on 19 August 2021 under the name of Sime Darby Property Industrial Development Fund LP with registration number T21LP0099B. The Fund assumed its present name on 20 June 2022. The aggregate capital commitments of the Fund is up to US\$250 million.

Subsequently on 20 June 2022, the General Partner, the Initial Limited Partner, Sime Darby Property Ventures (MY) Sdn Bhd (“**SDP Special Limited Partner**”), a wholly-owned subsidiary of Sime Darby Property and LOGOS Malaysia Sponsor Investments Pte Ltd (“**LOGOS Special Limited Partner**”), entered into a Deed of Accession and Withdrawal to permit the admission of the SDP Special Limited Partner and the LOGOS Special Limited Partner into the Fund.

On 23 June 2022, the General Partner, SDP Special Limited Partner, LOGOS Special Limited Partner, Ombak Real Estate 2 Sdn Bhd (“**OMBAK**”), a wholly-owned subsidiary of PNB and Kumpulan Wang Persaraan (Diperbadankan) (“**KWAP**”) entered into an Amended and Restated Limited Partnership Agreement to effect the admission of Ombak and KWAP as anchor investors for the first close of the Fund.

PNB and ASB are deemed interested in the Amended and Restated Limited Partnership Agreement.

OMBAK is a wholly-owned subsidiary of PNB.

PNB is a person connected with ASB and is a substantial shareholder of Sime Darby Property.

ASB is a major shareholder and also the largest shareholder of Sime Darby Property.

**4. CONTRACTS RELATING TO LOANS**

There were no contracts relating to loans by the Group involving interests of Directors and Major Shareholders during the financial year ended 31 December 2022.

**5. RECURRENT RELATED PARTY TRANSACTIONS**

At the last Annual General Meeting held on 24 May 2022, the Company had obtained a general mandate from its shareholders for the Group to enter into recurrent related party transactions of a revenue or trading nature (“RRPT mandate”).

The aggregate value of the recurrent related party transactions of revenue nature incurred by the Group pursuant to the RRPT mandate for the financial year ended 31 December 2022 did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

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# Sustainability Statement

## OUR APPROACH TO SUSTAINABILITY

Sime Darby Property seeks to operate in a manner that respects the interests of our stakeholders while protecting the environment. Our commitment to environmental, social and governance (“ESG”) matters has supported our goal of being a premier reputable property developer in developing sustainable townships.

In the last decade, sustainability has been given strategic priority to becoming progressively more entrenched into our operations and understood by our employees. Today, it is integrated into our new Purpose, Vision and Mission statements as well as Values. These form the foundation for Sime Darby Property to be a “force for good” in creating a sustainable future. Our aspiration is to continuously enhance the impact we have on our stakeholders, at the same time minimising our carbon footprint and playing a role in conserving the country’s biodiversity.

This aspiration is guided by our Quality, Health, Safety, Security and Environment Policy and Sustainability Policy and supported by four imperatives, namely, to:



## Sustainability: Everyone’s Responsibility

We believe that, to achieve the desired ESG outcomes, sustainability has to be embraced by internal and external stakeholders and reflected in the way we operate. We therefore strive to create a sustainability culture and mindset through constant communication, training, engagement and messaging on sustainability imperatives. In 2022, we organised our annual Sustainability Day to raise awareness amongst our staff on pressing issues related to climate change, and to encourage greater individual ownership in us operating sustainably. This annual event serves as a platform to celebrate our achievements and acts as a catalyst to further advance our sustainability efforts. To embed sustainability in our day-to-day operations, we rolled out the 2022 Safety and Sustainability Playbook outlining 28 deliverables for all business units to execute. The Playbook deliverables are aligned with our 18 SDP 2030 Sustainability Goals.





We organised our Partners' Dialogue engaging 259 of our contractors, suppliers and consultants emphasising our expectations on Safety and Sustainability. For external stakeholders, we spoke at eight events sharing our position on climate change, urban biodiversity and forming partnerships, among others.

We continued to play an active role in the CEO Action Network ("CAN") where the CEOs of 60 companies operating in Malaysia are members. CEO Action Network is a coalition of leaders with a purpose to shape policies, win stakeholders, and create a favourable ecosystem for sustainable businesses and sustainable development in Malaysia. We are the secretariat for the Property Development and Construction sector.







### Recognised for Best Practices

Our efforts to build the Group's ESG performance have been recognised via various industry standards. We are a constituent of the MSCI ESG Sustainability Rating of BBB. We also disclose to the Carbon Disclosure Project ("CDP"), and have been rated C for Climate Change and B- for Supplier Engagement.

### 2030 SUSTAINABILITY GOALS

In 2020, we adapted the United Nations' Sustainable Development Goals ("UN SDGs") into SDP's 18 Sustainability Goals. These goals focus on 18 sustainability areas in which we are able to make the most meaningful impact. For each goal, we have set annual targets to help us monitor progress towards our ultimate outcomes.

As at 31 December 2022, we met or exceeded 12 of the 18 goals.

 <p><b>1</b></p> <p><b>SUPPORTING LOCAL BUSINESS</b></p> <p>90% Local Companies / Vendors</p>	Target	<b>90%</b>	 <p><b>2</b></p> <p><b>ECONOMIC INJECTION</b></p> <p>RM10 Billion</p>	Target	<b>RM 3bil.</b>	 <p><b>3</b></p> <p><b>PRODUCT QUALITY</b></p> <p>85% CLASSIC Score</p>	Target	<b>81.5%</b>
	Actual	98.8%		Actual	4.16 bil		Actual	79%
	Variance	+8.8		Variance	+1.16		Variance	-2.5
	%	<b>+9.78</b>		%	<b>+38.67</b>		%	<b>-3.07</b>
 <p><b>4</b></p> <p><b>BUILDING TECHNOLOGY</b></p> <p>IBS SCORE 80 Points</p>	Target	<b>60 points</b>	 <p><b>5</b></p> <p><b>JOB CREATION</b></p> <p>100,000 Jobs</p>	Target	<b>7,500 jobs</b>	 <p><b>6</b></p> <p><b>AFFORDABLE HOMES</b></p> <p>15,000 Units below RM600,000</p>	Target	<b>3,000 homes</b>
	Actual	60.6 points		Actual	3,166 jobs		Actual	4,115 homes
	Variance	+0.6		Variance	-4,334		Variance	+1,115
	%	<b>+1.00</b>		%	<b>-57.79</b>		%	<b>+37.17</b>

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 <p><b>7</b> VOLUNTEER HOURS 10,000 hours</p>	Target	<b>2,300 hours</b>
	Actual	3,489
	Variance	+1,189
	%	<b>+51.70</b>


 <p><b>8</b> CYCLING &amp; JOGGING TRACKS 300 km</p>	Target	<b>50km</b>
	Actual	77
	Variance	+27.0
	%	<b>+129.3</b>


 <p><b>9</b> HUMAN RIGHTS All Vendors / Supply Chain Partners have clear commitment to Human Rights</p>	Target	<b>30%</b>
	Actual	100%
	Variance	+70
	%	<b>+233.33</b>


 <p><b>10</b> OCCUPATIONAL SAFETY &amp; HEALTH Zero workplace accident related fatalities</p>	Target	<b>0 fatality</b>
	Actual	1
	Variance	-1
	%	<b>-100.00</b>


 <p><b>11</b> URBAN FARMING Minimum 1 urban farm per township</p>	Target	<b>6</b>
	Actual	3
	Variance	-3
	%	<b>-50.00</b>


 <p><b>12</b> RENEWABLE ENERGY 25,000 MWh annually</p>	Target	<b>936 MWh</b>
	Actual	556 MWh
	Variance	-380
	%	<b>-40.60</b>


 <p><b>13</b> WATER SAVINGS FITTINGS 30,000 Residential Units</p>	Target	<b>8,000 homes</b>
	Actual	7,888
	Variance	-112
	%	<b>-1.40</b>

 <p><b>14</b> COMMUNITY RECYCLING 6,570,000 kg / 6570 tonnes</p>	Target	<b>300 tonnes</b>
	Actual	353 tonnes
	Variance	+53
	%	<b>+17.67</b>

 <p><b>15</b> BIODIVERSITY (IUCN TREES) 50,000 trees</p>	Target	<b>23,500 trees</b>
	Actual	24,560 trees
	Variance	+1,060
	%	<b>+4.51</b>

 <p><b>16</b> CARBON SEQUESTRATION &gt;30,000 tonnes (from 160,000 trees)</p>	Target	<b>12,865 tCO<sub>2</sub>e</b>
	Actual	13,072 tCO <sub>2</sub> e
	Variance	+207
	%	<b>+1.61</b>

 <p><b>18</b> OPERATIONAL ECO-EFFICIENCY 100% total carbon and 100% total waste reduction and 100% recycling; 30% water intensity reduction</p>	<b>Carbon</b>		<b>Waste</b>	
	Target	<b>-2%</b>	Target	<b>-30%</b>
	Actual	-3.3%	Actual	+29%
	Variance	-1.3%	Variance	+59%
%	<b>+65%</b>	%	<b>-196.67</b>	
<b>Recycling</b>		<b>Water</b>		
Target	<b>+30%</b>	Target	<b>-2%</b>	
Actual	+29%	Actual	+28%	
Variance	-1%	Variance	+30%	
%	<b>-3.33</b>	%	<b>-1,500</b>	

 <p><b>17</b> ENERGY EFFICIENT HOMES 12,500 homes</p>	Target	<b>5,500 homes</b>
	Actual	5,560 homes
	Variance	+60
	%	<b>+1.09</b>



## GOVERNANCE

The Group believes in delivering our corporate and sustainability objectives through a clearly defined governance structure that spells out the functions, roles and responsibilities in accordance with Securities Commission’s Malaysian Code of Corporate Governance. Risk management and internal controls as well as accountability frameworks are also in place for us to better govern our business operations and strategies.

For more details on the Group’s governance, risk management, internal controls and accountability framework, please refer to the Corporate Governance Overview Statement on pages 152 to 189 and Statement of Risk Management and Internal Control on pages 190 to 198.

The Group, led by the Board of Directors, has established the following governance structure to ensure our sustainability policies are adhered to while initiatives and strategies are monitored, managed and reported on a periodic basis, leading to the delivery of our sustainability goals.

Body/Committee	Roles and Responsibility	Key Activities Undertaken
Board of Directors	<ul style="list-style-type: none"> <li>Overall responsibility and oversight of sustainability matters.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed the refinements made to the proposed Sustainability Strategy which, going forward, includes new ESG 10 priorities.</li> <li>Received quarterly reports on the Group’s Health, Safety, Security and Environment performance.</li> <li>Approved the establishment of the Board Sustainability Committee effective 1 January 2023.</li> </ul>
Risk Management Committee (“RMC”) – delegated by Board	<ul style="list-style-type: none"> <li>Provides guidance on the Group’s key sustainability risks.</li> <li>Monitors and advises Management on progress against the Sustainability Strategy and climate actions.</li> </ul>	<ul style="list-style-type: none"> <li>Received, reviewed and provided counsel and guidance on updates provided on the Group’s Sustainability Roadmap, Strategy and ESG-related risks on a quarterly basis.</li> <li>Provided counsel and feedback on results of the independent ESG Risk Integration Review.</li> </ul>
Management Sustainability Committee (“MSC”) – chaired by the Group Managing Director	<ul style="list-style-type: none"> <li>Monitors the execution of the Group’s Sustainability Strategy, implementation of the Group’s Sustainability Policy and material ESG issues.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewed its Terms of Reference which came into effect in August 2022.</li> <li>Reviewed the governance structure of the Management Sustainability Committee.</li> <li>Reviewed the Group’s Sustainability Strategy.</li> </ul>
Safety & Sustainability Department	<ul style="list-style-type: none"> <li>Monitors the implementation of planned sustainability activities and programmes.</li> <li>Provides regular updates to the Board, Management Sustainability Committee and Risk Management Committee on the Group’s sustainability performance, key programmes and initiatives, and overall progress on the 18 2030 Sustainability Goals.</li> </ul>	<ul style="list-style-type: none"> <li>Updated the Board on safety and sustainability progress every quarter.</li> <li>Worked with the RMC and the Management Sustainability Committee on the development of SDP’s Net Zero Pathway and refinement to the Sustainability Strategy.</li> </ul>

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Acknowledging the importance and the depth and breadth of the Sustainability agenda to the Group, the Board in November 2022 decided to form the Board Sustainability Committee, which will have oversight of all sustainability matters in place of the RMC as of 1 January 2023. Nevertheless, the RMC will continue to review and monitor any sustainability risks identified as material to the Group.

Integrating sustainability into our core operations, we incorporated sustainability key performance indicators (“KPIs”) into our Corporate Scorecard in 2022, some of which were followed through from the previous year. We have also introduced sustainability related KPIs in the annual performance evaluation of the Group’s Executive Leadership. The Safety and Sustainability Playbook brings Sustainability to life where all business units are accountable to execute on the 28 Safety and Sustainability metrics.

## PERFORMANCE IN 2022

### DRIVING ECONOMIC VALUE

Through sustainable business operations, we create economic value not just for Sime Darby Property but also for key stakeholders including our employees – via wages and benefits; shareholders – via returns on their investments; vendors and suppliers – via contracts; the government – via taxes; and the community – via outreach programmes and donations.

Value creation for our stakeholders in 2022

Stakeholder/ value creation	Amount (RM)
Employee wages and benefits	RM240 million
Procurement spend on vendors & suppliers	RM1,560 million
Taxes	RM147 million
Community investment	RM23.13 million

Additionally, our operations create intangible value for customers in the form of quality products that meet their lifestyle needs. We ensure quality by adhering to construction standards such as the Quality Assessment System in Construction (“QLASSIC”) issued by the Construction Industry Development Board (“CIDB”).

Integral to township development is investment into infrastructure to support the needs of communities that will eventually populate these new residential/commercial/industrial precincts. Such investments in 2022 totalled RM530 million.

**Value creation through infrastructure development in 2022**

Project	Purpose	Total investment (RM mil)
Integrated Water Supply Scheme ("IWSS"), Northern Corridor Southern Line	To provide water supply for Sime Darby Property and third-party developments along the Guthrie Corridor Expressway	35.30
IWSS Cybersouth	To ensure adequate water supply for the development of projects in Sepang	49.80
IWSS Serenia		20.90
Meru Interchange	To upgrade Jalan Meru for improved connectivity in the area	73.50
Bridge over Express Rail Link Sdn Bhd at Serenia City	To connect existing phases under development with areas to be launched in the future	15.45
Widening part of Sungai Semarang at Serenia City	To prevent floods in Kampung Ampar Tenang	8.75
KL East Park	To conserve and protect urban green spaces with rich biodiversity, including threatened flora and fauna through habitat protection and low-impact ecotourism practices	1.60

**THE ENVIRONMENT**

As one of the largest property developers in Malaysia and with our intention of being a force for good, we are committed to preserving the environment. We comply with rules and regulations and allocate resources to regenerate urban biodiversity.

**Our Climate Change Aspiration**

Since 2009, we have been monitoring our Scope 1 and 2 emissions with the aim of reducing our carbon footprint.

In 2022, in mapping our Net Zero pathway, we reviewed our Scope 1 and Scope 2 operational boundaries. We restated the boundary of operations which are under contractors' control, that was previously accounted for under Scope 1 and Scope 2. Subsequently, we revised such boundaries to be under Scope 3 which is aligned with the GHG Protocol. As such, the reported carbon emissions under Scope 1 and Scope 2 has changed from previous reporting year. In 2023, we will determine our Scope 3 baseline.

As Scope 3 emissions are from our supply chain, they are more complex and complicated to measure and monitor. Nevertheless, managing our Scope 3 emissions is integral to achieving net zero emissions; hence we will work with the wider industry to find relevant solutions.

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Initiatives currently being undertaken to reduce our carbon emissions include:

Scope 1	Scope 2	Scope 3
<ul style="list-style-type: none"> <li>Scheduled/Regular maintenance of machinery and equipment.</li> <li>Fuel efficiency practices for our transportation use at operations.</li> <li>Establishment of operational control guidelines and checklist for kitchen activities (Leisure) and refrigerant equipment especially in reducing Liquefied Petroleum Gas (“LPG”) usage for the stoves and refrigerant emissions.</li> </ul>	<ul style="list-style-type: none"> <li>Retrofitting of electrical components to lower energy consumption at our offices and sales galleries.</li> </ul> <p>Through the Safety and Sustainability Playbook, implement good energy saving habits through energy habit audits.</p>	<ul style="list-style-type: none"> <li>Completed a study on the embodied carbon of a typical double-storey link house to understand how different materials used contribute towards emissions in the construction of our most typical product.</li> <li>Trialled the use of GPS and drone technology in final grading works for our earthwork operations to understand if fuel consumption can be reduced economically.</li> <li>On waste management, through the 2022 Safety and Sustainability Playbook, 29 contractors have improved reporting of their waste and recycling data to SDP.</li> <li>Engagement with contractors, consultants and vendors on green concrete readiness, acceptance and application in building projects.</li> </ul>

As a result of our efforts, we have decreased our carbon emissions.

Metric	Baseline 2021*	Result 2022
Scope 1 & 2 emissions (tCO <sub>2</sub> e)	Total Scope 1 & 2: 14,743.05 tCO <sub>2</sub> e Scope 1: 450.23 tCO <sub>2</sub> e Scope 2: 14,292.81 tCO <sub>2</sub> e	Total Scope 1 & 2: 14,253.78 tCO <sub>2</sub> e * Scope 1: 743.83 tCO <sub>2</sub> e * Scope 2: 13,509.95 tCO <sub>2</sub> e *

\* This data has been externally assured. Please refer to the Independent Limited Assurance Report on pages 350 to 354.

\* We restated the boundary of the operations which are under contractors' control, that was previously accounted for Scope 1 & Scope 2. Moving forward, these emissions will be more accurately classified as our Scope 3 emissions.

## Climate Change Risk Management

In addition to climate change mitigation, we are stepping up efforts towards climate change adaptation, ensuring we are ready for changes in weather and other climatic patterns. We have begun the process of assessing our climate change risks and integrating these into our Enterprise Risk Management. Such assessment includes conducting two scenario-based analyses; at 1.5 degrees and 4 degrees, as guided by the Task Force on Climate-related Financial Disclosures (“TCFD”) recommendations. In late 2022, with the help of a third-party consultant, we commenced the identification of our short, medium and long-term physical climate change risks. We will be broadening and deepening our risk analysis to include transitional risks, among others, in the coming years.

### Safeguarding Biodiversity

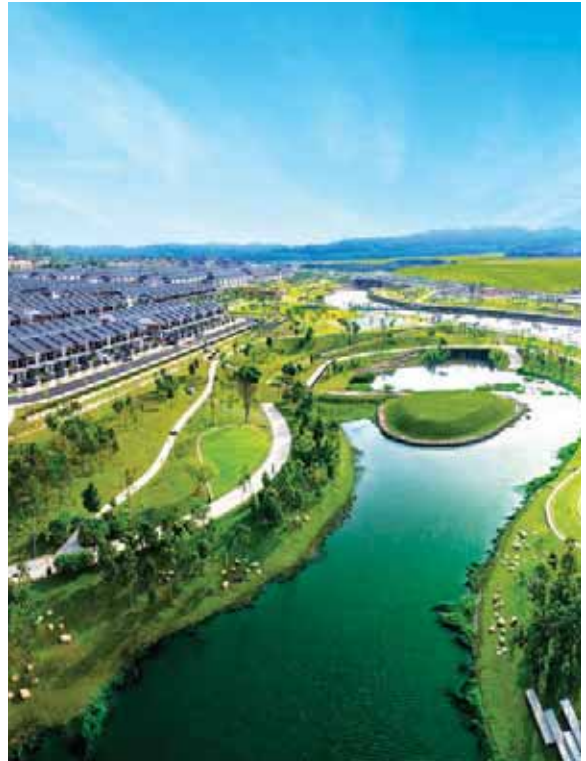
As a property developer, ensuring responsible use of land is key in order to safeguard our biodiversity. We do not develop on primary rainforest, which is highlighted in our Sime Darby Property Sustainability Policy. We introduced the Tree-to-Tree Replacement Policy in 2011 under which we have committed to replacing every oil-palm tree that we fell with another tree. Beginning 2022, we introduced a multi-species planting strategy into our landscape design decision-making process that focuses on biodiversity. Since 2011, Sime Darby Property has been planting an average of 12,000 trees per year, accumulated to a total of 125,161 trees across our development. Since then, we have sequestered an estimated of 13,072 tCO<sub>2</sub>e from those trees.

Planting species which are threatened with extinction in our developments will help to propagate them outside of a protected area. The aim is to bring back precious biodiversity into the urban fabric and help to raise awareness of the importance of biodiversity conservation and the threats faced by these species among the local communities.

In essence, Sime Darby Property envisions to be a real estate developer that emphasises the conservation of biodiversity. Replacing each of the palm-oil trees with another species, planting diverse species of flora and planting endangered, rare and threatened (“ERT”) species within our developments are steps taken to ensure a good coexistence between human and nature. Creating a healthy mix of flora will inevitably invite more fauna to thrive within the ecosystem, and in return provide us with different types of ecosystem services such as pollination, seed dispersal, flood mitigation and biological pest control. Overall, maintaining coexistence with nature provides many benefits for both people and wildlife, and can help to promote sustainable and resilient cities.

### Case study

#### City of Elmina



City of Elmina in Shah Alam is a showcase of what we seek to achieve in terms of biodiversity conservation in our townships. In developing this 6,500-acre city, we partnered with the Tropical Rainforest Conservation and Research Centre (“TRCRC”) to ensure that environmental and biodiversity considerations are part of its blueprint. Today, the City of Elmina boasts 1,118 acres of parkland dotted by no less than 44,000 trees, of which more than 6,500 are of ERT species. The goal is to plant 210,000 trees, at least 10% of which will carry conservation value. To ensure steady supply of these trees, we have set up the 10-acre Elmina Living Collection Nursery (“ELCN”) within Elmina City which, to date, has nurtured 2,200 trees/saplings. In addition to ELCN being operated by TRCRC, we have established the Elmina Rainforest Knowledge Centre (“ERKC”). ERKC was built using recycled materials to serve as a hub for research and education on nature conservation, serving not just environmental NGOs and related organisations, but also children and the community.

Both ELCN and ERKC are located in the 300-acre Elmina Central Park, which is adjacent to the 2,700-acre Bukit Cerakah Forest Reserve. The basin shaped central park also has the capacity to serve as a floodplain in the event of any massive flood. It is cocooned on one side by a wetlands where, with the advice of Wetlands International, we have planted specific species that will attract birds and other animals to support a thriving wetlands ecosystem.

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## BEING A GOOD SOCIAL CITIZEN

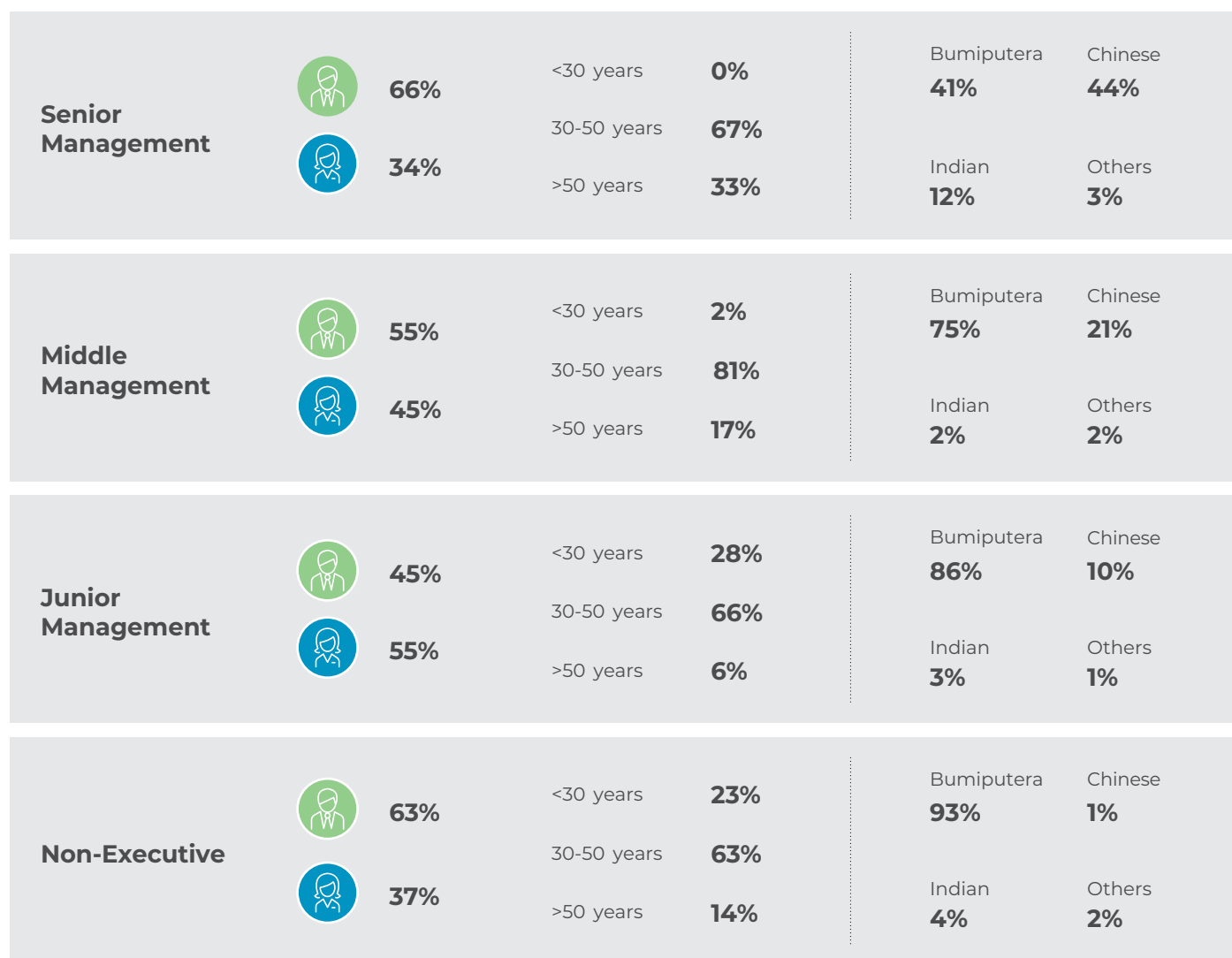
We have an impact on the lives of many stakeholders, particularly our employees and the community. To ensure value creation for them, we invest in becoming an employer of choice and a model corporate citizen. We aim to create a safe, engaging and inclusive workplace where all employees are respected and provided the opportunity to grow professionally. We provide support to the community through volunteerism, events, projects, donations or disaster relief support primarily funded through our philanthropic arm, Yayasan Sime Darby ("YSD").

To reach the community, we partnered with TRCRC, government authorities and social enterprises.

### Diversity & Inclusion at Work

A diverse workforce, supported by an inclusive and caring environment that respects people of different backgrounds, enriches our corporate decisions.

We recognise the many benefits that diversity brings in terms of enriching our corporate perspective and decision-making abilities, hence adopt non-discriminatory practices in terms of employee recruitment and promotion.



In terms of gender equality, 44% of our total workforce, 42% mid to senior management, 36% of our C-suite, and 30% of our Board are women.

## Training & Development

We provide opportunities for continuous learning and development in order to help our employees realise their full potential. In 2022, we invested RM2.8 million in various soft skills and technical programmes to enhance employees' knowledge and skills. These totalled 101,661 training hours with an average of 8.72 learning days per employee, a marked 396.4% increase from 2.2 learning days in 2021.

	2020	2021	2022
Total training hours for employees	28,824	23,520	101,661
Average training hours per employee	18.95	17.57	69.73
Budget spent on training (RM)	1,505,707	729,000	2,845,854

## Health & Safety

Nothing is more important to us than the safety of our employees and contractors' workers. To ensure work at our project sites is undertaken safely, we have a robust Health, Security, Safety and Environment ("HSSE") framework supported by a QHSSE Policy together with HSSE Compliance Controls, HSSE Management Systems, and Safety & Health Management Plans across our operations. Our Lost Time Injury Frequency Rate ("LTIFR") increased from 0.08 in 2021 to 0.11 in 2022 due to higher contractor activities after the pandemic.

In 2022, we further strengthened our HSSE framework with the launch of a Safety and Sustainability Playbook to drive focus on key HSSE initiatives around leadership, reporting culture and tackling our highest risk which is Work at Height. This will enable the workforce to plan and track progress on the company's HSSE objectives and targets.

Key initiatives to instil a safety mindset include the following:

1. Conducted 12 LEAP (Leadership Engagement Action Programme) site visits by senior management.
2. Our contractors conducted 1,360 Toolbox talk sessions and prework exercise called "Taiso" with an attendance number of 72,225.
3. 709 staff attended Safety Day to secure commitment on the 2023 safety theme of "Enforce and Record".
4. Technical trainings on scaffold and risk assessment using the Bow-Tie methodology featured among 30 trainings conducted with 536 attendees.
5. Launched 19 HSSE Manuals outlining minimum mandatory requirements for implementation in 2023.
6. Brown Bag sessions, Townhalls served as key engagements with staff with 3,261 attendees.
7. 400 contractors and suppliers attended the Partners' Dialogue Day.

A total of 30 HSSE training programmes were conducted covering 536 attendees. Main training sessions carried out were Scaffold Awareness Training, Bow Tie Analysis Training, Chemical Safety Training and Behaviour Based Safety. To ensure staff are kept updated on current safety issues and COVID-19, these topics were discussed during Townhalls and Brown Bag sessions covering 3,261 attendees.

## Safety statistics for employees and contractors' workers

Year (Employees)	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	0	0	0	0
Work-related injuries	2	0.64	1	0.30	2	0.57
Number of hours worked	3,124,000		3,313,856		3,539,744	

Year (Non-Employees)	2020		2021		2022	
	Number	Rate	Number	Rate	Number	Rate
Fatalities	0	0	1	0.10	1	0.07
Work-related injuries	5	0.47	3	0.31	1	0.07
Number of hours worked	10,590,664		9,790,235		14,039,430	

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### Community Programmes

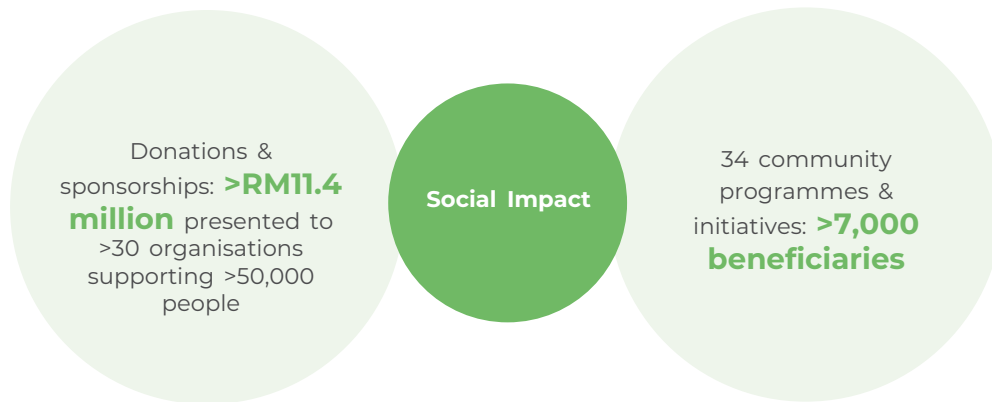
As a company that believes in being a force for good, we understand that our role extends beyond just developing our townships. We fully recognise our responsibility to the communities we serve and the impact that our developments have on society. As such, we are committed to contributing to the communities via staff volunteerism or through our philanthropic arm, Yayasan Sime Darby (“YSD”). YSD focuses on five pillars of education, environment, community & health, sports and arts & culture.

Our NGO partner TRCRC, through YSD’s funding engaged 1,909 people ranging from volunteers, authorities, corporates, students, township communities and the general public on the importance of rainforest conservation. They conducted training on nursery management, school outreach, biodiversity education, exhibitions and engagement with community interest groups.

#### Key initiatives undertaken with YSD during the year:

Event	Description	Beneficiaries
Flood Relief Assistance	The Group provided RM640,450 worth of necessities and cash vouchers to flood victims in Pagoh and Bandar Bukit Raja following the floods in December 2021.	<ul style="list-style-type: none"> <li>• 899 families</li> <li>• 10 single households</li> </ul>
Sinar Harapan Back-to-School Programme	Under our Back-to-School programme, we provided students from 13 schools in Selangor, Kuala Lumpur, Negeri Sembilan and Johor new school bags, face masks and RM150 cash vouchers for school uniforms.	<ul style="list-style-type: none"> <li>• 1,755 students</li> </ul>
Dance Workshop	Employees’ children and students from two schools learned the basic steps of traditional dances i.e., Joget and Zapin.	<ul style="list-style-type: none"> <li>• 87 children</li> </ul>
Komuniti Lestari 3R @ Bandar Bukit Raja	Together with the community, we recycled 4,403.2 kg of waste; and established two recycling hubs in Rumah Selangorku Seruling Apartment, Bandar Bukit Raja.	<ul style="list-style-type: none"> <li>• Bandar Bukit Raja community</li> </ul>
Sinar Harapan Festive Aid Programme	Through our Festive Aid Programme, we contributed daily essentials and hygiene products worth RM25,815.00 as part of our Sinar Harapan Festive Aid Programme that supports underprivileged communities with various critical needs, especially during the festive period.	<ul style="list-style-type: none"> <li>• &gt;711 dependents</li> <li>• 13 welfare homes in Kuala Lumpur, Selangor, Negeri Sembilan and Johor.</li> </ul>
The Lost Food Project’s (“TLFP”) Surplus Food Rescue Programme	19 Team Sime Darby Property volunteers assisted TLFP with collecting, packaging and distributing fruits and vegetables from 250 Pasar Borong Kuala Lumpur vendors and dry goods to families in need. In July 2022, about four metric tonnes of fresh food and dry goods were distributed at PPR Kerinchi Lembah Pantai, TLFP was provided with a truck to address its food collection expansion from only dry goods to including fresh foods.	<ul style="list-style-type: none"> <li>• &gt;500 families</li> </ul>





**Key initiatives undertaken by Sime Darby Property Volunteers in 2022 include:**

Event	Description
Celebrating Urban Biodiversity in the City of Elmina (“C.U.B.E”) – Sakura Lake Park	36 participants – including 20 youth from underprivileged families – planted 20 saplings and enjoyed a guided bird-watching session at Sakura Lake Park in December 2022.
River Cleaning Programme – Sungai Klang	45 volunteers helped to clear weeds, plant new vegetation, set up a trellis for coral vines and mulch the ground to prevent soil erosion. The programme was held in collaboration with Friends of Sungai Klang Taman Melawati River Three in August 2022.
Auxiliary Police’s Wildlife Weekend at Zoo Negara Malaysia	90 of our auxiliary police (“AP”) personnel had a wildlife weekend as they stepped into the shoes of horticulturalists and zookeepers for a day of volunteering at Zoo Negara Malaysia in May 2022.
Fabric Recycling & Collection Drive	38 volunteers collected 460 kg of unwanted fabrics during a collection drive in Bandar Bukit Raja Townpark (September 2022) and KL East Sales Gallery & Harmoni RSKU in Elmina (October 2022). Since the start of the campaign in 2018, the Group has collected 100,527.1 kg of unwanted fabrics across 13 locations.
Urban Community Garden	30 residents participated in the setting up of Urban Community Garden at Cantara Residences, Ara Damansara in October 2022.

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# Statement of Responsibility by the Board of Directors

In Respect of the Audited Financial Statement for the Financial Year Ended 31 December 2022

The Directors are responsible for the preparation, integrity and fair representation of the annual financial statements of Sime Darby Property Berhad Group. As required by the Companies Act, 2016 (the Act) in Malaysia and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements for the financial year ended 31 December 2022, as presented on pages 231 to 345, have been prepared in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Directors consider that in preparing the financial statements, the Group and the Company have:

- used the appropriate accounting policies; and
- consistently applied and supported by reasonable and prudent judgement and estimates.

The Directors are satisfied that the information contained in the financial statements give a true and fair view of the financial position of the Group and of the Company at the end of the financial year and of the financial performance and cash flows for the financial year.

The Directors have responsibility for ensuring that proper accounting records are kept. The accounting records should disclose with reasonable accuracy the financial position of the Group and the Company and to enable the Directors to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

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# Directors' Report

For the financial year ended 31 December 2022

The Directors are pleased to present their Report together with the audited financial statements of the Group and the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management, and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 43.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

## FINANCIAL RESULTS

The results of the Group and the Company for the financial year ended 31 December 2022 are as follows:

	Group RM thousand	Company RM thousand
Profit before taxation	458,860	262,706
Taxation	(147,162)	(1,384)
<b>Profit for the financial year</b>	<b>311,698</b>	<b>261,322</b>
Profit for the financial year attributable to:		
– owners of the Company	315,839	261,322
– non-controlling interests	(4,141)	–
<b>Profit for the financial year</b>	<b>311,698</b>	<b>261,322</b>

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.

## DIVIDENDS

Since the end of the previous financial year, the Company had declared and paid the following dividends:

	RM thousand
In respect of the financial year ended 31 December 2022, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2022	68,008

The Board of Directors had on 28 February 2023, declared a second single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share amounting to RM68.0 million. The second single tier dividend is payable on 28 March 2023 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 March 2023.

# Directors' Report

For the financial year ended 31 December 2022

## RESERVES AND PROVISIONS

All material transfers to or from reserves and provisions during the financial year have been disclosed in the financial statements.

## SHARE CAPITAL AND DEBENTURES

There were no issuances of shares and debentures during the financial year.

## DIRECTORS

The Directors who have held office since the end of the previous financial year are as follows:

Rizal Rickman Ramli (Chairman)  
 Dato' Azmir Merican Azmi Merican (Group Managing Director)  
 Dato' Soam Heng Choon  
 Tengku Datuk Seri Ahmad Shah Alhaj ibni Almarhum Sultan Salahuddin Abdul Aziz Shah Alhaj  
 Dato' Jaganath Derek Steven Sabapathy  
 Dato' Seri Ahmad Johan Mohammad Raslan  
 Datin Norazah Mohamed Razali  
 Mohamed Ridza Mohamed Abdulla  
 Dato' Hamidah Naziadin  
 Dr. Lisa Lim Poh Lin

By way of relief order dated 19 January 2023, granted by the Companies Commission of Malaysia, the names of directors of subsidiary companies as required under Section 253(2) of the Companies Act 2016 in Malaysia are not disclosed in this Report. Their names are set out in the respective subsidiaries directors' report for the financial year ended 31 December 2022 and the said information is deemed incorporated herein by such reference and shall form part hereof.

## DIRECTORS' REMUNERATION AND BENEFITS

Details of Directors' remuneration are as follows:

	<b>Group/Company RM thousand</b>
– fees	3,400
– salaries, allowances and bonus	3,994
– defined contribution plan	639
	<b>8,033</b>

Estimated monetary value of benefits received by the Directors from the Company amounted to RM340,850. The Directors did not receive any benefits from the subsidiaries. Details of the Directors' remuneration and benefits is disclosed in Note 10 to the financial statements.

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## Directors' Report

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### **DIRECTORS' REMUNERATION AND BENEFITS (CONTINUED)**

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the 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 except for any benefits which may be deemed to have arisen from the transactions disclosed in Note 39 to the financial statements.

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

The Directors and Officers of the Group and the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the Company and the total premium incurred during the financial year amounted to RM158,086.

### **DIRECTORS' INTEREST IN SHARES**

According to the Register of Directors' Shareholdings, none of the Directors in office at the end of the financial year had any interest in shares in, or debentures of, the Company during the financial year.

### **STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS**

- a. Before the financial statements of the Group and 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 impairment for doubtful debts, and satisfied themselves that all known bad debts had been written off and adequate impairment had been made for doubtful debts; and
  - ii. to ensure that any current assets, which were unlikely to realise in the ordinary course of business, their values as shown in the accounting records of the Group and of the Company, have been written down to amounts which they might be expected so to realise.
- b. At the date of this Report, the Directors are not aware of any circumstances:
  - i. which would render the amounts written off for bad debts or the amounts of impairment for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
  - ii. which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
  - iii. which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- c. As at the date of this Report:
  - i. there are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liability of any other person; and
  - ii. there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year other than those arising in the ordinary course of business.

# Directors' Report

For the financial year ended 31 December 2022

## STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

- d. At the date of this Report, the Directors are not aware of any circumstances not otherwise dealt with in the Report or financial statements which would render any amount stated in the financial statements misleading.
- e. 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 and of the Company to meet their obligations as and when they fall due; and
  - ii. except as disclosed in financial statements, 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 and of the Company for the financial year in which this Report is made.

## IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as its ultimate holding company. Both companies are incorporated in Malaysia.

## AUDITORS

The auditors' remuneration of the Group and the Company for the financial year ended 31 December 2022 amounted to RM2.6 million and RM0.6 million respectively.

The auditors, PricewaterhouseCoopers PLT have expressed their willingness to continue in office.

This Report was approved by the Board of Directors on 23 March 2023.

### RIZAL RICKMAN RAMLI

Chairman

Petaling Jaya  
23 March 2023

### DATO' AZMIR MERICAN AZMI MERICAN

Group Managing Director

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## Statement by Directors

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

We, Rizal Rickman Ramli and Dato' Azmir Merican Azmi Merican, being two of the Directors of Sime Darby Property Berhad, hereby state that, in the opinion of the Directors, the financial statements set out on pages 231 to 345 are drawn up in accordance with the 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 the Company as at 31 December 2022 and of the financial performance of the Group and the Company for the financial year ended on that date.

Signed on behalf of the Board of Directors of Sime Darby Property Berhad and dated on 23 March 2023.

**RIZAL RICKMAN RAMLI**

Chairman

Petaling Jaya

**DATO' AZMIR MERICAN AZMI MERICAN**

Group Managing Director

## Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Betty Lau Sui Hing, the Officer primarily responsible for the financial management of Sime Darby Property Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 231 to 345 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

**BETTY LAU SUI HING**

(MIA No. 8511)

Group Chief Financial Officer

Subscribed and solemnly declared by the abovenamed BETTY LAU SUI HING, at Petaling Jaya in the state of Selangor Darul Ehsan on 23 March 2023.

Before me:

COMMISSIONER FOR OATHS





# Independent Auditors' Report

To the members of Sime Darby Property Berhad  
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Our opinion

In our opinion, the financial statements of Sime Darby Property Berhad (“the Company”) and its subsidiaries (“the Group”) give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss, statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 231 to 345.

### Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards) (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

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## Independent Auditors' Report

To the members of Sime Darby Property Berhad

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### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
<p><b>Revenue and cost recognition – property development activities</b></p> <p>The Group and the Company recognise revenue and costs relating to the property development activities using the stage of completion method.</p> <p>The stage of completion is measured using the output method, which is based on the level of completion of the development phase of the project as certified by professional consultants.</p> <p>The Group and the Company recognised revenue of RM2,224.1 million and RM175.8 million respectively and costs of RM1,571.1 million and RM114.1 million respectively from property development activities recognised overtime for the financial year ended 31 December 2022.</p> <p>Revenue and cost recognised on property development activities have an inherent risk as it involves judgement and estimates. We focused on this area because there is key judgement involved in determining the following:</p> <ul style="list-style-type: none"> <li>• Stage of completion;</li> <li>• Extent of property development costs incurred to date;</li> <li>• Estimated total property development costs;</li> <li>• Estimation of provision due to liquidated ascertained damages as a reduction of revenue; and</li> <li>• Estimation of common costs allocation to the project phases from the total budgeted common costs attributable to the respective property development projects.</li> </ul> <p>Refer to Notes 4(a), 6 and 7 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets, including the total estimated property development cost and the control over the extent of costs incurred for work done to-date.</li> <li>• We checked the stage of completion of property development projects, on a sample basis, to certifications from professional consultants (i.e. internal or external quantity surveyors).</li> <li>• We agreed, on a sample basis, costs incurred to supporting documentation such as contractor claim certificates and invoices from vendors.</li> <li>• We checked the reasonableness of the estimated total property development costs of major projects, allocation of common costs and subsequent changes to the costs by agreeing to supporting documentation such as approved budgets, letter of awards, contracts, quotations, correspondences, contracts and variation orders with contractors.</li> <li>• We tested on a sample basis, actual sales of development properties to signed sales and purchase agreements.</li> <li>• In instances where projects have been delayed, we have tested management's estimates of the liquidated ascertained damages provisions required to supporting documentation such as project progress report, extension of time approvals, correspondence with the relevant parties, where applicable.</li> <li>• On a test basis, we checked the mathematical calculation of the percentage of completion and we tested that the percentage of revenue and costs recognised in the statements of comprehensive income is mathematically accurate. We also tested the journal entries to ensure the revenue and costs are recorded appropriately.</li> </ul> <p>Based on the above procedures performed, we noted no material exceptions.</p>



# Independent Auditors' Report

To the members of Sime Darby Property Berhad  
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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Fair value of Investment Properties</b></p> <p>The Group changed its accounting policy on the measurement of the Group's investment properties from the cost model to the fair value model. The change in accounting policy has been applied retrospectively with the restatement of the opening retained profit for the earliest period presented and the other comparative amounts disclosed for each period presented as if the new accounting policy had always been applied.</p> <p>The impact to the results for the financial year ended 31 December 2021 amounted to RM12.4 million and the impact to the retained profits as at 1 January 2021 and 31 December 2021 are RM331.6 million and RM342.2 million respectively.</p> <p>Investment properties of the Group are measured at fair value except for investment properties under construction which are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.</p> <p>As at 31 December 2022, the Group's investment properties, which are carried at fair value, amounted to RM1,026.0 million. The valuation of the Group's investment properties were performed by independent external valuers. The valuers have considered factors related to the properties' overall condition and demand as a whole in arriving at the fair values.</p> <p>We focused on this area due to complexities in determining the fair value of the investment properties, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied, include amongst others, estimated rental revenues, yield rates, reversion rates and void rates which are based on current and future market or economic conditions.</p> <p>Refer to Notes 4(e), 20 and 44 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We obtained and read the valuation reports obtained by management from independent external valuers. Based on these reports, we discussed and assessed the appropriateness of the valuation methodologies and assumptions used in the valuation with the independent external valuers.</li> <li>• We assessed the independent external valuers' competency, capabilities and objectivity by checking the valuers' qualification and their registration to the respective boards.</li> <li>• We carried out the following procedures to assess the inputs underpinning the valuation of the properties:                         <ul style="list-style-type: none"> <li>– Tested the accuracy of rental rates, rental periods, net lettable area and outgoing expenses to the underlying tenancy agreements where applicable, and held discussions with valuers to understand the factors they have considered in adjusting the inputs, including any market factors;</li> <li>– Benchmarked the term yield, reversion yield and allowance for void used by the valuers to comparable properties;</li> <li>– Discussed with valuers to understand the basis of adjustments made to transacted price per square foot of comparable peers by considering factors related to the characteristics of each individual property, such as location, accessibility to the location, size, tenure and comparable transaction dates; and</li> <li>– Challenged the valuers on certain key inputs and estimates used in consideration of the current market condition.</li> </ul> </li> <li>• For investment properties under construction, we assessed management's justification to support the basis that the properties cannot be measured reliably.</li> <li>• We assessed the adequacy of the disclosure and sensitivity analysis prepared by management on the key parameters underpinning the valuation, where applicable.</li> </ul> <p>Based on the above procedures performed, we did not identify any material exceptions.</p>

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## Independent Auditors' Report

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### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Recoverability of properties under development and completed properties held for sale</b></p> <p>The Group and the Company have RM5,265.9 million and RM1,178.2 million of properties under development respectively, as well as RM277.2 million and RM6.0 million of completed properties held for sale respectively as at the reporting date.</p> <p>The carrying amounts of the properties under development and completed properties held for sale have been classified as inventories in the financial statements of the Group and of the Company.</p> <p>The recoverability of properties under development and completed properties held for sale are assessed based on estimation of the net realisable value ("NRV") of the underlying properties. This involves considerable analyses of estimated costs to completion, committed contracts and expected future selling price based on prevailing market conditions such as current market prices of comparable standards and locations.</p> <p>We focused on the recoverability of the carrying amount of inventories because of the estimates made by management in determining the net realisable values of inventories. Based on management's assessment, the Group and the Company recognised a write-down of RM6.3 million and RM Nil respectively; and a write-off of RM3.1 million and RM Nil respectively in respect of inventories during the financial year.</p> <p>Refer to Notes 4(b), 7 and 21 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We discussed with management on the basis used to write-down inventories at period end to its NRV.</li> <li>• For properties under development, we tested the operating effectiveness of the key controls in respect of the review and approval of project cost budgets to assess the reliability of these budgets and the determination of the extent of costs incurred to-date.</li> <li>• Based on the approved project cost budgets, on a sample basis, we assessed the profitability of the projects for indication of NRV.</li> <li>• For those unsold development units which have recent sale transactions, we compared the carrying amount of these development units, on a sample basis, to the selling prices stated in the signed sale and purchase agreements, net of discounts given and an estimated selling cost.</li> <li>• For those unsold development units which did not have recent sale transactions, on a sample basis, we obtained the recently transacted prices of comparable development units in similar or nearby locations, and taking into consideration of the estimated cost necessary to complete the sales.</li> </ul> <p>Based on the above procedures performed, we noted no material exceptions.</p>



# Independent Auditors' Report

To the members of Sime Darby Property Berhad  
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## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Provision for onerous commitment</b></p> <p>The Group recorded a provision of RM172.2 million relating to a single onerous commitment on a property previously disposed.</p> <p>The onerous commitment is assessed by management to determine whether an onerous provision is required.</p> <p>Given the cash flows generated is not adequate to cover future commitments, this resulted in the requirement to recognise an onerous commitment in respect of the unavoidable net cash outflows.</p> <p>Management judgement was applied in relation to future disposal value and rental commitment, commitment period and discount rate used when assessing the level of provision required.</p> <p>We focused on valuation and completeness of the onerous commitment provision by assessing the judgements used in arriving at the level of provision made.</p> <p>Refer to Notes 4(f) and 35 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the projections by taking into consideration the rental income expected to be received from the third party and the rental rate for the commitment period set out in the rental agreement.</li> <li>• We tested the accuracy of the information used within the onerous commitment calculation by agreeing the inputs back to the source data, which includes rental rates, sub-lease income, commitment period and the net lettable area.</li> <li>• We assessed the appropriateness of the assumptions adopted in the calculation including discount rate used through comparison to appropriate external benchmarks (i.e. published interest rates).</li> <li>• We obtained a legal opinion prepared by the Group's legal advisor to understand the Group's legal obligations on this matter.</li> <li>• We assessed the appropriateness of the related disclosures in Note 35 of the financial statements.</li> </ul> <p>Based on the above procedures performed, we noted no material exceptions.</p>

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## Independent Auditors' Report

To the members of Sime Darby Property Berhad  
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### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
<p><b>Impairment assessments of non-financial assets with impairment indicators</b></p> <p>Management performed impairment assessments of the non-financial assets of the Group and of the Company, which had impairment indicators.</p> <p>Management prepared projected cash flow for impairment assessment of the non-financial assets of the Group and of the Company, which did not result in material losses or impairment during the financial year ended 31 December 2022, other than as reflected and disclosed in the financial statements.</p> <p>We focused on this area as the recoverable amounts of the non-financial assets are determined based on assessment of projected cash flows, in which the computation of the recoverable amount involves significant judgements and estimates.</p> <p>Refer to Notes 4(g), 11, 12, and 22 to the financial statements.</p>	<p>We performed the following audit procedures:</p> <ul style="list-style-type: none"> <li>• In determining the recoverable amounts of the non-financial assets, we have considered the following: <ul style="list-style-type: none"> <li>– The cash flows available for distribution to the Group and the Company; and</li> <li>– The reliability and reasonableness of management's cash flows projections against the approved project's profitability.</li> </ul> </li> <li>• Evaluated the input used in management's cash flow projections including timing of the completion of respective project phases and discount rate adopted.</li> <li>• Assessed the adequacy and reasonableness of the disclosures in the financial statements.</li> </ul> <p>Based on the above procedures performed, we noted no material exceptions.</p>

#### Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Statement on Risk Management and Internal Control, Risk Management Committee Report, Directors' Report and Management Discussion and Analysis, which we obtained prior to the date of this auditors' report, and Audit Committee Report, Corporate Governance Overview Statement, Sustainability Report, Chairman's Message and other sections of the 2022 Annual Report, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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



## Independent Auditors' Report

To the members of Sime Darby Property Berhad

(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.



## Independent Auditors' Report

To the members of Sime Darby Property Berhad  
(Incorporated in Malaysia) Registration No. 197301002148 (15631-P)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

#### Auditors' responsibilities for the audit of the financial statements (continued)

- (e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- (f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 43 to the financial statements.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**PRICEWATERHOUSECOOPERS PLT**  
LLP0014401-LCA & AF 1146  
Chartered Accountants

**NURUL A'IN BINTI ABDUL LATIF**  
02910/02/2025 J  
Chartered Accountant

Kuala Lumpur  
23 March 2023



# Statements of Profit or Loss

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2022	2021 Restated	2022	2021
<b>Revenue</b>	6	<b>2,742,136</b>	2,216,557	<b>642,672</b>	505,791
Cost of sales	7	<b>(1,915,563)</b>	(1,627,265)	<b>(123,053)</b>	(128,028)
<b>Gross profit</b>		<b>826,573</b>	589,292	<b>519,619</b>	377,763
Other operating income	8	<b>22,368</b>	12,752	<b>2,349</b>	2,484
Selling and marketing expenses	9	<b>(118,065)</b>	(88,985)	<b>(17,035)</b>	(6,299)
Administrative and other expenses	9	<b>(243,036)</b>	(195,376)	<b>(287,752)</b>	(164,067)
<b>Operating profit</b>		<b>487,840</b>	317,683	<b>217,181</b>	209,881
Share of results of joint ventures	11	<b>(27,756)</b>	(17,533)	-	-
Share of results of associates	12	<b>1,661</b>	1,774	-	-
Other (losses)/gains	13	<b>(11,508)</b>	(29,205)	<b>41,646</b>	(4,264)
<b>Profit before interest and taxation</b>		<b>450,237</b>	272,719	<b>258,827</b>	205,617
Finance income	14	<b>105,996</b>	102,773	<b>58,688</b>	59,489
Finance costs	15	<b>(97,373)</b>	(94,997)	<b>(54,809)</b>	(43,228)
<b>Profit before taxation</b>		<b>458,860</b>	280,495	<b>262,706</b>	221,878
Taxation	16	<b>(147,162)</b>	(118,197)	<b>(1,384)</b>	(11,622)
<b>Profit for the financial year</b>		<b>311,698</b>	162,298	<b>261,322</b>	210,256
Profit for the financial year attributable to:					
– owners of the Company		<b>315,839</b>	146,893	<b>261,322</b>	210,256
– non-controlling interests		<b>(4,141)</b>	15,405	-	-
		<b>311,698</b>	162,298	<b>261,322</b>	210,256
Basic and diluted earnings per share attributable to owners of the Company (Sen)	17	<b>4.6</b>	2.2		

The notes on pages 242 to 345 form an integral part of these financial statements.

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# Statements of Comprehensive Income

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Group		Company	
		2022	2021 Restated	2022	2021
<b>Profit for the financial year</b>		<b>311,698</b>	162,298	<b>261,322</b>	210,256
<b>Other comprehensive income/(loss)</b>					
<u>Items which will subsequently be reclassified to profit or loss (net of tax):</u>					
Currency translation differences		<b>(141,567)</b>	62,815	-	-
<u>Reclassified to profit or loss</u>					
Currency translation differences on repayment of net investments		<b>777</b>	-	-	-
Currency translation differences on disposal of a subsidiary		<b>(1,654)</b>	-	-	-
		<b>(877)</b>	-	-	-
<u>Items which will not subsequently be reclassified to profit or loss (net of tax):</u>					
Share of other comprehensive income/(loss) of an associate	12	<b>979</b>	(2,658)	-	-
Net changes in the fair value of investment at fair value through other comprehensive income ("FVOCI")	23	<b>1,279</b>	(775)	<b>(4,785)</b>	(775)
		<b>2,258</b>	(3,433)	<b>(4,785)</b>	(775)
Other comprehensive (loss)/income for the financial year		<b>(140,186)</b>	59,382	<b>(4,785)</b>	(775)
<b>Total comprehensive income for the financial year</b>		<b>171,512</b>	221,680	<b>256,537</b>	209,481
Total comprehensive income for the financial year attributable to:					
- owners of the Company		<b>175,334</b>	205,945	<b>256,537</b>	209,481
- non-controlling interests		<b>(3,822)</b>	15,735	-	-
		<b>171,512</b>	221,680	<b>256,537</b>	209,481

The notes on pages 242 to 345 form an integral part of these financial statements.

# Statements of Financial Position

As at 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Group		
		31.12.2022	31.12.2021 Restated	01.01.2021 Restated
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	19	<b>586,343</b>	615,247	626,178
Investment properties	20	<b>1,085,200</b>	987,286	922,085
Inventories	21	<b>4,016,559</b>	3,869,520	4,474,282
Joint ventures	11	<b>2,885,238</b>	3,300,352	2,601,946
Associates	12	<b>148,557</b>	145,068	145,177
Investments	23	<b>48,633</b>	53,418	56,276
Intangible assets	24	<b>6,577</b>	7,258	5,721
Deferred tax assets	25	<b>601,790</b>	620,605	614,928
Receivables	26	<b>102,718</b>	84,189	91,133
Contract assets	27	<b>1,199,242</b>	1,248,336	1,255,602
		<b>10,680,857</b>	10,931,279	10,793,328
<b>CURRENT ASSETS</b>				
Inventories	21	<b>1,527,278</b>	1,922,797	1,760,043
Receivables	26	<b>862,615</b>	716,198	625,377
Contract assets	27	<b>1,154,273</b>	1,097,673	1,123,772
Prepayments		<b>12,002</b>	15,468	7,794
Tax recoverable		<b>40,367</b>	28,832	32,203
Cash held under Housing Development Accounts	28	<b>386,092</b>	291,466	345,486
Bank balances, deposits and cash	29	<b>599,225</b>	618,198	456,351
		<b>4,581,852</b>	4,690,632	4,351,026
<b>TOTAL ASSETS</b>		<b>15,262,709</b>	15,621,911	15,144,354

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# Statements of Financial Position

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	Note	Group		
		31.12.2022	31.12.2021 Restated	01.01.2021 Restated
<b>EQUITY</b>				
Share capital	30	<b>6,800,839</b>	6,800,839	6,800,839
Fair value reserve		<b>33,976</b>	31,718	35,151
Exchange reserve		<b>(37,718)</b>	105,045	42,560
Retained profits		<b>2,722,621</b>	2,474,790	2,395,905
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>				
Non-controlling interests	31	<b>9,519,718</b>	9,412,392	9,274,455
		<b>125,078</b>	141,576	134,641
<b>TOTAL EQUITY</b>				
		<b>9,644,796</b>	9,553,968	9,409,096
<b>NON-CURRENT LIABILITIES</b>				
Payables	32	<b>72,134</b>	82,831	79,184
Borrowings	33	<b>2,283,984</b>	2,756,363	3,033,927
Lease liabilities	34	<b>24,149</b>	45,936	66,057
Provisions	35	<b>152,565</b>	136,612	131,188
Contract liabilities	27	<b>253,164</b>	243,757	244,937
Deferred tax liabilities	25	<b>316,650</b>	320,359	312,227
		<b>3,102,646</b>	3,585,858	3,867,520
<b>CURRENT LIABILITIES</b>				
Payables	32	<b>1,296,619</b>	1,016,242	1,248,094
Borrowings	33	<b>753,861</b>	1,075,237	292,542
Lease liabilities	34	<b>21,447</b>	20,812	16,880
Provisions	35	<b>82,530</b>	110,101	116,681
Contract liabilities	27	<b>332,895</b>	230,757	134,241
Tax provision		<b>27,915</b>	28,936	59,300
		<b>2,515,267</b>	2,482,085	1,867,738
<b>TOTAL LIABILITIES</b>				
		<b>5,617,913</b>	6,067,943	5,735,258
<b>TOTAL EQUITY AND LIABILITIES</b>				
		<b>15,262,709</b>	15,621,911	15,144,354

# Statements of Financial Position

As at 31 December 2022

Amounts in RM thousand unless otherwise stated

	Note	Company	
		2022	2021
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	19	16,799	20,600
Subsidiaries	22	8,040,202	7,911,038
Inventories	21	1,076,741	1,057,817
Joint ventures	11	-	-
Associates	12	49,152	47,223
Investments	23	48,633	53,418
Intangible assets	24	5,057	5,724
Deferred tax assets	25	35,498	25,876
Receivables	26	1,343,107	1,490,088
		<b>10,615,189</b>	10,611,784
<b>CURRENT ASSETS</b>			
Inventories	21	107,502	104,111
Receivables	26	322,685	492,496
Contract assets	27	19,027	38,583
Prepayments		349	3,514
Tax recoverable		-	5,561
Cash held under Housing Development Accounts	28	20,878	17,290
Bank balances, deposits and cash	29	143,369	86,573
		<b>613,810</b>	748,128
<b>TOTAL ASSETS</b>		<b>11,228,999</b>	11,359,912

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## Statements of Financial Position

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	Note	Company	
		2022	2021
<b>EQUITY</b>			
Share capital	30	<b>6,800,839</b>	6,800,839
Fair value reserve		<b>13,133</b>	17,918
Retained profits		<b>2,503,854</b>	2,310,540
<b>ATTRIBUTABLE TO OWNERS OF THE COMPANY/ TOTAL EQUITY</b>		<b>9,317,826</b>	9,129,297
<b>NON-CURRENT LIABILITIES</b>			
Payables	32	-	6,667
Borrowings	33	<b>1,097,286</b>	1,163,641
Lease liabilities	34	<b>107</b>	8,012
Provisions	35	<b>4,025</b>	-
		<b>1,101,418</b>	1,178,320
<b>CURRENT LIABILITIES</b>			
Payables	32	<b>329,124</b>	174,793
Borrowings	33	<b>373,627</b>	773,041
Lease liabilities	34	<b>7,904</b>	7,662
Provisions	35	<b>9,551</b>	4,025
Contract liabilities	27	<b>88,328</b>	92,774
Tax payable		<b>1,221</b>	-
		<b>809,755</b>	1,052,295
<b>TOTAL LIABILITIES</b>		<b>1,911,173</b>	2,230,615
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,228,999</b>	11,359,912

The notes on pages 242 to 345 form an integral part of these financial statements.

# Statements of Changes in Equity

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

Group	Note	Share capital	Fair value reserve	Exchange reserve	Retained profits	Attributable to owners of the Company	Non-controlling interests	Total equity
<b>2022</b>								
At 1 January 2022								
- as previously stated		6,800,839	31,718	104,133	2,204,704	9,141,394	185,143	9,326,537
- effect of change in accounting policy and prior year adjustment	44	-	-	912	270,086	270,998	(43,567)	227,431
As restated		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968
Profit/(loss) for the financial year		-	-	-	315,839	315,839	(4,141)	311,698
Other comprehensive income/(loss) for the year		-	2,258	(142,763)	-	(140,505)	319	(140,186)
Total other comprehensive income/(loss) for the financial year		-	2,258	(142,763)	315,839	175,334	(3,822)	171,512
Transactions with owners:								
- dividends paid	18	-	-	-	(68,008)	(68,008)	(10,772)	(78,780)
- disposal of a subsidiary		-	-	-	-	-	(1,904)	(1,904)
At 31 December 2022		6,800,839	33,976	(37,718)	2,722,621	9,519,718	125,078	9,644,796
<b>2021</b>								
<b>Restated</b>								
At 1 January 2021								
- as previously stated		6,800,839	35,151	42,046	2,135,808	9,013,844	179,529	9,193,373
- effect of change in accounting policy and prior year adjustment	44	-	-	514	260,097	260,611	(44,888)	215,723
As restated		6,800,839	35,151	42,560	2,395,905	9,274,455	134,641	9,409,096
Profit for the financial year		-	-	-	146,893	146,893	15,405	162,298
Other comprehensive (loss)/income for the year		-	(3,433)	62,485	-	59,052	330	59,382
Total other comprehensive (loss)/income for the financial year		-	(3,433)	62,485	146,893	205,945	15,735	221,680
Transactions with owners:								
- dividends paid	18	-	-	-	(68,008)	(68,008)	(8,800)	(76,808)
At 31 December 2021		6,800,839	31,718	105,045	2,474,790	9,412,392	141,576	9,553,968

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## Statements of Changes in Equity

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Company	Note	Share capital	Fair value reserve	Retained profits	Total equity
<b>2022</b>					
At 1 January 2022		<b>6,800,839</b>	<b>17,918</b>	<b>2,310,540</b>	<b>9,129,297</b>
Profit for the financial year		-	-	<b>261,322</b>	<b>261,322</b>
Other comprehensive loss for the financial year		-	<b>(4,785)</b>	-	<b>(4,785)</b>
Total comprehensive (loss)/income for the financial year		-	<b>(4,785)</b>	<b>261,322</b>	<b>256,537</b>
Transactions with owners:					
- dividend paid	18	-	-	<b>(68,008)</b>	<b>(68,008)</b>
At 31 December 2022		<b>6,800,839</b>	<b>13,133</b>	<b>2,503,854</b>	<b>9,317,826</b>
<b>2021</b>					
At 1 January 2021		6,800,839	18,693	2,168,292	8,987,824
Profit for the financial year		-	-	210,256	210,256
Other comprehensive loss for the financial year		-	(775)	-	(775)
Total comprehensive (loss)/income for the financial year		-	(775)	210,256	209,481
Transactions with owners:					
- dividend paid	18	-	-	(68,008)	(68,008)
At 31 December 2021		6,800,839	17,918	2,310,540	9,129,297

The notes on pages 242 to 345 form an integral part of these financial statements.



# Statements of Cash Flows

For the financial year ended 31 December 2022

Amounts in RM thousand unless otherwise stated

Note	Group		Company	
	2022	2021 Restated	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit for the financial year	<b>311,698</b>	162,298	<b>261,322</b>	210,256
Adjustments for:				
Share of results of:				
– joint ventures	<b>27,756</b>	17,533	–	–
– associates	<b>(1,661)</b>	(1,774)	–	–
Amortisation of intangible assets	<b>2,420</b>	1,955	<b>1,723</b>	1,586
Depreciation of property, plant and equipment	<b>29,587</b>	33,489	<b>9,310</b>	9,218
Net write-down of inventories	<b>6,270</b>	1,882	–	–
Gain on disposal of:				
– subsidiaries	<b>(53,020)</b>	–	–	–
– property, plant and equipment	<b>(2)</b>	–	<b>(3)</b>	–
Net changes in fair value on investment properties	<b>51,601</b>	25,737	–	–
Net impairment losses on trade and other receivables	<b>2,764</b>	(1,503)	<b>83,939</b>	(2,035)
Loss on lease modification	<b>12,788</b>	–	–	–
Provisions	<b>11,023</b>	1,788	<b>9,551</b>	4,025
Finance income	<b>(105,996)</b>	(102,773)	<b>(58,688)</b>	(59,489)
Finance costs	<b>97,373</b>	94,997	<b>54,809</b>	43,228
Taxation	<b>147,162</b>	118,197	<b>1,384</b>	11,622
Foreign currency exchange loss/(gain)	<b>138</b>	–	<b>(42,515)</b>	(5,832)
Other items [note (a)]	<b>2,699</b>	4,877	<b>(296,326)</b>	10,045
	<b>542,600</b>	356,703	<b>24,506</b>	222,624
Changes in working capital:				
– inventories	<b>34,722</b>	383,408	<b>(22,315)</b>	24,173
– receivables and prepayments	<b>177,837</b>	(87,549)	<b>72,435</b>	(8,977)
– contract assets and contract liabilities	<b>76,460</b>	221,897	<b>15,110</b>	27,637
– payables and provisions	<b>338,862</b>	(237,890)	<b>24,503</b>	667
	<b>1,170,481</b>	636,569	<b>114,239</b>	266,124
Tax paid	<b>(155,026)</b>	(142,733)	<b>(4,224)</b>	(11,766)
Others	–	504	–	345
<b>Net cash from operating activities</b>	<b>1,015,455</b>	494,340	<b>110,015</b>	254,703

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## Statements of Cash Flows

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	Note	Group		Company	
		2022	2021 Restated	2022	2021
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Finance income received		<b>14,869</b>	8,871	<b>58,688</b>	58,722
Proceeds from sale of:					
– property, plant and equipment		<b>5,034</b>	–	<b>3</b>	–
– investment properties		–	1,020	–	–
Purchase of:					
– property, plant and equipment		<b>(11,280)</b>	(5,491)	<b>(5,509)</b>	(2,606)
– investment properties		<b>(15,951)</b>	(9,030)	–	–
– intangible assets		<b>(1,739)</b>	(3,492)	<b>(1,056)</b>	(2,682)
Advances to an associate		<b>(1,304)</b>	–	<b>(1,304)</b>	–
Repayment from subsidiaries		–	–	<b>321,545</b>	–
Advances to subsidiaries		–	–	<b>(116,125)</b>	(203,860)
Subscription of shares in subsidiaries		–	–	<b>(217,789)</b>	(781,729)
Net cash inflow from disposal of subsidiaries		<b>8,451</b>	–	–	–
Subscription of additional interest in joint ventures		<b>(330,618)</b>	(660,779)	–	–
Capital repayment from:					
– subsidiaries		–	–	<b>92,685</b>	323
– a joint venture		<b>366,480</b>	–	–	–
– an investment		<b>6,064</b>	–	–	–
Dividends received from investments, subsidiaries, joint ventures and associates		<b>7,260</b>	–	<b>251,785</b>	–
<b>Net cash from/(used in) investing activities</b>		<b>47,266</b>	(668,901)	<b>382,923</b>	(931,832)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>					
Finance costs paid		<b>(128,880)</b>	(133,848)	<b>(54,909)</b>	(42,101)
Borrowings raised	33	<b>12,266</b>	98,791	–	–
Repayments of borrowings	33	<b>(385,419)</b>	(325,252)	<b>(67,000)</b>	(67,000)
Revolving credits:					
– raised	33	<b>215,469</b>	736,929	<b>215,469</b>	708,929
– repaid	33	<b>(599,623)</b>	–	<b>(571,623)</b>	–
Repayments of lease liabilities	34	<b>(22,299)</b>	(17,422)	<b>(7,663)</b>	(7,431)
Net advances from subsidiaries	32	–	–	<b>121,180</b>	17,334
Dividends paid on ordinary shares		<b>(68,008)</b>	(68,008)	<b>(68,008)</b>	(68,008)
Dividends paid to non-controlling interests		<b>(10,772)</b>	(8,800)	–	–
<b>Net cash (used in)/from financing activities</b>		<b>(987,266)</b>	282,390	<b>(432,554)</b>	541,723

# Statements of Cash Flows

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	Note	Group		Company	
		2022	2021 Restated	2022	2021
Net increase/(decrease) in cash and cash equivalents		<b>75,455</b>	107,829	<b>60,384</b>	(135,406)
Foreign exchange differences		<b>198</b>	(2)	-	-
Cash and cash equivalents at the beginning of the financial year		<b>909,664</b>	801,837	<b>103,863</b>	239,269
Cash and cash equivalents at the end of the financial year [note (b)]		<b>985,317</b>	909,664	<b>164,247</b>	103,863
<b>a. Other items:</b>					
Net impairment losses on:					
– property, plant and equipment		<b>3</b>	415	-	-
– investment in subsidiaries		-	-	<b>3,317</b>	8,128
– contract assets		-	(70)	-	-
– quoted investment		-	2,083	-	2,083
Write-off of:					
– property, plant and equipment		<b>1</b>	98	-	-
– inventories		<b>3,125</b>	2,543	-	162
Loss from liquidation of subsidiaries		-	-	<b>22</b>	17
Dividend income		<b>(430)</b>	(192)	<b>(299,665)</b>	-
Others		-	-	-	(345)
		<b>2,699</b>	4,877	<b>(296,326)</b>	10,045
<b>b. Cash and cash equivalents at the end of the financial year:</b>					
Cash held under Housing Development Accounts	28	<b>386,092</b>	291,466	<b>20,878</b>	17,290
Bank balances, deposits and cash	29	<b>599,225</b>	618,198	<b>143,369</b>	86,573
		<b>985,317</b>	909,664	<b>164,247</b>	103,863

The notes on pages 242 to 345 form an integral part of these financial statements.

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# Notes to the Financial Statements

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## 1 GENERAL INFORMATION

The Company is principally engaged in the business of investment holding, property development and provision of management services. The principal activities of the Group are divided into three segments namely property development, investment and asset management and leisure. The principal activities of the subsidiaries, joint ventures and associates are as stated in Note 43.

There has been no significant change in the principal activities of the Group and the Company during the financial year.

## 2 BASIS OF PREPARATION

The financial statements of the Group and the Company are prepared in accordance with the requirements of the Companies Act 2016 in Malaysia and comply with the Malaysian Financial Reporting Standards ("MFRS") and International Financial Reporting Standards ("IFRS").

The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies in Note 3. The financial statements are presented in Ringgit Malaysia in thousands (RM thousand) unless otherwise stated.

The preparation of financial statements in conformity with MFRS and IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reported period.

The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### a. Accounting pronouncements that are adopted during the financial year

- i. Amendments that are effective and adopted during the financial year:

Amendments to MFRS 3 – Reference to Conceptual Framework

Amendments to MFRS 116 – Property, Plant and Equipment – Proceeds before Intended Use

Amendments to MFRS 137 – Onerous Contracts – Cost of Fulfilling a Contract

Annual Improvements to MFRS 1 – Subsidiary as First-time Adopter

Annual Improvements to MFRS 9 – Fees in the '10 percent' Test for Derecognition of Financial Liabilities

Annual Improvements to Illustrative Example accompanying MFRS 16 – Leases: Lease Incentives

The adoption of the above did not result in any significant changes to the Group's results and financial position.

The Group and the Company have also considered the new accounting pronouncements in the preparation of the financial statements.

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## 2 BASIS OF PREPARATION (CONTINUED)

### b. Accounting pronouncements that are not yet effective and have not been early adopted

- i. New standard and amendments that are effective after 1 January 2023:

MFRS 17 and related amendments	Insurance Contracts
Amendments to MFRS 17 Insurance Contracts	Initial Application of MFRS 17 and MFRS 9 – Comparative Information
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current
Amendments to MFRS 101	Non-current Liabilities with Covenants
Amendments to MFRS 101 and MFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback

The Group and the Company is currently assessing the financial impact for the above new standard and amendments.

- ii. The effective date for the amendment to Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to MFRS 10 and MFRS 128) has been deferred to a date to be determined by MASB.

### c. Change in accounting policy

During the financial year, the Group had reassessed the current accounting policy for investment properties and had changed its accounting policy on the subsequent measurement of the Group's investment properties from the cost model to the fair value model. The fair value model provides better financial performance measures, allows the Group's results to be more comparable with its peers which adopt the fair value model, and is in line with the Group's business strategy to grow its assets under management.

The impact on the change in accounting policy is shown in Note 44.

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# Notes to the Financial Statements

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## 3 SIGNIFICANT ACCOUNTING POLICIES

These significant accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements, and to all the financial year presented, unless otherwise stated.

### a. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and all its subsidiaries made up to the end of the financial year and are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

#### i. Subsidiaries

Subsidiaries are entities over which the Group has control. The Group controls an entity when the Group has power over the entity, has exposure to or rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are consolidated using the acquisition method except for those subsidiaries acquired under common control. Under the acquisition method, subsidiaries are consolidated from the date on which control is transferred to the Group and de-consolidated from the date when control ceases. The consideration is measured at the fair value of the assets given, equity instruments issued and liabilities incurred at the date of exchange.

Contingent consideration is recorded at fair value as component of the purchase consideration with subsequent adjustment resulting from events after the acquisition date taken to profit or loss. Acquisition related costs are recognised as expenses when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the date of acquisition and any corresponding gain or loss is recognised in the profit or loss.

Identifiable assets, liabilities and contingent liabilities assumed in a business combination are measured at their fair values, at the date of acquisition. The excess of the consideration and the fair value of previously held equity interests over the Group's share of the fair value of the identifiable net assets acquired at the date of acquisition is reflected as goodwill. Any gain from bargain purchase is recognised directly in the profit or loss.

Intercompany transactions and balances are eliminated on consolidation, but unrealised losses arising therefrom are eliminated on consolidation to the extent of the cost of the asset that can be recovered, and the balance is recognised in the profit or loss as reduction in net realisable value or as impairment loss.

Non-controlling interests in the results and net assets of non-wholly owned subsidiaries are presented separately in the financial statements. Transactions with owners of non-controlling interests without a change in control are treated as equity transactions in the statements of changes in equity.

When control ceases, the disposal proceeds and the fair value of any retained investment are compared to the Group's share of its net assets disposed. The difference together with the carrying amount of allocated goodwill and the exchange reserve that relate to the subsidiary is recognised as gain or loss on disposal.

# Notes to the Financial Statements

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a. Basis of consolidation (continued)

#### ii. Business combinations under common control

Business combinations under common control are accounted using the predecessor method of merger accounting. Under the predecessor method of merger accounting, the profit or loss and other comprehensive income include the results of each of the combining entities from the earliest date presented or from the date when these entities came under the control of the common controlling party (if later).

The assets and liabilities of the combining entities are accounted for based on the carrying amounts from the perspective of the common controlling party, or the combining entities if the common controlling party does not prepare consolidated financial statements.

The difference in cost of acquisition over the aggregate carrying amount of the assets and liabilities of the combining entities as of the date of the combination is taken to equity. Transaction cost for the combination is recognised in the profit or loss.

#### iii. Joint ventures

Joint ventures are separate vehicles in which the Group has rights to its net assets and where its strategic, financial and operating decisions require unanimous consent of the Group and one or more parties sharing the control.

Joint ventures are accounted using the equity method. Equity method is a method of accounting whereby the investment is recorded at cost inclusive of goodwill and adjusted thereafter for the Group's share of the post-acquisition results and other changes in the net assets of the joint ventures based on their latest audited financial statements or management accounts. Dividends received or receivable from a joint venture are recognised as a reduction in the carrying amount of the investment. Where necessary, adjustments are made to the financial statements of joint ventures used by the Group in applying the equity method to ensure consistency of accounting policies with those of the Group.

After application of the equity method, the carrying amount of the joint ventures will be assessed for impairment. Equity method is discontinued when the carrying amount of the joint venture reaches zero, or reaches the limit of the obligations in the case where the Group has incurred legal or constructive obligations in respect of the joint venture.

Unrealised gains on transactions between the Group and its joint ventures, and among the joint ventures, are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated on the same basis but only to the extent of the costs that can be recovered, and the balance that provides evidence of reduction in net realisable value or an impairment loss on the assets transferred are recognised in profit or loss.

When joint control ceases, the disposal proceeds and the fair value of any retained investment are compared to the carrying amount of the joint venture. The difference together with the exchange reserve that relate to the joint venture is recognised in the profit or loss as gain or loss on disposal. In the case of partial disposal without losing joint control, the difference between the proceeds and the carrying amount disposed, and the proportionate exchange reserve is recognised as gain or loss on disposal. Shareholder's advances to joint ventures of which the Group does not expect repayment in the foreseeable future are considered as part of the Group's investments in the joint ventures.

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### a. Basis of consolidation (continued)

#### iv. Associates

Associates are entities in which the Group is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions, but not control over those policies.

Investment in associates are accounted for using the equity method, similar to Note 3(a)(iii) above.

### b. Foreign currencies

#### i. Presentation and functional currency

Ringgit Malaysia is the presentation currency of the Group and the Company. Ringgit Malaysia is also the functional currency of the Company. The functional currency is the currency of the primary economic environment in which the Company operates. The Group's foreign operations have different functional currencies.

#### ii. Transactions and balances

Foreign currency transactions and monetary items are translated into the functional currency using the exchange rates prevailing at the transaction dates and at the end of the reporting period, respectively. Foreign exchange differences arising therefrom and on settlement are recognised in the profit or loss.

#### iii. Translation of foreign currency financial statements

For consolidation purposes, foreign operations' results are translated into the Group's presentation currency at average exchange rates for the financial year whilst the assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated at exchange rates ruling at the end of the reporting period. The resulting translation differences are recognised in other comprehensive income and accumulated in exchange reserve.

Intercompany loans where settlement is neither planned nor likely to occur in the foreseeable future, are treated as part of the parent's net investment. Translation differences arising therefrom are recognised in other comprehensive income and reclassified from equity to profit or loss upon repayment or disposal of the relevant entity.

Exchange reserve in respect of a foreign operation is recognised to profit or loss when control, joint control or significant influence over the foreign operation is lost. On partial disposal (via capital repayment or disposal of shares) without losing control, a proportion of the exchange reserve in respect of the subsidiary is re-attributed to the non-controlling interest. The proportionate share of the cumulative translation differences is reclassified to profit or loss in respect of all other partial disposals.



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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### c. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset. The carrying amount of the replaced part is derecognised and all repairs and maintenance costs are charged to the profit or loss.

Freehold land is not depreciated as it has indefinite life. Assets in the course of construction are shown as work in progress. Depreciation on these assets commences when they are ready for use. Other property, plant and equipment are depreciated on a straight-line basis to write-down the cost of each asset to their residual values over their estimated useful lives.

The principal annual depreciation rates are:

Leasehold land	over the lease period ranging from 35 to 99 years
Buildings	2% to 5%, or over the lease term if shorter
Plant and machinery	20% to 33.3%
Vehicles, equipment and fixtures	20% to 33.3%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, annually.

### d. Investment properties

Investment properties, comprising principally land and buildings, are held for long term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment property is measured initially at its cost, including transaction costs and borrowing costs if the investment property meets the definition of a qualifying asset.

After initial recognition, investment property is carried at fair value. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods, such as recent prices on less active markets or discounted cash flow projections. Valuations are performed as of the financial position date by professional valuers who hold recognised and relevant professional qualifications and have recent experience in the location and category of the investment property being valued.

The Group accounts for the land and building as a single unit of account for investment properties. Investment properties under construction for which the fair value cannot be determined reliably, but for which the Group expects that the fair value of the property will be reliably determinable when construction is completed, are measured at cost less impairment until the fair value becomes reliably determinable or construction is completed – whichever is earlier.

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### d. Investment properties (continued)

The fair value of investment property reflects, among other things, rental income from current leases and other assumptions that market participants would make when pricing the property under current market conditions.

Subsequent expenditure is recognised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values are recognised in profit or loss. Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal.

Where the Group disposes of a property at fair value in an arm's length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in profit or loss as a net gain/loss from fair value adjustment on investment property.

If a property undergoes a change in use and becomes an investment property, any difference resulting between the carrying amount of the property and the fair value of such investment property at the date of transfer is recognised in accordance with the applicable MFRS. Its fair value at the date of reclassification becomes its cost for subsequent accounting purposes.

#### e. Right-of-use ("ROU") assets

The right to use an underlying asset for the lease term is recognised as a ROU asset.

The cost of ROU includes an amount equal to the lease liability at the inception of the lease, lease payments made at or before commencement date less lease incentives received, initial direct costs incurred and an estimate of costs to restore, dismantle and remove the underlying asset or to restore the site on which it is located.

ROUs that are not investment properties are presented under property, plant and equipment and are stated at cost less accumulated amortisation and accumulated impairment losses. The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

The Group applies the fair value model to ROU assets that meet the definition of investment property of MFRS 140 consistent with those investment property owned by the Group (refer to Note (d)).

The upfront payment represent prepaid lease payments for lease of land and building is amortised on the straight-line basis over the lease period.

#### f. Investments in subsidiaries, joint ventures and associates

Investments in subsidiaries, joint ventures and associates and loans, which are treated as part of the Company's net investment in the investee, are recorded at costs less accumulated impairment losses, if any, in the Company's financial statements.

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### g. Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses. They are amortised on a straight-line basis over their contractual periods or estimated useful lives once they are available for use. The annual amortisation rates are 5% to 33.3%. Intangible assets that is in the course of development are not amortised as these assets are not yet available for use.

### h. Inventories

#### i. Land held for property development

Land held for property development where development activities are not expected to be completed within the normal operating cycle, is classified as non-current and carried at the lower of cost and net realisable value.

The cost includes cost of land and development costs common to the whole project.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

#### ii. Property development costs

Property development costs are stated at the lower of cost and net realisable value. The cost includes cost of land, related development costs common to whole project and direct building costs less cumulative amounts recognised as cost of sales in the profit or loss.

Property development cost of unsold unit is transferred to completed development unit once the property is completed.

#### iii. Completed development units

Units of development properties completed and held for sale are stated at the lower of cost and net realisable value.

#### iv. Finished goods, raw materials and consumable stores

Finished goods, raw materials and consumable stores are stated at the lower of cost and net realisable value. Cost includes cost of purchase plus incidental cost and other costs of bringing the inventories to their present location and condition. The cost of inventories is determined on a weighted average basis.

Net realisable value is the estimate of the selling price in the ordinary course of business, less costs to completion and selling expenses.

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### i. Financial assets

The Group's and the Company's financial assets are classified into three categories and the accounting policy for each of these categories are as follows:

#### i. Amortised cost

Receivables, amounts due from subsidiaries, cash held under Housing Development Accounts and bank balances, deposits and cash are held for collection of contractual cash flows. Their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are measured at fair value at inception plus transaction cost and thereafter at amortised cost less accumulated impairment losses.

Interest income from these financial assets is calculated using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss.

#### ii. Fair value through profit or loss ("FVTPL") and Fair value through other comprehensive income ("FVOCI")

Investments in quoted equity instruments are measured at FVTPL. The investments are recorded initially at fair value plus transaction cost and thereafter, they are measured at fair value. Changes in the fair value and dividend income from the investment are recognised in profit or loss.

At initial recognition, the Group and the Company elected to designate the investments in unquoted equity instruments as financial assets measured at FVOCI. The investments are recorded initially at fair value plus transaction costs and thereafter, they are measured at fair value. Changes in fair value of the investments are recognised in other comprehensive income, whilst dividend income are recognised in profit or loss. On derecognition of the investment measured at FVOCI, the fair value reserve is transferred to retained profits.

Financial assets are classified as current assets for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. For financial assets measured at FVTPL and FVOCI, the classification is based on expected date of realisation of the assets.

Regular way of purchase or sale of a financial asset is recognised on the settlement date i.e. the date that an asset is delivered to or by the Group and the Company. A contract that requires or permits net settlement of the change in the value of the contract is not a regular way contract. Such contract is accounted for as a derivative in the period between the trade date and the settlement date.

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

### j. Assets held for sale

Assets or groups of assets are classified as "held for sale" if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Depreciation ceases when an asset is classified as asset held for sale. Assets held for sale are stated at the lower of carrying amount and fair value less cost to sell.

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### k. Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. In the case of property development and concession arrangement, contract asset is the excess of cumulative revenue earned over the billings to date, for which the billings to-date are based on progress milestone set out in the contract or agreement with the customers. Contract asset is stated at cost less accumulated impairment losses.

Contract liability is the obligation to transfer goods or services to customer for which the Group and the Company have received the consideration or has billed the customer. In the case of property development and concession arrangement, contract liability is the excess of the billings to date over the cumulative revenue earned. Contract liabilities include the golf club membership fees, down payments received from customers and other deferred income where the Group and the Company have billed or collected the payment before the goods are delivered or services are provided to the customers.

### l. Impairment

Intangible assets that have an indefinite useful life or are not yet available for use are tested for impairment. Other non-financial assets, investment in subsidiaries and interest in joint ventures and associates are assessed for indication of impairment. If an indication exists, an impairment test is performed. In the case of financial assets and contract assets, impairment loss is recognised based on expected credit losses.

This exercise is performed annually and whenever events or circumstances occur indicating that impairment may exist.

The recognition and measurement of impairment losses are as follows:

#### i. Non-financial assets

An impairment loss is recognised for the amount by which the carrying amount of the non-financial asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Impairment loss on non-financial assets is charged to profit or loss.

Assets that were previously impaired are reviewed for possible reversal of the impairment losses at the end of each reporting period. Any subsequent increase in recoverable amount is recognised in the profit or loss. Reversal of impairment loss is restricted by the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior financial years.

#### ii. Subsidiaries, joint ventures and associates

An impairment loss is recognised for the amount by which the carrying amount of the subsidiary, joint venture or associate exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and present value of the estimated future cash flows expected to be derived from the investment including the proceeds from its disposal.

Any subsequent increase in recoverable amount is recognised in the profit or loss.

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### i. Impairment (continued)

The recognition and measurement of impairment losses are as follows: (continued)

##### iii. Financial assets and contract assets

An impairment loss is recognised based on expected credit losses and is charged to profit or loss. Reversal of impairment loss to profit or loss, if any, is restricted to not exceeding what the amortised cost would have been had the impairment loss not been recognised previously.

The Group and the Company apply the simplified approach to measure the impairment losses on trade receivables and contract assets at lifetime expected credit losses ("Lifetime ECL"). Expected credit losses of all other financial assets are measured at an amount equal to 12 month expected credit losses ("12 - month ECL") if credit risk on a financial asset has not increased significantly. The Group and the Company compare the risk of default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition to ascertain whether there is a significant increase in credit risk. The assessment takes into consideration the macroeconomic information, credit rating and other supportable forward-looking information.

A significant increase in credit risk is presumed if a debt is more than 180 days past due. Where the credit risk has increased significantly, the impairment loss is measured at an amount equal to lifetime expected credit losses ("Lifetime ECL – Underperforming").

Full impairment losses are made for financial assets and contract assets that are determined to be credit-impaired ("Lifetime ECL – Credit Impaired"). These are debtor who have defaulted on payments and are in financial difficulties.

Expected credit losses represent a probability-weighted estimate of the difference between present value of cash flows according to contract and present value of cash flows the Group and the Company expect to receive over the lifetime of the financial instrument.

#### m. Share capital

Proceeds from shares issued are accounted for in equity. Cost directly attributable to the issuance of new equity shares are deducted from equity.

Dividends to owners of the Company and non-controlling interests are recognised in the statements of changes in equity in the financial year in which they are paid or declared.

#### n. Provisions

Provisions are recognised when the Group and the Company have a legal or constructive obligation, where the outflow of resources is probable and can be reliably estimated. Provisions are measured at the present value of the obligation. The increase in the provisions due to the passage of time is recognised as finance costs.

The Group and the Company recognise provision for onerous contracts when the expected benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

# Notes to the Financial Statements

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### o. Employee costs

#### i. Short-term employee benefits

Wages, salaries and paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the services are rendered by employees.

#### ii. Defined contribution plans

A defined contribution pension plan is a pension plan under which the Group and the Company pay fixed contributions into a separate entity. The Group and the Company have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group has various defined contribution plans in accordance with local conditions and practices in the countries in which it operates. The Group's and the Company's contributions to defined contribution plans are charged to the profit or loss in the financial year in which they relate.

#### iii. Termination benefits

Termination benefits are payable whenever an employee's employment is terminated in exchange for these benefits. The Group and the Company recognise termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of a proposal to encourage voluntary separation.

### p. Financial liabilities

The Group's and the Company's borrowings and payables are classified as financial liabilities measured at amortised cost. They are measured initially at fair value net of transaction costs and thereafter, at amortised cost using the effective interest method. Amortisation is charged to profit or loss.

Financial liabilities are classified as current liabilities for those having maturity dates of not more than 12 months after the end of the reporting period, otherwise the balance is classified as non-current. Financial liabilities are derecognised when the obligation specified in the contract is discharged, cancelled or expired.

### q. Leases

Lease liabilities are initially measured at the present value of future lease payments, discounted using the interest rate implicit in the lease.

Except under Amendment to MFRS 16 – Covid-19 – Related Rent Concessions where the Group has elected to apply the practical expedient to recognise the rent concession as a variable lease payment, lease liabilities are remeasured when there is a change in the lease term, a revision to the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset. The amount of remeasurement of the lease liability is adjusted to the ROU. If the carrying amount of ROU is reduced to zero, any further reduction in the measurement of the lease liability is recognised in the profit or loss.

Interest on the lease liability and variable lease payments not included in the measurement of the lease liability are recognised in profit or loss.

Short-term leases of 12 months or less at the commencement date and leases for which the underlying asset is of low value are not recognised as ROU and lease liabilities. Lease payments associated with those leases are charged to the profit or loss on a straight-line basis over the lease term.

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### 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### r. Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents include cash in hand and at bank, deposits held at call with banks and cash held under Housing Development Accounts. Bank overdrafts, if any, are included within borrowings in current liabilities on the statements of financial position.

#### s. Revenue recognition

##### i. Revenue from property development

Contracts with customers may include multiple promises to customers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement, net of expected liquidated ascertained damages ("LAD") payment.

Revenue from property development is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may transfer over time or at a point in time. Control of the asset is transferred over time if the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The Group and the Company recognise revenue over time using the output method, which is based on the level of completion of the physical proportion of contract work to date, certified by professional consultants.

The promised properties are specifically identified by its plot, lot and parcel number and its attributes (such as its size and location) in the sale and purchase agreements. The purchasers could enforce its rights to the promised properties if the Group and the Company seek to sell the unit to another purchaser. The contractual restriction on the Group's and the Company's ability to direct the promised property for another use is substantive and the promised properties sold to the purchasers do not have an alternative use to the Group and the Company. The Group and the Company have the right to payment for performance completed to date, are entitled to continue to transfer to the customer the development units promised, and have the rights to complete the construction of the properties and enforce its rights to full payment.

The Group and the Company recognise sales at a point in time for the sale of completed properties when the control of the properties has been transferred to the purchasers and it is probable that the Group and the Company will collect the consideration to which it will be entitled to in exchange for the assets sold.



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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### s. Revenue recognition (continued)

#### ii. Revenue from concession arrangement

Revenue from the supply of teaching equipment is recognised when:

- the Group has delivered and transferred the physical possession of the asset and has a present right to payment for the asset; and
- the customer has accepted the assets after these assets have been tested and commissioned and the customer has significant risks and rewards of ownership of the asset.

Maintenance service charges are recognised over the period which the services are rendered.

#### iii. Revenue from leisure

Revenue from golf club activities consist of golfing, golf club membership fees, driving range, sports and other recreation facilities and sale of golfing equipment, which are separate performance obligation. Golf club membership fees is received upfront and recognised on a straight-line basis over the tenure of the membership.

Revenue from sale of food and beverages is recognised when consideration is received or receivable upon delivery of goods and services, net of discounts and indirect taxes.

#### iv. Rental income

Rental income is recognised on an accrual basis in accordance with the substance of the relevant agreements. Other rent related income is recognised in the accounting period in which the services have been rendered.

#### v. Interest income

Interest income is recognised on an accrual basis, using the effective interest method, unless collectability is in doubt, in which case it is recognised on a cash receipt basis.

#### vi. Dividend income

Dividend income is recognised when the right to receive payment is established.

#### vii. Management fees

Management fee is recognised over time during the period in which the services are rendered.

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### t. Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when:

- i. expenditure for the asset is being incurred;
- ii. borrowing costs are being incurred; and
- iii. activities that are necessary to prepare the assets for its intended use or sale are in progress.

Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed. Properties under construction where control of these properties is transferred over time are excluded as qualifying assets for the purposes of borrowing cost capitalisation.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

### u. Taxation

The tax expense for the financial year comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income. In this case, the tax is recognised in other comprehensive income.

The current income tax charge for the Group and for the Company is the expected income taxes payable in respect of the taxable profit for the financial year and is measured using the tax rates that have been enacted at the end of the reporting year. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. Provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised on temporary difference arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax is recognised on temporary differences arising on investments in subsidiaries, joint ventures and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates (and laws) that have been enacted or substantively enacted at the end of the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset when the enterprise has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

# Notes to the Financial Statements

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## 3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### v. Segment reporting

Segment information is presented in a manner that is consistent with the internal reporting provided to management for the allocation of resources and assessment of its performance. The Group's operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Segment revenue, expense, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and the relevant portion that can be allocated on a reasonable basis to the segment. Segment revenue, expense, assets and liabilities are determined before intragroup balances and intragroup transactions are eliminated as part of the consolidation process, except to the extent that such balances and transactions are between Group companies within a single segment. Inter-segment pricing is based on similar terms as those available to external parties.

### w. Contingent liabilities

The Group and the Company do not recognise contingent liabilities, but discloses their existence in the notes to the financial statements. A contingent liability is a possible obligation that arises from past events which existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstances where there is a liability that is not recognised because it cannot be measured reliably.

## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES

The preparation of financial statements in conforming to MFRS and IFRS require the use of certain critical accounting estimates that involve complex and subjective judgements and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. The Directors exercise their judgement in the process of applying the Group's accounting policies. Estimates and assumptions are based on the Directors' best knowledge of current events. Such estimates and judgement could change from period to period and have a material impact on the results, financial position, cash flows and other disclosures.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below:

### a. Revenue and cost recognition from property development activities

Revenue is recognised as and when the control of the asset is transferred to customers and it is probable that the Group and the Company will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

Where control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the project progress as the certification of the physical progress of each phase are based on methodologies employed by, and the expert judgement of, the professional consultants.

During the financial year ended 31 December 2022, for activities recognised over time using the stage of completion method, the Group and the Company recognised revenue of RM2,224.1 million (2021: RM1,620.3 million) and RM175.8 million (2021: RM125.3 million) respectively and cost of RM1,571.1 million (2021: RM1,169.1 million) and RM114.1 million (2021: RM99.3 million) respectively.

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### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

#### b. Write-down and write-off of inventories to net realisable value

The Group and the Company write-down the inventories to their net realisable values based on the estimated selling prices by reference to recent sales transactions of similar properties or comparable properties in similar or nearby locations net of the estimated cost necessary to complete the sale. For inventories of property development costs, the estimated cost necessary to complete the property have been considered. The Group considered the current economic outlook, future property market conditions and adjustment factors such as the size and demand (ceiling price) of the particular properties in determining its net realisable values.

The Group and the Company also write-off the development costs based on the latest pipeline launches, which depends on various factors, such as changes to development plans due to replanning, zoning issues with local authorities, etc and is therefore subject to significant inherent uncertainties.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the selling price and the related cost to complete the sale, the estimates may differ from the actual transactions achieved in future periods and these differences may, in certain circumstances, be significant.

During the financial year ended 31 December 2022, the Group had written down inventories by RM6.3 million (2021: RM1.9 million). The Group and the Company have also written-off inventories by RM3.1 million (2021: RM2.5 million) and RM Nil (2021: RM0.2 million) respectively.

#### c. Capitalisation of borrowing costs

The Group capitalises borrowing costs that are directly attributable to the property development activities. The Group ceases the capitalisation of the borrowing costs when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Significant judgement is involved in determining whether the development activities carried out meet the criteria for capitalisation of borrowing costs and, management is also required to estimate the appropriate apportionment of borrowing costs eligible for capitalisation to the various development phases.

During the financial year ended 31 December 2022, the Group capitalised RM48.2 million (2021: RM47.5 million) borrowing costs into inventories.

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## 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

### d. Deferred tax assets

Deferred tax assets arose mainly from property development, unutilised tax losses, unabsorbed capital allowances and other deductible temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences or unutilised tax losses and tax credits can be utilised. This involves judgement regarding the future taxable profits of a particular entity in which the deferred tax asset has been recognised.

Deferred tax assets relating to property development are mainly attributable to unrealised profits reversed at the Group level, which arose from disposal of lands within the Group. Deferred taxation on unrealised profits are charged to the profit or loss upon sales of developed units to the customers.

The future taxable profits are determined based on the expected future profits arising from the Group's property development projects including other income expected to be generated from these projects. In evaluating whether it is probable that future taxable profits will be available, all available evidences were considered, including the approved budgets and analysis of historical operating results. These forecasts are consistent with those prepared and used internally for business planning and measurement of the Group's performance.

The deferred tax assets recognised are disclosed in Note 25.

### e. Fair value of investment properties

The valuations of the Group's investment properties were performed by independent external valuers. There are complexities in determining the fair value of the investment properties, which involve significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumptions to be applied. The list of significant unobservable inputs and its sensitivity analysis are disclosed in Note 20(c) to the financial statements.

The Directors are of the view that the fair value of certain investment properties under early stage of development are not reliably determinable as at the reporting date, given the various valuation adjustments to be made due to the early stages of construction which are highly judgemental and contingent upon various unknown factors. As these properties will take substantial time to complete, there are uncertainties attached to the reliability of the assumptions adopted for valuation, such as the gross rental rate, developer's profit margin, discount rate, void rate and market capitalisation rate.

### f. Provisions

The Group recognises provision arising from development projects including obligation from the disposal of a property in financial year 2017 and obligations for relocation, rectification and construction costs.

Estimates and assumptions are involved in assessing the provisions. The Group evaluates the provision based on the status of ongoing negotiations, inputs from consultants and past experiences. Changes in assumptions and future events could cause the value of these provisions to change. Details of the provisions are disclosed in Note 35.

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### 4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT IN APPLYING ACCOUNTING POLICIES (CONTINUED)

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below: (continued)

#### g. Impairment losses on cost of investment in subsidiaries and recoverability of amount due from subsidiaries

The Company assesses whether there is any indication that the cost of investment in subsidiaries are impaired at the end of each reporting date. Impairment loss is measured by comparing the carrying amount of an asset with its recoverable amount. Recoverable amount is measured at the higher of the fair value less cost to sell and value-in-use for that asset. Value-in-use of asset is estimated using discounted cash flow analysis, considering market value indicators, recent arms-length market transactions and benchmark against valuation done by valuer. These estimates provide reasonable approximations to the computation of recoverable amounts.

As at 31 December 2022, the accumulated impairment losses on investment in subsidiaries and amount due from subsidiaries amounted to RM1,298.7 million (2021: RM1,340.8 million) and RM138.0 million (2021: RM54.6 million) respectively.

### 5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES

#### a. Financial risk management

The Group's and the Company's operations expose them to a variety of financial risks, including interest rate risk, credit risk, liquidity and cash flow risk and foreign currency exchange risk. The Group's overall financial risk management policies seek to manage and minimise the potential adverse effects of these risks on the financial performance of the Group.

The Group's and the Company's exposure to these financial risks are managed through risk reviews, internal control systems, insurance programmes and adherence to Group Policies and Authorities which are implemented on a group-wide basis. The Board regularly reviews these risks and approves the policies covering the management of these risks.

##### i. Interest rate risk

The Group's and the Company's interest rate risk arises primarily from interest-bearing borrowings. The Group and the Company manage their interest rate risk by maintaining a mix of fixed and floating rate borrowings.

The interest-bearing assets are primarily the amounts due from joint ventures, associates and subsidiaries and short-term bank deposits with financial institutions. All interest-bearing amounts due to the Group and the Company bear interest at floating rate except those under negotiated terms where fixed rates are used after taking into account the borrower's risk profile. The interest rates on short-term bank deposits are monitored closely to ensure that the deposits are maintained at favourable rates and placements are made at varying maturities. The Group and the Company consider the risk of significant changes to interest rates to be low and the sensitivity is disclosed in Note 41(a).

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## 5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

### a. Financial risk management (continued)

#### ii. Credit risk

Financial assets that are primarily exposed to credit risk are receivables, contract assets and bank balances.

#### Credit risk arising from sales made on credit terms

The Group and the Company seek to control credit risk by dealing with counterparties with appropriate credit histories. Customers' most recent financial statements, payment history and other relevant information are considered in the determination of credit risk. Counterparties are assessed at least annually and more frequently when information on significant changes in their financial position becomes known. Credit terms and limit are set based on this assessment, and where appropriate, guarantees or securities are obtained to limit credit risk.

#### Credit risk arising from property development

The Group and the Company do not have any significant credit risk as its services and products are predominantly rendered and sold to a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. Credit risks with respect to property purchasers with no end-financing facilities are limited as the ownership and rights to the properties revert to the Group and the Company in the event of default. The Group and the Company do not have any significant exposure to any individual or counterparty nor any major concentration of credit risk related to any financial instruments.

#### Credit risk arising from concession arrangements

The Group has concentration of credit risk arising from the outstanding receivables and contract assets under concession arrangement which are primarily from the Government of Malaysia. The Group monitors the trade receivables and contract assets on an ongoing basis and no additional credit risk beyond the amounts allowed for collection losses is inherent in the trade receivables of the Group.

#### Credit risk arising from property investment

Credit risk arising from outstanding receivables from tenants is minimised by closely monitoring their credit worthiness and credit period. In addition, the tenants have placed security deposits with the Group which act as collateral.

#### Credit risk arising from golfing and sporting activities

Concentration of credit risk with respect to amounts due from members is limited due to the large number of members, the security deposits paid by members and advance payment of annual licence fees for individual members. Sales to members are usually suspended when outstanding amounts are overdue exceeding 180 days.

#### Credit risk arising from deposits with licensed banks

Credit risk also arises from deposits with licensed banks. The deposits are placed with credit worthy financial institutions. The Group and the Company consider the risk of material loss in the event of non-performance by a financial counterparty to be unlikely.

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### 5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

#### a. Financial risk management (continued)

##### ii. Credit risk (continued)

###### Credit risk arising from other receivables

The Group's and the Company's historical experience in collection of other receivables fall within the recorded allowances. No additional credit risk beyond amounts allowed for collection losses is inherent in the Group's and in the Company's other receivables.

###### Credit risk arising from subsidiaries, joint ventures and associates

The amounts due from subsidiaries, joint ventures and associates are monitored closely by the Group and the Company. The Group and the Company are of the view that the carrying amounts as at the reporting date are recoverable.

The Group's and the Company's maximum credit risk exposure are disclosed in Note 41(c).

##### iii. Liquidity and cash flow risks

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting financial obligations when they fall due. The Group maintains a prudent borrowing policy which is aimed towards maintaining sufficient cash for all cash flow requirements, managing debt and investment portfolio within the relevant time buckets to maturity, obtaining a diverse range of funding sources and keeping an adequate amount of credit facilities to provide an ample liquidity cushion.

The Group and the Company perform quarterly twelve-months rolling cash flow projections to ensure that requirements are identified as early as possible so that the Group and the Company have sufficient cash to meet operational needs. Such projections take into consideration the Group's and the Company's financing plans and are also used for monitoring of covenant compliance.

The Group and the Company maintain centralised treasury functions where all funding requirements are managed. As at 31 December 2022, the Group and the Company have unutilised Islamic Medium Term Notes of RM3,700.0 million (2021: RM3,700.0 million). The Group and the Company also have unutilised credit facilities of RM1,679.1 million (2021: RM1,064.9 million) and RM1,675.1 million (2021: RM1,048.9 million) respectively which it can tap upon at an appropriate time.

Cash and cash equivalents of the Group and the Company comprise the following:

	Group		Company	
	2022	2021	2022	2021
Cash held under Housing Development Accounts [Note 28]	<b>386,092</b>	291,466	<b>20,878</b>	17,290
Bank balances, deposits and cash [Note 29]	<b>599,225</b>	618,198	<b>143,369</b>	86,573
	<b>985,317</b>	909,664	<b>164,247</b>	103,863



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## 5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

### a. Financial risk management (continued)

#### iii. Liquidity and cash flow risks (continued)

The Group believes that its contractual obligations, including those shown in contingent liabilities, material litigation and capital commitments in Note 37 can be met from existing cash and investments, operating cash flows, credit lines available and other financing that the Group reasonably expects to be able to secure should the need arises.

Further details on the undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the reporting date are disclosed in Note 41(b).

#### iv. Foreign currency exchange 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 currency rates. The Group has significant exposure to foreign currency translation risk due to its 40% interest in Battersea Project Holding Company Limited group in the United Kingdom. The Group does not enter into hedges for its long-term investment in foreign operations. Instead, the Group funds its investments with borrowings denominated in the same currencies as a natural hedge, where applicable, to minimise adverse impact arising from fluctuation in foreign currency exchange rates.

### b. Capital management

Capital management refers to implementing measures to maintain sufficient capital to support its businesses. The Group's and the Company's capital management objectives are to ensure its ability to continue as a going concern, provide a competitive cost of capital and to maximise shareholders' value. The Group and the Company are committed towards optimising their capital structure, which includes balancing between debt and equity, and putting in place appropriate dividend and financing policies which influence the level of debt and equity.

#### i. Rating by External Rating Agency

Malaysian Rating Corporation Berhad has reaffirmed its AA<sub>IS</sub> rating with a stable outlook on the Company's Islamic Medium Term Notes (IMTN) Programme of RM4.5 billion.

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### 5 FINANCIAL RISK AND CAPITAL MANAGEMENT POLICIES (CONTINUED)

#### b. Capital management (continued)

##### ii. Gearing ratios

The Group and the Company use the gearing ratio to assess the appropriateness of their debt levels, hence determining their capital structure. The Group and the Company maintain a debt to equity ratio that complies with debt covenants and regulatory requirements. The ratio is calculated as total debt divided by total equity.

The Group's and the Company's gearing ratios are as follows:

	Group		Company	
	2022	2021	2022	2021
Borrowings				
– principal	<b>3,029,076</b>	3,821,154	<b>1,468,233</b>	1,933,257
– interest	<b>8,769</b>	10,446	<b>2,680</b>	3,425
Total borrowings	<b>3,037,845</b>	3,831,600	<b>1,470,913</b>	1,936,682
Lease liabilities	<b>45,596</b>	66,748	<b>8,011</b>	15,674
Total debt	<b>3,083,441</b>	3,898,348	<b>1,478,924</b>	1,952,356
Total equity	<b>9,644,796</b>	9,553,968	<b>9,317,826</b>	9,129,297
Gearing ratio	<b>32.0%</b>	40.8%	<b>15.9%</b>	21.4%

Given the moderate gearing level, the Group and the Company still have the capacity to borrow for expansion, provided an acceptable level of gearing ratio is maintained.

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## 6 REVENUE

	Group		Company	
	2022	2021 Restated	2022	2021
Revenue from contracts with customers	<b>2,663,767</b>	2,148,360	<b>337,911</b>	288,191
Revenue from other sources:				
– rental income from investment properties and other assets	<b>78,369</b>	68,197	<b>5,096</b>	4,147
– dividend income from subsidiaries	–	–	<b>298,308</b>	213,108
– dividend income from associates	–	–	<b>1,080</b>	–
– dividend income from an investment	–	–	<b>277</b>	345
	<b>2,742,136</b>	2,216,557	<b>642,672</b>	505,791
Disaggregation of the revenue from contract with customers:				
Property development	<b>2,543,650</b>	2,057,424	<b>193,079</b>	174,871
Concession arrangement:				
– maintenance service charges	<b>28,504</b>	29,851	–	–
– supply of teaching equipment	<b>432</b>	417	–	–
– others	<b>8,373</b>	6,969	–	–
Leisure:				
– golf club activities	<b>56,021</b>	38,263	–	–
– food and beverages	<b>22,600</b>	6,277	–	–
– others	<b>4,187</b>	9,159	–	–
Management fee charged to subsidiaries	–	–	<b>144,832</b>	113,320
	<b>2,663,767</b>	2,148,360	<b>337,911</b>	288,191
<b>Geographical markets</b>				
Malaysia	<b>2,663,767</b>	2,147,880	<b>337,686</b>	287,920
Vietnam	–	480	–	–
United Kingdom	–	–	<b>124</b>	56
Singapore	–	–	<b>101</b>	215
	<b>2,663,767</b>	2,148,360	<b>337,911</b>	288,191
<b>Timing of revenue recognition</b>				
Over time	<b>2,306,418</b>	1,681,342	<b>320,583</b>	238,638
At a point in time	<b>357,349</b>	467,018	<b>17,328</b>	49,553
	<b>2,663,767</b>	2,148,360	<b>337,911</b>	288,191

Revenue from contracts with customers of the Group and of the Company include RM230.8 million (2021: RM134.2 million) and RM92.8 million (2021: RM59.8 million) respectively that were included in contract liabilities at the beginning of the reporting period.

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### 7 COST OF SALES

	Group		Company	
	2022	2021 Restated	2022	2021
Property development costs	<b>1,571,078</b>	1,169,053	<b>114,143</b>	99,341
Cost of completed development units sold	<b>102,336</b>	299,031	-	5,743
Write-down of inventories	<b>6,270</b>	1,882	-	-
Write-off of inventories	<b>3,125</b>	2,543	-	162
Other direct expenses	<b>119,623</b>	65,114	<b>6,848</b>	21,152
Cost under concession arrangement	<b>21,462</b>	20,040	-	-
Employee costs	<b>83,984</b>	61,623	<b>2,045</b>	1,614
Depreciation of property, plant and equipment	<b>6,254</b>	6,658	<b>17</b>	16
Amortisation of intangible assets	<b>236</b>	172	-	-
Rental of land and buildings	<b>330</b>	333	-	-
Hire of plant and machinery	<b>865</b>	816	-	-
	<b>1,915,563</b>	1,627,265	<b>123,053</b>	128,028

### 8 OTHER OPERATING INCOME

	Group		Company	
	2022	2021	2022	2021
Interest from stakeholders, customers and others	<b>9,609</b>	3,504	<b>622</b>	167
Forfeiture of deposits	<b>3,995</b>	1,566	<b>249</b>	68
Recoveries and claims	<b>1,403</b>	986	-	986
Rental income	<b>1,481</b>	922	<b>608</b>	552
Non-refundable tender deposits	<b>942</b>	813	<b>70</b>	53
Maintenance charges	<b>462</b>	574	<b>114</b>	125
Other miscellaneous income	<b>4,476</b>	4,387	<b>686</b>	533
	<b>22,368</b>	12,752	<b>2,349</b>	2,484

### 9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES

	Group		Company	
	2022	2021 Restated	2022	2021
Selling and marketing expenses	<b>118,065</b>	88,985	<b>17,035</b>	6,299
Administrative and other expenses	<b>243,036</b>	195,376	<b>287,752</b>	164,067
	<b>361,101</b>	284,361	<b>304,787</b>	170,366

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## 9 SELLING, MARKETING, ADMINISTRATIVE AND OTHER EXPENSES (CONTINUED)

	Group		Company	
	2022	2021 Restated	2022	2021
Selling, marketing, administrative and other expenses comprise the following:				
<b>Depreciation, amortisation, impairment losses and write-off</b>				
Depreciation of property, plant and equipment	<b>23,333</b>	26,831	<b>9,293</b>	9,202
Amortisation of intangible assets	<b>2,184</b>	1,783	<b>1,723</b>	1,586
Impairment losses on:				
– amount due from subsidiaries	–	–	<b>83,383</b>	–
– receivables	<b>4,591</b>	2,906	<b>556</b>	–
Reversal of impairment losses on receivables	<b>(1,827)</b>	(4,409)	–	(2,035)
Write-off of property, plant and equipment	<b>1</b>	98	–	–
	<b>28,282</b>	27,209	<b>94,955</b>	8,753
<b>Auditors' remuneration</b>				
Fees for statutory audits				
– PricewaterhouseCoopers PLT, Malaysia	<b>1,621</b>	1,360	<b>358</b>	280
– member firms of PricewaterhouseCoopers International Limited	<b>470</b>	505	–	–
– other firm	<b>144</b>	126	–	–
Fees for other assurance-related services				
– PricewaterhouseCoopers PLT, Malaysia	<b>354</b>	379	<b>269</b>	240
	<b>2,589</b>	2,370	<b>627</b>	520
Fees for non-audit services				
– PricewaterhouseCoopers PLT, Malaysia	<b>120</b>	124	<b>107</b>	34
– member firms of PricewaterhouseCoopers International Limited	<b>144</b>	350	–	–
	<b>2,853</b>	2,844	<b>734</b>	554
<b>Employee and Directors costs</b>				
Employee costs	<b>152,405</b>	116,553	<b>154,892</b>	105,546
Directors' fees and allowances	<b>3,400</b>	2,970	<b>3,400</b>	2,970
	<b>155,805</b>	119,523	<b>158,292</b>	108,516
<b>Others</b>				
Advertising and promotion	<b>73,906</b>	52,250	<b>15,163</b>	4,260
Sales commission and other selling expenses	<b>11,401</b>	10,770	<b>1,872</b>	2,039
Contribution to Yayasan Sime Darby	<b>20,000</b>	20,000	<b>(3,300)</b>	14,500
Rental of buildings	<b>92</b>	98	–	–
Hire of plant and machinery	<b>752</b>	510	<b>418</b>	331
IT related expenses	<b>16,281</b>	14,164	<b>15,543</b>	13,052
Other operating expenses	<b>51,729</b>	36,993	<b>21,110</b>	18,361
	<b>174,161</b>	134,785	<b>50,806</b>	52,543
<b>Total</b>	<b>361,101</b>	284,361	<b>304,787</b>	170,366

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### 10 EMPLOYEE AND DIRECTORS COSTS

	Group		Company	
	2022	2021	2022	2021
Employee and Directors costs included in:				
– cost of sales	<b>83,984</b>	61,623	<b>2,045</b>	1,614
– selling, marketing, administrative and other expenses	<b>155,805</b>	119,523	<b>158,292</b>	108,516
	<b>239,789</b>	181,146	<b>160,337</b>	110,130
<b>Staff:</b>				
– salaries, allowances, overtime and bonus	<b>177,187</b>	134,144	<b>117,880</b>	80,857
– defined contribution plan	<b>27,942</b>	22,410	<b>17,890</b>	12,137
– training, insurance and other benefits	<b>26,627</b>	17,715	<b>16,534</b>	10,259
	<b>231,756</b>	174,269	<b>152,304</b>	103,253
<b>Executive Directors:</b>				
– salaries, allowances and bonus	<b>3,994</b>	3,376	<b>3,994</b>	3,376
– defined contribution plan	<b>639</b>	531	<b>639</b>	531
	<b>4,633</b>	3,907	<b>4,633</b>	3,907
<b>Non-Executive Directors:</b>				
– fees	<b>3,400</b>	2,970	<b>3,400</b>	2,970
<b>Total</b>	<b>239,789</b>	181,146	<b>160,337</b>	110,130

Non-Executive Directors fees include fees paid to Permodalan Nasional Berhad (“PNB”) for the Chairman of the Company, whom is a nominee director representing PNB.

Estimated monetary value of benefits received by the Executive and Non-Executive Directors from the Company amounted to RM23,058 (2021: RM7,312) and RM317,792 (2021: RM234,254) respectively. The Directors did not receive any benefits from the subsidiaries.

During the financial year, a Director of the Company purchased a property amounting to RM1.9 million (2021: RM2.0 million).

Other than as disclosed above, there were no compensation to Directors for loss of office, no loans, quasi-loans and other dealings in favour of Directors and no material contracts subsisting as at 31 December 2022 or if not then subsisting, entered into since the end of the previous financial year by the Company or its subsidiaries which involved the interests of Directors.

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## 11 JOINT VENTURES

The Group's interest in the joint ventures, their respective principal activities and countries of incorporation are shown in Note 43.

The Group's joint ventures are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the joint ventures that are material to the Group are as follows:

Name of joint ventures	Description
Battersea Project Holding Company Limited ("Battersea")	Battersea is a joint venture between Setia International Limited, Kwasa Global (Jersey) Limited and Sime Darby Property (Hong Kong) Limited. Battersea was formed to acquire and develop the Battersea Power Station site in London, United Kingdom, which is a strategic investment for the Group to expand its footprint into a key international market for property development and investment.
Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) ("IDF" or "the Fund")	The IDF was formed, in partnership with LOGOS Property Group Limited ("LOGOS Property") as co-sponsor and investors in the Fund. The Fund is also anchored by Ombak Real Estate 2 Sdn Bhd ("OMBAK"), a wholly-owned subsidiary of Permodalan Nasional Berhad ("PNB"), and Kumpulan Wang Persaraan (Diperbadankan) ("KWAP"). The investment objective of the Fund is to make Shariah compliant investments, directly or indirectly, in real estate and real estate related assets for industrial and logistics purposes in Malaysia. The IDF will invest principally in the development of build-to-lease and/or build-to-sell industrial & logistics projects and real estate assets located primarily in Bandar Bukit Raja, Selangor, Malaysia.

The Group's investments in joint ventures are as follows:

Group	Material joint ventures	Others	Total
<b>31.12.2022</b>			
Share of results	(24,295)	15,008	(9,287)
Unrealised profit	(18,469)	–	(18,469)
Share of results after unrealised profit	(42,764)	15,008	(27,756)
Unquoted shares, at costs	3,177,366	109,613	3,286,979
Unrealised profit	(72,335)	–	(72,335)
Share of post-acquisition reserves	(451,392)	57,590	(393,802)
Shareholder's advances	–	64,396	64,396
Carrying amount as at 31 December 2022	2,653,639	231,599	2,885,238
Dividend income	–	5,750	5,750
Unrecognised share of loss:			
– At 1 January 2022	–	35,920	35,920
– Total for the financial year	–	3,095	3,095
– At 31 December 2022	–	39,015	39,015

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### 11 JOINT VENTURES (CONTINUED)

The Group's investments in joint ventures are as follows: (continued)

Group	Material joint ventures	Others	Total
<b>31.12.2021</b>			
<b>Restated</b>			
Share of results:			
As previously stated	(30,061)	483	(29,578)
Effect from adoption of FV model for IP [Note 44]	13,056	(1,011)	12,045
As restated	(17,005)	(528)	(17,533)
Unquoted shares, at costs	3,419,759	103,918	3,523,677
Share of post-acquisition reserves	(330,363)	42,642	(287,721)
Shareholder's advances	-	64,396	64,396
Carrying amount as at 31 December 2021	3,089,396	210,956	3,300,352
Dividend income	-	312	312
Unrecognised share of loss:			
- At 1 January 2021	-	21,740	21,740
- Total for the financial year	-	14,180	14,180
- At 31 December 2021	-	35,920	35,920
<b>01.01.2021</b>			
<b>Restated</b>			
Carrying amount as at 1 January 2021, as previously reported	2,371,918	104,183	2,476,101
Effect from adoption of FV model for IP [Note 44]	20,567	105,278	125,845
Carrying amount as at 1 January 2021	2,392,485	209,461	2,601,946

The Company's investment in a joint venture is as follows:

	Company	
	2022	2021
Unquoted shares, at costs	125	125
Shareholder's advance	28,785	28,785
Accumulated impairment losses	(28,910)	(28,910)
Carrying amount at the end of the financial year	-	-

The shareholder's advance to joint ventures of the Group and the Company are unsecured and interest free with no fixed term of repayment. The advance is considered as part of the Group's and the Company's investment in the joint venture.



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## 11 JOINT VENTURES (CONTINUED)

### a. Material joint ventures of the Group

#### Summarised financial information

The information below reflects the amounts presented in the consolidated financial statements of the Group's material joint ventures.

i. The summarised statements of comprehensive income of the material joint ventures are as follows:

	IDF	Battersea	2021 Restated
	2022*	2022	
Revenue	-	5,478,435	1,802,670
Depreciation and amortisation	-	(3,924)	(3,552)
Finance income	56	585	820
Finance cost	(725)	(38,252)	(4,866)
Loss before taxation	(5,758)	(52,672)	(38,919)
Taxation	-	(148)	(3,594)
Loss for the financial year	(5,758)	(52,820)	(42,513)
Share of results	(3,167)	(21,128)	(17,005)

ii. The summarised statements of financial position of the material joint ventures are as follows:

	IDF	Battersea	2021 Restated
	2022*	2022	
<b>Non-current assets</b>	<b>395,526</b>	<b>3,123,328</b>	3,880,855
<b>Current assets</b>			
Cash and cash equivalents	15,227	289,958	921,628
Other current assets	20,316	7,775,172	11,147,392
	<b>35,543</b>	<b>8,065,130</b>	12,069,020
<b>Non-current liabilities</b>			
Financial liabilities (excluding payables)	-	3,437,272	544,109
Other non-current liabilities	-	142,299	61,951
	-	<b>3,579,571</b>	606,060
<b>Current liabilities</b>			
Financial liabilities (excluding payables)	-	180,703	6,113,716
Other current liabilities	243,315	871,412	1,506,609
	<b>243,315</b>	<b>1,052,115</b>	7,620,325
<b>Net assets</b>	<b>187,754</b>	<b>6,556,772</b>	7,723,490

\* No comparative is presented as IDF became a joint venture of the Group in the current financial year.

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### 11 JOINT VENTURES (CONTINUED)

#### a. Material joint ventures of the Group (continued)

Summarised financial information (continued)

Reconciliation of share of net assets:

	IDF	Battersea	2021 Restated
	2022*	2022	
<b>Net assets</b>			
At 1 January	-	7,723,490	5,981,213
Capital injection during the financial year	193,512	538,377	1,647,322
Total comprehensive loss for the financial year	(5,758)	(52,820)	(42,513)
Capital repayment during the financial year	-	(1,214,436)	-
Exchange differences	-	(437,839)	137,468
At 31 December	187,754	6,556,772	7,723,490
Group's interest in the joint venture	55%	40%	40%
Group's share of net assets	103,265	2,622,709	3,089,396
Unrealised profit	(72,335)	-	-
Carrying amount at the end of the financial year	30,930	2,622,709	3,089,396

\* No comparative is presented as IDF became a joint venture of the Group in the current financial year.

#### Capital commitments and contingent liabilities

There are no contingent liabilities relating to the Group's interest in the joint ventures. The Group's commitments in relation to its joint ventures are disclosed in Note 37(c)(ii).

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## 12 ASSOCIATES

The Group's interest in the associates, their respective principal activities and countries of incorporation are shown in Note 4.3.

The Group's associates are accounted for using the equity method in the financial statements.

In the opinion of the Directors, the Group has no associate which is individually material as at 31 December 2022.

The Group's and the Company's investments in associates are as follows:

	Group	
	2022	2021 Restated
Share of results	1,661	1,774
Share of other comprehensive income/(loss)	979	(2,658)
Share of total comprehensive profit/(loss) for the financial year	2,640	(884)
Dividend income	1,080	–

	Group		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Unquoted shares, at costs	36,203	36,203	36,203
Share of post-acquisition reserves	99,259	97,699	98,583
Shareholder's advance	14,898	12,969	12,194
Accumulated impairment losses	(1,803)	(1,803)	(1,803)
Carrying amount at the end of the financial year	148,557	145,068	145,177

	Company	
	2022	2021
Unquoted shares, at costs	36,000	36,000
Shareholder's advance	14,898	12,969
Accumulated impairment losses	(1,746)	(1,746)
Carrying amount at the end of the financial year	49,152	47,223
Dividend income	1,080	–

The shareholder's advance to an associate is unsecured and bears interest at a rate of 6.40% (2021: 7.21%) per annum. The advance is considered as part of the Group's and the Company's investment in the associate.

### Capital commitments and contingent liabilities

There are neither capital commitment nor contingent liabilities relating to the Group's interest in the associates.

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### 13 OTHER (LOSSES)/GAINS

	Group		Company	
	2022	2021 Restated	2022	2021
Gain on disposal of:				
– subsidiaries	53,020	–	–	–
– property, plant and equipment	2	–	3	–
Fair value loss on investment properties	(51,601)	(25,737)	–	–
Loss on lease modification	(12,788)	–	–	–
Impairment losses on:				
– quoted investment	–	(2,083)	–	(2,083)
– property, plant and equipment	(3)	(415)	–	–
– investment in subsidiaries	–	–	(3,317)	(8,128)
Loss from liquidation of subsidiaries	–	–	(22)	(17)
Foreign currency exchange (losses)/gains:				
– realised	(138)	(970)	31,332	132
– unrealised	–	–	13,650	5,832
	<b>(11,508)</b>	<b>(29,205)</b>	<b>41,646</b>	<b>(4,264)</b>

### 14 FINANCE INCOME

	Group		Company	
	2022	2021	2022	2021
Finance income arising from:				
– accretion of interest on:				
– contract assets [Note 27(a)]	86,654	93,126	–	–
– receivables	95	–	–	–
– banks and other financial institutions	15,354	8,092	3,509	2,405
– subsidiaries	–	–	51,426	56,317
– joint ventures	3,893	788	3,753	–
– associate	–	767	–	767
	<b>105,996</b>	<b>102,773</b>	<b>58,688</b>	<b>59,489</b>

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### 15 FINANCE COSTS

	Group		Company	
	2022	2021	2022	2021
Finance costs charged by:				
– banks and other financial institutions	<b>24,731</b>	20,963	<b>5,234</b>	798
– non-controlling interest	<b>6,349</b>	5,488	–	–
– lease liabilities [Note 34]	<b>2,118</b>	3,285	<b>383</b>	613
Accretion of interest on:				
– payables	<b>4,329</b>	4,289	–	–
– provisions [Note 35]	<b>4,131</b>	3,872	–	–
	<b>41,658</b>	37,897	<b>5,617</b>	1,411
Islamic financing distribution payment:				
– Syndicated Islamic term financing	<b>40,696</b>	46,636	–	–
– Islamic Medium Term Notes	<b>27,370</b>	27,378	<b>27,370</b>	27,378
– Term loans and revolving credits	<b>35,801</b>	30,593	<b>21,822</b>	14,439
	<b>103,867</b>	104,607	<b>49,192</b>	41,817
Total finance costs	<b>145,525</b>	142,504	<b>54,809</b>	43,228
Interest capitalised in inventories [Note 21]	<b>(48,152)</b>	(47,507)	–	–
Net finance costs	<b>97,373</b>	94,997	<b>54,809</b>	43,228

The Group's weighted average capitalisation rate in determining interest eligible for capitalisation is 4.5% (2021: 3.4%) per annum.

### 16 TAXATION

	Group		Company	
	2022	2021 Restated	2022	2021
Income tax:				
In respect of current financial year				
– Malaysian income tax	<b>142,287</b>	100,078	<b>11,318</b>	11,574
– foreign income tax	–	1	–	–
In respect of prior financial years				
– Malaysian income tax	<b>163</b>	15,661	<b>(312)</b>	(3,784)
Total income tax	<b>142,450</b>	115,740	<b>11,006</b>	7,790
Deferred tax: [Note 25]				
– origination and reversal of temporary differences	<b>(2,047)</b>	3,888	<b>(6,815)</b>	(2,459)
– under/(over) provision in prior financial years	<b>6,759</b>	(1,431)	<b>(2,807)</b>	6,291
Total deferred tax expense/(credit)	<b>4,712</b>	2,457	<b>(9,622)</b>	3,832
Total taxation	<b>147,162</b>	118,197	<b>1,384</b>	11,622

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### 16 TAXATION

#### Tax reconciliation

Reconciliation from tax at applicable tax rate to tax expense are as follows:

	Group		Company	
	2022	2021 Restated	2022	2021
Profit before taxation	<b>458,860</b>	280,495	<b>262,706</b>	221,878
Less:				
Share of results of:				
– joint ventures [Note 11]	<b>27,756</b>	17,533	–	–
– associates [Note 12]	<b>(1,661)</b>	(1,774)	–	–
	<b>484,955</b>	296,254	<b>262,706</b>	221,878
Tax at the domestic rates applicable to profits in the country concerned	<b>119,331</b>	76,950	<b>63,049</b>	53,251
Effect of tax incentives and income not subject to tax:				
– single tier and tax exempt dividends	–	–	<b>(71,920)</b>	(51,229)
– others	<b>(518)</b>	(249)	<b>(10,790)</b>	(1,431)
Effect of expenses not deductible for tax purposes:				
– impairment losses/(reversal of impairment) on amounts due from subsidiaries	–	–	<b>20,145</b>	(488)
– impairment losses on investment in subsidiaries, joint ventures and associates	–	–	<b>796</b>	1,951
– depreciation and amortisation	<b>4,720</b>	5,722	<b>818</b>	763
– others	<b>4,939</b>	5,452	<b>2,405</b>	6,298
Different tax rates arising from fair value of investment properties at real property gains tax rate	<b>1,511</b>	2,133	–	–
Differences in tax rate under “Cukai Makmur” (prosperity tax)*	<b>8,487</b>	–	–	–
Movement in unrecognised deferred tax assets	<b>1,770</b>	13,959	–	–
Under/(Over) provision in prior years	<b>6,922</b>	14,230	<b>(3,119)</b>	2,507
Taxation for the financial year	<b>147,162</b>	118,197	<b>1,384</b>	11,622
Applicable tax rate (%)	<b>17.0 – 33.0*</b>	17.0 – 24.0	<b>24.0</b>	24.0
Effective tax rate (%)	<b>28.9</b>	35.1	<b>1.7</b>	4.1

The applicable tax of the Group represents the applicable taxes of all companies under the Group based on their respective domestic tax rate.

\* For year of assessment 2022, the Cukai Makmur is applicable for companies within the Group with chargeable income in excess of RM100.0 million, whereby chargeable income for the first RM100.0 million is taxed at 24% and the portion of chargeable income in excess of RM100.0 million is taxed at 33%.

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## 17 EARNINGS PER SHARE

Basic earnings per share attributable to owners of the Company are computed as follows:

	Group	
	2022	2021 Restated
Profit for the financial year attributable to the owners of the Company	315,839	146,893
Number of ordinary shares in issue (thousand)	6,800,839	6,800,839
Basic earnings per share (sen)	4.6	2.2

The basic and diluted earnings per share is the same as there is no dilutive potential ordinary shares in issue as at the end of the financial year.

## 18 DIVIDENDS

	Group/Company	
	2022	2021
In respect of the financial year ended 31 December 2022, a single tier dividend of 1.0 sen per ordinary share which was paid on 19 October 2022	68,008	-
In respect of the financial year ended 31 December 2021, a single tier dividend of 1.0 sen per ordinary share which was paid on 16 November 2021	-	68,008
	68,008	68,008

The Board of Directors had on 28 February 2023, declared a second single tier dividend in respect of the financial year ended 31 December 2022 of 1.0 sen per ordinary share amounting to RM68.0 million. The second single tier dividend is payable on 28 March 2023 to shareholders whose names appeared in the Record of Depositors and Register of Members of the Company at the close of business on 15 March 2023.

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### 19 PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land	Leasehold land	Buildings and golf course	Plant and machinery	Vehicles, equipment and fixtures	Work in progress	Total
<b>2022</b>							
At 1 January 2022	58,619	52,118	440,994	1,366	47,309	14,841	615,247
Additions	-	-	508	18	6,572	4,182	11,280
Impairment losses	-	-	-	-	(3)	-	(3)
Write-off	-	-	-	-	(1)	-	(1)
Disposal	-	-	(5,032)	-	*	-	(5,032)
Disposal of subsidiaries [Note 36]	-	-	(5,380)	(40)	(17)	-	(5,437)
Reclassification	-	-	-	-	838	(838)	-
Depreciation [Notes 7 & 9]	-	(1,030)	(17,498)	(348)	(10,711)	-	(29,587)
Exchange differences	-	-	-	-	(124)	-	(124)
At 31 December 2022	58,619	51,088	413,592	996	43,863	18,185	586,343
Cost	58,619	61,643	681,748	40,687	209,215	18,185	1,070,097
Accumulated depreciation	-	(7,190)	(258,798)	(39,641)	(164,363)	-	(469,992)
Accumulated impairment losses	-	(3,365)	(9,358)	(50)	(989)	-	(13,762)
Carrying amount at the end of the financial year	58,619	51,088	413,592	996	43,863	18,185	586,343

\* less than RM1,000

### 2021

#### Restated

At 1 January 2021	58,619	52,813	460,421	1,725	49,952	2,648	626,178
Additions	-	325	938	57	3,631	540	5,491
Impairment losses	-	-	-	-	(415)	-	(415)
Write-off	-	-	-	-	(98)	-	(98)
Transfer from/(to):							
- inventories [Note 21]	-	-	-	-	4,581	13,369	17,950
- investment properties [Note 20]	-	-	(831)	-	-	-	(831)
Reclassification	-	-	-	-	1,716	(1,716)	-
Depreciation [Notes 7 & 9]	-	(1,020)	(19,730)	(418)	(12,321)	-	(33,489)
Exchange differences	-	-	196	2	263	-	461
At 31 December 2021	58,619	52,118	440,994	1,366	47,309	14,841	615,247
Cost	58,619	61,643	710,027	42,181	207,369	14,841	1,094,680
Accumulated depreciation	-	(6,160)	(259,864)	(40,765)	(159,107)	-	(465,896)
Accumulated impairment losses	-	(3,365)	(9,169)	(50)	(953)	-	(13,537)
Carrying amount at the end of the financial year	58,619	52,118	440,994	1,366	47,309	14,841	615,247



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## 19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Buildings	Vehicles, equipment and fixtures	Work in progress	Total
<b>2022</b>				
At 1 January 2022	15,249	5,351	-	20,600
Additions	-	2,517	2,992	5,509
Disposal	-	*	-	*
Depreciation [Notes 7 & 9]	(7,624)	(1,686)	-	(9,310)
At 31 December 2022	7,625	6,182	2,992	16,799
Cost	22,874	45,327	2,992	71,193
Accumulated depreciation	(15,249)	(39,145)	-	(54,394)
Carrying amount at the end of the financial year	7,625	6,182	2,992	16,799
* less than RM1,000				
<b>2021</b>				
At 1 January 2021	22,874	4,338	-	27,212
Additions	-	2,606	-	2,606
Depreciation [Notes 7 & 9]	(7,625)	(1,593)	-	(9,218)
At 31 December 2021	15,249	5,351	-	20,600
Cost	22,874	43,286	-	66,160
Accumulated depreciation	(7,625)	(37,935)	-	(45,560)
Carrying amount at the end of the financial year	15,249	5,351	-	20,600

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### 19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Group	Leasehold land	Buildings and golf course	Vehicles	Total
<b>2022</b>				
At 1 January 2022	52,118	280,641	4,282	337,041
Additions	-	238	-	238
Disposal of subsidiaries	-	(5,380)	-	(5,380)
Depreciation	(1,030)	(8,690)	(1,533)	(11,253)
At 31 December 2022	51,088	266,809	2,749	320,646
Cost	61,643	416,999	7,319	485,961
Accumulated depreciation	(7,190)	(143,219)	(4,570)	(154,979)
Accumulated impairment losses	(3,365)	(6,971)	-	(10,336)
Carrying amount at the end of the financial year	51,088	266,809	2,749	320,646
<b>2021</b>				
At 1 January 2021	52,813	290,323	5,569	348,705
Additions	325	231	297	853
Transfer to investment properties [Note 20]	-	(831)	-	(831)
Depreciation	(1,020)	(9,286)	(1,584)	(11,890)
Exchange differences	-	204	-	204
At 31 December 2021	52,118	280,641	4,282	337,041
Cost	61,643	437,005	7,319	505,967
Accumulated depreciation	(6,160)	(149,582)	(3,037)	(158,779)
Accumulated impairment losses	(3,365)	(6,782)	-	(10,147)
Carrying amount at the end of the financial year	52,118	280,641	4,282	337,041

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## 19 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### a. Right-of-use assets

Right-of-use assets included in property, plant and equipment are as follows:

Company	Buildings	Vehicles	Total
<b>2022</b>			
At 1 January 2022	<b>15,249</b>	<b>166</b>	<b>15,415</b>
Depreciation	<b>(7,624)</b>	<b>(80)</b>	<b>(7,704)</b>
At 31 December 2022	<b>7,625</b>	<b>86</b>	<b>7,711</b>
Cost	<b>22,874</b>	<b>297</b>	<b>23,171</b>
Accumulated depreciation	<b>(15,249)</b>	<b>(211)</b>	<b>(15,460)</b>
Carrying amount at the end of the financial year	<b>7,625</b>	<b>86</b>	<b>7,711</b>
<b>2021</b>			
At 1 January 2021	22,874	243	23,117
Depreciation	(7,625)	(77)	(7,702)
At 31 December 2021	15,249	166	15,415
Cost	22,874	297	23,171
Accumulated depreciation	(7,625)	(131)	(7,756)
Carrying amount at the end of the financial year	15,249	166	15,415

The Company's right-of-use building is leased from a subsidiary company.

### b. Assets pledged as security

As at 31 December 2022, property, plant and equipment of certain subsidiaries with a total carrying amount of RM67.1 million (2021: RM69.0 million) were pledged as security for borrowings of the Group (see Note 33).

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### 20 INVESTMENT PROPERTIES

Group	Freehold land and buildings	Leasehold land and buildings	Work in progress	Total
<b>2022</b>				
At 1 January 2022	617,888	66,998	89,116	774,002
– effect of change in accounting policy	191,630	21,654	–	213,284
As restated	809,518	88,652	89,116	987,286
Additions	1,507	–	23,522	25,029
Transfer from inventories [Note 21]	–	–	252,515	252,515
Disposal of subsidiaries [Note 36]	–	–	(113,468)	(113,468)
Adjustment on lease modification	–	(15,507)	–	(15,507)
Net changes in fair value on investment properties	5,566	(12,231)	(44,936)	(51,601)
Exchange differences	–	946	–	946
At 31 December 2022	816,591	61,860	206,749	1,085,200
<b>2021</b>				
<b>Restated</b>				
At 1 January 2021	625,385	78,437	5,208	709,030
– effect of change in accounting policy	193,971	24,292	(5,208)	213,055
As restated	819,356	102,729	–	922,085
Additions	1,387	–	5,384	6,771
Transfer from property, plant and equipment [Note 19]	–	831	–	831
Transfer from inventories [Note 21]	–	–	83,732	83,732
Disposal	(1,020)	–	–	(1,020)
Net changes in fair value on investment properties	(10,205)	(15,532)	–	(25,737)
Exchange differences	–	624	–	624
At 31 December 2021	809,518	88,652	89,116	987,286

Included in the above are:

	Group		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Investment properties at fair value	1,025,986	898,170	922,085
Investment properties at cost	59,214	89,116	–
At end of the financial year	1,085,200	987,286	922,085

Movements in investment properties under construction during the financial year are mainly additions of RM18.2 million (2021: RM5.4 million), transfer from inventories of RM65.4 million (2021: RM83.7 million) and disposal of subsidiaries of RM113.5 million (2021: Nil).

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## 20 INVESTMENT PROPERTIES (CONTINUED)

### a. Additions of investment properties

	Group	
	2022	2021
Additions	25,029	6,771
Movement in accruals	(9,078)	2,259
Total cash outflow	15,951	9,030

### b. Right-of-use assets

Right-of-use assets included in investment properties are as follows:

Group	Leasehold land and buildings	Work in progress	Total
<b>2022</b>			
At 1 January 2022	66,998	920	67,918
– effect of change in accounting policy	21,654	–	21,654
As restated	88,652	920	89,572
Additions	–	8,102	8,102
Transfer from inventories	–	187,106	187,106
Adjustment on lease modification	(15,507)	–	(15,507)
Fair value adjustments	(12,231)	(44,936)	(57,167)
Exchange differences	946	–	946
At 31 December 2022	61,860	151,192	213,052
<b>2021</b>			
<b>Restated</b>			
At 1 January 2021	78,437	–	78,437
– effect of change in accounting policy	24,292	–	24,292
As restated	102,729	–	102,729
Additions	–	69	69
Transfer from property, plant and equipment [Note 19]	831	–	831
Transfer from inventories	–	851	851
Fair value adjustments	(15,532)	–	(15,532)
Exchange differences	624	–	624
At 31 December 2021	88,652	920	89,572

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### 20 INVESTMENT PROPERTIES (CONTINUED)

#### c. Fair Value

The fair value of the Group's investment properties are determined using Level 3 inputs in the fair value hierarchy of MFRS 13 - Fair Value Measurements, which are measured by reference to valuation by independent professional valuers.

Properties valued using the investment method are based on the rental expected to be achieved, location, size and condition of the properties, taking into consideration outgoings such as quit rent and assessment, utilities and other general expenses. Key inputs consist of term yield, reversion yield and rental per square foot. Properties valued using the comparable method are derived from transacted prices per square foot from sales of comparable properties, adjusted for the property size, location and date of transaction.

Investment properties under construction are measured at cost until either the fair value becomes reliably determinable or when construction is completed, whichever is earlier.

The Level 3 inputs or unobservable inputs include:

Term yield	Based on current contractual rentals and actual net lettable occupied, including revision upon renewal of tenancies during the financial year
Reversion yield	Current market rates with reference to the latest renewals concluded, asking rentals and also the term rentals passing
Price per square foot (psf)	Estimated price psf for which a property should exchange on the date of valuation between a willing buyer and a willing seller

The following table provides the fair value of the Group's investment properties measured at Level 3:

	Group		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
Investment properties:			
– Retail	<b>504,651</b>	351,981	359,077
– Commercial buildings	<b>384,429</b>	412,659	429,478
– Others	<b>136,906</b>	133,530	133,530
	<b>1,025,986</b>	898,170	922,085

#### Significant unobservable inputs

#### Inter-relationship between significant unobservable inputs and fair value measurement

Term and reversion yield	Higher yield, lower fair value
Price per square foot	Higher price, higher fair value

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## 20 INVESTMENT PROPERTIES (CONTINUED)

### c. Fair Value

Impact of a reasonably possible change in key inputs for investment properties with significant changes in fair value during the year is illustrated below:

Investment properties	Valuation techniques	Significant unobservable input	Impact of changes in price per square foot by 10%		
			31.12.2022	31.12.2021	01.01.2021
Retail	Comparison method	Price per square foot	12,500	N/A	N/A

There are no significant changes in fair value for commercial buildings and others, and as such, the impact of changes in key inputs are not illustrated.

Description of valuation techniques used and key inputs to valuation on investment properties measured at Level 3 are as follows:

Valuation techniques		Significant unobservable inputs		
		Term yield %	Reversion yield %	Price psf RM
<b>31.12.2022</b>				
Retail	Investment method	<b>5.75</b>	<b>6.25</b>	-
	Comparison method	-	-	<b>520</b>
Commercial buildings	Investment method	<b>4.75 - 6.25</b>	<b>5.25 - 6.50</b>	<b>37 - 11,542</b>
	Comparison method	-	-	<b>205 - 556</b>
Others	Comparison method	-	-	<b>37 - 78</b>
<b>31.12.2021</b>				
Retail	Investment method	5.75	6.25	-
Commercial buildings	Investment method	5.00 - 6.25	5.25 - 6.50	41 - 11,820
	Comparison method	-	-	205 - 556
Others	Comparison method	-	-	41 - 71
<b>01.01.2021</b>				
Retail	Investment method	5.75 - 6.25	6.25 - 12.00	-
Commercial buildings	Investment method	5.00 - 6.25	5.25 - 7.00	41 - 9,804
	Comparison method	-	-	205 - 556
Others	Comparison method	-	-	41 - 71

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### 20 INVESTMENT PROPERTIES (CONTINUED)

#### d. Assets pledged as security

As at 31 December 2022, investment properties of certain subsidiaries with a total carrying amount of RM334.4 million (2021 (restated): RM187.0 million) were pledged as security for borrowings of the Group (see Note 33).

#### e. Operating leases

Rental income generated from and direct operating expenses incurred on the Group's investment properties are as follows:

	Group	
	2022	2021
Rental income	57,932	57,146
Direct operating expenses	(33,918)	(32,529)

The future minimum lease payments receivable under operating leases contracted for as at the end of reporting period but not recognised as receivable are as follows:

	Group	
	2022	2021
Lease payments due:		
– not later than 1 year	44,660	51,976
– later than 1 year and not later than 2 years	21,392	43,241
– later than 2 years and not later than 3 years	13,786	6,045
– later than 3 years and not later than 4 years	5,684	5,684
– later than 4 years and not later than 5 years	5,493	5,684
– later than 5 years	87,446	101,190
	<b>178,461</b>	213,820

The Group entered into non-cancellable operating lease agreements on its investment properties. These leases have remaining non-cancellable lease term ranging from 1 to 26 years (2021: ranging from 1 to 27 years).



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## 21 INVENTORIES

	Group		Company	
	2022	2021	2022	2021
<b>Non-current</b>				
Land held for property development [note (a)]	<b>4,016,559</b>	3,869,520	<b>1,076,741</b>	1,057,817
<b>Current</b>				
Cost:				
– completed development units	<b>126,451</b>	90,848	<b>6,001</b>	6,001
– finished goods, raw materials and consumables	<b>640</b>	776	–	–
Net realisable value:				
– completed development units	<b>150,798</b>	238,724	–	–
	<b>277,889</b>	330,348	<b>6,001</b>	6,001
Property development costs [note(b)]	<b>1,249,389</b>	1,592,449	<b>101,501</b>	98,110
	<b>1,527,278</b>	1,922,797	<b>107,502</b>	104,111
Total inventories	<b>5,543,837</b>	5,792,317	<b>1,184,243</b>	1,161,928

During the financial year, the Group and the Company recognised inventories cost of RM1,682.8 million (2021: RM1,472.5 million) and RM114.1 million (2021: RM105.2 million), respectively, as cost of sales.

As at 31 December 2022, certain inventories of the Group and the Company with a total carrying amount of RM230.8 million (2021: RM733.6 million) and RM53.2 million (2021: RM52.9 million) were pledged as security for borrowings of the Group and the Company respectively (see Note 33).

The cost of sales included write-down of inventories to net realisable value by the Group of RM6.3 million (2021: RM1.9 million).

### a. Land held for property development

	Group		Company	
	2022	2021	2022	2021
At 1 January	<b>3,869,520</b>	4,474,282	<b>1,057,817</b>	1,052,552
Additions	<b>469,864</b>	363,798	<b>94,524</b>	62,302
Write-off	<b>(32)</b>	(384)	–	(162)
Transfer to:				
– property, plant and equipment [Note 19]	–	(4,581)	–	–
– property development costs [note (b)]	<b>(322,793)</b>	(963,595)	<b>(75,600)</b>	(56,875)
At 31 December	<b>4,016,559</b>	3,869,520	<b>1,076,741</b>	1,057,817

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### 21 INVENTORIES (CONTINUED)

#### a. Land held for property development (continued)

Land held for property development is analysed as follows:

	Group		Company	
	2022	2021	2022	2021
Freehold land, at cost	<b>1,401,603</b>	1,374,851	<b>899,071</b>	907,583
Leasehold land, at cost	<b>467,967</b>	470,761	-	-
Development costs	<b>2,146,989</b>	2,023,908	<b>177,670</b>	150,234
	<b>4,016,559</b>	3,869,520	<b>1,076,741</b>	1,057,817

#### b. Property development costs

	Group		Company	
	2022	2021	2022	2021
At 1 January	<b>1,592,449</b>	1,184,936	<b>98,110</b>	121,967
Development costs incurred during the financial year	<b>1,216,962</b>	770,870	<b>41,934</b>	18,609
Costs recognised during the financial year [Note 7]	<b>(1,571,078)</b>	(1,169,053)	<b>(114,143)</b>	(99,341)
Transfer (to)/from:				
- property, plant and equipment [Note 19]	-	(13,369)	-	-
- investment properties [Note 20]	<b>(252,515)</b>	(83,732)	-	-
- land held for property development [note (a)]	<b>322,793</b>	963,595	<b>75,600</b>	56,875
- completed development units	<b>(57,403)</b>	(57,623)	-	-
Reversal of write-down	<b>1,274</b>	-	-	-
Write-down	-	(1,016)	-	-
Write-off	<b>(3,093)</b>	(2,159)	-	-
At 31 December	<b>1,249,389</b>	1,592,449	<b>101,501</b>	98,110

Property development costs is analysed as follows:

	Group		Company	
	2022	2021	2022	2021
Freehold land, at cost	<b>159,664</b>	257,355	<b>21,651</b>	25,006
Leasehold land, at cost	<b>89,536</b>	101,416	-	-
Development costs	<b>1,000,189</b>	1,233,678	<b>79,850</b>	73,104
	<b>1,249,389</b>	1,592,449	<b>101,501</b>	98,110

Included in the Group's land held for property development and property development costs incurred during the financial year are finance costs capitalised amounting to RM48.2 million (2021: RM47.5 million) (see Note 15).

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## 22 SUBSIDIARIES

The Group's effective equity interest in the subsidiaries, their respective principal activities and countries of incorporation are shown in Note 43.

	Company	
	2022	2021
Unquoted shares:		
At cost	<b>9,338,919</b>	9,228,310
Accumulated impairment losses	<b>(1,298,717)</b>	(1,340,757)
	<b>8,040,202</b>	7,887,553
Contribution to a subsidiary	-	23,485
Carrying amount at the end of the financial year	<b>8,040,202</b>	7,911,038

During the financial year ended 31 December 2022, movement in the carrying amount of subsidiaries include, amongst others, capital injections in subsidiaries of RM217.8 million (2021: RM781.7 million) and capital repayment received from subsidiaries of RM92.7 million (2021: RM0.3 million).

The contribution to a subsidiary has no fixed term of repayment and any repayment is at the discretion of the subsidiary upon notification by the subsidiary to the Company.

Movements in accumulated impairment losses are as follows:

	Company	
	2022	2021
At 1 January	<b>1,340,757</b>	1,207,935
Impairment losses	<b>3,317</b>	8,128
Reclassified from accumulated impairment losses on amounts due from subsidiaries following the increase in investment in those subsidiaries through debt capitalisation [Note 26(c)]	-	169,571
Liquidation of subsidiaries	<b>(45,357)</b>	(44,877)
At 31 December	<b>1,298,717</b>	1,340,757

During the financial year, the Company had assessed the cost of investment in a subsidiary for impairment. The recoverable amount of the subsidiary is determined based on estimated future distributions from the subsidiary. The estimated future distributions are, in turn, funded by future profits from the ongoing developments, inventories and properties of the subsidiary's underlying investments. The estimates are in line with the latest project budgets and estimates, barring any unforeseen deviations in project revenue and costs. The estimated future distributions are discounted at cost of equity of 9% in deriving the recoverable amount. The recoverable amount exceeds the cost of investment of the subsidiary as at the end of financial year; this remains to be the case with a reasonably possible increase in discount rate by 20 basis points.

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### 23 INVESTMENTS

Group/Company	Quoted shares	Unquoted shares	Total
<b>2022</b>			
At 1 January 2022	–	53,418	53,418
Net changes in fair value recognised in other comprehensive income	–	(4,785)	(4,785)
At 31 December 2022	–	48,633	48,633
<b>2021</b>			
At 1 January 2021	2,083	54,193	56,276
Net changes in fair value recognised in other comprehensive income	–	(775)	(775)
Impairment losses	(2,083)	–	(2,083)
At 31 December 2021	–	53,418	53,418

### 24 INTANGIBLE ASSETS

	Group		Company	
	2022	2021	2022	2021
At 1 January	7,258	5,721	5,724	4,628
Additions	1,739	3,492	1,056	2,682
Amortisation [Notes 7 & 9]	(2,420)	(1,955)	(1,723)	(1,586)
At 31 December	6,577	7,258	5,057	5,724
Cost	35,430	33,691	30,870	29,814
Accumulated amortisation	(28,853)	(26,433)	(25,813)	(24,090)
Carrying amount at the end of the financial year	6,577	7,258	5,057	5,724

The intangible assets for the Group and the Company comprise mainly computer software.

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### 25 DEFERRED TAX

	Group			Company	
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated	31.12.2022	31.12.2021
Deferred tax assets	<b>601,790</b>	620,605	614,928	<b>35,498</b>	25,876
Deferred tax liabilities	<b>(316,650)</b>	(320,359)	(312,227)	-	-
	<b>285,140</b>	300,246	302,701	<b>35,498</b>	25,876

The amount of deductible temporary differences, which have no expiry dates, and unutilised tax losses for which no deferred tax asset is recognised in the statements of financial position are as follows:

	Group		Company	
	2022	2021 Restated	2022	2021
Unutilised tax losses	<b>687,546</b>	698,685	-	-
Deductible temporary differences	<b>576,017</b>	572,253	-	-
	<b>1,263,563</b>	1,270,938	-	-
Deferred tax assets not recognised	<b>303,255</b>	305,025	-	-

Under the Malaysia Finance Act 2021 which was gazetted on 31 December 2021, the time limit to utilise tax losses is limited to a maximum of 10 consecutive years, effective from year of assessment 2019 onwards. Unutilised tax losses brought forward from year of assessment 2018 and preceding years of assessment can be carried forward up to 2028 under the special provision.

	Group	
	2022	2021 Restated
Unutilised tax losses:		
- expiring in 2028	<b>322,710</b>	342,646
- expiring in 2029	<b>233,211</b>	235,003
- expiring in 2030	<b>66,608</b>	63,943
- expiring in 2031	<b>56,784</b>	57,093
- expiring in 2032	<b>8,233</b>	-
	<b>687,546</b>	698,685

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### 25 DEFERRED TAX (CONTINUED)

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

Group	Property, plant and equipment	Investment properties	Inventories	Contract assets	Allowance and provision	Tax losses and unabsorbed capital allowances	Others	Total
<b>2022</b>								
At 1 January 2022	5,356	(12,016)	405,404	(205,885)	125,114	92,054	28,485	438,512
- effect from change in accounting policy and prior year adjustment [Note 44]	-	(22,983)	-	(115,283)	-	-	-	(138,266)
As restated	5,356	(34,999)	405,404	(321,168)	125,114	92,054	28,485	300,246
Recognised in profit or loss: [Note 16]								
- temporary differences	(225)	6,503	(26,474)	2,180	8,221	6,112	5,730	2,047
- over/(under) provision in prior financial years	123	-	(5,121)	-	5,365	(7,528)	402	(6,759)
- disposal of subsidiaries [Note 36]	-	-	(10,450)	-	-	-	-	(10,450)
- others	-	-	-	-	-	-	56	56
At 31 December 2022	5,254	(28,496)	363,359	(318,988)	138,700	90,638	34,673	285,140
<b>2021</b>								
<b>Restated</b>								
At 1 January 2021	6,029	-	407,819	(201,811)	114,539	96,915	21,482	444,973
- effect from change in accounting policy and prior year adjustment [Note 44]	-	(22,983)	-	(119,117)	-	-	(172)	(142,272)
As restated	6,029	(22,983)	407,819	(320,928)	114,539	96,915	21,310	302,701
Recognised in profit or loss: [Note 16]								
- temporary differences	(412)	(12,016)	(10,512)	676	5,213	6,196	6,967	(3,888)
- (under)/over provision in prior financial years	(261)	-	8,097	(916)	5,362	(11,057)	206	1,431
- others	-	-	-	-	-	-	2	2
At 31 December 2021	5,356	(34,999)	405,404	(321,168)	125,114	92,054	28,485	300,246

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## 25 DEFERRED TAX (CONTINUED)

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

Company	Property, plant and equipment	Inventories	Allowance and provision	Total
<b>2022</b>				
At 1 January 2022	(567)	14,300	12,143	25,876
Recognised in profit or loss: [Note 16]				
– temporary differences	(268)	2,487	4,596	6,815
– (under)/over provision in prior financial years	(326)	1,453	1,680	2,807
At 31 December 2022	(1,161)	18,240	18,419	35,498
<b>2021</b>				
At 1 January 2021	(331)	19,175	10,864	29,708
Recognised in profit or loss: [Note 16]				
– temporary differences	(390)	1,570	1,279	2,459
– over/(under) provision in prior financial years	154	(6,445)	–	(6,291)
At 31 December 2021	(567)	14,300	12,143	25,876

## 26 RECEIVABLES

	Group		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
<b>Non-current</b>			
Trade receivables	22,928	17,649	10,343
Deposit	28,000	–	–
Amounts due from:			
– joint ventures [note (a)]	89,000	103,750	118,000
	139,928	121,399	128,343
Accumulated impairment losses on amounts due from a joint venture [note (c)]	(37,210)	(37,210)	(37,210)
	102,718	84,189	91,133

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### 26 RECEIVABLES (CONTINUED)

	Group		
	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
<b>Current</b>			
Trade receivables	<b>528,090</b>	659,281	589,676
Other receivables	<b>74,201</b>	79,273	82,600
Deposits	<b>133,722</b>	98,430	74,371
GST recoverable	<b>727</b>	109	747
Amounts due from:			
– joint ventures [note (a)]	<b>241,362</b>	6,277	6,658
	<b>978,102</b>	843,370	754,052
Accumulated impairment losses on: [note (c)]			
– trade receivables	<b>(71,727)</b>	(64,698)	(66,682)
– other receivables	<b>(39,224)</b>	(57,938)	(57,457)
– amounts due from joint ventures	<b>(4,536)</b>	(4,536)	(4,536)
	<b>(115,487)</b>	(127,172)	(128,675)
	<b>862,615</b>	716,198	625,377
Total receivables	<b>965,333</b>	800,387	716,510

	Company	
	2022	2021
<b>Non-current</b>		
Amounts due from:		
– joint ventures [note (a)]	<b>89,000</b>	89,000
– subsidiaries [note (b)]	<b>1,427,231</b>	1,491,382
	<b>1,516,231</b>	1,580,382
Accumulated impairment losses on: [note (c)]		
– amounts due from a joint venture	<b>(37,210)</b>	(37,210)
– amounts due from subsidiaries	<b>(135,914)</b>	(53,084)
	<b>1,343,107</b>	1,490,088



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## 26 RECEIVABLES (CONTINUED)

	Company	
	2022	2021
<b>Current</b>		
Trade receivables	<b>39,226</b>	62,000
Other receivables	<b>6,292</b>	18,888
Deposits	<b>7,382</b>	7,355
Amounts due from:		
– joint ventures [note (a)]	<b>123,246</b>	6,259
– subsidiaries [note (b)]	<b>156,498</b>	421,293
	<b>332,644</b>	515,795
Accumulated impairment losses on: [note (c)]		
– other receivables	<b>(3,349)</b>	(17,242)
– amounts due from joint ventures	<b>(4,536)</b>	(4,536)
– amounts due from subsidiaries	<b>(2,074)</b>	(1,521)
	<b>(9,959)</b>	(23,299)
	<b>322,685</b>	492,496
Total receivables	<b>1,665,792</b>	1,982,584

### Credit quality of financial assets

Trade receivables that are neither past due nor impaired are amounts due from a large number of customers comprise substantially property purchasers with financing facilities from reputable end-financiers. In respect of property purchasers with no end-financing facilities, ownership and rights to the properties revert to the Group and to the Company in the event of default.

Trade receivables also include amounts due from tenants and golf club members. Amounts due from tenants are secured with deposits paid by tenants prior to occupancy of premises and rentals paid in advance. Amounts due from golf club members are those with good payment track records with the Group. Management monitors closely the trade receivables which are past due with outstanding balances exceeding the security deposits.

Other receivables and amounts due from joint ventures and subsidiaries which are not impaired are monitored closely.

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### 26 RECEIVABLES (CONTINUED)

#### a. Amounts due from joint ventures

The amounts due from joint ventures are unsecured, repayable on demand and are non-interest bearing except for the following:

	Group		Company	
	2022	2021	2022	2021
<b>Amounts due from joint ventures</b>				
Interest bearing	<b>205,125</b>	103,750	<b>205,125</b>	89,000
<b>Accumulated impairment losses</b>				
At 1 January/31 December	<b>(37,210)</b>	(37,210)	<b>(37,210)</b>	(37,210)
	<b>167,915</b>	66,540	<b>167,915</b>	51,790
<b>Non-current</b>				
Due later than 1 year	<b>51,790</b>	66,540	<b>51,790</b>	51,790
<b>Current</b>				
Due not later than 1 year	<b>116,125</b>	–	<b>116,125</b>	–
	<b>167,915</b>	66,540	<b>167,915</b>	51,790

The amounts due from joint ventures of the Group and the Company bear interest at fixed rates ranging from 3.8% to 5.0% (2021: 5.0% to 8.0%) per annum.

#### b. Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, repayable on demand and are non-interest bearing except for an amount of RM1,296.7 million (2021: RM1,360.8 million) which bears effective interest at 3.59% (2021: 3.15%) per annum.

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## 26 RECEIVABLES (CONTINUED)

### c. Movements in accumulated impairment losses

Movements in accumulated impairment losses on receivables are as follows:

Group	12-month ECL	Lifetime ECL	Total
<b>2022</b>			
At 1 January 2022	<b>6,370</b>	<b>158,012</b>	<b>164,382</b>
Impairment losses on trade and other receivables	-	<b>4,591</b>	<b>4,591</b>
Reversal of impairment losses on trade and other receivables	<b>(130)</b>	<b>(1,697)</b>	<b>(1,827)</b>
Write-off	-	<b>(14,449)</b>	<b>(14,449)</b>
At 31 December 2022	<b>6,240</b>	<b>146,457</b>	<b>152,697</b>
Gross carrying amount at the end of the financial year	<b>22,790</b>	<b>1,095,240</b>	<b>1,118,030</b>
Carrying value net of ECL at the end of the financial year	<b>16,550</b>	<b>948,783</b>	<b>965,333</b>
<b>2021</b>			
At 1 January 2021	17,780	148,105	165,885
Impairment losses on trade and other receivables	1,804	1,102	2,906
Reversal of impairment losses on trade and other receivables	-	(4,409)	(4,409)
Reclassification	(13,214)	13,214	-
At 31 December 2021	6,370	158,012	164,382
Gross carrying amount at the end of the financial year	14,772	938,045	952,817
Carrying value net of ECL at the end of the financial year	8,402	780,033	788,435

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### 26 RECEIVABLES (CONTINUED)

#### c. Movements in accumulated impairment losses (continued)

Movements in accumulated impairment losses on receivables are as follows (continued):

Company	12-month ECL	Lifetime ECL	Total
<b>2022</b>			
At 1 January 2022	1,917	111,676	113,593
Impairment losses on amounts due from:			
– subsidiaries	–	83,383	83,383
– other receivables	556	–	556
Write-off	–	(14,449)	(14,449)
At 31 December 2022	2,473	180,610	183,083
Gross carrying amount at the end of the financial year	7,382	1,841,493	1,848,875
Carrying value net of ECL at the end of the financial year	4,909	1,660,883	1,665,792
<b>2021</b>			
At 1 January 2021	1,917	283,282	285,199
Reversal of impairment losses on amounts due from subsidiaries	–	(2,035)	(2,035)
Reclassified to accumulated impairment losses on cost of investment in subsidiaries following the capitalisation of the amounts due from those subsidiaries [Note 22]	–	(169,571)	(169,571)
At 31 December 2021	1,917	111,676	113,593
Gross carrying amount at the end of the financial year	7,355	2,088,822	2,096,177
Carrying value net of ECL at the end of the financial year	5,438	1,977,146	1,982,584

During the financial year, the Company recognised ECL on the amounts due from subsidiaries of RM83.4 million. The ECL is determined after considering possible outcomes of expected future recoveries arising from the subsidiaries' ongoing developments, inventories and properties.

The expected future recoveries are based on forecasts which are in line with the latest project budgets and estimates, barring any unforeseen deviations in project revenue and costs. A reasonably possible reduction of 5% in gross development margin would result in additional ECL of RM3.3 million.

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## 27 CONTRACT ASSETS AND CONTRACT LIABILITIES

	Group		Company	
	2022	2021	2022	2021
<b>Contract Assets</b>				
Contract assets from concession arrangement [note (a)]	<b>1,343,660</b>	1,397,155	-	-
Contract assets from property development [note (b)]	<b>1,009,855</b>	948,854	<b>19,027</b>	38,583
Carrying amount at the end of the financial year	<b>2,353,515</b>	2,346,009	<b>19,027</b>	38,583
<b>Non-current</b>				
Due later than 1 year	<b>1,199,242</b>	1,248,336	-	-
<b>Current</b>				
Due not later than 1 year	<b>1,154,273</b>	1,097,673	<b>19,027</b>	38,583
	<b>2,353,515</b>	2,346,009	<b>19,027</b>	38,583
<b>Contract Liabilities</b>				
Contract liabilities from property development [note (b)]	<b>324,165</b>	224,447	<b>88,328</b>	92,774
Golf club activities and golf club membership fees [note (c)]	<b>261,894</b>	250,067	-	-
Carrying amount at the end of the financial year	<b>586,059</b>	474,514	<b>88,328</b>	92,774
<b>Non-current</b>				
Due later than 1 year	<b>253,164</b>	243,757	-	-
<b>Current</b>				
Due not later than 1 year	<b>332,895</b>	230,757	<b>88,328</b>	92,774
	<b>586,059</b>	474,514	<b>88,328</b>	92,774

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### 27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

#### a. Concession arrangement

	Group	
	2022	2021
Revenue recognised to date	<b>1,577,437</b>	1,577,005
Accretion of interest	<b>681,268</b>	594,614
Progress billings to date	<b>(915,045)</b>	(774,464)
Carrying amount at the end of the financial year	<b>1,343,660</b>	1,397,155
<b>Non-current</b>		
Construction contract	<b>1,170,156</b>	1,221,479
Supply of teaching equipment	<b>29,086</b>	26,857
	<b>1,199,242</b>	1,248,336
<b>Current</b>		
Construction contract	<b>136,178</b>	140,579
Supply of teaching equipment	<b>8,240</b>	8,240
	<b>144,418</b>	148,819
Total	<b>1,343,660</b>	1,397,155

Contract assets from customers on concession arrangement represent revenue attributable to the concession arrangement entered into by Sime Darby Property Selatan Sdn Bhd and its subsidiaries for the construction and development of the Pagoh Education Hub ("the Project"). The Project is undertaken on a concession basis under the concept of "Build-Lease-Maintain-Transfer".

Under the Concession Agreements entered on 7 November 2012, the Group agreed to undertake the construction works for Government of Malaysia ("GoM"), Universiti Tun Hussein Onn Malaysia ("UTHM"), International Islamic University Malaysia ("IIUM") and Universiti Teknologi Malaysia ("UTM") over a period of three years, together with the supply of teaching equipment. The construction commenced in May 2014. Upon completion of the construction works on 2 May 2017, the campuses were handed over to GoM, UTHM, IIUM and UTM. Under the Concession Agreements, the Group maintains the facilities and infrastructure of the campuses for a period of twenty (20) years.

In consideration of the construction works and the maintenance of the facilities, the Group receives Availability Charges and Asset Management Services Charges over the period of 20 years. Costs of teaching equipment are received based on delivery dates and agreed payment terms. The consideration is allocated by reference to the relative fair values of the construction works, asset management services and costs of teaching equipment, taking into account the deferred payment arrangement.

A maintenance reserve fund was established under the asset management programme by the GoM, UTHM, IIUM, UTM and the Group. The maintenance reserve fund is jointly managed by the Group, the GoM, UTHM, IIUM, and UTM. The monies deposited in these accounts can only be utilised for purposes of replacement and refurbishment works for the facilities and infrastructure of the campuses, of which the utilisation of the funds are subject to approval by the GoM, UTHM, IIUM and UTM. The Group is not entitled to the fund except for the above mentioned purpose. Upon expiry of the concession period, the GoM, UTHM, IIUM and UTM are entitled to the balance of the maintenance reserve fund including profit or interest earned from the said fund.

The contract asset is pledged as security for borrowings of the Group (see Note 33).

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## 27 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

### b. Property Development

The Group and the Company issue progress billings to purchasers when the billing milestones are attained and recognise revenue when the performance obligation are satisfied.

The Group's and the Company's contract assets and contract liabilities relating to the sale of properties as of each reporting period are as follows:

	Group		Company	
	2022	2021	2022	2021
Contract assets	<b>1,009,855</b>	948,854	<b>19,027</b>	38,583
Contract liabilities	<b>(324,165)</b>	(224,447)	<b>(88,328)</b>	(92,774)
	<b>685,690</b>	724,407	<b>(69,301)</b>	(54,191)
At 1 January	<b>724,407</b>	783,993	<b>(54,191)</b>	(26,554)
Revenue recognised during the financial year	<b>2,543,650</b>	2,057,424	<b>193,079</b>	174,871
Progress billings during the financial year	<b>(2,582,367)</b>	(2,117,010)	<b>(208,189)</b>	(202,508)
At 31 December	<b>685,690</b>	724,407	<b>(69,301)</b>	(54,191)

### c. Golf club activities and golf club membership fees

	Group	
	2022	2021
At 1 January	<b>250,067</b>	251,119
Revenue recognised during the financial year	<b>(8,761)</b>	(6,026)
Advance payment received	<b>20,588</b>	4,974
At 31 December	<b>261,894</b>	250,067

### d. Unsatisfied performance obligations

The unsatisfied performance obligations at the end of the reporting period are expected to be recognised in the following periods:

	Group		Company	
	2022	2021	2022	2021
Within 1 year	<b>1,970,988</b>	1,484,861	<b>93,133</b>	139,238
More than 1 year	<b>1,853,479</b>	1,174,351	<b>54,261</b>	41,228
	<b>3,824,467</b>	2,659,212	<b>147,394</b>	180,466

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### 28 CASH HELD UNDER HOUSING DEVELOPMENT ACCOUNTS

The Group's and the Company's cash held under the Housing Development Accounts represent receipts from purchasers of residential properties less payments or withdrawals provided under Section 7A of the Housing Developers (Control and Licensing) Amendment Act 2002. The utilisation of these balances is restricted before completion of the housing development projects and fulfillment of all relevant obligations to the purchasers, such that the cash could only be withdrawn from such accounts for the purpose of completing the particular projects.

The interest rate of bank balances under Housing Development Accounts as at the end of the financial year ranges from 1.4% to 2.7% (2021: 0.5% to 1.7%) per annum.

### 29 BANK BALANCES, DEPOSITS AND CASH

	Group		Company	
	2022	2021	2022	2021
Deposits placed	<b>317,968</b>	392,096	<b>90,000</b>	25,000
Cash at banks and in hand	<b>281,257</b>	226,102	<b>53,369</b>	61,573
Carrying amount at the end of the financial year	<b>599,225</b>	618,198	<b>143,369</b>	86,573
Effective interest rate per annum as at the end of the financial year:	%	%	%	%
Deposits with licensed banks	<b>3.14</b>	1.75	<b>3.48</b>	1.92

- Bank balances, deposits and cash of certain subsidiaries with carrying amount of RM61.6 million (2021: RM75.3 million) were pledged as security for borrowings of the Group (see Note 33).
- The bank balances, deposit and cash of the Group included bank balances with finance institutions amounting to RM21.4 million (2021: RM31.2 million) as part of the security obligations relating to certain borrowings, of which, RM10.3 million (2021: RM11.1 million) was included in (a) above.

### 30 SHARE CAPITAL

	Group/Company			
	Number of shares (thousand)		Share capital	
	2022	2021	2022	2021
Issued and fully paid up:				
<b>Ordinary shares with no par value</b>				
At the beginning/end of the financial year	<b>6,800,839</b>	6,800,839	<b>6,800,839</b>	6,800,839



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## 31 NON-CONTROLLING INTERESTS

In the opinion of the Directors, the subsidiaries of the Group that have non-controlling interests which are material to the Group as at 31 December 2022 are as follows:

Name of subsidiaries	Proportion of equity held by non-controlling interests		Place of business
	2022	2021	
Sime Darby Brunfield Holding Sdn Bhd ("SDBH")	40%	40%	Malaysia
Sime Darby Property Selatan Sdn Bhd ("SDPS")	40%	40%	Malaysia

Total non-controlling interests of the Group are as follows:

	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
SDBH	(88,028)	(67,600)	(77,132)
SDPS	203,463	194,921	187,797
Others	9,643	14,255	23,976
	<b>125,078</b>	141,576	134,641

The other non-controlling interests are individually not significant.

### Summarised financial information

- i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations:

	SDBH		SDPS	
	2022	2021 Restated	2022	2021 Restated
Summarised statements of comprehensive income:				
Revenue	160,416	173,164	37,309	36,869
(Loss)/Profit for the financial year	(71,564)	(532)	37,688	39,377
Total comprehensive (loss)/income for the financial year	(71,564)	(532)	37,688	39,377
Attributable to non-controlling interests:				
– (loss)/profit for the financial year	(28,626)	(213)	15,075	15,751
– other comprehensive income	–	–	–	–
– total comprehensive (loss)/income	(28,626)	(213)	15,075	15,751
Dividends paid to owners of non-controlling interests	–	–	(6,600)	(8,800)

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### 31 NON-CONTROLLING INTERESTS (CONTINUED)

Summarised financial information (continued)

- i. The summarised consolidated financial information of each subsidiary that has non-controlling interests that are material to the Group are set out below. The financial information is based on amounts before inter-company eliminations: (continued)

	SDBH		SDPS	
	2022	2021 Restated	2022	2021 Restated
Summarised statements of cash flows:				
Net cash from/(used in):				
Operating activities	<b>132,393</b>	(29,676)	<b>125,259</b>	158,314
Investing activities	<b>21,933</b>	15,209	<b>1,612</b>	1,299
Financing activities	<b>(98,174)</b>	18,583	<b>(138,711)</b>	(150,116)
Net increase/(decrease) in cash and cash equivalents	<b>56,152</b>	4,116	<b>(11,840)</b>	9,497
Cash and cash equivalents at the beginning of the financial year	<b>25,280</b>	21,164	<b>80,772</b>	71,275
Cash and cash equivalents at the end of the financial year	<b>81,432</b>	25,280	<b>68,932</b>	80,772

Summarised statements of financial position:

	31.12.2022	31.12.2021 Restated	01.01.2021 Restated
<b>SDBH</b>			
Non-current assets	<b>642,234</b>	359,663	406,806
Current assets	<b>391,347</b>	799,104	755,399
Non-current liabilities	<b>(967,708)</b>	(1,173,433)	(1,171,058)
Current liabilities	<b>(320,873)</b>	(168,770)	(180,441)
Net liabilities	<b>(255,000)</b>	(183,436)	(189,294)
<b>SDPS</b>			
Non-current assets	<b>1,201,020</b>	1,250,251	1,297,303
Current assets	<b>245,325</b>	264,150	283,456
Non-current liabilities	<b>(814,649)</b>	(901,327)	(977,188)
Current liabilities	<b>(123,424)</b>	(125,990)	(133,504)
Net assets	<b>508,272</b>	487,084	470,067

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## 32 PAYABLES

	Group		Company	
	2022	2021	2022	2021
<b>Non-current</b>				
Trade payables [note (a)]	<b>71,694</b>	75,423	–	–
Other payables	<b>440</b>	7,408	–	6,667
	<b>72,134</b>	82,831	–	6,667
<b>Current</b>				
Trade payables [note (a)]	<b>955,208</b>	727,472	<b>57,805</b>	50,864
Other payables	<b>124,853</b>	109,798	<b>18,042</b>	13,746
Accruals	<b>126,328</b>	88,742	<b>57,611</b>	35,697
Amounts due to:				
– subsidiaries [note (b)]	–	–	<b>195,666</b>	74,486
– non-controlling interest	<b>90,230</b>	90,230	–	–
	<b>1,296,619</b>	1,016,242	<b>329,124</b>	174,793
Total payables	<b>1,368,753</b>	1,099,073	<b>329,124</b>	181,460

### a. Trade payables

Credit terms of trade payables range from 30 days to 45 days (2021: 30 days to 60 days) except for the following amount owing to a contractor of Pagoh Education Hub, which is on a deferred payment term.

	Group	
	2022	2021
Work performed to date	<b>99,601</b>	99,601
Accretion of interest	<b>25,667</b>	21,338
Progress billing to date	<b>(45,520)</b>	(37,466)
	<b>79,748</b>	83,473
<b>Non-current</b>		
Due later than 1 year	<b>71,694</b>	75,423
<b>Current</b>		
Due not later than 1 year	<b>8,054</b>	8,050
	<b>79,748</b>	83,473

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### 32 PAYABLES

#### b. Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, interest free and repayable on demand.

Movements in the amounts due to subsidiaries are as follows:

	Company	
	2022	2021
At 1 January	<b>74,486</b>	57,152
Advances from subsidiaries	<b>121,180</b>	17,334
At 31 December	<b>195,666</b>	74,486

### 33 BORROWINGS

	Group		Company	
	2022	2021	2022	2021
<b>Non-current</b>				
<u>Secured</u>				
Term loans [note (a)]	<b>271,714</b>	476,668	-	-
Islamic financing [note (b)]	<b>525,712</b>	719,058	<b>298,032</b>	364,546
Syndicated Islamic term financing [note (c)]	<b>452,176</b>	532,763	-	-
<u>Unsecured</u>				
Islamic Medium Term Notes [note (d)]	<b>799,254</b>	799,095	<b>799,254</b>	799,095
Amounts due to non-controlling interests [note (f)]	<b>235,128</b>	228,779	-	-
	<b>2,283,984</b>	2,756,363	<b>1,097,286</b>	1,163,641
<b>Current</b>				
<u>Secured</u>				
Term loans [note (a)]	<b>199,747</b>	44,679	-	-
Islamic financing [note (b)]	<b>163,649</b>	211,836	<b>66,916</b>	66,787
Syndicated Islamic term financing [note (c)]	<b>83,754</b>	84,468	-	-
<u>Unsecured</u>				
Islamic Medium Term Notes [note (d)]	<b>1,938</b>	2,087	<b>1,938</b>	2,087
Revolving credits [note (e)]	<b>304,773</b>	732,167	<b>304,773</b>	704,167
	<b>753,861</b>	1,075,237	<b>373,627</b>	773,041
Total borrowings	<b>3,037,845</b>	3,831,600	<b>1,470,913</b>	1,936,682
Secured	<b>1,696,752</b>	2,069,472	<b>364,948</b>	431,333
Unsecured	<b>1,341,093</b>	1,762,128	<b>1,105,965</b>	1,505,349
Total borrowings	<b>3,037,845</b>	3,831,600	<b>1,470,913</b>	1,936,682

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## 33 BORROWINGS (CONTINUED)

Movements in the borrowings are as follows:

	Group		Company	
	2022	2021	2022	2021
At 1 January	<b>3,831,600</b>	3,326,469	<b>1,936,682</b>	1,299,458
Long-term borrowings:				
– raised	<b>12,266</b>	98,791	–	–
– repaid	<b>(385,419)</b>	(325,252)	<b>(67,000)</b>	(67,000)
Short-term borrowings:				
– raised	<b>215,469</b>	736,929	<b>215,469</b>	708,929
– repaid	<b>(599,623)</b>	–	<b>(571,623)</b>	–
Finance costs	<b>134,947</b>	131,058	<b>54,426</b>	42,615
Finance costs paid	<b>(128,880)</b>	(130,563)	<b>(54,526)</b>	(41,488)
Exchange differences	<b>(42,515)</b>	(5,832)	<b>(42,515)</b>	(5,832)
At 31 December	<b>3,037,845</b>	3,831,600	<b>1,470,913</b>	1,936,682

### a. Term loans – Secured

	Group	
	2022	2021
The maturity periods are as follows:		
– Less than 1 year	<b>199,747</b>	44,679
– Between 1 and 2 years	<b>33,183</b>	198,040
– Between 2 and 5 years	<b>119,313</b>	99,182
– More than 5 years	<b>119,218</b>	179,446
Total	<b>471,461</b>	521,347

The term loans of the Group are secured by way of charges over certain property, plant and equipment, investment properties and inventories.

### b. Islamic financing – Secured

	Group		Company	
	2022	2021	2022	2021
The maturity periods are as follows:				
– Less than 1 year	<b>163,649</b>	211,836	<b>66,916</b>	66,787
– Between 1 and 2 years	<b>195,209</b>	160,179	<b>66,515</b>	66,515
– Between 2 and 5 years	<b>330,503</b>	558,879	<b>231,517</b>	298,031
Total	<b>689,361</b>	930,894	<b>364,948</b>	431,333

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### 33 BORROWINGS (CONTINUED)

#### b. Islamic financing – Secured (continued)

The Islamic financing facilities of the Group and the Company are secured by way of:

- i. legal charge over certain land of the subsidiaries;
- ii. specific debenture incorporating fixed and floating charges over project assets and properties of certain subsidiaries;
- iii. assignment of rights, titles, profits and benefits under project contracts and proceeds from projects and insurance; and
- iv. subordination of shareholders advances of certain subsidiaries.

#### c. Syndicated Islamic term financing – Secured

The Syndicated Islamic term financing consist of four facilities with facility limit of RM895.4 million to four subsidiaries in which the Group has 60% equity interest. The facilities are repayable over 24 semi-annual instalments commencing no later than 36 months from their respective first drawdown dates.

	Group	
	2022	2021
The maturity periods are as follows:		
– Less than 1 year	<b>83,754</b>	84,468
– Between 1 and 2 years	<b>80,586</b>	80,586
– Between 2 and 5 years	<b>252,950</b>	248,474
– More than 5 years	<b>118,640</b>	203,703
<b>Total</b>	<b>535,930</b>	617,231

The Syndicated Islamic term financing are secured by way of:

- i. a first ranking debenture incorporating fixed and floating charges over all present and future assets of the four subsidiaries. The carrying value of these assets including cash and bank balances as at 31 December 2022 is RM1,435.0 million (2021: RM1,506.9 million);
- ii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits of the pre-completion and post-completion as and when executed;
- iii. legal assignment over all of the four subsidiaries' rights, titles, interest and benefits under Takaful and insurance;
- iv. legal assignment over all of the four subsidiaries' rights, titles, interests and benefits under the performance bonds/guarantees for the project;
- v. second legal charge over the shares of the four subsidiaries; and
- vi. deed of subordinations to subordinate all shareholders' present and future financing/advances to the four subsidiaries provided that the four subsidiaries may repay the shareholders' advances if the distribution payment conditions are met before and after such payment or repayment.

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## 33 BORROWINGS (CONTINUED)

### d. Islamic Medium Term Note – Unsecured

On 23 November 2020, the Group and the Company have amended its Islamic Medium Term Notes (IMTN) programme of RM4.5 billion under the Shariah principle of Musharakah to incorporate the rating of IMTN programme, as well as terms for the issuance of ASEAN Sustainable and Responsible Investment (SRI) Sukuk, as well as rating of the IMTN programme.

Details of the IMTNs issued on 3 December 2020 and the outstanding balances as at 31 December 2022 are as follows:

Issuance Type	Tenor (Years)	Periodic distribution rate (per annum)	Normal Value (RM thousand)
ASEAN Sustainability SRI Sukuk Musharakah	5	3.10%	150,000
Sukuk Musharakah	7	3.42%	500,000
Sukuk Musharakah	10	3.64%	150,000

The Sukuk Musharakah Programme has been assigned a final credit rating of AA+<sub>IS</sub> with a stable outlook by Malaysian Rating Corporation Berhad.

### e. Revolving credits

The Group and the Company have a total unsecured revolving credit facilities of RM1.98 billion. The facilities have an availability period of 5 years from the date of the availability of the facilities and the outstanding balances is payable within a year.

### f. Amounts due to non-controlling interests

Amounts due to non-controlling interests relate to unsecured shareholders' advances, in proportion to their respective shareholdings in the subsidiaries. The amount included in current is repayable on demand whilst the amount included in non-current is repayable at the discretion of the shareholder with 12 months notice or other terms of repayment as agreed by both the subsidiary and the shareholder.

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### 33 BORROWINGS (CONTINUED)

#### g. Other information on borrowings

	Group		Company	
	2022 % per annum	2021 % per annum	2022 % per annum	2021 % per annum
i. Islamic financing				
The average effective distribution payments by currency profile are as follows:				
<u>Ringgit Malaysia</u>				
– Islamic financing	<b>4.15</b>	3.02	<b>4.01</b>	2.86
– Syndicated Islamic term financing	<b>7.00</b>	7.00	–	–
– Islamic Medium Term Notes	<b>3.40</b>	3.40	<b>3.40</b>	3.40
<u>Sterling Pound</u>				
– Revolving credits	<b>4.00</b>	0.63	<b>4.00</b>	0.63
ii. Conventional financing				
The average effective interest rates by currency profile are as follows:				
<u>Ringgit Malaysia</u>				
– Term loans	<b>4.24</b>	3.26	–	–
– Revolving credits	–	2.51	–	2.51
– Amounts due to non-controlling interests	<b>3.60</b>	3.60	–	–
<u>Sterling Pound</u>				
– Revolving credits	–	0.91	–	0.91



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### 33 BORROWINGS (CONTINUED)

#### g. Other information on borrowings (continued)

##### iii. Secured financing

As at 31 December 2022, borrowings amounting to RM1,696.8 million (2021: RM2,069.5 million) and RM364.9 million (2021: RM431.3 million) were secured by fixed and floating charges over the assets of the Group and the Company, respectively.

The carrying amounts of assets that the Group and the Company have pledged as collateral for the borrowings are as follows:

	Group		Company	
	2022	2021 Restated	2022	2021
Property, plant and equipment [Note 19]	67,140	69,000	-	-
Investment properties [Note 20]	334,402	187,000	-	-
Inventories [Note 21]	230,830	733,580	53,188	52,925
Contract assets [Note 27]	1,343,660	1,397,155	-	-
Bank balances, deposits and cash [Note 29]	61,553	75,281	-	-
Other assets	29,836	31,675	-	-
	<b>2,067,421</b>	<b>2,493,691</b>	<b>53,188</b>	<b>52,925</b>

### 34 LEASE LIABILITIES

	Group		Company	
	2022	2021	2022	2021
At 1 January	66,748	82,937	15,674	23,105
Loss on lease modification	(2,794)	-	-	-
Finance costs [Note 15]	2,118	3,285	383	613
Payments	(22,299)	(20,707)	(8,046)	(8,044)
Exchange differences	1,823	1,233	-	-
At 31 December	<b>45,596</b>	<b>66,748</b>	<b>8,011</b>	<b>15,674</b>
<b>Non-current</b>				
Due later than 1 year	24,149	45,936	107	8,012
<b>Current</b>				
Due not later than 1 year	21,447	20,812	7,904	7,662
	<b>45,596</b>	<b>66,748</b>	<b>8,011</b>	<b>15,674</b>

The underlying assets of the lease liabilities are included in property, plant and equipment and investment properties in Notes 19 and 20. Lease contracts are typically entered for fixed periods and the terms are negotiated on an individual basis and contains a wide range of different terms and conditions. The maturity periods of the lease liabilities are shown in Note 41(b).

The lease liabilities of the Company mainly is in relation to a rental of office building from its subsidiary.

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### 34 LEASE LIABILITIES

#### a. Leases not included in lease liabilities

Short-term leases, leases of low-value assets and variable lease payments are not included in lease liabilities. Details of these leases which are charged to profit or loss in the current financial year are as follows:

	Group		Company	
	2022	2021	2022	2021
Short-term leases	1,510	1,447	178	162
Leases of the low-value assets	529	310	240	169
	<b>2,039</b>	1,757	<b>418</b>	331

#### b. Total cash outflow

The total cash outflow for leases are as follows:

	Group		Company	
	2022	2021	2022	2021
Included in cashflow used in operating activities				
Lease payments associated with:				
– short-term leases	1,510	1,447	178	162
– leases of low-value assets	529	310	240	169
Included in cashflow used in financing activities				
Repayment of lease	22,299	20,707	8,046	8,044
Total cash outflow	<b>24,338</b>	22,464	<b>8,464</b>	8,375

### 35 PROVISIONS

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Total
<b>2022</b>			
At 1 January 2022	158,205	88,508	246,713
Additions	–	11,023	11,023
Accretion of interest [Note 15]	4,131	–	4,131
Utilised	–	(36,572)	(36,572)
Exchange differences	9,831	(31)	9,800
At 31 December 2022	<b>172,167</b>	<b>62,928</b>	<b>235,095</b>
Non-current	137,020	15,545	152,565
Current	35,147	47,383	82,530
	<b>172,167</b>	<b>62,928</b>	<b>235,095</b>

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## 35 PROVISIONS (CONTINUED)

Group	Obligation in relation to a property disposed	Relocation, rectification and construction costs	Total
<b>2021</b>			
At 1 January 2021	152,360	95,509	247,869
Additions	–	1,788	1,788
Accretion of interest [Note 15]	3,872	–	3,872
Utilised	–	(8,803)	(8,803)
Exchange differences	1,973	14	1,987
At 31 December 2021	158,205	88,508	246,713
Non-current	125,092	11,520	136,612
Current	33,113	76,988	110,101
	158,205	88,508	246,713

### Relocation, rectification and construction costs

	Company	
	2022	2021
At 1 January	4,025	–
Additions	9,551	4,025
At 31 December	13,576	4,025
Non-current	4,025	–
Current	9,551	4,025
	13,576	4,025

#### a. Obligation in relation to a property disposed

The provision is in relation to an undertaking arrangement entered on the disposal of a property to a joint venture in financial year 2017. The provision, net of the carrying amount of the joint venture, would be RM126.7 million (2021: RM118.2 million).

The provision is calculated based on future rental and other obligations net of estimated sub-lease income and discounted to present value using an appropriate discount rate.

#### b. Relocation, rectification and construction costs

The provision for relocation, rectification and construction costs are made in relation to property development projects.

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### 36 DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES

- a. On 10 February 2022, the Group via its wholly owned subsidiary, Sime Darby Property (Vietnam) Pte Ltd completed the disposal of its entire 65% interest in OSC Sunrise Apartment Company Limited (“OSC”) for a cash consideration of VND60.0 billion (approximately RM10.8 million). The Group registered a gain on disposal of RM8.9 million. The effect of the disposal is disclosed in Note (c) below.
- b. Sime Darby Property Ventures (HK) Limited (the “Initial Limited Partner”), a wholly-owned subsidiary of the Group and SDPLOG - IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) (“the General Partner”) had, on 19 August 2021, entered into an Initial Limited Partnership Agreement to form Sime Darby Property - LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) (“the Fund”).

On 20 June 2022, Sime Darby Property Ventures (MY) Sdn Bhd (“SDP Special Limited Partner”), a wholly-owned subsidiary of the Group, LOGOS Malaysia Sponsor Investments Pte Ltd (“LOGOS Special Limited Partner”), the Initial Limited Partner and the General Partner entered into a Deed of Accession and Withdrawal (the “Deed”) to permit the admission of the SDP Special Limited Partner and the LOGOS Special Limited Partner into the Fund.

The General Partner is a wholly-owned subsidiary of the Group’s joint venture, SDPLOG - IDF 1 (JV Holdings) Pte Ltd (formerly known as Industrial Joint Venture (Holdings) Pte Ltd). Pursuant to the Deed, the following companies ceased to be wholly-owned subsidiaries and became joint ventures of the Group:

- i) Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP
  - ii) Sime Darby Property – LOGOS Property (IDF Holdings) Pte Ltd (formerly known as Sime Darby Property (IDF Holdings) Pte Ltd)
  - iii) SDPLOG 1 (MY Holdings) Sdn Bhd (formerly known as Sime Darby Property (MY Holdings) Sdn Bhd)
  - iv) SDPLOG 1 (Industrial Asset I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset I) Sdn Bhd)
  - v) SDPLOG 1 (Industrial Asset II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset II) Sdn Bhd)
  - vi) SDPLOG 1 (Industrial Asset III) Sdn Bhd (formerly known as Sime Darby Property (Industrial Asset III) Sdn Bhd)
  - vii) SDPLOG 1 (Industrial Asset IV) Sdn Bhd (formerly known as SDPLOG 1 (Industrial Development III) Sdn Bhd and Sime Darby Property (Industrial Development III) Sdn Bhd)
  - viii) SDPLOG 1 (Industrial Development I) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development I) Sdn Bhd)
  - ix) SDPLOG 1 (Industrial Development II) Sdn Bhd (formerly known as Sime Darby Property (Industrial Development II) Sdn Bhd)
- (collectively, the “IDF Structure”)

The sponsors of the Fund are the Group and LOGOS Property Group Limited (“LOGOS Property”). Upon the admission of LOGOS Special Limited Partner, the IDF Structure is jointly controlled by the Group and LOGOS Property via the General Partner, as decision making on all relevant activities and board reserve matters require unanimous consent from the Group and LOGOS Property.

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## 36 DISPOSAL AND DEEMED DISPOSAL OF SUBSIDIARIES (CONTINUED)

- b. On 23 June 2022, the General Partner, SDP Special Limited Partner, LOGOS Special Limited Partner, OMBAK, a wholly-owned subsidiary of PNB and KWAP entered into the Amended and Restated Limited Partnership Agreement (“LPA”) to effect the admission of OMBAK and KWAP as anchor investors for first close of the Fund. Pursuant to the LPA, the IDF structure became a 55%-owned joint venture of the Group. The effect of the dilution of interest in the IDF Structure from wholly-owned subsidiaries to a 55%-owned joint venture is disclosed in Note (c) below.
- c. Effects of disposal of a subsidiary and deemed disposal of interest in the IDF structure as at the date of disposal and deemed disposal, respectively, are as follows::

	OSC	IDF Structure
Property, plant and equipment	5,437	–
Investment properties	–	113,468
Deferred tax assets	–	10,450
Cash and cash equivalent	47	1,263
Other net liabilities	(47)	(29,844)
Non-controlling interests	(1,904)	–
Net assets disposed	3,533	95,337
Gain on disposal	7,294	44,072
Sub-total	10,827	139,409
Recognition of interest in joint ventures	–	(52,435)
Recognition of receivables due from the joint ventures *	–	(86,974)
Less: Proceeds to be collected	(1,066)	–
Proceeds from disposal, net of transaction costs	9,761	–
Less: Cash and cash equivalent in subsidiaries disposed	(47)	(1,263)
Net cash inflow/(outflow) from disposal of subsidiaries	9,714	(1,263)
Gain on disposal before income tax and reclassification of foreign currency translation reserve	7,294	44,072
Reclassification of foreign currency translation reserve to profit or loss	1,654	–
	8,948	44,072
Tax expense on gain on disposal	(1,137)	–
Gain on disposal after income tax	7,811	44,072

\* The amount due from joint ventures include receivable in relation to acquisition of investment properties by the IDF Structure prior to the deemed disposal, net of the Group’s committed capital injections of RM106.3 million which was paid during the financial year.

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## 37 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS

### a. Material Litigations

- (i) Claim against Sime Darby Property (Ara Damansara) Sdn Bhd (“SDPAD”)

A civil suit was commenced by 71 purchasers of Ara Hill (“Plaintiffs”) against SDPAD, claiming general and specific damages of approximately RM40.0 million and specific performance arising from SDPAD’s alleged breaches of the terms of the sale and purchase agreements (“SPAs”) and the provisions of various statutes.

The Plaintiffs alleged that the breaches by SDPAD have, amongst others, caused the delay in delivery of strata titles, which caused the Plaintiffs to suffer loss and damage, including indirect losses (which have not been proven by the Plaintiffs). The trial commenced on 16 April 2018. On 28 April 2021, the court allowed the Plaintiffs’ application to add the Joint Management Body of Ara Hill as a co-defendant to this suit. A total of 7 trial dates were fixed between April 2018 to December 2022 and new trial dates have been fixed in April 2023.

The Plaintiffs’ claim is divided into various allegations leveled against SDPAD. These claims and allegations have yet to be proven by the Plaintiffs and it would be speculative, at this juncture, to ascertain SDPAD’s potential liability to the Plaintiffs in respect of this civil suit.

- (ii) Arbitration between Bumimetro Construction Sdn Bhd (“BCSB”) v Sime Darby Property (KL East) Sdn Bhd (“SDPKE”)

BCSB (“Claimant”), the main contractor of a development in Melawati, Kuala Lumpur (“Project”) has referred disputes arising from the Project and the construction contract (“Contract”) with SDPKE (“Respondent”) to arbitration by issuing a notice of arbitration (“Notice”) on 20 September 2018. In the Notice, the Claimant is claiming for specific damages of approximately RM40.0 million. The Respondent had disputed the claims by the Claimant, in its written response to the Notice (“Response”) on 22 October 2018.

On 22 April 2019, the Respondent filed its Defence and Counterclaim and had counterclaimed for complete works/defects rectification costs incurred, liquidated damages and recoupment of advance payments for an approximate sum of RM36.0 million (subsequently amended to RM40.0 million on 19 June 2020). On 3 March 2021, the Claimant had also amended its claim for specific damages to approximately RM42.0 million.

The arbitration proceedings are being held in accordance with the rules of the Asian International Arbitration Centre before a single arbitrator. The hearing commenced on 15 June 2020 and continued for another 40 days on various dates between June 2020 to September 2022. Further hearing dates have been fixed in April 2023.

Solicitors for the Respondent are of the view that there are tenable grounds on the positions taken by the Respondent in resisting the claim subject to documentary and evidentiary proof.

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## 37 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

### a. Material Litigations (continued)

- (iii) Compulsory Land Acquisition by Lembaga Lebuhraya Malaysia/West Coast Expressway of the lands owned by Sime Darby Property (Klang) Sdn Bhd ("SDP Klang")

On 26 June 2015, SDP Klang was awarded an aggregate compensation of RM169.3 million by the Land Administrator ("Respondent") in respect of the acquisition by Lembaga Lebuhraya Malaysia ("LLM") of certain plots of lands owned by SDP Klang situated in Mukim Kapar, District of Klang, Selangor ("Lands") which consists of the aggregate compensation for market value of the Lands of RM90.7 million and the aggregate compensation for severance and injurious affection ("IA") of RM78.6 million ("IA Award").

Dissatisfied with the IA Award, on 6 August 2015, LLM lodged their objection to the High Court. On 22 March 2017, the High Court held, inter alia, that the IA Award is to be reduced to RM72.9 million ("First High Court Decision").

LLM appealed against the First High Court Decision and on 22 October 2018, the Court of Appeal remitted the case to the High Court to be re-heard before a new Judge ("Re-Hearing"). The hearing date for the Re-Hearing has been set on 24 to 27 July 2023.

At this juncture, the solicitors for SDP Klang are of the view that there is an even chance that the High Court Judge in the Re-Hearing may arrive at a similar decision as the First High Court Decision.

### b. Contingent Liabilities

	Group	
	2022	2021
Claims pending against the Group	82,009	82,009

As at end of reporting period, no provision has been recognised in the financial statements as legal advice indicates that it is not probable for a material liability to arise.

### c. Commitments

- i. Capital commitments

	Group		Company	
	2022	2021	2022	2021
Contracted capital commitments:				
– investment properties	79,618	8,203	–	–
– property, plant and equipment	28,731	1,418	902	–
– intangible assets	462	655	452	–
	108,811	10,276	1,354	–

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### 37 MATERIAL LITIGATIONS, CONTINGENT LIABILITIES AND COMMITMENTS (CONTINUED)

#### c. Commitments (continued)

##### ii. Commitment in relation to joint ventures

The Group's estimated commitment to subscribe for shares in joint ventures pursuant to the respective shareholders' agreements on joint ventures and/or as approved by the Board of Directors are as follows:

	Group	
	2022	2021
Joint ventures:		
– Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP	<b>168,568</b>	20,884
– Sime Darby Property MIT Development Sdn Bhd	<b>45,800</b>	53,000
– Battersea Project Holding Company Limited (31 December 2022: Nil; 31 December 2021: £38.0 million)	–	213,989
	<b>214,368</b>	287,873

### 38 SEGMENT INFORMATION – GROUP

The Group has three (3) reportable business segments – property development, investment and asset management and leisure. The strategic business units offer different products and services, and are managed separately by each Chief Operating Officer. The Senior Management of the Group reviews the operations and performance of the respective business segments on a regular basis and their respective performances are as follows:

Property development	Development of residential, commercial and industrial properties
Investment and asset management	Leasing of properties, and provision of assets and management services
Leisure	Provision of golf, hotel and other recreational facilities and services

Transactions between segments are carried out on agreed terms between both parties. The effects of such intersegment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.



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## 38 SEGMENT INFORMATION - GROUP (CONTINUED)

### a. Segment results

2022	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	2,549,507	107,947	84,682	-	2,742,136
Inter-segment	164,284	8,194	4,345	(176,823)	-
	2,713,791	116,141	89,027	(176,823)	2,742,136
Cost of sales	(1,903,349)	(59,026)	(49,051)	95,863	(1,915,563)
<b>Gross profit</b>	<b>810,442</b>	<b>57,115</b>	<b>39,976</b>	<b>(80,960)</b>	<b>826,573</b>
Other operating income	20,119	2,298	141	(190)	22,368
Selling and marketing expenses	(120,514)	(667)	(504)	3,620	(118,065)
Administrative and other expenses	(195,825)	(21,446)	(37,083)	11,318	(243,036)
<b>Operating profit</b>	<b>514,222</b>	<b>37,300</b>	<b>2,530</b>	<b>(66,212)</b>	<b>487,840</b>
Share of results of joint ventures and associates	(14,635)	5,775	-	(17,235)	(26,095)
<b>Segment results</b>	<b>499,587</b>	<b>43,075</b>	<b>2,530</b>	<b>(83,447)</b>	<b>461,745</b>
Other gains/(losses)	891	(65,534)	9,063	44,072	(11,508)
<b>Profit/(Loss) before interest and taxation</b>	<b>500,478</b>	<b>(22,459)</b>	<b>11,593</b>	<b>(39,375)</b>	<b>450,237</b>
Finance income	26,103	90,029	834	(10,970)	105,996
Finance costs	(39,877)	(67,349)	(1,117)	10,970	(97,373)
<b>Profit/(Loss) before tax</b>	<b>486,704</b>	<b>221</b>	<b>11,310</b>	<b>(39,375)</b>	<b>458,860</b>
Tax expense	(136,605)	(15,647)	(1,893)	6,983	(147,162)
<b>Profit/(Loss) for the year</b>	<b>350,099</b>	<b>(15,426)</b>	<b>9,417</b>	<b>(32,392)</b>	<b>311,698</b>
Included in segment results are:					
Depreciation and amortisation	(12,777)	(3,315)	(15,915)	-	(32,007)
Impairment losses on receivables	(3,880)	(147)	(564)	-	(4,591)
Reversal of impairment losses on receivables	948	829	50	-	1,827
Write-down of inventories	(6,270)	-	-	-	(6,270)
Write-off of:					
- property, plant and equipment	-	-	(1)	-	(1)
- inventories	(3,125)	-	-	-	(3,125)
Included in other gains/(losses) are:					
Net changes in fair value on investment properties	2,011	(53,612)	-	-	(51,601)
Loss on lease modification	-	(12,788)	-	-	(12,788)
Gain on disposal of subsidiaries	-	-	8,948	44,072	53,020
Impairment of property, plant and equipment	-	-	(3)	-	(3)

There is no single customer who contributed 10% or more of the Group's total revenue.

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### 38 SEGMENT INFORMATION – GROUP (CONTINUED)

#### a. Segment results (continued)

2021 Restated	Property development	Investment and asset management	Leisure	Elimination	Total
Segment revenue:					
External	2,069,716	91,312	55,529	–	2,216,557
Inter-segment	91,698	7,994	4,511	(104,203)	–
	2,161,414	99,306	60,040	(104,203)	2,216,557
Cost of sales	(1,597,528)	(52,951)	(34,114)	57,328	(1,627,265)
<b>Gross profit</b>	563,886	46,355	25,926	(46,875)	589,292
Other operating income	11,217	986	549	–	12,752
Selling and marketing expenses	(85,333)	(2,959)	(693)	–	(88,985)
Administrative and other expenses	(150,275)	(14,669)	(39,253)	8,821	(195,376)
<b>Operating profit/(loss)</b>	339,495	29,713	(13,471)	(38,054)	317,683
Share of results of joint ventures and associates	(11,138)	(8,482)	–	3,861	(15,759)
<b>Segment results</b>	328,357	21,231	(13,471)	(34,193)	301,924
Other losses	(7,244)	(21,533)	(428)	–	(29,205)
<b>Profit/(Loss) before interest and taxation</b>	321,113	(302)	(13,899)	(34,193)	272,719
Finance income	14,511	96,435	1,059	(9,232)	102,773
Finance costs	(32,555)	(70,480)	(1,194)	9,232	(94,997)
<b>Profit/(Loss) before tax</b>	303,069	25,653	(14,034)	(34,193)	280,495
Tax expense	(108,699)	(13,632)	329	3,805	(118,197)
<b>Profit/(Loss) for the year</b>	194,370	12,021	(13,705)	(30,388)	162,298
Included in segment results are:					
Depreciation and amortisation	(15,244)	(3,105)	(17,095)	–	(35,444)
Impairment losses on receivables	(146)	(2,661)	(99)	–	(2,906)
Reversal of impairment losses on receivables	1,553	2,811	45	–	4,409
Write-down of inventories	(1,882)	–	–	–	(1,882)
Write-off of:					
– property, plant and equipment	(96)	(2)	–	–	(98)
– inventories	(2,543)	–	–	–	(2,543)
Included in other losses are:					
Net changes in fair value on investment properties	(4,204)	(21,533)	–	–	(25,737)
Impairment of:					
– property, plant and equipment	–	–	(415)	–	(415)
– quoted investments	(2,083)	–	–	–	(2,083)

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## 38 SEGMENT INFORMATION – GROUP (CONTINUED)

### b. Segment assets and liabilities and additions to non-current assets

	Property development	Investment and asset management	Leisure	Elimination	Total
<b>31.12.2022</b>					
<b>Segment assets:</b>					
Operating assets	9,295,326	2,535,848	539,439	(783,856)	11,586,757
Joint ventures and associates	2,688,699	416,197	-	(71,101)	3,033,795
	11,984,025	2,952,045	539,439	(854,957)	14,620,552
<b>Segment liabilities:</b>					
Liabilities	1,646,316	979,533	347,914	(783,856)	2,189,907
Additions to non-current assets are as follows:					
- capital expenditure	9,632	17,369	1,969	-	28,970
- additions to interests in joint ventures	215,351	115,267	-	-	330,618
	224,983	132,636	1,969	-	359,588
<b>31.12.2021</b>					
<b>Restated</b>					
<b>Segment assets:</b>					
Operating assets	9,242,799	2,707,700	519,015	(942,460)	11,527,054
Joint ventures and associates	3,152,715	292,705	-	-	3,445,420
	12,395,514	3,000,405	519,015	(942,460)	14,972,474
<b>Segment liabilities:</b>					
Liabilities	1,285,381	1,145,334	332,045	(942,460)	1,820,300
Additions to non-current assets are as follows:					
- capital expenditure	6,455	10,671	887	-	18,013
- additions to interests in joint ventures	658,929	1,850	-	-	660,779
	665,384	12,521	887	-	678,792

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### 38 SEGMENT INFORMATION - GROUP (CONTINUED)

#### b. Segment assets and liabilities and additions to non-current assets (continued)

	Property development	Investment and asset management	Leisure	Elimination	Total
<b>01.01.2021</b>					
<b>Restated</b>					
<b>Segment assets:</b>					
Operating assets	9,226,658	2,488,787	550,092	(515,437)	11,750,100
Joint ventures and associates	2,449,162	297,961	-	-	2,747,123
	11,675,820	2,786,748	550,092	(515,437)	14,497,223
<b>Segment liabilities:</b>					
Liabilities	1,005,282	1,037,190	427,290	(515,437)	1,954,325
Additions to non-current assets are as follows:					
- capital expenditure	12,731	17,030	11,705	-	41,466
- additions to interests in joint ventures	33,415	12,450	-	-	45,865
	46,146	29,480	11,705	-	87,331

Capital expenditure consists of the following:

	2022	2021
Property, plant and equipment	11,280	5,491
Investment properties	25,029	9,030
Intangible assets	1,739	3,492
	38,048	18,013

#### Segment by geography

Revenue by location of customers and the Group's operations are analysed as follows:

	2022	2021 Restated
Malaysia	2,727,436	2,203,681
Singapore	14,216	11,956
United Kingdom	484	480
Vietnam	-	440
	2,742,136	2,216,557

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## 38 SEGMENT INFORMATION – GROUP (CONTINUED)

Non-current assets, other than financial instruments and deferred tax assets, by location of the Group's operations are analysed as follows:

	<b>31.12.2022</b>	<b>31.12.2021</b> Restated	<b>01.01.2021</b> Restated
Malaysia	<b>7,206,395</b>	6,990,002	7,541,624
United Kingdom	<b>2,644,031</b>	3,111,450	2,410,781
Singapore	<b>77,290</b>	66,177	72,679
Vietnam	–	5,438	5,907
	<b>9,927,716</b>	10,173,067	10,030,991

Reconciliation of non-current assets, other than financial instruments and deferred tax assets to the total non-current assets are as follows:

	<b>31.12.2022</b>	<b>31.12.2021</b> Restated	<b>01.01.2021</b> Restated
Non-current assets other than financial instruments and deferred tax assets	<b>9,927,716</b>	10,173,067	10,030,991
Investments	<b>48,633</b>	53,418	56,276
Deferred tax assets	<b>601,790</b>	620,605	614,928
Receivables	<b>102,718</b>	84,189	91,133
	<b>10,680,857</b>	10,931,279	10,793,328

Reconciliation of segment assets and liabilities to total assets and total liabilities are as follows:

	<b>Segment assets</b>		
	<b>31.12.2022</b>	<b>31.12.2021</b> Restated	<b>01.01.2021</b> Restated
Segment total	<b>14,620,552</b>	14,972,474	14,497,223
Tax assets	<b>642,157</b>	649,437	647,131
Total	<b>15,262,709</b>	15,621,911	15,144,354

	<b>Segment liabilities</b>		
	<b>31.12.2022</b>	<b>31.12.2021</b> Restated	<b>01.01.2021</b> Restated
Segment total	<b>2,189,907</b>	1,820,300	1,954,325
Tax liabilities	<b>344,565</b>	349,295	371,527
Borrowings	<b>3,037,845</b>	3,831,600	3,326,469
Lease liabilities	<b>45,596</b>	66,748	82,937
Total	<b>5,617,913</b>	6,067,943	5,735,258

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### 39 RELATED PARTIES

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below:

	Group	
	2022	2021
<b>a. Transactions between subsidiaries and significant non-controlling interest:</b>		
Turnkey construction works rendered to Sime Darby Brunfield Holding Sdn Bhd and its subsidiaries ("SDBH Group") by Brunfield Engineering Sdn Bhd, a company in which Tan Sri Dato' Dr Ir Gan Thian Leong ("Tan Sri Dato' Gan") and Encik Mohamad Hassan Zakaria ("Encik Hassan") are substantial shareholders	<b>(33,320)</b>	(135,760)
Maintenance of district cooling system and supply of cooling energy to Sime Darby Property Selatan Satu Sdn Bhd ("SDPS1") by Tunas Cool Energy Sdn Bhd ("TCE"), a company in which Sin Heng Chan (Malaya) Berhad is the ultimate holding company of TCE and an indirect shareholder of SDPS1	<b>(15,024)</b>	(8,757)

#### b. Transactions with shareholders and Government:

Permodalan Nasional Berhad ("PNB") and the funds managed by its subsidiary, Amanah Saham Nasional Berhad ("ASNB"), together own 58.0% (2021: 58.2%) as at 31 December 2022 of the issued share capital of the Company. PNB is an entity controlled by the Malaysian Government through Yayasan Pelaburan Bumiputra ("YPB"). The Group considers that, for the purpose of MFRS 124 – Related Party Disclosures, YPB and the Malaysian Government are in the position to exercise significant control over it. As a result, the Malaysian Government and Malaysian Government's controlled bodies (collectively referred to as government-related entities) are related parties of the Group and the Company.

Transactions entered by the Group and the Company with shareholders and government-related entities include purchase of raw materials, placement of bank deposits and use of public utilities and amenities. All the transactions entered into by the Group and the Company with the government-related entities are conducted in the ordinary course of the Group's and the Company's businesses on negotiated terms or terms comparable to those with other entities that are not government-related.

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## 39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

	Group		Company	
	2022	2021	2022	2021
<b>b. Transactions with shareholders and Government: (continued)</b>				
<u>Director of PNB</u>				
– Deposit received for land sale (ii)	<b>1,356</b>	–	–	–
<u>Yayasan Sime Darby</u>				
– Contribution paid/payable to Yayasan Sime Darby	<b>(20,000)</b>	(20,000)	–	(14,500)
<u>Sime Darby Berhad Group</u>				
– Rental income (iii)	<b>14,105</b>	11,917	–	–
– Deposit paid for land acquisition (v)	–	(28,000)	–	–
<u>Sime Darby Plantation Berhad Group</u>				
– Deposit paid for land acquisition (iv)	<b>(61,800)</b>	–	–	–
– Rental income	<b>13,106</b>	11,285	<b>5,096</b>	4,147

- i. Ombak Real Estate 2 Sdn Bhd (“OMBAK”), a wholly-owned subsidiary of PNB has been admitted as a limited partner of Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP) (the “Fund”) on 23 June 2022 via an Amended and Restated Limited Partnership Agreement (“LPA”) signed between Sime Darby Property Ventures (MY) Sdn Bhd, a wholly-owned subsidiary of the Group, SDPLOG – IDF 1 (GP) Pte Ltd (formerly known as Sime Darby Property IDF GP Pte Ltd) (“General Partner”), LOGOS Malaysia Sponsor Investments Pte Ltd (“LOGOS Special Limited Partner”), and Kumpulan Wang Persaraan (Diperbadankan) (“KWAP”). Further details are included in Note 36 (b).
- ii. Sime Darby Property Holdings Sdn Bhd (“SDPH”), a wholly-owned subsidiary of the Group had on 19 July 2022 entered into a conditional Sale and Purchase Agreement (“SPA”) with Original Red Mango Sdn Bhd to sell 1 parcel of freehold land with a total net land area measuring approximately 3.71 acres located in Mukim Klang, District of Klang, Selangor for a total cash consideration of RM13.6 million. The Director of Original Red Mango Sdn Bhd is Dato’ Johan bin Ariffin, who is also a director of PNB. The proposed land sale is subject to conditions precedent, which includes approvals from the relevant authorities.
- iii. The rental agreement between Sime Darby Property Singapore Limited, a wholly-owned subsidiary of the Group and Performance Motors Limited, a wholly-owned subsidiary of Sime Darby Berhad was terminated as at 31 January 2023.

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### 39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

#### b. Transactions with shareholders and Government: (continued)

- iv. Sime Darby Property (Bukit Tunku) Sdn Bhd ("SDPBT"), a wholly-owned subsidiary of the Group had on 1 December 2022 entered into a conditional Sale and Purchase Agreement ("SPA") with Sime Darby Plantation Berhad ("SD Plantation") to acquire 3 parcels of freehold land with a total net land area measuring approximately 948.83 acres located in Mukim Kapar, District of Klang, Selangor ("Kapar Land") for a total cash consideration of RM618.0 million.

The proposed Kapar Land acquisition is subject to the following being obtained:

- i. approval of the non-interested shareholders of the Group at an extraordinary general meeting of the Group to be convened;
  - ii. approval of the Estate Land Board for the transfer and acquisition of the Kapar Land; and
  - iii. where required, the approval, waiver and/or consent of any other relevant authority and/or party.
- v. In the previous financial year, Sime Darby Property (MVV Central) Sdn Bhd had on 27 October 2021 entered into a Sale and Purchase Agreement ("SPA") with Kumpulan Sime Darby Berhad ("KSDB"), a wholly owned subsidiary of Sime Darby Berhad, to acquire part of the land held under GRN 76723 Lot No. 3235, Mukim of Labu, District of Seremban, Negeri Sembilan measuring approximately 760.12 acres for a total cash consideration of RM280.0 million.

The land is part of the option land under the Call Option Agreements between SDPB and KSDB, which has been previously disclosed in Section 4.1.2(ii) of the Prospectus of SDPB dated 28 November 2017 issued pursuant to its listing on the Main Market of Bursa Malaysia Securities Berhad.

The purchase price was arrived based on the joint valuation conducted by Sime Darby Property Berhad ("SDPB") and KSDB in September 2021.

The payment terms are as follows:

- (a) 10% of the purchase price to be paid on signing of the SPA; and
- (b) 90% of the purchase price ("Balance Purchase Price") to be paid within 3 months from the date when all conditions precedent are fulfilled or such other date as the parties may mutually agree in writing.

Completion of the SPA shall take place at the office of KSDB or such other place as the parties agree when the following business shall be transacted:

- (a) KSDB shall deliver a letter confirming delivery of vacant possession of the land
- (b) A copy of the letter duly signed by KSDB and Sime Darby Plantation Berhad ("Tenant") or such other documentary proof confirming the mutual termination of the tenancy in respect of the land which is currently tenanted to the Tenant pursuant to the tenancy agreement dated 19 July 2017 made between the KSDB and the Tenant (which term was renewed for another 3 years to expire on 28 June 2023); and
- (c) Full payment of the Balance Purchase Price to KSDB.



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## 39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

### c. Transactions with joint ventures

	Group		Company	
	2022	2021	2022	2021
<u>Aster Real Estate Investment Trust 1</u>				
– Rental expense	<b>(19,391)</b>	(17,578)	–	–
<u>SDPLOG 1 (Industrial Asset IV) Sdn Bhd</u>				
– Deposit received for land sale (refer below)	<b>19,588</b>	–	–	–

Sime Darby Property (Klang) Sdn Bhd and Sime Darby Property (Bukit Raja) Sdn Bhd, both wholly-owned subsidiaries of the Group, had on 12 September 2022 entered into a Sale and Purchase Agreement (“SPA”) with SDPLOG 1 (Industrial Asset IV) Sdn Bhd, a subsidiary of a joint venture, to sell a parcel of land held under H.S.(D) 159567, PT 78094, Mukim of Kapar, District of Klang, Selangor measuring approximately 56.21 acres for a total cash consideration of RM195.9 million.

### d. Transactions with Directors, key management personnel (“KMP”) and their close family members

	Group		Company	
	2022	2021	2022	2021
Remuneration of Directors and KMP				
– salaries, fees and other emoluments	<b>15,932</b>	12,743	<b>15,932</b>	12,743
– defined contribution plan	<b>1,935</b>	1,458	<b>1,935</b>	1,458
– estimated monetary value of benefits by way of usage of the Group’s and of the Company’s assets	<b>411</b>	298	<b>411</b>	298
Sale of properties to a Director of the Company and their close family members	<b>1,921</b>	2,034	–	–
Sale of properties to KMP and their close family members	<b>3,004</b>	–	–	–

KMP are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company, either directly or indirectly.

The KMP of the Group and the Company includes Directors of the Company and certain members of senior management of the Group.

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### 39 RELATED PARTIES (CONTINUED)

Significant related party transactions and balances other than as disclosed elsewhere in the financial statements are set out below: (continued)

#### e. Outstanding balances with related parties

	Group		Company	
	2022	2021	2022	2021
<u>Amount due to non-controlling interest included in borrowings</u>				
Brunsfeld Metropolitan Sdn Bhd	<b>235,128</b>	228,779	-	-
<u>Included in payables</u>				
Brunsfeld Metropolitan Sdn Bhd	<b>90,230</b>	90,230	-	-
Brunsfeld Engineering Sdn Bhd	<b>18</b>	6,335	-	-
Tunas Cool Energy Sdn Bhd	-	1,246	-	-

Other than as disclosed above, the significant outstanding balance with related parties are shown in Notes 11, 12, 22, 26, 32 and 33.

### 40 FINANCIAL INSTRUMENTS

#### a. Financial instruments measured at fair value

In estimating the financial instruments carried at fair value, there are, in general, three different levels which can be defined as follows:

Level 1	Quoted prices in active markets for identical assets or liabilities
Level 2	Valuation inputs (other than Level 1 input) that are observable for the asset or liability
Level 3	Valuation inputs that are not based on observable market data

If there are quoted market prices in active markets, these are considered Level 1. If such quoted market prices are not available, fair value are determined using market prices for similar assets or present value techniques, applying an appropriate risk-free interest rate adjusted for non-performance risk. The inputs used in present value techniques are observable and fall into the Level 2 category. It is classified into the Level 3 category if significant unobservable inputs are used.

The fair values of the Group's and the Company's investments are categorised as follows:

	Group/Company	
	2022	2021
Level 3 – unquoted shares	<b>48,633</b>	53,418

Unquoted shares are measured at Level 3 of the fair value hierarchy. The fair values of the unquoted shares are determined using valuation technique based on inputs other than quoted prices.

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## 40 FINANCIAL INSTRUMENTS (CONTINUED)

### b. Financial instruments measured at amortised cost

Other than the financial liabilities disclosed below, the carrying amounts of the financial assets and liabilities approximate their fair values due to the insignificant impact of discounting and the relative short term nature of the financial instruments.

	Group		Company	
	Carrying amount	Fair value	Carrying amount	Fair value
<b>2022</b>				
Payables	<b>1,368,753</b>	<b>1,372,837</b>	<b>329,124</b>	<b>329,124</b>
Borrowings	<b>3,037,845</b>	<b>3,045,475</b>	<b>1,470,913</b>	<b>1,431,548</b>
<b>2021</b>				
Payables	1,099,073	1,106,706	181,460	181,460
Borrowings	3,831,600	3,871,836	1,936,682	1,911,692

## 41 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including interest rate risk, credit risk, liquidity risk and cash flow risk and foreign exchange risk. The policy on financial risk management is described in Note 5.

Details of each significant financial risk are as follows:

### a. Interest rate risk

The percentages of fixed rate borrowings to the total borrowings are as follows:

	Group		Company	
	2022	2021	2022	2021
Fixed rate borrowings	<b>1,337,122</b>	1,418,413	<b>801,192</b>	801,182
Floating rate borrowings	<b>1,700,723</b>	2,413,187	<b>669,721</b>	1,135,500
Total borrowings	<b>3,037,845</b>	3,831,600	<b>1,470,913</b>	1,936,682
Percentage of fixed rate borrowings over total borrowings	<b>44.0%</b>	37.0%	<b>54.5%</b>	41.4%

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### 41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

#### a. Interest rate risk (continued)

The following table demonstrates the effect of changes in interest rate of floating rate borrowings. If the interest rate increased by 50 basis points (2021: 25 basis points), with all variables held constant, the Group's and the Company's profit after taxation, total comprehensive income and equity will be affected by higher interest expense as follows:

	Group		Company	
	2022	2021	2022	2021
Higher interest expense	6,463	4,585	2,545	2,157

#### b. Liquidity and cash flow risks

The undiscounted contractual cash flows of the Group's and the Company's financial liabilities as at the end of the financial year are as follows:

	On demand or within 1 year	Between 1 and 2 years	Between 2 and 5 years	Above 5 years	Total contractual cash flows	Total carrying amount
<b>Group</b>						
<b>2022</b>						
Payables	1,215,605	58,289	55,380	75,170	1,404,444	1,368,753
Borrowings	870,858	396,638	1,521,940	646,053	3,435,489	3,037,845
Lease liabilities	24,562	2,526	63,665	-	90,753	45,596
	<b>2,111,025</b>	<b>457,453</b>	<b>1,640,985</b>	<b>721,223</b>	<b>4,930,686</b>	<b>4,452,194</b>
<b>2021</b>						
Payables	945,080	46,769	64,020	83,224	1,139,093	1,099,073
Borrowings	1,198,469	536,484	1,262,753	1,328,568	4,326,274	3,831,600
Lease liabilities	23,300	23,300	4,566	61,625	112,791	66,748
	2,166,849	606,553	1,331,339	1,473,417	5,578,158	4,997,421
<b>Company</b>						
<b>2022</b>						
Payables	316,390	9,164	3,570	-	329,124	329,124
Borrowings	421,835	100,435	957,079	165,920	1,645,269	1,470,913
Lease liabilities	8,044	108	-	-	8,152	8,011
	<b>746,269</b>	<b>109,707</b>	<b>960,649</b>	<b>165,920</b>	<b>1,982,545</b>	<b>1,808,048</b>
<b>2021</b>						
Payables	166,472	5,833	9,155	-	181,460	181,460
Borrowings	816,526	101,632	536,320	687,114	2,141,592	1,936,682
Lease liabilities	8,044	8,044	108	-	16,196	15,674
	991,042	115,509	545,583	687,114	2,339,248	2,133,816

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## 41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

### b. Liquidity and cash flow risks (continued)

As at the end of reporting year, the Company's current liabilities exceed its current assets by RM195.9 million (2021: RM304.2 million). Excluding revolving credits borrowings which are classified under current liabilities, the Company is in net current assets position of RM108.8 million (2021: RM400.0 million).

The Directors are of the view that the Company is able to meet its obligations for the next twelve months from the reporting date. The Company has unutilised credit facilities as disclosed in Note 5(a)(iii) which it can tap upon at an appropriate time. In addition, the future dividend distribution from its subsidiaries are expected to alleviate the liquidity position of the Company.

### c. Credit risk

The maximum exposure and collateral and credit enhancements are as follows:

	Group		Company	
	Maximum exposure	Collateral and credit enhancements	Maximum exposure	Collateral and credit enhancements
<b>2022</b>				
Receivables	965,333	620,175	1,665,792	39,226
Contract assets	2,353,515	1,009,855	19,027	19,027
Cash held under Housing Development				
Accounts	386,092	–	20,878	–
Bank balances, deposits and cash	599,225	–	143,369	–
	<b>4,304,165</b>	<b>1,630,030</b>	<b>1,849,066</b>	<b>58,253</b>
<b>2021</b>				
Receivables	788,435	670,721	1,982,584	62,000
Contract assets	2,346,009	948,854	38,583	38,583
Cash held under Housing Development				
Accounts	291,466	–	17,290	–
Bank balances, deposits and cash	618,198	–	86,573	–
	4,044,108	1,619,575	2,125,030	100,583

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### 41 FINANCIAL RISK MANAGEMENT (CONTINUED)

Details of each significant financial risk are as follows: (continued)

#### d. Foreign currency exchange risk

Other than borrowings denominated in foreign currencies, the Group and the Company do not have other significant financial asset or liabilities denominated in foreign currency as at end of financial year.

The currency profiles of the Group's and the Company's borrowings are as follows:

	Group		Company	
	2022	2021	2022	2021
Borrowings:				
– denominated in GBP	<b>304,773</b>	654,167	<b>304,773</b>	654,167
– denominated in functional currency	<b>2,733,072</b>	3,177,433	<b>1,166,140</b>	1,282,515
	<b>3,037,845</b>	3,831,600	<b>1,470,913</b>	1,936,682

The following table illustrates the effect of changes in exchange rate on the translation of foreign currency denominated borrowings against the functional currency, after taking into account the impact of hedging. If GBP strengthened against RM by 5% (2021: 5%), with all variables held constant, the Company's profit after taxation and equity will be affected by higher foreign currency exchange losses as follows:

	Group		Company	
	2022	2021	2022	2021
Higher foreign currency exchange losses	–*	–*	<b>(15,239)</b>	(32,708)

\* The Group is exposed to currency translation risk arising from its net investment in Battersea. Since the previous financial year, the GBP denominated borrowings were drawdown to provide capital injections to Battersea and is designated as a net investment hedge. As such, the unrealised foreign exchange differences in relation to the GBP denominated borrowings was adjusted to the Group's other comprehensive income and is offset against the foreign exchange differences arising from the underlying net investment.

### 42 IMMEDIATE AND ULTIMATE HOLDING COMPANIES

The Directors regard Permodalan Nasional Berhad as the Company's immediate holding company and Yayasan Pelaburan Bumiputra as the ultimate holding company. Both companies are incorporated in Malaysia.

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## 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows:

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Subsidiaries</b>					
Harvard Golf Resort (Jerai) Berhad	Leasing of clubhouse building and golf course	Malaysia	100.0	100.0	1
Harvard Hotel (Jerai) Sdn Bhd	Leasing of hotel building	Malaysia	100.0	100.0	1
Impian Golf Resort Berhad	Provision of golfing and sporting services	Malaysia	100.0	100.0	1
Kuala Lumpur Golf & Country Club Berhad	Provision of golfing and sporting services and property development	Malaysia	100.0	100.0	1
MVV Holdings Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Brunfield Damansara Sdn Bhd	Property development and property investment	Malaysia	60.0	60.0	1
Sime Darby Brunfield Holding Sdn Bhd	Investment holding, property development and provision of management services	Malaysia	60.0	60.0	1
Sime Darby Brunfield Kenny Hills Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Brunfield Motorworld Sdn Bhd	Investment holding	Malaysia	60.0	60.0	1
Sime Darby Brunfield Properties Holding Sdn Bhd	Property investment and property management services	Malaysia	60.0	60.0	1
Sime Darby Brunfield Resort Sdn Bhd	Property development	Malaysia	60.0	60.0	1
Sime Darby Nilai Utama Sdn Bhd	Property development	Malaysia	70.0	70.0	1
Sime Darby Property (Ainsdale) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ampar Tenang) Sdn Bhd	Property development	Malaysia	100.0	100.0	1

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### 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows:  
(continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Subsidiaries (continued)</b>					
Sime Darby Property (Ara Damansara) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Asset I) Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property (BBR Asset I) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (BBR Asset II) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (BBR Asset III) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (BBR Asset IV) Sdn Bhd	Property investment	Malaysia	100.0	-	4
Sime Darby Property (BBR Industrial I) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Jelutong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Raja) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Subang) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Bukit Tunku) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (BUP Asset I) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Chemara) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (City of Elmina) Sdn Bhd	Property development	Malaysia	100.0	100.0	1



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## 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Subsidiaries (continued)</b>					
Sime Darby Property (Convention Centre) Sdn Bhd	Operation of a convention centre	Malaysia	100.0	100.0	1
Sime Darby Property (Elmina Lakeside Mall) Sdn Bhd	Property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Golfhome) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (Golftek) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (Ironwood) Sdn Bhd	Property investment and property development	Malaysia	100.0	100.0	1
Sime Darby Property (KL East) Sdn Bhd	Property development, property management and property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Klang) Sdn Bhd	Provision of management services	Malaysia	100.0	100.0	1
Sime Darby Property (KLGCC Resort) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lagong) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lembah Acob) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Lukut) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (MVV Central) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Nilai Realty) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Nilai) Sdn Bhd	Property development and property management	Malaysia	100.0	100.0	1
Sime Darby Property (Pagoh) Sdn Bhd	Property development	Malaysia	100.0	100.0	1

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### 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows:  
(continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Subsidiaries (continued)</b>					
Sime Darby Property (Sabah) Sdn Bhd	Property development and investment holding	Malaysia	100.0	100.0	1
Sime Darby Property (Saujana Impian) Sdn Bhd	Property development and property management	Malaysia	100.0	100.0	1
Sime Darby Property (Selangor) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Serenia City) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (SJ7) Sdn Bhd	Property development	Malaysia	100.0	100.0	1
Sime Darby Property (Subang) Sdn Bhd	Property development, property management and property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Sungai Kapar) Sdn Bhd	Investment holding, property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Property (Utara) Sdn Bhd	Property development and property investment	Malaysia	100.0	100.0	1
Sime Darby Property Holdings Sdn Bhd	Property investment and provision of property management services	Malaysia	100.0	100.0	1
Sime Darby Property Management Sdn Bhd	Property management services and property investment holding	Malaysia	100.0	100.0	1
Sime Darby Property Selatan (Holding) Sdn Bhd	Property development, property investment and investment holding	Malaysia	100.0	100.0	1
Sime Darby Property Selatan Sdn Bhd	Investment holding, asset management and construction	Malaysia	60.0	60.0	1
Sime Darby Property Selatan Satu Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	60.0	60.0	1

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## 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Subsidiaries (continued)</b>					
Sime Darby Property Selatan Dua Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	<b>60.0</b>	60.0	1
Sime Darby Property Selatan Tiga Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	<b>60.0</b>	60.0	1
Sime Darby Property Selatan Empat Sdn Bhd	Construction and assets management services under the concession arrangement	Malaysia	<b>60.0</b>	60.0	1
Sime Darby Property Urus Harta Sdn Bhd	Investment holding and property management services	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Property Ventures (MY) Sdn Bhd	Investment holding	Malaysia	<b>100.0</b>	-	1
Superglade Sdn Bhd	Project development services	Malaysia	<b>60.0</b>	60.0	1
Sime Darby Property (Capital Holdings) Pte Ltd	Investment holding	Singapore	<b>100.0</b>	100.0	3
Sime Darby Property Singapore Limited	Property management and investment holding	Singapore	<b>100.0</b>	100.0	3
Sime Darby Property (Vietnam) Pte Ltd	Investment holding	Singapore	<b>100.0</b>	100.0	3
Sime Darby Property Hong Kong) Limited	Investment holding	Hong Kong SAR	<b>100.0</b>	100.0	2
Sime Darby Property (London) Limited	Property investment holding	United Kingdom	<b>100.0</b>	100.0	3

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### 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows:  
(continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Joint ventures</b>					
PJ Midtown Development Sdn Bhd	Property development	Malaysia	<b>30.0</b>	30.0	1
SDPLOG1 (MY Holdings) Sdn Bhd (formerly known as Sime Darby Property (MY Holdings) Sdn Bhd)	Investment holding	Malaysia	<b>55.0</b>	-	1
Sime Darby Property CapitaLand (Melawati Mall) Sdn Bhd	Property investment	Malaysia	<b>50.0</b>	50.0	3
Sime Darby Property MIT Development Sdn Bhd	Investment holding and project management	Malaysia	<b>50.0</b>	50.0	1
Sime Darby Property Sunrise Development Sdn Bhd	Property development	Malaysia	<b>50.0</b>	50.0	1
Aster Real Estate Investment Trust 1	Real estate investment	Singapore	<b>25.0</b>	25.0	3
SDPLOG – IDF 1 (JV Holdings) Pte Ltd (formerly known as Industrial Joint Venture (Holdings) Pte Ltd)	Investment holding	Singapore	<b>51.0</b>	51.0	2
Sime Darby Property – LOGOS Property Industrial Development Fund 1 LP (formerly known as Sime Darby Property Industrial Development Fund LP)	Trust, funds and other similar activities	Singapore	<b>55.0</b>	100.0	2

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## 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries, material joint ventures and associates which are active as at 31 December 2022 are as follows: (continued)

Name of company	Principal activities	Country of incorporation	Group's effective interest (%)		Auditors
			2022	2021	
<b>Joint ventures (continued)</b>					
Battersea Project Holding Company Limited	Property development and investment holding	Jersey	40.0	40.0	2
Battersea Power Station Development Company Limited	Development management services	United Kingdom	40.0	40.0	2
Battersea Power Station Estates Limited	Property/residential sales services	United Kingdom	40.0	40.0	2
<b>Associates</b>					
Kuantan Pahang Holding Sdn Bhd	Investment holding	Malaysia	30.0	30.0	1
Mostyn Development Sdn Bhd	Property development	Malaysia	30.0	30.0	3
Shaw Brothers (M) Sdn Bhd	Investment holding	Malaysia	36.0	36.0	3
Yayasan Sime Darby	Administration of scholarship awards and educational loans and undertake sports, environmental conservation and sustainability projects	Malaysia	@	-	1

@ Yayasan Sime Darby is a company without share capital, limited by guarantee

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### 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

Subsidiaries which are dormant/inactive as at 31 December 2022 are as follows:

Name of company	Country of incorporation	Group's effective interest (%)		Auditors
		2022	2021	
<b>Subsidiaries</b>				
Sime Darby Brunfield Australia Pte Ltd	British Virgin Islands	<b>60.0</b>	60.0	4
Sime Darby Brunfield Property Sdn Bhd	Malaysia	<b>70.0</b>	70.0	1
Sime Darby Builders Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Constant Skyline Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Property (Bukit Selarong) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Property (Kulai) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Property (USJ) Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Putra Heights Development Sdn Bhd	Malaysia	<b>100.0</b>	100.0	1
Sime Darby Property (H&L) Sdn Bhd (formerly known as Sime Darby Property (H&L) Berhad and Highlands & Lowlands Berhad)	Malaysia	<b>100.0</b>	–	1
Sime Darby Property (UEP) Sdn Bhd (formerly known as Sime Darby Property (UEP) Berhad and Sime UEP Properties Berhad)	Malaysia	<b>100.0</b>	–	1
The Glengowrie Rubber Company Sdn Berhad	Malaysia	<b>78.7</b>	78.7	1
Sime Darby Property Real Estate Management Pte Ltd	Singapore	<b>100.0</b>	100.0	3
Sime Darby Property Ventures (HK) Limited	Hong Kong SAR	<b>100.0</b>	100.0	4
Key Access Holdings Limited	British Virgin Islands	<b>100.0</b>	100.0	4
Robt Bradford Hobbs Savill Limited	United Kingdom	<b>98.6</b>	98.6	4
Robt Bradford & Co Limited	United Kingdom	<b>100.0</b>	100.0	4

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## 43 LIST OF SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (CONTINUED)

The subsidiaries placed under members' voluntary liquidation or deregistered during the financial year are as follows:

Name of company	Country of incorporation	Group's effective interest (%)	
		2022	2021
<b>Subsidiaries</b>			
Vibernum Limited	Guernsey	100.0	100.0
OSC Sunrise Apartment Company Limited	Vietnam	-	65.0
Darby Park (Management) Pte Ltd	Singapore	-	100.0

### Notes:

- Subsidiaries, joint ventures and associates which are audited by PricewaterhouseCoopers PLT, Malaysia.
- Subsidiaries, joint ventures and associates which are audited by member firms of PricewaterhouseCoopers International Limited, which are separate and independent legal entities from PricewaterhouseCoopers PLT, Malaysia.
- Subsidiaries, joint ventures and associates which are audited by firms other than member firms of PricewaterhouseCoopers International Limited.
- No legal requirements to appoint auditors or newly incorporated entities for which auditors have yet to be appointed.

## 44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT

- (a) Adoption of FV model for IP and reclassification

As mentioned in Note 2(c) and with reference to Note 3(d), the Group had changed the accounting policy for investment properties from cost model to fair value model. The effect of the change in accounting policy was adjusted retrospectively for the earliest period presented as if the basis used had always been consistently applied.

- (b) The Group had also made certain reclassifications to more appropriately reflect the nature of the cost capitalised and expensed-off as follows:
- reclassification of fit-out costs from investment properties to non-current and current receivables; and consequently,
  - reclassification of the amortisation of fit-out costs as lease incentives from cost of sales to revenue.

The reclassifications have no effect on (1) the profit for the current and previous financial year; and (2) retained earnings.

- (c) Prior year adjustment in relation to the deferred tax liabilities, tax provision and tax recoverable arising from reassessment of industrial building allowances claims.

During the financial year, certain subsidiaries of the Group had reassessed the terms and conditions associated with the Industrial Building Allowances ("IBA") and the corresponding basis used in deferred tax recognition. As a result thereof, the Group has made relevant retrospective restatements to the deferred tax liabilities, tax provision and tax recoverable balances with corresponding adjustments to the Group's retained earnings for the earliest period presented. Details of the adjustments are disclosed in the notes (i) – (iv) below.

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### 44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows as at 31 December 2021 are as follows:

- i. Reconciliation of statement of profit or loss for the financial year ended 31 December 2021

Group	As previously stated	Adoption of FV model for IP	Reclassification	Tax adjustments on IBA claims	As restated
<b>Revenue</b>	2,219,924	–	(3,367)	–	2,216,557
Cost of sales	(1,656,201)	25,569	3,367	–	(1,627,265)
<b>Gross profit</b>	563,723	25,569	–	–	589,292
Other operating income	12,752	–	–	–	12,752
Selling and marketing expenses	(88,985)	–	–	–	(88,985)
Administrative and other expenses	(195,691)	315	–	–	(195,376)
<b>Operating profit</b>	291,799	25,884	–	–	317,683
Other losses	(2,520)	(26,685)	–	–	(29,205)
Share of results of joint ventures	(29,578)	12,045	–	–	(17,533)
Share of results of associates	776	998	–	–	1,774
<b>Profit before interest and taxation</b>	260,477	12,242	–	–	272,719
Finance income	102,773	–	–	–	102,773
Finance costs	(94,997)	–	–	–	(94,997)
<b>Profit before taxation</b>	268,253	12,242	–	–	280,495
Taxation	(117,265)	170	–	(1,102)	(118,197)
<b>Profit for the financial year</b>	150,988	12,412	–	(1,102)	162,298
Other comprehensive income	58,984	398	–	–	59,382
Total comprehensive income for the financial year	209,972	12,810	–	(1,102)	221,680
Profit for the financial year attributable to:					
– owners of the Company	136,904	10,650	–	(661)	146,893
– non-controlling interests	14,084	1,762	–	(441)	15,405
	150,988	12,412	–	(1,102)	162,298
Total comprehensive income for the financial year attributable to:					
– owners of the Company	195,558	11,048	–	(661)	205,945
– non-controlling interests	14,414	1,762	–	(441)	15,735
	209,972	12,810	–	(1,102)	221,680
Basic and diluted earnings per share attributable to owners of the Company (Sen)	2.0				2.2



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## 44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows for the financial year ended 31 December 2021 are as follows: (continued)

ii. Reconciliation of statement of financial position as at 1 January 2021

Group	As previously stated	Adoption of FV model for IP	Reclassification	Tax adjustments on IBA claims	As restated
<b>NON-CURRENT ASSETS</b>					
Investment properties	709,030	226,115	(13,060)	-	922,085
Joint ventures	2,476,101	125,845	-	-	2,601,946
Associates	139,142	6,035	-	-	145,177
Deferred tax assets	617,535	(2,607)	-	-	614,928
Receivables	80,790	-	10,343	-	91,133
Other non-current assets	6,418,059	-	-	-	6,418,059
	10,440,657	355,388	(2,717)	-	10,793,328
<b>CURRENT ASSETS</b>					
Receivables	622,660	-	2,717	-	625,377
Other current assets	3,725,649	-	-	-	3,725,649
	4,348,309	-	2,717	-	4,351,026
<b>TOTAL ASSETS</b>	14,788,966	355,388	-	-	15,144,354
<b>EQUITY</b>					
Share capital	6,800,839	-	-	-	6,800,839
Other reserves	77,197	514	-	-	77,711
Retained profits	2,135,808	331,567	-	(71,470)	2,395,905
Attributable to owners of the Company	9,013,844	332,081	-	(71,470)	9,274,455
Non-controlling interests	179,529	2,759	-	(47,647)	134,641
	9,193,373	334,840	-	(119,117)	9,409,096
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	172,562	20,548	-	119,117	312,227
Other non-current liabilities	3,555,293	-	-	-	3,555,293
	3,727,855	20,548	-	119,117	3,867,520
<b>CURRENT LIABILITIES</b>	1,867,738	-	-	-	1,867,738
<b>TOTAL LIABILITIES</b>	5,595,593	20,548	-	119,117	5,735,258
<b>TOTAL EQUITY AND LIABILITIES</b>	14,788,966	355,388	-	-	15,144,354

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### 44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows for the financial year ended 31 December 2021 are as follows: (continued)

iii. Reconciliation of statement of financial position as at 31 December 2021

Group	As previously stated	Adoption of FV model for IP	Reclassification	Tax adjustments on IBA claims	As restated
<b>NON-CURRENT ASSETS</b>					
Investment properties	774,002	225,236	(11,952)	-	987,286
Joint ventures	3,161,988	138,364	-	-	3,300,352
Associates	138,035	7,033	-	-	145,068
Deferred tax assets	623,212	(2,607)	-	-	620,605
Receivables	75,152	-	9,037	-	84,189
Other non-current assets	5,793,779	-	-	-	5,793,779
	10,566,168	368,026	(2,915)	-	10,931,279
<b>CURRENT ASSETS</b>					
Receivables	713,283	-	2,915	-	716,198
Tax recoverable	31,607	-	-	(2,775)	28,832
Other current assets	3,945,602	-	-	-	3,945,602
	4,690,492	-	2,915	(2,775)	4,690,632
<b>TOTAL ASSETS</b>	15,256,660	368,026	-	(2,775)	15,621,911
<b>EQUITY</b>					
Share capital	6,800,839	-	-	-	6,800,839
Other reserves	135,851	912	-	-	136,763
Retained profits	2,204,704	342,217	-	(72,131)	2,474,790
Attributable to owners of the Company	9,141,394	343,129	-	(72,131)	9,412,392
Non-controlling interests	185,143	4,521	-	(48,088)	141,576
	9,326,537	347,650	-	(120,219)	9,553,968
<b>NON-CURRENT LIABILITIES</b>					
Deferred tax liabilities	184,700	20,376	-	115,283	320,359
Other non-current liabilities	3,265,499	-	-	-	3,265,499
	3,450,199	20,376	-	115,283	3,585,858
<b>CURRENT LIABILITIES</b>					
Tax provision	26,775	-	-	2,161	28,936
Other current liabilities	2,453,149	-	-	-	2,453,149
	2,479,924	-	-	2,161	2,482,085
<b>TOTAL LIABILITIES</b>	5,930,123	20,376	-	117,444	6,067,943
<b>TOTAL EQUITY AND LIABILITIES</b>	15,256,660	368,026	-	(2,775)	15,621,911

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## 44 CHANGE IN ACCOUNTING POLICY AND PRIOR YEAR ADJUSTMENT (CONTINUED)

The effects of adoption of the change in accounting policy and prior year adjustment on the results for the financial year ended 31 December 2021, the financial positions as at 1 January 2021 and 31 December 2021 and the statement of cash flows for the financial year ended 31 December 2021 are as follows: (continued)

iv. Reconciliation of statement of cash flows for the financial year ended 31 December 2021

Group	As previously	Adoption of FV model for IP	Tax adjustments on IBA claims	As restated
Profit for the financial year	150,988	12,412	(1,102)	162,298
Adjustments for:				
Share of results of:				
– joint ventures	29,578	(12,045)	–	17,533
– associates	(776)	(998)	–	(1,774)
Depreciation of investment properties	29,251	(29,251)	–	–
Gain on disposal of investment properties	(948)	948	–	–
Net changes in fair value on investment properties	–	25,737	–	25,737
Taxation	117,265	(170)	1,102	118,197
Changes in working capital:				
– receivables and prepayments	(90,916)	3,367	–	(87,549)
Other cash flow from operating activities	259,898	–	–	259,898
Net cash from operating activities	494,340	–	–	494,340

## 45 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors dated 23 March 2023.

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# Analysis of Shareholdings

as at 31 March 2023

Issued and Paid-Up Share Capital	: 6,800,839,377
Class of Shares	: Ordinary Shares
Number of Shareholders	: 27,682
Voting Rights	: 1 vote per Ordinary Share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Less than 100	2,770	10.007	69,135	0.001
100 to 1,000 shares	6,031	21.787	3,599,107	0.053
1,001 to 10,000 shares	13,332	48.161	49,777,591	0.732
10,001 to 100,000 shares	4,543	16.411	131,641,545	1.936
100,001 to less than 5% of issued shares	1,002	3.620	2,204,284,384	32.412
5% and above of issued shares	4	0.014	4,411,467,615	64.867
<b>TOTAL</b>	<b>27,682</b>	<b>100.00</b>	<b>6,800,839,377</b>	<b>100.00</b>

## ANALYSIS OF EQUITY STRUCTURE AS PER THE RECORDS OF DEPOSITORS

Category of Holders	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Shares
Individual	22,979	83.011	283,239,641	4.165
Bank / Finance Companies	42	0.152	4,445,989,896	65.374
Investment Trusts / Foundation / Charities	20	0.072	1,107,393	0.016
Industrial and Commercial Companies	592	2.139	201,319,345	2.960
Government Agencies / Institutions	2	0.007	1,565,890	0.023
Nominees	4,045	14.612	1,867,511,937	27.460
Others	2	0.007	105,275	0.002
Trustee	–	0.000	–	0.000
<b>TOTAL</b>	<b>27,682</b>	<b>100.00</b>	<b>6,800,839,377</b>	<b>100.00</b>

## SUBSTANTIAL SHAREHOLDERS AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS

No.	Name of Shareholders	No. of Shares Held (Direct Interest)	% of Issued Shares	No. of Shares Held (Indirect/Deemed Interest)	% of Issued Shares
1	Amanahraya Trustees Berhad – Amanah Saham Bumiputera	3,056,954,500	44.950	–	–
2	Employees Provident Fund Board	574,726,211	8.451	40,934,399	0.602
3	Kumpulan Wang Persaraan (Diperbadankan)	405,670,612	5.965	26,879,500	0.395
4	Permodalan Nasional Berhad	374,183,792	5.502	–	–
5	Yayasan Pelaburan Bumiputra <sup>1</sup>	–	–	374,183,792	5.502

Note:

<sup>1</sup> Deemed interested by virtue of its interest in Permodalan Nasional Berhad pursuant to Section 8 of the Companies Act 2016.

## DIRECTORS' DIRECT AND INDIRECT INTERESTS IN THE COMPANY AND ITS RELATED CORPORATIONS

None of the Directors of the Company has any interest, direct or indirect, in the Company and its related corporations.

## TOP THIRTY (30) SHAREHOLDERS AS PER THE RECORDS OF DEPOSITORS

No.	Name of Shareholders	No. of Shares Held	% of Issued Shares
1	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera</i>	3,056,954,500	44.950
2	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	574,726,211	8.451
3	Kumpulan Wang Persaraan (Diperbadankan)	405,603,112	5.964
4	Permodalan Nasional Berhad	374,183,792	5.502
5	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 2 – Wawasan</i>	138,000,000	2.029
6	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia</i>	118,109,900	1.737
7	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 2</i>	112,897,400	1.660
8	HSBC Nominees (Asing) Sdn Bhd <i>HSBC BK PLC for Kuwait Investment Office (KIO)</i>	60,693,700	0.892
9	Cartaban Nominees (Tempatan) Sdn Bhd <i>PAMB for Prulink Equity Fund</i>	60,510,327	0.890
10	Amanahraya Trustees Berhad <i>Amanah Saham Malaysia 3</i>	53,885,437	0.792
11	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	52,782,849	0.776
12	Guoline (Singapore) Pte Ltd	50,701,700	0.746
13	Cartaban Nominees (Asing) Sdn Bhd <i>Exempt An for State Street Bank &amp; Trust Company (West CLT OD67)</i>	46,191,900	0.679
14	Pertubuhan Keselamatan Sosial	45,804,365	0.674
15	Amanahraya Trustees Berhad <i>Amanah Saham Bumiputera 3 – Didik</i>	40,274,300	0.592
16	Quek Leng Chan	38,600,000	0.568
17	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Norges Bank (FI 17)</i>	37,883,400	0.557
18	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentssmall-Cap Fund</i>	36,877,700	0.542
19	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Ittikal Fund (N14011970240)</i>	35,000,000	0.515
20	Maybank Nominees (Tempatan) Sdn Bhd <i>Maybank Trustees Berhad for Public Regular Savings Fund (N14011940100)</i>	32,230,416	0.474
21	Citigroup Nominees (Tempatan) Sdn Bhd <i>Exempt An for AIA Bhd</i>	31,428,000	0.462
22	Cartaban Nominees (Tempatan) Sdn Bhd <i>PBTB for Takafulink Dana Ekuiti</i>	28,427,388	0.418
23	Amanahraya Trustees Berhad <i>Public Islamic Dividend Fund</i>	27,975,463	0.411
24	Cartaban Nominees (Tempatan) Sdn Bhd <i>Prudential Assurance Malaysia Berhad for Prulink Strategic Fund</i>	23,875,800	0.351
25	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i>	23,784,278	0.350
26	Hong Leong Assurance Berhad <i>As Beneficial Owner (Life PAR)</i>	22,307,131	0.328
27	HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)</i>	21,077,879	0.310
28	Citigroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (Par 3)</i>	19,567,002	0.288
29	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt An for Citibank New York (Norges Bank 14)</i>	19,219,065	0.283
30	Associated Land Sendirian Berhad	18,367,000	0.270
<b>TOTAL</b>		<b>5,607,940,015</b>	<b>82.460</b>

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# List of Material Properties Held by the Group

as at 31 December 2022

Location	Tenure	Remaining land area (acres)	Year of acquisition	Net book value (RM thousand)
<b>LAND HELD BY THE GROUP</b>				
<b>MALAYSIA</b>				
<b>Selangor Darul Ehsan</b>				
Subang Jaya City Centre, Subang Jaya	Freehold	24	1964-2013	122,877
Melawati Development, Hulu Kelang	Freehold	119	1978	102,634
Elmina West, Sungai Buloh	Freehold	1,068	1985	318,287
Ara Damansara, Petaling Jaya	Freehold	54	1985	213,110
Elmina Business Park, Rawang	Freehold	1,180	1985	173,320
Elmina East, Sungai Buloh	Freehold	220	1985	68,630
Bukit Jelutong, Shah Alam	Freehold	124	1985	64,995
Bukit Lagong, Rawang	Freehold	1,487	1985	62,263
Taipan City, Subang	Freehold	35	1992	262,648
Putra Heights, Subang Jaya	Freehold	48	1992	219,527
Bandar Bukit Raja, Klang	Freehold	1,648	1995	111,745
Serenia City, Sepang	Freehold	954	2008	172,490
<b>Negeri Sembilan Darul Khusus</b>				
Nilai Impian/Utama, Nilai	Freehold	375	1992-1996	334,558
New Labu/Sg Sekah/Hamilton Nilai City, Nilai	Freehold	2,889	1995-2017	963,542
<b>Kuala Lumpur, Wilayah Persekutuan</b>				
Bukit Kiara	Leasehold expiring 2111	41	1991	490,843
<b>Johor Darul Takzim</b>				
Pagoh, Muar	Leasehold expiring 2111	2,152	2012	310,065
<b>Kedah Darul Aman</b>				
Jerai, Kuala Muda	Freehold	724	1985-2007	33,364

Location	Tenure	Land area (acres)	Year of acquisition/ completion	Age of building (Years)	Description	Net book value (RM thousand)
<b>INVESTMENT PROPERTIES, RETAIL AND COMMERCIAL ASSETS</b>						
<b>MALAYSIA</b>						
<b>Kuala Lumpur, Wilayah Persekutuan</b>						
KL East Mall, Taman Melawati	Freehold	7	2020	3	4-storey shopping mall with car park	357,116
Senada Mall, Bukit Kiara	Leasehold expiring 2111	6	Construction in progress	-	5-storey shopping mall with car park	147,535
Wisma MRT, Damansara Heights	Freehold	1	1985	40	5-storey office building	38,000
Taman Melawati	Freehold	7	2015	-	Land leased for college purposes	32,848
<b>Selangor Darul Ehsan</b>						
Oasis Square, Ara Damansara	Freehold	3	2010	13	2 blocks of 12-storey office building with car park	217,447
Sime Darby Pavilion, Bukit Jelutong	Freehold	7	1999	24	3-storey commercial building	60,045
Wisma Zuellig, Petaling Jaya	Leasehold expiring 2059	3	2000	30	6-storey building for medical facilities	38,903
Oasis Corporate Park, Ara Damansara	Freehold	10	2017	6	Car park	37,000
<b>Kedah Darul Aman</b>						
Jerai Estate and Harvard Suasana Resort, Kuala Muda	Freehold	703	1985-2007	23	Land and building leased for hotel and golf resort, land leased for plantation purposes and vacant land	136,906
<b>LEISURE PROPERTIES</b>						
<b>MALAYSIA</b>						
<b>Kuala Lumpur, Wilayah Persekutuan</b>						
Kuala Lumpur Golf & Country Club, Bukit Kiara	Leasehold expiring 2087	279	1991	12-30	36-hole golf course and clubhouse	244,268
Sime Darby Convention Centre, Bukit Kiara	Leasehold expiring 2111	4	2006	17	5-storey multi-purpose convention and business centre	85,131
<b>Selangor Darul Ehsan</b>						
Impian Golf & Country Club, Kajang	Freehold	142	1997	26	18-hole golf course and country club	53,956
Bayuemas Sports and Events Complex, Kota Bayuemas	Freehold	22	2004	12-19	Cricket club and lawn bowl sports facilities	34,953

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# Independent Assurance Report



## Independent Limited Assurance Report to the Directors of Sime Darby Property Berhad on selected sustainability information

To the Board of Directors of Sime Darby Property Berhad

We have been engaged by Sime Darby Property Berhad ("SDP" or the "Company") to perform an independent limited assurance engagement on selected sustainability information, comprising the information set out in the Subject Matter Information and Reporting Criteria section (hereinafter referred to as "Subject Matter Information") for the financial year ended 31 December 2022 as reported by the Company in its Sustainability Statement within the 2022 Integrated Report and its 2022 Sustainability Report (together the "2022 Reports").

### Our Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information contained in the Company's 2022 Reports has not been prepared, in all material respects, in accordance with the reporting criteria that is included in the Subject Matter Information and Reporting Criteria section (hereinafter referred to as "Reporting Criteria").

### Subject Matter Information and Reporting Criteria

The Subject Matter Information reported and marked with the asterisk (\*) symbol in the 2022 Reports on which we provide limited assurance consist of:

No	Selected sustainability metrics	Related reporting criteria	Reporting Location
1	Scope 1 and Scope 2 GHG emissions	GRI 305-1: Direct (Scope 1) GHG emissions GRI 305-2: Energy indirect (Scope 2) GHG emissions	IR, SR
2	Total energy consumption (GJ)	GRI 302-1: - Energy consumption within the organisation	SR
3	Total operational potable water use	GRI 303-3: Water withdrawal	SR
4	Total waste generated	GRI 306-3: Waste generated	SR
5	Total waste to landfill and recycling	GRI 306-4: Waste diverted from disposal (only recycling)	SR
6	Employee breakdown by gender and age group	GRI 401-1: New employee hires and employee turnover	SR
7	New employee hires and employee turnover	GRI 401-1: New employee hires and employee turnover	SR
8	Number of fatalities	GRI 403-9: Work-related injuries	IR, SR
9	Lost Time Injury Frequency Rate	GRI 403-9: Work-related injuries	IR, SR

**IR** Included in the Company's Sustainability Statement within the 2022 Integrated Report

**SR** Included in the Company's 2022 Sustainability Report





**Independent Limited Assurance Report to the Directors of Sime Darby Property Berhad on selected sustainability information (continued)**

**Subject Matter Information and Reporting Criteria (continued)**

Our assurance was with respect to the financial year ended 31 December 2022 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Company’s 2022 Reports and, therefore, do not express any conclusion thereon.

The Subject Matter Information needs to be read and understood together with the Reporting Criteria, which the Company is solely responsible for selecting and applying.

The reporting criteria used for the reporting of the Subject Matter Information are (collectively referred to as the “Reporting Criteria”):

- the Company’s internal sustainability reporting guidelines and procedures by which the Subject Matter Information are gathered, collated and aggregated internally; and
- Global Reporting Initiative’s Sustainability Reporting Standards (“GRI standards”) for disclosures.

**Inherent Limitations**

The absence of a significant body of established practice on which to draw to evaluate and measure the Subject Matter Information allows for different, but acceptable, measurement basis and can affect comparability between entities and over time. Greenhouse Gas (“GHG”) quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

The Subject Matter Information is subject to more inherent limitations than financial information, given the characteristics of the underlying subject matter and the methods used for determining such information. The precision of different measurement techniques may also vary.

**Management’s Responsibility**

Management of the Company is responsible for the preparation of the Subject Matter Information included in the 2022 Reports in accordance with the Reporting Criteria.

This responsibility includes the selection and application of appropriate methods to prepare the Subject Matter Information as well as the design, implementation and maintenance of internal controls relevant for the preparation of the Subject Matter Information that is free from material misstatement, whether due to fraud or error. Furthermore, the responsibility includes the use of assumptions and estimates for disclosures made by the Company which are reasonable in the circumstances.

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## Independent Assurance Report



### **Independent Limited Assurance Report to the Directors of Sime Darby Property Berhad on selected sustainability information (continued)**

#### **Our Responsibility**

Our responsibility is to express a limited assurance conclusion on the Subject Matter Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with the approved standard for assurance engagements in Malaysia, International Standard on Assurance Engagements (“ISAE”) 3000 (Revised) “Assurance Engagements Other Than Audits or Reviews of Historical Financial Information”. This standard requires that we plan and perform this engagement under consideration of materiality to express our conclusion with limited assurance about whether the Subject Matter Information is free from material misstatement.

The accuracy of the Subject Matter Information is subject to inherent limitations given their nature and methods for determining, calculating and estimating such data. Our limited assurance report should therefore be read in conjunction with the Reporting Criteria.

A limited assurance engagement involves assessing the suitability in the circumstances of the Company’s use of the Reporting Criteria as the basis for the preparation of the Subject Matter Information, assessing the risks of material misstatement of the Subject Matter Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Subject Matter Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

#### **Our Independence and Quality Management**

We have complied with the independence and other ethical requirements of the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“MIA”) and the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (including International Independence Standards), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

We apply International Standard on Quality Management 1 “Quality Management for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements”, and accordingly maintain a comprehensive system of quality management including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



**Independent Limited Assurance Report to the Directors of Sime Darby Property Berhad on selected sustainability information (continued)**

**Main Assurance Procedures**

Our work, which involved no independent examination of any of the underlying information, included the following procedures:

- Evaluated the suitability in the circumstances of the Company’s Reporting Criteria as the basis for preparing the Subject Matter Information;
- Inquired personnel responsible for data collection and collation by entity and/or Operating Unit (“OU”) and reporting of the Subject Matter Information, regarding the processes to prepare the said report and the underlying controls over those processes. Our procedures did not include evaluating the suitability of design or operating effectiveness of control activities;
- Performed analytical procedures for consistency of data with trends and our expectation;
- Performed limited substantive testing by inspecting on a sample basis of internal documents, reports, data capture forms, delivery orders, invoices, where applicable, for the above in-scope by entity and/or OU to support the Subject Matter Information including observation of management’s controls over the processes;
- Checked mathematical formulas, proxies and default values used in the Subject Matter Information against the Company’s internal sustainability reporting guidelines;
- Reviewed of consolidation of data from each entity and/or OU within the Company; and
- Evaluated the appropriateness of the disclosures and presentation of the Subject Matter Information based on the Reporting Criteria.

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## Independent Assurance Report



### **Independent Limited Assurance Report to the Directors of Sime Darby Property Berhad on selected sustainability information (continued)**

#### **Restriction on Distribution and Use and Disclaimer of Liability to Third Parties and For Any Other Purpose**

This report, including our conclusion, has been prepared solely for the Board of Directors of the Company in accordance with the agreement between us, in connection with the performance of an independent limited assurance engagement on the Subject Matter Information as reported by the Company in the 2022 Reports. Accordingly, this report should not be used or relied upon for any other purposes. We consent to the inclusion of this report in the Company's 2022 Reports which will be disclosed on the website of the Company at <https://www.simedarbyproperty.com/sustainability> and <https://www.simedarbyproperty.com/investor-relations/annual-report> in respect of the financial year ended 31 December 2022, to assist the Directors in responding to their governance responsibilities by obtaining an independent limited assurance report in connection with the Subject Matter Information. As a result, we will not accept any liability or assume responsibility to any other party to whom our report is shown or into whose hands it may come.

Yours faithfully,



PRICEWATERHOUSECOOPERS PLT  
LLP0014401-LCA & AF 1146  
Chartered Accountants

Kuala Lumpur  
7 April 2023

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Fiftieth Annual General Meeting (“50th AGM”) of Sime Darby Property Berhad (“Sime Darby Property” or “Company”) will be held virtually via the TIIH Online website at <https://tiih.online> and at the Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue** on Wednesday, 24 May 2023 at 9.30 a.m. for the transaction of the following Ordinary Business:

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon.  
*Refer to Explanatory Note 1*
2. To re-elect the following Directors who retire by rotation in accordance with Rule 111 of the Constitution of the Company and being eligible, offer themselves for re-election:
  - (i) Rizal Rickman Ramli **(Resolution 1)**
  - (ii) Dato' Azmir Merican **(Resolution 2)**
  - (iii) Dato' Soam Heng Choon **(Resolution 3)***Refer to Explanatory Note 2*
3. To approve the payment of fees to the Non-Executive Directors for the period from 25 May 2023 until the next AGM of the Company to be held in year 2024.  
*Refer to Explanatory Note 3* **(Resolution 4)**
4. To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM500,000 for the period from 25 May 2023 until the next AGM of the Company to be held in year 2024.  
*Refer to Explanatory Note 4* **(Resolution 5)**
5. To re-appoint PricewaterhouseCoopers PLT as the Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to determine their remuneration.  
*Refer to Explanatory Note 5* **(Resolution 6)**
6. To transact any other business for which due notice shall have been given in accordance with the Companies Act 2016 and the Constitution of the Company.

**FURTHER NOTICE IS HEREBY GIVEN THAT** for the purpose of determining a member who shall be entitled to attend, speak and vote at this 50th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Rule 76 of the Constitution of the Company and Section 34(1) of the Securities Industry (Central Depositories) Act 1991, to issue a General Meeting Record of Depositors as at 15 May 2023. Only a depositor whose name appears on the Record of Depositors as at 15 May 2023 shall be entitled to attend the said meeting or appoint proxies to attend, speak and vote on his/her behalf.

## By Order of the Board

### Noreen Melini Muzamli

Group Company Secretary  
(SSM PC No. 201908002218)  
(LS 0008290)

Petaling Jaya  
20 April 2023

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# Notice of Annual General Meeting

## NOTES:

### 1. Registration for Remote Participation and Voting (“RPV”) Facilities

- 1.1 The 50th AGM will be conducted on a **virtual basis through live streaming and online remote voting** via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) TIIH Online website at <https://tiih.online>. Members can attend, participate and vote in the meeting remotely or online using the RPV facilities. Please follow the procedures provided in the Administrative Details for the 50th AGM in order to register, participate and vote remotely via the RPV facilities.
- 1.2 The Broadcast Venue of the 50th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 (“Act”) which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders, proxy(ies), authorised representative(s) or attorney(s) will be physically present at the Broadcast Venue.

### 2. Submission of questions before and during the meeting

- 2.1 Members may submit questions in relation to the agenda items for the 50th AGM prior to the meeting via TIIH Online at <https://tiih.online> by selecting “e-Services” to login, pose questions and submit electronically not later than Monday, 22 May 2023. The responses to these questions will be shared at the 50th AGM.
- 2.2 Members may also use the Query Box facility to ask questions real time (in the form of typed text) during the 50th AGM. The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

### 3. Proxy

- 3.1 A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

3.2 A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3.3 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 50th AGM of the Company shall be put to vote by way of a poll.

3.4 Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 (“SICDA”), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.

3.5 Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

3.6 The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialled.

3.7 The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

(i) In Hardcopy Form

The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding this AGM or no later than 22 May 2023 at 9.30 a.m.

(ii) By Tricor Online System (TIH Online)

The Proxy Form can be electronically submitted with the Share Registrar of the Company via TIH Online. The website to access TIH Online is <https://tiah.online> (Kindly refer to the Administrative Details).

(iii) By Email or Facsimile

The Proxy Form can be sent via email to Tricor's email address [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) or via facsimile at telephone no. 603-2783 9222.

3.8 Only Members registered in the Record of Depositors as at 15 May 2023 shall be entitled to attend, speak and vote at the 50th AGM or appoint a proxy(ies) to attend and vote on their behalf.

## EXPLANATORY NOTES

### 1. Audited Financial Statements for the Financial Year Ended 31 December 2022

The Audited Financial Statements are laid before the shareholders pursuant to the provisions of Section 266(1)(a) and Section 340(1)(a) of the Act for discussion only and will not be put forward for voting.

### 2. Ordinary Resolutions 1 to 3:

#### Re-election of Directors in accordance with Rule 111 of the Constitution

Rule 111 of the Constitution expressly states that at every AGM, at least one-third (1/3) of the Directors for the time being shall retire from office. In addition, Rule 112 of the Constitution states that all Directors

shall retire from office once at least in each three (3) years. A retiring Director shall be eligible for re-election.

Rizal Rickman Ramli, Dato' Azmir Merican and Dato' Soam Heng Choon are due to retire at the 50th AGM in accordance with Rule 111 of the Company's Constitution.

For the purpose of determining the eligibility of the Directors to stand for re-election at the 50th AGM, the Board through its Nomination and Remuneration Committee ("NRC"), had assessed each of the retiring Directors, and considered the following:

- (i) The Directors' performance and contribution based on the results of the Self and Peer Assessment of the Board Effectiveness Evaluation 2022;
- (ii) The Directors' level of contribution to the Board deliberations through his skills, experience and strength in qualities;
- (iii) The level of independence demonstrated by the Independent Director and his ability to act in the best interests of the Company in decision-making;
- (iv) The Directors have the character, integrity, experience and competence, as well as fit and properness to discharge their role effectively; and
- (v) The Directors' ability to commit and devote adequate time to fulfil their responsibilities effectively.

Rizal Rickman Ramli, Dato' Azmir Merican and Dato' Soam Heng Choon, being eligible, have offered themselves for re-election at the 50th AGM.

Based on the aforesaid assessment, the Board and the NRC are satisfied that the individual Directors (including the retiring Directors) have met the performance criteria required of an effective and high-performance Board and the Board's expectations by continuously discharging their duties diligently as Directors of the Company. In addition, the Non-Executive Directors ("NEDs") have provided annual declaration / confirmation of independence and, fit and proper, respectively. Accordingly, the Board recommends the re-election of Rizal Rickman Ramli, Dato' Azmir Merican and Dato' Soam Heng Choon at the 50th AGM.

## Notice of Annual General Meeting

### 3. Ordinary Resolution 4:

#### **Payment of Directors' Fees to the NEDs for the period from 25 May 2023 until the next AGM of the Company to be held in year 2024**

Pursuant to Section 230(1) of the Act, any "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Rule 94.1 of the Constitution of the Company further provides that the fees and benefits payable to the NEDs shall be subject to annual shareholders' approval at a general meeting.

The Company had, at its Forty-Ninth AGM ("49th AGM"), obtained approval from the shareholders in respect of the payment of Directors' fees to the NEDs for the period from 25 May 2022 until the 50th AGM.

The NRC had continued to carry out annual review of the Directors' remuneration with the view to ensure that the proposed fees for the Board and Board Committees of the Company remain competitive to attract and retain high calibre individuals, to commensurate with the level of responsibilities and expected commitments of the NEDs. An external consultant was engaged in 2019 to review the overall Directors' Remuneration Framework and provide the NRC with an objective and independent perspective. Such review exercise will continue to be carried out periodically taking into consideration the Company's performance and affordability.

Based on the recommendation from the NRC, the Board had, on 28 February 2023, agreed that the proposed fees payable to the NEDs shall remain unchanged, as they are still current, relevant and competitive as set out in the table below:

	Board (RM/Year)	Board Committees (RM/Year)
Chairman	540,000	70,000
Member	220,000	40,000

On 25 November 2022, the Board had approved the establishment of Board Sustainability Committee ("BSC") effective 1 January 2023 primarily to support the Board in fulfilling its oversight responsibilities in relation to the Environmental, Social and Corporate Governance strategy and framework for Sime Darby Property Group and regularly assess the adequacy and effectiveness of such strategy and framework. Accordingly, the fees payable for the Chairman and Members of the BSC effective 1 January 2023, as per the Remuneration Framework for NEDs, will be paid if Resolution 4 is passed at the 50th AGM.

Shareholders' approval is hereby sought under Resolution 4 on the payment of NEDs' fees for the period from 25 May 2023 until the next AGM of the Company to be held in year 2024. If passed, it will give approval to the Company to continue paying the NEDs' fees on a monthly basis after the AGM for their services on the Board and Board Committees.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 4 concerning the remuneration to the NEDs at the 50th AGM.

The remuneration of each Director is set out in the Corporate Governance Report on page 66.

### 4. Ordinary Resolution 5:

#### **Payment of Benefits Payable to the NEDs up to an amount of RM500,000 for the period from 25 May 2023 until the next AGM of the Company to be held in year 2024**

The Company had, at its 49th AGM held on 24 May 2022, obtained approval from the shareholders in respect of the payment of benefits to the NEDs up to an amount of RM500,000 for the period from 25 May 2022 until the 50th AGM comprising, amongst others, the following key benefits:

- Telecommunication devices/facilities
- Club membership subscription
- Medical and insurance coverage
- Discount on purchases of Group/Company products
- Use of local holiday bungalow and apartments maintained by Sime Darby Property Group
- Other claimable benefits incurred in the course of carrying out their duties as Directors



The payment of benefits for the NEDs for the said period did not exceed RM500,000.

Based on the review of the current Remuneration Framework, the Company is seeking shareholders' approval for the same approval limit as obtained in the preceding AGM in respect of the amount of benefits payable to the NEDs of up to RM500,000 at the 50th AGM.

If the proposed Resolution 5 is passed, the payment of benefits to the NEDs will be made as and when incurred.

Any NEDs who are shareholders of the Company will abstain from voting on Resolution 5 concerning the remuneration to the NEDs at the 50th AGM.

## 5. Ordinary Resolution 6:

### Re-appointment of Auditors

The Audit Committee ("AC") at its meeting held on 16 March 2023, had undertaken an annual assessment of the suitability and effectiveness of the external audit process, performance, suitability and independence of the external auditors, PricewaterhouseCoopers PLT ("PwC") as prescribed under the Paragraph 15.21 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The said assessment focused on seven (7) key dimensions as follows:

- (i) Calibre of External Auditor Firm
- (ii) Quality Processes/Performance
- (iii) Audit Team
- (iv) Independence and Objectivity
- (v) Audit Scope and Planning
- (vi) Audit Fees
- (vii) Audit Communication

The AC also took into account the openness in communication as well as access and interactions with key leadership partners of PwC Malaysia including the Executive Chairman, Managing Partner, Head of Assurance and Head of Tax. These interactions were over and above the regular meetings and engagement with the Audit Partner and his/her audit team. In addition, the AC also considered the comparison between three (3) big accounting firms, namely PwC, Ernst & Young PLT and KPMG PLT based on their key Audit Quality Indicators and Annual Transparency Report findings and disclosures.

The AC recommended the re-appointment of PwC based on the following justifications:

- (i) PwC's service quality during financial year 2022.
- (ii) Adequacy of experience and resources, in terms of capacity, qualification and competencies of the audit partners and team.
- (iii) Independence of PwC and the level of non-audit services rendered by PwC.
- (iv) Comparison of sixteen (16) key statistics of the top three (3) auditors' Annual Transparency Report.

The AC was satisfied with the suitability of PwC based on the quality of audit, performance, competency and sufficiency of resources the external audit team provided to the Sime Darby Property Group. The AC was also satisfied in its review that the provisions of non-audit services by PwC to the Company for the financial year 2022 did not in any way impair their objectivity and independence as external auditors of Sime Darby Property.

The Board had, at its special meeting held on 23 March 2023, approved the AC's recommendation for the shareholders' approval to be sought at the 50th AGM on the re-appointment of PwC as external auditors of the Company for the financial year ending 31 December 2023, under Resolution 6. The present external auditors, PwC, have indicated their willingness to continue their services for the next financial year.

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# Statement Accompanying Notice of the Fiftieth Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

The details of the Directors' interest in the securities of the Company as at 31 March 2023 are stated in the "Analysis of Shareholdings" section in the Company's Annual Report.

The profile of the Directors who are standing for re-election (as per Resolutions 1 to 3 as stated above) at the Fiftieth Annual General Meeting of Sime Darby Property Berhad are set out in the "Board of Directors' Profile" section in the Company's Annual Report.

# Administrative Details

for the Fiftieth Annual General Meeting of Sime Darby Property Berhad

**Date** : Wednesday, 24 May 2023

**Time** : 9.30 a.m.

**Broadcast Venue** : Banquet Hall, 1st Floor, Main Lobby  
Kuala Lumpur Golf & Country Club  
No. 10, Jalan 1/70D, Off Jalan Bukit Kiara  
60000 Kuala Lumpur, Malaysia

**Online Platform** : TIIH Online website at <https://tiih.online> with Remote Participation and Voting Facilities

## 1. VIRTUAL FIFTIETH ANNUAL GENERAL MEETING

The Company will continue to leverage on technology to facilitate communication and engagement with shareholders by conducting the Fiftieth Annual General Meeting (“50th AGM”) on **a virtual basis through live streaming and online remote voting** via Remote Participation and Voting (“RPV”) facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd’s (“Tricor”) **TIIH Online** website at <https://tiih.online>.

The Broadcast Venue of the 50th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders, proxy(ies), authorised representative(s) or attorney(s) will be physically present at the Broadcast Venue on the day of the meeting.

## 2. GENERAL MEETING RECORD OF DEPOSITORS

Only members whose names appear on the Record of Depositors as at 15 May 2023 (“General Meeting ROD”) shall be eligible to attend, speak and vote at the 50th AGM or appoint a proxy(ies) to attend and vote on his/her behalf.

## 3. REGISTRATION FOR RPV AT THE 50TH AGM

Shareholders are invited to attend the 50th AGM to exercise your right to attend, participate and vote at the 50th AGM remotely by using the RPV facilities at <https://tiih.online>. Kindly refer to the following steps:

### i) Register as a user of TIIH Online

- Access the TIIH online website at <https://tiih.online>.
- Under “e-Services”, select the **Sign Up** button followed by “Create Account by **Individual Holder**”. Refer to the tutorial guide posted on the homepage for assistance.
- Registration as a user will be approved within one (1) working day and you will be notified via e-mail.
- If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

### ii) Register your attendance for the 50th AGM remotely

- Registration is open from the date of the Notice of 50th AGM on **Thursday, 20 April 2023** until such time before the voting session ends at the 50th AGM on Wednesday, 24 May 2023.
- Shareholder(s), proxy(ies), corporate representative(s) or attorney(s) are required to **pre-register** their attendance for the 50th AGM for verification of their eligibility to attend the 50th AGM using the RPV based on the General Meeting ROD as at 15 May 2023.
- Login with your user ID (e-mail address) and password and select the corporate event: **“(Registration) Sime Darby Property Berhad 50th AGM”**
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Select **“Register for Remote Participation and Voting”**.

## Administrative Details

### for the Fiftieth Annual General Meeting of Sime Darby Property Berhad

- f) Review your registration and proceed to register.
  - g) TIIH Online will send an e-mail to notify that your registration for remote participation is received and will be verified.
- iii) Verification and notification by TIIH Online of your registration
- a) After verification of your registration against the General Meeting ROD as at 15 May 2023, TIIH Online will send you an **e-mail on or after 22 May 2023 to confirm the approval** of your registration for RPV. The procedures for attendance via the RPV are detailed in the said email and as set out in **Note 7** below.
  - b) In the event your registration is not approved, you will be notified via e-mail.

*(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV).*

#### 4. PROXY

i) Appointment of Chairman of the Meeting as proxy

If a shareholder is not able to attend the 50th AGM, he/she can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instructions in the Proxy Form. Kindly refer to lodgement of Proxy Form in accordance with **Note 5** below.

ii) Appointment of proxy, corporate representative or attorney

- a) Shareholder who has appointed a proxy(ies), corporate representative(s) or attorney(s) to participate at the 50th AGM via RPV must ensure that the Proxy Form is completed with required information, signed and dated. The Proxy Form must be deposited in accordance with **Note 5** below.
- b) Shareholder must also request his/her proxy(ies), authorised representative or attorney to register himself/herself as a user with TIIH Online website at <https://tiih.online>.
- c) The representative of a corporation or institutional shareholder must register as a user in accordance with **Note 5 (ii) (b)** below before he/she can subscribe to this corporate holder electronic proxy submission.

iii) Documents relating to appointment as corporate representative

For a corporate member who has appointed a representative to participate via RPV at the 50th AGM, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company, Tricor at the address as set out under **Note 5 (i)** below not later than **Monday, 22 May 2023 at 9.30 a.m.** The certificate of appointment should be executed in the following manner:

- a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.
- b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by at least two (2) authorised officers, of whom one shall be a director; or any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

iv) Documents relating to appointment of proxy by power of attorney

- a) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company, Tricor at the address as set out under **Note 5 (i)** below not later than **Monday, 22 May 2023 at 9.30 a.m.**
- b) A copy of the power of attorney may be accepted provided it is certified notarially and/or in accordance with applicable legal requirements in the relevant jurisdiction in which it is executed.

## 5. CUT-OFF DATE AND TIME FOR LODGEMENT OF PROXY FORM

Proxy Form and/or documents relating to the appointment of proxy/corporate representative/attorney for the 50th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 22 May 2023 at 9.30 a.m.**:

### i) In hard copy:

- a) By hand or post to the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;
- b) By fax at 603-2783 9222 or e-mail to [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)

### ii) In electronic form via TIIH Online

#### a) Steps for Individual Shareholders

- Registration as a user of TIIH Online as set out under **Note 3 (i)** above.
- As a registered user of TIIH Online, go to <https://tiih.online> and login with your user ID (e-mail address) and password.
- Select the corporate exercise/event: **“Sime Darby Property 50th AGM - Submission of Proxy Form”**.
- Read and agree to the Terms & Conditions and confirm the Declaration.
- Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf.
- Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint Chairman as your proxy.
- Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide your vote.
- Review and confirm your proxy(ies) appointment.
- Print the Proxy Form for your record.

#### b) Steps for authorised/nominated representative of corporation or institutional shareholders

- Registration as user with TIIH Online
  - Access the TIIH Online at <https://tiih.online>.
  - Under “e-Services”, select the **Sign Up** button followed by **“Create Account by Representative of Corporate Holder Account”**.
  - Complete the registration form and upload the required documents.
  - Registration will be verified, and you will be notified by email within one (1) to two (2) working days.
  - Proceed to activate your account with the temporary password given in the email and reset your own password.
- Prepare appointment of Proxy
  - As a registered user of TIIH Online, go to <https://tiih.online> and login with your user ID (e-mail address) and password.
  - Select the corporate exercise/event: **“Sime Darby Property 50th AGM : Submission of Proxy Form”**
  - Read and agree to the Terms & Conditions and confirm the Declaration.
  - Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note given therein.
  - Prepare the file for the appointment of proxy(ies) by inserting the required data.

# Administrative Details

## for the Fiftieth Annual General Meeting of Sime Darby Property Berhad

- Submit proxy appointment file
  - Select corporate exercise/event: “**Sime Darby Property 50th AGM : Submission of Proxy Form**”.
  - Proceed to upload the duly completed proxy appointment file.
  - Select “Submit” to complete your submission.
  - Print the confirmation report of your submission for your record.

### 6. SUBMISSION OF QUESTIONS FOR THE 50TH AGM

The Board recognises that the 50th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 50th AGM, shareholders may in advance, before the 50th AGM, submit questions to the Board of Directors as follows:

i) Prior to 50th AGM

Shareholders may submit question in relation to the agenda items for the 50th AGM prior to the 50th AGM via TIIH Online at <https://tiih.online>, by selecting “e-Services” to login, pose questions and submit electronically not later than **Monday, 22 May 2023**. The responses to these questions will be shared at the 50th AGM.

ii) During the meeting

Shareholders may use the **Query Box** facility to ask questions in real time (in the form of typed text) during the 50th AGM. The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

### 7. RPV ON THE DATE OF 50TH AGM

Subsequent to approved registration for the RPV, shareholders are advised to exercise your right to join the live streaming, participate and vote remotely at the 50th AGM. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

The procedures for the RPV facilities are as follows:

i) Login to TIIH Online

Login with your user ID (e-mail address) and password for remote participation at the 50th AGM at any time from 8.30 a.m. (i.e. 1 hour before the commencement of 50th AGM at **9.30 a.m.**) on Wednesday, 24 May 2023.

ii) Participate through Live Streaming

- a) Select the corporate event: “**(Live Stream Meeting) Sime Darby Property Berhad 50th AGM**” to engage in the proceedings of the 50th AGM remotely.
- b) If you have any question for the Chairman/Board, you may use the **Query Box** to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 50th AGM. If the questions are received late after the Questions & Answers session, the responses will be e-mailed to you at the earliest possible, after the meeting.
- c) Please note that the quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

### iii) Remote Online voting

The Online Voting session commences from **9.30 a.m.** on **Wednesday, 24 May 2023** until a time when the Chairman announces the end of the session.

- a) Select the corporate event: **“(Remote Voting) Sime Darby Property 50th AGM”** or if you are on the Live Stream meeting page, you can select **“GO TO REMOTE VOTING PAGE”** button below the Query Box.
- b) Read and agree to the Terms & Conditions and confirm the Declaration.
- c) Select the CDS account that represents your shareholdings.
- d) Indicate your votes for the resolutions that are tabled for voting.
- e) Confirm and submit your votes.

### Helpline Contact

In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-4080 5616/011-4080 3168/011-4080 3169/011-4080 3170 for assistance or e-mail to [tiih.online@my.tricorglobal.com](mailto:tiih.online@my.tricorglobal.com) for assistance.

### End of Live Streaming for remote participation

The Live Streaming will end upon the announcement made by the Chairman on the conclusion of the 50th AGM subsequent to the declaration on the outcome of the resolutions.

### No Door Gift(s) or Food Voucher(s)

There will be no distribution of door gift(s) or food voucher(s) to shareholders/proxies who participated the 50th AGM.

## 8. POLL VOTING

The voting at the 50th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Company has appointed Tricor as Poll Administrator to conduct the poll by way of **online voting**. Kindly note that the online voting session will commence from the start of the 50th AGM at **9.30 a.m.** until such time when the Chairman announces the end of the voting session. This is in line with the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which states that members shall be allowed to cast their votes remotely and contemporaneously (live) during the proceeding of the general meeting.

The Company has also appointed Coopers Professional Scrutineers Sdn Bhd as Independent Scrutineers to verify the poll results.

The resolutions proposed at the 50th AGM and the results of the voting will be announced at the 50th AGM and subsequently via an announcement made by the Company through Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## 9. NO RECORDING OR PHOTOGRAPHY

No recording or photography of the 50th AGM proceedings is allowed without the prior written permission of the Company.

# Administrative Details

## for the Fiftieth Annual General Meeting of Sime Darby Property Berhad

### 10. ANNUAL REPORT 2022

The Annual Report is available on the Company's website at [www.simedarbyproperty.com](http://www.simedarbyproperty.com) and Bursa Securities website at [www.bursamalaysia.com](http://www.bursamalaysia.com) under Company's announcements.

In consideration of the environment, we have reduced substantially the number of printed copies of the Annual Report 2022, and we strongly encourage our shareholders to refer to the document available online. Nevertheless, in the event that you still require a hard copy, you may request for printed copy of the Annual Report 2022 at <https://tiih.online> by selecting "Request for Annual Report/Circular" under the "Investor Services".

### 11. ENQUIRY

If you have any enquiry prior to the 50th AGM, please contact our Share Registrar, Tricor during office hours i.e. from 9.00 a.m. to 5.30 p.m. (Monday to Friday):

- i) Tel No. : 603 - 2783 9299 (General)
- ii) Fax No. : 603 - 2783 9222
- iii) Email : [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com)
- iv) Officers : Ms. Lim Lay Kiow (603 - 2783 9232 / [Lay.Kiow.Lim@my.tricorglobal.com](mailto:Lay.Kiow.Lim@my.tricorglobal.com))  
Puan Zakiah Wardi (603 - 2783 9287 / [Zakiah@my.tricorglobal.com](mailto:Zakiah@my.tricorglobal.com))  
Mr. Keith Lim (603 - 2783 9240 / [Keith.Lim@my.tricorglobal.com](mailto:Keith.Lim@my.tricorglobal.com))

In the event that any new procedures, guidelines or measures may affect the administration of the 50th AGM as set out in this Administrative Details and requiring material change to the proceedings of the meeting, the Company will issue announcement on the same accordingly. Kindly check the Company's website or announcements for the latest updates on the status of the 50th AGM. You may also contact the above Officers for information.



# PROXY FORM

## SIME DARBY PROPERTY BERHAD

Registration No. 197301002148 (15631-P)

(Incorporated in Malaysia)

Number of ordinary shares held	CDS Account No.									

I/We \_\_\_\_\_ (FULL NAME OF SHAREHOLDER AS PER NRIC/PASSPORT/CERTIFICATE OF INCORPORATION IN CAPITAL LETTERS)

(NRIC/Passport/Company No. \_\_\_\_\_) of \_\_\_\_\_ (ADDRESS)

\_\_\_\_\_ (ADDRESS)

Tel. No. \_\_\_\_\_ being a member/members of SIME DARBY PROPERTY BERHAD hereby appoint

\_\_\_\_\_ (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS) (NRIC/Passport No. \_\_\_\_\_)

of \_\_\_\_\_ (ADDRESS)

\*and/or \_\_\_\_\_ (FULL NAME OF PROXY AS PER NRIC/PASSPORT IN CAPITAL LETTERS) (NRIC/Passport No. \_\_\_\_\_)

of \_\_\_\_\_ (ADDRESS)

\*\*or failing him/her, the Chairman of the Meeting, as my/our proxy/proxy(ies) to attend and vote for me/us on my/our behalf at the Fiftieth Annual General Meeting ("50th AGM") of Sime Darby Property Berhad ("Sime Darby Property" or "the Company") to be held virtually via the TIIH Online website at <https://tiih.online> and at Banquet Hall, 1st Floor, Main Lobby, Kuala Lumpur Golf & Country Club, No. 10, Jalan 1/70D, Off Jalan Bukit Kiara, 60000 Kuala Lumpur, Malaysia as the **Broadcast Venue** on Wednesday, 24 May 2023 at 9.30 a.m. and at any adjournment thereof for the following resolutions as set out in the Notice of 50th AGM:

NO.	AGENDA	Resolution	For	Against
1	To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and the Auditors thereon			
<b>ORDINARY BUSINESS</b>				
2	To re-elect Rizal Rickman Ramli who retires in accordance with Rule 111 of the Constitution of the Company	<b>1</b>		
3	To re-elect Dato' Azmir Merican who retires in accordance with Rule 111 of the Constitution of the Company	<b>2</b>		
4	To re-elect Dato' Soam Heng Choon who retires in accordance with Rule 111 of the Constitution of the Company	<b>3</b>		
5	To approve the payment of fees to the Non-Executive Directors for the period from 25 May 2023 until the next Annual General Meeting of the Company to be held in year 2024	<b>4</b>		
6	To approve the payment of benefits payable to the Non-Executive Directors up to an amount of RM500,000 for the period from 25 May 2023 until the next Annual General Meeting of the Company to be held in year 2024	<b>5</b>		
7	To re-appoint PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to determine their remuneration	<b>6</b>		

My/Our proxy is to vote on the resolutions as indicated by an "X" in the appropriate space above. If no indication is given, my/our proxy shall vote or abstain from voting as he/she thinks fit.

For appointment of two (2) proxies, percentage of shareholdings to be represented by the proxies must be indicated below:

	Percentage (%)
First proxy	
Second proxy	

### IMPORTANT: Disclosure of Shareholder's and Proxy's Personal Data

Please refer to the notice to Shareholders under the Personal Data Protection Act 2010 ("Privacy Notice") published on the Company's website under the Shareholders and Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders> concerning the Company's collection of your personal data for the purpose of the Company's General Meeting(s).

You hereby declare that you have read, understood and accepted the statements and terms contained in the Privacy Notice.

In disclosing the proxy's personal data, you as a shareholder, warrant and undertake that the proxy(ies) has/have given his/her/their explicit consent for his/her/their personal data being disclosed to and processed by the Company in accordance with the notice to Proxies under the Personal Data Protection Act 2010 published on the Company's website under the Shareholders and Dividend Info section at <https://www.simedarbyproperty.com/investor-relations/shareholders>.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature/Common Seal of Member(s)

\* Please delete where inapplicable.

\*\* If you do not wish to appoint the Chairman of the Meeting as your proxy/one of your proxies, please strike out the words "or failing him/her, the Chairman of the Meeting" and insert the name(s) of the proxy(ies) you wish to appoint in the blank space(s) provided.

### NOTES:

#### 1. Registration for Remote Participation and Voting ("RPV") Facilities

1.1 The 50th AGM will be conducted on a **virtual basis through live streaming and online remote voting** via RPV facilities which are available on Tricor Investor & Issuing House Services Sdn Bhd's ("Tricor") TIIH Online website at <https://tiih.online>. Members can attend, participate and vote in the meeting remotely or online using the RPV facilities. Please follow the procedures provided in the Administrative Details for the 50th AGM in order to register, participate and vote remotely via the RPV facilities.

1.2 The Broadcast Venue of the 50th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue of the meeting. No shareholders, proxy(ies), authorised representative(s) or attorney(s) will be physically present at the Broadcast Venue.

#### 2. Submission of questions before and during the meeting

2.1 Members may submit questions in relation to the agenda items for the 50th AGM prior to the meeting via TIIH Online at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than Monday, 22 May 2023. The responses to these questions will be shared at the 50th AGM.

2.2 Members may also use the Query Box facility to ask questions real time (in the form of typed text) during the 50th AGM. The Board and Senior Management will be in attendance either at the Broadcast Venue or remotely to provide responses accordingly.

#### 3. Proxy

3.1 A Member entitled to attend and vote at the Meeting is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote at the Meeting on his/her behalf. Where a Member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may, but need not, be a Member of the Company.

3.2 A Member may appoint any person to be his/her proxy without any restriction as to the qualification of such person.

3.3 Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the 50th AGM of the Company shall be put to vote by way of a poll.

3.4 Where a Member of the Company is an Authorised Nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), he/she may appoint not more than two (2) proxies in respect of each Securities Account he/she holds with ordinary shares of the Company standing to the credit of the said Securities Account to attend and vote at a meeting of the Company instead of him/her.

3.5 Where a Member of the Company is an Exempt Authorised Nominee as defined under SICDA which holds ordinary shares in the Company for multiple beneficial owners in one (1) Securities Account (Omnibus Account), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds PROVIDED THAT each beneficial owner of ordinary shares, or where the ordinary shares are held on behalf of joint beneficial owners, such joint beneficial owners, shall only be entitled to instruct the Exempt Authorised Nominee to appoint not more than two (2) proxies to attend and vote at a general meeting of the Company instead of the beneficial owner or joint beneficial owners.

3.6 The instrument appointing a proxy shall be in writing signed by the appointor or his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of two (2) authorised officers, one of whom shall be a Director, or of its attorney duly authorised. Any alteration to the instrument appointing a proxy must be initialed.

3.7 The appointment of proxy may be made in a hardcopy form or by electronic means as follows:

##### (i) In Hardcopy Form

The Proxy Form or the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the office of the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, not less than 48 hours before the time for holding this AGM or no later than 22 May 2023 at 9.30 a.m.

##### (ii) By Tricor Online System (TIIH Online)

The Proxy Form can be electronically submitted with the Share Registrar of the Company via TIIH Online. The website to access TIIH Online is <https://tiih.online> (Kindly refer to the Administrative Details).

##### (iii) By Email or Facsimile

The Proxy Form can be sent via email to Tricor's email address [isenquiry@my.tricorglobal.com](mailto:isenquiry@my.tricorglobal.com) or via facsimile at tel no. 603-2783 9222.

3.8 Only Members registered in the Record of Depositors as at 15 May 2023 shall be entitled to attend, speak and vote at the 50th AGM or appoint a proxy(ies) to attend and vote on their behalf.



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THE SHARE REGISTRAR

**SIME DARBY PROPERTY BERHAD**

Registration No. 197301002148 (15631-P)

c/o Tricor Investor & Issuing House Services Sdn Bhd

Registration No. 197101000970 (11324-H)

Unit 32-01, Level 32, Tower A

Vertical Business Suite

Avenue 3, Bangsar South

No. 8, Jalan Kerinchi

59200 Kuala Lumpur

Malaysia

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**SIME DARBY PROPERTY BERHAD**

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