



APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

FORGING 360°
**NAVIGATING
THE BEST**

ANNUAL REPORT 2023

OUR VISION



A Globally Preferred Innovative Mobility Solutions Provider.

OUR MISSION



- Cultivate a Sustainable Team-Oriented Culture Involving Employees Through Leadership and Accountability.
- Value Creation Through Operational Excellence, Innovation and Exemplary Customer Service.

OUR CORE VALUES OF TCFIMPeD



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GO DIGITAL

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CORPORATE WEBSITE

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ANNUAL REPORTS

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Corporate Information

DIRECTORS

Dato' Tan Heng Chew

President

Dato' Tan Eng Hwa

Chief Executive Officer

Khoo Peng Peng

Executive Vice President

– Finance and Corporate/Chief Financial Officer

Lee Min On

Senior Independent Non-Executive Director

Dato' Chan Choy Lin

Independent Non-Executive Director

Dato' Azmil bin Mohd Zabidi

Independent Non-Executive Director

Dato' N. Sadasivan s/o N.N. Pillay

Non-Independent Non-Executive Director

Low Seng Chee

Non-Independent Non-Executive Director

Nicholas Tan Chye Seng

Non-Independent Non-Executive Director

» AUDIT COMMITTEE

Lee Min On (*Chairman*)

Dato' Chan Choy Lin

Dato' Azmil bin Mohd Zabidi

Dato' N. Sadasivan s/o N.N. Pillay

Low Seng Chee

» NOMINATING AND REMUNERATION COMMITTEE

Lee Min On (*Chairman*)

Dato' N. Sadasivan s/o N.N. Pillay

Dato' Chan Choy Lin

Dato' Azmil bin Mohd Zabidi

» COMPANY SECRETARY

Soo Shioh Fang (MAICSA 7044946)

(SSM PC No. 201908003869)

» REGISTERED OFFICE

62-68, Jalan Sultan Azlan Shah

51200 Kuala Lumpur, Malaysia

Telephone : (603) 4047 8888

Facsimile : (603) 4047 8636

E-mail : apmah@apm.com.my

» CORPORATE OFFICE

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Pandamaran Industrial Estate

Locked Bag No. 218

42009 Port Klang

Selangor Darul Ehsan, Malaysia

Telephone : (603) 3161 8888

Facsimile : (603) 3161 8833

E-mail : apmah@apm.com.my

» SHARE REGISTRAR

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

Telephone : (603) 2783 9299

Facsimile : (603) 2783 9222

Email : is.enquiry@my.tricorglobal.com

» AUDITORS

KPMG PLT

(LLP0010081-LCA & AF 0758)

Level 10, KPMG Tower

8, First Avenue, Bandar Utama

47800 Petaling Jaya

Selangor Darul Ehsan, Malaysia

» STOCK EXCHANGE LISTING

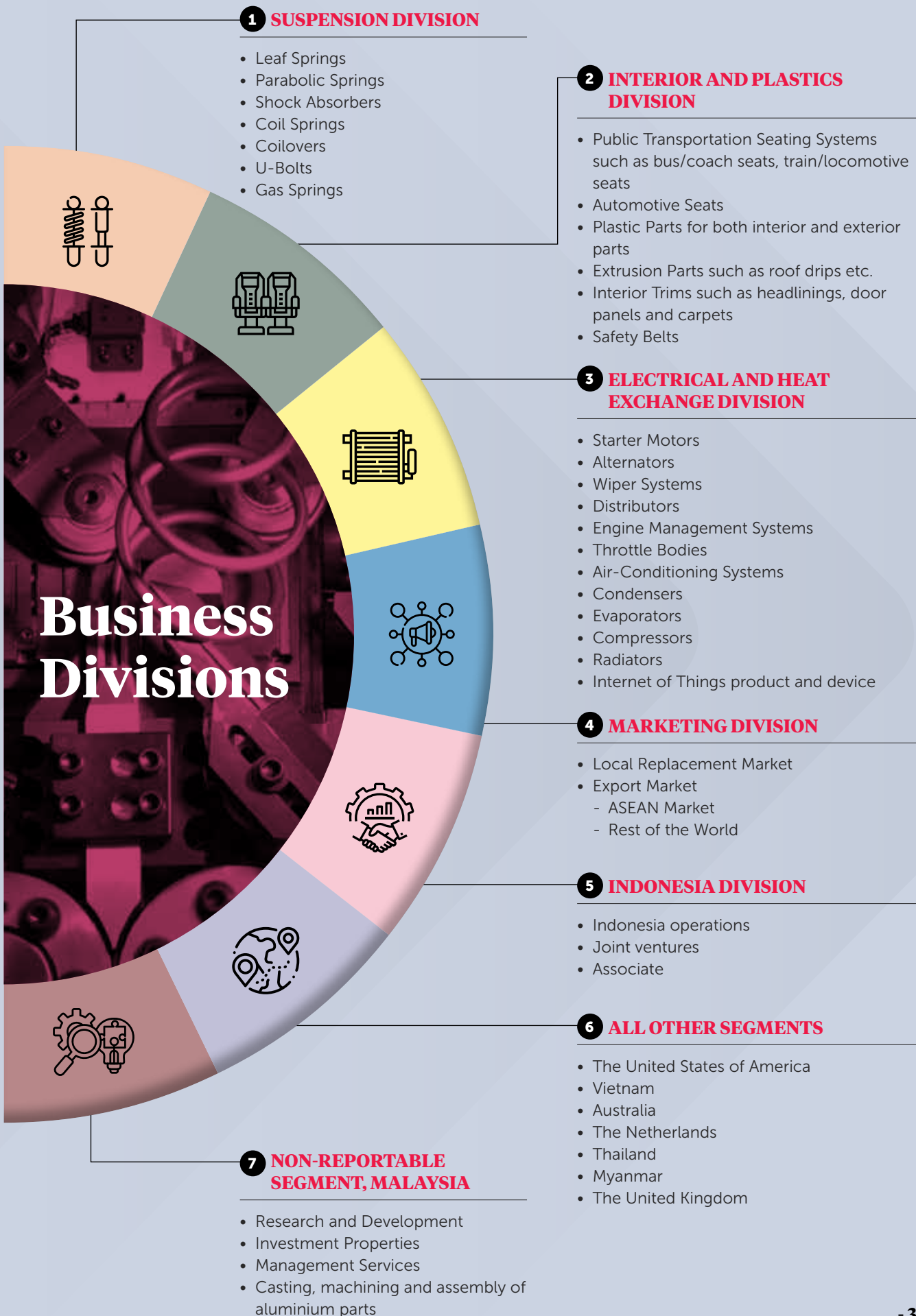
Main Market

Bursa Malaysia Securities Berhad

Stock Code : 5015

» CORPORATE WEBSITE

www.apm.com.my



Recognition & Achievement

1



- 1 Malaysia Smart Factory 4.0 Innovation Award**
– by Selangor Human Resource Development Centre (SHRDC)

- 2 Selangor Maritime Gateway Environmental Ambassadors**
– by Selangor Maritime Gateway (SMG)

- 3 National Occupational Health and Safety Award 2022**
– by Department of Occupational Safety and Health and National Council for Occupational Safety and Health

- 4 Good Activity Award in All Fuji QC Circle Convention**
– by Fujiseat Co. Ltd.

5

- 5 Certificate of Achievement (Proton Top Focus Suppliers Development Program 2023)**
– by Proton

6

- 6 Appreciation Award (Proton Supplier ICC Convention CY2023)**
– by Proton

7

- 7 Best PPCSB Supplier Award**
– by Proton Part Center Sdn Bhd (PPCSB)

8

- 8 Supplier Appreciation Award 2023**
– by Mercedes Benz Malaysia



4



5



6



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Profile of the Board of Directors

DATO' TAN HENG CHEW

JP, DJMK
President

Age
77

Gender
Male

Nationality
Malaysian

Dato' Tan Heng Chew was the first Director of the Company when it was incorporated on 26 March 1997. He was appointed the Chairman of the Board on 1 November 1999 and was re-designated as Executive Chairman on 1 January 2011. His corporate title has been changed to President effective 1 January 2015.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Master's degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad ("TCMH") group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan is the President of TCMH and Warisan TC Holdings Berhad. He is also a major shareholder of the Company.

Dato' Tan is a brother of Dato' Tan Eng Hwa and the father of Mr. Nicholas Tan Chye Seng, both of whom are Directors of the Company, and a brother of Mr. Tan Eng Soon, a major shareholder of the Company. Dato' Tan is also a director and shareholder of Tan Chong Consolidated Sdn. Bhd., which is a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Tan attended all the five (5) Board Meetings held in 2023.

DATO' TAN ENG HWA

DIMP
Chief Executive
Officer

Age
69

Gender
Male

Nationality
Malaysian

Dato' Tan Eng Hwa, also known as Dato' Robert Tan, was first appointed to the Board as a Non-Independent Non-Executive Director on 1 November 1999. Dato' Robert Tan was re-designated as an Executive Director on 23 March 2004 and was subsequently re-designated as Executive Director and Chief Operating Officer on 1 June 2013. He was re-designated and has taken over the role of Chief Executive Officer on 1 April 2023.

Dato' Robert Tan graduated from the University of Birmingham with a Bachelor of Commerce degree. He was with the Tan Chong Motor Holdings Berhad ("TCMH") Group as Treasurer and was also involved in various departmental functions within the TCMH Group.

He is a brother of Dato' Tan Heng Chew, a Director of the Company and Mr. Tan Eng Soon, both are major shareholders of the Company, and an uncle of Mr. Nicholas Tan Chye Seng, a Director of the Company. Dato' Tan Heng Chew, Mr. Tan Eng Soon and himself are the directors and shareholders of Tan Chong Consolidated Sdn. Bhd., which is a major shareholder of the Company. He is a director of The Tan Heng Chew Foundation. Dato' Robert Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Robert Tan attended all the five (5) Board Meetings held in 2023.

Profile of the Board of Directors

KHOO PENG PENG

*Executive Vice President
- Finance and Corporate/Chief Financial Officer*

Age
49

Gender
Female

Nationality
Malaysian

Ms. Khoo Peng Peng was appointed as the Chief Financial Officer ("CFO") on 1 June 2014. She was subsequently appointed as an Executive Director on 5 January 2022 and her corporate title is Executive Vice President - Finance and Corporate.

Ms. Khoo graduated with a Bachelor of Accountancy (Honours) degree from the University of Malaya in 1999 and is an accountant by profession. She is a member of the Malaysian Institute of Certified Public Accountants, Malaysian Institute of Accountants and ASEAN Chartered Professional Accountant.

She has more than 20 years of working experience in the areas of finance, accounting, corporate finance, auditing and taxation in a variety of industries including audit, property development, construction, building material manufacturing and

automotive. She began her career with an audit firm, KPMG in 1999 and thereafter joined a public listed company in 2003 as Group Accountant. Prior to joining APM Automotive Holdings Berhad ("APM") Group, she was under the employment of Tan Chong Motor Holdings Berhad as the Deputy Group Financial Controller. She is the CFO of APM since 1 June 2014, and continues holding the roles as of to-date.

Ms. Khoo attended all the five (5) Board Meetings held in 2023.

LEE MIN ON

Senior Independent Non-Executive Director

Age
64

Gender
Male

Nationality
Malaysian

Mr. Lee Min On was appointed to the Board as an Independent Non-Executive Director on 30 November 2016. He was re-designated as Senior Independent Non-Executive Director on 1 April 2023. He is the Chairman of the Audit Committee and the Nominating and Remuneration Committee.

Mr. Lee is a Chartered Accountant of the Malaysian Institute of Accountants ("MIA"), a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Fellow Member of The Institute of Internal Auditors, Malaysia. He is also a member of Audit and Risk Management Committee of MIA.

Mr. Lee started his career with KPMG Malaysia in 1979 and retired as a Partner of the Firm on 31 December 2015. During his tenure with KPMG, he served in the external audit division before moving on to helm the Firm's risk consulting practice, providing board advisory services that encompassed corporate governance, risk management and risk-based internal audit for both listed as well as private corporations.

Mr. Lee co-wrote the "Corporate Governance Guide – Towards Boardroom Excellence" 1st and 2nd Editions which were published by Bursa Malaysia Berhad ("Bursa Malaysia"). He also sat on the Task Force which was responsible for developing the "Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers", a document issued by Bursa Malaysia in 2012. As a strong advocate of good governance and integrity in the marketplace, Mr. Lee speaks regularly at public seminars and conferences, including in-house sessions, sharing his thoughts and insights, particularly on Sustainability, Governance, Risk and Compliance.

Mr. Lee also serves as an Independent Non-Executive Director of Tan Chong Motor Holdings Berhad, Warisan TC Holdings Berhad, Kotra Industries Berhad and Lii Hen Industries Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties that involved him as a Director.

Mr. Lee attended all the five (5) Board Meetings held in 2023.

Profile of the Board of Directors

DATO' CHAN CHOY LIN

DIMP
Independent Non-
Executive Director

Age
66

Gender
Female

Nationality
Malaysian

Dato' Chan Choy Lin was appointed to the Board as an Independent Non-Executive Director on 31 July 2018. She is a member of the Audit Committee and the Nominating and Remuneration Committee.

Dato' Chan is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants. She began her accountancy training in 1979 with a reputable accounting firm and left KPMG in 1984 for the corporate sector, where she gained most of her experience with large public listed companies.

Dato' Chan has more than 30 years' experience with public listed companies engaged in the businesses of banking and insurance, automotive manufacturing and distribution, trading and services, property development and construction, plantation, hospitality and education. Dato' Chan's senior management experience covers the areas of mergers, acquisitions and divestments, finance and

treasury, corporate secretarial and legal, including corporate governance, risk management, internal controls and corporate social responsibilities. Over the years, Dato' Chan has held several key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of a public listed conglomerate.

Dato' Chan is also a Director of Ann Joo Resources Berhad, GHL Systems Berhad and The Pacific Insurance Berhad.

Dato' Chan attended all the five (5) Board Meetings held in 2023.

DATO' AZMIL BIN MOHD ZABIDI

DIMP, PCM, BCM
Independent Non-
Executive Director

Age
62

Gender
Male

Nationality
Malaysian

Dato' Azmil Bin Mohd Zabidi was appointed to the Board as an Independent Non-Executive Director on 1 February 2022. He is a member of the Audit Committee and the Nominating and Remuneration Committee.

Dato' Azmil graduated from Wartburg College of Liberal Arts, United States of America (USA) with a Bachelor of Arts (English) degree and subsequently obtained his Master of Arts (English Literature) from Iowa State University of Science & Technology, USA. He gained his Post-Graduate Certificate in Diplomatic Studies from the University of Oxford, United Kingdom.

Dato' Azmil started his government service as an Administrative and Diplomatic Officer in 1991, joining Ministry of Foreign Affairs in 1992. He previously served as Assistant Secretary (Southeast Asia I) from 1993 until 1995 before serving as Second Secretary at the Embassy of Malaysia to Belgium, Luxemburg and the European Union from 1995 until 1998 and as First Secretary at the High Commission of Malaysia in New Zealand. He later returned to serve as Senior Assistant Secretary from 1999 until 2001, and as Principal

Assistant Secretary from 2001 until 2003, both at the Regional Economic, Social and Cultural Affairs unit of the foreign ministry.

Dato' Azmil was appointed as Minister Counsellor and Deputy Chief of Mission at the Embassy of Malaysia in China in Beijing from 2003 to 2007 and as Consul General of Malaysia to Shanghai, China, from 2007 until 2010. He has also served as Undersecretary for Multilateral Economic and Regional Cooperation from 2010 until 2011, Ambassador of Malaysia to Vietnam from 2011 until 2016 and as Undersecretary for Europe at the foreign ministry from 2016 until 2017. He was the Director General at the Southeast Asia Regional Centre for Counter Terrorism (SEARCCT) from 2017, prior to his appointment as the Ambassador of Malaysia to the United States in 2019. He had served the Ministry of Foreign Affairs for about three decades and retired in August 2021.

Dato' Azmil is also a Director of Kanger International Berhad and CME Group Berhad.

Dato' Azmil attended all the five (5) Board Meetings held in 2023.

Profile of the Board of Directors

DATO' N. SADASIVAN S/O N.N. PILLAY

DPMP, JSM, KMN
Non-Independent
Non-Executive
Director

Age
84

Gender
Male

Nationality
Malaysian

Dato' N. Sadasivan s/o N.N. Pillay was appointed to the Board as an Independent Non-Executive Director on 1 November 1999. He was re-designated as Senior Independent Non-Executive Director on 22 January 2013 and ceased from holding the said position following his resignation as Non-Independent Non-Executive Director on 1 April 2023. Currently, he is a member of the Audit Committee and the Nominating and Remuneration Committee.

Dato' N. Sadasivan graduated from the University of Malaya with a Bachelor of Arts (Honours) degree majoring in Economics in 1963. In the same year, Dato' N. Sadasivan commenced working with the Singapore Economic Development Board and was Head of the Industrial Facilities Division when he left to join Malaysian Investment Development Authority (previously known as Malaysian Industrial Development Authority) ("MIDA") in 1968. He was

with MIDA for a total of 27 years and became its Director-General in 1984. He retired from MIDA in 1995. Dato' N. Sadasivan was formerly a Director of Bank Negara Malaysia. He is a Director of Leader Energy Holding Berhad.

Dato' N. Sadasivan attended all the five (5) Board Meetings held in 2023.

LOW SENG CHEE

Non-Independent
Non-Executive
Director

Age
64

Gender
Male

Nationality
Malaysian

Mr. Low Seng Chee was appointed to the Board as an Executive Director on 1 July 2010. He was re-designated as Executive Director and Chief Executive Officer ("CEO") on 1 June 2013. He had subsequently stepped down as the CEO and re-designated as a Non-Independent Non-Executive Director on 1 April 2023. He is a member of the Audit Committee.

Mr. Low graduated from Monash University, Melbourne, Australia with a Bachelor of Electrical and Computer Engineering degree and subsequently obtained his Master of Business Administration from Heriot-Watt University, Edinburgh, Scotland.

Mr. Low has more than 30 years of working experience in high volume semiconductor production, automotive component manufacturing, vehicle assembly as well as vehicle retailing. Senior

management positions held by Mr. Low including heading the operations of automotive assembly plants of several global marques in Malaysia and an aluminium foundry supplying to the automotive and motorcycle industries.

Mr. Low attended all the five (5) Board Meetings held in 2023.

Profile of the Board of Directors

NICHOLAS TAN CHYE SENG

*Non-Independent
Non-Executive
Director*

Age
50

Gender
Male

Nationality
Malaysian

Mr. Nicholas Tan Chye Seng was appointed to the Board as a Non-Independent Non-Executive Director on 1 June 2013.

Mr. Nicholas Tan graduated from Boston University School of Management, the United States of America (USA) with a Bachelor of Science degree. He joined Tan Chong Motor Holdings Berhad ("TCMH") in 2008 and headed the Corporate Planning and Strategic Investments Division. Today, he is the Executive Vice President of Finance Services and developed the supporting eco-system for car financing, car sharing, leasing, rentals and insurance product verticals.

Mr. Nicholas Tan is the founder of "MUV", a pioneer of an Offline2Online Marketplace for Used Vehicles in 2014. He also led the investment in "GoCar" Malaysia's first car sharing platform when Mayflower Car Rental Sdn. Bhd., a subsidiary of Warisan TC Holdings Berhad ("WTCH"), acquired a controlling stake in 2016. Today, GoCar is a major car sharing service in Malaysia having strategic partnerships with Shell Global, Yinson GreenTech, Gentari (formerly known as Petronas Gas & New Energy) and public transport operators.

Mr. Nicholas Tan is part of the key management of TCMH and WTCH. He was on the founding board of Grab Inc. (a Singapore-based technology company that offers ride-hailing, ride sharing, food delivery service and logistics services through its app in Southeast Asia) until end 2017. He was also formerly an Executive Director and Vice-President of equities research in global investment banks for 10 years in Kuala Lumpur, Singapore and Hong Kong prior to joining TCMH.

Mr. Nicholas Tan is the eldest son of Dato' Tan Heng Chew, a Director and major shareholder of the Company. He is also a nephew of Dato' Tan Eng Hwa, a Director of the Company and Mr. Tan Eng Soon, a major shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and the related parties involving himself.

Mr. Nicholas Tan attended all the five (5) Board Meetings held in 2023.

Notes:

(a) Save as disclosed above, none of the Directors have:

- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company; and
- any directorship in public companies and listed issuers.

(b) The above Directors have not been convicted of any offences within the past five (5) years other than traffic offence, if any, and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Profile of Key Senior Management

Key Senior Management of APM Automotive Holdings Berhad (“APM”) Group comprises Dato’ Tan Heng Chew – President, Dato’ Tan Eng Hwa – Chief Executive Officer, Ms. Khoo Peng Peng – Executive Vice President - Finance and Corporate/Chief Financial Officer, whose profiles are included in the Profile of Board of Directors on pages 5 and 6 in the Annual Report 2023, and the following Key Senior Management personnel:

SIEW CHEE KOK

Chief Technology Officer

Age
55

Gender
Male

Nationality
Malaysian

Mr. Siew Chee Kok joined APM Group in August 2022 as the Head of Group Operations for Malaysia and was subsequently re-designated as Chief Technology Officer on 1 April 2024.

Mr. Siew graduated from the University of Melbourne, Australia in 1992 with a Bachelor’s degree in Mechanical and Manufacturing Engineering with honours. He thereafter obtained his Master of Engineering Science with a research thesis entitled “*High Bandwidth Robotic Force Control*” from the University of Melbourne in 1997 and a Master of Business Administration specializing in Finance from the University of Hull, United Kingdom in 1996.

Mr. Siew has extensive working experience, having been attached with a variety of industries, including construction, precision metal and heavy metal fabrication, with a recent career spanning over 20 years in the international automotive industry. Mr. Siew assumed various roles in manufacturing, marketing, operations, aftermarket sales and services, service network development, original equipment sales, e-mobility, and strategy management sectors in Malaysia, South East Asia, and Asia Pacific over the course of his career. In August 2022, Mr. Siew was certified as a professional technologist in the field of automotive technology by the Malaysia Board of Technologists.

KHO KIAT SENG

President – Fuji Seats (Malaysia) Sdn. Bhd.

Age
66

Gender
Male

Nationality
Malaysian

Mr. Kho Kiat Seng joined APM Group in May 2006 as a General Manager. He was promoted to Senior General Manager in July 2012 and was appointed as the Vice President of Fuji Seats (Malaysia) Sdn. Bhd. (“FSM”), a major subsidiary of the Company, in 2021 to oversee the seat operations of FSM. He was subsequently appointed as the President of FSM on 1 January 2023.

Mr. Kho graduated from Monash University, Australia with a Bachelor of Materials Engineering degree.

He has more than 40 years of working experience in manufacturing plant operations and management in various industries ranging from ceramic, iron and steel as well as automotive components. He was the Head of Interior of Plastics Division for APM Group since 2014 until his secondment to FSM in 2021 as its Vice President.

Profile of Key Senior Management

CHU SHU LIP

Head of Group OEM

Age
56

Mr. Chu Shu Lip is the Head of Group OEM where he manages and oversees strategy and business planning for the Group's OEM customers. He re-joined APM Group in March 2022 as a Senior General Manager of Group OEM, having previously worked in the same department from 1994 to 2014.

Gender
Male

Mr. Chu graduated from the University of Arkansas, United States of America with a Bachelor's degree in Business Administration, majoring in Computer Information System. He has over 20 years of automotive industry experience and his last posting before re-joining APM was with a leading automotive body kit manufacturer and leather upholstery manufacturer.

Nationality
Malaysian

LEE WING HONG

Head of Interior and Plastics Division

Age
48

Mr. Lee Wing Hong joined the seat division of APM Group in June 2001 as production development engineer. He was appointed to oversee the Interior and Plastics Division in 2021 and was subsequently promoted as a Senior General Manager in January 2022.

Gender
Male

He graduated from Sheffield Hallam University, the United Kingdom with a Bachelor of Engineering degree in 1999.

Nationality
Malaysian

He has more than 20 years of working experience in automotive products development as well as manufacture seat, plastic and automotive components.

NG BOON HOOI

Head of Suspension Division

Age
61

Mr. Ng Boon Hooi is the Head of Suspension Division in Malaysia since 2014.

Gender
Male

Mr. Ng obtained his Master of Business Administration from Charles Sturt University, Australia, and also holds a professional qualification from the Chartered Institute of Procurement & Supply (UK). He has over 35 years of developing knowledge and expertise in his field.

Nationality
Malaysian

He oversees the APM Group's business operations of suspension division in Malaysia as well as in Vietnam and Indonesia. His diverse background and versatility working across subsidiaries of APM Group as the Head of Subsidiary has enabled him to accumulate vast and valuable experiences in the manufacturing and assembly of leaf springs, coil springs, shock absorbers and car seat products.

Profile of Key Senior Management

CHYE MUN HENG

Head of Electrical and Heat Exchange Division

Age
60

Mr. Chye Mun Heng was appointed as the Head of Electrical and Heat Exchange Division in 2014.

Gender
Male

Mr. Chye graduated from Universiti Pertanian Malaysia, now known as Universiti Putra Malaysia, with a Bachelor of Mechanical Engineering degree.

Nationality
Malaysian

He has more than 30 years of working experience in automotive component manufacturing as well as sales and marketing of automotive components. He is in charge of the companies within the APM Group which manufacture products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts. In addition, Mr. Chye is also in charge of a company that develops Internet of Things telematics platform and In-vehicle Infotainment systems.

NG KOK BOON

Head of Sales and Marketing – Local and ASEAN Replacement Market

Age
55

Mr. Ng Kok Boon joined APM Group in October 1993. He was promoted to a General Manager in January 2015 and subsequently appointed as the Head of Sales and Marketing for the Local Replacement Market. In July 2020, his portfolio was expanded to include sales and marketing for the ASEAN Replacement Market. He was promoted as a Senior General Manager in January 2023.

Gender
Male

Mr. Ng graduated from Universiti Tunku Abdul Rahman with a Bachelor of Commerce Accounting (Honours) degree.

Nationality
Malaysian

He has more than 25 years of working experience in finance, accounting, marketing, and sales operation. Prior to joining APM, he worked in a steel manufacturing company as well as in a transport and forwarding company.

DAVID HASWELL BROWN

General Manager - Overseas Marketing and Business Development

Age
50

Mr. David Haswell Brown joined APM Group in July 2013 as General Manager for Overseas Marketing and Business Development.

Gender
Male

Mr. Brown graduated from London Guildhall University, Moorgate Business School in 1995 with a Bachelor of Economics (Honours) degree. In 1996, Mr. Brown graduated from London Westminster University Business School with a Master of Arts in International Business and Management.

Nationality
British

Mr. Brown has worked in the international automotive industry for over 25 years. He was formerly the Regional Director for Asia Pacific of a major European Original Equipment Automotive component manufacturer. His experiences include automotive aftermarket sales and business development, strategic planning and marketing strategy management, original equipment sales and motorsports.

Profile of Key Senior Management

CHIN SZE CHEON

Country Head, Indonesia

Age
50

Mr. Chin Sze Cheon joined APM Group in May 2006 and was assigned to Indonesia as the Head of Finance in August 2008. He was appointed as the Country Head, Indonesia in 2015.

Gender
Male

Mr. Chin graduated from University of Western Australia with a Bachelor of Commerce (Finance and Accounting) degree in 1996.

Nationality
Malaysian

Mr. Chin has more than 20 years of working experience in finance, manufacturing and management in automotive components industry.

LING I YENG

General Manager – Engineering and Research Division

Age
58

Mr. Ling I Yeng joined the seats division of APM Group in July 1990 as a product development engineer. He was promoted to General Manager in 2013 and has been overseeing the Engineering and Research Division since 2019.

Gender
Male

Mr. Ling graduated from Tunku Abdul Rahman University College with a Diploma in Materials Engineering.

Nationality
Malaysian

He has more than 25 years of working experience in automotive products design and development as well as the production of seats and automotive components.

Notes:

None of the abovementioned Key Senior Management personnel have:

- any directorship in public companies and listed issuers;
- any family relationship with any Director and/or major shareholder of the Company;
- any conflict of interest with the Company;
- any conviction of offences within the past five (5) years other than traffic offence, if any; and
- any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

President's Statement

Dear Valued Shareholders,

APM is one of the oldest establishments in the automotive sphere in Malaysia. Throughout the decades, we have grown to be synonymous with reliability and proven to be a trusted institution where we continue to play a pivotal role in shaping the parts and components segment of the automotive industry in the country.

2023 presented us with a unique set of opportunities and challenges despite mounting geopolitical tensions, the anticipated uncertainties surrounding the leadership of the United States ("US") as its presidential election looms, the stuttering performance of China, being the world's second largest economy, the overall growth of the Malaysian economy by only 3.7% and the growing intensity of extreme weather events.

The Malaysian automotive sector recorded a standout performance in 2023 where the Total Industry Volume ("TIV") reached an all-time high following an 11% year-on-year jump from 721,177 units in 2022 where at 799,731 units, the 700,000-sales closing mark was breached again for the second consecutive time.

The above and other factors drove our overall financial performance to exceed expectation as we rallied to achieve an encouraging increase in revenue.

Against such an operating environment and on behalf of the Board of Directors of APM Automotive Holdings Berhad (the "Company") and its subsidiaries (the "Group"), I wish to take this opportunity to present the Company's Annual Report for the financial year ended 31 December 2023 ("FY2023").



GROUP REVENUE

RM1,926.4
MILLION

Increase 10.8%
from FY2022,
RM1,739.2
million



PROFIT BEFORE TAX

RM108.3
MILLION

Increase 100.0%
from FY2022,
RM54.1
million

» FINANCIAL PERFORMANCE OF THE GROUP IN BRIEF

The Group's financial standing remains robust for FY2023 as our revenue rose by RM187.2 million or 10.8% to a record high of RM1,926.4 million, compared to the financial year ended 31 December 2022 ("FY2022") of RM1,739.2 million where Profit Before Tax ("PBT") soared to RM108.3 million, compared to RM54.1 million in FY2022.

Leading the charge driven by the increased offtake from Original Equipment Manufacturer ("OEM") customers, new orders secured during the year under review, the realisation of residual backorder bookings derived from the sales tax exemption period in 2022 and new model launches in our Interior and Plastics Division. I am also pleased to note that other divisions such as Suspension also recorded commendable results for FY2023.

FY2023 did however prove challenging for some of our other divisions like Marketing which saw its revenue fell by 10.2% or RM30.4 million to RM267.4 million from RM297.8 million in FY2022 due to subdued orders from its customers. Our operations in Indonesia also experienced a slowdown. Further details of the Group's financial performance can be found in the Management Discussion and Analysis section of this Annual Report.

President's Statement

» DIVIDEND

We subscribe to the notion that consistent dividend payments are a symbol of a company's strength and stability. It allows organisations like APM to share its profits with you, our shareholders. It also represents a distinctive approach for all of us in APM to extend and demonstrate our gratitude and appreciation to you as shareholders for your unwavering support and to also encourage continued retention of your shares in the Company.

Accordingly, the Board declared and approved two tranches of interim dividends totalling 18 sen per ordinary share for FY2023 (FY2022: 14 sen per ordinary share). The first interim dividend of 7 sen per ordinary share was paid on 4 October 2023, whereas the second interim dividend of 11 sen per ordinary share was paid on 27 March 2024. Both the first and second interim dividends had resulted in a total dividend payment of RM35.2 million for FY2023.

» IMPROVING SHAREHOLDERS' VALUE

The creation of shareholder value involves the formulation of strategic decisions and executing initiatives to boost revenue and profitability, in alignment with the expectation and interest of those who have invested in it. As such, your interest as shareholders is often ingrained in the decisions that we make.

The maximisation of profitability and growth through the creation of new or alternative revenue streams, the search and exploration for new and better business opportunities, the optimisation of fixed cost utilisation through consolidation and rationalisation, the dispensation of obsolete or unproductive assets, decreasing operational cost, strategy restructuring and providing for consistent dividend payments whenever possible with sustainability and integrity in mind is, in our opinion, the key to achieve true shareholders' value and we will remain steadfast in the pursuit thereof.

» CORPORATE GOVERNANCE

Corporate governance is essential as it creates a system of rules, systems and practices that determine how a company operates and how it aligns with the interest of stakeholders. Accordingly, we remain committed to the adoption of related standards that are in line with our vision, mission, and the interest of our stakeholders. The Group's risk management framework is not only robust but also adequately flexible in managing business risk dynamics. Our internal control measures have been crafted to draw investor confidence, enhance our profile and ensure sustainable growth for the creation of shareholder value.

» DIGITAL TRANSFORMATION AND INDUSTRY 4.0

The automotive industry is experiencing immense transformation, especially with the rise of Industry 4.0 and the continued digitisation of the entire value chain at the forefront. The vast potential of harnessing the benefits of digital, physical and connected technologies like artificial intelligence, the Internet of Things, robotics, and cloud computing cannot be denied as organisations throughout the mobility eco-system value chain gear themselves towards better real time flexibility, efficiency and responsiveness in the delivery of their products and services.

As "*haste makes waste*", our journey towards digitisation and automation is in progress and continuing as scheduled. In this regard, I am proud to announce that in FY2023, the Group successfully commissioned the installation of various types of automation for better efficiency and productivity such as and including the following:



- ▶ Semi-Automated Arm Rest Assembly Line to improve output efficiency by 19% and manpower dependency is reduced from 4 to 1 person; and



- ▶ Semi-Automated Robotic Pipe Bending Handling System where robotic arms are applied for improved consistency in operation and productivity.

President's Statement



» SUSTAINABILITY

Corporate success is seemingly undergoing a significant transformation where performance is now no longer solely measured by just its economic or financial bottom line but also against environmental, social, and governance factors. What began as a trend has now morphed into a fundamental change where businesses today are evaluated in the global marketplace beyond just financial performance.

For FY2023, we are proud to announce the successful installation and commissioning a 1,191.32 kWp Solar Photovoltaic System on the roof of our injection and headlining plant in Bukit Beruntung where annual Carbon Dioxide Avoidance of 997.24 tonnes is expected.

Our Sustainability journey for the financial year under review can be viewed in the Sustainability Statement section of this Annual Report.

» THE AUTOMOTIVE INDUSTRY OUTLOOK FOR 2024

Despite the TIV reaching record breaking heights in 2023, Malaysian Automotive Association is apprehensive of the automotive sector's performance going into 2024 as it takes the position that a repeat of such feat in 2024 is unlikely.

For us in APM, we remain cautiously optimistic of Malaysia's automotive sector as we anticipate buying interest among Malaysian automotive consumers to remain steady due to the potential influx of new and upcoming technology driven value for money Chinese models and the introduction of newer models from other carmakers. However, the uncertainties surrounding the upcoming implementation of the luxury goods tax could dampen such interest.

» GOING FORWARD

We expect the status of the Malaysian Electric Vehicle ("EV") market to remain status quo as range anxiety continues to plague this sector, especially with deployment of the ³10,000 EV charging stations by 2025 still in progress. The circumstances should meaningfully improve ⁴after 2025 when the RM100,000 pricing floor on Completely Built Up ("CBU") EVs is expected to expire, and local carmakers have their own EV offerings.

In the meantime, the Group will continue its pursuit of EV related ventures, improve competitiveness through the enhancement of production efficiency via technology and automation and strengthening its regional foothold in ASEAN, especially Indonesia.

» ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express my heartfelt appreciation to the Management and staff for their tireless effort and contribution to the Group's progress, as well as to you, our shareholders, for the resolute support and confidence.

I would also like to thank all our business partners, suppliers and distributors for their resolute commitment and loyalty over the years. In conclusion, I wish to extend my sincere gratitude to all my fellow Board members for their valuable advice and guidance in shaping the Group's strategies as we move forward.

On behalf of the Board,

DATO' TAN HENG CHEW
President

¹ <https://www.thestar.com.my/business/business-news/2024/02/16/malaysia-registers-economic-growth-of-3-in-4q23>

² <https://paultan.org/2024/01/16/malaysia-auto-sales-hit-all-time-record-in-2023-with-799731-units-11-up-740k-tiv-forecasted-for-2024/>

³ <https://www.thestar.com.my/news/nation/2023/09/18/govt-wants-10000-ev-charging-stations-nationwide-by-2025>

⁴ <https://theedgemaalaysia.com/node/686772>

Management Discussion and Analysis

The design, assembly, manufacturing, and supply of vehicle parts are the core businesses of APM Automotive Holdings Berhad and its group of companies (“APM” or the “Group”). We began as a local leaf spring and shock absorber supplier back in 1978 and we have not looked back since. Today, our business has grown to include the assembly and production of automotive and locomotive seat systems, air-conditioning systems for buses, electrical components, coil springs, metal component parts, PVC body side moulding, shock absorbers, tapered leaf springs, vehicle interior linings, radiators, and others.

We conduct our business through our subsidiaries, joint ventures, and associates where we remain one of Malaysia’s largest suppliers of automotive parts and components with a growing presence in the United States of America (“USA” or “US”), Australia, the Netherlands, the United Kingdom, the Republic of Indonesia, Vietnam, Myanmar, and Thailand.

OVERVIEW

Business and Operation

APM is a proud 100% home-grown Malaysian company and is propelled by 5 divisions, namely Suspension, Electrical and Heat Exchange, Interior and Plastics, Marketing, and Indonesia, with support emanating from the Non-Reportable Segment and All Other Segments. Details of these divisions and segments are stipulated in the section on Business Divisions of this Annual Report.

To position APM for long-term success, our energy and attention are closely focused on the adherence to the APM Manufacturing System or AMS, which is a customised replica of the Lean Production System and the Japanese manufacturing philosophy of *Kaizen* (continuous improvement), *Gemba* (to improve processes at the actual place) and *Poka-Yoke* (fail-safe) to meet customer demands. APM prioritises the strategic and disciplined expansion of our network whilst improving operational efficiencies as a catalyst to drive business growth as well as to keep us aligned on the trajectory of building and maintaining a strong and sustainable organisation.

» GROUP FINANCIAL PERFORMANCE REVIEW

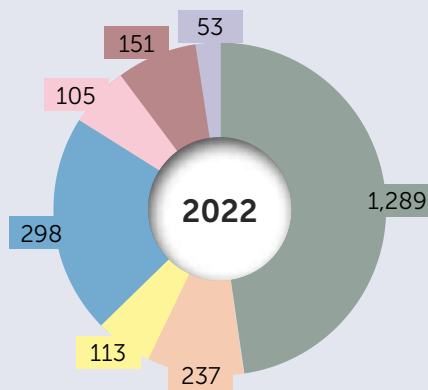
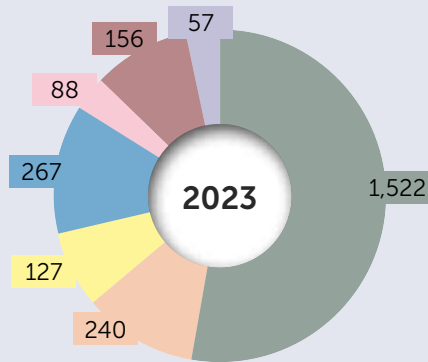
Fuelled by the influx of year-end bargains and ramped up production triggered by delivery demands to fulfil backlog orders, the ¹Total Industry Volume (“TIV”) for vehicles in Malaysia for December 2023 closed at 7% higher than November 2023 (at 73,242 units) where year-to-date (“YTD”) sales volume for December 2023 was 11% higher than the corresponding period of year 2022. We closed the financial year ended 31 December 2023 (“FY2023”) with a record high, an increase of 10.8% in revenue, at RM1.9 billion compared to RM1.7 billion for the financial year ended 31 December 2022 (“FY2022”) despite the lingering effects of the pandemic on the global supply chain and customers’ spending power which was exacerbated by shipping route disruption and unwelcomed cost increases attributable to the turmoil in the Middle East and Ukraine.

The increase in revenue was however offset by elevated inflation rate, escalating costs and surges in certain primary material prices. This review is intended to provide an insight into our key financial and operating performance at the Group level. A detailed commentary on the operating performance is highlighted under the respective business divisions’ section.

Management Discussion and Analysis

» FINANCIAL HIGHLIGHTS AND INSIGHTS

Revenue by Segment (RM'mil)



- Interior and Plastics
- Suspension
- Electrical and Heat Exchange
- Marketing
- Indonesia
- All Other Segments
- Non-reportable Segment

✓ For FY2023, the Group's revenue experienced significant growth of RM187.2 million or 10.8% to a record high of RM1,926.4 million, compared to FY2022 of RM1,739.2 million. Led by its Interior and Plastics Division, which benefitted from the increased offtake from Original Equipment Manufacturer ("OEM") customers, and coupled with new orders secured during the year, a significant part of this growth can be attributed to the realisation of residual backorder bookings derived from the sales tax exemption period in FY2022 as well as new model launched.

✓ Demand from export customers was subdued in the first half of 2023 due to extensive inventory and the uncertainty fuelled economic outlook that was intensified by simmering geopolitical tensions. Although conditions improved marginally in the second half of 2023, revenue for the business arm of the Group (i.e., the Marketing Division) sustained a decrease of 10.2% in revenue or RM30.4 million to RM267.4 million from RM297.8 million a year ago.

✓ Revenue from the Indonesia Division of the Group fell by 16.6% or RM17.4 million to RM87.5 million from RM104.9 million in 2022 due to the stagnation of domestic demand as uncertainties over the Indonesian general election in February 2024 loomed, coupled with the scarcity of certain material sizes which affected production and sales volumes in the first half of 2023.

✓ In line with the increase in revenue and augmented by higher share of profits from our joint ventures and associates, the Group's Profit Before Tax ("PBT") surged to RM108.3 million, compared to RM54.1 million in FY2022.

Profit Before Tax (RM'mil)



Management Discussion and Analysis

» STATEMENT OF FINANCIAL POSITION

Following the improved performance for the year under review, the Group's net asset per share rallied to RM7.31, compared to RM6.59 in FY2022. The positive effect of foreign currency translation for the Group's foreign subsidiaries and joint ventures as well as the revaluation of properties aided this increase.

Non-current assets grew by 16.3% or RM142.1 million owing to the revaluation of properties to reflect their current market value which resulted in a revaluation surplus of RM89.2 million. Further, the increase in non-current assets was also influenced by higher share of profits from the Group's joint ventures and associates, coupled with additional investment into one of its associates.

Current ratio improved modestly to 2.47 in FY2023 from 2.46 in FY2022 due to improved efficiency in the collection of receivables which resulted in higher cash and cash equivalents, albeit partially offset by higher trade and other payables. Net cash position strengthened to RM364.3 million from RM231.2 million in FY2022.

Non-current liabilities increased by 12.6% or RM20.6 million, predominantly due to deferred tax recognised arising from the revaluation gain on properties as mentioned earlier.

» CAPITAL EXPENDITURE AND CASH FLOW POSITION

Cash generated by the Group from operating activities amounted to RM227.2 million as opposed to cash utilisation of RM105.5 million for operating activities in FY2022, with the following being primary drivers:

- i) Higher pre-tax profit generated by the Group at RM108.3 million (FY2022: RM54.1 million); and
- ii) Quicker turnover of trade and other receivables, resulting in an increase of RM74.8 million.

The Group recorded a negative cash flow of RM48.9 million for the year from investing activities, mainly due to investment in associates and procurement of plant and equipment. The Group increased its investment in an associate by RM25.2 million for the development, construction and commissioning of a large scale floating solar photovoltaic system.

The capital expenditure of RM17.4 million was mainly spent to upgrade the Group's plant facilities, purchase of tooling, machineries and equipment as well as on funding



NET ASSET PER SHARE

RM7.31



CURRENT RATIO

2.47



NET CASH POSITION

**RM364.3
MILLION**

investment and development cost for the supply of new car model parts. These expenditures were financed through internally generated cash flows and bank borrowings.

Net cash used in financing activities was significantly higher at RM54.3 million compared to RM4.5 million in FY2022, largely spent on the payment of dividends to owners of the Company and non-controlling interests. In FY2022, the Group issued Islamic Medium-Term Notes ("IMTN") with the value of RM50.0 million under IMTN Programme with a 3-year fixed tenure.

» CAPITAL MANAGEMENT

Capital management is an intricate yet integral business process that assists organisations to manage and make effective use of its assets. It is aimed at ensuring cash flow optimisation by meeting financial obligations and expenses, thereby maximising operational efficiency. Proper capital management enables the liberalisation of cash to reduce or otherwise retire borrowings or facilitate joint ventures, acquisitions, and investments.

The Group's capital management strategies include the adoption of guarded and prudent borrowing measures where financing is, among others, pegged against the most favourable market terms available at the time, thereby minimising outflow, and maximising returns on the available cash reserves.

Management Discussion and Analysis

The Group operates a centralised treasury function to optimise the deployment of its financial resources and minimise financing costs. This department also monitors and manages the Group's exposure to foreign currency risks through appropriate hedging strategies. The Group keeps a close tab on its Foreign Exchange ("FX") hedging policy, which consists of understanding, measuring and mitigating the impact of exchange rate fluctuations against the Group's financial return. It provides a guideline on FX exposure under the Group. The goal of this policy is to enable the deployment of appropriate countermeasures to expeditiously mitigate unfavourable short-term FX impact on committed export proceeds, import payments and trade loan obligations in foreign currencies.

We utilise a combined systematic and progressive FX hedging approach to lessen our exposure to foreign currency fluctuations. This approach includes the enrolment of forward FX contracts to secure the Group's foreign currency denominated purchases and acquisitions.

In recognition of the Group's financial strength and prudent capital management strategies, RAM Holdings Berhad being a leading independent credit rating agency in Malaysia once again assigned the credit rating of AA₂ in respect of the Group's IMTN Programme. This rating has been notably maintained by the Group for the last 8 consecutive years.

The Group's liquidity remains intact as it appreciates the importance of having sufficient cash reserve in the pursuit of growth and expansion. This position is further reinforced by the Group's ability to access its remaining IMTN of up to RM1.45 billion in nominal value for future capital investment, when required.

» PERFORMANCE REVIEW, PROSPECT AND STRATEGIES

The Group's business and operation consist of 5 primary divisions, namely Suspension, Interior and Plastics, Electrical and Heat Exchange, Marketing, and Indonesia. Each of these divisions offers distinct categories of products, services and activities and is supported by the International and Supplementary Segments.



SUSPENSION DIVISION



INTERIOR AND PLASTICS DIVISION



ELECTRICAL AND HEAT EXCHANGE DIVISION



MARKETING DIVISION



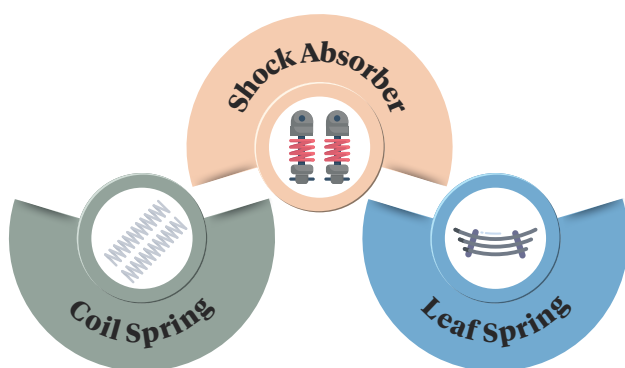
INDONESIA DIVISION



Management Discussion and Analysis

BUSINESS DIVISIONS Challenges, Strategies and Prospects

SUSPENSION DIVISION



» ABOUT THIS DIVISION

Roads are often filled with imperfections, and this is neutralised by what is known as the suspension system. A suspension system is part of the chassis (the underpart and frame of a vehicle) and consists of a set of mechanical connection, springs, and dampers. It is designed to provide safety, stability and ride comfort by isolating the passenger and cargo from vibration and shock.

This Division designs, assembles, manufactures, and produces class leading suspension system components and is divided into 3 main business segments, namely leaf spring, coil spring and shock absorber segments.

» PERFORMANCE REVIEW

The Suspension Division registered an increase in revenue by RM3.5 million, up slightly by 1.5% from RM236.7 million in FY2022 due to higher demand from OEM customers following a profusion of backorder bookings emanating from the preceding sales tax exemption period. On the back of higher revenue, the Suspension Division's PBT improved to RM1.9 million from RM0.6 million in FY2022. This improvement was facilitated by lower material prices and energy costs.



» CHALLENGES, STRATEGIES AND PROSPECT

Challenges

While softening of the automotive market going forward cannot be ruled out entirely even though China, being arguably the world's second largest economy is showing signs of a comeback, this Division will take a calculated and cautious approach to mitigate its risk exposure.

Strategies

The 3 business segments of this Division will continue with the pursuit of facility upgrading with particular focus on technology and automation for better efficiency and to reduce its reliance on labour and lessen labour related cost.

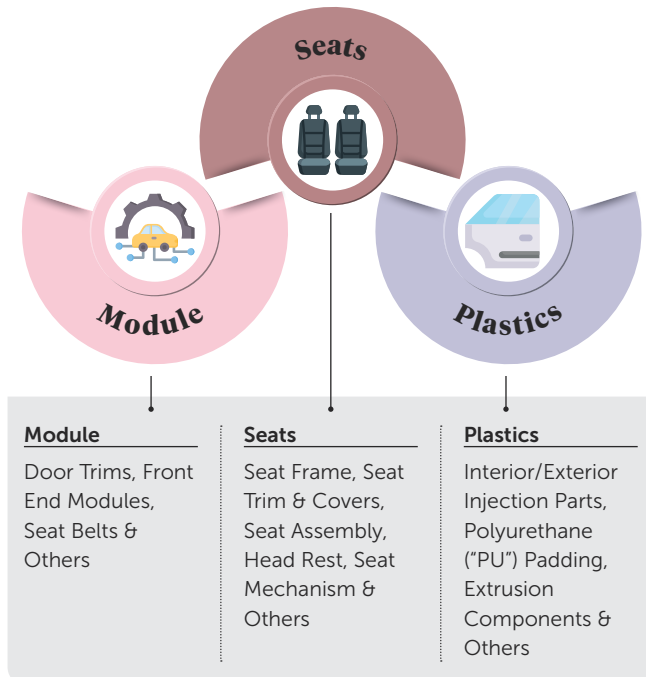
On the technology front and with the proliferation of EVs globally, suspension systems are being propelled into newer heights due to the uncompromising drive of the automotive industry in the pursuit of innovation and against such backdrop, this Division will continue exploring the viability of new technologies in suspension system to meet the growing demand for better safety, efficiency, interconnectivity, and ride comfort with particular focus on the EV sector. Exploration on the application air suspension system on buses for this Division has already commenced, whilst intensification of its endeavours to further improve suspension strength and weight reduction as well as its cold coiling technology is set to continue.

Prospect

Despite the trepidation felt by the Malaysian Automotive Association ("MAA") with regard to the Malaysian automotive market going forward into 2024 (see: Outlook, Plans and Initiatives on page 29), this Division is confident that the suspension market will continue to remain steady due to the consumable nature of the product, the Division's position as one of the leading OEM quality leaf spring manufacturers in Malaysia and the sizeable inventory range of its suspension products which not many can offer or boast.

Management Discussion and Analysis

INTERIOR AND PLASTICS DIVISION



» ABOUT THIS DIVISION

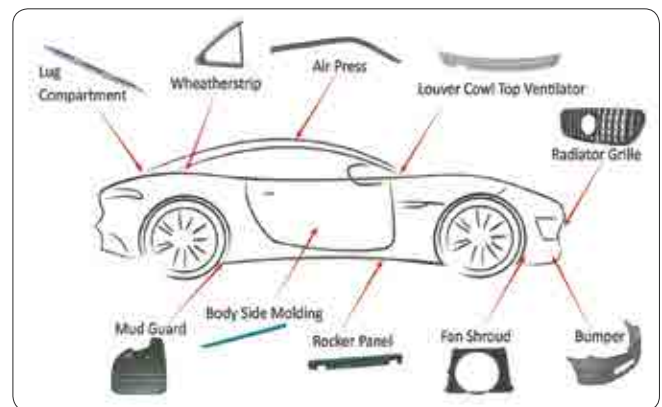
This Division is primarily engaged in the design, manufacturing and supply of interior automotive parts and components and is driven by its seat, plastic and module segments.

The seat segment can produce up to approximately 62,000 seats per month and possesses some of the latest equipment and machinery, such as Computer-Aided-Engineering ("CAE") Seat Static Testing Facilities. Other machinery and equipment in this Division include heat aging tester, temperature, and humidity chamber, QUV accelerated weathering tester, spectrophotometer, xenon weatherability chamber and melt indexer.



In so far as capacity is concerned, the plastic segment has a production capacity for PU at 35,000 vehicle sets per month and Plastic (Injection and Extrusion) at 30,000 vehicle sets per month.

As for the module segment, production capacity stands at 3,000 vehicle sets of door trims per month, whereas for safety belts, the production capacity currently stands at 18,000 vehicle sets per month.



The module segment of this Division produces a range of products from interior and exterior injection parts such as door panel system, pillar A, B, C, scuff plate, cover rear seat side, console and tray instrument, cover cowl top, air-press, mudguard and side mouldings such as body inserts, edge protectors, roof drip runner channel and PU padding such as PU cushion and back dual density, head rest and arm rest as well as safety belt systems.

» PERFORMANCE REVIEW

This Division benefitted from an increase in revenue of RM232.4 million to RM1.521 billion from RM1.289 billion in FY2022. Higher demand from certain OEM customers and the supply of new parts provided an uplift for the Division's revenue. The increase in revenue by 18% is consistent with Malaysia's Total Industry Production ("TIP") for vehicles, which recorded its highest TIP volume to-date. The higher revenue translated into an improved bottom-line for this Division where PBT was registered at RM112.7 million compared to RM64.1 million in FY2022. The improved PBT was also aided by the higher margin from sales of moulds/tooling and upward price revision received from certain customers.

Management Discussion and Analysis

» CHALLENGES, STRATEGIES AND PROSPECT

Challenges

The cost of fully automating its processes and the uncertainty and difficulty in sourcing for workers remain an ongoing drawback for this Division. Slower uptake by OEM customers leading to a decline in revenue going into 2024 is anticipated due to the possibility of a global slowdown.

Strategies

The automotive industry has always been a dynamic field, with players like carmakers and manufacturers, constantly striving to develop, innovate and meet the evolving demands of consumers and interest groups such as being more sustainable and connected. To meet this growing demand (especially in the EV field), this Division will continue to explore collaboration opportunities with new technology partners whilst increasing its efforts to strengthen its relationship with existing ones.

Operationally, this Division will also continue its focus on automating its processes for better efficiency and to reduce its dependency on labour. It will also look into the upgrading of its in-house seat design and development capabilities.

Prospect

Similar with the prospect projected for the Suspension Division, this Division also subscribes to the position that its market will remain steadfast in view of its ability to competitively produce and supply goods that can meet customer requirements due to the sheer size of its operation and the reputation it has gained throughout the years.



ELECTRICAL AND HEAT EXCHANGE DIVISION



» ABOUT THIS DIVISION

This Division is focussed on the design, manufacturing, and supply of automotive electrical and heats exchange systems. It is divided into 3 segments, namely climate control, auto electric and EV solutions.

» PERFORMANCE REVIEW

The Electrical and Heat Exchange Division managed to generate revenue of RM127.0 million, an increase of 11.9% from RM113.5 million in FY2022, mainly due to higher demand from OEM. Consequently, this Division recorded lower Loss Before Tax ("LBT") of RM4.8 million compared to RM5.8 million in FY2022. The lower LBT is in line with the higher sales recorded.



» CHALLENGES, STRATEGIES AND PROSPECT

Challenges

Revenue for this Division may be impacted if predictions of a slower uptake going forward as anticipated by the MAA materialises. However, the gravity may be lessened due to the countermeasures and strategies which this Division has developed.

Management Discussion and Analysis

Strategies

This Division will concentrate on the expansion of its product range to include the assembly and manufacturing of new products for vehicles.

This Division will also increase its commitment to further expand its footprint and product range for the Replacement Equipment Manufacturer ("REM") customers through active and alternative sourcing to ensure production cost remains competitive where savings can be passed on to its customers.

This Division will amplify efforts to gradually implement Industry 4.0 practices and Real Time Overall Equipment Effectiveness monitoring by automating and upgrading its facilities to ensure efficiency and competitiveness at the highest levels. Further expansion of its present product range to increase revenue stream is also in the pipeline for this Division.

Prospect

Despite potential headwinds from geopolitical tensions in the Ukraine followed by the unrest in the Middle East, this Division remains optimistic about its prospects as vehicle sales are expected to grow albeit at a slower pace, seeing that electrical and heat exchange system is an essential part of any vehicle. Accordingly, this Division will continue allocating a substantial portion of its efforts to further penetrate the EV market, especially on the design and development of EV battery management systems and explore potential EV related opportunities.

MARKETING DIVISION



» ABOUT THIS DIVISION

The Marketing Division comprises activities mainly in the trading and distribution of automotive components and parts manufactured by the Group for the replacement and export markets.

» PERFORMANCE REVIEW

The Marketing Division recorded a dip in revenue by 10.2% to RM267.4 million from RM297.8 million in FY2022. The decrease was mainly due to sluggish demand from its export customers where in comparison, the higher export sales in 2022 were heightened by the deliveries of unfulfilled orders due to the unavailability of shipments during the last quarter of 2021.

Despite lower revenue, PBT for this Division improved marginally by 1% to RM9.9 million from RM9.8 million mainly due to lower freight cost and FX gains which arose from trade receivables balance denominated in foreign currencies.

» CHALLENGES, STRATEGIES AND PROSPECT

Challenges

Demand for automotive parts and components could experience some compression amidst the easing of spending as global inflation remains unabated. The circumstances could be further complicated by the geopolitical tensions mentioned earlier in the Ukraine and

the Middle East. However, strong US Dollar performance is expected to continue which could result in the creation of a positive turnover for this Division.

Strategies

This Division will increase its effort to further expand its market share and recapture some lost grounds, especially in the European sector by establishing more warehouses and optimising its e-commerce activities to boost revenue generation. For the US market, this Division will focus on the use and application of digital marketing as a tool to garner wider customer reach and also embark on intensifying its branding presence through advertising and promotion. It will also explore strategic partnerships with private label auto parts businesses and participate in international exhibition such as Automechanika Frankfurt.

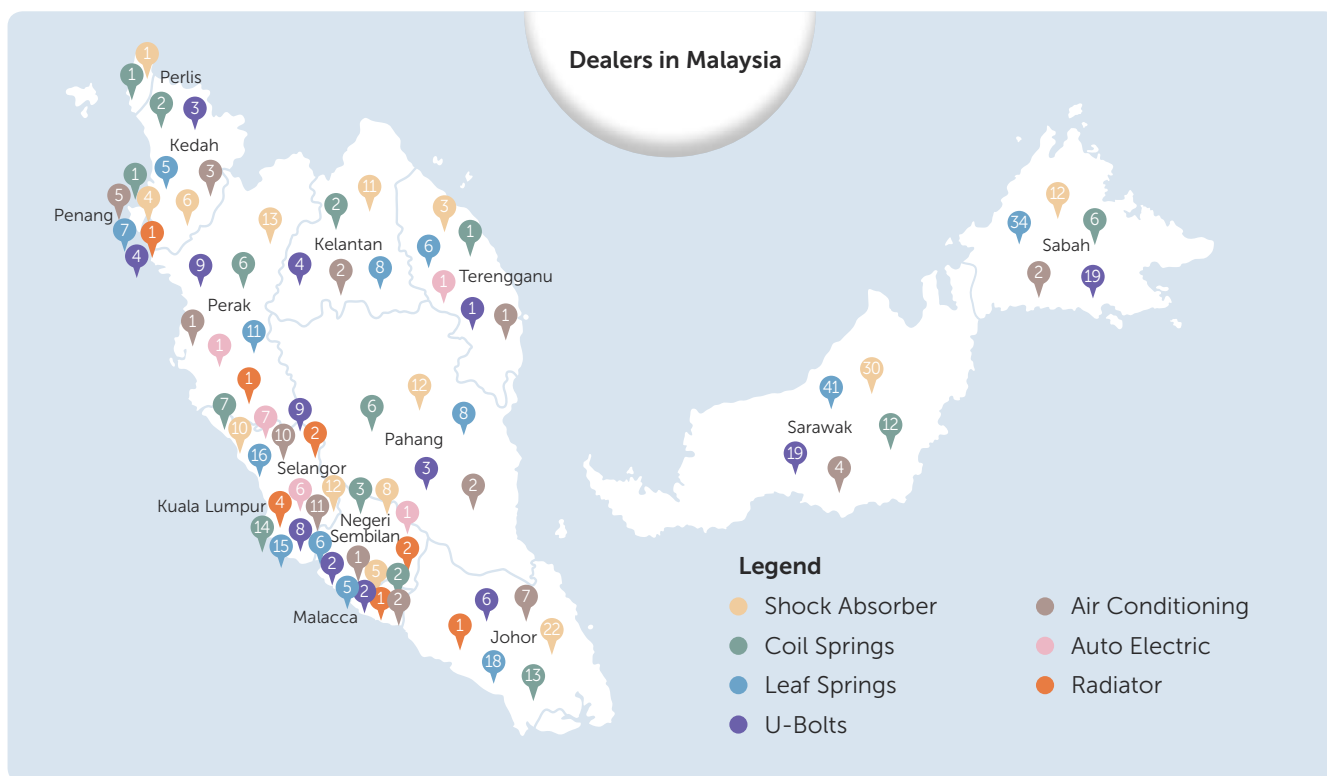
On the local replacement market front, this Division aims to further expand its product range and consolidate its dealers for better management and efficiency.

It will also continue with its efforts to exploit social media platforms like Instagram and TikTok for better market presence.

Prospect

With pandemic related supply chain issues well behind it and ²the strength of the US Dollar set to continue into 2024, this Division is poised for growth going forward.

Management Discussion and Analysis



INDONESIA DIVISION



» ABOUT THIS DIVISION

This Division refers to the Group’s wholly-owned subsidiaries that are involved in the production of suspension products, such as coil springs, shock absorbers and leaf springs as well as the Group’s investment in joint ventures and associate in Indonesia.

» PERFORMANCE REVIEW

³Indonesia’s automotive industry recorded a 4% year-on-year decline in full-year car sales for FY2023, due to weaker economic growth and high interest rates. Consequently, with lower demand from domestic OEM and REM customers, coupled with the unavailability of certain material sizes that affected production and sales in the first half of 2023, the Indonesia Operations’ revenue for FY2023 decreased to RM87.5 million from RM104.9 million in FY2022.



Against the backdrop of lower revenue and provisions made for doubtful debts and slow-moving inventories, the Indonesia Operations’ PBT fell to RM1.5 million from RM2.0 million in FY2022. The decrease in PBT was mitigated by a higher share of profit from the joint ventures and associate.

» CHALLENGES, STRATEGIES AND PROSPECT

Challenges

Negative impact due to the change of government in Indonesia cannot be ruled out. Nonetheless, this Division will continue using its best endeavours to preserve quality and competitiveness through lower operational cost without compromising on safety and efficiency. This Division believes that being present locally and having in place multiple sources for the supply of materials with a low-cost base is and remains the key towards overcoming this challenge.

Management Discussion and Analysis

Strategies

This Division will increase its panel of local raw material suppliers for its coil and leaf springs as well as shock absorbers lines. Meanwhile, the development of additional product range is set to continue. Efforts to increase customer base and set up warehouses in strategic locations across Indonesia will also be increased to boost revenue uptake.

Meanwhile, production efficiency will be improved with the aim of further reducing operational and administrative costs. Overall, the Division will focus on enlarging its market share and presence in the REM through strategic partnerships and alliances. This Division will also explore opportunities to work with EV part suppliers and technology providers to expand its product range with an aim to capture a part of the growing EV market in Indonesia.

Prospect

Indonesia is widely regarded as the largest automotive market in Southeast Asia and ranks as the second-largest production centre in the region, following Thailand. ⁴Indonesia is actively working to establish a notable presence within the EV industry. It has a goal of reaching 2.5 million EV users by 2025 and striving to position itself as a pivotal hub within the EV supply chain, strong order books and further ventures into manufacturing and supply of seats are expected to continue for this Division. The Indonesian economy is anticipated to grow steadily, supported by robust domestic demand and high commodity prices, which are beneficial to the automotive industry there. The Group's wholly-owned subsidiaries are expected to enjoy higher offtakes from customers as a result of the above.

ALL OTHER SEGMENTS / OPERATIONS OUTSIDE OF MALAYSIA SEGMENT



» ABOUT THIS SEGMENT

This business segment covers the Group's overseas operations in Vietnam, Myanmar, Thailand, Australia, USA, the United Kingdom and the Netherlands.

» PERFORMANCE REVIEW

The Operations Outside of Malaysia segment improved as its revenue increased marginally from RM151.4 million to RM156.2 million and LBT improved to RM4.8 million from RM7.1 million in the FY2022.

The Group's seat business in Australia (which focusses on the supply of bus and train seats) is presently experiencing recovery following an increase in demand and the resumption of several delayed projects. Similarly, the Group's operations in the USA saw recovery in demand following resilience in the US economy. Vietnam operations are, however, facing challenges due to slowdown in the commercial vehicle segment.

Factors that contributed towards the losses recorded by the Operations Outside of Malaysia included the following: -

- (a) Higher operating costs such as staff cost, logistics and new products development expenses; and
- (b) Expenses incurred on projects behind schedule in the Perth operations.

» CHALLENGES, STRATEGIES AND PROSPECT



Australia

Led by McConnell Seats Australia Pty. Ltd. ("MSA"), this segment will continue with its focus on maintaining its expansion plans in Western Australia where it has established a plant in Perth to supply train seats. MSA will continue to explore and ramp up efforts for the design and development of a wider range of seats for trains, buses and coaches in line with the Australian Government's effort to promote use of green technology to achieve zero-emission target.



Management Discussion and Analysis



Vietnam

Our operation in Vietnam is led by APM Auto Components (Vietnam) Co. Ltd. ("AACV") and APM Springs (Vietnam) Co. Ltd. ("ASV") where seat and suspension products are supplied to its customers. Both AACV and ASV's performances were affected by the slump experienced by the automotive market in Vietnam in 2023 which became evident in April 2023, with a 47% decrease in car sales compared to the same period in 2022. The situation worsened in May 2023, with a 52% decrease in car sales. ASV has since put into effect countermeasures to mitigate its risk exposure by enhancing efforts to expand REM sales through e-marketing and revising its business approach.



USA

The Group's operation in the USA is led by APM Auto Components (USA) Inc. The US automotive market experienced a boost as automakers there sold more cars in 2023 than a year ago as supply chain chaos ended, but sales are now under pressure from higher interest rates. This segment's revenue experienced an increase due to improved market conditions compared with 2022 when shipping congestion affected its overall performance. LBT improved and was in line with higher sales. This increase was further supported by the write-back of slow-moving inventory and doubtful debts. This segment will continue with its efforts to push for market expansion and greater revenue by intensifying its promotional activities.



Thailand

APM Auto Components (Thailand) Ltd. ("AACT") leads the Group's operation in Thailand. This segment experienced a slight decline in revenue due to lower demand for EPDM or ethylene propylene diene monomer rubber products. This decline will not discourage or dampen AACT's endeavours to press for new OEM contracts and source for potential bus seat supply businesses. On the contrary, this decline will be applied as a catalyst to launch further and improve marketing efforts in the territory where AACT operates. Additionally, AACT will also explore operational improvements for better efficiency. Going forward, this segment will explore the assembly and production of new products as means to increase its product range and revenue stream.



Netherlands

The Group's operation in the Netherlands is led by APM-TS B.V., which enjoyed a marginal increase in demand due to improved market conditions. Its e-commerce website has been launched and is fully operational, (i.e., <http://www.ts-automotive.nl/>). With the support of this e-commerce website, better in-roads into the European market through establishment of distribution hubs and warehouses within and around Europe for faster delivery and better presence is expected.



Management Discussion and Analysis



Myanmar

APM Auto Components Myanmar Co. Ltd. leads the Group's operation in Myanmar. Operations have been consistent with no significant change recorded. Doing business in Myanmar has been difficult and taxing as expected because this territory has its own unique set of challenges just like in any other. Nonetheless, the Group remains committed to ensure that its operations here are insulated against such challenges to the furthest extent possible.



NON-REPORTABLE SEGMENT, MALAYSIA / OTHERS



» ABOUT THIS SEGMENT

This segment primarily comprises operations relating to the provision of supporting services and activities, such as rental of properties in Malaysia, provision of management services as well as engineering and research services for members of the Group. Revenue from this segment forms part of inter-segment elimination for the Group's total results. This segment also includes the Group's business in casting, machining and assembly of aluminium parts components as well as investment in an associate that commenced operations during the year.

» PERFORMANCE REVIEW

Non-reportable segment's revenue for FY2023 grew by 8.1% to RM57.0 million, mainly because of higher intra-group billing of services. The segment was able to record a lower LBT of RM6.6 million compared to LBT of RM8.8 million in FY2022, mainly due to the share of profit from the Group's associate following the commencement of revenue recognition in the second quarter of 2023.

▶ KEY RISK FACTORS Business Risks and Challenges

Competition Risk

The automotive component market is capital intensive and highly competitive. The Group sees competition in this sector from 7 different perspectives, namely cost, quality, efficiency, service, brand, innovation and ease of doing business as it competes on almost all fronts, including technology, quality and reliability. The Group largely relies on its experience, know-how, reliability and trust gained from the years of business to forge a bond with its customers and supply chain to stay ahead of competition.

Operational Risk

Operational risk is the risk of loss resulting from ineffective or failed internal processes, people, systems, or external events that can disrupt the flow of business operations. The losses can be directly or indirectly financial. The Group recognises this risk and is consistently updating its infrastructure and ecosystem to minimise the impact.

Succession Risk

This risk that a vacancy in a critical role cannot be filled satisfactorily within an acceptable timeframe will undoubtedly impact the Group's performance and daily business. Recognising this risk, the Group has put in place a succession plan to mitigate such eventualities.

Moving forward, the Group will monitor developments in these areas closely and where necessary, initiate preventive or mitigating actions that include diversification, relocation and reallocation of resources.

Management Discussion and Analysis



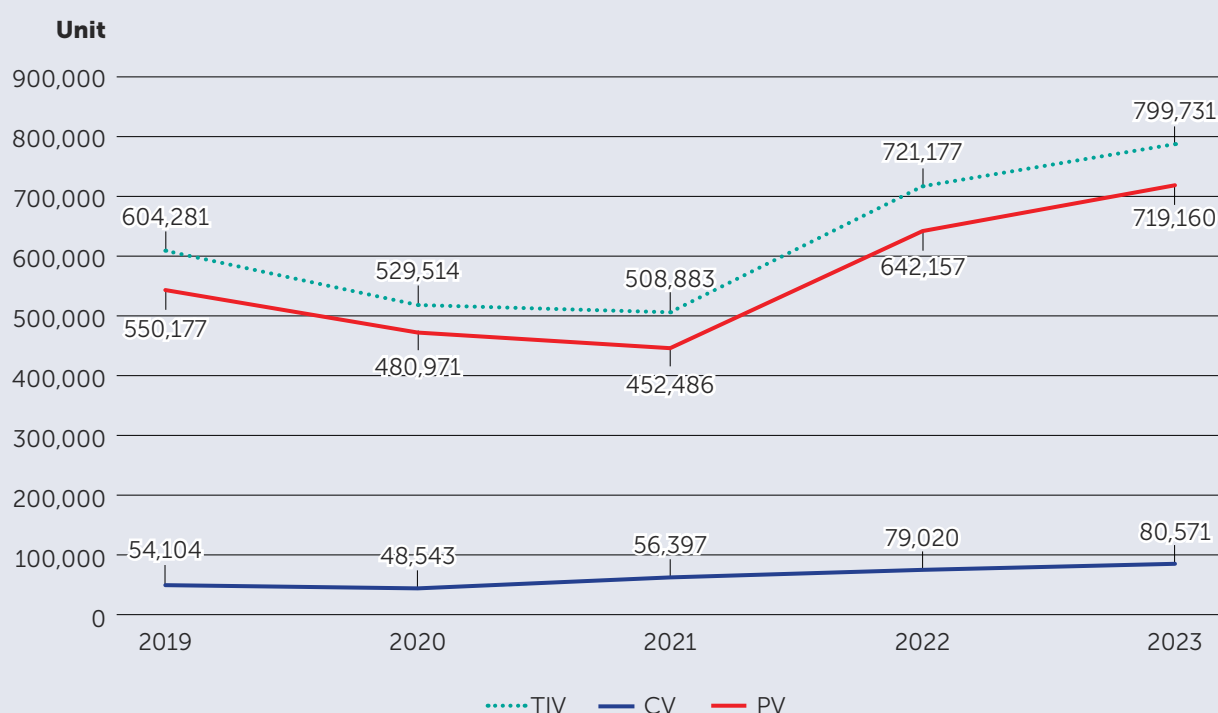
MOVING FORWARD Outlook, Plans and Initiatives

The 2024 Automotive Market

The TIV for Malaysia in 2023 reached an all-time high following an 11% year-on-year jump from 721,177 units in 2022 where the 700,000-sales closing mark was breached again for the second consecutive time. However, according to the MAA, Malaysia's new motor vehicle sales are expected to decline by 7.5% in 2024, following record sales of 799,731 units in 2023 that was immensely propelled by successful tax-free car bookings, increased socio-political stability, resilient domestic economy, and successful launches of new and affordable Internal Combustion Engine ("ICE") and EV as well as improved industry supply chain support.

MAA's weaker forecast for 2024 is primarily attributable to factors that include "global economic uncertainty due to conflicts and geopolitical tensions, and a slight slowdown in global economic growth forecasted by the International Monetary Fund to 2.9% in 2024 from 3% in 2023".

Total Industry Volume (TIV) Trend from 2019 to 2023



VEHICLE CATEGORY	2023	2022	VARIANCE	
			UNITS	%
PASSENGER VEHICLES (PV)	719,160	642,157	77,003	12%
COMMERCIAL VEHICLES (CV)	80,571	79,020	1,551	2%
TOTAL VEHICLES	799,731	721,177	78,554	11%

Source:

<https://paultan.org/2024/01/16/malaysia-auto-sales-hit-all-time-record-in-2023-with-799731-units-11-up-740k-tiv-forecasted-for-2024/>

Management Discussion and Analysis



Forecasts are essentially predictions based on historical data, past patterns and surrounding circumstances there, and their outcomes are not always as anticipated or accurate. A clear example can be seen in the case of ⁸Chinese economy where a quick recovery was expected to occur in 2023 (following the devastation of the COVID-19 pandemic) and resume its role as the undisputed engine of global growth. Unfortunately, and to the surprise of many, it stalled.

As such and despite MAA's subdued projection, we envisage buying interest among consumers in Malaysia to remain steady, especially in relation to the passenger vehicle segment (ICE and EV) due to the potential influx of new and upcoming technology driven value for money Chinese models, which are widely expected to provide stiff competition to their Japanese and Korean counterparts.

Our position is fortified by ⁹Bank Negara Malaysia's expectation that the Malaysian economy will expand in 2024 with inflation to remain modest notwithstanding recent ringgit movements as they are primarily driven by external factors, and not reflective of the current domestic economic performance and prospects.

While supply chain challenges and uncertainties such as shortage of labour and high logistic cost due to geopolitical tensions are likely to persist, coupled with the ¹⁰potential uncertainty surrounding the USA political landscape by end of 2024 as its presidential election looms, the Group remains cautiously optimistic on the outcome of its operations.

In these uncertain times, the Group recognises the need for diversification and is committed towards the mitigation of this risk by allocating some of its resources to sectors that are outside its core business.

Here we are proud to announce the commencement of commercial operation of our joint venture company, TC Sunergy Sdn. Bhd.'s 31.23MWp/20MWac Large Scale (Floating) Solar Photovoltaic Plant in Bandar Serendah, Daerah Hulu Selangor in which the Group has a 40% stake.

In addition to the above, and to minimise its electricity consumption expenditure and becoming part of the clean energy movement to reduce the effects of climate change, we have also embarked (through our subsidiaries) on the installation of additional roof mounted solar panel systems and remains committed to align our operation with the United Nation's Sustainable Development Goal (SDG) Nos. 7, 11, 12 and 13.



Management Discussion and Analysis

Meanwhile, the Group will continue to focus on its revised 5-year strategic plan 2023-2027 which emphasises on expansion, cost effective operations, research and development and brand enhancement activities and is enclosed in the Sustainability Statement of this Report.

Research and Development

We see research and development as a tool to grow and improve our business so that relevance and competitiveness can be sustained. To us, it is a set of innovative activities undertaken to develop new products and services or to improve existing ones. Our present research and development facilities are in Port Klang and Ara Damansara where a team of research engineers is housed.

As the shift towards electrification is rapidly gaining momentum, recruitment of additional engineers and professionals in this field is already in progress. In this respect, we are in the final stage of establishing a new segment that will focus on vehicle electrification as part of our approaches and strategies towards EV sector. Our research and development will explore and if viable, pursue collaboration projects with industry professionals for training and commercial purposes. In the meantime, some of our research engineers will undergo intensive EV-based training and undertake EV-related prototype projects with the guidance and assistance of consultants for skill set enhancement.

Expansion

The Group will continue to pursue in organic growth through joint ventures, strategic alliances, mergers and acquisitions. In an age where time is of the essence, these approaches will enable immediate market penetration and presence.

Personnel

Successful companies value their employees. They know and recognise that employees are essential to an organisation's longevity and success. It is therefore unsurprising for companies to do all they can to attract and retain talents, by providing compensation and benefits packages that are not only attractive but are commensurate with the responsibilities ascribed as well as inculcating a conducive working environment for employees. We are no different as our successes over the years have been underpinned by the contributions of our employees. In fact, our employees represent the face of the Group and more importantly, they are our brand ambassadors. Secondment to various sectors, branches, departments and subsidiaries in Malaysia and abroad as well regular upskilling and re-skilling are some measures that we implement to improve efficiency and productivity.

We do not suppress employee suggestions and ideas. In fact, it is strongly encouraged as they often form the basis and lessons, which we can take in and learn from in our journey to improve ourselves as an organisation. To us, these initiatives represent a clear indication of our employees' loyalty, dedication and care for the organisation, and these are values, which we truly appreciate and recognise.

Constant, effective, and meaningful communication is essential for a strong and lasting employer-employee relationship. Here, we hold annual management seminars with our management team where our plans and goals are categorically disclosed and explained.

Meanwhile, our Sports and Recreational Club has been hosting engagement activities to improve bonding and promote employer-employee relationship. For FY2023, the club successfully organised three (3) sporting events (ranging from bowling, badminton to futsal) where participation was not only encouraging but exceeded expectation as a good number of participants from all sectors within the Group (such as machine operators, supervisors, team leaders and managers) and their loved ones took part.

We recognise equality, diversity and inclusivity as a priority because diverse abilities and perspectives can further improve our competitiveness and commitment and to this end, we remain committed to the merit-based appointment of persons from various races, nationalities and backgrounds to serve and work with us.

Moving forward, the Group will continue its focus on retaining and growing its current talent pool.

¹ <http://www.maa.org.my/pdf/2023/pressreleasefordec2023.pdf>

² <https://blueberrymarkets.com/market-analysis/news/can-the-dollar-stay-strong-2024/>

³ <https://www.thejakartapost.com/business/2024/01/16/indonesian-car-industry-sees-sales-fall-4-in-2023.html>

⁴ <https://www.aseanbriefing.com/news/Indonesia-market-prospects-for-electric-vehicles-sales-manufacturing-investments/>

⁵ <https://www.thestar.com.my/aseanplus/aseanplus-news/2023/12/31/big-drop-in-vietnam039s-domestic-automobile-market-car-experts-hoping-for-a-better-2024>

⁶ <https://www.nytimes.com/2024/01/03/business/economy/auto-sales-general-motors.html>

⁷ <https://theedgemaalaysia.com/node/697527>

⁸ <https://edition.cnn.com/2023/12/27/economy/china-economy-challenges-2024-intl-hnk/index.html>

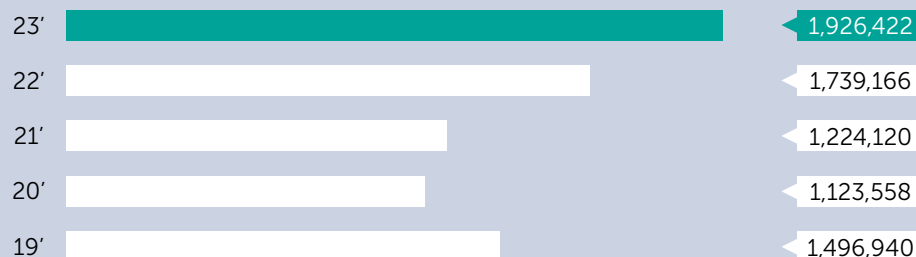
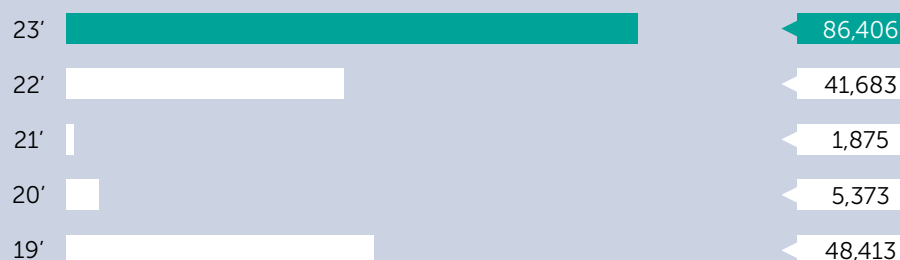
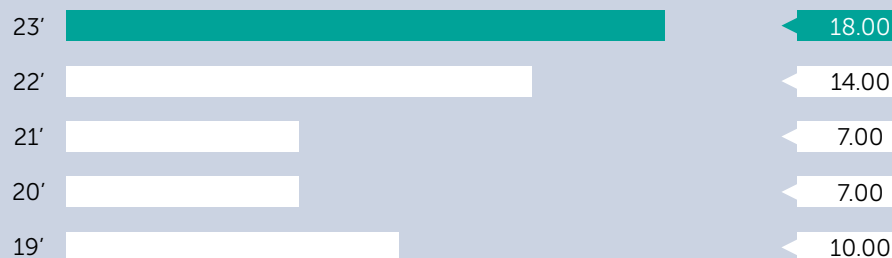
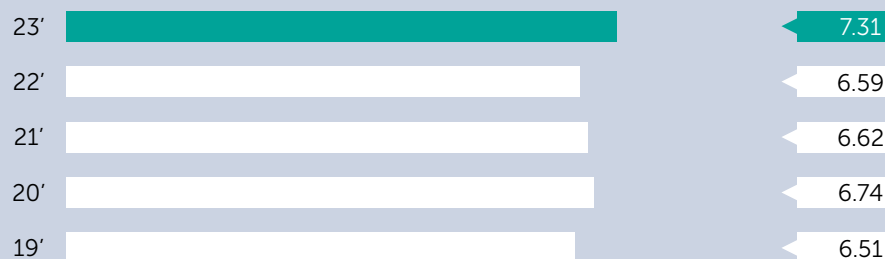
⁹ <https://www.bnm.gov.my/-/monetary-policy-statement-24012024>

¹⁰ <https://www.reuters.com/world/us/who-are-candidates-running-2024-us-presidential-election-2023-09-19/>

5-Year Financial Highlights

	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
RESULTS					
Revenue	1,926,422	1,739,166	1,224,120	1,123,558	1,496,940
Profit before tax	108,297	54,066	17,083	15,417	68,775
Taxation	(21,891)	(12,383)	(15,208)	(10,044)	(20,362)
Profit for the year	86,406	41,683	1,875	5,373	48,413
Attributable to:					
Owners of the Company	60,439	26,400	(11,250)	(10,469)	27,237
Non-controlling interests	25,967	15,283	13,125	15,842	21,176
STATEMENT OF FINANCIAL POSITION					
Assets					
Property, plant & equipment	716,247	627,279	649,390	682,270	617,305
Investment properties	106,760	106,700	106,660	106,660	112,560
Equity-accounted investees	139,755	92,739	72,159	55,286	32,621
Other investment	3,986	-	-	-	-
Intangible assets	20,840	20,542	24,364	24,577	18,526
Deferred tax assets	27,618	25,874	22,325	23,998	17,659
Total non-current assets	1,015,206	873,134	874,898	892,791	798,671
Current assets	1,130,306	1,083,562	973,750	958,747	940,187
Total assets	2,145,512	1,956,696	1,848,648	1,851,538	1,738,858
Equity					
Share capital	219,498	219,498	219,498	219,498	219,498
Reserves	1,224,020	1,081,872	1,087,832	1,110,863	1,067,387
Treasury shares	(13,506)	(13,506)	(13,506)	(13,506)	(13,312)
Equity attributable to owners	1,430,012	1,287,864	1,293,824	1,316,855	1,273,573
Non-controlling interests	73,704	65,126	70,148	71,023	75,179
Total equity	1,503,716	1,352,990	1,363,972	1,387,878	1,348,752
Non-current liabilities	184,463	163,836	112,608	108,655	89,669
Current liabilities	457,333	439,870	372,068	355,005	300,437
Total equity and liabilities	2,145,512	1,956,696	1,848,648	1,851,538	1,738,858
FINANCIAL STATISTICS					
Basic earnings per share (sen)	30.92	13.50	(5.75)	(5.36)	13.93
Gross dividend per share (sen)	18.00	14.00	7.00	7.00	10.00
Net assets per share (RM)	7.31	6.59	6.62	6.74	6.51
Return on shareholders equity (%)	4.45	2.05	(0.86)	(0.81)	2.17

5-Year Financial Highlights

REVENUE
(RM'000)**1,926,422**PROFIT FOR
THE YEAR
(RM'000)**86,406**TOTAL EQUITY
(RM'000)**1,503,716**GROSS DIVIDEND
PER SHARE
(SEN)**18.00**NET ASSETS
PER SHARE
(RM)**7.31**

Sustainability Statement



Economic

Environmental



**VALUE CREATION VIA
GOOD GOVERNANCE &
SUSTAINABLE PRACTICES**



Social

Governance



Sustainability Statement

SECTION 1 APPROACH, SCOPE, PROCESS AND METHODOLOGY

1.1 INTRODUCTION

In a world propelled by finite resources and rapid changes in the environment and climate, sustainability is fast becoming a norm rather than an option. There have been extensive steps that have been taken by many to control, arrest or otherwise delay its impact, including advancing environmental, economic, social and governance related approaches and improving regulatory trends like the recent launch of the National Energy Transition Roadmap or NETR which notably sets out the pathway and Malaysia's aspiration to achieve net zero emissions by 2050 but a lot more will have to be done before sustainability can be effectively embedded, recognised and accepted as the new normal in the business community. The notion of sustainability being an inconvenient distraction must be dispelled and replaced with that of indispensability and urgency to form the catalyst for its adoption.



APM recognises and supports the need for sustainable business practices as we believe profitability and sustainability are interrelated and must go hand in hand. Our sustainability plan is rooted on the philosophy of communal and shared prosperity in which we have integrated environmental, economic, social and governance (collectively, "EESG") consideration into various aspect of our operations. As we move towards 2024, focus on our sustainability plans remain staunch and steadfast.

1.2 APM'S SUSTAINABILITY STATEMENT

The preparation of our Sustainability Statement for 2023 ("Statement") is driven by EESG considerations that are in line with Bursa Malaysia Securities Berhad ("Bursa Securities") Sustainability Reporting Guide (3rd Edition).

This Statement exemplifies our passage toward the attainment of progress, balance and stability through sustainable business practices and the outcome of our efforts is aimed at striking a viable balance between our business, the people and EESG considerations. This is our 7th Sustainability Statement since the release of our Narrative Statement in 2017 following Bursa Securities' launch of the Sustainability Framework back in 2015.

1.3 COVERAGE

This Statement sets out the EESG activities conducted by the Group's major subsidiaries, comprising our businesses in Malaysia, Indonesia, Vietnam, Thailand and Australia, which collectively contribute to more than 89% of the Group's revenue. Going forward, we aim to expand the scope of this Statement to include data and information from other business units within the Group, progressively.

1.4 REPORTING PERIOD AND CYCLE

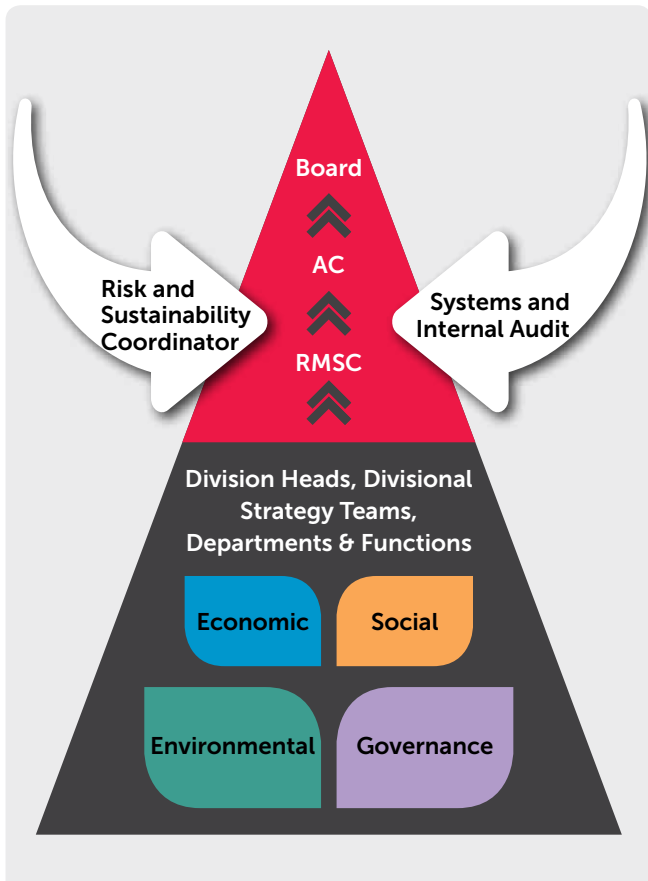
This Statement also records our sustainability initiatives and performances from 1 January 2023 to 31 December 2023, including available and relevant comparative historical data. This Statement is prepared on an annual basis and serves as a platform to communicate our progress from the EESG aspects as well as our commitment to the various stakeholder groups.

Sustainability Statement

1.5 REFERENCES AND ASSURANCES

This Statement is prepared in accordance with the applicable provisions of Bursa Securities’ Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits (3rd Edition) with no external assistance or independent assurance sought. The 32 Key Performance Indicators (“KPIs”) data disclosed in this Statement have been reviewed by the Group’s Systems and Internal Audit Department bringing additional value and credibility to our disclosure.

The Risk Management and Sustainability Committee (“RMSC”) and Audit Committee (“AC”) have reviewed the accuracy and veracity of this Statement.



1.6 ACCESSIBILITY

A PDF version of this Statement can be found in APM’s Annual Report 2023, which is available for viewing on the Company’s website at www.apm.com.my.

1.7 FEEDBACK

We are committed to the development and expansion of our engagement with our internal and external stakeholders. Accordingly, feedback, suggestions and comments on this Statement are welcomed and can be directed to apmah@apm.com.my.

1.8 APPROACH TO SUSTAINABILITY

Our approach to sustainable development is anchored on our vision, mission and core values, which is depicted below:



This approach is broadly reflected in our conduct as well as our practices and are translated into what are known as “sustainability initiatives” consisting of programmes that are implemented in phases. It is infused and integrated into our hiring, training and onboarding processes as well as in performance evaluation and decision-making frameworks so that they are considered in day-to-day operations. We believe this will facilitate but also help our people (especially new hires) understand and embrace APM’s expectations right from the beginning.

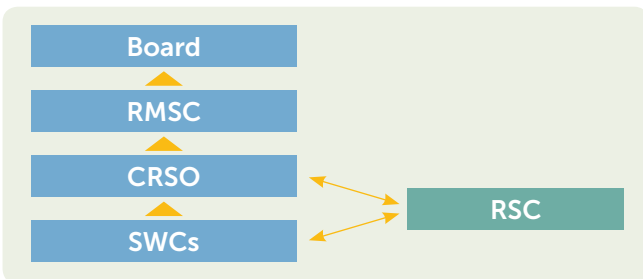
Sustainability Statement

1.9 ROLES, GOVERNANCE AND IMPLEMENTATION

Our sustainability initiatives comprise an assortment of programmes, the implementation of which is assigned to and undertaken by different groups of personnel from the Group. They are as follows:

1.9.1 Board of Directors

The role of governing our sustainability framework lies with the Board of Directors of APM Automotive Holdings Berhad ("Board") whose members are entrusted with the powers to decide on sustainability issues.



1.9.2 Risk Management and Sustainability Committee

The RMSC is led by the Chief Executive Officer and comprises Senior Management, who are primarily the heads of respective business divisions with varying backgrounds and expertise. The RMSC's terms of reference have been approved by the Board and are subject to review and revision from time to time. The principal role of the RMSC is to provide support to the Board especially in the design, administration and management of the framework's policy and practices. The RMSC also assists the Board to fulfil its governance responsibilities.

The following are some of RMSC's roles:

RMSC

- Develop and recommend sustainability strategies (including statements and policies) to the Board for approval, adoption and revision.
- Advise the Board to ensure that sustainability is considered in our business strategies.
- Ensure that key sustainability matters related to EESG are addressed in the sustainability strategies.

- Oversee the preparation of sustainability disclosures (reporting) as required by Bursa Securities.
- The roles of the Sustainability Working Committees are as follows:
 - Drafting action plan(s) on material sustainability issues and escalating them to the Working Committee Chairman for approval.
 - The plan(s) are then be presented to the RMSC for approval.
 - Execute/implement RMSC approved action plan(s).
 - Monitor and manage on the progress and performance of such action plan(s).
- Monitor the implementation of the sustainability strategies as approved by the Board.

1.9.3 Sustainability Working Committee ("SWC")

SWCs are established to supervise the implementation of sustainability initiatives identified in the RMSC's terms of reference that have been allocated to them. SWCs are also assigned to chart out sustainability goals as well as to define missions, strategy, policies and messages. They also devise action plans for those in charge in the subsidiary and associate level to execute ("Persons in Charge" or "PIC").

1.9.4 Risk and Sustainability Coordinator ("RSC")

These PICs will report on the progress and status of the action plans they have been entrusted with to the SWCs through the RSC.

The RSC will then gather, assess, and compile the outcome of such action plans and report to the Chief Risk and Sustainability Officer.

1.9.5 Chief Risk and Sustainability Officer ("CRSO")

The principal liaison person between the SWCs and the RMSC is the CRSO, who is appointed from amongst members of the RMSC.

The CRSO works with the various SWCs through the RSC to integrate a culture of corporate responsibility and attention to the economy, environment, and community.

Sustainability Statement

1.10 APPROACH

A materiality assessment is conducted during the year under review to identify and highlight issues that are deemed important to both the Group as well as our stakeholders. A meaningful, balanced and comparable report based on the outcome is then presented to our stakeholders. This assessment comprises the following steps:

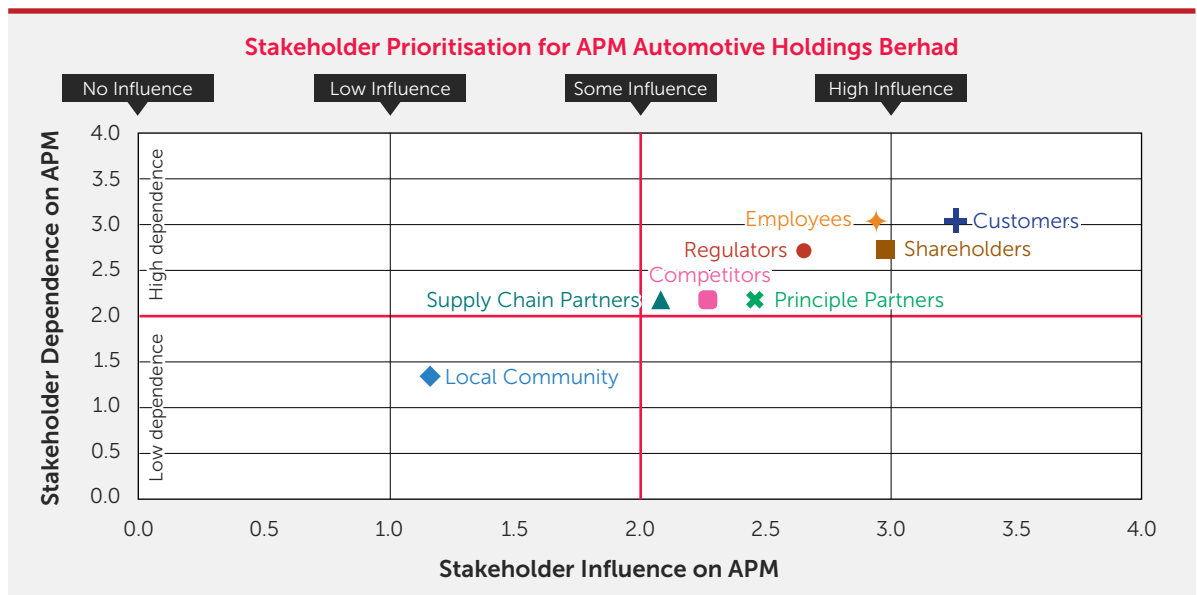
1.10.1 Identification

We carried out and completed the process of identification through interviews, discussions, and collation of issues that we believe are material to the Group and our stakeholders. The data and outcome were analysed and processed against information reported by other companies in Malaysia and by looking into our industry’s best practices.

We then interviewed a cross section of the RMSC and Board to filter issues that were most significant to us. Through these interviews, we were able to identify, isolate and treat key issues, opportunities and challenges faced by the Group.

1.10.2 Prioritisation

From the list of issues identified as material, we prioritised each issue by assigning a measure of ‘weightage’ and we accomplished this through a materiality assessment workshop. Here, we engage with a cross section of our internal stakeholders (from managers to members of the senior management team and to our Board) with the aim of eliciting information based on their engagement with external stakeholders. We then plotted these data into a materiality matrix, which indicates the relative importance of each issue to the Group, and our stakeholders. An illustration of this matrix is as follows:



1.10.3 Validation

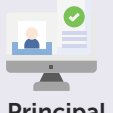
We then presented this materiality matrix to the CRISO, RMSC and the Board for comments and endorsement.

1.10.4 Review

This final step encompassed feedback from our stakeholders, which enables us to further refine our sustainability approach to present statements that are even more meaningful in the future. We are open to feedback or comments via apmah@apm.com.my.

Sustainability Statement

1.11 STAKEHOLDER ENGAGEMENT

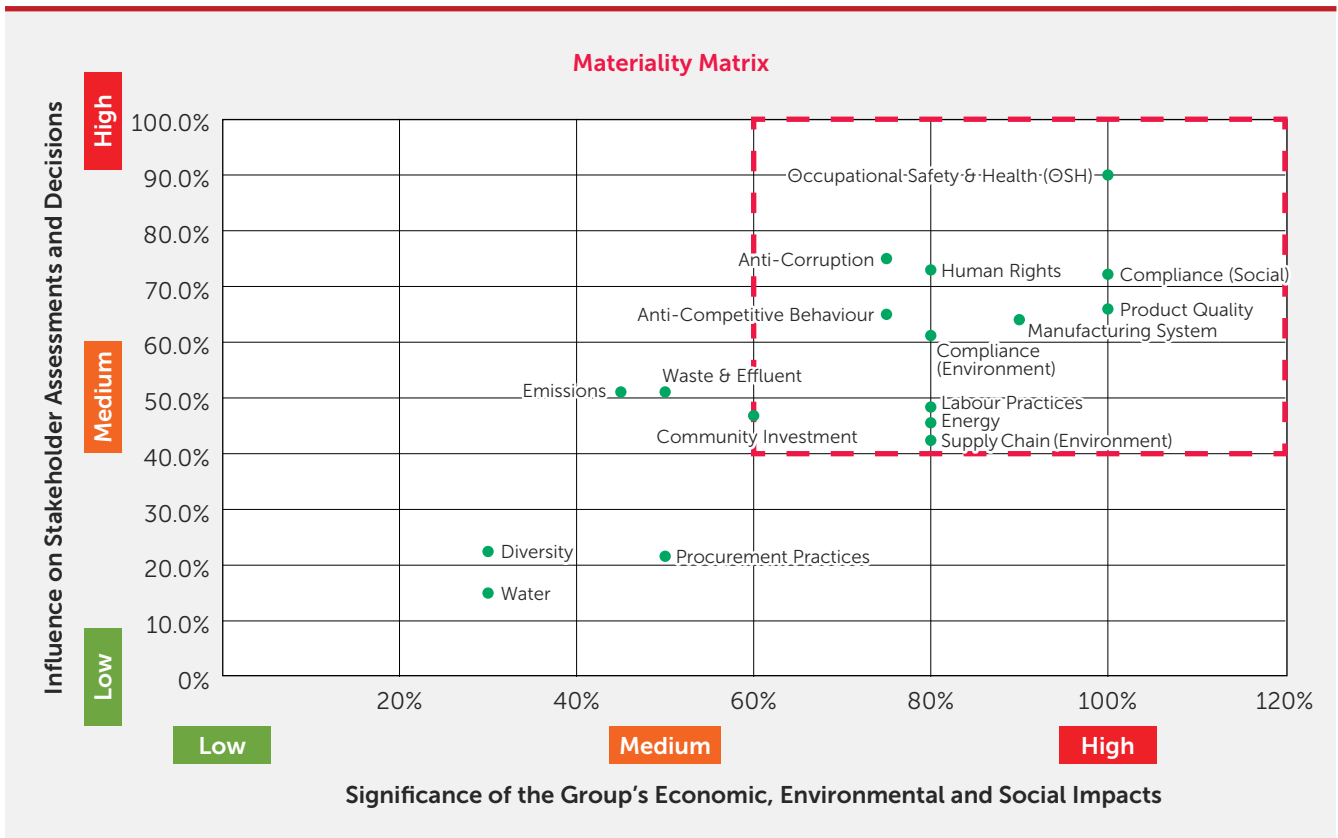
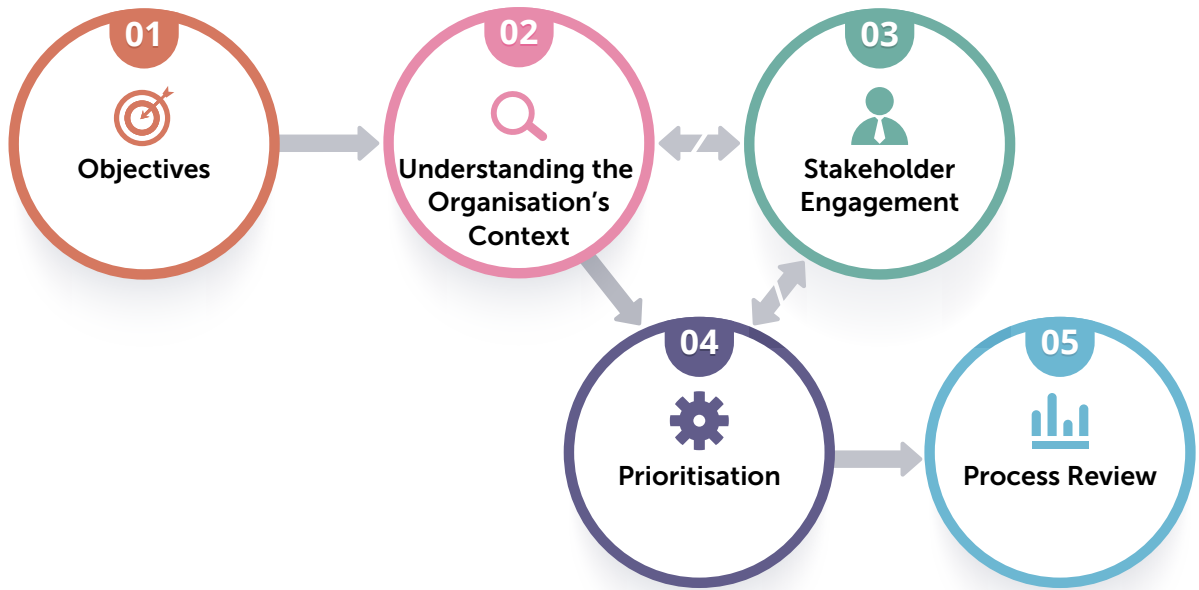
Stakeholders	Description	Engagement Method	Sustainability Issues
 Customers	Customers of the Group, consisting primarily of Original Equipment Manufacturers, Replacement Market parts distributors and end users.	Meeting, Project Tracking, and Customer Feedback including Customer Satisfaction Survey.	Product Quality, Cost and Delivery, Warranty Services, Product Safety, Sustainability Matters and Anti-Bribery and Anti-Corruption.
 Employees	Persons employed by the Group. Our employees are the key enablers of all our business activities who create value along the supply chain.	Morning Briefing, Morning Market, Training and Awareness, Suggestion Scheme, Representative Meeting, Management Seminar, Trip and Function.	Learning and Development, Prompt Salary Payment, Performance Management, Work-Life Balance, Safety and Health at Workplace, Teamwork, Empowerment and Accountability, Industrial Harmony, Compensation and Benefits and Anti-Bribery and Anti-Corruption.
 Shareholders	Owners of APM.	Annual General Meeting, Regular Updates and Communication.	Profitability, Sales Performance, Financial and Volume Performance, and Compliance.
 Regulators	Government and statutory bodies and agencies that regulate and enforce compliance requirements.	Income Tax Filing, Sales and Service Tax Reporting, Licence Renewal, Meeting, Regular Updates and Communication.	Compliance with applicable laws, policies, directives, and regulations.
 Principal Partners	Business and technical partners of the Group. This group of persons include our joint venture partners and other business associates.	Principal Engagement and Meeting.	Profitability, Intellectual Property and Royalty.
 Competitors	Business Rivals, Competitors, Contenders and Counterparts of the Group.	Regular Updates.	Anti-Competitive Practices, Business Strategy and Plan, Product Innovation and Development.
 Supply Chain Partners	Vendors, Suppliers, Service Providers, Dealers, Distributors and the like.	Monthly Meeting, Training, Audit and Feedback.	Fair Procurement, Anti-Bribery and Anti-Corruption, Sustainability Matters.
 Local Community	Persons within the society where the Group is present.	Programmes through Corporate Social Responsibility and APM Make a Difference Day.	Social and Environmental Issues, and Local Community Development.

Sustainability Statement

1.12 MATERIALITY ASSESSMENT PROCESS

The criteria and process that we applied in determining the impact of EESG are based on Bursa Securities' Materiality Assessment and Materiality Matrix toolkits, examples of which are depicted as follows:

1.12.1 Materiality Assessment Process and Matrix



Sustainability Statement

1.12.2 Material Sustainability Matters

Key Performance Indicators (KPI)					
Themes		Index	Indicators	Unit of Measurement	Target
ECONOMIC					
1 Community Investment	Voluntary contributions made by the Group to enhance socio-economic benefits and create positive impact.	1.1 a)	Total amount invested in the community where the target beneficiaries are external to the Group (e.g. non-profit organisations, homes for the aged, orphanages, etc.)	RM	Group total of RM300,000
		1.1 b)	Total number of beneficiaries of the investment in communities	Number	Baseline For 2024
2 Product Quality	Good product quality, cost and delivery taking into consideration the warranty and product safety performance.	2.1	To achieve APM Performance Index, APMi of ≥ 4.0	Nil	APMi ≥ 4.0
3 Manufacturing System	APM Manufacturing System (AMS) was based on the lean approach which provide internal benchmark and mechanism of Continuous Improvement.	3.1	To achieve AMS Level-5 as Goal; with interim target of \geq Group Average	Nil	AMS Level \geq Group Average
ENVIRONMENTAL					
4 Energy	Considers the efficient use and consumption of electricity as well as energy generated from renewable sources.	4.1 a)	Total energy consumption	kWh	'E' kWh
		4.1 b)	Amount of reduction in energy consumption achieved as a result of conservation and efficiency initiatives	%	$\geq 1.0\%$ of 'E' kWh Refer 4.1 a) above
		4.2	CO ₂ Reduction	tCO ₂ e Metric tonnes of carbon dioxide equivalent	$\geq 1,468$ tonnes per year (Group Total)
5 Water	Consider consumption and efficiency of water usage for industrial processes and general purposes.	5.1	Total volume of water used	Megalitres	Baseline For 2024

Sustainability Statement

		Key Performance Indicators (KPI)			
Themes		Index	Indicators	Unit of Measurement	Target
ENVIRONMENTAL					
6 Waste Management	Waste is broken down into hazardous and non-hazardous waste, where hazardous waste is governed by local environmental regulation, i.e., the Environmental Quality (Scheduled Wastes) Regulations 2005. Non-hazardous waste includes general waste such as paper and plastics. Effluent is defined as any liquid that is disposed as waste or wastewater.	6 a)	Total waste generated, and a breakdown of the following:	-	-
		i)	Total waste diverted from disposal	Metric tonnes	Baseline For 2025
		ii)	Total waste directed to disposal	Metric tonnes	Baseline For 2025
7 Emission Management	Emission refer to the discharge of environmentally hazardous substances (e.g. dust, dark smoke, emissions with metallic compounds) into the atmosphere. (This definition is in accordance with the schedules as provided in the Environmental Quality (Clean Air) Regulations 2014). Emission also encompasses discharge of greenhouse gas (e.g. carbon dioxide, methane, nitrous oxide, etc.).	7 a)	Scope 1 emissions are direct greenhouse gas ("GHG") emissions that occur from sources that are owned or controlled by the company	tCO ₂ e Metric tonnes of carbon dioxide equivalent	Baseline For 2025
		7 b)	Scope 2 emissions are indirect GHG emissions arising from the generation of purchased electricity consumed by the company	tCO ₂ e Metric tonnes of carbon dioxide equivalent	Baseline For 2025
		7 c)	Scope 3 emissions are all other indirect emissions not covered under Scope 1 and Scope 2. Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company. (For the categories of business travel and employee commuting)	tCO ₂ e Metric tonnes of carbon dioxide equivalent	Baseline For 2025

Sustainability Statement

Key Performance Indicators (KPI)

Themes		Index	Indicators	Unit of Measurement	Target
ENVIRONMENTAL					
8 Compliance (Environmental)	Compliance identifies the adherence of Group's activities to relevant laws and guidelines - degree of observation to laws and guidelines governing its business, as well as efforts undertaken in assessing anticipated environmental impact of its activities.	8.1	Total monetary value of fines for non-compliance with environmental laws and regulations	RM	Zero RM
		8.2	Total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Number	Zero case
9 Supply Chain (Environmental)	All significant environmental impacts observed or assessed in the supply chain in relation to operations.	9.1	Assessment of new and existing suppliers to identified environmental impacts (e.g. resources use, waste management, impact on biodiversity, etc)	%	100%
		9.2	Results of monitoring or auditing of suppliers	%	90%
SOCIAL					
10 Occupational Safety and Health	In accordance with the International Labour Organisation, occupational safety and health refers to the anticipation, recognition, evaluation and control of hazards arising in, or from, the workplace that could impair the health and well-being of workers.	10.1	Percentage of workers undergoing safety and health training per year	%	100%/year
		10.2	Number of work-related injuries per year	Number	Zero case/year
		10.3	Number of work-related fatalities (including employee and contractors)	Number	Zero case/year
		10.4	Accident frequency rate, LTIFR	LTIFR	LTIFR < 1.28
11 Labour Practices	The fair treatment of employees on terms and conditions of employment and developments of employees' skill and knowledge.	11.1	Average hours of training per year per employee by employee category	20 hours/employee/year	20 hours/employee/year
		11.2	Total rate of employee turnover (in terms of employee type) during the reporting period	%	a) < 2.0% For Executive
				%	b) < 10.0% For Non-Executive
11.3	Percentage of employees that are contractors or temporary staff	%	< 1.00 %		

Sustainability Statement

Key Performance Indicators (KPI)					
Themes		Index	Indicators	Unit of Measurement	Target
SOCIAL					
12 Compliance (Social)	Compliance identifies the adherence of Group's activities to relevant laws and guidelines. It outlines the Group's degree of observance to laws and guidelines governing its business as well as efforts undertaken in assessing the anticipated impact of its activities.	12.1	Total monetary value of fines for non-compliance with laws and regulations	RM	Zero RM
		12.2	Total number of non-monetary sanctions for non-compliance with laws and regulations	Number	Zero case
13 Human Rights	In accordance with the United Nations Universal Declaration of Human Rights, this is defined as/to include: 1. the right to not be discriminated against; 2. not be enslaved; 3. be treated with dignity; 4. the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and 5. the right to freedom of opinion and expression.	13.1	Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations; Code of Conduct	%	100%
		13.2	Number of child labour incidents	Number	Zero case
		13.3	Number of grievances about human rights issues	Number	Zero case
		13.4	Number of forced or compulsory labour incidents	Number	Zero case
14 Anti-Competitive Behaviour	Concerning ethical business practices without affecting consumer choice, pricing, and market efficiency.	14.1	Number of legal actions pending or completed regarding anti-competitive behaviour	Number	Zero case
15 Anti-Corruption	In accordance with Transparency International Malaysia, corruption is defined as the abuse of entrusted power for private gain. This theme discuss activities that promote transparency and guard against various forms of corruption (e.g. bribery, extortion, fraud, undue pressure or influence, and collusion/anti-competitive behaviour).	15.1	Percentage of employees that have received training on anti-corruption by employee category	%	100% For Executive
				%	100% For Non-Executive
		15.2	Percentage of operations assessed for risk-related to corruption	%	100%
		15.3	Confirmed incidents of corruption and action taken	Number	Zero Incident
		15.4	Percentage of External Providers submitted the letter of undertaking on Anti-Corruption	%	100%

Sustainability Statement

Key Performance Indicators (KPI)

Themes	Index	Indicators	Unit of Measurement		Target
			Measurement	Target	
SOCIAL					
16 Diversity	16.1	Percentage of employees by gender and age group, for each employee category	% By Gender	Executive	
			% By Gender	Non-Executive	
			% By Age Group	Executive	
			% By Age Group	Non-Executive	
16.2	Percentage of directors by gender and age group	% By Gender	Directors		
		% By Age Group	Directors		
17 Supply Chain Management	17.1	Proportion of spending on local suppliers	%	> 63%	
18 Data Privacy and Security	18.1	Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	Zero case	

Highlighted indicators were established in 2023. Consequently, the target for 2024 onwards will be based on the achievements in 2023. These indicators are in alignment with the 10 Common Sustainability Matters required under the Main Market Listing Requirements (including the 4 new indicators below which, will be monitored commencing from 2024).

Being mindful of risks and opportunities in business, the Group often engages with its stakeholders (such as and especially the customers) for the purpose of fortifying and refining the way we conduct our business activities where the outcome of which is measured against our targets via the use of KPIs for the respective EESG criteria. These sessions include online sustainability engagement conducted in 2023.

Sustainability Statement

SECTION 2 ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE

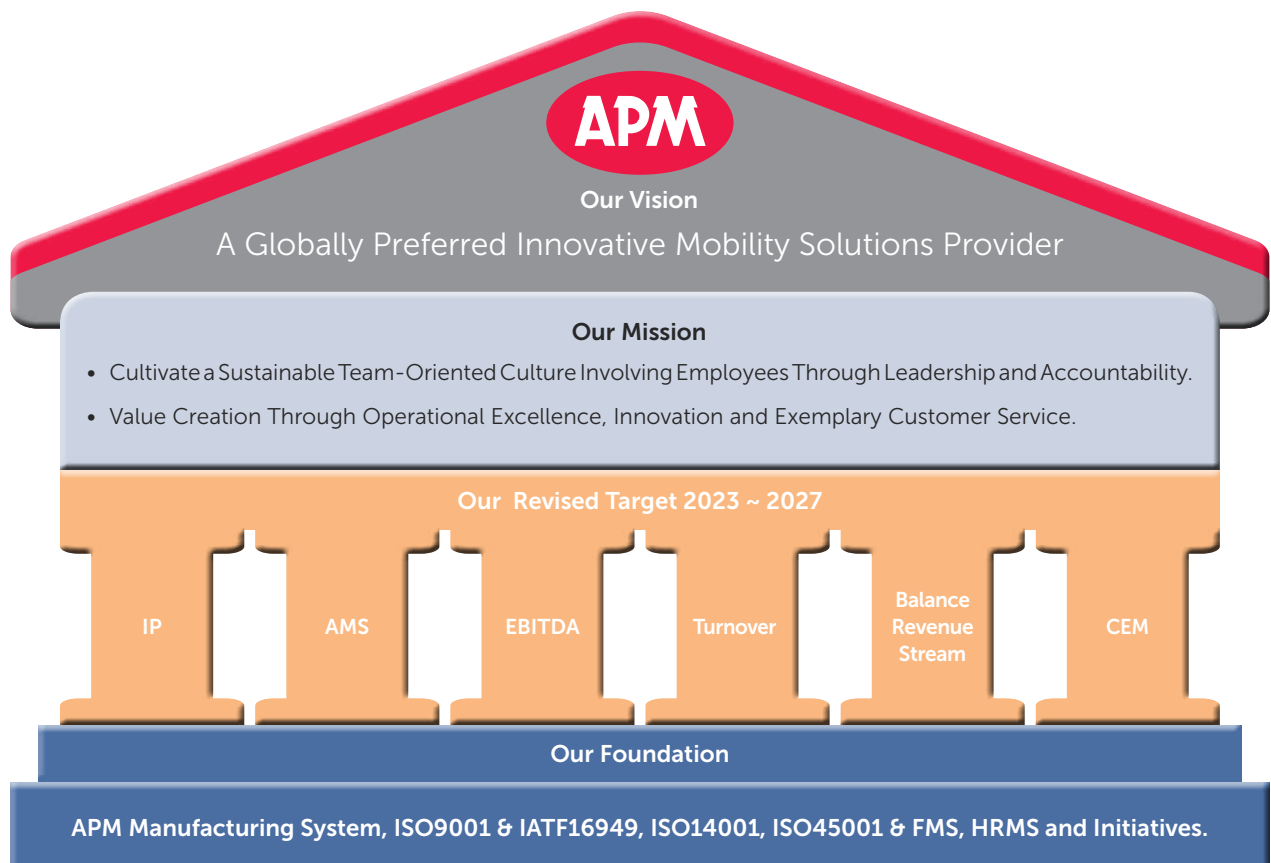
2.1 ECONOMIC

Business sustainability is a pro-active approach to ensure long-term viability and integrity by optimising resources, reducing environmental impacts while not compromising on product quality, competitiveness and profitability.

We define economic performance as the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Maintaining a positive economic performance is critical to the Group’s business continuity.

The Group’s economic performance is reviewed against our goals, annual budget and prior year’s performance. The Group’s *modus operandi* on capital management is a clear testament of this review process to generate sustainable economic well-being. It is also a reflection on how we translate our fiduciary accountability to our investors and moral responsibility to our stakeholders into tangible value as we strive towards long-term profitability, underpinned by a visionary strategy with prudent assets and capital management.

The following is a description of our revised 5-year strategic plan, which has been updated to include “Carbon Emission Management” (“CEM”). For us, CEM represents an organised approach to gain strategic benefits from carbon dioxide (“CO₂”) emission reduction where plans and strategies (including the Net-Zero targets) are formulated to identify, assess, reduce, and manage CO₂ emission and usage.



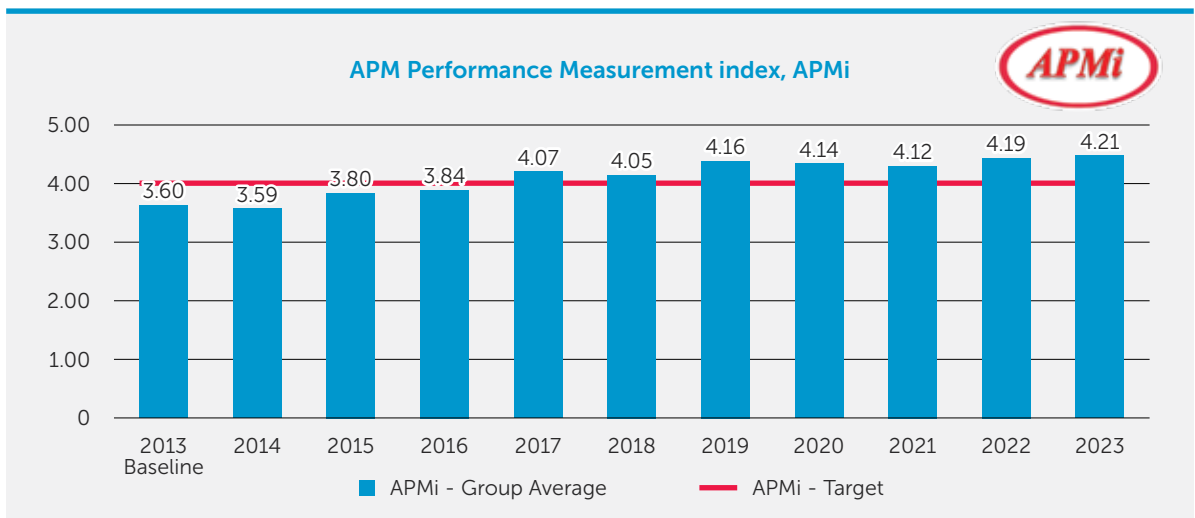
Note: Target of the above indicators is being maintained for internal used only.

Sustainability Statement

2.1.1 Product Quality

APM’s Performance Measurement index or APMi was initiated in 2014. It is designed to serve as a yardstick to assess the performance quality of our subsidiaries in which the Group’s performance is thereafter measured. APMi features a Key Result Area, which comprises 10 quality indicators covering the entire supply chain from customers and internal performance to suppliers.

With a maximum score of 5, subsidiaries are measured against a set of established criteria. APMi not only provide a measurement of performance quality but also acts as a benchmark and goal for subsidiaries to achieve. We believe this is an important indicator as fair benchmarking within the automotive industry is relatively difficult to achieve. Below is a summary of the performance of our subsidiaries under the APMi from 2013 to 2023:

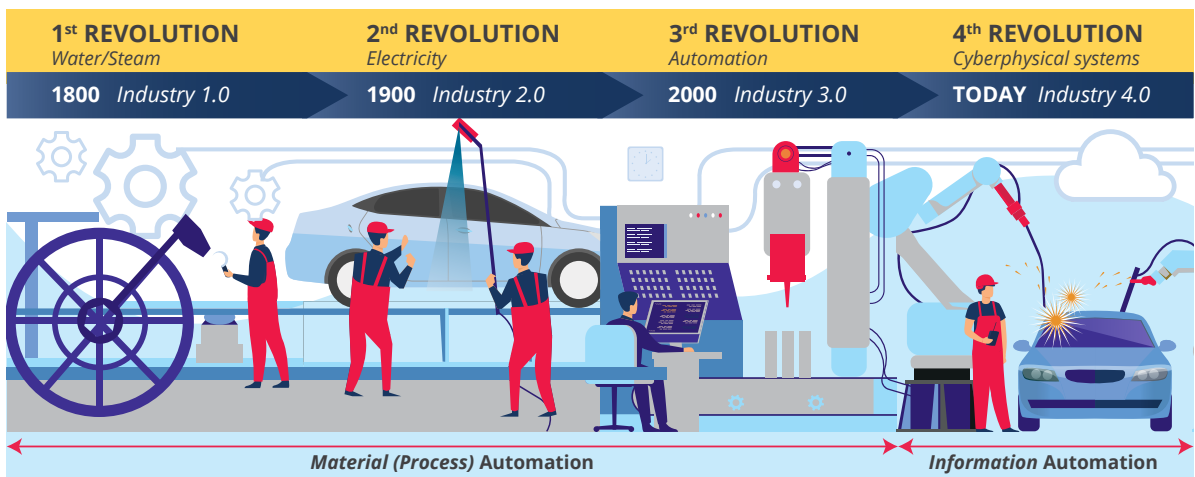


APMi Group Average for the year 2023 is **4.21**, which is above the target of ≥ 4.0 .

2.1.2 APM Manufacturing System

The Lean Production System (“LPS”) is a globally recognised systematic approach believed to be developed for the minimisation of waste within a manufacturing environment without sacrificing productivity and quality.

APM developed its own manufacturing system called the “APM Manufacturing System” or “AMS” based on the principals of LPS and its manufacturing techniques and thereafter applied it in our business philosophy and value chain. AMS is largely the customised replica of the LPS and was launched in November 2014.

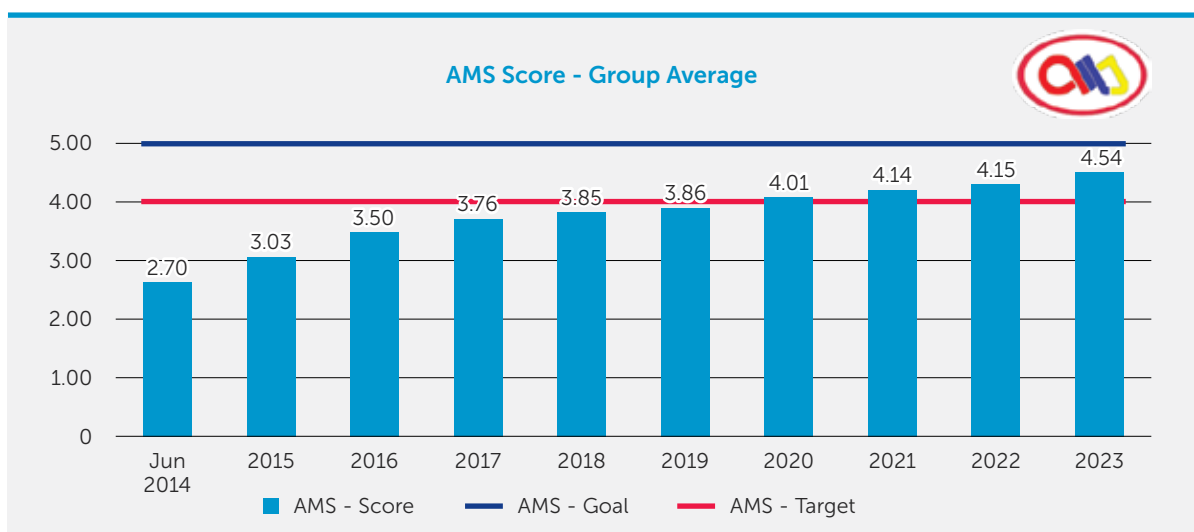


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The AMS manufacturing philosophy is based on 13 pillars and includes Autonomous Maintenance, Shop Floor Control System and Suggestion Scheme. AMS is not limited to the production process as it also comprises 5S principles (namely, *Seiri, Seiton, Seiso, Seiketsu and Shitsuke*), workplace safety, constant employee development and process excellence through training, continuous improvement, or *Kaizen*.

Leveraging on the strength of APM as a group, we conduct annual AMS assessment by way of site audit to provide a basis for measurement and scoring where our Annual AMS Convention is then held for benchmarking and continuous improvement purposes. This convention has been consistently held by us since 2016.

In recognising personnel's efforts and involvement in making the Group sustainable, a "Challenge the Best" trophy is given to the champion and a token of appreciation is given to those with AMS Score equal to or greater than 4.00 (≥ 4.00).



A virtual convention was held on 29 January 2024 for the Group's subsidiaries to share their Industry 4.0 initiatives and roadmaps where processes that included "Connect-Collect-Visualise-Analyse-Automate" were employed.

We captured information on automation with the use of our Real-Time Stock Monitoring System, Automated-Guided Vehicle Application and Real-Time Shock Absorber Assembly Overall Equipment Efficiency.

Information automation not only provides real-time information but also enables remedial or corrective action to be taken without undue delay so that potential wastage or downtime can either be avoided or reduced. Big data gathered can then be analysed, studied and applied for, amongst others, future activities such as automation and mechanisation.

AMS Group Average is derived from the 10 selected segments and subsidiaries representing the model group and the initial participating subsidiaries and segments. These 10 segments and subsidiaries represent all the divisions of APM and its joint venture companies.

As we move towards Industry 4.0, AMS will have additional pillars in line with this change. These new pillars will, inter alia include the assessment of measurable Industry 4.0 initiatives that are designed to drive our subsidiaries towards Industry 4.0.

Recently, we have added 2 new pillars into the AMS assessment criteria; "Environment" and "Net-Zero Carbon Emission" making it in total of 16. This is in line with our commitment in environmental and low carbon economy. This "Net-Zero Carbon Emission" is aimed at ensuring that the value of Group's carbon removal initiatives is equal to the value of its carbon emissions.

Sustainability Statement

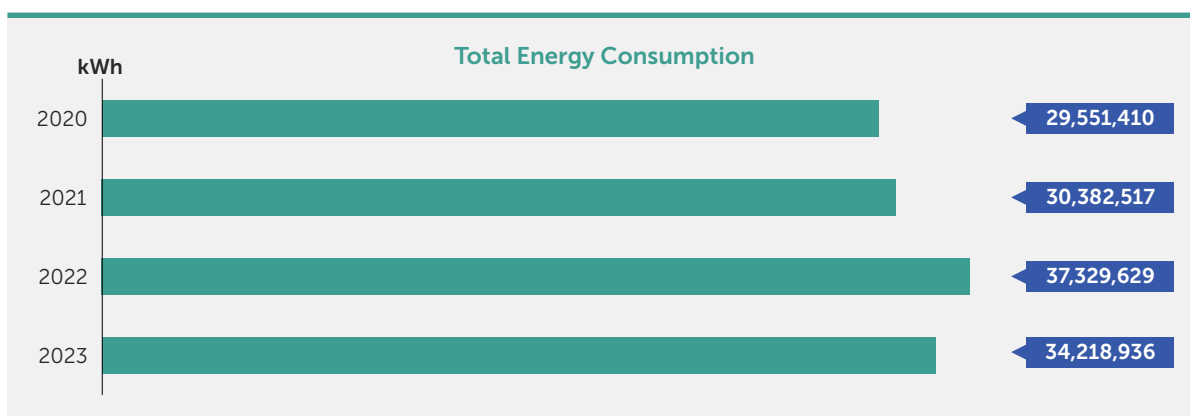
2.2 ENVIRONMENTAL



2.2.1 Environmental Sustainability

For us, environmental sustainability relates to the responsible interaction with the environment to avoid depletion or degradation of natural resources and allows for long-term environmental quality where consistent and sustained practice helps ensure that the needs of today's population are met without jeopardising the ability of future generations to meet theirs.

Parts and component manufacturing is our core business, and the environmental impact of a manufacturing process is dependent on the selection of the materials as well as the function and design of a product. This is because product manufacturing is directly connected to the amount of carbon emitted in consuming electrical energy for that manufacturing process.



We recognise the fact that our activities, if left unchecked, can contribute towards the degradation and depletion of natural resources and without the implementation of appropriate countermeasures, the long-term viability of our business can be compromised.

With the above in mind, we are and have always been mindful of our responsibility towards the environment in our quest to remain profitable. Accordingly, we are committed to the implementation of sustainable and environmentally friendly manufacturing processes that ensures among others that a sizeable number of raw materials that we use in production are recyclable or reusable. Below is a brief outline of these materials and the corresponding treatment rendered after they have served their purpose:

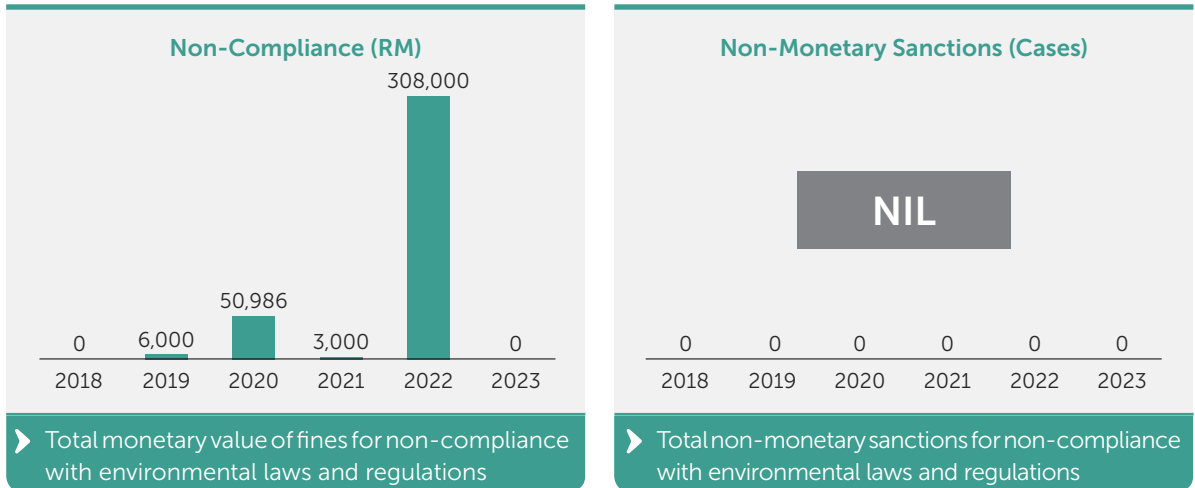
MATERIAL	RECYCLE	REUSED
Metal	Melt and Form	-
Plastics	Re-Palletised and Used	-
Paper/Carton Boxes	Re-Process	Reused by Suppliers
Containers	Re-Process	Reused by Suppliers
Fabric/PVC Sheets	-	For Foam Production

2.2.2 Compliance with Environmental Regulations

At its core, environmental compliance refers to the process by which organisations and businesses ensure that their operations, products, and services adhere to external environmental laws, regulations, standards, and other requirements. These standards are in place to minimise harm to the environment and, by extension, to people and ecosystems that depend on a healthy environment.

Sustainability Statement

Presently, there are 14 subsidiaries within the Group that are ISO 14001 certified and while we endeavour to fulfil regulatory requirements, we are mindful that there could be and had been glitches due to oversights or misjudgement. We have since identified our weaknesses in this regard and corrective measures have already been with prevailing Malaysian environmental regulations:



Accordingly, we are pleased to inform that in so far as 2023 is concerned, we have no record of any summonses, fines or notification on the violation of any environment related legislation.

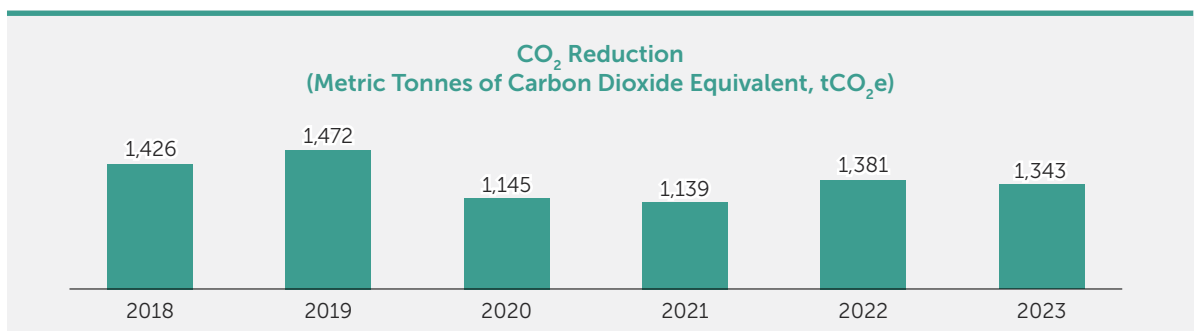
2.2.3 Energy Conservation and Efficiency

Climate change is fast becoming a serious issue in the 21st century and the key to the reduction of long-term climate change impact is the proper use of energy. According to the Energy Efficiency Impact Report by the Alliance to Save Energy, American Council for an Energy-Efficient Economy (ACEEE), Business Council for Sustainable Energy (BCSE) and others, energy efficiency investments are crucial in the reduction of energy consumption and emissions. Its benefits extend beyond energy and cost saving and covers a cleaner environment and improve public health.

Being in the manufacturing sector where the consumption of energy can be substantial, we recognise the need for energy conservation and efficient energy use. Accordingly, our energy usage is constantly evaluated to meet these goals.

Various measures have been introduced and implemented within our organisation to reduce CO₂ emission.

Among them include the repurposing of certain parts of the roof in some of our plants to generate renewable energy through the installation of roof mounted solar panel systems, the commissioning of water curtains to improve airflow without air-conditioning and the use of LED lighting for better efficiency and improved illumination.



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Our initiatives to promote efficiency in the use of energy and the conservation thereof have enabled 64% of our subsidiaries to be ISO 14001:2015 certified. To maintain the expected level of performance, we ensure that environmental audit are conducted internally and by an external professional certification body on an annual basis. These audit cover inter alia environmental management system compliance and the areas involved include noise intensity, exposure to hazardous substances, air emission and the quality of wastewater discharged.

Going forward, our long-term goal is to become a leader within our industry for energy conservation in respect of the following initiatives:

- (i) Green Energy by Solar Power - At our Port Klang facility and at our Australia facility;
- (ii) Reduction in Natural Gas Consumption - Recuperation System, and Rapid Heating Burner;
- (iii) Reduction in Electrical Consumption - Change of lighting source from Fluorescent to LED; and
- (iv) Reduction in Natural Gas Consumption - Conversion of Hot Coiling to Cold Coiling.

In 2023 and at 1,343 tonnes, we recorded similar CO₂ reduction as compared to the preceding year at 1,381 tonnes.

We expect more CO₂ reduction to occur in due course, especially when commercial operation commences for TC Sunergy Sdn. Bhd., our joint venture company, operated 31.23MWp/20MWac Large Scale (Floating) Solar Photovoltaic Plant in Bandar Serendah, Daerah Hulu Selangor, in which the Group has a 40% stake, and a roof top solar photovoltaic initiative at our Bukit Beruntung plant.

Meanwhile, responsible water usage and management is essential in the preservation of environmental sustainability (especially in view of the growing concerns over pollution and climate change) as water is a finite and shared resource as well as a basic human right. Accordingly, we have put in place water conservation initiatives like the minimisation of unnecessary water usage and the Group's water consumption for 2023 was recorded at 243 megalitres only.

* CO₂ emission calculation is based on 2017 Clean Development Mechanism (CDM) Electricity Baseline for Malaysia from the Malaysian Green Technology and Climate Change Corporation

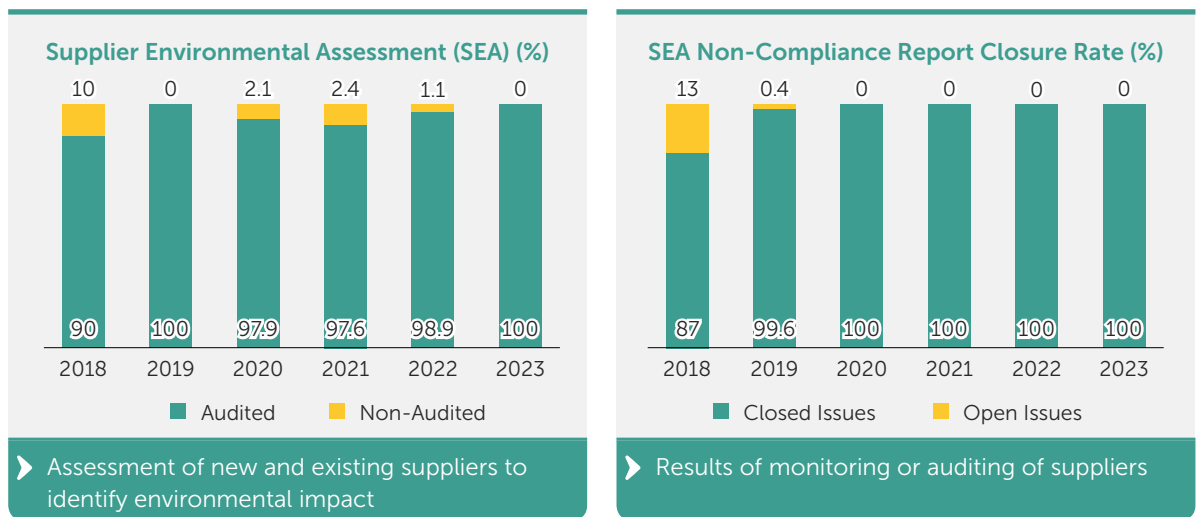


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2.2.4 Supply Chain Sustainability

We see supply chain as being a coordinated network of all entities, facilities and activities involved in the design, development, manufacturing and delivering a company’s product. Supply chain sustainability, on the other hand, refers to the initiatives and efforts of that company to consider the environmental and human impact of their product’s journey through the supply chain, from raw materials sourcing to production, storage, delivery and every transportation link in between. The goal is to eliminate or minimise risks of environmental and social harm from factors like energy usage, human rights, water consumption and waste production while having a positive impact on the people and communities in and around their operations.

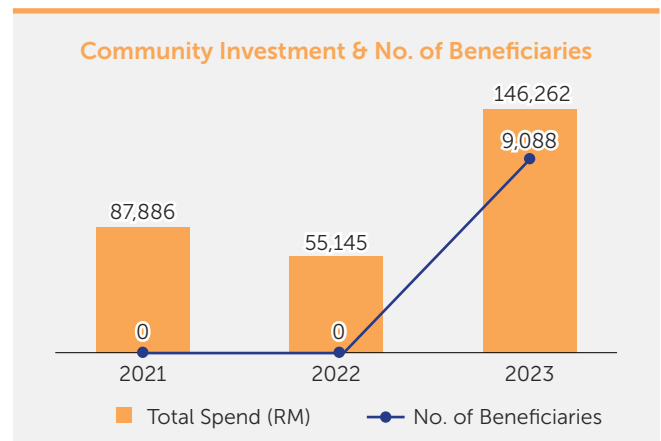
The call for sustainable business is growing stronger and stronger in recent years. Customers, employees, investors, regulators and governments are putting increased pressure on companies like ours to demonstrate greater environmental stewardship and social responsibility. Supply chains have come into focus because of the sheer amount of cost and resources it entails. Hence, its sustainability has emerged as a key corporate goal. We have begun to measure the environmental and societal impact of their goods and services, from the beginning to the end of their life cycles. The significant environmental impacts observed or assessed in the supply chain in relation to our operations are as follows:



2.3 SOCIAL

2.3.1 Community Investment

The Group has always maintained a strong relationship with the community through constant engagement and involvement in various community-based activities and projects because we believe business and communal relationship are inextricably intertwined. Consequently, we allocated an annual budget of RM300,000 for community investment for 2023.



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For this purpose, we have developed what is known as the "APM Make a Difference Day" with pre-approved fund of RM5,000 per subsidiary to improve the realisation of activity.

The following are some community events organised by the Group throughout the year where a total of RM146,262 was spent on community investment, including "APM Make a Difference Day" programmes. 9,088 persons have benefited from these programmes. We started monitoring the number of beneficiaries in 2023.



Below are some of the snapshots of the programmes which we organised in 2023:



Mangrove Tree Planting by APM Springs Sdn. Bhd. with Majlis Perbandaran Klang and Selangor Maritime Gateway (SMG) in July 2023. 500 Mangrove trees were planted with the involvement of 56 participants.



Mangrove Tree Planting by the Interior and Plastics Division at Kuala Selangor Nature Park. 210 Mangrove trees were planted with the involvement of 40 participants.

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Blood donation campaign organised by our subsidiary, Fuji Seats (Malaysia) Sdn. Bhd., and Seats Division at Bukit Beruntung and Tanjung Malim.



Beach Cleanup by the Interior and Plastics Division at Pantai Remis, Kuala Selangor in October 2023.



Sekolah Jenis Kebangsaan (Cina) Lee Min (Telok Gong) cleanup following the November 2023 flooding of its premises by the staff of APM Shock Absorbers Sdn. Bhd. A 20-footer container was also donated to the school for storage purposes.

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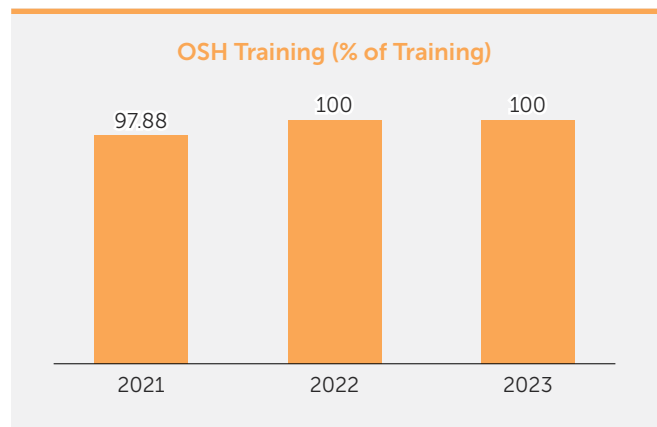
The staff of APM Engineering & Research Sdn. Bhd. provided some much-needed assistance to PAWS Animal Welfare Society animal shelter in Petaling Jaya.



The staff of APM Coil Springs Sdn. Bhd. graciously provided cleanup services to Zoo Negara.

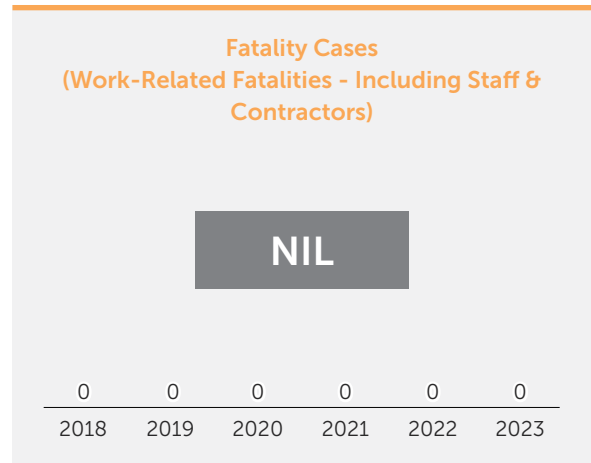
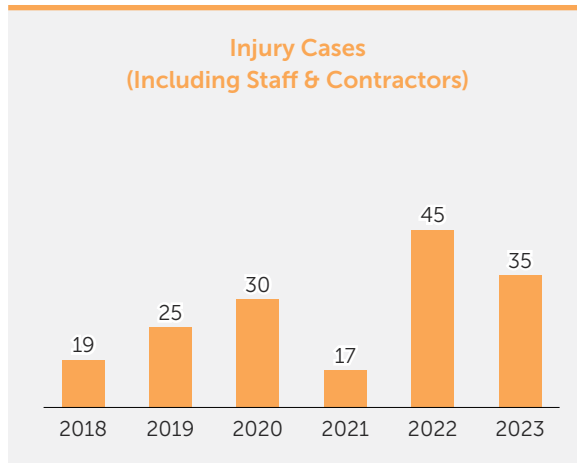
2.3.2 Occupational Safety and Health

By definition, occupational safety and health (“OSH”), according to the International Labour Organisation (“ILO”), refers to the anticipation, recognition, evaluation and control of hazards arising in, or from the workplace that could impair the health and well-being of workers. With a target of zero OSH incidences, our primary goal here is to foster a safe and healthy work environment for all.



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We acknowledge that proper and adequate training is mandatory to instil awareness on safety and serve as a reminder for the prevention of accidents. The following is a summary of workplace injuries sustained at our subsidiaries:

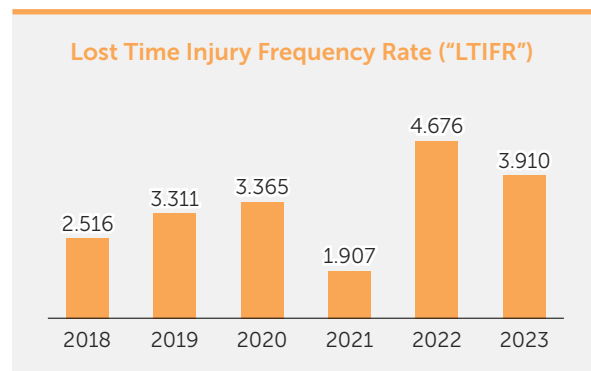


As production activity increased following the end of the COVID-19 pandemic, we also experienced a rise in injury cases in 2022, where many minor incidences were recorded. But with reinforced standard operating procedures and re-training of our employees coupled with constant reminders, injury cases were reduced to 35 cases in 2023 with zero fatality cases since 2018.

2.3.3 Workplace Safety

While we aspire to achieve a 100% record, we remain vulnerable to shortcomings just like any other organisation.

However, our experience has enabled us to manage OSH matters more effectively, where a variety of customised measures to reduce or eradicate workplace accidents has been developed, formulated and implemented. Amongst them are the safety pillars in our AMS, i.e., mapping of safety area and allocation of a specific time slot in identifying safety hazards at the workplace.



Safety DOJO, which loosely means Safety Training Room, allows safety training to be conducted effectively using simulation. We believe in conveying awareness through proper training and more Safety DOJOs are being established for wider and more efficient coverage.

Lost Time Injury Frequency Rate ("LTIFR") has been included to provide benchmark against the industry, where LTIFR < 1.28 was set in the preceding year.

Most parts of 2022 and 2023 were spent on driving production to meet pent-up demands and backlogs orders caused by disruptions stemming from COVID-19 restrictions in the preceding year, which resulted in the slew of injury driven missteps and a decline in our LTIFR.

The LTIFR for 2022 increased significantly to 4.676 from the preceding year. In 2023, the rate dropped to 3.910 with more production activity. We have since identified the root causes and implemented additional measures to counter future occurrences of such events.

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2.3.4 Sustainable Labour Practices

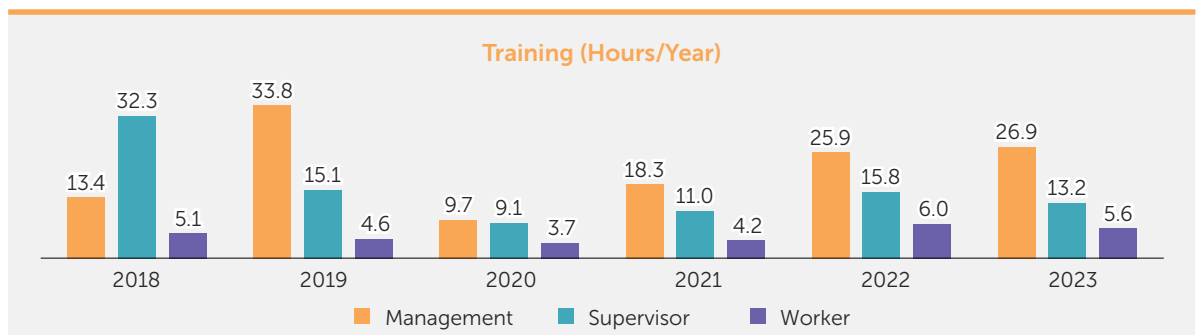
Sustainable labour practices are important as employees are given their right to a fair wage and a safe working environment. These practices will ensure that the needs of the employees are also met.

It is in our philosophy that if employees are and feel prioritised, then they will return the favour by producing their best at work.

Guided by the United Nations Global Compact’s principles on labour practices, we at APM aim to create an environment and workplace to value, improve, and energise our people, where each person can enjoy work-life balance and be equipped with the necessary skills, resources, and tools to perform their roles to their fullest capacity.

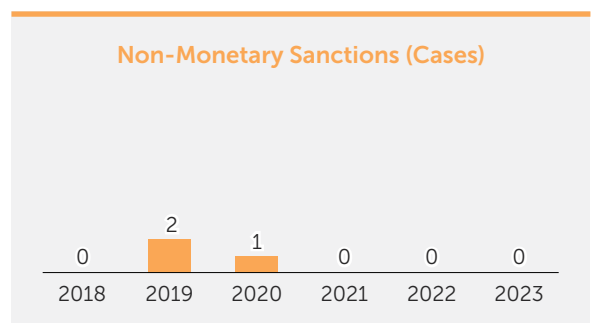
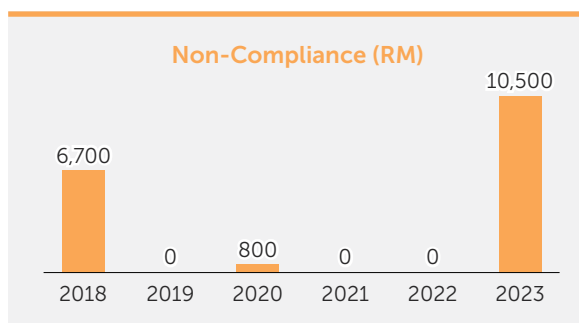
Our employees are consistently accorded opportunities to prove and improve themselves. This is done through secondment where chosen employees will have the opportunity to learn and excel in areas outside their comfort zone. Those selected will have the chance to not only learn but also manage different aspects of our business in an unfamiliar and occasionally challenging environment. Employees are also regularly upskilled, re-skilled and measured for better efficiency and productivity through focussed training where Key Performance Indicators or KPIs are given. As for our Senior Management team, their KPIs include considerations related to economic, environmental, social and governance.

We value our personnel because they form the heart and soul of this organisation. They are after all our greatest resource and assets.



To this end, we aspire to provide at least 20 hours per year per employee on skills and knowledge development. We empower our employees to participate in achieving the goal besides improving the system of gathering the information accurately.

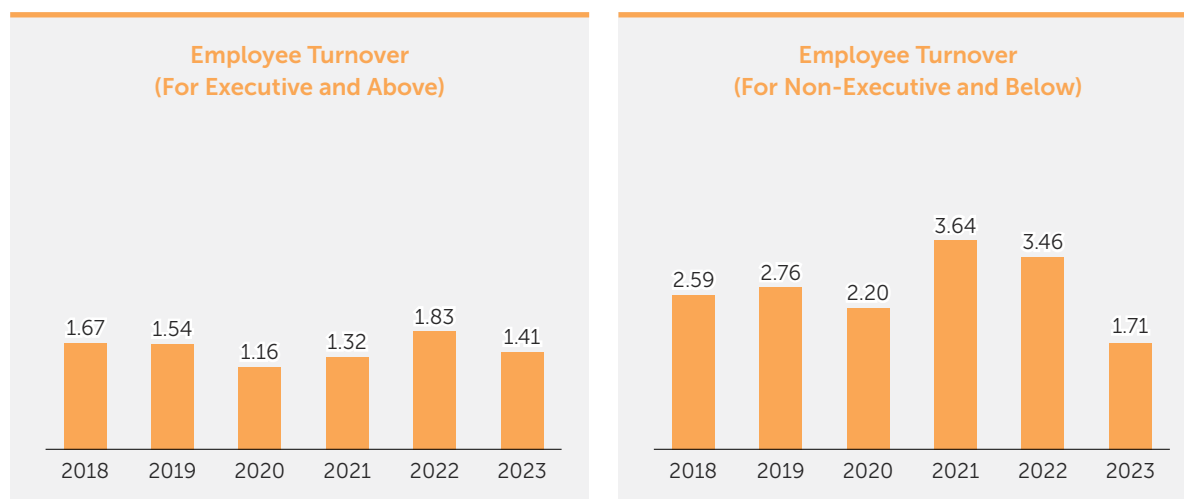
Training facilities are set up and where necessary, upgraded for better training effectiveness and designed to provide hands-on experience, whilst increasing skill levels so that employees are adequately equipped.



Social Non-Compliance for the past years are summarised as above.

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Our employee turnover is appraised and evaluated from the ratio of replacing an employee with a new one due to departures arising from termination, retirement, death, being medically boarded out, inter-agency transfers, and resignations. The Group's employee turnover rate is as follows (data for labour practice is confined to operations in Malaysia only):



Other social indicators' performance for the past three (3) years are summarised as below table:

Key Performance Indicators (KPI)

Themes	Index	Indicators	Unit of Measurement	Result			
				2021	2022	2023	
SOCIAL							
Human Rights	13.1	Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations; Code of Conduct	%	100.0	100.0	100.0	
	13.2	Number of child labour incidents	Number	0	0	0	
	13.3	Number of grievances about human rights issues	Number	0	0	0	
	13.4	Number of forced or compulsory labour incidents	Number	0	0	0	
Anti-Competitive Behaviour	14.1	Number of legal actions pending or completed regarding anti-competitive behaviour	Number	0	0	0	
Anti-Corruption	15.1	Percentage of employees that have received training on anti-corruption by employee category	Executive	%	100	99.2	100
			Non-Executive	%	100	99.2	100
	15.2	Percentage of operations assessed for corruption-related risks	%	100	100	100	
	15.3	Confirmed incidents of corruption and action taken	Number	-	-	0	
	15.4	Percentage of external providers submitted the letter of undertaking on anti-corruption	%	98	95.3	100	

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2.4 GOVERNANCE



While sustainability has long been recognised globally as an essential objective in business planning, its integration and management in an organisation may not be realised unless there is a robust governance structure in place. As the initiatives for sustainability increase in importance and prominence, so is the need for governance of sustainability plans and actions. Good governance promotes accountability, transparency, efficiency at all levels. It enables efficient management of human capital as well as natural, economic and financial resources for equitable and sustainable development, engaging civil society participation in decision-making processes.

Here in APM, we recognise the need for the proper development and implementation of governance. The following represents some of our latest accomplishments, including the initiatives we pursue to better promote governance within our organisation:

2.4.1 Anti-Bribery and Anti-Corruption Policy

With our updated and improved Anti-Corruption and Anti-Bribery Policy already in place since February 2020 and coupled with the escalation of our anti-corruption reminders and undertakings being sent to our customers and suppliers, we are happy to announce that no confirmed reports of any incidents involving bribery or corruption have been received for 2023.

2.4.2 Human Rights and Forced Labour Commitments

The ILO's Forced Labour Convention (No. 29) defines forced labour as "*all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily*". We share the *ILO's view that forced labour constitutes a severe violation of human rights and restriction of human freedom and we are committed towards its eradication within our organisation.

To fortify our position in this regard, a Code of Conduct for the Recruitment and Treatment of Foreign Workers was drafted to provide a reference point and guideline to address forced labour issues within our organisation. A training session was also conducted to ensure complete understanding of this Code.

* ILO, A Global Alliance Against Forced Labour, Report of the Director-General, International Labour Conference, 93rd Session (Geneva, 2005)

2.4.3 The Malaysian Code on Corporate Governance ("MCCG") 2021 Edition

Being a responsible corporate citizen, we remain steadfast and committed to compliance with global principles and internationally recognised practices of corporate governance as enunciated by the Securities Commission of Malaysia in its latest edition of the MCCG.



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SECTION 3 CONCLUSION



3.1 Sustainable Future

The hope and need for a sustainable world have gained much traction among the next generation of businesses, policymakers and investors. This trend is expected to continue at pace driven by the rapid changes to the environment and the planet where evidence such as extreme and protracted heatwaves and cyclones are becoming more and more apparent.

We will continue to endorse the narrative that sustainability management is the next phase of management innovation and maintain the need to fuse sustainable practices into what we do as an organisation.

In this regard, we aim to manage the Material Sustainability Matters identified in this Statement by putting into effect efforts that include the following:

- (a) The installation and commissioning of at least three (3) additional roof mounted solar photovoltaic systems for our plants in Seri Kembangan and Bukit Beruntung, Malaysia.
- (b) The provision of support and assistance to TC Sunergy Sdn. Bhd., being the joint venture company established to own and operate the Serendah LSS(F)PV Farm.
- (c) We will continue to increase the frequency of our supply chain audit to ensure compliance with our Code of Conduct for Suppliers.

We are committed in ensuring climate change impact to the organisation is kept to a minimum with our short-term, mid-term and long-term targets **as we strive to achieve Net-Zero Carbon Emission by the year 2050**. Future reporting framework will integrate Task Force on Climate-related Financial Disclosure (TCFD) recommendations in meeting the stakeholders' expectation. Continuous improvement in management systems, information gathering, and performance indicators will always be our priority.

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BURSA SECURITIES' ENHANCED SUSTAINABILITY REPORTING REQUIREMENTS - PERFORMANCE DATA

The following performance data included in this Sustainability Statement, downloaded from Bursa Securities' ESG Reporting Platform, comprises the Common Sustainability Matters as mandated by Bursa Securities' Enhanced Sustainability Requirements in accordance with the Main Market Listing Requirements.

Indicator	Measurement Unit	2021	2022	2023
Bursa (Anti-corruption)				
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category				
Executive	Percentage	100.00	99.20	100.00
Non-Executive	Percentage	100.00	99.20	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00	100.00	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	-	-	0
Percentage of external providers submitted the letter of undertaking on anti-corruption	Percentage	98.00	95.30	100.00
Bursa (Community/Society)				
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	87,886.00	55,145.00	146,262.00
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	-	-	9,088
Bursa (Diversity)				
Bursa C3(a) Percentage of employees by gender and age group, for each employee category				
Age Group by Employee Category				
Executive Below 30 years old	Percentage	-	-	21.87
Executive Between 30 to 40 years old	Percentage	-	-	31.22
Executive Between 40 to 50 years old	Percentage	-	-	25.71
Executive Above 50 years old	Percentage	-	-	21.20
Non-Executive Below 30 years old	Percentage	-	-	50.05
Non-Executive Between 30 to 40 years old	Percentage	-	-	29.14
Non-Executive Between 40 to 50 years old	Percentage	-	-	14.12
Non-Executive Above 50 years old	Percentage	-	-	6.69
Gender Group by Employee Category				
Executive Male	Percentage	-	-	64.11
Executive Female	Percentage	-	-	35.89
Non-Executive Male	Percentage	-	-	76.71
Non-Executive Female	Percentage	-	-	23.29
Bursa C3(b) Percentage of directors by gender and age group				
Male	Percentage	-	-	92.11
Female	Percentage	-	-	7.89
Below 40 years old	Percentage	-	-	7.89
Between 40 to 50 years old	Percentage	-	-	13.16
Above 50 years old	Percentage	-	-	78.95
Bursa (Energy management)				
Bursa C4(a) Total energy consumption	Megawatt	30,382.52	37,329.63	34,218.94
Bursa (Health and safety)				
Bursa C5(a) Number of work-related fatalities	Number	0	0	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.38	0.94	0.78
Bursa C5(c) Number of employees trained on health and safety standards	Number	-	-	3,917
Bursa (Labour practices and standards)				
Bursa C6(a) Total hours of training by employee category				
Executive	Hours	-	15,318	16,303
Non-Executive	Hours	-	18,762	19,300
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	-	-	0.50
Bursa C6(c) Total number of employee turnover by employee category				
Executive	Number	-	120	103
Non-Executive	Number	-	1,088	613
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0	0	0
Bursa (Supply chain management)				
Bursa C7(a) Proportion of spending on local suppliers	Percentage	-	-	63.00
Bursa (Data privacy and security)				
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	-	-	0
Bursa (Water)				
Bursa C9(a) Total volume of water used	Megalitres	-	-	243.000000

Internal assurance External assurance No assurance (*)Restated

Note:

Some values would appear differently in the report generated from the ESG Reporting Platform compared to the content of this Sustainability Statement due to different methods of computation and units of measurement.