APM

APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

Expanding Beyond Frontiers

ANNUAL REPORT

2019

WHAT'S INSIDE

CORPORATE INFORMATION

DIRECTORS

DATO' TAN HENG CHEW
President

LOW SENG CHEE
Chief Executive Officer

DATO' TAN ENG HWA
Chief Operating Officer

SOW SOON HOCK
Executive Vice President

SIOW TIANG SAE
Chief Business Development Officer

NICHOLAS TAN CHYE SENG
Non-Independent Non-Executive Director

DATO' N. SADASIVAN S/O N.N. PILLAY
Senior Independent Non-Executive Director

LEE TATT BOON
Independent Non-Executive Director

LEE MIN ON
Independent Non-Executive Director

DATO' CHAN CHOY LIN
Independent Non-Executive Director

AUDIT COMMITTEE

Lee Min On *(Chairman)*
Dato' N. Sadasivan s/o N.N. Pillay
Lee Tatt Boon
Dato' Chan Choy Lin

NOMINATING AND REMUNERATION COMMITTEE

Dato' N. Sadasivan s/o N.N. Pillay *(Chairman)*
Lee Tatt Boon
Lee Min On
Dato' Chan Choy Lin

COMPANY SECRETARIES

Khoo Peng Peng (MIA 19749)
(SSM PC No. 201908003721)

Soo Shiow 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

CORPORATE OFFICE

Lot 600
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

REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Company 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

AUDITORS

KPMG PLT
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

BUSINESS DIVISIONS

SUSPENSION DIVISION

- Leaf Springs
- Parabolic Springs
- Shock Absorbers
- Coil Springs
- Coilovers
- U-Bolts
- Gas Springs

INTERIOR AND PLASTICS DIVISION

- Public Transportation Seating Systems such as bus/coach seats, train/locomotive seats
- Automotive Seats
- Plastic Parts for both interior and exterior parts
- Extrusion Parts such as roof drips etc.
- Interior Trims such as headlinings, door panels and carpets
- Safety Belts

ELECTRICAL AND HEAT EXCHANGE DIVISION

- Starter Motors
- Alternators
- Wiper Systems
- Distributors
- Engine Management Systems
- Throttle Bodies
- Air-Conditioning Systems
- Condensers
- Evaporators
- Compressors
- Radiators
- Internet of Things product and device
- Infotainment Systems

MARKETING DIVISION

- Local Replacement Market
- Export Market
- ASEAN Market

INDONESIA DIVISION

- Indonesia Operations
- Joint Ventures
- Associate

ALL OTHER SEGMENTS

- United States of America
- Vietnam
- Australia
- Netherlands
- Thailand
- Myanmar
- India

OTHERS

- Research & Development
- Investment Properties
- Management Services
- Casting, machining and assembly of aluminium parts
- Distribution of motor vehicles

RECOGNITION & ACHIEVEMENT

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1. **Delivery Appreciation Award 2018**
   Best Quality Award 2018
   Supplier of the Year 2018
   by Honda Malaysia Sdn. Bhd.
2. **Zero Defects Continue Award for Mitsubishi**
   by TACHI-S Japan
3. **HR Asia Best Companies To Work For in Asia 2019**
   by HR Asia
4. **Export Excellence Awards 2019**
   (Other Industries Category – Mid Tier)
   by Star Media Group and Standard Chartered Bank
5. **Best under Billion Awards 2019**
   Best Sustainability Reporting under category
   RM500 million – RM950 million
   by Focus Malaysia
6. **National Occupational Safety and Health Awards 2019**
   by Department of Occupational Safety and Health
7. **Welding of Railway Vehicles and Components according to EN 15085-2**
   by TWI Certification Ltd.

PROFILE OF THE BOARD OF DIRECTORS

DATO' TAN HENG CHEW JP, DJMK
President

Dato' Tan Heng Chew, aged 73, Male, a Malaysian, 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 five (5) out of six (6) Board Meetings held in 2019.

LOW SENG CHEE
Chief Executive Officer

Mr. Low Seng Chee, aged 60, Male, a Malaysian, was appointed to the Board as an Executive Director on 1 July 2010. He was re-designated as Executive Director and Chief Executive Officer on 1 June 2013.

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 six (6) Board Meetings held in 2019.

PROFILE OF THE BOARD OF DIRECTORS

DATO' TAN ENG HWA DIMP
Chief Operating Officer

Dato' Tan Eng Hwa, also known as Dato' Robert Tan, aged 65, Male, a Malaysian, 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.

Dato' Robert Tan graduated from the University of Birmingham with a Bachelor of Commerce degree. He was with the Tan Chong Motor Holdings Berhad Group ("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 six (6) Board Meetings held in 2019.

SOW SOON HOCK
Executive Vice President

Mr. Sow Soon Hock, aged 62, Male, a Malaysian was appointed to the Board as Executive Director on 11 November 2013. His corporate title has been changed to Executive Vice President effective 1 January 2015.

Mr. Sow graduated from United Business Institute, Brussels, Belgium with an Executive MBA. He started his career with the APM Automotive Holdings Berhad ("APM") Group in 1978, held various executive portfolios within the manufacturing operations of Suspension Division and was subsequently transferred to the Original Equipment Manufacturer ("OEM") Marketing Division. He was promoted to Group Senior General Manager-Group OEM in 2005.

In July 2006, Mr. Sow was appointed as Executive Director of the Company, taking charge of sales and marketing function of the APM Group. He was subsequently re-designated as Non-Executive Director of the Company in July 2009 and retired from the Board in May 2010. In July 2011, Mr. Sow was appointed as the head of TC Manufacturing (Sabah) Sdn. Bhd., a subsidiary of Tan Chong Motor Holdings Berhad and was assigned to lead the Sabah new project.

Mr. Sow is the Vice President of Perodua Suppliers Association, Vice President of Proton Vendors Association and Executive Committee member of both Toyota Suppliers' Club and Honda Malaysia Suppliers Club.

Mr. Sow attended all the six (6) Board Meetings held in 2019.

PROFILE OF THE BOARD OF DIRECTORS

SIOW TIANG SAE
Chief Business Development Officer

Mr. Siow Tiang Sae, aged 62, Male, a Malaysian, was appointed to the Board as an Executive Director on 1 June 2013. His corporate title has been changed to Chief Business Development Officer effective 1 January 2015.

Mr. Siow graduated from Tunku Abdul Rahman College and is a member of the Malaysian Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants. Mr. Siow has more than 35 years of experience in audit, accounting, procurement, logistic, information technology and marketing.

Mr. Siow joined Tan Chong Motor Holdings Berhad in May 1982 as Senior Internal Auditor for about three (3) years and later joined the APM Automotive Holdings Berhad ("APM") Group in January 1985 where he was the Accountant for certain subsidiaries of the Company. Senior positions held by Mr. Siow including heading the operations of interior division and APM Auto Components (USA) Inc. in USA.

In 2011, Mr. Siow was assigned to heading the New Business Development Division for APM Group and was tasked to expand the business operations of the Group to overseas, spearheading the merger and acquisition exercise in addition to promoting joint venture arrangements. Mr. Siow had successfully acquired businesses in Australia and USA and formed joint ventures in the Netherlands for past few years.

Mr. Siow attended all the six (6) Board Meetings held in 2019.

DATO' N. SADASIVAN S/O N.N. PILLAY DPMP, JSM, KMN
Senior Independent Non-Executive Director

Dato' N. Sadasivan s/o N.N. Pillay, aged 80, Male, a Malaysian, 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.

Prior to the changes of the composition of the Board Committees on 30 November 2016, Dato' N. Sadasivan was the Chairman of the Audit Committee and a member of Nominating Committee. Currently, he is the Chairman of the Nominating and Remuneration Committee and a member of the Audit Committee.

Dato' Sadasivan graduated from the University of Malaya with a Bachelor of Arts (Honours) degree majoring in Economics in 1963. In the same year, Dato' Sadasivan commenced working for 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' Sadasivan is a director of Bank Negara Malaysia.

Dato' Sadasivan attended all the six (6) Board Meetings held in 2019.

PROFILE OF THE BOARD OF DIRECTORS

LEE MIN ON
Independent Non-Executive Director

Mr. Lee Min On, aged 60, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 30 November 2016. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee.

Mr. Lee is a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Fellow Member of The Institute of Internal Auditors, Malaysia.

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 to helm the Firm's risk consulting practice, providing, inter-alia, board advisory services that encompassed corporate governance assessment, enterprise risk management and risk-based internal audit for both public 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 for good governance and integrity in the market place, Mr. Lee regularly speaks at public seminars and conferences, including in-house sessions, sharing his thoughts and insights, particularly on Sustainability, Governance, Risk and Control.

Mr. Lee also sits 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 is also an audit committee member of The Institute of Internal Auditors, Malaysia. He has abstained from deliberation and voting in respect of transactions between the Group and the related parties involving himself.

Mr. Lee attended all the six (6) Board Meetings held in 2019.

PROFILE OF THE BOARD OF DIRECTORS

DATO' CHAN CHOY LIN DIMP
Independent Non-Executive Director

Dato' Chan Choy Lin, aged 62, Female, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 31 July 2018. She is a member of the Audit Committee and 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 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 and internal control. 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 six (6) Board Meetings held in 2019.

LEE TATT BOON
Independent Non-Executive Director

Mr. Lee Tatt Boon, aged 70, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 30 November 2016. He is a member of the Audit Committee and Nominating and Remuneration Committee.

Mr. Lee qualified as a Barrister-at-law from Gray's Inn London and is an Advocate & Solicitor of the High Court of Malaya. He was also admitted as an Advocate & Solicitor in Singapore and Brunei during his time at SKRINE.

Mr. Lee has more than 40 years of experience in intellectual property law, in particular, copyright, patent and design, trademark and trade practices law. He is also a registered Trade Mark Agent, registered Design Agent and Patent Agent as well as a Notary Public. He became the Partner of the law firm SKRINE in 1981 and subsequently became the Consultant in January 2015.

Mr. Lee was the author and co-author of various publications and articles on Intellectual Property Law between 1991 to 2005. He also delivered a presentation on "The Role of Arbitration in Intellectual Property Disputes" at the International Conference on Settlement of International Commercial Disputes in October 2003. He was a former Associate Editor of Trademark World and former Editor of IP Asia. He has also written a book on Trademarks for Malaysia Businessmen. He published a book, "Unmasking The Foundations of Good Lawyers" in 2018 and his latest book "Marketing for Young Lawyers – The Way to Get and Retain Clients (2nd Edition)" in 2019.

Mr. Lee was the Vice Chairman of the Malaysian Chapter of the International Chamber of Commerce ("ICC Malaysia") from February 2004 to 2011 and was subsequently appointed as the Chairman in December 2012 to 2014.

Mr. Lee is currently a member of the Executive Board of ICC Malaysia, IP Committee of ICC Malaysia, Legal Affairs Committee of The Associated Chinese Chamber of Commerce of Malaysia and Member of the Malaysian Intellectual Property Association, Asian Patent Attorneys Association and International Trademark Association. He is also a director of The Tan Heng Chew Foundation.

Mr. Lee attended five (5) out of six (6) Board Meetings held in 2019.

PROFILE OF THE BOARD OF DIRECTORS

NICHOLAS TAN CHYE SENG
Non-Independent Non-Executive Director

Mr. Nicholas Tan Chye Seng, aged 46, Male, a Malaysian, 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, 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 with the highest Gross Merchandise Value in transactions recorded since 2014. He also lead 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 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 deliberation and voting in respect of transactions between the Group and the related parties involving himself.

Mr. Nicholas Tan attended all the six (6) Board Meetings held in 2019.

Notes:

Except for Dato' Tan Heng Chew, Dato' Tan Eng Hwa and Mr. Nicholas Tan Chye Seng, none of the Directors have any family relationship with any Director and/or major shareholder of the Company.

None of the Directors have been convicted for offences within the past 5 years and have been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

Except as disclosed above, none of the Directors have any conflict of interest involving the Company.

PROFILE OF KEY SENIOR MANAGEMENT

Key Senior Management of APM Automotive Holdings Berhad ("APM") Group comprises Dato' Tan Heng Chew – President, Mr. Low Seng Chee – Chief Executive Officer, Dato' Tan Eng Hwa – Chief Operating Officer, Mr. Siow Tiang Sae – Chief Business Development Officer, Mr. Sow Soon Hock - Executive Vice President, whose profiles are included in the Profile of The Board of Directors on pages 4 to 6 in the 2019 Annual Report, and the following senior management personnel:

KHOO PENG PENG

Chief Financial Officer

Ms. Khoo Peng Peng, aged 45, Female, a Malaysian, was appointed as the Chief Financial Officer on 1 June 2014.

Ms. Khoo graduated with a Bachelor of Accountancy (Honours) degree from 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, she was under the employment of Tan Chong Motor Holdings Berhad as the Deputy Group Financial Controller.

KHO KIAT SENG

Head of Interior and Plastics Division

Mr. Kho Kiat Seng, aged 62, Male, a Malaysian, joined APM in May 2006 as a General Manager. He was promoted to Senior General Manager in July 2012 and was appointed to head the Interior and Plastics Division in 2014.

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

He has more than 30 years of working experience in manufacturing plant operations and management in various industries ranging from ceramic, iron and steel as well as automotive components.

NG BOON HOOI

Head of Suspension Division

Mr. Ng Boon Hooi, aged 57, Male, a Malaysian, has established his expertise over 30 years career with APM and currently the Head of Suspension Division in Malaysia since 2014.

Mr. Ng has earned his Master of Business Administration from Charles Sturt University, Australia, and he secured professional qualification from Chartered Institute of Purchasing & Supply (UK). Mr. Ng's niche lies in leadership development and team dynamics.

He oversees the entire business operations of suspension division in Malaysia as well as in Vietnam and Indonesia. His diverse background and versality working across subsidiaries of APM Group as Head of Subsidiary enables him to accumulate vast experiences in manufacturing and assembly operation 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

Mr. Chye Mun Heng, aged 56, Male, a Malaysian, was appointed as the Head of Electrical and Heat Exchange Division in 2014.

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

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.

TAN CHENG CHAI
Head of ASEAN Sales and Marketing

Mr. Tan Cheng Chai, aged 63, Male, a Malaysian, was appointed as the Head of ASEAN Sales and Marketing in 2016.

Mr. Tan graduated from Swansea College of Higher Education with an Advance Diploma in Sales and Marketing.

He has more than 35 years of working experience in sales and marketing in the automotive parts industry. Prior to his present position, he was helming the Local Replacement Market sales division in APM and was instrumental in the establishment and development of export sales to the International market.

NG KOK BOON
Head of Sales and Marketing – Local Replacement Market

Mr. Ng Kok Boon, aged 51, Male, Malaysian, joined APM in October 1993. He was promoted as a General Manager in January 2015 and was appointed as the Head of Sales & Marketing for the Local Replacement Market.

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

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.

PROFILE OF KEY SENIOR MANAGEMENT

DAVID HASWELL BROWN

General Manager - Overseas Marketing & Business Development

Mr. David Haswell Brown, aged 46, Male, a British citizen, joined APM in July 2013 as General Manager for Overseas Marketing & Business Development.

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.

Mr. Brown has worked in the international automotive industry for over 20 years, formerly as Regional Director – Asia Pacific for a major European Original Equipment Automotive component manufacturer. His experience includes automotive aftermarket sales and business development, strategic planning and marketing strategy management, original equipment sales and motorsport industry experience.

CHIN SZE CHEON

Country Head, Indonesia

Mr. Chin Sze Cheon, aged 46, Male, a Malaysian, joined APM 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.

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

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

Mr. Ling I Yeng, aged 54, Male, a Malaysian, joined the seats division of APM in July 1990 as a product development engineer. He was promoted to General Manager in 2013 and overseeing the Engineering and Research Division in 2019.

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

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:

Save as disclosed above, none of the key senior management personnel have:-
- *any directorship in public companies and listed companies;*
- *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; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

PRESIDENT'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of APM Automotive Holdings Berhad ("APM" or "the Company") and its subsidiaries ("the Group"), I am pleased to be given this opportunity to present the Company's Annual Report for the financial year ended 31 December 2019.

OVERALL PERFORMANCE OF THE MALAYSIAN AUTOMOTIVE INDUSTRY IN 2019

The ASEAN Post reports that Malaysia's automotive sector is arguably one of the country's key industries, contributing approximately 4.2 percent to its total gross domestic product. Vehicle sales recorded in 2019 appear to have defied the speculation of a noticeable dent in the car market in view of the ongoing economic slowdown and the unending friction between the world's two largest economies (i.e. China and the United States of America ("USA")). The above can be seen in the number of passenger vehicle sales between January and September 2019 provided by the Malaysian Automotive Association (MAA) where the number was only 822 less than that sold in the same period in 2018 and such record was achieved without any incentive or boost from the Government.

THE CORONAVIRUS (COVID-19) PANDEMIC

Much have been written about the COVID-19 pandemic, and its impact cannot be denied. The human cost of the contagion is nothing short of tragic. The cost to businesses and economies around the world is severe and may become dire in the coming weeks or months.

The COVID-19 outbreak has uncovered challenges for the automotive sector with present hotspot countries like Italy, Spain, France, Japan, Germany, USA, the United Kingdom and China being the most affected among the major industrialised economies. According to KPMG in its article on the "*Impact of COVID-19 on the automotive sector*" *(https://home.kpmg/xx/en/blogs/home/posts/2020/03/covid-19-impact-on-the-automotive-sector.html)*, 80% of automotive and related companies report that the outbreak will have a direct impact on their 2020 revenues.

In this regard, I would like to reiterate that the safety and well-being of our people remain paramount.

APM has put into effect various precautionary efforts to curb the spread of this virus, including self-isolation for those who recently returned from abroad, the temporary suspension of international travel and the mandatory entry point screening for all persons entering the Group's premises.

On the production front, measures have been mobilised to mitigate the impact of this pandemic, including the search and procurement of alternative suppliers outside of China to address any possible shortage of material supply.

THE AUTOMOTIVE INDUSTRY OUTLOOK FOR 2020

While we are delighted to note that Frost & Sullivan have forecasted Malaysia's vehicle sales to reach 608,790 units in 2020 at a growth rate of 1 percent and the Malaysian economy continuing to record positive growth in 2020, driving consumer confidence throughout the year although such outlook could be dampened by global headwinds such as the USA-Iran conflict and the ongoing friction between USA and China. However, this forecast should be taken with caution as we believe it does not take into account the global impact caused by the COVID-19 pandemic, which has since forced many automotive plants globally to close, albeit temporarily.

Like others in our industry, we are not immune to the effects of the COVID-19 pandemic. Accordingly, we anticipate our first and second quarterly financial results for 2020 to be affected.

On the bright side, KPMG Automotive Institute believes that a global restart of the automotive sector will take place in the third quarter of 2020 although the extent and intensity of such restart may be affected by the ongoing spread and different reaction to COVID-19 pandemic in Europe and the USA.

GROUP FINANCIAL PERFORMANCE REVIEW

The Group registered revenue of RM1.5 billion for the year, representing an increase of 12.2% compared to 2018. The Interior and Plastics Division

PRESIDENT'S STATEMENT

remains the largest contributor to the Group's top-line, at 62.5% of the Group's revenue and recorded highest increase in revenue of RM209.1 million.

Notwithstanding the improved revenue, the Group's Profit Before Tax ("PBT") was marked down by losses incurred by our associate in Indonesia. The bulk of the losses can be attributed to the costs on staff retrenchment and restructuring exercises, provision of stock obsolescence and higher operating costs. The Group's share of losses and impairment loss on investment amounted to RM9.1 million for the financial year 2019.

The Group's financial performance and business segment performance review are further detailed in the Management Discussion and Analysis section of this Annual Report.

DIVIDENDS

The Board recommends the payment of final dividend of 5 sen per ordinary share for the financial year ended 31 December 2019 (2018: 7 sen per ordinary share) for shareholders' approval at the forthcoming Annual General Meeting. Combined with the earlier interim dividend of 5 sen per ordinary share paid on 8 October 2019, the total dividend for the year is 10 sen per ordinary share (2018: 12 sen per ordinary share), if the proposed final dividend is approved by shareholders. For the financial year ended 31 December 2019, the total dividend distribution is approximately RM19.6 million, representing about 72% of the net profit attributable to the owners of the Group.

AWARDS, ACCOLADES AND ACHIEVEMENTS

I am extremely proud to announce that HR Asia has seen it fit to award APM as one of the best companies to work for in 2019 and for the record, this is our fifth consecutive award for the same category from HR Asia. This, together with other performance awards from our Original Equipment Manufacturer customers on quality, safety and on time delivery, is testament to our commitment to excellence. Rest assured, APM will continuously strive to better ourselves in delivering outstanding performance, products and services.

SUSTAINABILITY

I am also delighted to announce that APM received an award from Focus Malaysia for Best Sustainability Reporting (Group B). This award epitomises the Group's commitment to have in place a sustainable business framework. Our Sustainability Statement for this year can be viewed in the Sustainability Statement section of this Annual Report.

GOING FORWARD

Our plant in Myanmar is due to commence operation by second half of 2020. This project is expected and intended to be our springboard into Indo-China market with the aim of capturing a part of the growing Myanmar market, which is experiencing rapid growth since its opening to the world in 2011.

Newly constructed plant in Myanmar

According to Myanmar Times, the number of vehicles used in Myanmar had spiked since the authorities liberalised vehicle imports in 2012. Now, automakers estimate that the number of vehicles used in Myanmar will exceed two million in 2020, more than doubling from 721,324 in 2016, or 15 units per 1,000 people. More than half the number of vehicles is in Yangon. In 2011, there were only 365,000 vehicles on the road.

We believe consumers are becoming increasingly tech-centred in their selection of vehicles. While efficiency and safety remain the primary focus, one cannot ignore the significance of technology and connectivity. In this respect, we remain committed to invest in research, development and technology.

ACKNOWLEDGEMENTS

On behalf of the Board, I would like to express our heartfelt appreciation to the management and staff for their efforts and contributions to the Group's progress, as well as our shareholders for their unwavering support and confidence. I would also like to thank all our business partners, suppliers and distributors for their commitment and loyalty over the years. In conclusion, I would like to express my sincere gratitude to my fellow Board members for their valuable advice and guidance in shaping the Group strategies to secure sustainability.

On behalf of the Board,

Dato' Tan Heng Chew
President

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

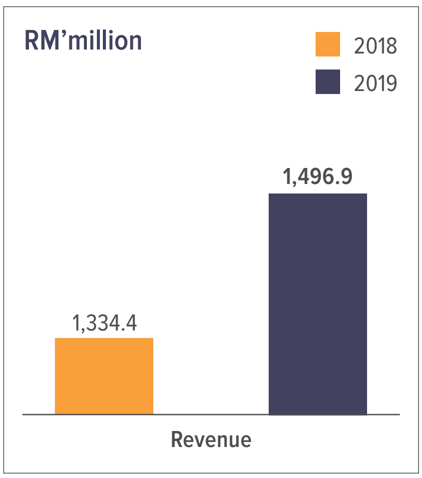
APM Automotive Holdings Berhad ("APM") was incorporated in Malaysia in 1971. The operating structure of APM group of companies ("Group") comprises the following strategic business divisions, with each offering different groups of products or activities as described below:

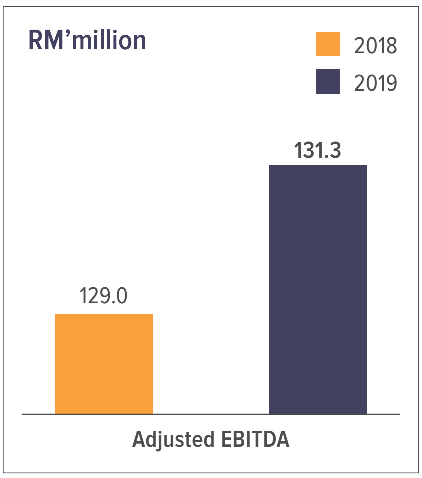
Market	Division	Product and Business Category
Malaysia	Suspension Division	• Leaf springs, parabolic springs, coil springs, shock absorbers, gas springs, U-bolts and other suspension related parts.
	Interior and Plastics Division	• Interior automotive and locomotive plastic components for land and marine transportation such as parts for seats and seating systems of cars, buses, trains, coaches and boats. • Plastic parts for seats and seating systems of auditoriums and cinemas.
	Electrical and Heat Exchange Division	• Air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts. • Design and development of platforms for the Internet of Things ("IoT") telematics.
	Marketing Division	• Trading and distribution of automotive and locomotive components/parts manufactured by the Group for the replacement and export market locally, regionally and internationally.
	Others	• Leasing or letting out of the Group's assets in Malaysia. • Casting, machining and assembly of aluminium parts and components; Distribution of motor vehicles. • Provision of management services for companies within the Group. • Provision of automotive research and development services.
Overseas	Indonesia	• Manufacturing, trading and distribution of automotive and locomotive parts in Indonesia including suspension related products, plastic parts, interiors; and seating for motor vehicles, buses, air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts, etc.
	Others Countries	• Manufacturing, trading and distribution of automotive and locomotive parts in Vietnam, Australia, United States of America ("USA"), Netherlands, Thailand and Myanmar.

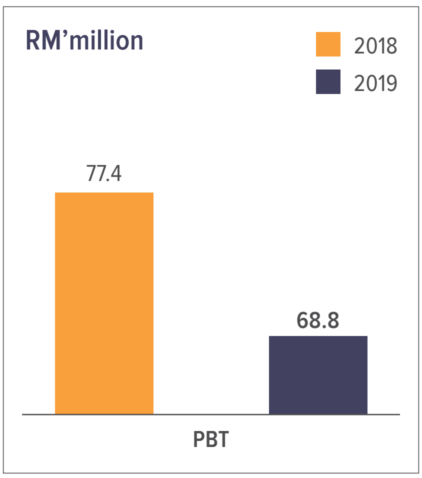
The Group's Vision is to be a Globally Preferred Innovative Mobility Solutions Provider. In pursuit of the Vision, the Group has embarked on a journey of regional market expansion, revenue diversification, prioritising research and development as well as operational enhancement. Accordingly, the Group continuously strives to deliver consistent growth to its shareholders and other stakeholders.

GROUP FINANCIAL PERFORMANCE REVIEW

The review highlights and provides brief insights into the key financial and operating performances at Group level. A detailed commentary on the operating performance is highlighted under the respective business divisions' reports.







MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL HIGHLIGHTS AND INSIGHTS

- Revenue for the year was RM1.5 billion, a 12.2% increase from financial year 2018, driven by impressive growth in Interior and Plastics division and the increased demand for Original Equipment Manufacturer ("OEM") parts.
- The slowing of global economy had impacted our export sales, reducing revenue of both Suspension and Marketing Divisions.
- In line with the increase in revenue, the Group recorded an adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation ("EBITDA")* of RM131.3 million, depicting a growth of 1.8% compared to RM129.0 million in 2018.
- Notwithstanding the improved revenue and adjusted EBITDA, the Group's Profit before Tax ("PBT") was marked down by losses in our associate in Indonesia and the impairment loss on investment in associate. The bulk of these losses can be attributable to the costs related to staff retrenchment and restructuring exercises, the provision of stock obsolescence and higher operating costs. The Group's share of losses and impairment loss on investment amounted to RM9.1 million for financial year 2019.

* *Adjusted EBITDA is excluding impairment loss on investment in an associate.*

STATEMENT OF FINANCIAL POSITION

During the financial year, the Group applied the Malaysian Financial Reporting Standard ("MFRS") 16 for Leases. In applying this MFRS 16, the Group's leasehold land, which was previously recognised as prepaid lease payments and operating lease is now classified and recognised as "Right-of-use" assets. These plots of land were measured at fair value to be in line with the Group's accounting policy by applying revaluation model for the land and buildings. This consequently enabled the Group to recognise revaluation surplus of RM31.7 million net of tax and effectively enhanced the Group's net assets per share by 3% or RM0.16 per share as at 31 December 2019.

The Current Ratio (Current Ratio = Current Assets / Current Liabilities) had improved to 3.1 from 2.8 a year ago mainly due to higher trade receivables as a result of higher sales during the last quarter of the year and payment of trade payables, especially foreign creditors of which the credit term was relatively shorter than trade receivables.

The non-current liabilities increased significantly by 44% or RM27.3 million predominantly from the recognition of lease liabilities following the adoption of MFRS 16 and deferred tax on the revaluation gain, as explained earlier.

CAPITAL EXPENDITURES AND CASH FLOWS POSITION

Cash flows generated from operating activities stood at RM73.7 million, representing a decrease of 21% compared to last year. The reduction in cash from operating activities was primarily attributable to net cash outflow in respect of changes in working capital. Repayment of bank borrowings during the year resulted in higher net cash used in financing activities. In 2018, bank borrowings were drawn down for purchase of properties in Australia. Net cash used in financing activities was RM50.5 million compared to RM21.8 million last year.

The capital expenditure for the year was RM31.9 million, reduced by 26.0% when compared to RM43.1 million for last year. This capital investment included the purchase of properties in Brisbane, Australia, upgrade of manufacturing facilities and tooling investments to cater for new models. Additionally, the Group committed RM18.9 million as capital expenditure because of enhancements to its production facilities and tools to cater for newer lines of vehicles. These capital expenditures were funded via internally generated working capital and bank borrowings.

The Group closed the year with RM179.8 million in cash and cash equivalents and RM169.2 million in other investments. The Group still maintained a net cash position (= cash and cash equivalents + other investments – bank borrowings) of RM277.3 million, although lower by RM7.1 million compared to RM284.4 million as at 31 December 2018.

CAPITAL MANAGEMENT

The Group's capital management strategy includes the adoption of prudent borrowing where financing is only made based on favourable market terms so as to maximise returns from placements of available cash reserves.

The Group operates a centralised treasury operation to primarily optimise the deployment of its financial resources and minimise financing costs on its business operations. The centralised treasury operation also manages exposures to foreign currency risks through appropriate hedging strategies.

During the financial year, RAM Rating Services Berhad ("RAM") performed an annual credit rating review of the Group's Islamic Medium-Term Notes and Commercial Papers Programme. Recognising the Group's financial strength, RAM assigned a credit rating of AA2/P1 for the fourth consecutive year.

The Group recognises that sufficient cash reserves are essential in its pursuit of growth and expansion. Thus, the Group's liquidity remains intact and accessible as the Islamic Commercial Papers Programme and Islamic Medium-Term Notes of up to RM1.5 billion in nominal value can be utilised for future capital investment, as and when required.

BUSINESS DIVISIONS - PERFORMANCE REVIEW, PROSPECT AND STRATEGIES

The Group's operating businesses are organised into seven (7) divisions, each offering different groups of products or activities, namely Suspension, Interior and Plastics, Electrical and Heat Exchange, Marketing, Non-reportable segment, Indonesia Operations and All Other Segments ("Operations Outside Malaysia").

MANAGEMENT DISCUSSION AND ANALYSIS

SUSPENSION DIVISION

Automotive Suspension System

The suspension system of an automobile is essentially a part which separates the wheel/axle assembly from the body of the vehicle. The purpose of a suspension system is to support the vehicle body and increase ride comfort.

Performance Review

Revenue for the Suspension division in 2019 decreased by 12.7% to RM193.8 million from RM222.1 million a year ago. The Division saw a reduction in revenue, especially for leaf springs for both export and local OEM.

Local OEM experienced slower sales evidenced by a drop in the Total Industry Production ("TIP") of commercial vehicles for the year, which declined by 15.6% from 44,445 units to 37,517 units compared to last year (Source: Malaysian Automotive Association ("MAA")).

Unfavourable product mix, lower revenue and production volume and higher energy costs (there were 2 times of price increase for natural gas, i.e. in January 2019 by 0.37% and July 2019 by 5.3%) were factors that contributed to a loss of RM1.1 million compared to a profit of RM8.8 million a year ago.

Challenges, Prospect and Strategies

Results from the leaf springs section of this Division were evidently depressed due to lower export activities resulting from the uncertainties surrounding the global economic landscape.

The sale of coil springs and shock absorbers encountered unyielding competition from other international players, particularly on pricing. Consequently, the performance of this section suffered lower sales.

Notwithstanding the above, this Division will continue to improve by focusing on efficiency and productivity, including bringing into place more automation and increasing efforts to develop new or better product range as well as to enhance existing manufacturing methodology.

Moreover, this Division will look into the development of strategic alliances with technical partners and overseas suppliers for better and more effective market penetration. This Division will also double its efforts to design and develop a wider range of 4 x 4 suspension kits and shock absorbers under the Group's brand name of "SHOKZ".

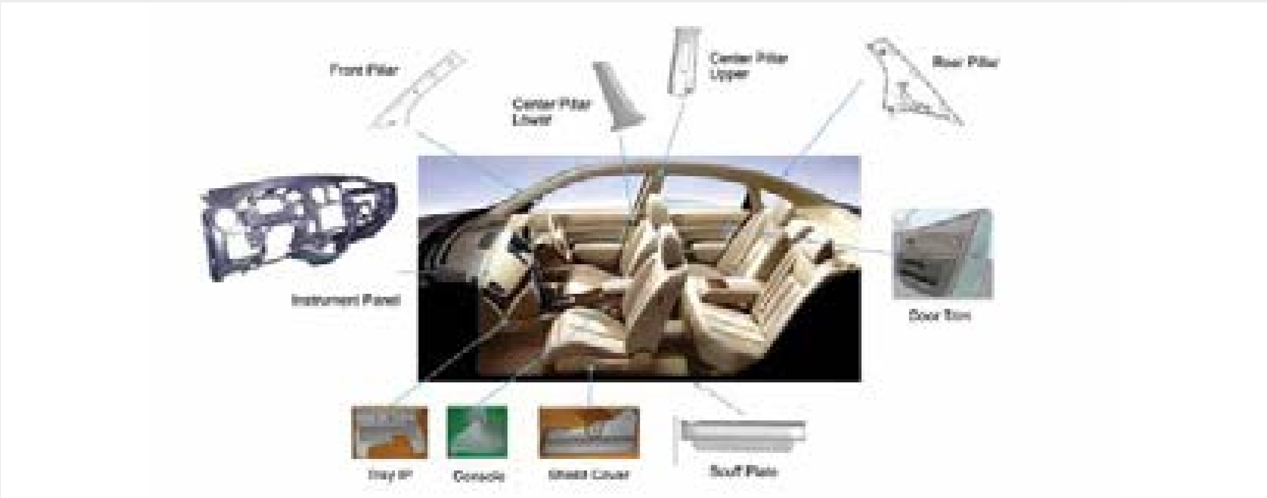
In line with the move towards Industry 4.0 and to harness production efficiency, this Division will enhance the mechanisation of its operations by investing in the latest equipment and facilities as it works towards a reduction on reliance on labour.

Emphasis on the expansion and enhancement of its product range will continue with particular focus on four-wheel drive 4 x 4 suspension kits for the pick-up truck segment by expanding its use to the Sport Utility Vehicle (SUV) segment. This is because more Malaysians are buying SUVs, abandoning the larger Multi-Purpose Vehicles (MPV) and giving saloon vehicles a welcomed challenge. Globally, consumers have been shifting to the sportier and trendier four-wheel drive, while carmakers, including luxury brands, have come up with their own models of such vehicles. In this regard, the MAA's statistics showed SUVs accounted for close to 25% of the total private cars volume of 270,875 units recorded during the period. According to the Malaysian Reserve, the market share of SUVs for the first six (6) months of last year was only 14%.

Going ahead, this Division will also adopt more environmental friendly processing methods, including the use of renewable energy other than those already been used by it in its day-to-day operations to ensure that the sustainability of its operations is amplified going forward.

MANAGEMENT DISCUSSION AND ANALYSIS

INTERIOR AND PLASTICS DIVISION



The Automotive Plastic Market

Plastic (including Polypropylene (PP), Polyvinyl Chloride (PVC), Polyethylene (PE), Polymethyl Methacrylate (PMMA), Polycarbonate (PC), Polyamides and Polyphenylene Sulfide (PPS)) has long been recognised as an essential component in the automotive industry as its composition allows for a myriad of applications. Plastic is corrosion resistant and can be applied as an electric conductor as well as an insulator, hence the various roles it plays under bonnet applications - from sensors, harnesses, connectors, seals, fuses and capacitors to propulsion, alternative drive systems and batteries. Plastic not only makes electric and hybrid automotive batteries more affordable but also aids in value addition by replacing heavy electric cells with compensatory light-weighting.

Performance Review

This Division's revenue is primarily sourced from local car manufacturers. Hence, the performance of the local car manufacturers to a large extent affects the performance of this Division. TIP for passenger vehicle increased by 13,589 units to 534,115 units during the financial year (Source: MAA). Therefore, the Division experienced higher demand from certain OEM customers following the supply of new parts for localisation content and new model launches since the end of 2018 and second half of 2019. Consequently, this Division's revenue increased by 23%, moving beyond the RM1.0 billion mark for the year.

In tandem with the increased revenue, the Division's PBT surged to RM90.7 million compared to RM62.1 million in 2018, largely due to favourable product mix that generated higher margin.

Challenges, Prospect and Strategies

Notwithstanding stiff competition from other players, this Division still managed to secure not one but a few OEM contracts to sustain its operations. The order books of this Division going into 2020 remains healthy overall.

The Division's customer relationship management, coupled with its robust bond with customers remains the key driver for success as we maintain the "just-in-time" practice in our day-to-day operations.

The Interior and Plastics Division is one of the largest moulded PU or Polyurethane manufacturers in Malaysia and its capacity has been expanded with the recent installation of two (2) more lines at its Tanjung Malim plant.

Initiatives, including strategic and multi-location/supplier sourcing to reduce material costs and the introduction of a prescribed bidding process material supply, have enabled this Division to enjoy lower supply chain risks and cost.

This Division also looks into the design and development of new seats and seating systems for vehicles that include buses, coaches, off-road vehicles and vans for the overseas market such as the USA and the European markets.

Efforts to develop new and better products and to invest in technology that further reduces operational costs remain as one of the goals of this Division. Overall, this Division is poised for growth and expansion in the foreseeable future as its products remain an essential component to all vehicles.

MANAGEMENT DISCUSSION AND ANALYSIS

ELECTRICAL AND HEAT EXCHANGE DIVISION

Automotive Electrical and Heat Exchange System

Heat exchangers are used to maintain the required operating temperature in the engine and other components of the vehicle. However, they are not only used in heating applications but are also in cooling applications such as air conditioners.

The battery is the backbone of a typical car's electrical system. It provides the electrical current that allows the vehicle to start and power the other components, like the ignition, wipers and fuel system, which in turn create the combustion needed for the engine to operate. Although the battery supplies the car's power, the starter is what actually activates the engine. It is connected to the ignition switch, which is typically activated by key. Receiving a burst of energy from the battery, the starter rotates the flywheel, which turns the crankshaft, setting the pistons of the engine in motion. The alternator is necessary for endurance; without it, the battery is unable to run for an extended period. The alternator keeps the battery charged and the electrical system running, but it is not necessary for the car to start.

Performance Review

For the financial year 2019, the Electrical and Heat Exchange Division registered revenue of RM122.9 million, a reduction of 7.7% from RM133.2 million last year. The lower revenue was mainly due to lower demand from certain OEM customers, stiff competition and delay in launching of new models encountered by its OEM customers. Moreover, a few parts produced by this Division had reached the end of their product life cycle in 2018 and 2019.

Similarly, PBT declined to RM4.3 million from RM7.1 million in 2018. The weakening of Ringgit especially against Thai Baht, including the positive price adjustment from certain OEM customers realised last year but not this year, impacted the Division's profitability for the year.

Challenges, Prospect and Strategies

The increasing demand for electric and hybrid vehicles invariably eliminates the need for conventional heat exchangers such as radiators, oil coolers, intercoolers, and EGR coolers. However, battery thermal management system will provide pivotal support for Electric Vehicles or EVs. Further, the growing trend of engine downsizing without compromising on performance and the rising demand for high-performance vehicles are compelling vehicle manufacturers to adopt technologies such as turbochargers and superchargers, thus, driving the demand for intercoolers in automotive heat exchanger market.

This Division will continue its focus on market penetration and expansion by striking up strategic alliances with technology owners.

On the alternator and starter motor front, focus on developing the Replacement Market ("REM") will continue with the introduction of more model products.

This Division will continue with its efforts to pursue the technology and know-how in relation to rapid refrigeration of trucks and containers with the use of unconventional cooling agents and commercial lubrication system. It will also intensify its efforts to market its existing refrigeration systems overseas with particular focus on Thailand and Vietnam markets, where the responses received have been nothing short of encouraging.

Insofar as the IoT is concerned, led by our subsidiary, Omnimatics Sdn. Bhd., whose main market comprises fleet and car-sharing operators, plans are underway to expand its reach to cover direct individuals and insurers via its connectivity products.

As the market for Electrical and Heat Exchange is primarily technology driven, this Division will also step up its efforts to pursue strategic partnership with technology providers by leveraging on the ecosystem of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKETING DIVISION

Performance Review

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.

2019 was the first year the Marketing Division registered a lower revenue after consecutive revenue growth for the past 3 years. Revenue decreased by RM23.6 million or 9.1% year-on-year to RM236.2 million in 2019. Uncertainties in connection with "Brexit", the ongoing trade tension between the USA and China and the slowing global economy have undoubtedly affected export sales. Local REM, especially in East Malaysia, has experienced decreasing demand resulting from slowdown in infrastructure projects and logging activities. In tandem, the Division's PBT decreased from RM10.3 million to RM7.2 million. The lower PBT was also caused by unfavourable product mix, higher distribution costs and branding expenses.

Challenges, Prospect and Strategies

While the strength of this Division lies mainly on its vast distribution network, it recognises the impact and reach which e-commerce can provide to its products. Plans are underway to develop greater online market presence with particular focus on Europe and the United Kingdom. This Division will also look into collaborating with other key players, particularly those in Europe and the USA, to boost sales.

In an attempt to arrest and reverse the effect of plummeting sales, this Division's export section witnessed a significant rise in conventional business development activity in Europe and the Americas (North and South America) where in actual, direct and constant interaction with existing and potential clients was attained. This was made possible with the strategic re-allocation of resources to reduce operational costs, particularly from the logistics aspect. Positive results are beginning to surface as the number of leads begins to rise.

As products under the Group's brand, i.e. "SHOKZ", are TUV certified as they have been produced in line with European standards and regulations, this Division will be launching such products in Europe as a performance-tuning label in both the "Fast Road" tuning market and the 4 x 4 suspension kit upgrade market. While, admittedly, this new strategy will require significant brand investment, its long-term benefits will no doubt outweigh the cost. The strategy and plans for this initiative are already in place where efforts in this direction will begin with the establishment of digital presence in Europe.

Notwithstanding the above, this Division will continue with its efforts to form and forge new customers' relationships in the Asia Pacific with Europe's leading OEM Truck and Axle makers.

MANAGEMENT DISCUSSION AND ANALYSIS

NON-REPORTABLE SEGMENT, MALAYSIA

This segment comprises mainly operations relating to the rental of properties in Malaysia, provision of management services, and engineering and research services for companies within the Group. The revenue from these services forms part of inter-segment elimination for the total Group's results. This segment also comprises the business of casting, machining and assembly of aluminium parts and components as well as distribution of motor vehicles to internal and external customers.

The Division's revenue for whole year of 2019 decreased slightly by 0.4% from RM80.9 million to RM80.6 million, largely due to lower sales of motor vehicles. Trading of motor vehicle business recorded a historical high in the third quarter of 2018 as a result of the festive-driven sales campaigns, new model launches and "tax holiday" in Malaysia. As a result of lower revenue, the Division reported a Loss before Tax ("LBT") of RM2.8 million against a PBT of RM2.1 million last year. Apart from the impact of lower sales, high administrative expenses, especially staff costs, lower billing of service fee and lower fair value gain recognised on investment properties of RM1.0 million compared to RM3.5 million recognised last year had also impacted this Division's profitability.

INDONESIA OPERATIONS

About the Indonesia Operations

The Indonesia Operations refer to the Group's wholly-owned subsidiaries' operations producing suspension products such as coil spring, shock absorber and leaf spring as well as the Group's investment in joint venture and associate in Indonesia.

Indonesia Automotive Industry
5 GROWTH DRIVERS

- Technology changing fast, but still a need for production hubs
- Car ownership in Indonesia should increase substantially over the next couple of decades
- Indonesia must capitalise on its huge potential for domestic demand
- The country is increasingly gaining a reputation for stability and is tackling corruption
- Continued stability and focus on policy alignment is crucial to driving demand

Source : Ipso Business Consulting

Performance Review

In 2019, the Indonesia Operations' revenue declined by 3.0% to RM52.6 million mainly due to lower offtake of coil spring from certain OEM customers and lower export and local REM for leaf spring. Coupled with the rising cost of raw materials, lower production volumes and higher operating costs, especially due to depreciation and interest expenses, this Division's bottom line was negatively impacted.

Our associate in Indonesia suffered significant losses due to lower sales, expenses incurred in connection with staff retrenchment and restructuring exercises, provision for stock obsolescence, and higher operating costs. Correspondingly, LBT of the Indonesia Operations worsened to RM23.5 million from RM11.5 million of last year, after including share of associate's losses and impairment loss on investment in associate amounting to RM9.1 million for the year.

Challenges, Prospect and Strategies

While Thailand looks outward toward automobile exports, Indonesia benefits from a huge domestic automobile market driven by an emerging middle-class. Based on a report from the ASEAN Briefing, the automobile consumer base is expected to grow rapidly, with most purchases occurring in Indonesia's cities, mainly in Jakarta.

However, according to the ASEAN Post, the automotive industry in Indonesia experienced slowdown in 2019. The Association of Indonesian Automotive Manufacturers (Gaikindo) attributed Indonesia's flat sales volume to high loan interest rates, docile inflation and stagnant purchasing power. According to a report from Reuters, some even argued that the slowdown was further compounded by the uncertainties that surrounded Indonesia's Presidential election. Nonetheless, experts believe car sales in Indonesia are likely to recover by 2020 although not by much.

Nevertheless, the Group continues to believe in the potential of the Indonesian automotive market and has since invested over RM100 million into its operations there. The Group's latest acquisition of a strategically located piece of industrial property, measuring approximately 25,788 square metres in Kota Deltamas, is testament to such belief. This piece of property is located not far from Hyundai Motor's first new USD1.5 billion manufacturing plant in Indonesia, which is reputed to have a capacity of producing up to 250,000 vehicles annually. We are certain that this new acquisition will provide our Indonesia Operations with better leverage.

Our operations in Indonesia have also planned to further increase efficiency and productivity with the upgrading of production equipment. Focus will also be placed on the procurement of alternate sourcing and localisation of components to lower the cost of production and to mitigate supervening events such as the COVID-19 pandemic.

The Group also believes that the initiatives and increased efforts by the Marketing Division in Europe as set out above will contribute towards the bottom line of this Division. Other initiatives, which this Division will adopt to drive revenue and increase the order book, include the use of e-commerce, intensified online advertisement through social media, e-marketing and the use of real-time devices where orders are captured instantaneously.

MANAGEMENT DISCUSSION AND ANALYSIS

ALL OTHER SEGMENTS ("OPERATIONS OUTSIDE MALAYSIA")

About this Segment

This business segment is made up of our overseas operations in Vietnam, Myanmar, Thailand, Australia, USA and Netherlands.

Performance Review

Revenue for the Operations outside Malaysia is on an uptrend with growth of 5.6%, year-on-year to RM129.1 million dominated by higher sales in the leaf springs and coach seats in Vietnam and Australia operations respectively.

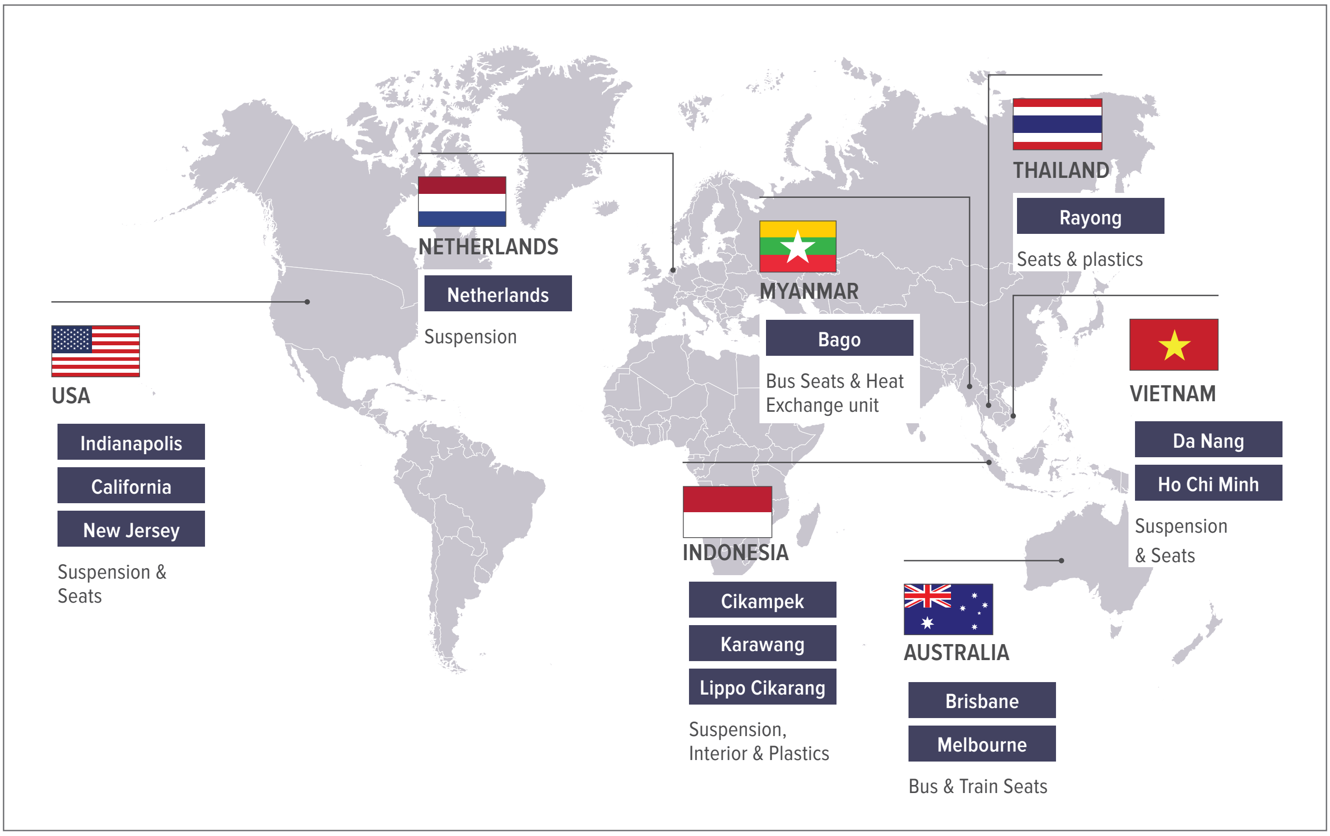
Despite the increased revenue, the Division registered a LBT of RM6.7 million compared to RM2.0 million a year ago. This was primarily due to the one-off imposition of import duty and penalty by the customs authority on imported raw material resulting from the incorrect application of tariff code by our Vietnam Operation. This Division's bottom line was also affected by the increase in staff costs by our operation in Australia and higher operating costs incurred by our USA units (caused by higher staff costs and rental).

Challenges, Prospect and Strategies

This Segment will continue with its efforts to minimise exposure to unnecessary financial risks (particularly those caused by the imposition of duties and penalties) by increasing prudence through increased engagement with the authorities.

Australia

Our operation in Australia is currently focused on the assembly and manufacturing of vehicle seats, in particular bus and train seats. With Bombardier being one of its major customers, our operation in Australia, which is led by McConnell Seats Australia Pty. Ltd. is poised for growth as Australia's rail network is said to be the world's sixth-largest in the world. With a market share of 40% to 50% of the coach seat market in Australia and an increased capacity following its recent relocation to a newer and larger facility, our operation in Australia is in line for expansion and growth.



MANAGEMENT DISCUSSION AND ANALYSIS

Vietnam

Vietnam's automobile manufacturing industry developed slower than its ASEAN neighbours but has experienced exponential growth in recent years. The automotive industry in Vietnam began making notable progress in the early 2000s and is on course to be one of ASEAN's fastest growing automobile industry. Vietnam's automotive industry currently relies heavily on automobile part exports to its neighbouring countries. While automobile part production has been profitable for Vietnam, the signs that Vietnam is looking to expand its automobile manufacturing industry is clear. In June 2019, Vietnam signed the European Union Vietnam Free Trade Agreement ("EVFTA"), which will see approximately 71% of duties eliminated in Vietnam exports, including automobiles and automobile components. When combined with Vietnam's low production costs, the EVFTA can be seen as a springboard to attract car and parts producers to relocate from Thailand.

We see Vietnam as a prime location for investment, as the country has significantly less foreign direct investment restrictions than most surrounding countries. Doing business in Vietnam remains promising as ventures in the automobile industry can be 100% foreign owned and do not need a Vietnamese national as a director.

Myanmar

Our plant in Bago, Myanmar is due to commence operation soon. Located about 2.6 km to the west of Bago River, this plant is approximately 30 acres in size. Phase One of this operation will involve the production and assembly of bus seats. This Bago plant is intended to act as our catalyst into the Indo-China automotive market, which is believed to be currently experiencing rapid growth.

Thailand

Known by many as the 'Detroit of Asia', Thailand has long been recognised as the primary manufacturer of automobiles among ASEAN countries and has gained traction in the automobile export industry. Led by APM Auto Components (Thailand) Ltd. ("AACT"), our operation is relatively new in Thailand. AACT is still making inroads into Thailand but with the support of the Group, AACT should be poised for some growth.

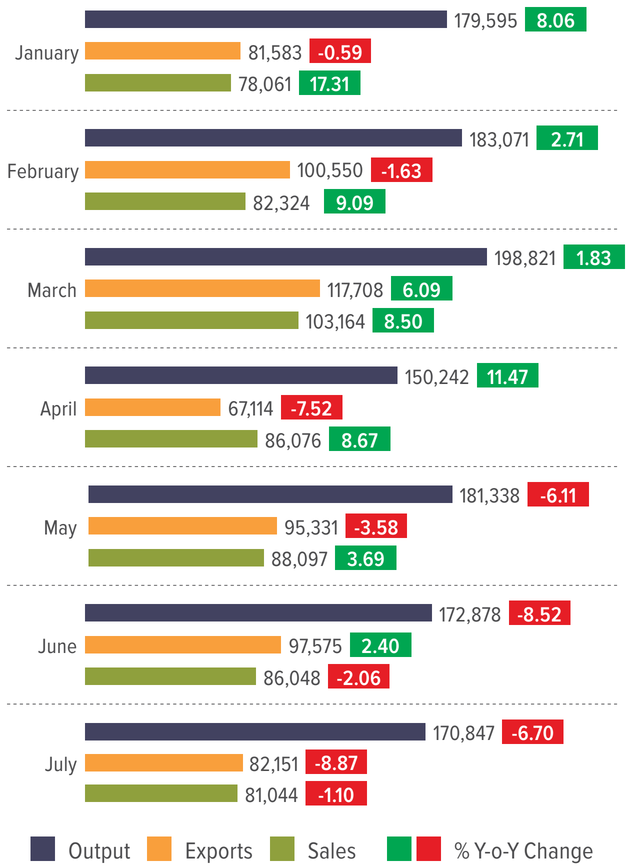
Meanwhile, AACT will continue promoting the use of Ethylene Propylene Diene Monomer ("EPDM") products to the OEM market in Thailand while pursuing the same in Indonesia and Malaysia. AACT is currently working towards the localisation of EPDM products in Indonesia with the assistance of the Group's subsidiary in Indonesia. EPDM rubber is generally a type of synthetic rubber, which can be used in a wide range of applications.

In addition to the above, AACT will also carry on its efforts to market bus and rail seating systems as well as other products of the Group to its network of customers.

Thailand's Automotive Industry in 2019

Total

Output	1,236,792	-0.23
Exports	642,012	-1.55
Sales	604,814	5.91



Source : Federation of Thai Industries

MANAGEMENT DISCUSSION AND ANALYSIS

KEY RISK FACTORS

BUSINESS RISK

Competition

The automotive market remains highly competitive. The automotive supply industry competes based on technology, quality, reliability of supply and price. Design, engineering and products planning are increasingly important factors. APM, being one of the largest automotive parts suppliers in Malaysia, often faces intense competition in the markets it operates. Furthermore, the rapidly evolving nature of the markets and increasing globalisation may increase competition, especially with the emergence of real time analytics and the IoT, which could be the biggest thing to hit the world of technology since the evolution of Cloud.

One of our guiding principles to managing these risks is to ensure that research and development capabilities are at least on par with the latest trends and changes. Through dedicated teams, APM maintains close and longstanding customer relationship, enabling APM to understand its customers' need and meeting their demand timely. APM aims to achieve alignment with customers' needs in term of products development, process and manufacturing strategies.

As the Group derives its revenue primarily from local OEMs, sales strategies on vertical integration, having regional footprint and broadened product offerings are critical for business sustainability.

FINANCIAL RISK

Currency fluctuation

Due to the nature of the Group's business, currency exchange fluctuation has always been a key factor in determining its profitability. Recognising such threat, the Group mitigates its exposure by hedging and locking in payables denominated in foreign currencies. Foreign exchange forward contracts are entered into to hedge certain portion of the Group's purchases from exchange rate movements. In addition, with the increased localisation of product content and the adoption of price adjustment mechanism with OEM customers on currency fluctuation, the Group has managed to largely insulate itself from the ill effects of adverse currency exchange rate fluctuations.

Higher Operating Costs

The costs of raw materials, energy and commodity can be fluid and volatile. The Group has developed and implemented strategies to mitigate the impact of higher operating costs where these strategies, together with commercial negotiations with its customers and suppliers, have contributed towards some alleviation of the adverse impact. In addition, the availability of raw materials, commodities and products components fluctuates from time to time due to factors outside of the Group's control. To mitigate the increasing operating cost, the Group is currently looking into the use of alternative and sustainable materials. Plans are also underway for the introduction of robotics and mechanisation into our production platform for greater efficiency and cost savings.

OPERATIONAL RISK

Succession Risk

This can impact our daily businesses in terms of loss in morale or direction as a result of an unplanned void created by the departure of senior key personnel due to reasons such as resignation and retirement. Measures are in place to mitigate such eventualities with the implementation of an effective succession plan.

MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING AHEAD

The COVID-19 outbreak which has since grown into a worldwide pandemic is disrupting lives, supply chains, operations and sales across a range of industries worldwide including ours. Unsurprisingly, the extent and severity of this pandemic has led governments across the world (including ours) to impose partial and full lockdowns. The Group's onsite business activities in Malaysia has been suspended since 18 March 2020 pursuant to the recent implementation of the Movement Control Order ("MCO") by the government pursuant to the Prevention and Control of Infectious Diseases Act 1988 (Act 342).

While the disruption under the MCO and COVID-19 pandemic is expected to be temporary, there is considerable uncertainty surrounding the duration and overall impact. We expect local and global market conditions to soften immensely going into 2020 and anticipate lower sales and gross margin than provided in our previous outlook.

In response, we have in place a set of business continuity plan which can be mobilised to counter the effect of the MCO and the COVID-19 pandemic. Measures which include the procurement of material and components from third party suppliers in consultation with our OEM customers and other stakeholders; the outsourcing of production activities in part or in whole to our regional sister companies and/or where necessary, to third party producers (which have already been identified) should any site or production line become contaminated; and the constant engagement with our stakeholders for additional measures to ease the impact of the pandemic; will be deployed to cushion the impact of the MCO and the COVID-19 pandemic should the circumstances become dire in the coming weeks.

Additionally, we have also developed and put in place a comprehensive set of Standard Operating Procedures ("SOPs") based on the recommendations by the World Health Organisation and our Ministry of Health to curb COVID-19 infection in our Group. These SOPs have been proven effective so far in combating the spread of COVID-19 to our premises.

From the financial standpoint, the Group has in place adequate access to internal and external funds to cushion the impact of this pandemic for the time being. Accordingly, the Group remains confident that business continuity can be maintained albeit at a slower pace. Other financial impact could also occur though such potential impact is unknown at this time.

On the technology aspect, we see Industry 4.0 continuing to spur the elevation of the automotive industry towards connected mobility and the adoption of robotics and IoT throughout the value chain.

For us, Industry 4.0 refers to a new phase in the Industrial Revolution that focuses heavily on interconnectivity, automation, machine learning, and real-time data. Often called "smart manufacturing", it marries physical production and operations with smart digital technology, machine learning, and big data to create a more efficient, effective and holistic ecosystem. We remain committed to be part of this revolution as we recognised the need for connectivity and access to real-time insights across processes, partners, products, and people.

Against this backdrop, we believe our 5-year strategic plans, which emphasise on expansion, cost effective operations, research and development and branding enhancement activities, remain relevant and will ensure an even closer alignment between our core commercial goals, social and economic benefits.

RESEARCH AND DEVELOPMENT

Research and development ("R&D") have often been defined to include activities that companies undertake to innovate and introduce new products and services. It is often the first stage in the development process. The goal is typically to take new products and services to market and add to the Company's bottom line.

At APM, we recognise the need for R&D and will not allow the challenging climate in which we operate to prohibit us from pursuing development and innovation. With over millions invested in technology so far, the Group's R&D facilities in Port Klang and Oasis Square, which house around 80 engineers, is testament of our focus on R&D - which remains steadfast and unwavering.

MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING AHEAD

EXPANSION

Despite not having any new joint venture or acquisition in 2019, our desire to do so remains. We currently see growth through joint ventures, mergers and acquisitions as the most expedient way for expansion. However, our choice of targets and partners may be limited as we remain guided by prudence.

OUR PEOPLE

Our people are a key determinant of our success. We remain focused on growing and developing the required talent, skill and diversity and on ensuring that the needs of our people are well managed and addressed.

APM places diversity and inclusivity in its work place as a key management strategy. Our commitment in this respect begins from the top.

During the year, APM enhanced its Code of Conduct and Ethics for Employees by adopting the 10 principles of the United Nations Global Compact ("UN Global Compact"), a non-binding United Nations pact to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. In essence the UN Global Compact is a strategic initiative that supports global companies that are committed to responsible business practices in the areas of human rights, labour, the environment and corruption. For more details, please refer to the Sustainability Statement section.

We pride ourselves in providing opportunities to our people through international assignments where they can be stationed overseas. We do this on a secondment basis where those selected are given the chance to learn and manage different aspects of our business in an unfamiliar and occasionally challenging environment. We believe this will not only enhance the person's competency and expertise but also builds his or her character. With the same goal in mind, this opportunity is also available to those who are employed by our overseas operations where they too can have a chance to work with us locally.

MANAGEMENT DISCUSSION AND ANALYSIS

LOOKING AHEAD

Our people need to perform at their best at all times to ensure the delivery of our strategic priorities. Accordingly, on the job and classroom training are made available to our employees from time to time. Our human resource management system is designed to improve, gauge and measure the progress of each employee where training and assessment exercises are carried out annually. This will help to address the competency gap and ensure that the strategic and operational objectives of the Group are met. Through the ongoing coaching and feedback coupled with performance evaluation (which is conducted twice a year), the Group is able to nurture high-potential employees and identifying candidates for succession.

To ensure our people are aligned with our strategies, executives are invited to attend our annual management seminar. During the seminar, our Chief Executive Officer will engage with them, sharing the Group's performance, achievements, the milestones of projects/activities undertaken and the Group's Strategies Targets and Plans.

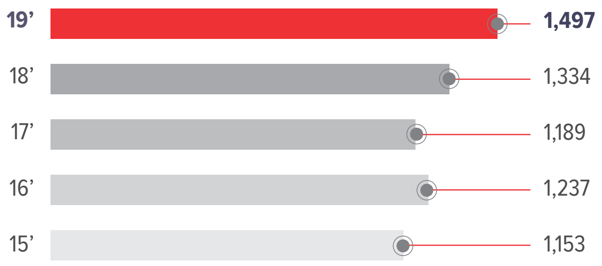
For the fifth year in a row, APM once again have been voted as one of the best companies to work for by HR Asia Magazine, a good testimony to our strategies in human capital management.

5-YEAR FINANCIAL HIGHLIGHTS

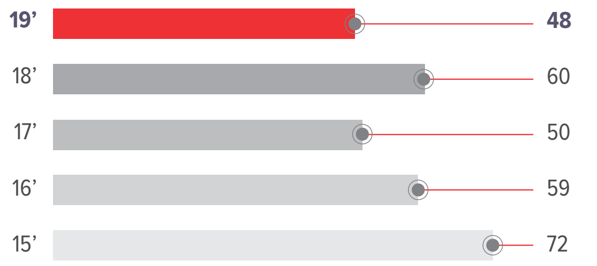
	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
RESULTS					
Revenue	**1,496,940**	1,334,372	1,188,519	1,236,630	1,152,839
Profit before tax	**68,775**	77,441	71,384	83,207	95,026
Taxation	**(20,362)**	(16,983)	(21,420)	(23,836)	(23,113)
Profit for the year	**48,413**	60,458	49,964	59,371	71,913
Attributable to:					
Owners of the Company	**27,237**	38,441	39,095	48,582	60,490
Non-controlling interests	**21,176**	22,017	10,869	10,789	11,423
STATEMENT OF FINANCIAL POSITION					
Assets					
Property, plant & equipment	**617,305**	559,853	572,577	510,972	466,610
Prepaid lease payments	**-**	15,275	16,005	17,888	16,926
Investment properties	**112,560**	111,520	108,000	103,294	97,854
Equity-accounted investees	**32,621**	42,117	42,612	41,949	41,411
Intangible assets	**18,526**	18,392	19,966	24,601	23,381
Deferred tax assets	**17,659**	16,799	12,113	11,712	11,101
Total non-current assets	**798,671**	763,956	771,273	710,416	657,283
Current assets	**940,187**	940,723	874,597	875,364	893,123
Total assets	**1,738,858**	1,704,679	1,645,870	1,585,780	1,550,406
Equity					
Share capital	**219,498**	219,498	219,498	201,600	201,600
Reserves	**1,067,387**	1,027,887	1,024,463	1,011,871	995,091
Treasury shares	**(13,312)**	(13,312)	(13,305)	(13,297)	(13,289)
Equity attributable to owners of the Company	**1,273,573**	1,234,073	1,230,656	1,200,174	1,183,402
Non-controlling interests	**75,179**	67,948	53,934	37,772	37,220
Total equity	**1,348,752**	1,302,021	1,284,590	1,237,946	1,220,622
Non-current liabilities	**89,669**	62,321	63,625	53,412	45,577
Current liabilities	**300,437**	340,337	297,655	294,422	284,207
Total equity and liabilities	**1,738,858**	1,704,679	1,645,870	1,585,780	1,550,406
FINANCIAL STATISTICS					
Basic earnings per share (sen)	**13.94**	19.66	20.00	24.84	30.90
Gross dividend per share (sen)	**10.00**	12.00	13.00	15.00	19.50
Net assets per share (RM)	**6.51**	6.31	6.29	6.14	6.05
Return on shareholders equity (%)	**2.17**	3.12	3.22	4.08	5.20

5-YEAR FINANCIAL HIGHLIGHTS

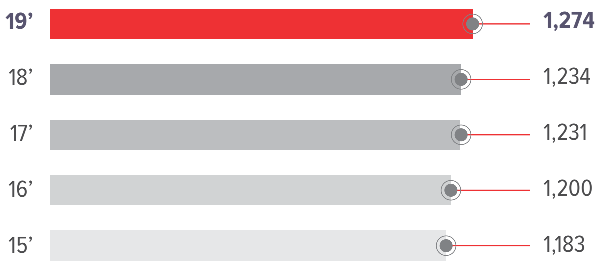
Revenue (RM'million)
1,497



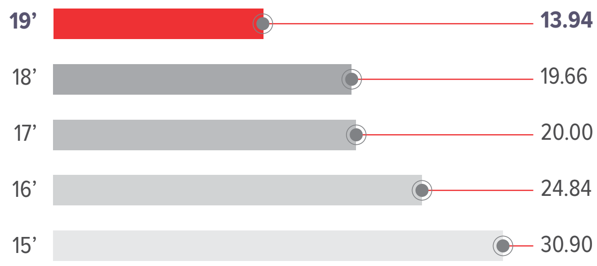
Profit for the Year (RM'million)
48



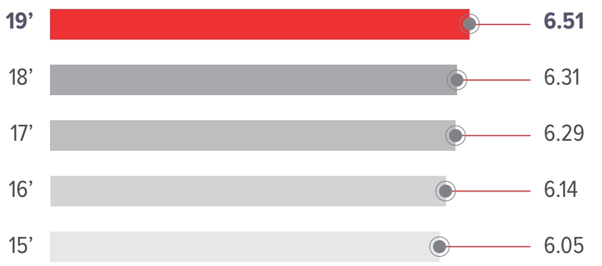
Net Assets (RM'million)
1,274



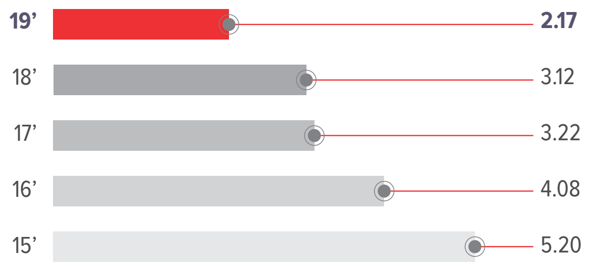
Basic Earnings Per Share (Sen)
13.94



Net Assets Per Share (RM)
6.51



Return On Shareholders Equity (%)
2.17



SUSTAINABILITY STATEMENT

INTRODUCTION

There are many ways to describe business sustainability, including corporate social responsibility, corporate citizenship or shared value.

For us in APM Automotive Holdings Berhad ("APM"), we, together with our group of companies ("the Group") support and subscribe to *Gro Harlem Brundtland's* quote in the report on the World Commission on Environment and Development 1987 which in essence advocates that, "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

We relate business sustainability to the connection and role we play in our world and the impact that our business has on society and the environment.

To us in APM, that is sustainability in a nutshell.

This is our third Sustainability Statement since the release of our first statement in 2017 following Bursa Malaysia Securities Berhad's ("Bursa Securities") launch of the Sustainability Framework in 2015, and we are proud to report and announce our receipt of the Best Under Billion Award ("BUBA") for Best Sustainability Reporting 2019 (Group B) from Focus Malaysia.

BUBA is an annual signature event that acknowledges the achievements of the best Bursa Securities listed companies in their class within a market capital range of RM150 million and RM950 million organised by Focus Malaysia, an online business news portal and supported by KPMG Malaysia, a renowned multi-professional services firm.

The BUBA award has indeed provided us with an immense and timely boost to our confidence as we continue to strive towards achieving business sustainability through meaningful balance between economic development, environmental protection and social contribution ("EES") or the "triple bottom line" of planet, profit and people.

SUSTAINABILITY STATEMENT

BUSINESS SUSTAINABILITY

PLANET
Environmental Protection

PEOPLE
Social Contribution

PROFIT
Economic Development

The following is our sustainability statement and report for 2019 ("Report"). It is a reflection of our efforts and continuing journey towards the attainment of sustainable development.

COVERAGE

This Report covers activities undertaken by the Group's major subsidiaries and associates in which we operationally control or manage. Unless otherwise stated, the information presented in this Report covers our businesses in Malaysia, Indonesia, Australia and Vietnam, which contributes almost all of APM's revenue. Going forward, we aim to expand the scope of this Report to include data from other business units within the Group progressively.

REPORTING PERIOD & CYCLE

This Report also covers our sustainability initiatives and performances from 1 January 2019 to 31 December 2019 where we incorporated available comparative historical data. This Report is prepared on an annual basis and serves as a platform to communicate our economic, environmental and social progress as well as our commitment to the various stakeholder groups.

REFERENCES AND ASSURANCES

This Report is prepared in accordance with the relevant provisions of Bursa Securities' Main Market Listing Requirements ("MMLR") and Sustainability Reporting Guide and Toolkits. No external assistance or independent assurance was sought on this Report. Our own Risk Management and Sustainability Committee ("RMSC") and our Audit Committee, via the independent internal audit function, have validated the accuracy of the information provided in this Report.

ACCESSIBILITY

A PDF version of this Report can be found in APM's Annual Report 2019, which is available for viewing on the Company's website at www.apm.com.my.

FEEDBACK

We strive to develop and broaden our engagement with both our internal and external stakeholders, and we welcome any feedback that you may on this Report. Please feel free to forward your comments or questions to: apmah@apm.com.my.

SUSTAINABILITY STATEMENT

APPROACH TO SUSTAINABILITY

Our approach to sustainable development is established based on our Vision, Mission and Core Values.

VISION

- A Globally Preferred Innovative Mobility Solutions Provider.

MISSION

- Cultivate a sustainable team-oriented culture involving employees through leadership and accountability.
- Value creation through operational excellence, innovation and exemplary customer service.

CORE VALUES

OUR 7 Core Values of CLERITI

- CUSTOMERS
- LEADERSHIP
- EXCELLENCE
- RESPECT
- INTEGRITY
- TEAMWORK
- INNOVATION

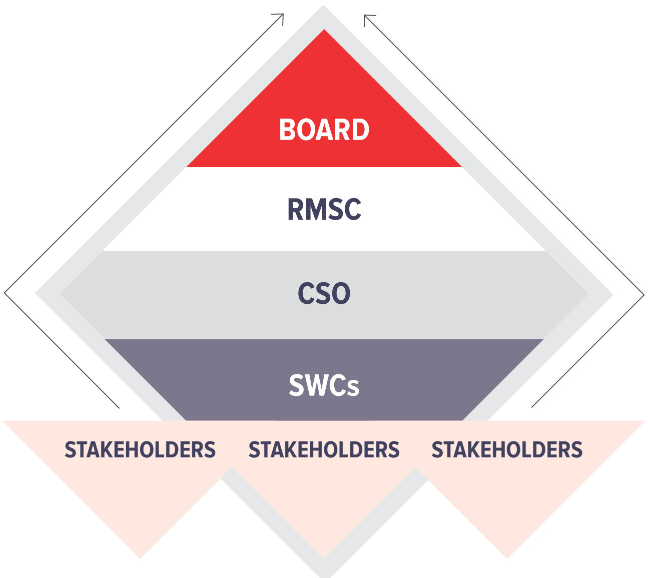
ROLES AND GOVERNANCE STRUCTURE

APM's Board of Directors ("Board") oversees our sustainability framework, which is primarily driven by initiatives.

These initiatives comprise of an assortment of programmes where the design and implementation are assigned to and undertaken by different groups within our organisation.

The Board is assisted by the RMSC, who designs, manages and administers the framework's policy and practices. The principal role of the RMSC is to assist the Board to fulfil its oversight responsibilities but the power to decide on sustainability issues remains with the Board. The terms of reference for the RMSC have been formalised and reviewed from time to time, as and when necessary.

We form our Sustainability Working Committees ("SWCs") based on the initiatives. These committees primarily supervise the implementation of the initiatives 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 to execute ("Persons in Charge" or "PIC"). These PICs report to the SWCs on the progress and status of the action plans in which they are in charged.



The primary liaison person between the SWCs and the RMSC is the Chief Sustainability Officer ("CSO") who is appointed from amongst the members of the RMSC. The CSO works with the various SWCs to integrate a culture of corporate responsibility and attention to the environment.

SUSTAINABILITY STATEMENT

The following are some of RMSC's roles:

RMSC

- Develop and recommend to the Board on sustainability strategies – related policies and statement for approval, adoption and revision.
- Advise the Board to ensure that our business strategy takes sustainability into consideration.
- Ensure that the sustainability strategies address key sustainability matters related to the Economic, Environmental and Social.
- Oversee the preparation of sustainability disclosures (reporting) as required by Bursa Securities.
- The roles of the SWCs are as follows:
  - Drafting action plan(s) on material sustainability issues and escalating them to the Working Committee Chairman for approval/ rejection.
  - The approved plan(s) will then be presented to the RMSC for approval.
  - Execute the action plan(s) approved by the RMSC.
  - Monitor and report on the progress and performance of such action plan(s) to the RMSC.
- Monitor the implementation of the sustainability strategies as approved by the Board.

APPROACH

In order to present a report that is meaningful to our stakeholders, we conducted a materiality assessment to determine those issues that are important to both the Group as well as our stakeholders. This assessment comprises the following steps:

IDENTIFICATION

The process of identification was done through the collation of issues, which we believe could be material to the Group and our stakeholders, through interviews and discussions. The data derived 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 the Board to filter issues that are most significant to us. Through these interviews, we are able to diagnose and pinpoint key issues, opportunities and challenges faced by the Group and with such diagnosis, we were able to look into the treatment.

PRIORITISATION

From the list of issues identified as material, we prioritised each one of them by assigning a measure of 'weightage'. This was accomplished via a materiality assessment workshop. Here, we involve a good cross section of our internal stakeholders – from managers to heads of division and members of the C-Suite as well as Directors with the aim of procuring inputs from their engagement with external stakeholders. Consequently, we are able to plot a materiality matrix, indicating the relative importance of each issue to the Group and our stakeholders.

VALIDATION

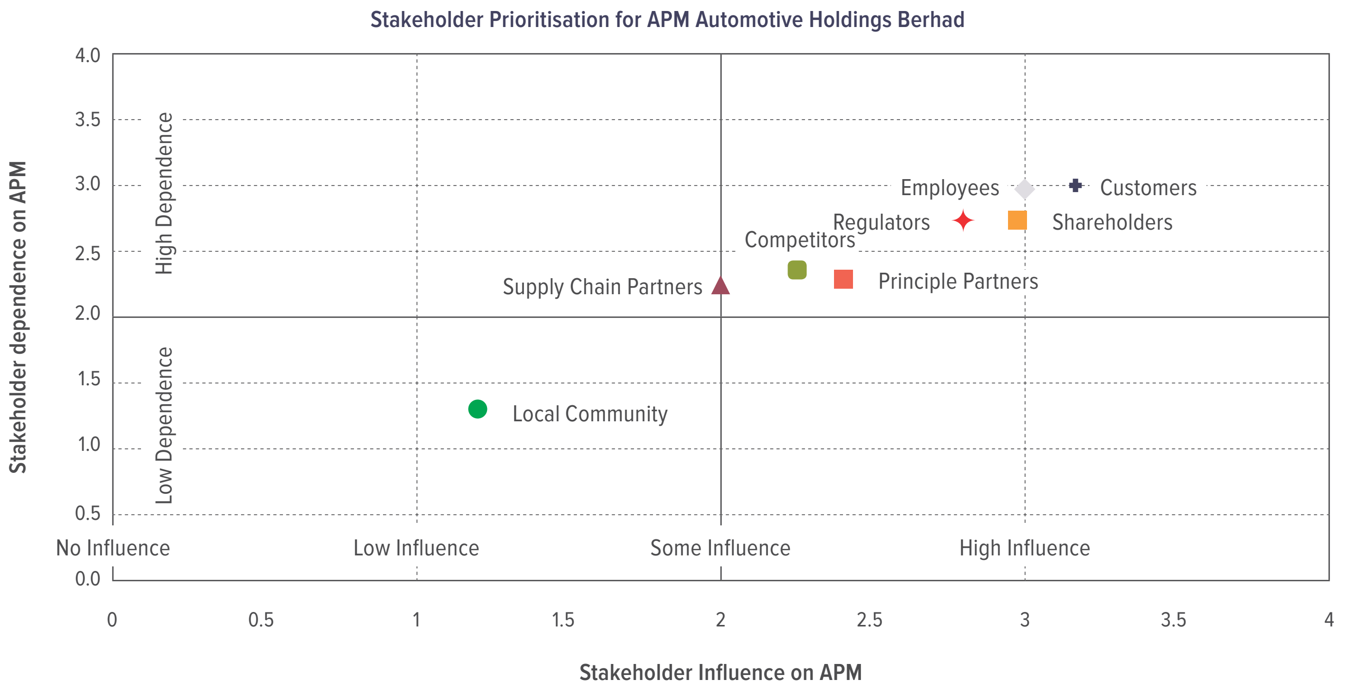
We then presented this materiality matrix to the CSO, RMSC and the Board, all of whom validated the findings.

REVIEW

This final step encompassed feedback from our stakeholders. From the feedback received, we would be able to further refine our sustainability approach so as to present even more meaningful reports in the future. We are open to feedback / comments via apmah@apm.com.my.

SUSTAINABILITY STATEMENT

STAKEHOLDER PRIORITISATION



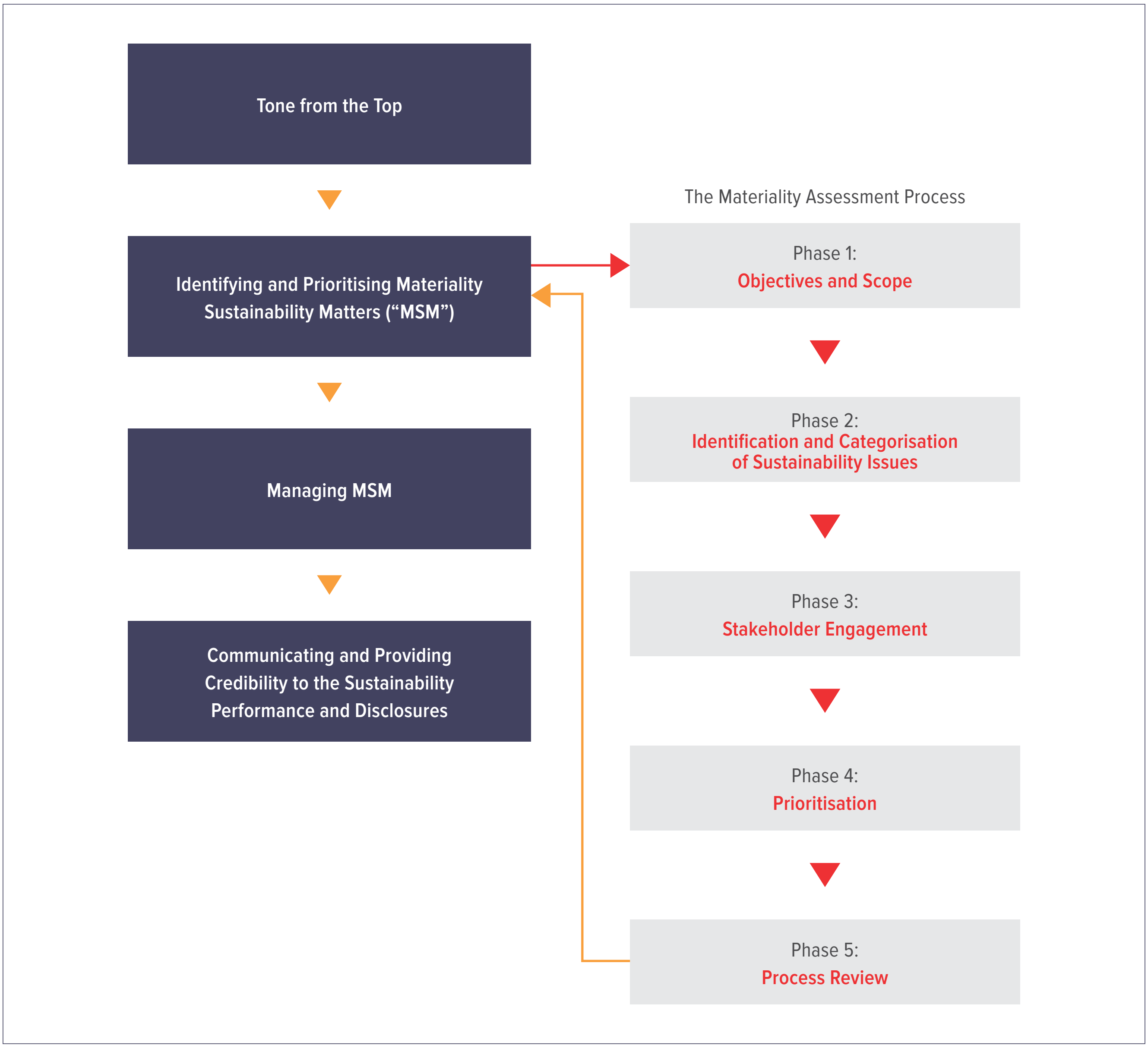
STAKEHOLDER ENGAGEMENT

Stakeholders	Description	Engagement Method	Sustainability Issues
Customers	Customers of the Group, consisting primarily of Original Equipment Manufacturers, Replacement Market parts distributors and end users.	Monthly Meeting, Project Tracking, Customer Feedback and Customer Satisfaction Survey.	Product Quality, Cost and Delivery Warranty Services, Product Safety, 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, Suggestion Scheme, Representative Meeting, Management Seminar, Trip and Function.	Learning and Development, Prompt Salary Payment, Performance Management, Work-Life Balance, Teamwork, Empowerment and Accountability, Industrial Harmony, Compensation and Benefits, Anti-Bribery and Anti-Corruption.
Shareholders	Owners of APM.	Annual General Meeting, Regular updates and communication.	Profitability, Sales Performance, Financial and Volume Performance, Compliance.
Regulators	Government and statutory bodies and agencies that regulate and enforce compliance requirements.	Income Tax Filing, Sales and Service Tax Reporting, License Renewal, Meeting, Regular Updates and Communication.	Compliance with applicable laws, policies, directives and regulations.
Principal Partners	Business and technical partners of the Group. These group of persons include our joint venture partners and other business associates.	Principal Engagement, Meeting.	Profitability, Intellectual Property and Royalty.
Competitor	Business rivals, competitors, contenders and counterparts of the Group.	Regular Update.	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 and Meeting, Audit and Feedback.	Fair Procurement, Anti-Bribery and Anti-Corruption, Staying connected with the corporation.
Local Community	Persons within the society where the Group is present.	Programmes through Corporate Social Responsibility.	Social and Environmental Issues, Local Community development.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT PROCESS

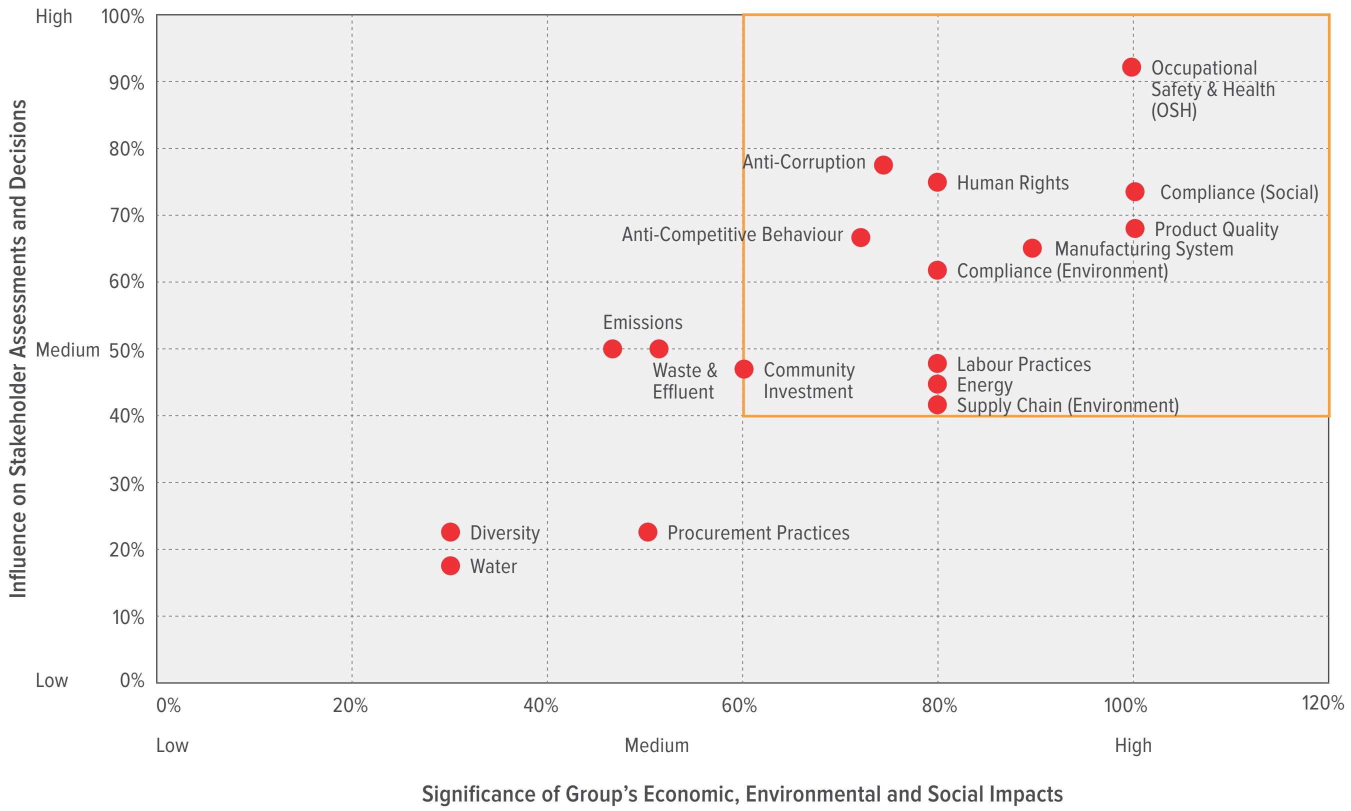
Corporate Sustainability Development (CSD) Processes - Bursa Securities Guideline



SUSTAINABILITY STATEMENT

MATERIALITY MATRIX

Materiality Matrix



MATERIAL SUSTAINABILITY MATTERS

No.	Category	Themes		Key performance indicators		
				Indicators		Target
1	ECONOMIC	Community investment	Voluntary contributions made by the Group to enhance socio-economic benefits and create positive impact	1.1	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.)	RM300,000
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	APMi ≥ 4.0
3		Manufacturing System	APM Manufacturing System (AMS) is based on the lean approach which provide internal benchmark and mechanism for continuous improvement	3.1	To achieve AMS Level-5 as Goal; with interim target of ≥ 4.0	AMS Level ≥ 4.19 (Group Average)

SUSTAINABILITY STATEMENT

No.	Category	Themes		Key performance indicators	
				Indicators	Target
4	ENVIRONMENTAL	Energy	Considers the efficient use and consumption of electricity as well as energy generated from renewable sources	4.1 a) Total energy consumed (kWh/ MWh)	Nil
				4.1 b) Amount of reduction in energy consumption achieved as a result of conservations and efficiency initiatives	Nil
				4.2 CO^2 Reduction	1,468 tonnes/ year
5		Compliance (Environmental)	Compliance identifies the adherence of Group's activities to relevant laws and guidelines – degree of observations to laws and guidelines governing its business as well as efforts undertaken in assessing anticipated environmental impact of its activities	5.1 Total monetary value of fines for non-compliance with environmental laws and regulations	Zero RM
				5.2 Total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Zero case
6		Supply Chain (Environmental)	All significant environmental impacts observed or assessed in the supply chain in relation to operations	6.1 Assessment of new and existing suppliers to identify environmental impacts (e.g., resources use, waste management, impact on biodiversity, etc.)	100%
				6.2 Results of monitoring or auditing of suppliers	90% Closure of Non-Conformity Raised
7	SOCIAL	Occupational Safety and Health	In accordance with the International Labour Organisation, occupational safety and health here refer 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	7.1 Percentage of workers undergoing safety and health training per year	100% / year
				7.2 Number of work-related injuries per year	Zero case / year
				7.3 Number work-related fatalities (including employee and contractors)	Zero case / year
				7.4 Accidents frequency rate and Loss Time Injury Frequency Rate (LTIFR)	Zero case/ year LTIFR < 1.28
8		Labour Practices	The fair treatment of employees on terms and conditions of employment and development of employees' skills and knowledge	8.1 Average hours of training per year per employee category	20 hours/ employee
				8.2 Total rate of employee turnover (in terms of employee type) during the reporting period	a) For Executives of Officer (H06) and above <2.0%
					b) Supervisor and below <10.0%
9		Compliance (Social)	Compliance here relates to 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 societal impact of its activities	9.1 Total monetary value of fines for non-compliance with laws and regulations	Zero RM
				9.2 Total number of non-monetary sanctions for non-compliance with laws and regulations	Zero case

SUSTAINABILITY STATEMENT

We are always on a look out for risks and opportunities. Through our constant engagement with our stakeholders, especially our customers, we have managed to enhance and magnify our key performance indicators in line with our objectives and values as a responsible organisation.

Additional materiality for the Social category identified for 2020 are as follows:

No.	Category	Themes		Key performance indicators	
				Indicators	Target
10	SOCIAL	Human Rights	For the purposes hereof and in line with the United Nations Universal Declaration on Human Rights, the expression "Human Rights" is defined to include: 1. The right not to be discriminated; 2. The right not to be enslaved; 3. The right to be treated equally and with dignity; 4. The right to have appropriate rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and 5. The right to freedom of opinion and expression.	10.1 Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations	100% / year
				10.2 Number of child labour incidents	Zero case / year
				10.3 Number of grievances that involves human rights	Zero case / year
				10.4 Number of forced or compulsory labour incidents	Zero case pending
11		Anti-Competitive Behaviour	This section concerns ethical business practices without affecting consumer choice, pricing, and market efficiency	11.1 Number of legal actions pending or completed regarding anti-competitive behaviour	Zero case pending
12		Anti-Corruption	In accordance with Transparency International Malaysia, corruption is seen as the abuse of entrusted power for private gain. This theme discusses activities that promote transparency and guard against various forms of corruption (e.g. bribery, extortion, fraud, undue pressure of influence, and collusion / anti-competitive behaviour)	12.1 Percentage of employees that have received training on anti-corruption by employee category	100% / year
				12.2 Percentage of operations assessed for risks related to corruption	100% / year

SUSTAINABILITY STATEMENT

ECONOMIC

Business sustainability is a pro-active approach to ensure business 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 our positive economic performance is critical to the Group's business continuity. Our economic performance is reviewed against our goals, annual budget and prior year's performance during our management meetings. The Group's modus operandi on capital management is a clear testament of this review process to generate 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, combining a visionary strategy with prudent assets and capital management.

COMMUNITY INVESTMENT

The development of a business and communal relationships goes hand in hand. APM has always maintained strong relationship with the community via constant involvement in various community based activities and projects.

APM maintains its commitment to contribute to the society through renewable energy initiatives by introducing solar powered energy to the rural folks in the "Orang-Asli" settlement in Bah Pagar, Bidor, Perak who do not have basic access to electricity as their locations are largely off the national grid.

On 29 September 2019, APM donated and installed roof-mounted photovoltaic solar panels complete with power inverter and battery energy storage to generate and store electricity with no Carbon Dioxide (CO_2) pollution and no greenhouse emission in this settlement. The project was a success and those who live there can now enjoy free renewable energy to power electrical devices and lighting.

Other notable efforts by us through donations include schools and kindergarten, temple and associations, dialysis centre, non-profit organisation (NGO) such as Lions Club of Kuala Lumpur, school bags to the "Orang-Asli", and wheelchairs to the needy, etc.

Wheelchair donation

Back to School Aid 2019

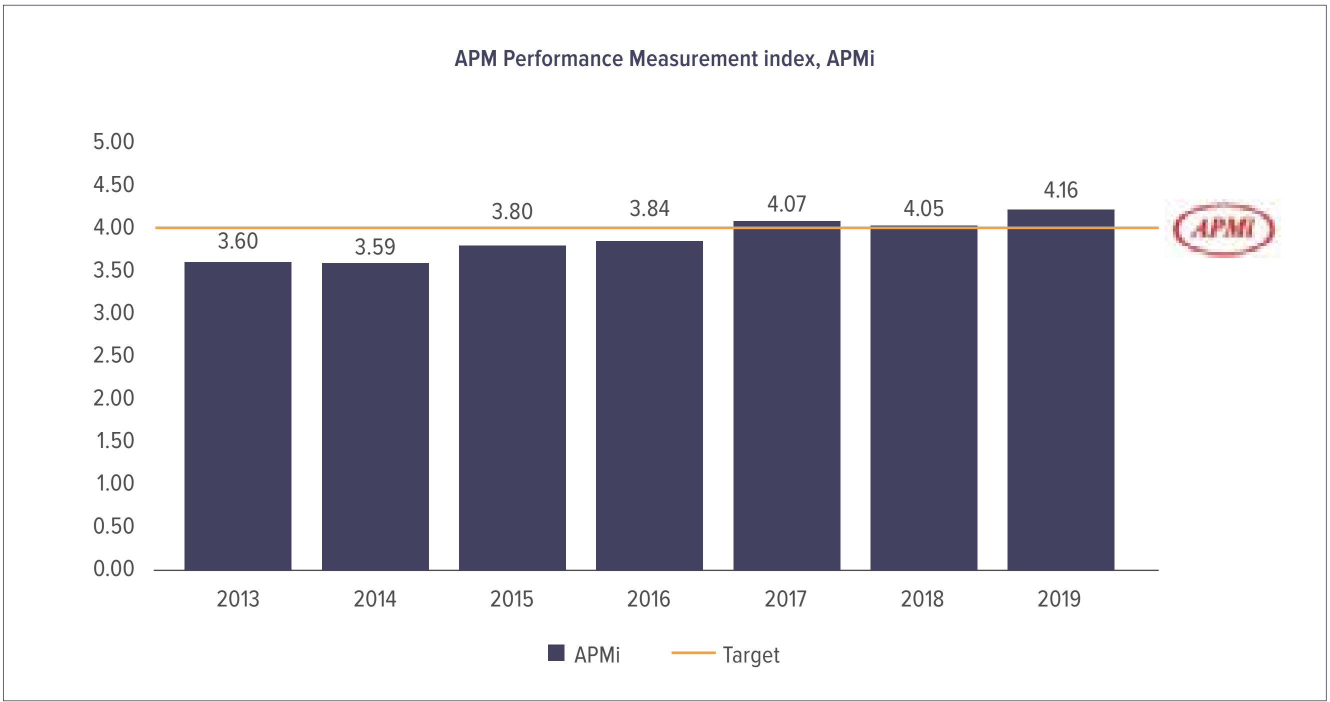
SUSTAINABILITY STATEMENT

PRODUCT QUALITY

APM's Performance Measurement index or APMi was initiated in 2014. APMi was designed as a yardstick to gauge the performance quality of our subsidiaries in which the Group's performance would thereafter be measured. It contains a Key Result Area, comprising 10 quality indicators covering the whole supply chain from the customers, internal performance and all the way to the suppliers.

With a maximum score of 5, subsidiaries are measured based on a set of established criteria. APMi provides not only a measurement of performance quality but also acts as a benchmark and goal for subsidiaries to achieve. APM believes that 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 2019:



MANUFACTURING SYSTEM - APM MANUFACTURING SYSTEM

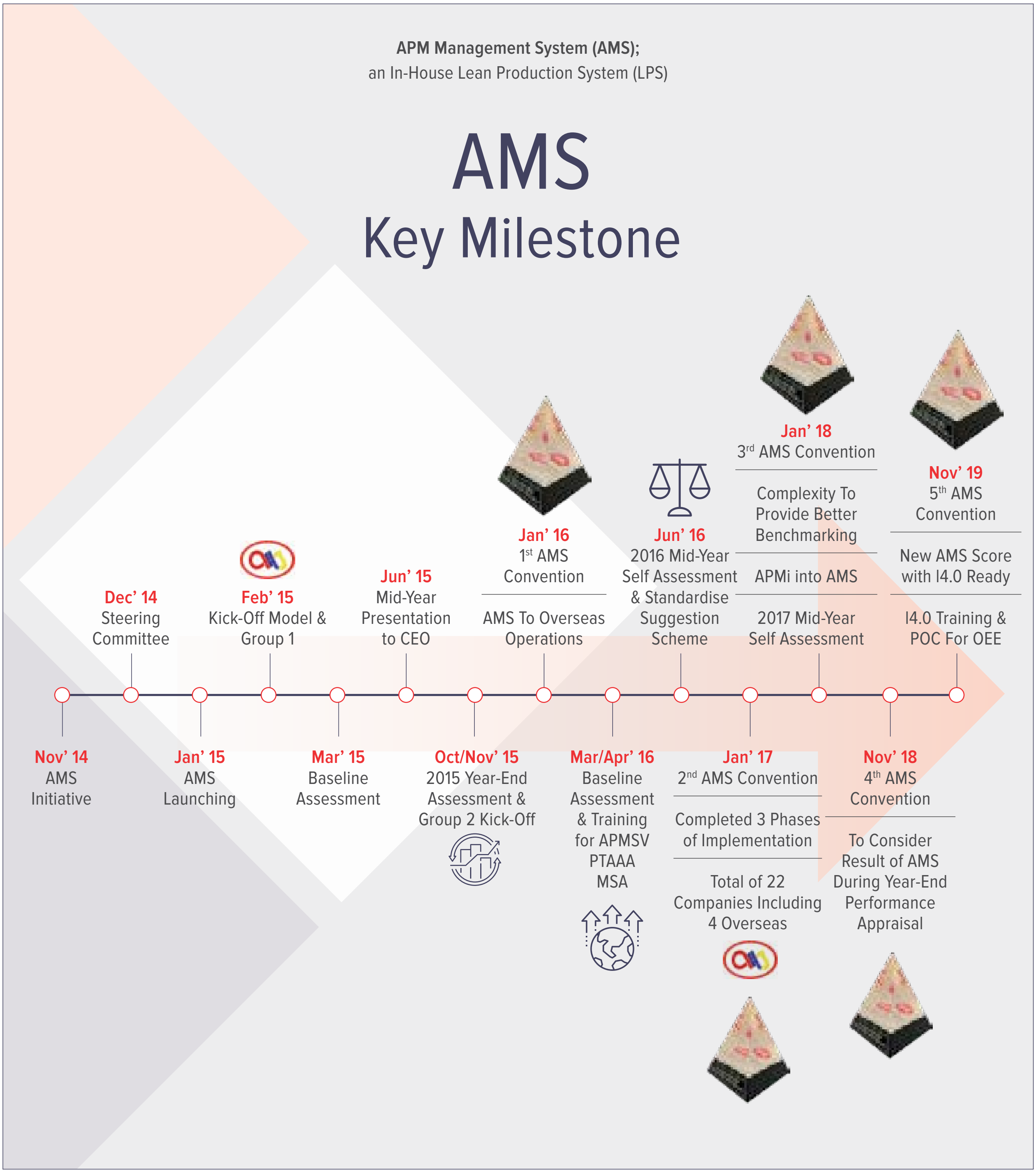
Lean Production System ("LPS") or lean manufacturing is a systematic method believed to be developed by the Japanese for the minimisation of waste within a manufacturing system without sacrificing productivity and quality. APM has a long and distinguished association with our Japanese counterparts and it is not a wonder to see their manufacturing techniques being customised and thereafter applied in our business philosophy and value chain.

This resulted in the development of APM's own version of the LPS, which we at APM simply refer to as the "APM Management System" or "AMS" for short. AMS is largely the customised replica of the LPS and the brainchild of our current Chief Executive Officer. APM launched the AMS in November 2014.

**APM
Management System**

In essence, AMS is a manufacturing philosophy based on the concepts of the 13 pillars; including Autonomous Maintenance, Shop Floor Control System and Suggestion Scheme. AMS is not limited to the production process, it also comprises principles focused on 5S (Seiri, Seiton, Seiso, Seiketsu and Shitsuke), workplace safety, continual employee development and process excellence through training, continuous improvement or Kaizen.

SUSTAINABILITY STATEMENT

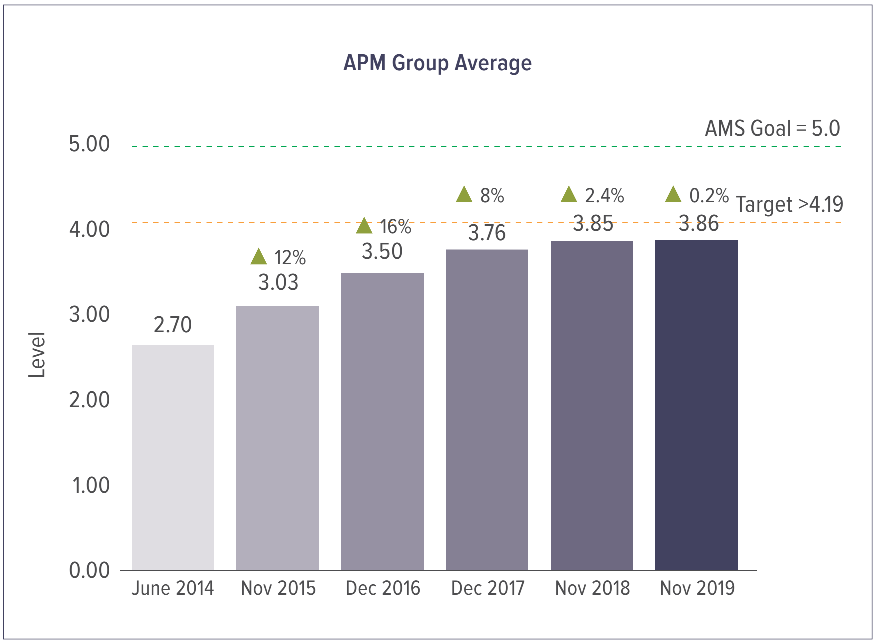


Leveraging on the strength of APM as a Group, we conduct annual AMS Assessment by way of site audit to provide a basis for measurement and scoring. Annual AMS Convention has been held since 2016 for benchmarking and continuous improvement purposes.

SUSTAINABILITY STATEMENT

In recognising their 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 greater or equal to 4.00 (≥ 4.00). Below is a group photograph taken during APM's Fifth AMS Convention held on 29 November 2019.

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



Overall Winner, AMS Kaizen Convention

As we move towards Industry 4.0, AMS in its current form will be upgraded to "AMS 4.0" in line with this change. "AMS 4.0" will among other things comprise and include the assessment of measurable Industry 4.0 initiatives and designed to drive our subsidiaries towards Industry 4.0.

SUSTAINABILITY STATEMENT

ENVIRONMENT

Environment protection remains a hot topic in today's business climate. Environmental pollution does more than simply affect our surroundings. It can materially affect our health and threaten our way of life. Far too often, companies and corporations are directly responsible for environmental pollution that resulted in serious and long-term illness for those exposed. We are and have always been mindful of our responsibility towards the environment and preserving profitability.

Besides retaining a high standard in occupational health and safety at the workplace, we are also committed to the implementation of sustainable and environmental friendly manufacturing processes.

ENERGY

Most of our operations are regulated and among the sectors governed are wastewater and scheduled waste management, noise level, emissions and air quality.

In this respect, we have established a series of environmental management initiatives like the installation of solar panels on some of our plants' roof to increase our operating efficiency and for environmental impact reduction purposes.

CO_2 reduction initiatives remained our primary focus in 2019 with significant reduction recorded.

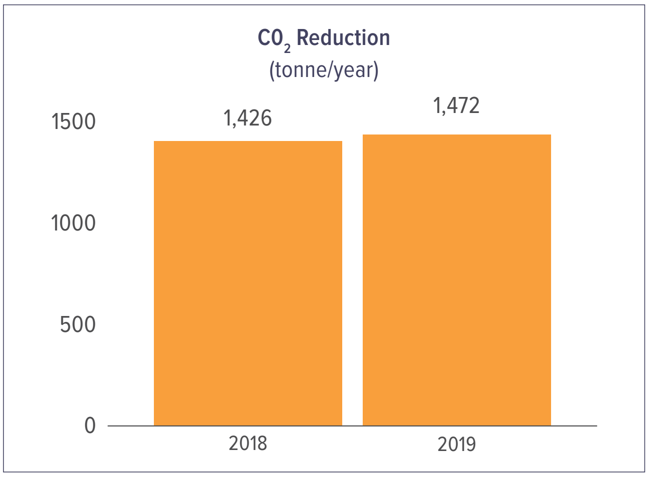
Our initiatives and the stringent practices resulting therefrom have enabled 64% of our subsidiaries to be ISO 14001:2015 certified. To maintain such level of compliance, we ensure environmental audits are carried out internally and by an external professional certification body on an annual basis. These audits cover among others environmental management system compliance and the areas involved include noise intensity, exposure to hazardous substances, air emissions and wastewater discharge quality.

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

1. Green Energy by Solar Power - At our Port Klang facility and at our Australia facility.
2. Reduction in Natural Gas Consumption - Recuperation System, and Rapid Heating Burner.
3. Reduction in Electrical Consumption - Change of lighting source from Fluorescent to Light Emitting Diode ("LED").
4. Reduction in Natural Gas Consumption - Conversion of Hot Coiling to Cold Coiling.

Total CO_2 Reduction for the year 2019 was accumulated to 1,472 tonnes.

CO_2 Emission calculation is based on Green Tech Malaysia report, 2014.



Our operations in Australia recently installed a 99kW Solar System consisting of 360 Solar Panels, 3 Fronius Inverters that could provide us with projected annual savings of AUD18,000 (32% of annual bill) and estimated carbon emission savings of 156,184kg CO_2.

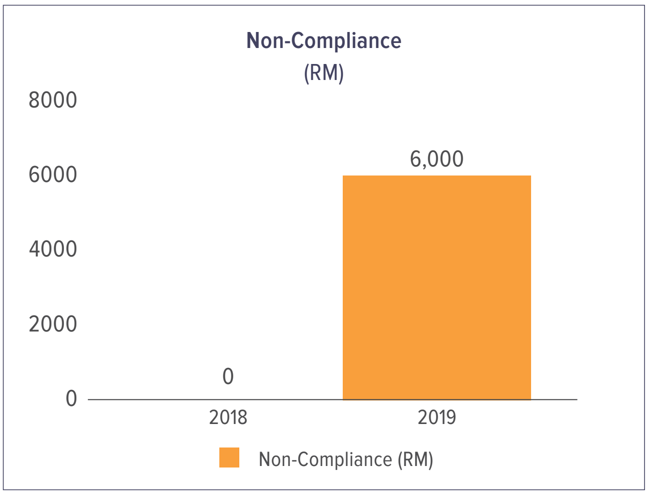
SUSTAINABILITY STATEMENT

Solar panels installed at McConnell Seats Australia Pty Ltd's plant

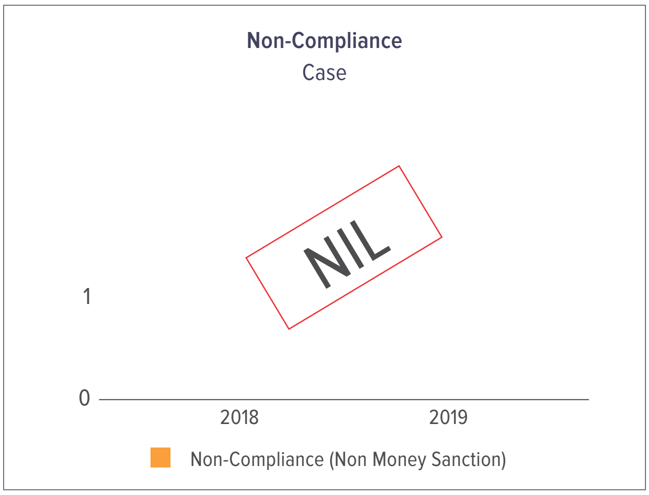
ENVIRONMENTAL COMPLIANCE

To us, environmental compliance means conforming to applicable environmental laws, regulations, standards and other requirements. In recent years, environmental concerns have led to a significant increase in the number and scope of compliance imperatives across all global regulatory environments. When we speak of environmental compliance, it is not meant to be something that we merely comply with just because it is a standard that we have to adhere to but instead, it is a stewardship that enables us to receive some tangible benefits from properly implementing and using those standards.

However, we are not perfect and our flaws were exposed when our plant in Bukit Beruntung failed to comply with several regulations involving Scheduled Waste Management. These failures involved improper labelling and protracted storage of scheduled waste. We have identified areas for improvement and appointed more personnel to monitor and ensure compliance. Corrective actions such as increasing the frequency of checks and expanding the scope thereof as well as installing additional close circuit monitors have also been deployed to ensure that such non-compliances are not repeated going forward.



Total monetary value of fines for non-compliance with environmental laws and regulations



Total number of non-monetary sanctions for non- compliance with environmental laws and regulations

SUSTAINABILITY STATEMENT

SUPPLY CHAIN

Supply chain sustainability is a topic that seems to be trending these days because of public's growing awareness to keep the earth sustainable. The topic of sustainability is often seen as the mobilisation of initiatives and efforts to reduce or retire activities that are or can be harmful to the environment or where the results involve the depletion of natural resources, and thereby supporting long-term ecological balance. Environmental impact from the supply chain are vast and can include water and land pollution, loss of biodiversity, deforestation, long-term damage to eco-systems and hazardous air emissions. Unsurprisingly, there is an increasing need to combine environmental friendly choices and supply chain management to reduce one's carbon footprint on the environment.

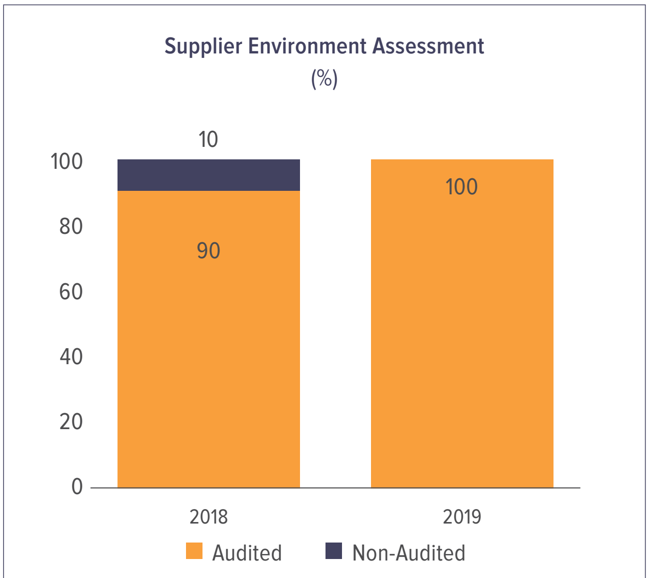
APM is striving towards the implementation of sustainability programmes to help in the preservation and protection of the environment by reducing production costs, reducing waste and increasing the use of reusable or recyclable materials. We are currently working with our supply chain to identify sources of pollution and waste with the aim of inhibiting or minimising the same. Part of our efforts includes educating and encouraging them to use cleaner and more cost-efficient means of production to prevent or minimise pollution. Our ultimate goal here is to extend the responsibility within the supply chain.

Many of the raw materials that we use are recyclable or reusable. The following is a brief outline of the various materials presently used by us that are recyclable or reusable:

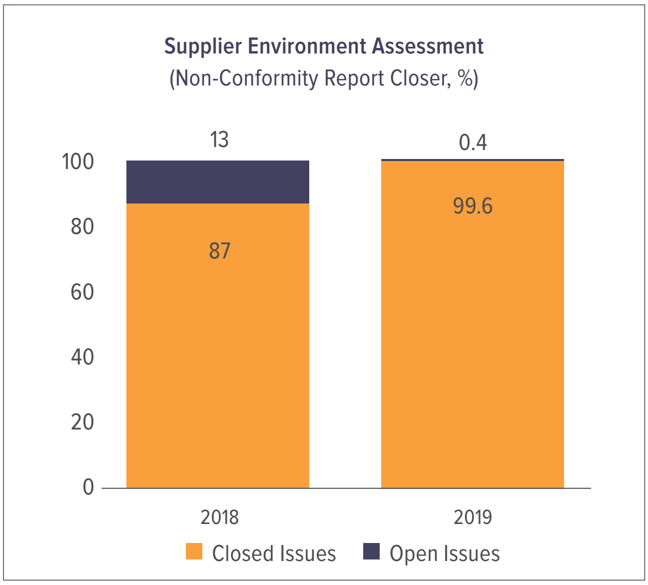
MATERIAL	RECYCLE	REUSED
Metal	Melt & Form	-
Plastics	Re-Palletised & Used	-
Paper/Carton Boxes	Re-Process	Reused by Suppliers
Containers	Re-Process	Reused by Suppliers
Fabric/PVC Sheets	-	To Make Foam

We believe that companies who strive for sustainability also have business advantages such as improved business image, lower risk of non-compliance, attraction of other environmentally aware customers, improved productivity and quality, and an increase in more sustainable products.

The following represents significant environmental impacts observed or assessed in the supply chain in relation to our operations:



Assessment of new and existing supplier to identify environmental impact



Results of monitoring or auditing of supplier

SUSTAINABILITY STATEMENT

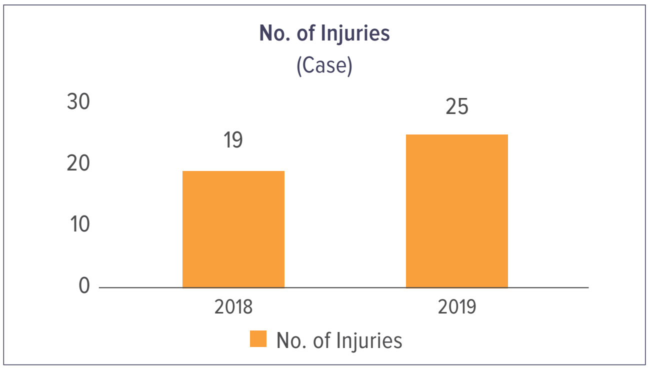
SOCIAL

OCCUPATIONAL SAFETY AND HEALTH

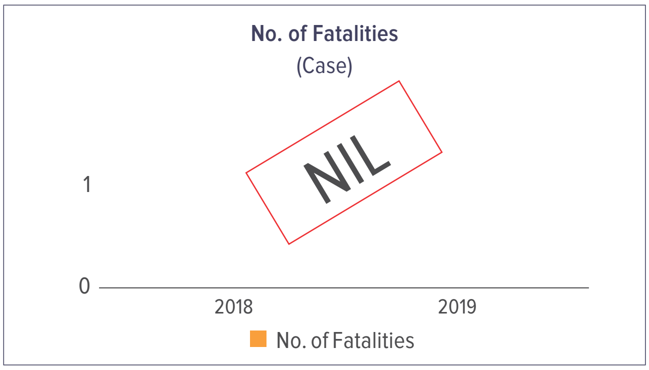
By definition, occupational safety and health (“OSH”) according to the International Labour Organisation (“ILO”), refers to the anticipation recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers. With a target of zero OSH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

WORKPLACE SAFETY

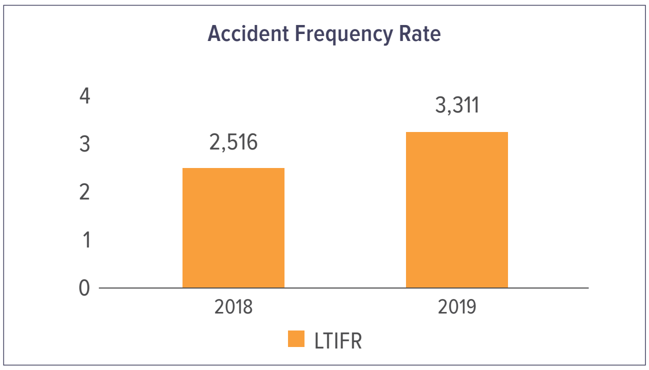
While we would have liked the record to be at 100% but like any other organisation, we are not immune to shortcomings. However, our experience in managing OSH matters has grown with every incident. This has allowed us to formulate and implement new measures to reduce or eliminate recurrences. Amongst these measures, include the Safety Pillar in our AMS i.e. mapping of safety area and allocation of a specific time slot in identifying safety hazards in the work place. Safety Dojo, which loosely means Safety Training Room, allows safety training to be conducted effectively using simulation. We believe in imparting awareness through proper training and more Safety Dojo are being set-up to provide wider coverage.



Number of work-related injuries per year



Number of work-related fatalities
(including employees & contractors)



Lost Time Injury Frequency Rate

Lost Time Injury Frequency Rate (LTIFR) has been included to provide benchmark to the industry. LTIFR < 1.28 was set during the mid-year review.

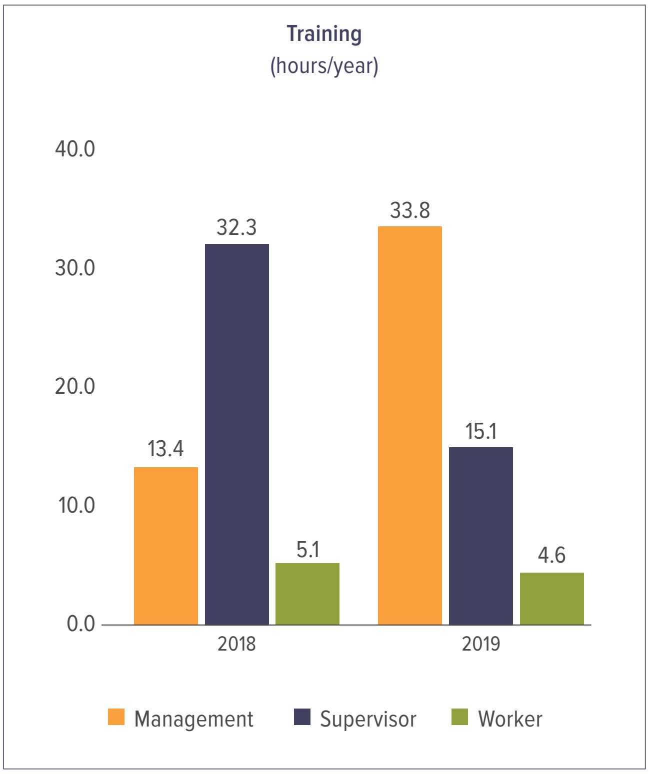
SUSTAINABILITY STATEMENT

LABOUR PRACTICES

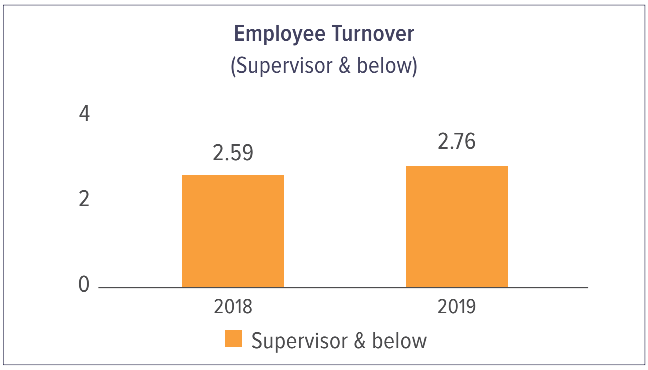
The success of any business is directly affected by the performance of the employees within the organisation, whether or not those employees are dealing directly with customers. Goals and targets can be expeditiously and consistently achieved by managing employee relationship and performance properly.

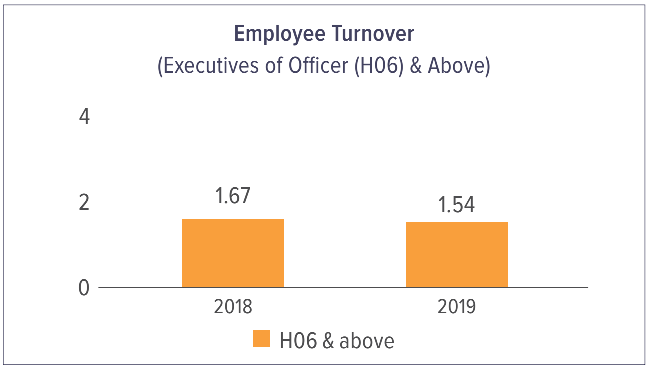
APM sees fair and humane treatment of employees through the lens of their wellbeing and the development of employee's skills and knowledge.

In this respect, we aim to provide at least 20 hours per year per employee on skill and knowledge development. Efforts are being taken to empower employee to participate in achieving the goal besides improving the system of gathering the information accurately.

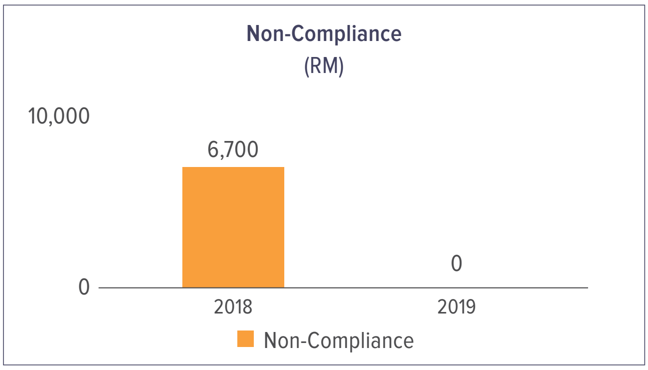


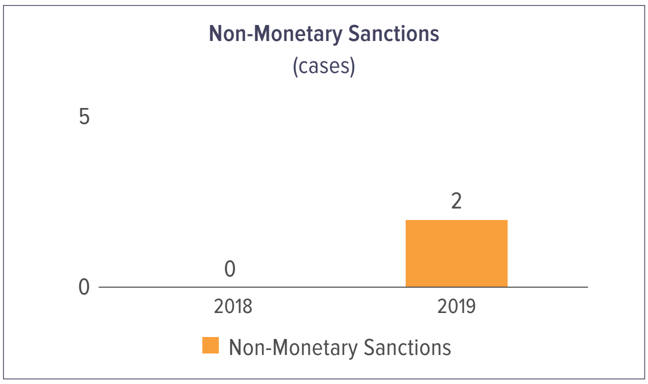
Defined as the act of replacing an employee with a new employee due to partings arising from termination, retirement, death, interagency transfers and resignations, APM's employee turnover is as follows:





Data for labour practice is confined to operations in Malaysia only.





SUSTAINABILITY STATEMENT

UNITED NATIONS ("UN") GLOBAL COMPACT

In an effort to strengthen our responsibility to our people and the planet, we recently updated our Code of Conduct for both Employees and Suppliers to include the Ten Principles of the UN Global Compact.

The Ten Principles of the UN Global Compact are derived from the Universal Declaration of Human Rights, the ILO's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention against Corruption.

By incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, we believe we will be able to not only uphold the basic responsibilities to the people and planet, but also set the stage for long-term success.

Global Compact Principles

RESPECT and support internationally recognized human rights in your area of influence

ENSURE that your company does not participate in any way in the violation of human rights

SUPPORT freedom of association and recognize to open collective bargaining

ELIMINATE all forms of forced or compulsory labour

ERRADICATE all forms of child labour in your productive chain

STIMULATE all practices that eliminate any form of discrimination at the workplace

ASSUME a responsible, preventive and proactive posture towards environmental challenges

DEVELOP initiatives and practices to promote and divulge socioenvironmental responsibility

PROMOTE the development and dissemination of environmentally responsible technologies

FIGHT corruption in all of its forms, including extorsion and bribery

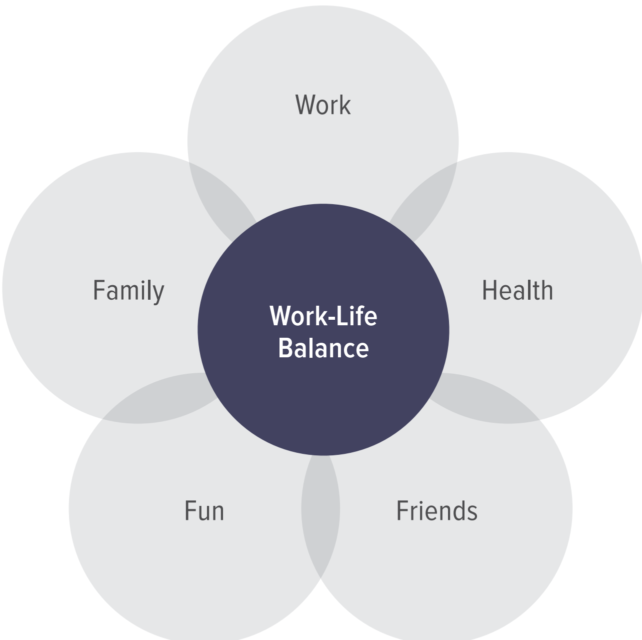
ANTI-BRIBERY AND ANTI-CORRUPTION POLICY

APM's Anti-Bribery and Anti-Corruption Policy is being revised to meet the requirements of the United Nations Convention against Corruption (UNCAC) and the latest changes made to the Malaysian Anti-Corruption Commission Act 2009, in particular the new Section 17A. Organisations, including Directors, controllers, officers and those concerned in the management of the organisation's affairs, may now be subject to legal repercussions if they are found to be involved in corrupt practices unless they can prove that they have adequate procedures in place to prevent such activities. The Anti-Bribery and Anti-Corruption Policy of the Group will rolled out by June 2020.

EMPLOYEE ENGAGEMENT & WORK-LIFE BALANCE

A healthy work-life balance can improve one's physical, emotional, mental and career health. We acknowledge the need and importance for our people to have a balanced work life. We also recognise the necessity to have constant and meaningful employee engagement.

We see employee engagement as a workplace approach resulting in the right conditions for all our people to give of their best each day, committed to our goals and values, motivated to contribute to organisational success, with an enhanced sense of their own well-being.



SUSTAINABILITY STATEMENT

While there are many ways for organisations to manage work life balance and employer-employee relationship, but in APM, we prefer the more direct approach. The following are some examples of the events that we have successfully organised in 2019 for our people with the aim of promoting better work life experience:

"Gotong-Royong : Restoration Of Bus Stop" (before and after the gotong-royong organised in 2019)

Zumba class

SUSTAINABILITY STATEMENT

Badminton tournament

Yoga class

HR ASIA AWARD

In 2019, HR Asia awarded the "Best Companies To Work For In Asia 2019" to APM for the fifth year running. HR Asia is Asia's most authoritative publication for senior human resource professionals.

This event handpicks world-class corporations with high levels of employee engagement and excellent workplace cultures where best practices and inner workings of companies are carefully evaluated to understand what distinguishes them from the rest. This award is testament to our efforts in promoting and ensuring employee satisfaction.

A SUSTAINABLE FUTURE

As we move ahead, we will continue with our efforts to integrate a culture that involves the EES with the ultimate aim of bringing balance between growth and meeting world standards in sustainability practices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of APM Automotive Holdings Berhad ("Company") recognises the importance of having high standards of corporate governance in the Company for the purposes of safeguarding the interest of its stakeholders and enhancement of the Company's perception in the eyes of the public. The Directors consider corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance.

As such, the Board seeks to embed in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term success through performance, without compromising on personal or corporate ethics and integrity.

This Statement provides an overview of the Company's application of the Principles set out in the Malaysian Code on Corporate Governance ("MCCG") during the financial year under review. Details on how the Company has applied the Practices as set out in the MCCG during the financial year under review are disclosed in the Corporate Governance Report, which is available for viewing on the Company's website at www.apm.com.my.

The Board reviews the Company's corporate governance practices with reference to the MCCG to ensure such practices meet the expectations of shareholders as well as other stakeholders. This review was conducted in November 2019, where the Board considered the gap analysis prepared by the secretarial department to determine the Company's level of adoption of the corporate governance standards and action plan to further enhance the corporate governance practices. A Corporate Governance Review was also conducted by the Internal Auditor in 2019 to provide an independent evaluation on the status of the application of the practices set out in the MCCG by the Company.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

`The Board is collectively responsible to the Company's shareholders for the long-term success of the Group and its overall strategic direction, values and governance. The Board is led by experienced and knowledgeable Directors who provide the Company with the core competencies and the leadership necessary for the Group to meet its business objectives and goals.

All members of the Board are aware of their responsibility to take decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders. The role and responsibilities of the Board are clearly set out in the Board Charter, which is available on the Company's website at www.apm.com.my. The Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect changes made to the terms of reference of the Board Committees. The Board Charter was last reviewed by the Board in February 2020.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group's businesses; identifying principal risks and ensuring implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestitures, acquisitions and disposals, and major capital expenditure, including succession planning.

To assist in the discharge of its stewardship role, the Board has delegated and conferred some of its authority and powers to its Committees, namely the Audit Committee and the Nominating and Remuneration Committee ("Board Committees"), which comprise exclusively Independent Non-Executive Directors. The Board Committees are entrusted with the responsibility to oversee specific aspects of the Company's affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board with their findings and recommendations. The ultimate responsibility for decision making, however, lies with the Board.

The Executive Team (as defined in the Board Charter), comprising the President (as the leader), Chief Executive Officer, Chief Operating Officer, Executive Vice President, Chief Business Development Officer and other Senior Management Personnel, is responsible to the Board in accordance with their respective roles, positions, functions and responsibilities which include, inter-alia, the achievement of the Company's goals and observance of Management authorities delegated by the Board, developing business plans which are aligned to the Company's requirements for growth, profitability and return on capital to be achieved, ensuring cost effectiveness in business operations, overseeing development of human capital and ensuring members of the Board have the information necessary to perform their fiduciary duties and other governance responsibilities.

The Executive Team, which serves as a conduit between the rest of Management and the Board, is responsible for the effective implementation of the strategic plans and policies of the Group established by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The positions of the Chairman and the Chief Executive Officer are held by different individuals to ensure an appropriate balance of roles, responsibilities and accountability. The President, who also assumes the position of the Chairman, is primarily responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board Meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion, while the Chief Executive Officer is responsible for managing and supervising the day-to-day business operations in accordance with the Group's strategies, policies and business plans approved by the Board.

The Independent Non-Executive Directors are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and also to ensure effective checks and balances on the Board are accorded. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

In enhancing accountability, the Board has established clear functions reserved for itself and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure that the direction and control of the Company are in its hands.

Delegation of authorities has also been put in place to ensure a balance between operational efficiency and control over corporate and financial governance. Various management committees have been formed, such as Investment Committee, Risk Management and Sustainability Committee and Executive Management Committee, with the aim to achieve optimum structure for efficient and effective decision-making in the Group. The delegation of authorities is reviewed regularly by the Board and Management to ensure that it is adhered by the delegates, based on the level of approving authority limits for various aspects of the business.

The Board has also developed a Directors' Code of Ethics which essentially sets the standards of conduct expected from all Directors. The Directors' Code of Ethics is contained in Appendix A of the Board Charter which is published on the Company's website at www.apm.com.my. To inculcate ethical conduct, the Group has also developed and imposed a Code of Conduct on its employees. Additionally, the Company has in place a Special Complaints Policy, which is equivalent to whistle-blowing policy, that serves as an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The Board members have full access to the Company Secretaries to obtain advisory services, particularly on corporate governance issues and compliance with the relevant policies and procedures, laws and regulatory requirements, in addition to the administrative matters.

Board Meetings

In discharging their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their review. During the financial year, the Board deliberated on matters relating to business strategies and issues concerning the Group, including business plan, annual Group budget, financial results and significant transactions. All Board and Board Committee members are provided with the requisite notice, agenda and meeting papers prior to the convening of each meeting in a timely manner.

For the financial year under review, the Board had convened six (6) Board meetings and the attendances of the Directors are as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	5/6	83
Dato' Tan Eng Hwa	6/6	100
Low Seng Chee	6/6	100
Dato' N. Sadasivan s/o N.N. Pillay	6/6	100
Siow Tiang Sae	6/6	100
Nicholas Tan Chye Seng	6/6	100
Sow Soon Hock	6/6	100
Lee Tatt Boon	5/6	83
Lee Min On	6/6	100
Dato' Chan Choy Lin	6/6	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Continuous Professional Development

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised of the changes to regulatory requirements and the impact of such regulatory requirements have on the Group. The Company Secretaries circulate and brief the relevant guidelines on statutory and regulatory requirements from time to time and for the Board's reference.

All Directors have completed the Mandatory Accreditation Programme as required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended or participated by the Directors are as follows:

Directors	Training/Seminar/Conference/Workshop
Dato' Tan Heng Chew	• Warisan TC Holdings Berhad: Corporate Liability Provision Under The Malaysian Anti-Corruption Commission Amendment Act 2018 - Implications to The Group, Directors & Management • Bursa Malaysia: Cyber Security in the Boardroom – Accelerating from Acceptance to Action • Bursa Malaysia and Institute of Corporate Directors Malaysia: Demystifying The Diversity Conundrum – The Road to Business Excellence • Tan Chong Motor Holdings Berhad: Budget 2020 Tax Proposals, Latest Corporate Tax and Sales & Service Tax Developments
Low Seng Chee	• Malaysian Institute of Corporate Governance: Seminar on 'Preparation for Corporate Liability on Corruption' • In-House Transfer Pricing Workshop • Training and Awareness in Corporate Sustainability: Training Programme for APM Automotive Holdings Berhad • In-House Training on Corporate Liability on Corruption: Safeguarding the Group, Directors, Top Management & Personnel against a Corruption Prosecution • Institute of Corporate Directors' Malaysia: PowerTalk Series – Say on Pay: What do Boards need to know? • Asia Leadership Institute: Power, Influence & Persuasion • Deloitte TaxMax - The 45th Series Seminar
Dato' Tan Eng Hwa	• Malaysian Institute of Corporate Governance: Seminar on 'Preparation for Corporate Liability on Corruption' • Malaysian Association of Company Secretaries: Workshop on the Companies Act 2016 and Secretarial Practice • SelectUSA Investment Summit 2019 • Companies Commission of Malaysia: Seminar on "Restricted Power of Directors" • TC iTech Sdn Bhd: Cyber Risk Awareness • Bursa Malaysia and Institute of Corporate Directors Malaysia: Demystifying The Diversity Conundrum – The Road to Business Excellence • Institute of Corporate Directors' Malaysia: PowerTalk Series – Say on Pay: What do Boards need to know? • In-House Training on Corporate Liability on Corruption: Safeguarding the Group, Directors, Top Management & Personnel against a Corruption Prosecution • Malaysian Association of Company Secretaries: Company Secretaries Conference 2019
Dato' N. Sadasivan s/o N.N. Pillay	• Bursa Malaysia: Case Study Workshop for Independent Director - Independent Directors: Towards Boardroom Excellence • Bursa Malaysia: Cyber Security in the Boardroom – Accelerating from Acceptance to Action
Siow Tiang Sae	• In-House Transfer Pricing Workshop • Urban Development and E-Mobility Conference & Workshop • Global Investor Week • Training and Awareness in Corporate Sustainability: Training Programme for APM Automotive Holdings Berhad • SelectUSA Investment Summit 2019 • In-House Training on Corporate Liability on Corruption: Safeguarding the Group, Directors, Top Management & Personnel against a Corruption Prosecution • Tan Chong Motor Holdings Berhad: Budget 2020 Tax Proposals, Latest Corporate Tax and Sales & Service Tax Developments

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Training/Seminar/Conference/Workshop
Nicholas Tan Chye Seng	• AWS-BCG Executive Roundtable - Gaining Competitive Advantage with Next Generation Technology Function • Bursa Malaysia and Securities Commission Malaysia: Session on Corporate Governance and Anti-Corruption
Sow Soon Hock	• Malaysian Institute of Corporate Governance: Seminar on 'Preparation for Corporate Liability on Corruption' • Bursa Malaysia: Cyber Security in the Boardroom – Accelerating from Acceptance to Action • In-House Training on Corporate Liability on Corruption: Safeguarding the Group, Directors, Top Management & Personnel against a Corruption Prosecution
Lee Min On	• The Iclif Leadership and Governance Centre and The Malaysian Institute of Integrity: "Let's Get Real" on Anti-Bribery • Bursa Malaysia and Institute of Corporate Directors Malaysia: Bursa Malaysia Thought Leadership Series – Leadership Greatness in Turbulent Times – Building Corporate Longevity • Audit Committee Institute - ACI Breakfast Roundtable 2019 covering Corporate Liability on corruption under the Malaysian Anti-Corruption Commission Act 2009 and Business Continuity Management • TC iTech Sdn Bhd: Cyber Risk Awareness • Bursa Malaysia: Case Study Workshop for Independent Director - Independent Directors: Towards Boardroom Excellence • Bursa Malaysia: Corporate Liability Provision (Section 17A) of the Malaysian Anti-Corruption Commission Act 2009 • Securities Commission Malaysia: Audit Oversight Board Conversation with Audit Committees
Lee Tatt Boon	• Malaysian Institute of Corporate Governance: Seminar on 'Preparation for Corporate Liability on Corruption' • Bursa Malaysia: Cyber Security in the Boardroom – Accelerating from Acceptance to Action
Dato' Chan Choy Lin	• Deloitte: Integrated Reporting - Delivering sustainable value creation • Bursa Malaysia: Cyber Security in the Boardroom – Accelerating from Acceptance to Action • Audit Committee Institute - ACI Breakfast Roundtable 2019 covering Corporate Liability on corruption under the Malaysian Anti-Corruption Commission Act 2009 and Business Continuity Management • Bursa Malaysia: Advocacy on Diversity • Bursa Malaysia: The Convergence of Digitalisation and Sustainability • Bursa Malaysia and Securities Commission Malaysia: Session on Corporate Governance and Anti-Corruption • Securities Commission Malaysia: Audit Oversight Board Conversation with Audit Committees • Deloitte: Highlight of 2020 Budget and Section 17A of the Malaysian Anti-Corruption Commission Act 2009

II. BOARD COMPOSITION

The Company's Constitution provides for the Board to compose of not more than ten (10) Directors. The Board currently consists of ten (10) members, comprising five (5) Executive Directors and five (5) Non-Executive Directors, of whom four (4) are Independent Non-Executive Directors. The composition of the Board exceeds the requirements as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

Practice 4.1 of the MCCG states that at least half of the Board comprises Independent Directors. The Board is aware that its current composition is not in line with the desired practice and strongly believes that the goal of independence and objectivity in such practice is not compromised as a result of such composition. In fact, the Board is of the view that independence and objectivity are present and preserved with the current set of Directors in view of the weight given to the opinions of its four (4) Independent Non-Executive Directors which brings balance into its overall decisions. Nevertheless, the Board remains guided by the Principles and Practices of the MCCG.

All the Board members are persons of high calibre and integrity, and they possess the appropriate skills and provide a wealth of knowledge and experience in the key areas of business strategy and planning, marketing and sales, business operations and development, finance, legal, corporate governance, accounting, risk management and audit. The profile of each Director is set out on pages 4 to 9 of this Annual Report.

Nominating and Remuneration Committee ("NRC")

The NRC is entrusted to assess the adequacy and appropriateness of the Board composition, identifying and recommending suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity including gender, age and ethnicity diversity, training for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

During the financial year under review, there were no changes to the Board composition.

Based on the annual assessment conducted in January 2020, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time and participation during the year under review, and recommended to the Board for the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried out by the NRC in discharging of its functions were duly documented.

The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, the person may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director after the latter had served a cumulative term of nine (9) years, the Board must justify such decision and seek shareholders' approval at the AGM.

The NRC has conducted an assessment on the independence of Independent Non-Executive Directors for the financial year 2019 based on the criteria on independence adopted by the Board. Following an assessment and recommendation by the NRC, the Board was of the opinion that the independence of the existing Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company was not influenced by the interest of the other Directors or substantial shareholders.

Dato' N. Sadasivan s/o N.N. Pillay has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years. Following an assessment and recommendation by the NRC, the Board recommended to the shareholders for approval at the forthcoming AGM for Dato' N. Sadasivan s/o N.N. Pillay to continue acting as an Independent Non-Executive Director of the Company.

The Company has formalised a Board Diversity Policy and such policy is contained in the Board Charter, which is published on the Company's website. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a female Director at any time. Evaluation of suitability of candidates is based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre. Presently, there is one (1) female Director, namely Dato' Chan Choy Lin, who sits on the Board.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended re-election of Directors, who were due for retirement and re-election, and continuation in office as Independent Non-Executive Director, who has served for a cumulative period of more than nine (9) years for shareholders' approval at the forthcoming AGM;
- Assessed Directors' training needs and acknowledged the training programmes attended by Directors;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director; and
- Assessed the effectiveness and performance of the Chief Financial Officer and Secretary, who are also considered key personnel by the Company.

III. REMUNERATION

The NRC is entrusted by the Board to implement the policies and procedures on matters relating to the remuneration of the Board and Senior Management and making recommendations on the same to the Board for approval.

The Board has formalised and adopted Policies and Procedures for the Remuneration of Directors and Senior Management to align with business strategy and long-term objectives of the Group. The remuneration packages of Executive Directors and Senior Management are linked to their performance, qualifications, experience and scope of responsibility and geographic location where the personnel are based and are periodically benchmarked against the market and industry surveys conducted by human resource consultants.

The level of remuneration of Independent Non-Executive Directors reflects the scope of responsibilities and commitments undertaken by them. The Board ensures that the remuneration for Independent Non-Executive Directors does not conflict with their obligation to bring objectivity and independent judgement on matters discussed at the Board meetings.

The Directors concerned abstain from deliberation and voting on their own remuneration at the Board meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The NRC has in January 2020 carried out an annual review of the Executive Directors' remuneration, whereupon recommendations were made to the Board for approval. Such annual review is to ensure that the remuneration package of the Executive Directors remains attractive enough to recruit, motivate and retain Directors of calibre, commensurate with their responsibilities for effective management and operations of the Group.

The remuneration for the Non-Executive Directors for the financial year under review was determined by the Board as a whole.

Details of Directors' remuneration for the financial year ended 31 December 2019 in respect of the Group and Company, including breakdown of remuneration in terms of fees, salaries, bonus, benefit-in-kinds, allowances and others of individual Directors on a named basis, are provided under Practice 7.1 of the Corporate Governance Report, which is available on the Company's website at www.apm.com.my.

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, which comprises four (4) members, all of whom are Independent Non-Executive Directors, with Mr. Lee Min On as the Committee Chairman. The members of the Audit Committee collectively are financially literate and are qualified to discharge their duties and responsibilities. They constantly keep abreast of relevant changes to financial reporting standards and issues which have a significant impact on the financial statements through regular updates from the external auditors and the Chief Financial Officer.

One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act 2016. A summary of the activities carried out in 2019 by the Audit Committee are set out in the Audit Committee Report included in this Annual Report.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services.

The Audit Committee has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee and such policy was incorporated in the terms of reference of the Audit Committee.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Audit Committee assists the Board in reviewing the adequacy and operating effectiveness of this system. The Risk Management and Sustainability Committee is responsible to oversee the risk management framework and policies while the subsidiaries' Management is tasked to manage business risks, including developing, implementing and monitoring mitigating measures to manage such risks to acceptable levels.

Details of the Group's Enterprise Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the Risk Management and Internal Control Statement included in this Annual Report.

The Company has established an in-house Internal Audit function led by the Head of Systems and Internal Audit ("Internal Auditor") who reports directly to the Audit Committee. All internal audits carried out are guided by the International Professional Practices Framework of the Institute of Internal Auditors, a globally recognised professional body for internal audit. The Internal Auditor is independent of the activities it audits and the scope of works covered by the Internal Auditor during the financial year under review, based on an Annual Plan approved by the Audit Committee, is set out in the Audit Committee Report included in this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and also acknowledges that the continuous communication between the Company and stakeholders would facilitate mutual understanding of each other's objectives and expectations. As such, the Board consistently ensures the supply of clear, comprehensive and timely information to stakeholders via various disclosures and announcements, including quarterly and annual financial results which provide investors with up-to-date financial information of the Group. All these announcements and other information about the Company are available on the Company's website at www.apm.com.my which shareholders, investors and the public may access.

In addition, the Directors also ensure that engagement with shareholders occurs at least once a year during the AGM to better understand their needs and obtain their feedback.

II. CONDUCT OF GENERAL MEETINGS

The AGM is the principal forum for shareholder dialogue, which allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

At the 22nd AGM held on 29 May 2019, all the Directors (including the chair of the Board Committees) were present in person to engage directly with, and to be accountable to, the shareholders for their stewardship of the Company. During the AGM, shareholders participated in deliberating resolutions being proposed or on the Group's operations in general. The Directors and Senior Management appropriately responded to all questions raised and provided clarification as required by the shareholders. A summary of key matters discussed at the AGM is made available on the Company's website.

The Board has also adopted electronic voting at the last AGM to facilitate greater shareholders' participation, enable efficiency in the voting process as well as to ensure transparency and accuracy of the voting results.

This Statement is dated 19 May 2020.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") of a listed issuer is required to include in its annual report, a statement about the state of risk management and internal control of the listed issuer as a group. Accordingly, the Board is pleased to furnish the Risk Management and Internal Control Statement ("Statement"), which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2019 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this Statement has considered the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines"), a publication of Bursa Securities, in particular the requirements under paragraphs 41 and 42 of the Guidelines and the Malaysian Code on Corporate Governance ("MCCG").

BOARD'S RESPONSIBILITY

The Board acknowledges and assumes its overall responsibility for the Group's risk management and internal control system to safeguard shareholders' investment and the Group's assets, including the need to review the adequacy and operating effectiveness of this system in meeting the Group's objectives. The Board is cognisant of the need to discharge its fiduciary duties and responsibilities at all times in the best interest of the Group in line with Guidance 1.1 of the MCCG, in particular, its principal responsibilities on risk management and internal control as outlined in the Guidance with respect to the following:

- to ensure there is a sound framework for internal controls and risk management;
- to understand the principal risks of the Group's business and recognise that business decisions involve the taking of appropriate risks; and
- to set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks.

The Board is also mindful of its role in establishing a sound framework to manage risk as stipulated in Practice 9.1 of the MCCG. Accordingly, the Board has formalised in writing a Risk Management Framework ("RMF" or "Framework"), which incorporates, amongst others, a structured risk management process to identify and evaluate business risks, comprising strategic, financial, operational, cybersecurity, sustainability and compliance risks as well as a system of internal control to mitigate such risks.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's objectives. The system can, therefore, only provide reasonable, but not absolute assurance, against any material misstatement, financial loss or fraudulent practices. This system is reviewed at least bi-annually by the Board in terms of its continuing adequacy and operating effectiveness in all material aspects. The Board conducts this via the Audit Committee, which was entrusted by the Board to oversee risk management and internal control activities in reviewing the adequacy and operating effectiveness of the system of risk management and internal control in the Group.

RISK MANAGEMENT SYSTEM

As risk management is an integral activity that undergirds the Group's business operations, the Group's RMF includes, inter-alia, a methodical process to identify, evaluate, control, report and monitor business risks faced by the Group in its business operations. Individual business risks, as identified, are scored for their likelihood of occurrence and the impact thereof based on a '5 by 5' risk matrix, deploying parameters established for each key business unit or function in the Group.

The risk parameters comprise relevant financial and non-financial metrics for risks to be evaluated in terms of likelihood of their occurrence and the impact thereof – this feature essentially articulates the extent of risk the Group is prepared to take or seek in achieving its corporate objectives. The metrics used in quantifying the risks were based on risk parameters considered appropriate to reflect the risk appetite of the Group.

Whilst the Risk Management and Sustainability Committee ("RMSC"), which comprises the respective heads of division and with the participation of an independent Non-Executive Director to oversee the risk management framework and policies, is tasked with the responsibility of creating risk-awareness amongst personnel in the Group and monitoring key risks faced in the Group's operations, the subsidiaries' Management is responsible for managing business risks, including developing, implementing and monitoring mitigating measures to manage such risks to acceptable levels. As part of its remit, the System and Internal Audit Department reviews the process on how risks are identified and evaluated by process owners, the progress of implementation of the subsidiaries' risks response plans and assesses the effectiveness of controls in managing the relevant risks. The results of the reviews are presented at RMSC meetings and Audit Committee meetings, as the case may be, for further deliberations as needed.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

The salient features of the risk management process are as follows:

- The heads of subsidiary and department at Group level are tasked to update their respective risk profiles on a half-yearly basis and prepare a report on risk assessment to confirm that they have reviewed the risk profiles, risk reports and related business processes, including action plans to be implemented to manage the risks so identified;
- The risk information from the respective subsidiaries and departments at Group level is compiled, collated, consolidated and tabled to the RMSC for its deliberation and monitoring; and
- On a half-yearly basis, the RMSC meets to review the significant risks identified and the progress of implementation of action plans. A copy of the RMSC meeting minutes is presented to members of the Audit Committee for review and deliberation. The RMSC reports to the Board of Directors through the Audit Committee on significant matters arising from RMSC meetings and, where deemed pertinent, the RMSC presents its recommendations to the Board of Directors for approval.

Apart from the RMF, the Group has also formalised a Fraud Prevention Policy and a Special Complaints Policy (collectively known as "Policies") to mitigate the risk of fraud, corruption and other irregularities. Embedded in the Policies is a procedure that allows employees to report any wrongdoing by any person in the Group so that appropriate action can be taken immediately. The Policies also include provisions to safeguard the confidentiality of informants who act in good faith, and measures to avoid abuse of the Policies lest false or malicious allegations are intentionally made.

Under the Policies, a hotline is made available for employees to report any alleged or suspected fraud, corruption or non-compliance with the Code of Conduct for employees, laws and regulations directly to APM Group's Compliance Officer. The team from the investigative functions is tasked to commence investigations upon receiving a mandate from APM Group's Compliance Officer. Investigative reports, if any, are tabled at Audit Committee meetings for deliberation and decision, particularly on the next course of action to be taken.

Commitment and discipline in managing risks are imperative to the success of the Group. Continuous efforts are taken by Management to monitor and assess the existing risk management framework in order to manage risks as well as the related internal control activities towards achieving the Group's objectives.

INTERNAL CONTROL SYSTEM

The Group has established an organisational structure with clearly defined lines of responsibilities and appropriate levels of delegation and authority, including limits of authority for different processes, decisions and commitments. Key duties are segregated amongst different personnel within the subsidiaries and departments at Group level, for example sales and marketing, production, quality assurance and quality control, procurement, inventory management, financial management and reporting, treasury management, capital expenditure management, human resource management, information management, investments, etc. A process of hierarchical reporting is established via a structured organisation chart, which provides for a documented and auditable trail of accountability in respect of decisions made and executed.

Other key elements of the internal control system of the Group are as follows:

- The Executive Directors manage the businesses and hold dialogues with Senior Management of the various subsidiaries;
- The Executive Management Committee ("EMC"), established by the Board to manage and control the Group's businesses, monitors the performance of the subsidiaries and identifies areas requiring follow-up actions. The EMC is further supported by various sub-committees. Matters beyond the EMC's limits of authority are referred to the Board for approval;
- The Board meets at least quarterly to discuss the performance of the Group and other major issues. The year-end financial statements and the announcements of the quarterly results are reviewed by the Audit Committee, with explanations provided by Management on any significant fluctuations from quarter-to-quarter as well as year-to-date performance, before the Board's approval and release to Bursa Securities; and
- The Board also reviews and approves the Group's annual budget and business plan consisting of the budgets and business plans of the subsidiaries. These plans set out the key business objectives of the respective subsidiaries, including major risks, opportunities as well as the action plans.

INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the Group's in-house System and Internal Audit Department, an integral part of the Group's monitoring system. The System and Internal Audit Department, which is independent of the activities it audits, reports functionally to the Audit Committee and administratively to the Chief Executive Officer. As the System and Internal Audit Department adopts the definition of internal auditing as promulgated by the International Professional Practices Framework of the Institute of Internal Auditors, its primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Group.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

System and Internal Audit Department consists of 5 personnel and they carry out reviews of the Group's system of risk management and internal control, including the extent of compliance with the Group's operating policies and procedures as well as laws and regulations. System and Internal Audit Department is currently headed by Mr. Chong Choon Ket, a Deputy General Manager. He is a member of the Malaysian Institute of Accountants, a Fellow Member of Association of Chartered Certified Accountants and a Chartered Member of The Institute of Internal Auditors, Malaysia.

The System and Internal Audit Department submits its annual plan to the Audit Committee for approval well before commencement of the Group's financial year. The internal audit coverage takes into consideration the significance of the business units within the Group as well as their respective risk profiles. Internal audit reports, which highlight issues of concern, their implications, recommended corrective measures and Management's comments, including the status of completion of internal audit vis-à-vis the annual plan, are submitted to the Audit Committee for review on a quarterly basis. The System and Internal Audit Department also follows up on the status of implementation of corrective actions by Management on issues raised by Internal Audit for onward reporting to the Audit Committee. For the financial year ended 31 December 2019, the System and Internal Audit Department covered the following business units/departments and business processes in its audits:

Business unit or department selected for internal audit	Business processes (including risks covered)
APM Springs Sdn. Bhd.	Costing management; Procurement management; Pollution management; Effectiveness of risk management; Manual journal adjustments; Trade receivables review; Cash and bank balance management; and Balance sheet review.
APM Climate Control Sdn. Bhd.	Revenue management; Inventory management; Cash and bank balance management; Trade receivables review; and Balance sheet review.
APM Delta Seating Systems Sdn. Bhd.	Revenue management; Inventory management; Cash and bank balance management; Balance sheet review; and Fire safety maintenance management.
APM Auto Components (USA) Inc	Revenue management; Inventory management; Credit control management; Cash and bank balance management; Balance sheet review; and Validity of expenses.
APM Auto Parts Marketing Sdn. Bhd.	Revenue management; Pricing and discount management; Year-end incentive payout review; Software update process review; Manual journal adjustments; Trade receivables review; Cash and bank balance management; and Balance sheet review.
APM Automotive Holdings Bhd.	Corporate governance review.
APM Group of Companies	Recurrent Related Party Transactions review; Stock variances review; Fire extinguisher and fixed assets review; and Sustainability report – limited assurance review.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

For the financial year under review, there was no restriction placed upon the scope of the System and Internal Audit Department's work and internal audit personnel were allowed unrestricted access to the records and relevant personnel of the Group. The Audit Committee reviewed the work of the System and Internal Audit Department, its observations and recommendations as well as Management's comments as a means to obtain assurance on the adequacy and operating effectiveness of the Group's risk management and internal control system. The Audit Committee also completed a set of questionnaires obtained from the Corporate Governance Guide – Pull-out II Guidance on Effective Audit and Risk Management 3rd Edition, a publication of Bursa Securities, to assess the competency of the Head of System and Internal Audit Department and sufficiency of resources available to the System and Internal Audit Department to carry out its responsibilities.

The costs incurred on the System and Internal Audit Department for the financial year ended 31 December 2019 amounted to approximately RM662,000 (2018: RM573,000).

BOARD'S COMMENTS AND ASSURANCE BY THE MANAGEMENT

This Risk Management and Internal Control Statement has not dealt with associates and joint ventures where the Group does not have full management over them. The Group's interest in such entities is served through representations on the Board of the respective associates and joint ventures.

The Board, through its Audit Committee, has reviewed the adequacy and operating effectiveness of the Group's risk management and internal control system, and that relevant actions have been or were being taken, as the case may be, to remedy the internal control weaknesses identified from the review.

The Board is of the view that the system of risk management and internal control in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report of the Company is sound and adequate to safeguard shareholders' investment and the Group's assets. Whilst the Board is of the view that there were no material losses incurred during the financial year as a result of material weaknesses in the risk management and internal control system, the Board believes that this system must continuously evolve to meet the changing business environment the Group operates in. Therefore, the Board endeavours to put in place action plans, as deemed appropriate, to strengthen the system of risk management and internal control from time to time.

The Board has also received assurance in writing from the Management (comprising the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer and the respective Heads of Division) that, based on the Group's risk management and internal control framework, the Group's risk management and internal control system has operated adequately and effectively in all material aspects for the financial year under review and up to the date of this Statement.

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Risk Management and Internal Control Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Company for the year ended 31 December 2019, and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the annual report of the Company, in all material respect:

- has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Guidelines; or
- is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors' Risk Management and Internal Control Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board of Directors and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

This Statement is dated 19 May 2020.

AUDIT COMMITTEE REPORT

The Board of Directors of APM Automotive Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2019.

The Audit Committee was established on 1 November 1999. The revised terms of reference of the Audit Committee were adopted by the Board of Directors at a meeting held on 21 February 2020.

COMPOSITION AND MEETINGS

The Audit Committee comprises the following directors who attended all the six (6) Audit Committee meetings held during the financial year ended 31 December 2019:

Lee Min On
Chairman
Independent Non-Executive Director

Dato' N. Sadasivan s/o N.N. Pillay
Member
Senior Independent Non-Executive Director

Lee Tatt Boon
Member
Independent Non-Executive Director

Dato' Chan Choy Lin
Member
Independent Non-Executive Director

The Audit Committee meetings are structured through the use of agendas and relevant meeting papers which are distributed to the Audit Committee members seven (7) days prior to such meetings. This enables the Committee members to study the items on the agenda, including relevant materials that support the items and, where appropriate, provides an opportunity for them to seek additional information or clarification from Management.

While the Committee Chairman calls for meetings to be held not less than four (4) times in a financial year, any member of the Audit Committee may, at any time, requisition for, and the Company Secretaries who are Committee Secretaries, shall on such requisition, arrange for such a meeting. Except in the case of an emergency, seven (7) days' notice of meeting is given in writing to all members. The quorum of the meeting is a majority of members who are Independent Non-Executive Directors. Meetings are chaired by the Committee Chairman and, in his absence, by an Independent Non-Executive Director elected from those members who are present. Decisions are made by a majority of votes on a show of hands.

The Chief Executive Officer, Chief Financial Officer and Head of System and Internal Audit ("Internal Auditor"), including other Board members, attend the meetings upon invitation of the Audit Committee to facilitate discussion of matters on the agenda. A representative of the External Auditors is required to attend the Audit Committee meeting at least two (2) times annually, to present the audit plan and outcome of the audit of the financial statements.

The Committee Chairman has the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

For the financial year under review, the performance and effectiveness of the Audit Committee were evaluated through Audit Committee members' self and peer evaluation, the outcome of which was reviewed by the Nominating and Remuneration Committee. Having considered the recommendation made by the Nominating and Remuneration Committee based on the outcome of the evaluation, the Board was satisfied that the Audit Committee members are able to discharge their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.

In line with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"), details of the Terms of Reference of the Audit Committee as contained in Appendix D of the Board Charter are uploaded onto, and are available for reference by the public at, the Company's website at www.apm.com.my.

AUDIT COMMITTEE REPORT

SUMMARY OF ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee worked closely with Management, Internal Auditor and External Auditors to carry out its functions and duties as required under its Terms of Reference.

The activities carried out by the Audit Committee in discharging its duties and responsibilities during the financial year under review and as of the date of this report are summarised as follows:

Financial Reporting

(1) Reviewed all four (4) quarters' unaudited financial results of the Group, focusing on key matters, which included the going concern assumption, and ensured that disclosures were in compliance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and other regulatory requirements before recommending the same to the Board for approval to release the said results to Bursa Securities;

(2) Reviewed the audited financial statements of the Company and of the Group, together with the External Auditors, before recommending to the Board for approval; and

(3) Reviewed the impact of changes in accounting policies and adoption of new Malaysian Financial Reporting Standards and International Financial Reporting Standards, together with significant matters highlighted in the financial statements.

External and Internal Auditors

(1) Reviewed the audit findings for the financial year ended 31 December 2019 highlighted by the External Auditors as well as weaknesses in the internal control systems of companies in the Group that required improvements. The Audit Committee also deliberated on the responses from Management and evaluated the improvement action plans proposed by Management to ensure that the areas of concern would be adequately mitigated;

(2) Reviewed the External Auditors' Audit Plan of the Group for the financial year ended 31 December 2019, including the scope of work and audit approach adopted by the External Auditors, the risk areas focused by the External Auditors (including potential key audit matters that might be included in their report), the engagement team, audit materiality and audit timetable. Key changes to the Malaysian Financial Reporting Standards and International Financial Reporting Standards, auditing standards as well as the Main Market Listing Requirements of Bursa Securities, including their consequential impacts thereon, were deliberated and noted;

(3) Assessed the suitability, objectivity and independence of the External Auditors by evaluating, amongst others, the adequacy of their technical knowledge, experience, skills, independence, objectivity, audit engagement and the supervisory ability and competency of the engagement team assigned to the Group. Moreover, the External Auditors confirmed their professional independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants via their presentation deck to the Audit Committee as well as the engagement letter. The Audit Committee was satisfied that the External Auditors have the ability to meet the audit requirements and statutory obligations of the Company as well as their independence and objectivity as External Auditors of the Company. Following such an assessment, the Audit Committee recommended, and the Board has accepted, the tabling of a resolution on the re-appointment of KPMG PLT as External Auditors of the Company at the forthcoming Annual General Meeting;

(4) Assessed the audit scope of the External Auditors and thereafter, recommended the external audit fees to the Board for approval;

(5) Reviewed and approved the nature of, and fees for, non-audit services provided by the External Auditors and their affiliates in accordance with the Group's Policy on Non-Audit Services to ensure that such non-audit services did not compromise the objectivity and independence of the External Auditors. Details of non-audit fees incurred by the Company and Group for the financial year ended 31 December 2019 are stated in the Other Statements and Disclosures of the Annual Report;

(6) Private sessions were held with the External Auditors without the presence of Executive Board members and Management personnel to discuss audit findings and any other observations or concerns noted by the External Auditors during the course of their audit;

(7) Reviewed and approved the annual Internal Audit Plan to ensure adequacy of scope and coverage of the auditable areas, i.e. high-risk areas were audited on a regular basis;

(8) Reviewed the outcome of internal audit, focusing on the adequacy and operating effectiveness of risk management and internal controls that addressed strategic, operational, financial, compliance and information technology processes and their associated risks relating to the Group based on the approved annual Internal Audit Plan;

AUDIT COMMITTEE REPORT

(9) Discussed major findings, weaknesses and significant internal audit matters raised by the Internal Auditor and Management's response and follow-up actions thereto. Management of the respective business units concerned was required to rectify and improve internal control procedures and workflow processes based on the Internal Auditor's recommendations;

(10) Reviewed and assessed the adequacy of the scope, functions, competency and resources of the Internal Audit function to ensure that it has the necessary authority and manpower to carry out its work as planned;

(11) Reviewed the External Assessment Report relating to the assessment of the Company's Internal Audit function in compliance with the International Professional Practices Framework of the Institute of Internal Auditors ("IPPF");

(12) Reviewed the Risk Assessment and Sustainability Development Reports, its status, updates on key pertinent risks identified at the Group level and changes to the Enterprise Risk Management Manual as well as minutes of the Risk Management & Sustainability Committee ("RMSC") Meeting, especially on matters that might impact the financial reporting process; and

(13) Reviewed the recurrent related party transactions ("RRPTs") of the Group on a quarterly basis to ensure that the transactions entered into by the Group were within the shareholders' mandate in relation to the nature, terms and value limits of the transactions. In the case of related party transactions entered into by the Group, the Audit Committee reviewed these transactions to ensure that they were on terms which were not more favourable than those generally available to the public and comply with the Main Market Listing Requirements of Bursa Securities.

Other Matters

(1) Reviewed the Circular to Shareholders in relation to shareholders' mandate on RRPTs, in particular the review procedures of RRPTs, Audit Committee Report and Risk Management and Internal Control Statement, which are included in this Annual Report, to ensure compliance with the relevant regulatory reporting requirements prior to recommending the same to the Board for approval; and

(2) Reviewed the Terms of Reference of the Audit Committee, Code of Conduct and Ethics for Employees, Code of Conduct for Suppliers and Anti-Bribery and Anti-Corruption Policy and, where deemed pertinent, amendments were made thereto for the Board's approval.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

The Group has an adequately resourced in-house System and Internal Audit Department. The principal role of the Internal Audit function is to undertake regular and systematic reviews of the system of governance, risk management and internal control so as to provide reasonable assurance that:

- the Group has a sound system of governance, risk management and internal control;
- established policies and procedures are adhered to; and
- continue to be effective in addressing the risks identified.

It reports directly to the Audit Committee, who reviews and approves its annual Internal Audit Plan. The Internal Audit function is independent of the activities it audits and carries out its work in accordance with the IPPF, enshrined in the Internal Audit Charter. The Internal Audit function performed audit reviews of major subsidiaries of the Group as well as ad hoc reviews or investigations. In addition, routine year end reviews such as annual stock takes, RRPTs and their pricing reviews were also conducted.

On a quarterly basis, Internal Auditor submits the audit reports and status of Internal Audit Plan for review and approval by the Audit Committee. The Internal Audit Reports also encompass recommendations for improvements to address and rectify the weaknesses identified, which are deemed practical and necessary for implementation by Management. Follow-up reviews are also carried out to ascertain that management action plans have been duly implemented.

Full details of the recurring work and activities carried out by the System and Internal Audit Department for the financial year under review, including the costs incurred by the Department, are set out in the Risk Management and Internal Control Statement included in this Annual Report.

Risk management is an integral part of the Group's business operations. The Group has implemented a risk management framework and established a process for the identification, evaluation and reporting of major risks faced by the Group. The implementation and maintenance of the risk management framework is carried out by the RMSC. Further details of the work and activities carried out by RMSC, including key elements of the risk management framework of the Group, are set out in the Risk Management and Internal Control Statement included in this Annual Report.

This Report is dated 19 May 2020.

OTHER STATEMENTS AND DISCLOSURES

1. Material Contracts involving Directors and Major Shareholders' Interest

There were no material contracts (not being contracts entered in the ordinary course of business) entered into by the Company and its subsidiaries involving directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2019 or entered into since the end of the previous financial year.

2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, KPMG PLT, to the Group and the Company respectively for the financial year ended 31 December 2019 were as follows:

	Group 2019 RM	Company 2019 RM
Statutory audit fees	496,000	56,500
Non-audit fees*	227,000	17,000

Note:
** The non-audit fees comprised mainly fees to KPMG PLT to review the regulatory reporting, tax compliances and tax advisory works.*

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group, and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2019, the Directors have:

(i) adopted the appropriate accounting policies, which are consistently applied;
(ii) made judgments and estimates that are reasonable and prudent; and
(iii) ensured that the applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and as well as other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

Principal activities

The Company is principally an investment holding company whilst the principal activities of the subsidiaries are as stated in Note 32 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Subsidiaries

The details of the Company's subsidiaries are disclosed in Note 32 to the financial statements.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	27,237	41,219
Non-controlling interests	21,176	-
	48,413	41,219

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review other than those disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the amount of dividends paid by the Company were as follows:

a) a final single tier dividend of 7.0 sen per ordinary share totalling approximately RM13,690,000 in respect of the financial year ended 31 December 2018 declared on 29 April 2019 which was approved by the shareholders at the Twenty-Second Annual General Meeting held on 29 May 2019 and paid on 26 June 2019; and

b) an interim single tier dividend of 5.0 sen per ordinary share totalling approximately RM9,779,000 in respect of the financial year ended 31 December 2019 declared on 27 August 2019 and paid on 8 October 2019.

The Directors propose a final single tier dividend of 5.0 sen per ordinary share totalling approximately RM9,775,000 in respect of the financial year ended 31 December 2019. This dividend is subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Directors of the Company

Directors who served during the financial year until the date of this report are:

Dato' Tan Heng Chew
Dato' Tan Eng Hwa*
Dato' N. Sadasivan s/o N.N. Pillay*
Dato' Chan Choy Lin
Low Seng Chee*
Siow Tiang Sae*
Nicholas Tan Chye Seng*
Sow Soon Hock*
Lee Min On
Lee Tatt Boon

* These Directors are also Directors of the Company's subsidiaries.

Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end (including the interests of the spouses and children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2019	**Bought**	**Sold**	**At 31.12.2019**
Interests in the Company:				
Dato' Tan Heng Chew	6,127,899	317,900	-	6,445,799
Dato' Tan Eng Hwa	207,008	-	-	207,008
Nicholas Tan Chye Seng	185,600	-	-	185,600
Siow Tiang Sae	2,050	-	-	2,050
Deemed interests in the Company:				
Dato' Tan Heng Chew	92,157,784[1]	50,000	-	92,207,784[1]
Dato' Tan Eng Hwa	7,128[2]	-	-	7,128[2]

[1] *Deemed interested by virtue of interests in Tan Chong Consolidated Sdn. Bhd. and Wealthmark Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interests held by spouse and son by virtue of Section 59(11)(c) of the Companies Act 2016.*

[2] *Deemed interested by virtue of interest in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest held by spouse by virtue of Section 59(11)(c) of the Companies Act 2016.*

By virtue of their interests in the shares of the Company, Dato' Tan Heng Chew and Dato' Tan Eng Hwa are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest.

None of the other Directors holding office at 31 December 2019 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

List of Directors of subsidiaries

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report are as follows:

Director

Dato' Tan Eng Hwa
Dato' Haji Kamaruddin @ Abas Bin Nordin
Dato' Cheah Sam Kip
Dato' N. Sadasivan s/o N.N. Pillay
Albert Mun Chang
Chin Sze Cheon
Chye Mun Heng
Dr. Fun Woh Peng
Hitoshi Fujita
Jun Kutomi
Hiroaki Yamada (Alternate of Jun Kutomi)
Kho Kiat Seng
Khoo Peng Peng
Kim Kyoungho
Lim Kuan Lock
Low Seng Chee
Mark Bent
Nicholas Tan Chye Seng
Ng Boon Hooi
Raasi Ureeeya A/P Rajandran
Raj Kissu A/L Rajandran
Siow Tiang Sae
Sow Soon Hock
Tan Chin Yew
Taro Nakayama
Thong Chee Kuan
Yeoh Lam Guan
Chirala Venkata Pandurangarao
Takeshi Fujita
Yusuke Iizuka (Appointed on 1 May 2019)
Adrian Low Kok Kiong (Appointed on 1 October 2019)
Ling I Yeng (Appointed on 1 October 2019)
Foo Fong Yong (Appointed on 15 January 2020)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

List of Directors of subsidiaries *(cont'd)*

Director *(cont'd)*

Tan Ah Swee (Resigned on 1 January 2019)
Hideo Takeda (Resigned on 1 May 2019)
Teo Ha Seng (Resigned on 2 May 2019)
Wong Seap Hong (Resigned on 15 January 2020)
Cheah Kee Hee (Resigned on 17 January 2020)

Issue of shares and debentures

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Treasury shares

As at 31 December 2019, the Company held as treasury shares a total of 6,017,500 of its 201,600,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM13,312,000 and further relevant details are disclosed in Note 16 to the financial statements.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Indemnity and insurance costs

During the financial year, the total amount of premium paid for Directors and officers of the Group in respect of Directors' and officers' insurance indemnity coverage is RM38,400.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Other statutory information *(cont'd)*

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

Subsequent event

Subsequent events after the financial year ended 31 December 2019 are disclosed in Note 37 to the financial statements.

Consolidation of subsidiaries with different financial year end

The Companies Commission of Malaysia ("CCM") had on 21 February 2020 granted an order pursuant to Section 247(7) of the Companies Act 2016 approving the application by the Company to allow its subsidiaries, namely APM Auto Components Myanmar Co. Ltd. and APM Motors India Private Limited to adopt a financial year end of 30 September and 31 March respectively, which do not coincide with that of the Company, subject to the following conditions:

i) The Company is required to report this approval in its Directors' Report; and

ii) The Company is to ensure compliance with Section 252 and 253 of the Companies Act 2016 and Malaysian Financial Reporting Standards pertaining to the preparation of its consolidated financial statements.

Management financial statements for both subsidiaries for the financial year ended 31 December 2019 have been used for the purpose of preparing the consolidated financial statements of the Group.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Auditors

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration is disclosed in Note 24 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Low Seng Chee
Director

Dato' Tan Eng Hwa
Director

Selangor Darul Ehsan

Date: 19 May 2020

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	3	617,305	559,853	-	-
Prepaid lease payments	4	-	15,275	-	-
Investment properties	5	112,560	111,520	-	-
Investments in subsidiaries	6	-	-	577,722	545,620
Investment in an associate	7	898	9,952	-	-
Investments in joint ventures	8	31,723	32,165	-	-
Intangible assets	9	18,526	18,392	-	-
Deferred tax assets	10	17,659	16,799	-	-
Total non-current assets		798,671	763,956	577,722	545,620
Inventories	11	269,906	277,798	-	-
Other investments	12	169,195	140,078	-	12,072
Current tax assets		14,552	19,193	133	-
Trade and other receivables, including derivatives	13	272,061	250,889	18,525	20,912
Deposits and prepayments	14	34,701	26,976	89	65
Cash and cash equivalents	15	179,772	225,789	2,424	3,449
Total current assets		940,187	940,723	21,171	36,498
Total assets		1,738,858	1,704,679	598,893	582,118
Equity					
Share capital		219,498	219,498	219,498	219,498
Reserves		1,067,387	1,027,887	389,684	372,311
Treasury shares		(13,312)	(13,312)	(13,312)	(13,312)
Equity attributable to owners of the Company	16	1,273,573	1,234,073	595,870	578,497
Non-controlling interests		75,179	67,948	-	-
Total equity		1,348,752	1,302,021	595,870	578,497
Liabilities					
Employee benefits	17	25,383	21,730	1,850	1,271
Lease liabilities		13,204	-	-	-
Deferred tax liabilities	10	51,082	40,591	-	-
Total non-current liabilities		89,669	62,321	1,850	1,271
Loans and borrowings	18	71,696	81,495	-	-
Lease liabilities		3,456	-	-	-
Provisions	19	7,616	8,982	-	-
Trade and other payables, including derivatives	20	214,222	243,628	1,173	2,320
Current tax liabilities		3,447	6,232	-	30
Total current liabilities		300,437	340,337	1,173	2,350
Total liabilities		390,106	402,658	3,023	3,621
Total equity and liabilities		1,738,858	1,704,679	598,893	582,118

The notes on pages 086 to 163 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019 (IN USD EQUIVALENT)

	Group	
	31.12.2019 USD'000	31.12.2018 USD'000
Assets		
Property, plant and equipment	150,857	135,296
Prepaid lease payments	-	3,692
Investment properties	27,508	26,951
Investment in an associate	220	2,405
Investments in joint ventures	7,753	7,773
Intangible assets	4,528	4,444
Deferred tax assets	4,316	4,059
Total non-current assets	195,182	184,620
Inventories	65,960	67,134
Other investments	41,348	33,852
Current tax assets	3,557	4,639
Trade and other receivables, including derivatives	66,487	60,631
Deposits and prepayments	8,481	6,520
Cash and cash equivalents	43,933	54,565
Total current assets	229,766	227,341
Total assets	424,948	411,961
Equity		
Share capital	54,037	54,037
Reserves	260,452	247,410
Treasury shares	(3,254)	(3,218)
Equity attributable to owners of the Company	311,235	298,229
Non-controlling interests	18,373	16,421
Total equity	329,608	314,650
Liabilities		
Employee benefits	6,204	5,252
Lease liabilities	3,227	-
Deferred tax liabilities	12,484	9,810
Total non-current liabilities	21,915	15,062
Loans and borrowings	17,522	19,695
Lease liabilities	845	-
Provisions	1,862	2,171
Trade and other payables, including derivatives	52,352	58,876
Current tax liabilities	844	1,507
Total current liabilities	73,425	82,249
Total liabilities	95,340	97,311
Total equity and liabilities	424,948	411,961

The information presented on this page does not form part of the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM4.092 = USD1.00 (2018 - RM4.138 = USD1.00) which approximates the prevailing rate on 31 December 2019.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Revenue	21	1,496,940	1,334,372	44,500	51,602
Cost of sales		(1,282,228)	(1,130,753)	-	-
Gross profit		214,712	203,619	44,500	51,602
Other income		21,290	22,282	1,246	81
Distribution expenses		(23,810)	(25,035)	-	-
Administrative expenses		(119,665)	(111,341)	(4,463)	(5,447)
Net (loss)/gain on impairment of financial instruments		(286)	(3,582)	493	133
Other expenses		(20,955)	(15,959)	(1,267)	-
Results from operating activities		71,286	69,984	40,509	46,369
Finance costs	22	(5,997)	(3,739)	(6)	(2)
Finance income	23	9,880	10,193	793	1,250
Net finance income		3,883	6,454	787	1,248
Share of loss of equity					
- accounted associate, net of tax		(4,946)	(1,143)	-	-
Share of (loss)/profit of equity					
- accounted joint ventures, net of tax		(1,448)	2,146	-	-
Profit before tax	24	68,775	77,441	41,296	47,617
Income tax expense	26	(20,362)	(16,983)	(77)	(253)
Profit for the year		48,413	60,458	41,219	47,364
Other comprehensive (loss)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		(1,492)	-	(377)	-
Revaluation of right-of-use assets		31,727	-	-	-
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for consolidated subsidiaries		4,456	(5,990)	-	-
Foreign currency translation differences for equity-accounted associate and joint ventures		1,099	(1,498)	-	-
Other comprehensive income/(loss) for the year, net of tax	27	35,790	(7,488)	(377)	-
Total comprehensive income for the year		84,203	52,970	40,842	47,364

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Profit attributable to:					
Owners of the Company		27,237	38,441	41,219	47,364
Non-controlling interests		21,176	22,017	-	-
Profit for the year		48,413	60,458	41,219	47,364
Total comprehensive income attributable to:					
Owners of the Company		62,969	30,953	40,842	47,364
Non-controlling interests		21,234	22,017	-	-
Total comprehensive income for the year		84,203	52,970	40,842	47,364
Basic earnings per ordinary share (sen)	28	13.9	19.7		

The notes on pages 086 to 163 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019 (IN USD EQUIVALENT)

	Group	
	31.12.2019	31.12.2018
	USD'000	USD'000
Revenue	365,822	322,468
Cost of sales	(313,350)	(273,261)
Gross profit	52,472	49,207
Other income	5,203	5,385
Distribution expenses	(5,819)	(6,051)
Administrative expenses	(29,244)	(26,907)
Net loss on impairment of financial instruments	(70)	(866)
Other expenses	(5,121)	(3,857)
Results from operating activities	17,421	16,911
Finance costs	(1,466)	(904)
Finance income	2,415	2,464
Net finance income	949	1,560
Share of loss of equity-accounted associate, net of tax	(1,208)	(276)
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(354)	520
Profit before tax	16,808	18,715
Income tax expense	(4,976)	(4,105)
Profit for the year	11,832	14,610
Other comprehensive (loss)/income, net of tax		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability	(365)	-
Revaluation of right-of-use assets	7,754	-
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences for consolidated subsidiaries	1,089	(1,448)
Foreign currency translation differences for equity-accounted associate and joint ventures	269	(363)
Other comprehensive income/(loss) for the year, net of tax	8,747	(1,811)
Total comprehensive income for the year	20,579	12,799
Profit attributable to:		
Owners of the Company	6,657	9,290
Non-controlling interests	5,175	5,320
Profit for the year	11,832	14,610
Total comprehensive income attributable to:		
Owners of the Company	15,389	7,479
Non-controlling interests	5,190	5,320
Total comprehensive income for the year	20,579	12,799
Basic earnings per ordinary share (sen)	4.0	5.0

The information presented on this page does not form part of the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM4.092 = USD1.00 (2018 - RM4.138 = USD1.00) which approximates the prevailing rate on 31 December 2019.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Attributable to the owners of the Group								
		Non-distributable					Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2018		219,498	(13,305)	-	109,250	1,787	912,304	1,229,534	53,934	1,283,468
Foreign currency translation differences for consolidated subsidiaries	27	-	-	-	-	(5,990)	-	(5,990)	-	(5,990)
Foreign currency translation differences for equity-accounted associate and joint ventures	27	-	-	-	-	(1,498)	-	(1,498)	-	(1,498)
Transfer of revaluation surplus on properties		-	-	-	(4,909)	-	4,909	-	-	-
Total other comprehensive income for the year		-	-	-	(4,909)	(7,488)	4,909	(7,488)	-	(7,488)
Profit for the year		-	-	-	-	-	38,441	38,441	22,017	60,458
Total comprehensive income for the year		-	-	-	(4,909)	(7,488)	43,350	30,953	22,017	52,970
Own shares acquired		-	(7)	-	-	-	-	(7)	-	(7)
Dividends to owners of the Company										
- Final 2017 ordinary	29	-	-	-	-	-	(16,628)	(16,628)	-	(16,628)
- Interim 2018 ordinary	29	-	-	-	-	-	(9,779)	(9,779)	-	(9,779)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(8,003)	(8,003)
Total transactions with owners of the Group		-	(7)	-	-	-	(26,407)	(26,414)	(8,003)	(34,417)
At 31 December 2018		219,498	(13,312)	-	104,341	(5,701)	929,247	1,234,073	67,948	1,302,021
		Note 16	Note 16	Note 16	Note 16	Note 16				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Attributable to the owners of the Group								
		Non-distributable					Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Share premium RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019		219,498	(13,312)	-	104,341	(5,701)	929,247	1,234,073	67,948	1,302,021
Remeasurement of defined benefit liability	27	-	-	-	-	-	(1,550)	(1,550)	58	(1,492)
Revaluation of right-of-use assets	27	-	-	-	31,727	-	-	31,727	-	31,727
Foreign currency translation differences for consolidated subsidiaries	27	-	-	-	-	4,456	-	4,456	-	4,456
Foreign currency translation differences for equity-accounted associate and joint ventures	27	-	-	-	-	1,099	-	1,099	-	1,099
Transfer of revaluation surplus on properties		-	-	-	(4,909)	-	4,909	-	-	-
Total other comprehensive income for the year		-	-	-	26,818	5,555	3,359	35,732	58	35,790
Profit for the year		-	-	-	-	-	27,237	27,237	21,176	48,413
Total comprehensive income for the year		-	-	-	26,818	5,555	30,596	62,969	21,234	84,203
Dividends to owners of the Company										
- Final 2018 ordinary	29	-	-	-	-	-	(13,690)	(13,690)	-	(13,690)
- Interim 2019 ordinary	29	-	-	-	-	-	(9,779)	(9,779)	-	(9,779)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(14,003)	(14,003)
Total transactions with owners of the Group		-	-	-	-	-	(23,469)	(23,469)	(14,003)	(37,472)
At 31 December 2019		219,498	(13,312)	-	131,159	(146)	936,374	1,273,573	75,179	1,348,752
		Note 16	Note 16	Note 16	Note 16	Note 16				

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

		Attributable to the owners of the Company				
		Non-distributable			*Distributable*	
	Note	Share capital	Treasury shares	Share premium	Retained earnings	Total equity
Company		**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2018		219,498	(13,305)	-	351,354	557,547
Profit for the year		-	-	-	47,364	47,364
Total comprehensive income for the year		-	-	-	47,364	47,364
Own shares acquired	16	-	(7)	-	-	(7)
Dividends to owners of the Company						
- Final 2017 ordinary	29	-	-	-	(16,628)	(16,628)
- Interim 2018 ordinary	29	-	-	-	(9,779)	(9,779)
Total transactions with owners of the Company		-	(7)	-	(26,407)	(26,414)
At 31 December 2018/1 January 2019		219,498	(13,312)	-	372,311	578,497
Remeasurement of defined benefit liability	27	-	-	-	(377)	(377)
Profit for the year		-	-	-	41,219	41,219
Total comprehensive income for the year		-	-	-	40,842	40,842
Dividends to owners of the Company						
- Final 2018 ordinary	29	-	-	-	(13,690)	(13,690)
- Interim 2019 ordinary	29	-	-	-	(9,779)	(9,779)
Total transactions with owners of the Company		-	-	-	(23,469)	(23,469)
At 31 December 2019		219,498	(13,312)	-	389,684	595,870
		Note 16	Note 16	Note 16		

The notes on pages 086 to 163 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities					
Profit before tax		68,775	77,441	41,296	47,617
Adjustments for:					
Amortisation of intangible assets	9	7,468	6,921	-	-
Amortisation of prepaid lease payments	4	-	107	-	-
Change in fair value of investment properties	5	(1,040)	(3,520)	-	-
Depreciation of property, plant and equipment	3	50,055	51,092	-	-
Depreciation of right-of-use assets	3	4,651	-	-	-
Impairment loss on trade receivables		1,028	4,048	-	-
Employee benefits	17	3,420	2,626	202	126
Finance costs	22	5,997	3,739	6	2
Impairment of investment in an associate	7	4,201	-	-	-
Intangible assets written off	9	1,500	-	-	-
Interest income	23	(9,880)	(10,193)	(793)	(1,250)
Gain on disposal of property, plant and equipment		(551)	(369)	-	-
Net inventories written down to net realisable value	11	2,146	2,989	-	-
Provision for warranties	19	4,364	3,117	-	-
Provision for warranties reversed	19	(4,286)	(4,709)	-	-
Property, plant and equipment written off		246	11	-	-
Reversal of impairment loss on trade receivables		(742)	(466)	(493)	(133)
Share of loss of an associate, net of tax		4,946	1,143	-	-
Share of loss/(profit) of joint ventures, net of tax		1,448	(2,146)	-	-
Operating profit before changes in working capital		143,746	131,831	40,218	46,362
Deposits and prepayments		(7,725)	6,795	(24)	(2)
Inventories		5,746	(38,551)	-	-
Trade and other payables, including derivatives		(29,445)	31,158	(1,147)	1,077
Trade and other receivables, including derivatives		(21,458)	(22,867)	2,880	2,514
Cash generated from operations		90,864	108,366	41,927	49,951

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities *(cont'd)*					
Cash generated from operations		90,864	108,366	41,927	49,951
Employee benefits paid	17	(1,755)	(615)	-	-
Interest received	23	9,880	10,193	793	1,250
Interest paid	22	(5,997)	(3,739)	(6)	(2)
Provision for warranties utilised	19	(1,444)	(1,992)	-	-
Income tax refund		8,925	5,109	75	-
Income tax paid		(26,797)	(24,463)	(315)	(285)
Net cash from operating activities		73,676	92,859	42,474	50,914
Cash flows from investing activities					
Acquisition of property, plant and equipment *	3	(31,886)	(43,110)	-	-
Additions of intangible assets	9	(9,259)	(6,089)	-	-
Net (increase)/decrease in other investments		(29,117)	(29,416)	12,072	(12,072)
Investments in subsidiaries		-	-	(32,102)	(12,671)
Proceeds from disposal of property, plant and equipment		764	1,009	-	-
Net cash used in investing activities		(69,498)	(77,606)	(20,030)	(24,743)
Cash flows from financing activities					
Payment of lease liabilities		(3,196)	-	-	-
Dividends paid to non-controlling interests		(14,003)	(8,003)	-	-
Dividends paid to owners of the Company	29	(23,469)	(26,407)	(23,469)	(26,407)
Drawdown of loans and borrowings		30,929	41,840	-	-
Repayment of loans and borrowings		(40,728)	(29,171)	-	-
Own shares acquired		-	(7)	-	(7)
Net cash used in financing activities		(50,467)	(21,748)	(23,469)	(26,414)

* Excludes additions of right-of-use assets.

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Net decrease in cash and cash equivalents		(46,289)	(6,495)	(1,025)	(243)
Effect of exchange rate fluctuations		272	(525)	-	-
Cash and cash equivalents at beginning of year		225,789	232,809	3,449	3,692
Cash and cash equivalents at end of year	*(i)*	179,772	225,789	2,424	3,449

(i) Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	15	74,384	76,542	344	666
Corporate management accounts	15	36,814	93,866	1,246	1,582
Cash and bank balances	15	68,574	55,381	834	1,201
		179,772	225,789	2,424	3,449

Cash outflows for leases as a lessee

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		743	-	-	-
Interest paid in relation to lease liabilities	22	1,558	-	-	-
Included in net cash from financing activities:					
Payment of lease liabilities		3,196	-	-	-
Total cash outflows for leases		5,497	-	-	-

STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019 (CONT'D)

Reconciliation of movements of loans and borrowings and lease liabilities to cash flows arising from financing activities

Group	At 1 January 2018 RM'000	Net changes from financing cash flows RM'000	At 31 December 2018, *as previously reported* RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 January 2019, *as restated* RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2019 RM'000
Unsecured foreign currency loans	50,926	1,314	52,240	-	52,240	1,556	-	-	53,796
Unsecured revolving credit	17,900	11,355	29,255	-	29,255	(11,355)	-	-	17,900
Lease liabilities	-	-	-	18,360	18,360	(3,196)	1,670	(174)	16,660
Total liabilities from financing activities	68,826	12,669	81,495	18,360	99,855	(12,995)	1,670	(174)	88,356

The notes on pages 086 to 163 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

APM Automotive Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

Principal place of business
Lot 600, Pandamaran Industrial Estate
Locked Bag No. 218
42009 Port Klang
Selangor Darul Ehsan

Registered office
62-68, Jalan Sultan Azlan Shah
51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2019 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in an associate and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2019 do not include other entities.

The Company is principally an investment holding company. The principal activities of the subsidiaries are as stated in Note 32 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 19 May 2020.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2020

- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the above mentioned amendments:

- from the annual period beginning on 1 January 2020 for those amendments that are effective for annual periods beginning on or after 1 January 2020; and

- from the annual period beginning on 1 January 2022 for those amendment that is effective for annual periods beginning on or after 1 January 2022.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

1. Basis of preparation *(cont'd)*

(a) Statement of compliance *(cont'd)*

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* that is effective for annual periods beginning on 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the applicable amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those as disclosed in Note 2.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 - valuation of property, plant and equipment
- Note 3.2 - extension options in relation to leases
- Note 5 - valuation of investment properties
- Note 19 - provision for warranties
- Note 34 - measurement of expected credit loss ("ECL")

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

Arising from the adoption of MFRS 16, *Leases*, there are changes to the accounting policies applied to lease contracts entered into by the Group entities as compared to those applied in previous financial statements. The impacts arising from the changes are disclosed in Note 36.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) Basis of consolidation *(cont'd)*

(i) Subsidiaries *(cont'd)*

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) **Basis of consolidation** *(cont'd)*

(v) **Associates** *(cont'd)*

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

(vi) **Joint arrangements**

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation; or

- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vii) **Non-controlling interests**

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(a) Basis of consolidation *(cont'd)*

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative, if any, is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(j)(i)) where the effective interest rate is applied to the amortised cost.

(b) Fair value through profit or loss

All financial assets not measured at amortised cost as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to impairment assessment (see Note 2(j)(i)).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(c) Financial instruments *(cont'd)*

(ii) Financial instrument categories and subsequent measurement *(cont'd)*

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a designated and effective hedging instrument) and financial liabilities that are specifically designated into this category upon initial recognition.

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense recognised in profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in profit or loss.

(iii) Derecognition

A financial asset or a part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or are transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(c) **Financial instruments** *(cont'd)*

(iii) **Derecognition** *(cont'd)*

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(d) **Property, plant and equipment**

(i) **Recognition and measurement**

Items of property, plant and equipment are measured at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Freehold land is stated at revaluation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of the other items of property, plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Property under the revaluation model

The Group revalues its properties comprising land and building every 3 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. An appropriate amount of the revaluation surplus will be transferred directly to retained earnings as and when the surplus is realised through the depreciation of the revalued properties or when the revalued properties are disposed of.

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

(d) Property, plant and equipment *(cont'd)*

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• long term leasehold land	64 - 80 years
• buildings	20 - 25 years
• plant, machinery and equipment	2 - 10 years
• furniture, fittings and office equipment	2 - 7 years
• motor vehicles	5 - 10 years
• renovation	5 - 10 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

(e) Leases

The Group has applied MFRS 16 using the modified retrospective approach. Accordingly, the comparative information represented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(e) Leases *(cont'd)*

Current financial year *(cont'd)*

(i) Definition of a lease *(cont'd)*

- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that are linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(e) Leases *(cont'd)*

Current financial year *(cont'd)*

(ii) Recognition and initial measurement *(cont'd)*

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

The Group recognises assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equals to the net investment in the lease. The Group uses the interest rate implicit in the lease to measure the net investment in the lease.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment on whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "revenue".

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(e) Leases *(cont'd)*

Previous financial year

As a lessee

(i) Finance lease

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership were classified as finance leases. Upon initial recognition, the leased asset was measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset was accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases were apportioned between the finance expense and the reduction of the outstanding liability. The finance expense was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments were accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment was confirmed.

Leasehold land which in substance was a finance lease was classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

(ii) Operating leases

Leases, where the Group did not assume substantially all the risks and rewards of the ownership were classified as operating leases and, except for property interest held under operating lease, the leased assets were not recognised on the Group's statement of financial position.

Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals were charged to profit or loss in the reporting period in which they were incurred.

Leasehold land which in substance was an operating lease was classified as prepaid lease payments.

(f) Intangible assets

(i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

(ii) Development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(f) Intangible assets *(cont'd)*

(ii) Development expenditure *(cont'd)*

Capitalised development expenditure is stated at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Technical know-how

Technical know-how intangible asset comprises the right to use certain technical knowledge and/or know-how to manufacture and sell automotive parts.

Cost incurred to acquire technical know-how is capitalised only if it can be measured reliably, future economic benefits are probable and the Group intends to and has sufficient resources to use or sell the asset.

Capitalised technical know-how is stated at cost less accumulated amortisation and any accumulated impairment losses.

(iv) Other intangible assets

Intangible assets, other than goodwill that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

(vi) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets and over the estimated units to be sold over a period of time from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

• development expenditure	3 - 5 years
• trademarks	2 years
• design	3 years
• technical know-how	1 - 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted, if appropriate.

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(g) **Investment property** *(cont'd)*

(i) **Investment property carried at fair value** *(cont'd)*

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

Subsequently, investment properties are measured at fair value at any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

(ii) **Reclassification to/from investment property**

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) **Inventories**

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) **Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(j) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or fully) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovering amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, investment properties measured at fair value and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(j) **Impairment** *(cont'd)*

(ii) **Other assets** *(cont'd)*

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that is expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a *pro rata* basis.

Impairment loss arising on the land and building carried at revaluation model will be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any excess will be charged to profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) **Equity instruments**

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

(i) **Ordinary shares**

Ordinary shares are classified as equity.

(ii) **Repurchase, disposal and reissue of share capital (treasury shares)**

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

When treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

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

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or incentive if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company has no further payment obligations.

(iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed every three years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty claim.

In rare circumstances, a provision for warranties is not made when it is related to unusual product defects and where the amount of obligation cannot be measured with sufficient reliability.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(n) Revenue and other income

(i) Revenue

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;

(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(iii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that are not a tax base of an asset, are recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentives can be utilised.

(q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

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

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment's results are reviewed regularly by the chief operating decision makers, which in this case are the Executive Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

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3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Right -of-use assets RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
Cost/Valuation										
At 1 January 2018	101,172	64,579	-	276,079	576,835	38,458	9,800	3,412	2,061	1,072,396
Additions	3,466	-	-	10,558	20,527	1,870	3,731	1,646	1,312	43,110
Disposals	-	-	-	-	(3,494)	(163)	(2,531)	-	-	(6,188)
Write-off	-	-	-	-	(101)	(108)	(31)	-	-	(240)
Transfer	-	-	-	-	1,705	57	-	-	(1,762)	-
Reclassification	309	-	-	(309)	-	-	-	-	-	-
Effect of movement in exchange rates	229	-	-	(1,724)	(3,477)	(41)	(77)	(78)	(97)	(5,265)
At 31 December 2018, *as previously reported*	105,176	64,579	-	284,604	591,995	40,073	10,892	4,980	1,514	1,103,813
Adjustment on initial application of MFRS 16	-	(64,579)	98,214	-	-	-	-	-	-	33,635
At 1 January 2019, *as restated*	105,176	-	98,214	284,604	591,995	40,073	10,892	4,980	1,514	1,137,448
Additions	690	-	1,670	8,476	16,036	1,245	1,255	1,731	2,453	33,556
Disposals	-	-	-	-	(3,008)	(2)	(2,168)	-	-	(5,178)
Write-off	-	-	-	-	(266)	(8)	-	-	(153)	(427)
Transfer	-	-	-	-	134	9	-	-	(143)	-
Reclassification	-	-	-	-	-	(39)	-	39	-	-
Revaluation surplus	-	-	41,252	-	-	-	-	-	-	41,252
Effect of movement in exchange rates	733	-	139	2,114	2,124	20	15	(29)	33	5,149
At 31 December 2019	106,599	-	141,275	295,194	607,015	41,298	9,994	6,721	3,704	1,211,800
Accumulated depreciation										
At 1 January 2018	-	2,701	-	36,479	420,024	33,411	6,560	644	-	499,819
Charge for the year	-	1,048	-	15,979	30,123	1,861	1,610	471	-	51,092
Disposals	-	-	-	-	(3,412)	(154)	(1,982)	-	-	(5,548)
Write-off	-	-	-	-	(91)	(108)	(30)	-	-	(229)
Reclassification	-	-	-	-	(12)	12	-	-	-	-
Effect of movement in exchange rates	-	-	-	(231)	(890)	(9)	(38)	(6)	-	(1,174)
At 31 December 2018, *as previously reported*	-	3,749	-	52,227	445,742	35,013	6,120	1,109	-	543,960
Adjustment on initial application of MFRS 16	-	(3,749)	3,749	-	-	-	-	-	-	-
At 1 January 2019, *as restated*	-	-	3,749	52,227	445,742	35,013	6,120	1,109	-	543,960
Charge for the year	-	-	4,651	16,890	29,573	1,672	1,438	482	-	54,706
Disposals	-	-	-	-	(2,984)	(2)	(1,979)	-	-	(4,965)
Write-off	-	-	-	-	(174)	(7)	-	-	-	(181)
Reclassification	-	-	-	-	-	(4)	-	4	-	-
Effect of movement in exchange rates	-	-	(5)	323	647	7	7	(4)	-	975
At 31 December 2019	-	-	8,395	69,440	472,804	36,679	5,586	1,591	-	594,495

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. Property, plant and equipment *(cont'd)*

Group	Freehold land RM'000	Long term leasehold land RM'000	Right -of-use assets RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
Carrying amounts										
At 1 January 2018	101,172	61,878	-	239,600	156,811	5,047	3,240	2,768	2,061	572,577
At 31 December 2018, *as previously reported*	105,176	60,830	-	232,377	146,253	5,060	4,772	3,871	1,514	559,853
At 1 January 2019, *as restated*	105,176	-	94,465	232,377	146,253	5,060	4,772	3,871	1,514	593,488
At 31 December 2019	106,599	-	132,880	225,754	134,211	4,619	4,408	5,130	3,704	617,305

The Group adopted the revaluation model on its properties comprising freehold land, long term leasehold land and buildings in 2017. Had the revalued properties been carried under the cost model, the net carrying amount of the properties that would have been included in the financial statements of the Group would be as follows:

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
2019				
Cost	75,498	-	269,144	344,642
Accumulated depreciation	-	-	(120,973)	(120,973)
	75,498	-	148,171	223,669
2018				
Cost	74,075	26,968	258,554	359,597
Accumulated depreciation	-	(9,603)	(103,759)	(113,362)
	74,075	17,365	154,795	246,235

Fair value information

The fair values of the freehold land, long term leasehold land and buildings were categorised as Level 3 fair value.

Level 3 fair value

Level 3 fair value was estimated using unobservable inputs for land and buildings.

Fair values of land and buildings have been generally derived using the sales comparison approach and cost approach. In the sales comparison approach, sale prices of comparable properties in close proximity were adjusted for differences in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. The cost approach involves the valuation of land in comparison with evidence of values of comparable land and adding to it the current replacement cost of the building and improvements less allowance for physical deterioration and all relevant forms of obsolescence. The most significant input into this valuation approach is the land value of comparable properties.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

3. **Property, plant and equipment** *(cont'd)*

Valuation process applied by the Group for Level 3 fair value

The fair value of land and buildings was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group's land and buildings portfolio is revalued every 3 years.

3.1 Right-of-use assets

Group	Leasehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
At 1 January 2019	88,509	4,064	1,857	35	94,465
Additions	-	455	1,144	71	1,670
Depreciation	(1,786)	(1,588)	(1,220)	(57)	(4,651)
Revaluation surplus	41,252	-	-	-	41,252
Effect of movement in exchange rates	161	(17)	-	-	144
At 31 December 2019	128,136	2,914	1,781	49	132,880

The Group leases a number of properties, factory facilities and motor vehicles that run between 1 year and 45 years, with an option to renew the lease after the expiry date.

Arising from the adoption of MFRS 16, *Leases*, the Group applied revaluation model to the right-of-use assets that relate to the class of properties comprising leasehold land to which the Group applies the revaluation model in MFRS 116. Had the revalued right-of-use assets been carried under the cost model, the net carrying amount of the right-of-used assets that would have been included in the financial statements of the Group would be as follows:

Group	Leasehold land RM'000
2019	
Cost	55,508
Accumulated depreciation	(6,531)
	48,977

3.2 Extension options

Some leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

3.3 Significant judgement and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

4. Prepaid lease payments

Group	Unexpired lease period of less than or equal to 50 years RM'000
Cost	
At 1 January 2018	16,897
Effect of movement in exchange rates	(626)
At 31 December 2018, *as previously reported*	16,271
Adjustment on initial application of MFRS 16	(16,271)
At 1 January 2019, *as restated*/31 December 2019	-
Accumulated amortisation	
At 1 January 2018	892
Charge during the year	107
Effect of movement in exchange rates	(3)
At 31 December 2018, *as previously* reported	996
Adjustment on initial application of MFRS 16	(996)
At 1 January 2019, *as restated*/31 December 2019	-
Carrying amounts	
At 1 January 2018	16,005
At 31 December 2018, *as previously reported*	15,275
At 1 January 2019, *as restated*/31 December 2019	-

5. Investment properties

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
At 1 January 2018	3,690	88,900	15,410	108,000
Change in fair value	380	-	3,140	3,520
At 31 December 2018/1 January 2019	4,070	88,900	18,550	111,520
Change in fair value	110	-	930	1,040
At 31 December 2019	4,180	88,900	19,480	112,560

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. Investment properties *(cont'd)*

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2019	2018
	RM'000	RM'000
Lease income	2,290	2,244
Direct operating expenses:		
- income generating investment properties	926	846
- non-income generating investment properties	25	11

The operating lease payments to be received are as follows:

	Group	
	2019	2018
	RM'000	RM'000
Less than one year	2,260	2,018
One to two years	1,101	1,804
Two to three years	105	649
Total undiscounted lease payments	3,466	4,471

5.1 Fair value information

Fair value of investment properties are categorised as follows:

Group	Level 1	Level 2	Level 3	Total
2019	RM'000	RM'000	RM'000	RM'000
Freehold land	-	-	4,180	4,180
Long term leasehold land	-	-	88,900	88,900
Buildings	-	-	19,480	19,480
	-	-	112,560	112,560
2018				
Freehold land	-	-	4,070	4,070
Long term leasehold land	-	-	88,900	88,900
Buildings	-	-	18,550	18,550
	-	-	111,520	111,520

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

5. Investment properties *(cont'd)*

5.1 Fair value information *(cont'd)*

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for investment properties.

Fair values of land and buildings have been generally derived using the sales comparison approach and cost approach. In the sales comparison approach, sale prices of comparable properties in close proximity were adjusted for differences in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. The cost approach involves the valuation of land in comparison with evidence of values of comparable land and adding to it the current replacement cost of the building and improvements less allowance for physical deterioration and all relevant forms of obsolescence. The most significant input into this valuation approach is the land value of comparable properties.

Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by an external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group's land and buildings portfolio is revalued every year. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

6. Investments in subsidiaries

	Company	
	2019	2018
	RM'000	RM'000
Unquoted shares, at cost	591,261	559,159
Less: Accumulated impairment losses	(13,539)	(13,539)
	577,722	545,620

Details of the subsidiaries are disclosed in Note 32.

6.1 Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

(i) Fuji Seats (Malaysia) Sdn. Bhd. ("FSM")
(ii) APM Delta Seating Systems Sdn. Bhd. ("ADSS")
(iii) APM TACHI-S Seating Systems Sdn. Bhd. ("ATS")

	FSM	ADSS	ATS	Other subsidiaries with immaterial NCI	Total
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
NCI percentage of ownership interest and voting interest	40%	40%	49%		
Carrying amount of NCI	50,153	18,118	5,571	1,337	75,179
Profit allocated to NCI	13,886	5,786	872	632	21,176

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. Investments in subsidiaries *(cont'd)*

6.1 Non-controlling interests in subsidiaries *(cont'd)*

Summarised financial information of subsidiaries with material NCI before intra-group elimination

2019	**FSM RM'000**	**ADSS RM'000**	**ATS RM'000**
As at 31 December			
Non-current assets	43,438	7,021	2,588
Current assets	142,389	47,537	15,325
Non-current liabilities	(3,983)	(1,238)	(1,164)
Current liabilities	(56,461)	(8,026)	(5,380)
Net assets	125,383	45,294	11,369
Year ended 31 December			
Revenue	411,180	100,759	30,581
Profit for the year	34,714	14,464	1,779
Total comprehensive income	34,809	14,464	1,857
Cash flows from/(used in) operating activities	25,829	(2,203)	3,084
Cash flows (used in)/from investing activities	(23,239)	(2,120)	36
Cash flows used in financing activities	(20,007)	(15,000)	-
Net (decrease)/increase in cash and cash equivalents	(17,417)	(19,323)	3,120
Dividends paid to NCI	8,003	6,000	-

2018	**FSM RM'000**	**ADSS RM'000**	**ATS RM'000**	**Other subsidiaries with immaterial NCI RM'000**	**Total RM'000**
NCI percentage of ownership interest and voting interest	40%	40%	49%		
Carrying amount of NCI	44,271	18,327	3,966	1,384	67,948
Profit/(Loss) allocated to NCI	12,564	7,318	2,525	(390)	22,017

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

6. Investments in subsidiaries *(cont'd)*

6.1 Non-controlling interests in subsidiaries *(cont'd)*

Summarised financial information of subsidiaries with material NCI before intra-group elimination *(cont'd)*

2018	FSM RM'000	ADSS RM'000	ATS RM'000
As at 31 December			
Non-current assets	46,729	6,551	1,226
Current assets	129,742	73,712	17,303
Non-current liabilities	(1,548)	(84)	(323)
Current liabilities	(64,246)	(34,362)	(10,112)
Net assets	110,677	45,817	8,094
Year ended 31 December			
Revenue	336,028	142,118	39,283
Profit for the year	31,411	18,296	5,153
Total comprehensive income	31,411	18,296	5,153
Cash flows from operating activities	54,594	35,781	5,162
Cash flows from/(used in) investing activities	1,375	(899)	(56)
Cash flows used in financing activities	(20,007)	-	(3,452)
Net increase in cash and cash equivalents	35,962	34,882	1,654
Dividends paid to NCI	8,003	-	-

6.2 Restriction imposed by shareholders' agreement

Generally, for all the subsidiaries which are not wholly-owned by the Group, the non-controlling interests shareholders hold protective rights restricting the Group's ability to use the net assets of the subsidiaries to settle the liabilities of the Group, unless approval is obtained from the non-controlling interests shareholders.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

7. Investment in an associate

	Group 2019 RM'000	Group 2018 RM'000
Unquoted shares, at cost	5,048	5,048
Share of post-acquisition reserves	51	4,904
Less: Impairment loss	(4,201)	-
	898	9,952

The associate is not material to the Group as at the end of the reporting period.

Details of the associate are as follows:

Name of entity	Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest 2019	Effective ownership interest and voting interest 2018
P.T. Adient Automotive Indonesia *	Indonesia	Manufacture and supply of automotive products in Indonesia's automotive market	12.5%	12.5%

* Not audited by member firms of KPMG International.

Although the Group has 12.5% ownership in the equity interests of P.T. Adient Automotive Indonesia, the Group has determined that it has significant influence because it has representation on the board of P.T. Adient Automotive Indonesia.

The statutory financial year end of the associate is 30 September, which does not coincide with the financial year end of the Group. Management financial statements of the associate for the financial year ended 31 December 2019 have been used for the purpose of applying the equity method of accounting.

Impairment loss

During the financial year, the Group recognised an impairment loss of RM4,201,000 for its investment in P.T. Adient Automotive Indonesia arising from the rationalisation exercise conducted by the investee as a result of the competitive market segment in which the investee operates.

8. Investments in joint ventures

	Group 2019 RM'000	Group 2018 RM'000
Unquoted shares, at cost	17,956	17,956
Share of post-acquisition reserves	13,767	14,209
	31,723	32,165

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

8. Investments in joint ventures *(cont'd)*

Details of joint ventures are as follows:

Name of entity	Nature of the relationship	Effective ownership interest and voting interest 2019	Effective ownership interest and voting interest 2018
Incorporated in Vietnam:			
APM TACHI-S Seating Systems Vietnam Co. Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.) *	Develop, manufacture, assemble and sale of automotive seats in Vietnam's automotive market	49%	49%
Incorporated in Indonesia:			
P.T. APM Armada Autoparts (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) *	Manufacture of interior products and is one of the strategic partnerships to develop Indonesia's automotive market	50%	50%
Incorporated in Thailand:			
IAC APM Automotive Systems Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.) *	Manufacture of interior plastic components and is one of the strategic partnerships to develop Thailand's automotive market	40%	40%
Incorporated in Malaysia:			
Diversified Furniture Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	50%	50%

* Not audited by member firms of KPMG International.

8. **Investments in joint ventures** *(cont'd)*

The following table summarises the financial information of the material joint venture and reconciles the information to the carrying amount of the Group's interest in joint ventures.

	2019		
Summarised financial information	**P.T. APM Armada Autoparts RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
At 31 December			
Non-current assets	28,352	2,265	30,617
Current assets	45,334	23,133	68,467
Non-current liabilities	(4,390)	-	(4,390)
Current liabilities	(18,923)	(11,222)	(30,145)
Net assets	50,373	14,176	64,549
Year ended 31 December			
Profit/(Loss) and total comprehensive income/(expense) for the year	228	(998)	(770)
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	25,187	6,536	31,723
Carrying amount in the statement of financial position	25,187	6,536	31,723
Group's share of results for year ended 31 December			
Share of total comprehensive income/(loss) for the year	114	(556)	(442)

NOTES TO THE FINANCIAL STATEMENTS
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8. Investments in joint ventures *(cont'd)*

The following table summarises the financial information of the material joint venture and reconciles the information to the carrying amount of the Group's interest in joint ventures. *(cont'd)*

	2018		
Summarised financial information	**P.T. APM Armada Autoparts RM'000**	**Other immaterial joint ventures RM'000**	**Total RM'000**
At 31 December			
Non-current assets	26,711	4,277	30,988
Current assets	35,719	25,492	61,211
Non-current liabilities	(3,969)	-	(3,969)
Current liabilities	(12,193)	(10,683)	(22,876)
Net assets	46,268	19,086	65,354
Year ended 31 December			
Profit and total comprehensive income for the year	76	1,648	1,724
Reconciliation of net assets to carrying amount as at 31 December			
Group's share of net assets	23,134	9,031	32,165
Carrying amount in the statement of financial position	23,134	9,031	32,165
Group's share of results for year ended 31 December			
Share of total comprehensive income for the year	38	853	891

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

9. Intangible assets

Group	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
Cost					
At 1 January 2018	10,077	11,255	8,567	15,436	45,335
Additions	1,417	3,777	-	895	6,089
Effect of movement in exchange rates	(581)	-	(658)	-	(1,239)
At 31 December 2018/1 January 2019	10,913	15,032	7,909	16,331	50,185
Additions	1,484	4,153	-	3,622	9,259
Write-off	-	(1,500)	-	-	(1,500)
Effect of movement in exchange rates	(137)	12	(154)	-	(279)
At 31 December 2019	12,260	17,697	7,755	19,953	57,665
Amortisation and impairment loss					
At 1 January 2018					
Accumulated amortisation	7,328	8,939	-	8,315	24,582
Accumulated impairment loss	-	-	-	787	787
	7,328	8,939	-	9,102	25,369
Amortisation for the year	2,046	2,206	-	2,669	6,921
Effect of movement in exchange rates	(497)	-	-	-	(497)
At 31 December 2018/1 January 2019					
Accumulated amortisation	8,877	11,145	-	10,984	31,006
Accumulated impairment loss	-	-	-	787	787
	8,877	11,145	-	11,771	31,793
Amortisation for the year	846	2,389	-	4,233	7,468
Effect of movement in exchange rates	(124)	2	-	-	(122)
At 31 December 2019					
Accumulated amortisation	9,599	13,536	-	15,217	38,352
Accumulated impairment loss	-	-	-	787	787
	9,599	13,536	-	16,004	39,139
Carrying amounts					
At 1 January 2018	2,749	2,316	8,567	6,334	19,966
At 31 December 2018/1 January 2019	2,036	3,887	7,909	4,560	18,392
At 31 December 2019	2,661	4,161	7,755	3,949	18,526

9. Intangible assets *(cont'd)*

Amortisation

The amortisation charge is allocated to the cost of sales and is recognised in profit or loss.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the operations in Australia, which represents the lowest level within the Group, at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Manufacturing of transportation seating	6,695	6,827
Unit without significant goodwill	1,060	1,082
	7,755	7,909

The recoverable amount of the manufacturing of transportation seating business unit ("the business unit") is based on value in use calculations. Cash flow projections used in this calculation were based on financial budgets approved by the management covering a five-year period.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the business unit and was based on the following key assumptions:

- There would be no material change in structure and principal activities of the cash-generating unit;
- The earnings before interest, taxes, depreciation and amortisation ("EBITDA") were based on growth rate of 3% (2018: 3%); and
- A pre-tax discount rate of 11% (2018: 10%) was applied in determining the recoverable amount of the unit.

No impairment is required for the goodwill attributed to the business unit as the estimated recoverable amount required exceeds the carrying amount of the business unit.

In order for the business unit to record an impairment loss, the discount rate will need to increase to 19% (2018: 19%).

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Employee benefits	3,331	2,007	-	-	3,331	2,007
Property, plant and equipment	360	476	(44,338)	(36,379)	(43,978)	(35,903)
Investment properties	-	-	(7,994)	(7,907)	(7,994)	(7,907)
Unutilised tax losses	2,574	1,356	-	-	2,574	1,356
Provisions and others	18,370	18,617	(5,726)	(1,962)	12,644	16,655
Tax assets/(liabilities)	24,635	22,456	(58,058)	(46,248)	(33,423)	(23,792)
Set-off of tax	(6,976)	(5,657)	6,976	5,657	-	-
Net tax assets/(liabilities)	17,659	16,799	(51,082)	(40,591)	(33,423)	(23,792)

Movement in temporary differences during the financial year

Group	**At 1.1.2018 RM'000**	**Recognised in profit or loss (Note 26) RM'000**	**At 31.12.2018/ 1.1.2019 RM'000**	**Recognised in profit or loss (Note 26) RM'000**	**Recognised in other comprehensive income (Note 27) RM'000**	**At 31.12.2019 RM'000**
Employee benefits	2,162	(155)	2,007	835	489	3,331
Property, plant and equipment	(43,424)	7,521	(35,903)	1,450	(9,525)	(43,978)
Investment properties	(3,399)	(4,508)	(7,907)	(87)	-	(7,994)
Unutilised tax losses	-	1,356	1,356	1,218	-	2,574
Provisions and others	12,864	3,791	16,655	(4,011)	-	12,644
	(31,797)	8,005	(23,792)	(595)	(9,036)	(33,423)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2019	**2018**
	RM'000	**RM'000**
Unutilised tax losses	77,991	52,749
Unabsorbed capital allowances	19,403	12,655
Deductible temporary differences	10,742	10,410
	108,136	75,814

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

10. Deferred tax assets/(liabilities) *(cont'd)*

Unrecognised deferred tax assets *(cont'd)*

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Pursuant to Finance Bill 2018, the unutilised tax losses of subsidiaries in Malaysia can be carried forward up to 7 consecutive years of assessment.

The unutilised tax losses of RM43,742,000 (2018: RM30,745,000) will expire in financial year 2020 - 2026 (2018: 2019 - 2025) for the subsidiaries in Malaysia and Indonesia.

11. Inventories

	Group	
	2019	**2018**
	RM'000	**RM'000**
Raw materials	144,957	156,115
Work-in-progress	11,270	14,700
Manufactured inventories and trading inventories	102,144	99,311
Spare parts and others	11,535	7,672
	269,906	277,798
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,117,998	987,452
Net inventories written down to net realisable value	2,146	2,989

12. Other investments

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Financial assets at fair value through profit or loss				
- Investments with licensed financial institutions	169,195	140,078	-	12,072

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

13. Trade and other receivables, including derivatives

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade receivables		225,160	201,543	-	-
Less: Impairment losses		(5,940)	(5,654)	-	-
		219,220	195,889	-	-
Other trade receivables		7,743	10,013	-	-
Related parties	13.1	23,783	19,151	-	-
Joint ventures	13.1	195	2,795	-	-
		250,941	227,848	-	-
Non-trade					
Other receivables	13.2	20,401	22,317	41	39
Subsidiaries	13.3	-	-	18,484	20,873
Derivatives at fair value through profit or loss					
- Forward exchange contracts	13.4	719	724	-	-
		21,120	23,041	18,525	20,912
		272,061	250,889	18,525	20,912

13.1 The trade amounts due from related parties and joint ventures are subject to 30 to 60 days (2018: 30 to 60 days) credit terms.

13.2 Included in other receivables is an amount of RM17,078,000 (2018: RM18,655,000) being Goods and Services Tax ("GST") and Value Added Tax ("VAT") refundable from the tax authorities in relation to input tax paid by the Group.

13.3 The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand except for an amount due from subsidiaries amounting to RM18,503,000 (2018: RM20,854,000) which is subject to interest ranging from 3.1% to 3.4% (2018: 3.3% to 3.5%) per annum.

13.4 The Group entered into forward exchange contracts with nominal value of RM45,518,000 to manage foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. The previous financial year's forward exchange contracts with nominal value of RM67,433,000 matured during the financial year.

14. Deposits and prepayments

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits	3,037	2,868	65	5
Prepayments	31,664	24,108	24	60
	34,701	26,976	89	65

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

15. Cash and cash equivalents

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	74,384	76,542	344	666
Corporate management accounts	36,814	93,866	1,246	1,582
Cash and bank balances	68,574	55,381	834	1,201
	179,772	225,789	2,424	3,449

Corporate management accounts are interest-bearing current accounts maintained with licensed banks.

16. Capital and reserves

Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2019	2019	2018	2018
	'000	RM'000	'000	RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	201,600	219,498	201,600	219,498

Included in share capital is share premium amounting to RM17,898,000 that was available to be utilised pursuant to Section 618(3) of the Companies Act 2016 on or before 30 January 2019 (24 months from commencement of Section 74 of the Companies Act 2016). During the financial year, the Company did not utilise that share premium.

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 24 May 2017, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

In previous financial year, the Company repurchased 2,000 of its issued ordinary shares from the open market at an average price of RM3.53 per ordinary share. The purchase transactions were financed by internally generated funds. The ordinary shares purchased were retained as treasury shares. There were no shares repurchased during the financial year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

16. Capital and reserves *(cont'd)*

Treasury shares *(cont'd)*

Details of the repurchase of shares were as follows:

	Average repurchase price RM	Highest repurchase price RM	Lowest repurchase price RM	Number of shares repurchased	Total consideration paid RM
2018					
March	3.510	3.510	3.510	1,000	3,554
September	3.550	3.550	3.550	1,000	3,595

As at 31 December 2019, the Company held as treasury shares a total of 6,017,500 (2018: 6,017,500) of its 201,600,000 issued ordinary shares.

Revaluation reserve

The revaluation reserve relates to the revaluation of Group's freehold land, long term leasehold land, right-of-use assets and buildings.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia.

17. Employee benefits

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Defined benefit liability	25,383	21,730	1,850	1,271

Under the Group's defined benefit scheme, eligible employees, who include Directors who are employees, are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the statutory pension funds for each completed year of service upon the retirement age of 60 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contract.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. **Employee benefits** *(cont'd)*

Movement in defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

	Defined benefit liability	
	2019	**2018**
Group	**RM'000**	**RM'000**
Balance at 1 January	21,730	19,715
Included in profit or loss		
Current service cost	2,425	2,475
Past service credit	(105)	119
Interest cost	1,100	32
	3,420	2,626
Included in other comprehensive income		
Remeasurement (gain)/loss		
- Actuarial (gain)/loss arising from:		
- Demographic assumptions	(741)	-
- Financial assumptions	2,376	-
- Others	346	-
Effect of movements in exchange rate	7	4
	1,988	4
Others		
Benefits paid	(1,755)	(615)
	(1,755)	(615)
Balance at 31 December	25,383	21,730
Company		
Balance at 1 January	1,271	1,145
Included in profit or loss		
Current service cost	132	61
Interest cost	70	65
	202	126
Included in other comprehensive income		
Remeasurement (gain)/loss		
- Actuarial (gain)/loss arising from:		
- Demographic assumptions	(197)	-
- Others	574	-
	377	-
Balance at 31 December	1,850	1,271

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

17. Employee benefits *(cont'd)*

Defined benefit liability

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group and Company	
	2019	**2018**
Discount rate	4.3% - 4.4%	5.0% - 6.0%
Future salary growth	5.5%	5.5%
Future pension growth	12% - 13%	12% - 13%

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit liability was 10.2 years for senior management and 24.8 years for other covered employees (2018: 9.9 years for senior management and 25.1 years for other covered employees).

Sensitivity analysis

Reasonably possible changes at the reporting dates at one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit liability by the amounts shown below:

Group	Defined benefit liability	
	Increase	**Decrease**
	RM'000	**RM'000**
2019		
Discount rate (1% movement)	(2,008)	2,343
Future salary growth (1% movement)	1,409	(1,267)
2018		
Discount rate (1% movement)	(1,408)	1,609
Future salary growth (1% movement)	1,495	(1,332)

Although the analysis does not account to the full description of cash flows expected under the defined benefit scheme plan, it does provide an approximation of the sensitivity of the actuarial assumptions as shown above.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

18. Loans and borrowings

	2019 RM'000	2018 RM'000
Group		
Unsecured foreign currency loans	53,796	52,240
Unsecured revolving credit	17,900	29,255
	71,696	81,495

The borrowings of the Group are subject to interest at 0.51% to 9.15% (2018: 0.87% to 9.15%) per annum.

19. Provisions

Group	Warranties RM'000
At 1 January 2018	12,566
Provisions made during the year	3,117
Provisions utilised during the year	(1,992)
Provisions reversed during the year	(4,709)
At 31 December 2018/1 January 2019	8,982
Provisions made during the year	4,364
Provisions utilised during the year	(1,444)
Provisions reversed during the year	(4,286)
At 31 December 2019	7,616

Provisions for warranties are recognised when the products are sold where they are entitled to warranty. The provisions are estimated based on historical warranty claims and the Group expects to incur most of the liabilities over the next 1 to 3 years.

Where an abnormal defect is discovered on a product, the management will perform investigation to identify the cause. The total warranty liability that will be incurred is highly dependent on the course of action that needs to be taken by the Group in consultation with the affected customer. It may vary significantly.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

20. Trade and other payables, including derivatives

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables		103,280	125,417	-	-
Related parties	20.1	11,897	10,918	-	-
		115,177	136,335	-	-
Non-trade					
Other payables and accruals		98,066	106,095	1,040	1,054
Subsidiaries	20.2	-	-	133	1,266
Related parties	20.2	802	1,127	-	-
Derivatives at fair value through profit or loss					
- Forward exchange contracts	13.4	177	71	-	-
		99,045	107,293	1,173	2,320
		214,222	243,628	1,173	2,320

20.1 The trade amount due to related parties is subject to 30 to 60 days (2018: 30 to 60 days) credit terms.

20.2 The non-trade amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

21. Revenue

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers	1,481,247	1,322,367	-	-
Other revenue:				
- Rental income	1,513	1,992	-	-
- Dividend income	-	-	44,500	51,602
- Sales of mould	14,180	10,013	-	-
	15,693	12,005	44,500	51,602
	1,496,940	1,334,372	44,500	51,602

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. Revenue *(cont'd)*

21.1 Disaggregation of revenue

Group	Suspension	Interior and plastics	Electrical and heat exchange	Marketing	Indonesia	All other segments	Non-reportable segment	Total
	Reportable segments							
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019								
Primary geographical markets								
Malaysia	67,125	919,035	99,434	103,707	-	-	29,698	1,218,999
Indonesia	-	151	-	27	41,208	-	-	41,386
Vietnam	-	1,761	-	-	-	24,133	-	25,894
Europe	-	-	12	34,344	-	3,164	1,987	39,507
America	-	-	-	10,011	-	18,569	-	28,580
Australia	-	-	-	23,243	-	69,807	-	93,050
Other countries	1,669	-	-	30,275	-	596	1,291	33,831
	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Markets								
Original Equipment Market ("OEM")	66,849	895,791	96,524	-	23,497	14,039	4,457	1,101,157
Replacement Equipment Market ("REM")	1,945	25,156	2,922	201,607	17,711	102,230	3,278	354,849
Others	-	-	-	-	-	-	25,241	25,241
	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Timing and recognition								
At a point in time	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Revenue from contracts with customers	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Other revenue	-	14,180	-	-	-	-	1,513	15,693
Total revenue	68,794	935,127	99,446	201,607	41,208	116,269	34,489	1,496,940

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. Revenue *(cont'd)*

21.1 Disaggregation of revenue *(cont'd)*

Group	Suspension	Interior and plastics	Electrical and heat exchange	Marketing	Indonesia	All other segments	Non-reportable segment	Total
	← Reportable segments					→		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2018								
Primary geographical markets								
Malaysia	70,791	734,907	111,388	106,051	-	-	29,328	1,052,465
Indonesia	-	276	-	265	42,017	-	-	42,558
Vietnam	-	4,428	-	-	-	16,499	-	20,927
Europe	-	-	19	37,655	-	4,084	2,698	44,456
America	3	-	-	10,124	-	15,294	-	25,421
Australia	-	-	77	29,014	-	64,205	-	93,296
Other countries	2,938	-	-	39,476	-	830	-	43,244
	73,732	739,611	111,484	222,585	42,017	100,912	32,026	1,322,367
Markets								
Original Equipment Market ("OEM")	70,791	719,061	109,971	-	22,665	12,468	3,501	938,457
Replacement Equipment Market ("REM")	2,941	20,550	1,513	222,585	19,352	88,444	1,945	357,330
Others	-	-	-	-	-	-	26,580	26,580
	73,732	739,611	111,484	222,585	42,017	100,912	32,026	1,322,367
Timing and recognition								
At a point in time	73,732	739,611	111,484	222,585	42,017	100,912	32,026	1,322,367
Revenue from contracts with customers	73,732	739,611	111,484	222,585	42,017	100,912	32,026	1,322,367
Other revenue	-	10,013	506	-	-	-	1,486	12,005
Total revenue	73,732	749,624	111,990	222,585	42,017	100,912	33,512	1,334,372

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

21. Revenue *(cont'd)*

21.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of automotive parts - OEM	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period within 30 to 60 days from invoice date.	Not applicable.	Not applicable.	Limited warranty up to 100,000 km mileage or 3 years, whichever is earlier, for selected products.
Sales of automotive parts - REM (Domestic)	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period within 30 to 90 days from invoice date.	Year-end incentive and year-end trip based on sales target and prompt payment discount given to selected customers.	Not applicable.	Limited warranty up to 20,000 km mileage or 6 months, whichever is earlier, for selected products.
Sales of automotive parts - REM (Export)	Revenue is recognised based on shipment terms.	30% to 50% deposit before shipment and balance within 30 to 60 days from shipment date.	Year-end incentive rebate based on sales/volume target for selected customers.	Not applicable.	Not applicable.

Significant judgements and assumptions arising from revenue recognition

There are no significant judgements and assumptions applied that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers.

22. Finance costs

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities measured at amortised cost	4,439	3,739	6	2
Interest expense on lease liabilities	1,558	-	-	-
	5,997	3,739	6	2

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

23. Finance income

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Interest income received from deposits, investments and corporate management accounts with licensed financial institutions and banks	9,880	10,193	144	372
Interest income received from subsidiaries	-	-	649	878
	9,880	10,193	793	1,250

24. Profit before tax

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	496	458	57	57
- Other auditors	355	341	-	-
Non-audit fees:				
- KPMG PLT	10	10	10	10
- Local affiliates of KPMG Malaysia	155	148	7	6
- Overseas affiliates of KPMG Malaysia	62	61	-	-
- Other auditors	183	54	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

24. Profit before tax *(cont'd)*

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit before tax is arrived at after charging/ (crediting):*(cont'd)*				
Material expenses/(income)				
Amortisation of intangible assets	7,468	6,921	-	-
Amortisation of prepaid lease payments	-	107	-	-
Change in fair value of investment properties	(1,040)	(3,520)	-	-
Depreciation of property, plant and equipment	50,055	51,092	-	-
Depreciation of right-of-use assets	4,651	-	-	-
Dividends received from subsidiaries	-	-	(44,500)	(51,602)
Gain on disposal of property, plant and equipment	(551)	(369)	-	-
Impairment of investment in an associate	4,201	-	-	-
Intangible assets written off	1,500	-	-	-
Net inventories written down to net realisable value	2,146	2,989	-	-
Net foreign exchange differences				
- realised	1,043	1,508	(84)	(6)
- unrealised	(341)	(464)	199	(58)
Non-executive Directors				
- Fees	432	408	432	408
- Other benefits	92	76	92	76
Personnel expenses (including key management personnel)				
- Employee benefits	3,420	2,626	202	126
- Contributions to state plans	14,757	13,559	395	365
- Wages, salaries and others	196,079	179,903	2,222	1,921
Provision for warranties	4,364	3,117	-	-
Provision for warranties reversed	(4,286)	(4,709)	-	-
Royalties	12,128	10,965	-	-
Expenses arising from leases				
Expenses relating to short-term leases	743	-	-	-
Rental expenses	-	3,887	-	-
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost	286	3,582	(493)	(133)

25. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Remuneration	8,009	7,699	2,472	2,286
- Other employee benefits	4,927	585	2,047	320
	12,936	8,284	4,519	2,606
Other key management personnel				
- Remuneration and other employee benefits	6,727	6,253	-	-
	6,727	6,253	-	-
	19,663	14,537	4,519	2,606

The remuneration paid to the Executive Directors of the Company were in respect of their employment with the Company and certain Group entities.

Included in other employee benefits of the Group are retirement benefits paid to or receivable by the Directors which amounted to RM4,847,000 (2018: RM488,000) and the estimated monetary value of benefit-in-kind provided to the Directors which amounted to RM80,000 (2018: RM97,000). Included in other employee benefits of the Company is retirement benefits paid to or receivable by the Directors amounting to RM2,047,000 (2018: RM320,000).

Other key management personnel comprise the heads of certain significant subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

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26. Income tax expense

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Income tax expense	20,362	16,983	77	253
Share of tax of joint ventures	63	166	-	-
	20,425	17,149	77	253
Current tax expense				
Malaysian				
- Current year	21,227	23,792	163	281
- Over provision in prior year	(3,387)	(893)	(86)	(28)
Overseas				
- Current year	1,888	2,015	-	-
Total current tax recognised in profit or loss	19,728	24,914	77	253
Others	39	74	-	-
Deferred tax expense				
- Origination and reversal of temporary differences	(121)	(6,157)	-	-
- Under/(Over) provision in prior year	716	(1,848)	-	-
Total deferred tax recognised in profit or loss	595	(8,005)	-	-
Income tax expense	20,362	16,983	77	253
Share of tax of joint ventures	63	166	-	-
Total income tax expense	20,425	17,149	77	253
Reconciliation of tax expense				
Profit for the year	48,413	60,458	41,219	47,364
Total income tax expense	20,425	17,149	77	253
Profit excluding tax	68,838	77,607	41,296	47,617
Income tax using Malaysian tax rate of 24% (2018: 24%)	16,521	18,626	9,911	11,428
Non-deductible expenses	5,166	2,042	951	1,448
Tax exempt income	(1,165)	(1,596)	(10,699)	(12,595)
Tax incentives	(3,176)	(4,166)	-	-
Effect of deferred tax assets not recognised	7,153	7,832	-	-
Recognition of previously unrecognised tax losses	-	(1,356)	-	-
Other items	(1,403)	(1,492)	-	-
	23,096	19,890	163	281
Malaysian				
- Over provision of current tax expense in prior year	(3,387)	(893)	(86)	(28)
- Under/(Over) provision of deferred tax expense in prior year	716	(1,848)	-	-
Total income tax expense	20,425	17,149	77	253

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

27. Other comprehensive income/(loss)

	2019			2018		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	(1,981)	489	(1,492)	-	-	-
Revaluation of right-of-use assets	41,252	(9,525)	31,727	-	-	-
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for consolidated subsidiaries	4,456	-	4,456	(5,990)	-	(5,990)
Foreign currency translation differences for equity-accounted associate and joint ventures	1,099	-	1,099	(1,498)	-	(1,498)
	44,826	(9,036)	35,790	(7,488)	-	(7,488)
Company						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	(377)	-	(377)	-	-	-
	(377)	-	(377)	-	-	-

28. Earnings per ordinary share

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2019 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2019	2018
Profit for the year attributable to ordinary shareholders (RM'000)	27,237	38,441
Weighted average number of ordinary shares ('000 units)		
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(6,017)	(6,017)
Weighted average number of ordinary shares at 31 December	195,583	195,583
Basic earnings per ordinary share (sen)	13.9	19.7

Diluted earnings per share is not presented as the Group has no potential shares or other instrument with dilutive effects.

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(CONT'D)

29. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2019			
Interim 2019 ordinary	5.0	9,779	8 October 2019
Final 2018 ordinary	7.0	13,690	26 June 2019
		23,469	
2018			
Interim 2018 ordinary	5.0	9,779	8 October 2018
Final 2017 ordinary	8.5	16,628	25 June 2018
		26,407	

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the shareholders of the Company.

	Sen per share	Total amount RM'000
Final 2019 ordinary	5.0	9,775

30. Commitments

	Group 2019 RM'000	Group 2018 RM'000
Property, plant and equipment		
Contracted but not provided for	18,934	20,068

31. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. Related parties *(cont'd)*

Identity of related parties *(cont'd)*

Controlling related party relationships are as follows:

i) The subsidiaries as disclosed in Note 32.

ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH"). TCC and WH are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH Group"). TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").

iii) The Director of the Company, Dato' Tan Heng Chew is deemed interested by virtue of his interests in TCC and WH pursuant to Section 8(4) of the Companies Act 2016 and interests held by spouse and son by virtue of Section 59(11)(c) of the Companies Act 2016.

iv) The Director of the Company, Dato' Tan Eng Hwa is deemed interested by virtue of his interest in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest held by spouse by virtue of Section 59(11)(c) of the Companies Act 2016.

v) For the purpose of related party transactions and balances disclosure, the Group and the Company treat TCC as the ultimate controlling shareholder.

Significant related party transactions with TCMH, WTCH and TCIL Groups are as follows:

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
With TCMH Group				
Sales	95,389	81,454	-	-
Purchases	(27,391)	(29,944)	-	-
Provision of services	1,511	393	-	-
Administrative and consultancy services	(18)	(348)	-	-
Insurance premium	(4,942)	(3,521)	(66)	(31)
Rental income	1,544	1,561	-	-
Rental expenses	(346)	(313)	-	-
With WTCH Group				
Sales	479	665	-	-
Purchases	(538)	(193)	-	-
Administrative and consultancy services	(2,201)	(2,165)	-	-
Rental income	480	429	-	-
Rental expenses	(1,223)	(1,247)	-	-
With TCIL Group				
Sales	252	4,184	-	-
Purchases	(10)	(171)	-	-
Rental expenses	(67)	(36)	-	-
Key management personnel				
Director				
Rental expenses	(54)	(23)	-	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

31. Related parties *(cont'd)*

Significant related party transactions with TCMH, WTCH and TCIL Groups are as follows: *(cont'd)*

These transactions have been entered into in the normal course of business and have been established under 30 to 60 days (2018: 30 to 60 days) trade credit terms.

All of the above outstanding balances are expected to be settled in cash by the related parties.

The outstanding net amounts due from/(to) related parties are disclosed in Note 13 and Note 20, respectively.

32. Subsidiaries

The principal activities of the subsidiaries in the Group and the Group's effective ownership interests and voting interests are as follows:

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Incorporated in Malaysia:			
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	100	100
APM Automotive Modules Sdn. Bhd.	Assembly and sale of door trim module and instrument panel module parts	100	100
APM Auto Safety Systems Sdn. Bhd.	Manufacture and sale of automotive seat belt	100	100
Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats and components	60	60
APM Automotive Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive interior plastic component and systems	100	100
APM TACHI-S Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture, assembly and sale of automotive and industrial seats	51	51

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Incorporated in Malaysia: *(cont'd)*			
APM Delta Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	60	60
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture and sale of shock absorbers and related component parts	100	100
APM Climate Control Sdn. Bhd.	Manufacture and sale of automotive air-conditioners and radiators	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM-Coachair Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Tinnos Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	60	60
Omnimatics Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Provide solution for Internet of Things	52	52
APM Auto Parts Marketing (Malaysia) Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Engineering & Research Sdn. Bhd.	Provision of engineering research, design and development services	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Incorporated in Malaysia: *(cont'd)*			
APM Corporate Services Sdn. Bhd.	Provision of management services	100	100
Able Motor Sdn. Bhd.	Distribution of motor vehicles	100	100
APM Aluminium Castings Sdn. Bhd.	Casting, machining, and assembly of aluminium parts and components	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment holding	100	100
KAB Otomotif Sdn. Bhd.	Property investment holding	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment holding	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
APM Automotive International Ltd.	Investment holding	100	100
APM Automotive Global Ltd.	Investment holding	100	100
APM Automotive Indonesia Ltd.	Investment holding	100	100
APM Automotive IndoChina Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.)	Investment holding	100	100
APM Automotive Thailand Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.)	Investment holding	100	100
APM Automotive Myanmar Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.)	Investment holding	100	100
APM Chalmers Suspensions Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Incorporated in Malaysia: *(cont'd)*			
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Automotive Seats Sdn. Bhd.	Dormant	100	100
APM Chemicals Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100
APM EV Solutions Sdn. Bhd.	Assembly and sales of Electric Vehicle (EV) bus; and fabrication and assembly of integrated EV bus chassis	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
APM Suspension Systems Sdn. Bhd.	Dormant	100	100
Incorporated in Canada:			
APM Holdings Inc. Δ (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Components America Inc. Δ (held via 100% owned subsidiary, APM Holdings Inc.)	Dormant	100	100
Incorporated in Vietnam:			
APM Springs (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive suspension parts	100	100
APM Auto Components (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive seats and its components, shock absorbers, radiators and air-conditioner parts for automobiles	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Incorporated in Thailand:			
APM Auto Components (Thailand) Ltd.* (held via 100% owned subsidiaries, APM Automotive Thailand Ltd., APM Automotive IndoChina Ltd. and APM Automotive International Ltd.)	Manufacture of automotive plastic parts and components and carrying out the business of import and export of automotive parts and components	100	100
Incorporated in the United States of America:			
APM Auto Components (USA) Inc. Δ (held via 100% owned subsidiary, APM Automotive International Ltd.)	Marketing and sale of automotive parts and accessories	100	100
Incorporated in Australia:			
McConnell Seats Australia Pty. Ltd.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture of transportation seating for trains, buses and trams	100	100
Incorporated in Indonesia:			
P.T. APM Auto Components Indonesia* (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Property investment holding	100	100
P.T. APM Armada Suspension* (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and distribution of coil springs	100	100
P.T. APM Automotive Indonesia* (held via 100% owned subsidiaries, APM Automotive Indonesia Ltd. and APM Automotive International Ltd.)	Provision of management services	100	100
P.T. APM Leaf Springs Indonesia* (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Manufacture and sale of automotive leaf springs	100	100

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

32. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2019 %	2018 %
Incorporated in Indonesia: *(cont'd)*			
P.T. APM Shock Absorbers Indonesia* (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Manufacture and sale of shock absorbers and related component parts	100	100
P.T. Doowon APM Automotive* # (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Dormant	100	-
Incorporated in Myanmar:			
APM Auto Components Myanmar Co., Ltd.* @ (held via 100% owned subsidiaries, APM Automotive Myanmar Ltd. and APM Automotive IndoChina Ltd.)	Dormant	100	100
Incorporated in Netherlands:			
APM Auto Components Europe B.V. Δ (held via 100% owned subsidiary, APM Automotive Global Ltd.)	Investment holding	100	100
APM-TS B.V. Δ (held via 100% owned subsidiary, APM Auto Components Europe B.V.)	Develop springs, absorbers and coilovers for the automotive markets	80	80
Incorporated in India:			
APM Motors India Private Limited* @ (held via 100% owned subsidiaries, APM Automotive Global Ltd. and APM Automotive International Ltd.)	Dormant	100	100

Δ Subsidiaries are not required to be audited and consolidation is based on the management financial statements.

* Not audited by member firms of KPMG International.

@ The statutory financial year end for these subsidiaries are 30 September and 31 March respectively, which do not coincide with the financial year end of the Group. The management financial statements for the year ended 31 December 2019 of these subsidiaries have been used for the preparation of the consolidated financial statements of the Group.

\# On 3 December 2019, P.T. APM Automotive Indonesia ("PTAAI") and P.T. APM Auto Components Indonesia ("PTAACI"), two wholly-owned subsidiaries of the Group, have jointly incorporated a new subsidiary namely, P.T. Doowon APM Automotive ("PTDAA") in Indonesia. The Group intends to subscribe 176,000 shares of USD1.00 each in PTDAA for a total cash consideration of USD176,000. PTDAA is incorporated for the intended principal activities of manufacturing and sales of air-conditioner system and tube and pipe assembly.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. Operating segments

The Group has seven divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Chief Operating Decision Makers ("CODM"), which in this case are the Executive Directors of the Group, review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's divisions:

- *Suspension Division, Malaysia*: Businesses in products such as leaf springs, parabolic springs, coil springs, shock absorbers, gas springs, U-bolts and metal parts;

- *Interior & Plastics Division, Malaysia*: Businesses in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums, cinemas, rails and light rails system;

- *Electrical & Heat Exchange Division, Malaysia*: Businesses in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors, In-Vehicle Infotainment ("IVT") systems and other electrical parts; and development of Internet of Things ("IoT") telematics platform;

- *Marketing Division, Malaysia*: Trading and distribution of automotive components/parts manufactured by the Group for local and overseas replacement market;

- *Indonesia Operations*: Businesses in Indonesia; and

- *All other segments*: Businesses in Thailand, Vietnam, Myanmar, Australia, India, the United States of America and Netherlands.

- *Non-reportable segment*: Operations related to the rental of investment properties in Malaysia; casting, machining and assembly of aluminium parts and components, distribution of motor vehicles, provision of management services for companies within the Group, and provision of automotive research and development services.

Performance is measured based on segment revenue and profit before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The segment total asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. Operating segments *(cont'd)*

	Suspension	Interior and plastics	Electrical and heat exchange	Marketing	Indonesia	All other segments	Non-reportable segment	Eliminations	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019									
Segment (loss)/profit	(1,128)	90,683	4,254	7,168	(23,547)	(6,704)	(2,814)	863	68,775
Included in the measure of segment (loss)/ profit are:									
Revenue from external customers	68,794	935,127	99,446	201,607	41,208	116,269	34,489	-	1,496,940
Inter/Intra-segment revenue	125,023	182,410	23,454	34,551	11,400	12,808	46,137	(435,783)	-
Provision for warranties	(484)	(2,458)	(354)	(429)	-	(639)	-	-	(4,364)
Provision for warranties reversed	7	1,904	1,985	40	-	350	-	-	4,286
Depreciation and amortisation	(9,330)	(24,861)	(1,744)	(253)	(9,875)	(6,029)	(10,082)	-	(62,174)
Net inventories written (down)/ back to net realisable value	(10)	(2,412)	1,076	135	-	(900)	(35)	-	(2,146)
Finance income	808	6,226	1,148	527	8	175	988	-	9,880
Not included in the measure of segment profit but provided to CODM:									
Income tax expense	(899)	17,377	458	617	124	1,361	1,324	-	20,362
Segment assets	163,935	562,278	98,924	92,760	224,881	234,832	1,232,848	(871,600)	1,738,858
Included in the measure of segment assets are:									
Additions to non-current assets other than financial instruments and deferred tax assets	8,527	14,525	890	430	2,374	12,679	3,390	-	42,815

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

33. Operating segments *(cont'd)*

	Suspension RM'000	Interior and plastics RM'000	Electrical and heat exchange RM'000	Marketing RM'000	Indonesia RM'000	All other segments RM'000	Non-reportable segment RM'000	Eliminations RM'000	Total RM'000
2018									
Segment profit/(loss)	8,816	62,061	7,114	10,290	(11,526)	(1,999)	2,068	617	77,441
Included in the measure of segment profit/ (loss) are:									
Revenue from external customers	73,732	749,625	111,990	222,585	42,017	100,911	33,512	-	1,334,372
Inter/Intra-segment revenue	148,354	158,854	21,240	37,190	12,221	21,320	47,425	(446,604)	-
Provision for warranties	(471)	(1,789)	(455)	(369)	-	(33)	-	-	(3,117)
Provision for warranties reversed	510	4,004	194	-	-	1	-	-	4,709
Depreciation and amortisation	(8,526)	(22,842)	(2,294)	(207)	(8,566)	(5,447)	(10,238)	-	(58,120)
Net inventories written down to net realisable value	(226)	(2,219)	(129)	(39)	-	(366)	(10)	-	(2,989)
Finance income	1,096	5,927	1,298	516	10	151	1,195	-	10,193
Not included in the measure of segment profit but provided to CODM:									
Income tax expense	712	(12,387)	(1,435)	(1,093)	97	(1,682)	(1,195)	-	(16,983)
Segment assets	154,112	565,577	107,101	96,475	217,403	206,114	1,189,142	(831,245)	1,704,679
Included in the measure of segment assets are:									
Additions to non-current assets other than financial instruments and deferred tax assets	3,766	16,539	1,585	457	6,619	15,538	4,695	-	49,199

33. Operating segments *(cont'd)*

Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

	Group	
Geographical information	**Revenue**	**Non-current assets**
	RM'000	**RM'000**
2019		
Malaysia	1,234,692	459,442
Indonesia	41,386	161,960
Vietnam	25,894	36,385
Europe	39,507	3,801
America	28,580	8,431
Australia	93,050	43,555
Other countries	33,831	67,438
	1,496,940	781,012
2018		
Malaysia	1,064,470	474,701
Indonesia	42,558	156,158
Vietnam	20,927	21,119
Europe	44,456	4,050
America	25,421	324
Australia	93,296	43,370
Other countries	43,244	47,435
	1,334,372	747,157

Major customers

The following are the top three customers with significant contribution to the Group's total revenue:

	Revenue		Segments
	2019	**2018**	
	RM'000	**RM'000**	
All common control companies of:			
- Company A	459,079	389,943	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Company B	205,498	188,721	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Company C	96,184	38,017*	Interior and Plastics and Electrical and Heat Exchange

* In the previous financial year, this customer was not one of the top three customers.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments as at 31 December 2019 categorised as:

(a) Fair value through profit or loss ("FVTPL");
-Mandatorily required by MFRS 9; and
(b) Amortised costs ("AC").

2019	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets			
Group			
Other investments	169,195	-	169,195
Trade and other receivables, including derivatives*	254,983	254,264	719
Deposits	3,037	3,037	-
Cash and cash equivalents	179,772	179,772	-
	606,987	437,073	169,914
Financial assets			
Company			
Trade and other receivables, including derivatives	18,525	18,525	-
Deposits	65	65	-
Cash and cash equivalents	2,424	2,424	-
	21,014	21,014	-
Financial liabilities			
Group			
Loans and borrowings	(71,696)	(71,696)	-
Trade and other payables, including derivatives	(214,222)	(214,045)	(177)
	(285,918)	(285,741)	(177)
Company			
Trade and other payables, including derivatives	(1,173)	(1,173)	-

* Excludes Goods and Services Tax ("GST") and Value Added Tax ("VAT") receivables.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.1 Categories of financial instruments *(cont'd)*

2018	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets			
Group			
Other investments	140,078	-	140,078
Trade and other receivables, including derivatives*	232,234	231,510	724
Deposits	2,868	2,868	-
Cash and cash equivalents	225,789	225,789	-
	600,969	460,167	140,802
Financial assets			
Company			
Other investments	12,072	-	12,072
Trade and other receivables, including derivatives	20,912	20,912	-
Deposits	5	5	-
Cash and cash equivalents	3,449	3,449	-
	36,438	24,366	12,072
Financial liabilities			
Group			
Loans and borrowings	(81,495)	(81,495)	-
Trade and other payables, including derivatives	(243,628)	(243,557)	(71)
	(325,123)	(325,052)	(71)
Company			
Trade and other payables, including derivatives	(2,320)	(2,320)	-

* Excludes Goods and Services Tax ("GST") and Value Added Tax ("VAT") receivables.

34. Financial instruments *(cont'd)*

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss:				
- Mandatorily required by MFRS 9	11,091	12,327	234	367
Financial assets at amortised cost	(906)	(2,772)	(5)	11
Financial liabilities at amortised cost	(3,871)	(4,417)	(6)	20
	6,314	5,138	223	398

34.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

34.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, related parties and joint ventures. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Trade receivables

Risk management objectives, policies and processes for managing the risk

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers who wish to trade on credit terms.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or fully) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that is written off could still be subject to enforcement activities.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, a significant portion of these receivables are regular customers, related parties and joint ventures that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Significant past due receivables, if deemed as high risks, are normally monitored individually.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.4 Credit risk *(cont'd)*

Trade receivables *(cont'd)*

Concentration of credit risk

The exposure to credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Malaysia	209,509	181,406
Asia (excluding Malaysia)	18,997	22,260
Europe	3,296	4,865
North America	4,250	3,732
Central America	85	1,225
South America	42	-
Oceania	14,762	14,360
	250,941	227,848

Recognition and measurement of impairment loss

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process is as follows:

a) Debt with past due credit terms, the Group takes the necessary steps to recover the debt; and

b) Debt with 180 days past due after credit term, the Group starts to initiate structured debt recovery process which is monitored by management.

The Group uses an allowance matrix to measure ECLs of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 180 days are considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 180 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences amongst (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.4 Credit risk *(cont'd)*

***Trade receivables** (cont'd)*

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December 2019.

Group	2019 Gross carrying amount RM'000	 Loss allowance RM'000	 Net balance RM'000
Not past due	234,751	(57)	234,694
Past due 1 - 90 days	16,507	(552)	15,955
Past due 91 - 180 days	728	(436)	292
	251,986	(1,045)	250,941
Credit impaired			
Past due more than 180 days	1,006	(1,006)	-
Individually impaired	3,889	(3,889)	-
	256,881	(5,940)	250,941

Group	2018 Gross carrying amount RM'000	 Loss allowance RM'000	 Net balance RM'000
Not past due	205,374	(108)	205,266
Past due 1 - 90 days	22,670	(555)	22,115
Past due 91 - 180 days	991	(524)	467
	229,035	(1,187)	227,848
Credit impaired			
Past due more than 180 days	732	(732)	-
Individually impaired	3,735	(3,735)	-
	233,502	(5,654)	227,848

The movements in the allowance for impairment loss in respect of trade receivables during the year are shown below:

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2018	1,122	950	2,072
Net remeasurement of loss allowance	65	3,517	3,582
Balance at 31 December 2018/ 1 January 2019	1,187	4,467	5,654
Net remeasurement of loss allowance	(142)	428	286
Balance at 31 December 2019	1,045	4,895	5,940

Included in the credit impaired balance is a specific allowance of RM3,248,000 that was provided for a customer, who had financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.4 Credit risk *(cont'd)*

Cash and cash equivalents

The cash and cash equivalents are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured loans and advances to subsidiaries and monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full; or
- The subsidiary is continuously loss making and has a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances as at 31 December 2019.

Company	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
2019			
Low credit risk	18,484	-	18,484
Credit impaired	608	(608)	-
	19,092	(608)	18,484
2018			
Low credit risk	20,873	-	20,873
Credit impaired	1,101	(1,101)	-
	21,974	(1,101)	20,873

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.4 Credit risk *(cont'd)*

Inter-company loans and advances *(cont'd)*

Recognition and measurement of impairment loss (cont'd)

The movements in the allowance for impairment losses of subsidiaries' loans and advances during the year is as follows:

Company	**Lifetime ECL RM'000**
Balance at 1 January 2018	1,234
Net remeasurement of loss allowance	(133)
Balance at 31 December 2018/1 January 2019	1,101
Net remeasurement of loss allowance	(493)
Balance at 31 December 2019	608

34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the Directors to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Certain treasury functions, particularly for wholly-owned subsidiaries, are managed centrally by the Group Treasury to ensure sufficient cash to cover the expected cash demands. Surplus cash held by the subsidiaries over and above balances required for working capital management is placed in fixed deposits and money market deposits with appropriate maturities to provide sufficient liquidity to meet the Group's liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.5 Liquidity risk *(cont'd)*

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2019	Carrying amount RM'000	Contractual interest rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	More than 2 years RM'000
Group					
Non-derivative financial liabilities					
Unsecured foreign currency loans	53,796	0.26 - 8.15	55,096	55,096	-
Unsecured revolving credit	17,900	3.98 - 4.17	18,111	18,111	-
Lease liabilities	16,660	3.80 - 10.00	70,958	3,605	67,353
Trade and other payables, excluding derivatives	214,045	-	214,045	214,045	-
	302,401		358,210	290,857	67,353
Derivative financial liabilities					
Forward exchange contracts (gross settled):					
Outflow	-	-	45,518	45,518	-
Inflow	(542)	-	(46,060)	(46,060)	-
	301,859		357,668	290,315	67,353
Company					
Non-derivative financial liabilities					
Trade and other payables, excluding derivatives	1,173	-	1,173	1,173	-

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.5 Liquidity risk *(cont'd)*

Maturity analysis (cont'd)

2018	Carrying amount RM'000	Contractual interest rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	More than 2 years RM'000
Group					
Non-derivative financial liabilities					
Unsecured foreign currency loans	52,240	0.87 - 9.15	52,659	52,659	-
Unsecured revolving credit	29,255	3.85 - 3.96	29,418	29,418	-
Trade and other payables, excluding derivatives	243,557	-	243,557	243,557	-
	325,052		325,634	325,634	-
Derivative financial liabilities					
Forward exchange contracts (gross settled):					
Outflow	-	-	67,433	67,433	-
Inflow	(653)	-	(68,086)	(68,086)	-
	324,399		324,981	324,981	-
Company					
Non-derivative financial liabilities					
Trade and other payables, excluding derivatives	2,320	-	2,320	2,320	-

34.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows. The Group is exposed to risk arising from foreign exchange rates and interest rates.

34.6.1 Currency risk

The Group is exposed to foreign currency risk through normal trading activities on sale and purchase transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD"), Japanese Yen ("JPY"), Euro Dollar ("EUR"), Australian Dollar ("AUD") and Thai Baht ("THB").

Risk management objectives, policies and processes for managing the risk

The Group monitors regularly its foreign currency exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.6 Market risk *(cont'd)*

34.6.1 Currency risk *(cont'd)*

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows:

Group	**Denominated in**				
In RM'000	**USD**	**JPY**	**EUR**	**AUD**	**THB**
2019					
Trade receivables	8,762	84	1,525	243	1
Trade payables	(4,496)	(16,597)	(17)	-	(4,932)
Forward exchange contracts	485	(122)	222	(19)	(3)
Net exposure	4,751	(16,635)	1,730	224	(4,934)
2018					
Trade receivables	15,527	17	2,792	1,208	-
Trade payables	(5,088)	(44,590)	(1,276)	-	(7,593)
Forward exchange contracts	85	125	195	132	-
Net exposure	10,524	(44,448)	1,711	1,340	(7,593)

The foreign currency risk exposure can be partly mitigated through revision of selling prices with certain customers. After considering the mitigating effect, the remaining exposure to currency risk is not material and hence, sensitivity analysis is not performed.

34.6.2 Interest rate risk

The Group's investments in fixed rate instruments such as deposits placed with licensed banks, corporate management accounts and amount due from subsidiaries and its fixed rate borrowings such as unsecured foreign currency loans and unsecured revolving credit are exposed to a risk of change in their fair value due to changes in interest rates. The Group's variable rate instrument such as investments with licensed financial institutions are exposed to a risk of change in cash flows due to changes in interest rates.

Risk management objectives, policies and processes for managing the risk

Interest rate exposure arising from the Group's loans and borrowings, deposits placed with licensed banks and investments with licensed financial institutions is managed through monitoring and reviewing interest rates in the market and their impact to the Group's financial performance.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.6 Market risk *(cont'd)*

34.6.2 Interest rate risk *(cont'd)*

Risk management objectives, policies and processes for managing the risk (cont'd)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial asset				
Deposits placed with licensed banks	74,384	76,542	344	666
Corporate management accounts	36,814	93,866	1,246	1,582
Amount due from subsidiaries	-	-	18,484	20,873
	111,198	170,408	20,074	23,121
Financial liabilities				
Unsecured foreign currency loans	(53,796)	(52,240)	-	-
Unsecured revolving credit	(17,900)	(29,255)	-	-
	(71,696)	(81,495)	-	-
Floating rate instruments				
Financial assets				
Investments with licensed financial institutions	169,195	140,078	-	12,072

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit and loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

As cash flow risk arising from floating rate instruments is not material, sensitivity analysis is not presented.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyse other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
Group	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**		
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
2019										
Financial assets										
Forward exchange contracts	-	719	-	719	-	-	-	-	719	719
Investments with licensed financial institutions	-	169,195	-	169,195	-	-	-	-	169,195	169,195
	-	169,914	-	169,914	-	-	-	-	169,914	169,914
Financial liabilities										
Forward exchange contracts	-	(177)	-	(177)	-	-	-	-	(177)	(177)
2018										
Financial assets										
Forward exchange contracts	-	724	-	724	-	-	-	-	724	724
Investments with licensed financial institutions	-	140,078	-	140,078	-	-	-	-	140,078	140,078
	-	140,802	-	140,802	-	-	-	-	140,802	140,802
Financial liabilities										
Forward exchange contracts	-	(71)	-	(71)	-	-	-	-	(71)	(71)
Company										
2019										
Financial assets										
Investments with licensed financial institutions	-	-	-	-	-	-	-	-	-	-
2018										
Financial assets										
Investments with licensed financial institutions	-	12,072	-	12,072	-	-	-	-	12,072	12,072

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

34. Financial instruments *(cont'd)*

34.7 Fair value information *(cont'd)*

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that causes the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the Group can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Investments with licensed financial institutions

The fair value of the investments with licensed financial institutions is determined by reference to fair value quoted by the counter-party.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2018: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

35. Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risks and by securing access to finance at a reasonable cost.

The Group reviews and manages its capital structure by maintaining a balance between the expected risk against expected return and makes relevant adjustment to the capital structure in the light of changes in economic conditions. As at 31 December 2019 and 2018, the Group was in net cash position as follows:

	Group	
	2019	2018
	RM'000	RM'000
Other investments (Note 12)	169,195	140,078
Cash and cash equivalents (Note 15)	179,772	225,789
Less: Loans and borrowings (Note 18)	(71,696)	(81,495)
Net cash	277,271	284,372

There were no changes in the Group's approach to capital management during the year.

36. Significant changes in accounting policies

During the year, the Group and the Company adopted MFRS 16.

Definition of a lease

On transition of MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only on contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 using the modified retrospective approach.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted-average rate applied is 8%. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

NOTES TO THE FINANCIAL STATEMENTS
(CONT'D)

36. Significant changes in accounting policies *(cont'd)*

36.1 Impacts on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application taken up at 1 January 2019, there is no adjustment made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities recognised in the statement of financial position at 1 January 2019.

	RM'000
Operating lease commitments at 31 December 2018, *restated*	73,171
Discounted using the incremental borrowing rate at 1 January 2019	18,051
Extension options reasonably certain to be exercised	309
Lease liabilities recognised at 1 January 2019	18,360

37. Subsequent event

(a) Since January 2020, the outbreak of COVID-19 has resulted in the occurrence of a multitude of associated events such as travel restrictions and movement control measures taken by the governments and private entities.

From the Group's perspective, this outbreak has unsettled and caused a series of disruption to its sales, supply chains and operations. The Group has since mobilized its business continuity plan and measures to lessen the impact of these events and is closely monitoring its operations to curtail any potential crisis.

The Group considers this outbreak as non-adjusting post balance sheet event. The extent of the impact of COVID-19 on the Group's operational and financial performance will largely depend on certain developments including the duration and intensity of the outbreak and its impact on our customers, employees and vendors, all of which remain uncertain and unpredictable. As the current situation of the outbreak continues to rapidly evolve, the Group does not consider it practicable to provide a quantitative estimate of the potential impact of these economic conditions on the Group.

(b) On 18 March 2020, APM Automotive International Ltd. ("APMAI"), a wholly-owned subsidiary of the Group, incorporated a new subsidiary namely, APM Automotive International (UK) Ltd. ("APMUK") in the United Kingdom. The Group intends to subscribe 50,000 shares of £1.00 each in APMUK for a total cash consideration of £50,000. APMUK is incorporated for the intended principal activity of providing marketing services to the European market.

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

In the opinion of the Directors, the financial statements set out on pages 074 to 163 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2019 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

....
Low Seng Chee
Director

....
Dato' Tan Eng Hwa
Director

Selangor Darul Ehsan

Date: 19 May 2020

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Khoo Peng Peng**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 074 to 163 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Khoo Peng Peng, MIA: CA19749, at Petaling Jaya in the State of Selangor on 19 May 2020.

....

Khoo Peng Peng

Before me:
Lawrence Low
No. B484
Commissioner for Oaths
Selangor Darul Ehsan

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of APM Automotive Holdings Berhad, which comprise the statements of financial position as at 31 December 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 074 to 163.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2019 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for warranties Refer to Note 19 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
We have identified provision for warranties as a key audit matter because any unanticipated claims may render the provision for warranties inadequate to cover losses. In addition, emerging claims are difficult to detect.	Our procedures included, amongst others: • Inspected claim records and interviewed appropriate personnel for unusual trend of claims or product defects; • Assessed the adequacy of provision made by the Group by comparing with historical trends of actual claims; and • For unanticipated defects, inspected the basis of provision and determined that assumptions were reasonable and supportable based upon internal and external available data.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD (CONT'D)

Key Audit Matters *(cont'd)*

<table>
<tr><td colspan="2">Cost of investments in subsidiaries
Refer to Note 6 to the financial statements.</td></tr>
<tr><th>The key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>Investments in subsidiaries may be overstated as impairment loss may not be adequate. The return of cost of investments in subsidiaries is dependent on the profitability of the subsidiaries. Due to the market conditions faced by the automobile industry, impairment of the cost of investments in subsidiaries is a key audit matter because of the high level of judgement required of us to evaluate the recoverable amount of the investments.</td><td>Our procedures included, amongst others:
• Challenged management's assessment in identifying investments that were having impairment indicators by evaluating whether internal and external indicators had been considered;
• Evaluated the impairment test model by comparing it with the requirements of the relevant accounting standard;
• Assessed the appropriateness of the discount rate used by comparing it to available external sources of data in which the affected subsidiaries operate;
• Assessed those significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing them with internal and external sources; and
• Considered the adequacy of the disclosures on the impairment assessment for investments which the assumptions applied are particularly sensitive, uncertain or require significant judgement.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD (CONT'D)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 32 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Chan Chee Keong
Approval Number: 03175/04/2021 J
Chartered Accountant

Petaling Jaya

Date: 19 May 2020

GROUP PROPERTIES
AS AT 31 DECEMBER 2019

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse and vacant land	40,545	Leasehold/ 21.06.2092	47,900	22	2019	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse and vacant land	42,046	Leasehold/ 21.06.2092	52,100	25	2019	1984
No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	2,358	Freehold	5,900	9	2019	2000
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off KM 9, Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,610	23	2019	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off KM 9, Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,690	23	2019	2001
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	40,353	Leasehold/ 27.02.2076	42,473	33	2017	1977
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	20,234	Leasehold/ 19.10.2076	22,024	41	2017	1977
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory and warehouse	16,186	Leasehold/ 06.04.2079	19,137	10	2017	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	22,573	Leasehold/ 06.04.2079	21,867	8-23	2017	1996
Lot 19712 - 19717 Persiaran Raja Muda Musa 42000 Port Klang, Selangor	Vacant industrial land	1,220	Freehold	2,300	-	2017	2011
PT 9, Block C (CG05, C105, C205 & C305) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	8,364	6	2019	2013
PT 9, Block C (C3A05 & C3A3A) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	3,360	6	2019	2013

GROUP PROPERTIES
AS AT 31 DECEMBER 2019 (CONT'D)

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
PT 9, Block C (CG3A, C13A, C23A & C33A) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	6,050	6	2019	2013
HS(D) 45445, PT 16073 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	32,326	Freehold	32,374	11-17	2017	2002
Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse and vacant land	32,354	Freehold	28,040	10-15	2017	2002
No. 5 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory and warehouse	16,172	Freehold	22,800	14	2017	2013
No.12 Lot 9378 Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	8,094	Freehold	8,281	20	2017	2012
Lots 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse and vacant land	39,882	Freehold	11,108	15	2017	2004
GM65, Lot 911 Padang Meha Pekan Sungai Karangan Daerah Kulim, Kedah	Factory, office, warehouse and land	35,429	Freehold	28,774	2	2017	2014
Lot No 15594, 15595 & 15596 Mukim Of Pegoh District of Alor Gajah Melaka	Vacant Land	67,098	Freehold	19,920	-	2017	2017
25 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office and warehouse	10,215	Leasehold/ 08.08.2054	9,370	15	2017	2004
25A Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office and warehouse	9,777	Leasehold/ 08.08.2054	9,601	10	2017	2004
27 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Vacant industrial land	9,514	Leasehold/ 08.08.2054	6,190	-	2017	2010

GROUP PROPERTIES

AS AT 31 DECEMBER 2019 (CONT'D)

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
No. 159, Ha Noi Highway Thao Dien, District 2 Ho Chi Minh City, Vietnam	Apartment	-	Leasehold/ 08.05.2066	1,243	2	2017	2017
Suryacipta City of Industry Jl. Surya Utama Kav. I-15 A Ciampel, Karawang Jawa Barat 41361 Indonesia	Factory, office and warehouse	20,131	Leasehold/ 25.05.2025	17,658	12	2017	2008
Suryacipta City of Industry Jl. Surya Kencana Kav.1-MIJK Ciampel Karawang 41361	Factory, office and land	37,516	Leasehold/ 25.05.2025	39,120	3	2017	2012
Plot A215, Amata City Industrial Estate Rayong Province, Thailand	Vacant industrial land	56,404	Freehold	42,531	3	2017	2014
Trivium Terrace Apartments (South Tower) No. Unit TS-12A01, S620, S1709, S1810, TS-0519 & TS-12A17, TS-1101 Lippo Cilarang, Bekasi 17550	Apartments	-	Leasehold/ 11.01.2034	2,205	3	2017	2016
130 Northcorp Boulevard Broadmeadows VIC 3047 Melbourne CDB	Factory, office, warehouse and land	15,000	Freehold	23,704	2	2017	2017
53 Magnesium Drive Crestmead Queensland 4132 Australia	Factory, office, warehouse and land	4,001	Freehold	8,033	1	2018	2018
Binnenhaven 125-127, 7547 BG Enschede The Netherlands	Factory, office, warehouse and land	3,412	Freehold	3,257	1	2018	2018
708 Fellowship Road Mount Laurel, NJ 08054 United States of America	Office, warehouse and land	7,446	Freehold	6,497	0	2019	2019
Industrial Park in Nyaung Inn Village Bago Township Bago Region, Myanmar	Land	121,394	Leasehold	17,537	3	2019	2016

ANALYSIS OF SHAREHOLDINGS

AS AT 29 MAY 2020

Total Number of Issued Shares : 201,600,000 ordinary shares
Class of Shares : Ordinary Shares
Voting Rights : One (1) vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of shareholdings	No. of Holders	%	No. of Shares Held	%
1 - 99	472	8.025	14,072	0.007
100 – 1,000	3,056	51.963	1,259,060	0.644
1,001 - 10,000	1,810	30.777	6,985,897	3.573
10,001 – 100,000	454	7.719	12,531,986	6.410
100,001 – 9,774,714	88	1.496	112,370,559	57.480
(less than 5% of issued shares less treasury shares)				
9,774,715 and above	1	0.017	62,332,726	31.884
(5% and above of issued shares less treasury shares)				
Sub Total	5,881	100.000	195,494,300	100.000
Treasury Shares	-	-	6,105,700	-
	5,881	100.000	201,600,000	100.000

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

	Direct		Indirect	
Name of Substantial Shareholders	No. of Shares Held	%[*]	No. of Shares Held	%[*]
Tan Chong Consolidated Sdn. Bhd.	73,382,326	37.54	-	-
Wealthmark Holdings Sdn. Bhd.	15,260,600	7.81	-	-
Dato' Tan Heng Chew	8,179,899	4.18	88,642,926	45.34[1]
Tan Eng Soon	-	-	73,382,326	37.54[2]

Notes:

(1) *Deemed interested by virtue of interests in Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH") pursuant to Section 8(4) of the Companies Act, 2016 ("Act").*

(2) *Deemed interested by virtue of interest in TCC pursuant to Section 8(4) of the Act.*

(*) *Percentage is based on the total number of issued shares less treasury shares.*

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MAY 2020

DIRECTORS' SHAREHOLDINGS
(as per Register of Directors' Shareholdings)

	Direct		Indirect	
Name of Directors	**No. of Shares Held**	**%[*]**	**No. of Shares Held**	**%[*]**
Dato' Tan Heng Chew	8,179,899	4.18	92,240,784	47.18[1]
Dato' Tan Eng Hwa	207,008	0.11	7,128[2]	-[3]
Siow Tiang Sae	2,050	-[3]	-	-
Nicholas Tan Chye Seng	185,600	0.09	-	-

The other directors namely, Dato' N. Sadasivan s/o N.N. Pillay, Low Seng Chee, Sow Soon Hock, Lee Tatt Boon, Lee Min On and Dato' Chan Choy Lin do not have any shares, whether direct or indirect, in the Company.

[1] *Deemed interested by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and son pursuant to Section 59(11)(c) of the Act.*
[2] *Deemed interested by virtue of interests in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Act and interest of spouse pursuant to Section 59(11)(c) of the Act.*
[3] *Less than 0.01%.*
[*] *Percentage is based on the total number of issued shares less treasury shares.*

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

No.	**Name**	**No. of Shares held**	**%[*]**
1.	Tan Chong Consolidated Sdn. Bhd.	62,332,726	31.884
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	9,670,700	4.946
3.	Tan Chong Consolidated Sdn. Bhd.	8,839,600	4.521
4.	Amsec Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account – Ambank (M) Berhad for Wealthmark Holdings Sdn. Bhd.*	6,482,200	3.315
5.	Pang Sew Ha @ Phang Sui Har	5,214,277	2.667
6.	Cartaban Nominees (Tempatan) Sdn. Bhd. *ICapital.Biz Berhad*	4,431,300	2.266
7.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)*	4,250,000	2.173
8.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Heng Chew (E-KLC)*	3,965,100	2.028
9.	HSBC Nominees (Asing) Sdn. Bhd. *JPMCB NA for The Scottish Oriental Smaller Companies Trust PLC*	3,637,100	1.860
10.	Tan Boon Pun	3,631,490	1.857
11.	Amanahraya Trustees Berhad *Public SmallCap Fund*	3,487,100	1.783
12.	Tan Ban Leong	3,165,926	1.619
13.	Tan Beng Keong	3,165,926	1.619

ANALYSIS OF SHAREHOLDINGS
AS AT 29 MAY 2020

No.	Name	No. of Shares held	%(*)
14.	Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Tan Heng Chew (PBCL-0G0911)*	3,069,300	1.570
15.	Wealthmark Holdings Sdn. Bhd.	2,905,200	1.486
16.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)*	2,662,500	1.361
17.	Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Khor Swee Wah @ Koh Bee Leng (PBCL-0G0657)*	2,563,508	1.311
18.	CIMB Group Nominees (Asing) Sdn. Bhd. *Exempt An for DBS Bank Ltd (SFS)*	2,235,500	1.143
19.	Tan Chong Consolidated Sdn. Bhd.	2,210,000	1.130
20.	Tan Chee Keong	2,048,885	1.048
21.	Tan Hoe Pin	2,048,885	1.048
22.	Amanahraya Trustees Berhad *PB Smallcap Growth Fund*	1,902,500	0.973
23.	ChinChoo Investment Sdn. Berhad	1,735,300	0.887
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	1,563,000	0.799
25.	Gan Teng Siew Realty Sdn. Berhad	1,389,000	0.710
26.	Tan Hoe Pin	1,308,214	0.669
27.	Lee Lang	1,220,354	0.624
28.	Khazanah Nasional Berhad	1,163,100	0.594
29.	Tan Chee Keong	1,117,041	0.571
30.	Amanahraya Trustees Berhad *Public Strategic Smallcap Fund*	1,009,700	0.516

Note :

(*) *Percentage is based on total number of issued shares less treasury shares.*

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Third Annual General Meeting ("23rd AGM") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company") will be conducted fully virtual through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 6 August 2020 at 10.30 a.m. to transact the following businesses:

Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2019 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To declare a final single tier dividend of 5.0 sen per share for the financial year ended 31 December 2019. *(Ordinary Resolution 1)*

3. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 98 of the Company's Constitution, as Directors of the Company:

   (i) Dato' N. Sadasivan s/o N.N. Pillay *(Ordinary Resolution 2)*

   (ii) Mr. Lee Tatt Boon *(Ordinary Resolution 3)*

   (iii) Mr. Lee Min On *(Ordinary Resolution 4)*

4. To approve the payment of Directors' fees of up to RM490,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 1 June 2020 until the next Annual General Meeting of the Company, and up to RM26,000 to the Independent Non-Executive Directors of the subsidiary companies, APM Springs Sdn. Bhd. and Auto Parts Manufacturers Co. Sdn. Bhd. respectively, during the course of period from 1 June 2020 until the next Annual General Meeting of the Company. *(Ordinary Resolution 5)*

5. To approve the payment of Directors' benefits of up to RM130,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 1 June 2020 until the next Annual General Meeting of the Company. *(Ordinary Resolution 6)*

6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2020 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

Special Business

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

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "THAT authority be and is hereby given to Dato' N. Sadasivan s/o N.N. Pillay, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." *(Ordinary Resolution 8)*

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

   "THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that -

   (i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the purchase; and

NOTICE OF ANNUAL GENERAL MEETING

(ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the treasury shares or otherwise as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and shall continue to be in force until -

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities." *(Ordinary Resolution 9)*

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under Section 5.1 of Part B of the Company's Circular to Shareholders dated 23 June 2020 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until -

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." *(Ordinary Resolution 10)*

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under Section 5.2 of Part B of the Company's Circular to Shareholders dated 23 June 2020 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until -

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." *(Ordinary Resolution 11)*

11. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under Section 5.3 of Part B of the Company's Circular to Shareholders dated 23 June 2020 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

NOTICE OF ANNUAL GENERAL MEETING

THAT such approval shall continue to be in force until -

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." *(Ordinary Resolution 12)*

12. To transact any other business of the Company of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 23rd AGM of APM Automotive Holdings Berhad, a final single tier dividend of 5 sen per share for the financial year ended 31 December 2019 will be paid on 26 August 2020. The entitlement date shall be 13 August 2020.

A depositor shall qualify for the entitlement to the dividend only in respect of:

(1) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 13 August 2020 in respect of ordinary transfers; and

(2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board
KHOO PENG PENG (MIA 19749)(SSM PC No. 201908003721)
SOO SHIOW FANG (MAICSA 7044946)(SSM PC No. 201908003869)
Company Secretaries

Kuala Lumpur
23 June 2020

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The 23rd AGM of the Company will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Notes for the 23rd AGM in order to register, participate and vote remotely via the RPV facilities.

2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 and Constitution of the Company, which require the Chairman of the Meeting to be present at the main venue of the meeting. Members / proxies will not be allowed to attend the 23rd AGM in person at the Broadcast Venue on the day of the meeting.

3. Members may submit questions to the Board of Directors prior to the 23rd AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically not later than 3 August 2020 at 10.30 a.m., or may use query box to transmit questions to the Board of Directors via RPV facilities during the live streaming of the 23rd AGM.

4. Since the 23rd AGM will be conducted as a fully virtual meeting, a member entitled to participate and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

5. A depositor whose name appears in the Record of Depositors of the Company as at 30 July 2020 ("Record of Depositors") shall be entitled to participate and vote at the meeting of the Company.

6. A member shall be entitled to appoint another person to be his proxy to exercise all or any of his rights to participate and vote at the meeting of the Company.

7. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee, who is exempted from compliance with the provisions of Section 25A(1) of SICDA, may appoint more than one (1) proxy but not more than two (2) proxies to participate and vote at the meeting of the Company provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.

8. Subject to Note 11 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.

9. Subject to Note 11 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

10. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:

    (i) the securities account number;
    (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
    (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.

11. Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint more than one (1) proxy but not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.

12. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.

NOTICE OF ANNUAL GENERAL MEETING

13. The Form of Proxy must be deposited at the Office of the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: 03-2783 9299), or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for the 23rd AGM or not later than 4 August 2020 at 10.30 a.m.

14. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.

Explanatory Notes on Ordinary/Special Business:

(1) Audited Financial Statements for the financial year ended 31 December 2019

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, this Agenda item will not be put for voting.

(2) Ordinary Resolutions 5 and 6 – Directors' Fees and Benefits

In accordance with Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the directors of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Company pays Directors' fees and benefits and the subsidiary companies, namely APM Springs Sdn. Bhd. and Auto Parts Manufacturers Co. Sdn. Bhd. pay Directors' fees to the Independent Non-Executive Directors. The Executive Directors do not receive any fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval of the shareholders.

The Board recommends that shareholders approve a maximum aggregate amount of RM490,000 for the payment of Directors' fees to the Independent Non-Executive Directors of the Company during the course of the period from 1 June 2020 until the next Annual General Meeting, and an aggregate amount of RM26,000 for the payment of Directors' fees to the Independent Non-Executive Directors of APM Springs Sdn. Bhd. and Auto Parts Manufacturers Co. Sdn. Bhd. respectively during the course of the period from 1 June 2020 until the next Annual General Meeting of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM130,000 for the payment of benefits which mainly consist of meeting allowances (i.e. as Chairman of meeting of RM1,500 per meeting and as Board/Board Committee member of RM1,200 per meeting) to the Independent Non-Executive Directors of the Company during the course of the period from 1 June 2020 until the next Annual General Meeting of the Company.

(3) Ordinary Resolution 8 – Continuing in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

Following an assessment and recommendation by the Nominating and Remuneration Committee, the Board recommended that Dato' N. Sadasivan s/o N.N. Pillay, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company based on the following key justifications:

(a) he fulfills the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore, is able to function as a check and balance and bring independent and objective judgment to the Board's deliberations;

NOTICE OF ANNUAL GENERAL MEETING

(b) his vast experiences and expertise in finance, economics and regulatory requirements as well as diverse business environment enable him to provide the Board and Board Committees, as the case may be, with pertinent and a diverse set of expertise, skills and competence;

(c) his long service with the Company enhances his knowledge and developed valuable insights of the business operations of the Group, which enable him to contribute actively and effectively during deliberations at the Board and Board Committees' meetings, as the case may be; and

(d) he has devoted sufficient time and exercised due care as Independent Director of the Company and carried out his duty in the interest of the Company and the shareholders as well as all other stakeholders.

(4) Ordinary Resolution 9 – Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares

The proposed Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company at any point in time of the purchase ("Proposed Share Buy-Back") by utilising the funds allocated, which shall not exceed the retained profits of the Company.

This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or at the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

Further information on proposed Ordinary Resolution 9 is set out in Part A of the Statement / Circular to Shareholders dated 23 June 2020, uploaded onto the Company's website at www.apm.com.my.

(5) Ordinary Resolutions 10, 11 and 12 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Ordinary Resolutions 10, 11 and 12 if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on proposed Ordinary Resolutions 10, 11 and 12 are set out in Part B of the Statement/Circular to Shareholders dated 23 June 2020, uploaded onto the Company's website at www.apm.com.my.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 23rd AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the 23rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 23rd AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

APM AUTOMOTIVE HOLDINGS BERHAD
Registration No. 199701009342 (424838-D)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.	
Number of shares held	
Shareholder's email address	

I/We ______________________________ (name of shareholder, in capital letters)

NRIC No./Company No. ______________________ (new) ______________________ (old)

of ______________________________ (full address)

telephone no. ______________________ being a member(s) of APM AUTOMOTIVE HOLDINGS BERHAD,

hereby appoint ______________________________ (name of proxy as per NRIC, in capital letters)

NRIC No. ______________________ (new) ______________________ (old) and/or

______________________________ (name of proxy as per NRIC, in capital letters)

NRIC No. ______________________ (new) ______________________ (old) or failing him/her, the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Twenty-Third Annual General Meeting ("23rd AGM") of the Company to be conducted fully virtual through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 6 August 2020 at 10.30 a.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Declaration of Dividend		
Ordinary Resolution 2	Re-election of Dato' N. Sadasivan s/o N.N. Pillay as Director		
Ordinary Resolution 3	Re-election of Mr. Lee Tatt Boon as Director		
Ordinary Resolution 4	Re-election of Mr. Lee Min On as Director		
Ordinary Resolution 5	Payment of Directors' Fees		
Ordinary Resolution 6	Payment of Directors' Benefits		
Ordinary Resolution 7	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 8	Continuing in Office for Dato' N. Sadasivan s/o N.N. Pillay as Independent Non-Executive Director		
Ordinary Resolution 9	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Ordinary Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Ordinary Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its subsidiaries		
Ordinary Resolution 12	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited and its subsidiaries		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

____
Signature/Common Seal

Date:

For the appointment of two proxies, percentage of shareholdings to be represented by each proxy:

	Number of shares	%
Proxy 1		
Proxy 2		
Total		100%

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Notes:

1. The 23rd AGM of the Company will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIIH Online website at https://tiih.online. Please follow the procedures provided in the Administrative Notes for the 23rd AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 and Constitution of the Company, which require the Chairman of the Meeting to be present at the main venue of the meeting. Members / proxies will not be allowed to attend the 23rd AGM in person at the Broadcast Venue on the day of the meeting.
3. Members may submit questions to the Board of Directors prior to the 23rd AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically not later than 3 August 2020 at 10.30 a.m., or may use query box to transmit questions to the Board of Directors via RPV facilities during the live streaming of the 23rd AGM.
4. Since the 23rd AGM will be conducted as a fully virtual meeting, a member entitled to participate and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
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6. A member shall be entitled to appoint another person to be his proxy to exercise all or any of his rights to participate and vote at the meeting of the Company.
7. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee, who is exempted from compliance with the provisions of Section 25A(1) of SICDA, may appoint more than one (1) proxy but not more than two (2) proxies to participate and vote at the meeting of the Company provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
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9. Subject to Note 11 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
10. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
    (i) the securities account number;
    (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
    (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.

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AFFIX
STAMP

Tricor Investor & Issuing House Services Sdn. Bhd. (197101000970 (11324-H))
Registrar for **APM AUTOMOTIVE HOLDINGS BERHAD** (199701009342 (424838-D))
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3
Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia

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11. Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint more than one (1) proxy but not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.
12. The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing or, if such appointor is a corporation, under its common seal or under the hand of an officer or attorney duly authorised.
13. The Form of Proxy must be deposited at the Office of the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: 03-2783 9299), or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for the 23rd AGM or not later than 4 August 2020 at 10.30 a.m.
14. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 23rd AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the 23rd AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 23rd AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice ("Notice") is issued to all shareholders (including substantial shareholders)("Shareholders") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company", "APM", "we", "us" or "our") in accordance with the Personal Data Protection Act 2010 ("Act") which came into force on 15 November 2013. The Act regulates the processing of personal data and requires us to notify you on matters relating to your personal data that is being processed, or that is to be collected and further processed by us. For the purpose of this Notice, the terms "personal data" and "processing" used in this Notice shall have the meaning prescribed in the Act.

Bursa Malaysia Securities Berhad ("Bursa Securities") has also on 15 November 2013 amended the Main Market Listing Requirements ("Listing Requirements") consequential to the Act. Under Paragraph 2.14A of the Listing Requirements, any person who provides or has provided personal data to Bursa Securities should read and be aware of Bursa Securities' personal data notice available at Bursa Securities' website www.bursamalaysia.com ("Bursa Securities' personal data notice"). If the Company provides Bursa Securities with personal data of the Shareholders, the Company must notify the Shareholders of Bursa Securities' personal data notice.

As Shareholders of APM, your personal data which may include your name, national registration identity card number (NRIC no.), passport number, address, date of birth/age, contact details and number, email address, gender, nationality, shareholding in APM, bank account number, CDS account number and any other personal data required, may be processed by APM and its related companies ("APM Group") for the following purposes ("Purposes"):

(a) Compliance with the Companies Act, 2016, Listing Requirements and applicable relevant laws, regulations and guidelines, as may be amended, from time to time;

(b) Verification of information to authorities and governmental agencies;

(c) Deliver, communicate and transmit to the Shareholders of APM's annual report, circular to shareholders, and any other information through modes of communication and delivery we deem appropriate;

(d) Payment of dividends and giving of other benefits to you as shareholders, if applicable;

(e) Maintain, upkeep and update our records regarding our Shareholders' information; and

(f) Dealings with all matters in connection with your shareholding in APM; or such other purposes as may be related to the foregoing.

The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.

Your personal data may be disclosed by us in connection with the Purposes to parties including but not limited to companies within APM Group (whether present or future), our professional advisers, insurance companies, auditors, lawyers, banks, share registrars and other service providers, governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligations which is imposed on APM Group. Your personal data may be transferred to a place outside Malaysia.

If you fail to supply to us your personal data, we may not be able to process your personal data for any of the Purposes.

We are committed to ensuring that your personal data is stored securely. You are responsible for ensuring that the personal data you provide to us is accurate, complete and not misleading and that such personal data is kept up to date.

Please also be notified that you have the right to request access to and correction of your personal data and you have a choice to limit the consent of the processing of your personal data.

PERSONAL DATA PROTECTION NOTICE

Your written requests or queries pertaining to your personal data should be addressed to:

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention : Ms. Lim Lay Kiow, Senior Manager
Tel No. : +603-2783 9299
Fax No. : +603-2783 9222
Email : lay.kiow.lim@my.tricorglobal.com

By providing to us your personal data, you hereby consent to the processing of your personal data in accordance with all of the foregoing. You shall also procure the consent of your proxy appointed to attend any general meeting of APM on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.

In accordance with the Act, the Notice is issued in both English and Bahasa Malaysia. In the event of inconsistency between the English version and the Bahasa Malaysia version, the English version shall prevail.

Issued by : APM Automotive Holdings Berhad
19 May 2020

NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama) ("Pemegang Saham") APM AUTOMOTIVE HOLDINGS BERHAD ("Syarikat", "APM" atau "kami") menurut Akta Perlindungan Data Peribadi 2010 ("Akta") yang berkuatkuasa pada 15hb November 2013. Akta ini mengawal selia pemprosesan data peribadi dan menghendaki kami untuk memaklumkan anda berkenaan perkara-perkara yang berkaitan dengan data peribadi anda yang sedang diproses, atau yang akan dikumpul dan diproses oleh kami. Untuk tujuan Notis ini, terma-terma "data peribadi" dan "pemprosesan" yang digunakan dalam Notis ini hendaklah membawa maksud sepertimana yang ditakrifkan dalam Akta tersebut.

Bursa Malaysia Securities Berhad ("Bursa Securities") telah membuat pindaan kepada Keperluan Penyenaraian Pasaran Utama ("Keperluan Penyenaraian") pada 15hb November 2013 akibat daripada Akta ini. Seperti yang tertakluk di bawah perenggan 2.14A Keperluan Penyenaraian, sesiapa yang memberi atau telah memberi data peribadi kepada Bursa Securities, haruslah membaca dan menyedari tentang notis data peribadi Bursa Securities yang terdapat di laman web Bursa Securities di www.bursamalaysia.com ("notis data peribadi Bursa Securities"). Sekiranya Syarikat membekalkan data peribadi Pemegang Saham kepada Bursa Securities, Syarikat mesti memaklumkan Pemegang Saham tentang notis data peribadi Bursa Securities.

Sebagai Pemegang Saham APM, data peribadi anda mungkin termasuk nama, nombor kad pengenalan, nombor pasport, alamat, tarikh lahir/umur, maklumat dan nombor perhubungan, alamat emel, jantina, kewarganegaraan, pegangan saham dalam APM, nombor akaun bank, nombor akaun Sistem Depositori Pusat (CDS) anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh APM dan syarikat-syarikat yang berkaitan dengannya ("Kumpulan APM") untuk tujuan-tujuan berikut ("Tujuan"):

(a) Mematuhi Akta Syarikat 2016, Keperluan Penyenaraian dan undang-undang, peraturan-peraturan dan garis panduan yang berkaitan yang mungkin dipinda dari semasa ke semasa;

(b) Pengesahan maklumat kepada pihak berkuasa dan agensi kerajaan;

(c) Menyampaikan, menghubungi dan menghantar laporan tahunan APM, pekeliling kepada Pemegang Saham, dan lain-lain maklumat melalui cara komunikasi dan penyampaian yang kami anggap sesuai;

(d) Pembayaran dividen dan manfaat lain kepada anda sebagai Pemegang Saham, jika berkenaan;

(e) Mengekal, menyelia dan mengemaskinikan rekod kami yang berkaitan dengan maklumat-maklumat Pemegang Saham; dan

(f) Untuk berurusan dengan semua perkara yang berkaitan dengan pegangan saham anda dalam APM; atau bagi tujuan-tujuan lain yang mungkin berkaitan dengan perkara-perkara yang dinyatakan di atas.

Data peribadi anda yang diproses oleh kami merangkumi segala maklumat yang diberi oleh anda serta maklumat lain yang mungkin kami perolehi berkenaan anda.

Maklumat peribadi anda mungkin didedahkan oleh kami untuk Tujuan di atas kepada pihak lain termasuk dan tidak terhad kepada syarikat-syarikat dalam Kumpulan APM (sama ada pada masa kini atau masa depan), penasihat profesional, syarikat-syarikat insurans, juruaudit, peguam, bank, pendaftar saham dan pembekal perkhidmatan lain, semua jabatan dan/atau agensi kerajaan dan/atau kuasi-kerajaan, badan-badan penguatkuasa dan/atau berkanun dan sebarang pihak ketiga, sebagaimana yang dikehendaki undang-undang atau timbul daripada apa-apa kewajipan undang-undang yang dikenakan ke atas Kumpulan APM. Data peribadi anda mungkin akan dipindahkan ke suatu tempat di luar Malaysia.

Sekiranya anda gagal membekalkan data peribadi anda kepada kami, kami mungkin tidak dapat memproses data peribadi anda bagi mana-mana Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

NOTIS PERLINDUNGAN DATA PERIBADI

Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

Tricor Investor & Issuing House Services Sdn. Bhd.
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Untuk Perhatian : Ms Lim Lay Kiow, Pengurus Kanan
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Emel : lay.kiow.lim@my.tricorglobal.com

Dengan membekalkan data peribadi anda kepada kami, bermaksud anda bersetuju membenarkan kami memproses data peribadi anda selaras dengan apa-apa yang dinyatakan di atas. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menhadiri apa-apa mesyuarat agung APM bagi pihak anda sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Mengikut Akta tersebut, Notis ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan diguna pakai.

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19 Mei 2020

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