



APM AUTOMOTIVE HOLDINGS BERHAD
Registration No. 199701009342 (424838-D)



FORGING 360°
Your Trusted Partner

ANNUAL REPORT 2021

OUR VISION

A Globally Preferred Innovative Mobility Solutions Provider.

OUR MISSION

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

CORE VALUES

Our Core Values of **TCFIMPeD**:



Trustworthiness
& Integrity



Courage



Frugality



Innovation
& Creativity



24/7 **M**indset



Perseverance



Diligence

GO DIGITAL

In our efforts of going digital, please scan the QR codes below for more information.

ADMINISTRATIVE NOTES



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CORPORATE WEBSITE



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ANNUAL REPORTS



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TABLE OF CONTENTS

02-14

CORPORATE PROFILE

- 02 Corporate Information
- 03 Business Divisions
- 04 Recognition & Achievement
- 05 Profile of the Board of Directors
- 10 Profile of Key Senior Management

15-29

BUSINESS REVIEW & REPORTS

- 15 President's Statement
- 18 Management Discussion and Analysis



30-31

FINANCIAL SUMMARY

- 30 5-Year Financial Highlights

32-53

SUSTAINABILITY

- 32 Sustainability Statement

54-73

CORPORATE GOVERNANCE

- 54 Corporate Governance Overview Statement
- 63 Risk Management and Internal Control Statement
- 68 Audit Committee Report
- 72 Other Statements and Disclosures
- 73 Statement on Directors' Responsibility for Preparing the Audited Financial Statements

74-176

FINANCIAL STATEMENTS

- 75 Directors' Report
- 81 Statements of Financial Position
- 83 Statements of Profit or Loss and Other Comprehensive Income
- 86 Consolidated Statement of Changes in Equity
- 88 Statement of Changes in Equity
- 89 Statements of Cash Flows



- 93 Notes to the Financial Statements
- 170 Statement by Directors
- 171 Statutory Declaration
- 172 Independent Auditors' Report

177-182

OTHER INFORMATION

- 177 Group Properties
- 180 Analysis of Shareholdings

183-194

AGM INFORMATION

- 183 Notice of Annual General Meeting
 - Form of Proxy

195-198

PERSONAL DATA PROTECTION

- 195 Personal Data Protection Notice



CORPORATE INFORMATION

DIRECTORS

Dato' Tan Heng Chew
President

Low Seng Chee
Chief Executive Officer

Dato' Tan Eng Hwa
Chief Operating Officer

Khoo Peng Peng
*Executive Vice President
– Finance and Corporate/
Chief Financial Officer*

Nicholas Tan Chye Seng
*Non-Independent
Non-Executive Director*

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

Lee Min On
*Independent Non-Executive
Director*

Dato' Chan Choy Lin
*Independent Non-Executive
Director*

Dato' Azmil bin Mohd Zabidi
*Independent Non-Executive
Director*

AUDIT COMMITTEE

Lee Min On (*Chairman*)
Dato' N. Sadasivan s/o N.N. Pillay
Dato' Chan Choy Lin
Dato' Azmil bin Mohd Zabidi

NOMINATING AND REMUNERATION COMMITTEE

**Dato' N. Sadasivan
s/o N.N. Pillay** (*Chairman*)
Lee Min On
Dato' Chan Choy Lin
Dato' Azmil bin Mohd Zabidi

COMPANY SECRETARY

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



APM AUTOMOTIVE HOLDINGS BERHAD

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

MARKETING DIVISION

- Local Replacement Market
- Export Market
 - ▶ ASEAN Market
 - ▶ Rest of the World

INDONESIA DIVISION

- Indonesia operations
- Joint ventures
- Associate

ALL OTHER SEGMENTS

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

NON-REPORTABLE SEGMENT, MALAYSIA

- Research and Development
- Investment Properties
- Management Services
- Casting, machining and assembly of aluminium parts

RECOGNITION & ACHIEVEMENT



BEST QUALITY PERFORMANCE 2020

(issued on 29 March 2021)

BEST DELIVERY PERFORMANCE 2020

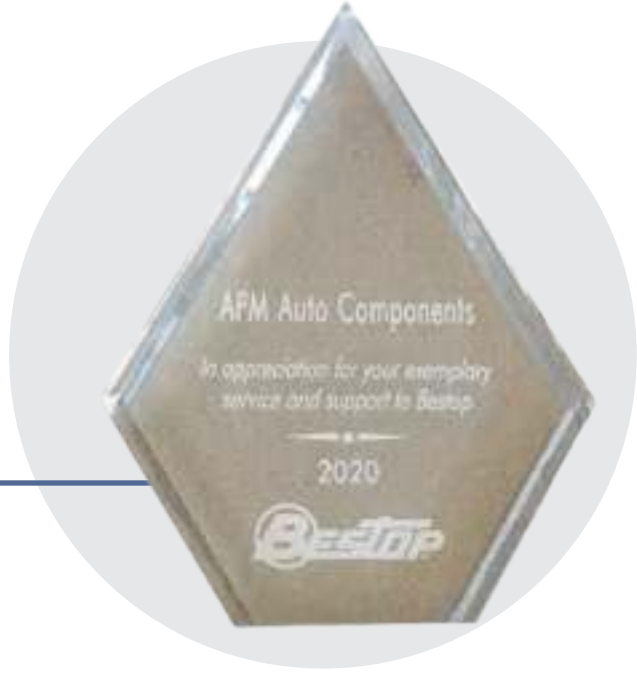
(issued on 29 March 2021)

by Isuzu Hicom Malaysia Sdn. Bhd.

**IN APPRECIATION
FOR YOUR EXEMPLARY SERVICE
AND SUPPORT TO BESTOP 2020**

(issued on 16 April 2021)

by Bestop



MOST IMPROVED COST 2020

(issued on 2 November 2021)

by Honda Malaysia Sdn. Bhd.

PROFILE OF THE BOARD OF DIRECTORS

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

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

its Autoparts Division in the 1970s and early 1980s.

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

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

DATO' TAN HENG CHEW

JP, DJMK
President

Age:	Gender:	Nationality:
75	Male	Malaysian

respect of transactions between the Group and related parties involving himself.

Dato' Tan attended all the five (5) Board Meetings held in 2021.

Mr. Low Seng Chee, was appointed to the Board as an Executive Director on 1 July 2010. He was re-designated as Executive Director and Chief Executive Officer 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.

He does not hold any other directorship in public company and listed issuer.

Mr. Low attended all the five (5) Board Meetings held in 2021.

LOW SENG CHEE

Chief Executive Officer

Age:	Gender:	Nationality:
62	Male	Malaysian

PROFILE OF THE BOARD OF DIRECTORS

DATO' TAN ENG HWA

DIMP

Chief Operating Officer

Age: Gender: Nationality:

67 Male Malaysian

Dato' Tan Eng Hwa, also known as Dato' Robert Tan, was first appointed to the Board as a Non-Independent Non-Executive Director on 1 November 1999. Dato' Robert Tan was re-designated as an Executive Director on 23 March 2004 and

was subsequently re-designated as Executive Director and Chief Operating Officer on 1 June 2013.

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 five (5) Board Meetings held in 2021.

KHOO PENG PENG

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

Age: Gender: Nationality:

47 Female Malaysian

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

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. She is the CFO of APM Automotive Holdings Berhad Group since 1 June 2014, and continues holding the roles as at to-date.

She does not hold any other directorship in public company and listed issuer.

Ms. Khoo was invited to attend all the five (5) Board Meetings held in 2021 as a CFO of the Company.

PROFILE OF THE BOARD OF DIRECTORS

Dato' N. Sadasivan s/o N.N. Pillay, was appointed to the Board as an Independent Non-Executive Director on 1 November 1999. He was re-designated as Senior Independent Non-Executive Director on 22 January 2013.

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

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

DPMP, JSM, KMN
Senior Independent
Non-Executive Director

Age: Gender: Nationality:

82 Male Malaysian

He does not hold any other directorship in public company and listed issuer.

Dato' N. Sadasivan attended all the five (5) Board Meetings held in 2021.

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

Mr. Lee started his career with KPMG Malaysia in 1979 and retired as a Partner of the Firm on 31 December 2015. During his tenure with KPMG, he served in the external audit division before moving 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 of good governance and integrity in the market place, Mr. Lee speaks regularly at public seminars and conferences, including in-house sessions, sharing his thoughts and insights, particularly on Sustainability, Governance, Risk and Compliance.

LEE MIN ON

Independent
Non-Executive Director

Age: Gender: Nationality:

62 Male Malaysian

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

Mr. Lee attended four (4) out of five (5) Board Meetings held in 2021.

PROFILE OF THE BOARD OF DIRECTORS

DATO' CHAN CHOY LIN

DIMP

Independent

Non-Executive Director

Age: Gender: Nationality:

64 Female Malaysian

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

Dato' Chan is a Chartered Accountant of the Malaysian Institute of Accountants and a Certified Public Accountant of

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

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

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

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

Dato' Chan attended all the five (5) Board Meetings held in 2021.

DATO' AZMIL BIN MOHD ZABIDI

DIMP, PCM, BCM

Independent

Non-Executive Director

Age: Gender: Nationality:

60 Male Malaysian

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

Dato' Azmil graduated from Wartburg College of Liberal Arts, the United States of America (U.S.A.) with a Bachelor of Arts (English) degree and subsequently obtained his Master of Arts (English Literature)

degree from Iowa State University of Science & Technology, U.S.A. He gained his Post-Graduate Certificate in Diplomatic Studies from the University of Oxford, the United Kingdom.

Dato' Azmil started his government service as an Administrative and Diplomatic Officer at the Ministry of Foreign Affairs in 1992. He previously served as Assistant Secretary (Southeast Asia) from 1993 until 1995 before serving as Second Secretary at the Embassy of Malaysia in Belgium, Luxemburg and the European Union from 1995 until 1998 and as First Secretary at the High Commission of Malaysia in New Zealand. He later returned to serve as Senior Assistant Secretary from 1999 until 2001, and as Principal Assistant Secretary from 2001 until 2003, both at the Regional Economic, Social and Cultural Affairs unit of the foreign ministry.

Dato' Azmil was appointed as Minister Counsellor at the Embassy of Malaysia

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

He is a Director of Kanger International Berhad.

Dato' Azmil did not attend any Board Meetings in 2021 as he was appointed as a Director on 1 February 2022.

PROFILE OF THE BOARD OF DIRECTORS

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

Mr. Nicholas Tan graduated from Boston University School of Management, 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 ecosystem 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

NICHOLAS TAN CHYE SENG

**Non-Independent
Non-Executive Director**

Age: Gender: Nationality:

48 Male Malaysian

Company. He has abstained from deliberating and voting in respect of transactions between the Group and the related parties involving himself.

He does not hold any other directorship in public company and listed issuer.

Mr. Nicholas Tan attended four (4) out of five (5) Board Meetings held in 2021.

Notes:

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

- any family relationship with any Director and/or major shareholder of the Company; and
- any conflict of interest with the Company.

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

PROFILE OF KEY SENIOR MANAGEMENT

Key Senior Management of APM Automotive Holdings Berhad (“APM”) Group comprises Dato’ Tan Heng Chew – President, Mr. Low Seng Chee – Chief Executive Officer, Dato’ Tan Eng Hwa – Chief Operating Officer, Ms. Khoo Peng Peng – Executive Vice President - Finance and Corporate/Chief Financial Officer, whose profiles are included in the Profile of Board of Directors on pages 05 to 09 of this Annual Report, and the following senior management personnel:

SIOW TIANG SAE

**Chief Business
Development Officer**

Age 64 | Male | Malaysian

Mr. Siow Tiang Sae, was appointed as the Chief Business Development Officer on 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 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 head 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 was appointed as an Executive Director of the Company on 1 June 2013 and retired from the Board on 3 June 2021. He remains the role as the Chief Business Development Officer of the Company.

KHO KIAT SENG

**Vice President
– Fuji Seats (Malaysia) Sdn. Bhd.**

Age 64 | Male | Malaysian

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

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. He was the Head of Interior of Plastics Division of APM Group since 2014 before secondment to FSM.

PROFILE OF KEY SENIOR MANAGEMENT

LEE WING HONG

*Head of Interior and
Plastics Division*

Age 46 | Male | Malaysian

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

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

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

NG BOON HOOI

*Head of
Suspension Division*

Age 59 | Male | Malaysian

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

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

He oversees the business operations of suspension division in Malaysia as well as in Vietnam and Indonesia. His diverse background and versatility working across subsidiaries of APM Group as 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*

Age 58 | Male | Malaysian

Mr. Chye Mun Heng, 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.

NG KOK BOON

*Head of Sales and Marketing
- Local and ASEAN Replacement Market*

Age 53 | Male | Malaysian

Mr. Ng Kok Boon, 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. In July 2020, his portfolio expanded to include Sales & Marketing for the ASEAN 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

Age 48 | Male | British

Mr. David Haswell Brown, 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

Age 48 | Male | Malaysian

Mr. Chin Sze Cheon, 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.

PROFILE OF KEY SENIOR MANAGEMENT

LING I YENG

General Manager
- Engineering and Research Division

Age 56 | Male | Malaysian

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

PRESIDENT'S STATEMENT

Dear Valued Shareholders,

Many had hoped for 2021 to be a year of recovery following the devastating effects of the COVID-19 pandemic in the preceding year. Unfortunately, the delta variant of the virus decided otherwise with a surge in infection rates going into the year under review.

RM
1,224mil

Revenue
Increase 9.0%
from FY2020,
RM1,123mil

RM
17.1mil

Profit Before Tax
Increase 10.8%
from FY2020,
RM15.4mil

THE 2ND AND 3RD QUARTERS OF 2021 WERE PARTICULARLY CHALLENGING AS THE GOVERNMENT INTRODUCED VARYING TYPES OF SAFETY PROTOCOLS AND MOVEMENT CONTROL ORDERS TO MITIGATE THE IMPACT OF THE PANDEMIC. While necessary at the time, these initiatives regrettably brought many businesses to a virtual standstill, thereby causing severe supply chain disruption and acute labour shortages.

Fortunately, the final quarter of 2021 saw an increase in vaccination rates and a decline in COVID-19 infections in Malaysia, which led to the easing of safety protocols and eventually the gradual resumption of commercial activities.

We were able to resume our operations in Malaysia by mid-August 2021 albeit gradually and since then, production activities increased and intensified in light of the immense number of orders received from our Original

Equipment Manufacturer ("OEM") customers, who sought to meet soaring end user demand for new vehicles which was stifled throughout most parts of the year.

In short, the circumstances and scenarios above provide the backdrop for APM Automotive Holdings Berhad's Annual Report for this year.

As such and on behalf of the Board of Directors of APM Automotive Holdings Berhad (the "Company") and its group of companies (the "Group"), I wish to take this opportunity to present the Company's Annual Report for the financial year ended 31 December 2021.

GROUP FINANCIAL PERFORMANCE REVIEW

¹According to online reports, Malaysia's economy rebounded 3.6% year-on-year in the fourth quarter of 2021, beating the median estimate of a poll of Reuter's economists by 0.3 percentage points. The online newspaper portal went on to report that Bank Negara Malaysia "expects the domestic economy to continue its recovery, supported by the continued expansion in global demand and higher private sector expenditure given improving labour market conditions and ongoing policy support".

Consistent with the above and despite the challenges posed by the delta variant, the Group's revenue increased by 9% from RM1.12 billion to RM1.22 billion mainly because of higher revenue stemming from its Interior and Plastic Divisions in Malaysia as well as its operations in Indonesia.

Overall, the increase in revenue for the Group's operations in Indonesia was triggered by stronger demand from its OEM customers due to initiatives introduced by the Indonesian Government to boost its COVID-19 battered domestic automotive industry. These initiatives include the granting of temporary tax relief for the purchase of cars and the extension of the luxury goods sales tax exemption for cars with engines of up to 1.5 litres until the end of 2021 to those who are entitled. Such initiatives enabled the Group's OEM customers in Indonesia to register higher sales, which in turn resulted in a higher off-take for the order books of our coil spring segment there. Meanwhile, the demand for leaf springs also increased due to the shortage of supply.

Additionally, our replacement market leaf spring customers had also stockpiled supplies in anticipation of a price hike caused by the global shortage of steel and the increase in its prices. Accordingly, the Group's operations in Indonesia enjoyed a

PRESIDENT'S STATEMENT

commendable 77.4% increase in revenue at RM85.9 million from RM48.4 million reported last year.

As far as our Interior and Plastics Division's operations in Malaysia are concerned, revenue climbed from RM794.7 million to RM830.9 million mainly due to higher demand from certain OEM customers, the commencement of content localisation of projects, and the supply of new parts.

In general, the Group's profit before tax improved by 10.8% mainly due to major improvement in Indonesia operations where its loss before tax reduced by 57.4% from RM19.9 million to RM8.5 million, due to higher revenue. The Group's financial performance and business segments performance review are further detailed in the Management Discussion and Analysis section of this Annual Report.

DIVIDEND

The Group continues to see dividend as the key element of shareholders' return and despite the challenges proffered by the delta variant and the safety protocols that ensued, the Board approved and declared the payment of a final dividend of 7 sen per ordinary share for the financial year ended 31 December 2021 (2020: 7 sen per ordinary share).

The approved final dividend results in a total dividend payment of RM13.7 million and it is declared out of retained profits in view of the negative return attributable to the owners of the Company for the financial year ended 31 December 2021.

AWARDS, ACCOLADES AND ACHIEVEMENTS

The challenges caused by containment measures introduced by the Government to slow down or inhibit the spread of COVID-19 in Malaysia left devastating effects to many.

Notwithstanding such challenges and against such a backdrop, I am proud to announce that the Group managed to win various awards and accolades, including the Best Performance in Delivery and Best Performance in Quality Awards from Isuzu Hicom Malaysia; Bestop Award from Bestop and the Most Improved Cost Award from Honda Malaysia.

The above clearly demonstrates our commitment towards quality, safety, excellence and most of all, our resilience in the face of monumental adversities. Rest assured that we will continue with our efforts to better ourselves in delivering outstanding performance, products and services.

ENHANCING SHAREHOLDERS' VALUE

Dynamic manufacturing companies like ours are committed to discovering better ways to achieve greater business success. Whether the measure is growth, profit, return on investment, market share or other similar metrics, we maintain a constant look out for ideas and opportunities to improve our business performance and create more value for our shareholders.

We do this by increasing unit price; intensifying fixed cost utilisation by focusing on consolidation and rationalisation of activities; amplifying sales; decreasing unit cost and providing for consistent payout of dividends, whenever possible.

UPHOLDING STRICT CORPORATE GOVERNANCE

As a socially responsible corporate citizen, we are committed to the adoption of the highest standards in corporate governance. We have instituted a robust risk management framework and internal control measures to boost investor confidence, enhance our organisation's profile, ensure our sustainable growth and the creation of shareholder value for the long term.

DIGITAL DRIVE

Many companies today are steering towards the use of digital technology to bypass the limitations of the physical world. We are no different as we take the position that advances in this field will allow for faster product development and release, operational resilience and productivity that is more efficient and cost-effective, while offering a near perfect user experience and also a competitive edge.

An example of our indulgence in this sector is the impending launch of our online cloud-based centralised, editable and upgradable virtual environment that systematically collects, collates, processes, records and displays information on APM's exposure to corporate liability on corruption and electronic claim activities from diverse sources called "QliQ".

SUSTAINABILITY

Our Sustainability Statement for last year was essentially driven by economic, environmental and social considerations. This year and in line with the Malaysian Code on Corporate Governance 2021 Edition issued by Securities Commission Malaysia on 28 April 2021, we adjusted our Sustainability Statement by allocating a dedicated section to address the issue of "governance" within our organisation. Accordingly, our Sustainability journey for the financial year under review can be viewed in the Sustainability Statement section of this Annual Report.

THE AUTOMOTIVE INDUSTRY OUTLOOK FOR 2022

The magnitude and extent of the logistical and supply chain headwinds in 2021 driven by the shortage of semiconductors and pandemic complications astonished almost everyone in the automotive sector.

PRESIDENT'S STATEMENT

However, we believe 2022 has the propensity to be a better year compared to 2021, on the premise that the rate of vaccination and booster shots are at optimum levels, augmented by a decline in severity of COVID-19 pandemic and the waning of semiconductor shortages.

2022 TIV Forecast		Source: MAA		
Market Segment	2022 (Forecast)	2021 (Actual)	Variance	
			Units	%
Passenger Vehicle	540,000	452,663	87,337	19.3
Commercial Vehicle	60,000	56,248	3,752	6.7
Total Vehicles	600,000	508,911	91,089	17.9

Our view on 2022 is consistent with that of ³the Malaysian Automotive Association ("MAA"), which forecasted a 17.9% growth in total industry volume (TIV) to 600,000 units for 2022 from 508,911 units recorded in 2021.

The MAA expects a post-pandemic rebound to occur as economies worldwide have largely opened up and supported by the extension of the sales tax exemption incentive for passenger vehicles until 30 June 2022, as well as the ramping up of production and deliveries by automotive companies to fulfil backlog, pent-up demand and new orders. Further, Bank Negara Malaysia's decision to maintain its benchmark overnight policy rate at 1.75% on 3 November 2021 and the introduction of new models by carmakers are expected to provide additional stimulus to accelerate the pace of economic recovery for this sector.

GOING FORWARD

The electrification trend gathered momentum across major geographies and industry players in the automotive sector in 2021 and we believe this trend will continue to move from strength to strength going into 2022, particularly in view of the ⁴European Union's target to shift to full electric vehicles ("EV") by 2035 and the ⁵Biden administration setting a 50% EV goal for 2030.

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

ACKNOWLEDGEMENTS

2021 witnessed the retirement of Mr. Siow Tiang Sae from the Board after having served for approximately 8 years as an Executive Director of APM. Separately and notwithstanding his retirement from the Board, Mr. Siow Tiang Sae will continue to serve the Group as its Chief Business Development Officer.

This year, we also bid farewell to Mr. Lee Tatt Boon who served as an Independent Non-Executive Director since 2016. I would like to take this opportunity to express my gratitude to Mr. Lee Tatt Boon for his valuable contributions to the Group, and wish him the best in all his future undertakings.

Meanwhile, the Group is still coming to terms with the sudden loss of its Executive Vice President and Executive Director, the late Mr. Sow Soon Hock. There are no words that can express our regret for his unexpected passing, and we are fortunate to have had him by our side all these years. His monumental commitment to the Group will serve as an inspiration to all of us.

Going forward, we wish to take this opportunity to welcome Ms. Khoo Peng Peng as our new Executive Director and Dato' Azmil bin Mohd Zabidi as our new Independent Non-Executive Director.

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

On behalf of the Board,

DATO' TAN HENG CHEW
President

¹ <https://www.thestar.com.my/business/business-news/2022/02/11/malaysia-posts-4q-gdp-growth-of-36>

² <https://paultan.org/2021/09/20/indonesia-reinstates-full-luxury-tax-exemption-for-small-cars-10-to-30-tax-eliminated-until-end-of-year/>

³ <https://www.theedgemarkets.com/article/malaysian-automotive-association-forecasts-179-rise-total-industry-volume-600000-units-2022>

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal/delivering-european-green-deal_en

⁵ <https://www.whitehouse.gov/briefing-room/statements-releases/2021/08/05/fact-sheet-president-biden-announces-steps-to-drive-american-leadership-forward-on-clean-cars-and-trucks/>

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S STRUCTURE

The Group (i.e. APM Automotive Holdings Berhad and its group of companies) drives its manufacturing capabilities through 5 primary divisions, namely Suspension, Electrical and Heat Exchange, Interior and Plastics, Marketing and Indonesia, where the details of which are as stipulated in the section on Business Divisions of this Annual Report. These divisions are in turn supported by its Non-Reportable Segment and All Other Segments to generate revenue and stay ahead of its competitors.



MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

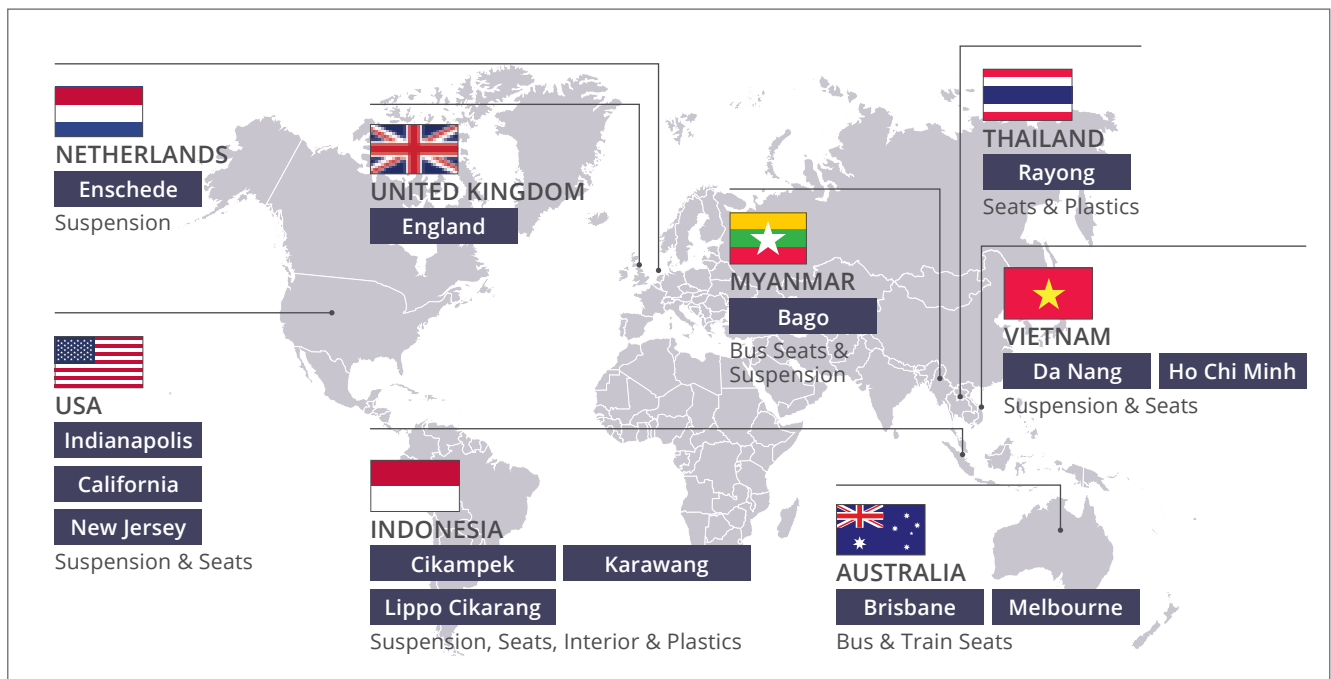
We are primarily engaged in the design, assembly, manufacturing and supply of automotive and locomotive components and parts, such as seat systems, air-conditioning systems, electrical components, coil springs, metal component parts, polyvinyl chloride or PVC body side moulding, shock absorbers, tapered leaf springs and vehicle interior linings.

Our operations began in 1978 as a small-scale local shock absorber

and leaf spring automotive parts manufacturer with a workforce of only 180 (as at 30 June 1980). To-date, the Group has a combined workforce of approximately 3,980 dedicated, loyal and appropriately skilled employees (where 3,388 of whom are based in Malaysia and 592 are based abroad).

After spending a considerable amount of time developing its competencies before expanding into the global market in the early 1980's, our competencies are now well established (with some being 40 years in the making) and were honed

by primarily adhering to the standards of the Japanese Original Equipment Automotive industry. The Group has consistently registered annual turnover in excess of RM1 billion and with its operations and presence in the United States of America ("USA"), Australia, the Netherlands, the Republic of Indonesia, Vietnam, Myanmar, the United Kingdom and Thailand firmly in place, APM continues to rank as one of Malaysia's major and trusted manufacturers and suppliers of locomotive and automotive parts.



Over and above the mobility sector, we have long been an ardent supporter and advocate for clean and renewable energy as illustrated by the installation of solar panels on the roofs of some of our plants in Malaysia and Australia to generate solar energy for the purposes of reducing the Group's overall carbon footprint and dependence on non-renewable sources.

This passion has since led the Group to venture into the development and commissioning of a 20 megawatt Large Scale (Floating) Solar Photovoltaic

Plant in Serendah, Selangor. Further details of this project can be found in the Sustainability Statement of this Annual Report.

We are committed to realise our vision of becoming a "Globally Preferred Innovative Mobility Solutions Provider" through innovation, revenue diversification, research and development, operational improvement and continued expansion of our geographical footprint into territories that include North America, Europe and Asia, without compromising on

the delivery of consistent growth to our shareholders.

GROUP FINANCIAL PERFORMANCE REVIEW

The global crisis spawned by the COVID-19 virus tested the mettle and resilience of many companies extensively. Like many other organisations, the Group was not spared from the impact caused by this virus and our results mirror the adverse effects, which culminated from the implementation of safety protocols and other COVID-19

MANAGEMENT DISCUSSION AND ANALYSIS

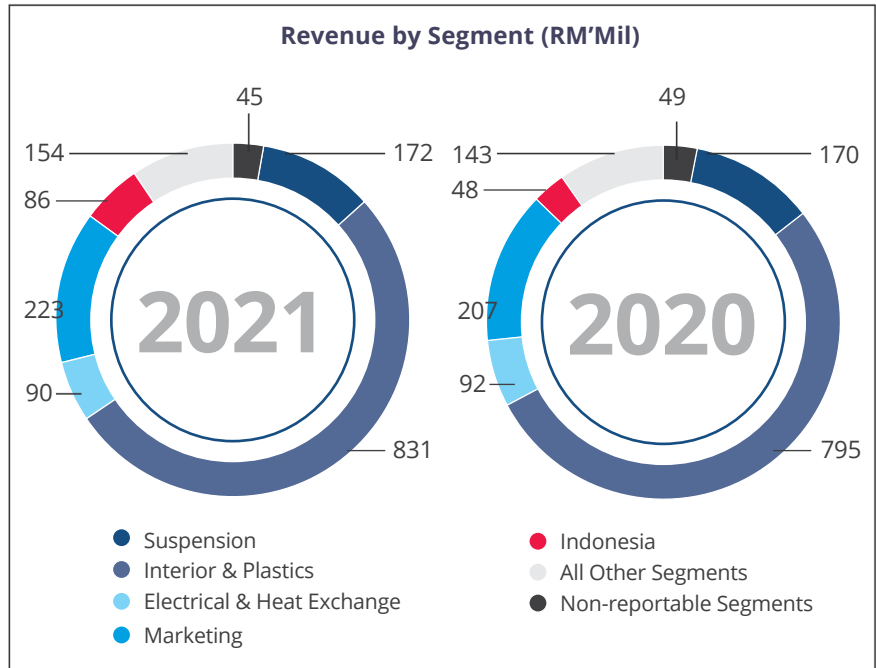
protection measures rolled out by the Government, including the consequential disruptions. Nonetheless, the Group takes pride in having protected jobs and income for its entire workforce. While our financial results were adversely impacted, they remain noteworthy as against a challenging backdrop, the Group still managed to end the year in black.

This review highlights and provides brief insights on the key financial and operating information at Group level. A detailed commentary on the operating performance is highlighted under the respective business divisions' section.

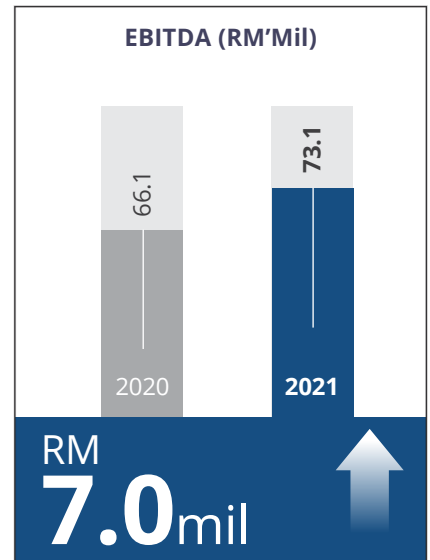
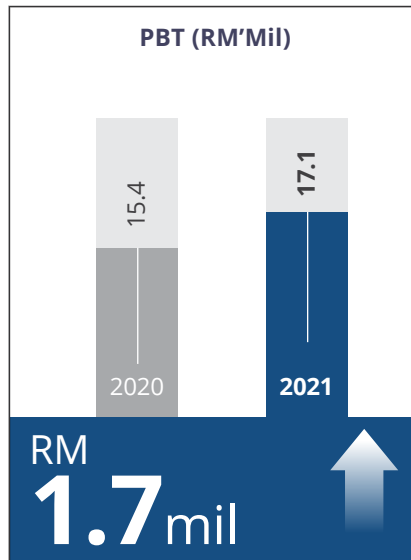
FINANCIAL HIGHLIGHTS AND INSIGHTS

✓ For the financial year ended 31 December 2021, the Group's revenue grew RM100.5 million or 9.0% to RM1,224.1 million, compared to the preceding year of RM1,123.6 million. This growth was led by our Interior and Plastics Division, which benefitted from the move to increase the localisation of content for Original Equipment Manufacturer ("OEM") parts by its OEM customers, coupled with orders for new parts secured during the year. In addition, revenue from our Indonesia Division surged to RM85.9 million in 2021, buoyed by the high leaf spring part demands from the Indonesian replacement market.

✓ Higher material price, logistic cost and staff expenses coupled with unfavourable product mix, did however weigh in on the profitability of our Interior and Plastics Division, although the Group's profit before tax increased by 10.8% to RM17.1 million. This is largely also due to efforts by our Indonesia Division, which saw a significant reduction in loss before tax by 57.4%.



✓ In tandem with the increase in revenue, the Group recorded earnings before interest taxes, depreciation and amortisation ("EBITDA") of RM73.1 million, depicting a growth of 10.6% or RM7 million, compared to profit before tax growth of 10.8% or RM1.7 million. This was mainly due to higher depreciation of properties and right-of-use assets (caused by valuation reserves recognised at the end of last year) during the year.



STATEMENT OF FINANCIAL POSITION

The Group's financial standing for this accounting period remains healthy and robust despite a drop in its net assets per share of RM6.62, compared to RM6.74 in 2020. This reduction was largely due to losses sustained for the year amounting to RM11.3 million and payment of the final dividend at 7 sen per ordinary share for the financial year ended 31 December 2020 amounting to RM13.7 million on 24 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

Non-current assets decreased marginally by 2.0%, mainly due to depreciation of property, plant and equipment and right-of-use assets of RM59.3 million recorded for the year.

As of 31 December 2021, the current assets and liabilities of the Group increased by 1.6% and 4.8% to RM973.7 million and RM372.1 million respectively. This increase is mainly due to the stock-piling of materials in anticipation of higher sales when COVID-19 safety protocol eases as the Group's plants in Malaysia were unable to operate during the lockdown periods of the Full Movement Control Order imposed by the government to control the spread of the COVID-19 virus in Malaysia between the second and third quarters of 2021.

The stock piling of materials mentioned earlier also witnessed an increase in the acquisition of steel bars in anticipation of further price hikes and disruption in the supply-chain. The elevated inventory level resulted in an increase in trade and other payables, whilst the surge in sales during the months of November and December of 2021 led to an increase in trade receivables.

The Group's financial position remains stable with a current ratio of 2.6 times (Current Ratio = Current Assets/Current Liabilities) and net cash position (i.e. cash and cash equivalents plus other investments and deduct bank borrowings) of RM227.5 million.

Non-current liabilities increased by 3.6% or RM4.0 million predominantly due to the increase in lease liabilities.

CAPITAL EXPENDITURE AND CASH FLOW POSITION

Cash utilised by the Group for operating activities amounted to RM25.2 million, as opposed to RM144.1 million of cash flow for operating activities recorded last

year. This utilisation was largely prompted by net cash outflow in respect of changes in working capital because of higher sales in the last quarter of the year, coupled with an increase in inventory to meet the demand in the first quarter of 2022.

During the year, the Group withdrew RM198.2 million from its unit trust investment compared to a placement of RM37.1 million a year before, resulting in the realisation of net cash in the amount of RM156.4 million for the Group. The resulting cash surplus were placed in fixed and short-term money market deposits to generate interest income. This withdrawal was initiated because of the anticipated revocation of tax exemption on interest income derived from retail fund, which was expected to come into effect from 1 January 2022.

The capital expenditure for the year experienced a considerable decline of 47.5% compared to RM45.3 million spent in the preceding year, as the Group's planned capital expenditures were deferred to preserve cash flow in view of the uncertainties surrounding the COVID-19 pandemic.

The capital expenditure of RM23.8 million was mainly incurred for the upgrading of the Group's plant facilities, as well as its tooling and machinery/equipment, investment and development costs for supply of parts for new car models. These expenditures were funded by internal generated cash flows and bank borrowings.

Net cash used in financing activities was higher at RM37.7 million compared to RM16.9 million in 2020. This increase was mainly due to the net repayment of bank borrowings amounting to RM8.1 million by the Group versus drawdowns of RM15.9 million in the previous year. The Group closed the year with RM227.5 million in net cash position (i.e. cash and cash equivalents plus other investments and deduct bank borrowings).

CAPITAL MANAGEMENT

The Group's capital management strategies include the adoption of prudent borrowing measures where financing is, amongst others, secured against favourable market terms available at the time, thus maximising returns on the available cash reserves.

A centralised treasury function has been established to optimise the deployment of the Group's financial resources and minimise financing costs. This Segment also monitors and manages exposures to foreign currency risks through appropriate hedging strategies.

In recognition of the Group's financial strengths and prudent capital management strategies, RAM Rating Services Berhad once again assigned the credit rating of AA₂/P1 in respect of the Group's Islamic Medium-Term Notes and Commercial Papers Programme. The Group has successfully maintained this rating for 6 consecutive years despite the challenges posed by COVID-19 and the consequential significant drop in both revenue and profitability during the year.

The Group's liquidity remains intact as it recognises the importance of having sufficient cash reserves in the pursuit of growth and expansion. This position is further reinforced with the Group's ability to access its Islamic Commercial Papers Programme and Islamic Medium-Term Notes of up to RM1.5 billion in nominal value for future capital investment, if and when required.

PERFORMANCE REVIEW, PROSPECT AND STRATEGIES

The Group's business and operations consist of 5 primary divisions, namely the Suspension Division, the Interior and Plastics Division, the Electrical and Heat Exchange Division, the Marketing Division and

MANAGEMENT DISCUSSION AND ANALYSIS

the Indonesia Division. Each division offers distinct or varying categories of products, services and activities and are supported by the Group’s Non-Reportable Segment and All Other Segments.

SUSPENSION DIVISION



ABOUT THIS DIVISION

This Division’s business focuses on the suspension system of a vehicle. Suspension is the system of tyre, tyre air, springs, shock absorbers and linkages that connects a vehicle to its wheels and allows relative motion between the two. The purpose of a suspension system is to support the vehicle body and increase ride comfort. Specifically, the suspension system maximises friction between the tyres and the road to provide steering stability and good handling.

PERFORMANCE REVIEW

The Suspension Division registered revenue of RM172.0 million, up marginally by 1.3% from RM169.9 million a year ago due to higher call-in from local OEM and replacement market suspension customers. This Division saw its loss before

tax materially reduced by 43.5% to RM2.5 million from RM4.5 million in the preceding year. The reversal of over-provision, coupled with lower provision, for product warranty claims during the year were the principal contributors to its improved profitability.

CHALLENGES, PROSPECT AND STRATEGIES

Prospect

With years of experience and boasting a comprehensive range of suspension products, this Division prides itself at being recognised by many as a leading OEM quality leaf spring manufacturer.

The anticipated re-opening of international borders by major countries, continued easing of vehicle related taxes, heightened vaccination rates worldwide and the perceived diminished severity of the Omicron variant are welcome news, and will likely play an influential role in the revival of this sector to pre-pandemic level.

Further and according to the report on “Automotive Suspension Market: Global Industry Analysis, Trends, Market Size, and Forecasts up to 2026”, the worldwide automotive suspension is forecasted to grow at a compound annual growth rate or CAGR of 3.9%. Backed by such narrative, this Division is optimistic (albeit cautiously) of a commencement in the recovery of the suspension sector.

Strategies

This Division will continue working with its technical partners in the field of research and development to improve product competitiveness from the perspectives of cost, design, quality and durability. In this respect and for 2021, this Division successfully worked with the Group’s engineering and research team to develop the following patents:

Description	Patent No.	Intellectual Property Date	Intellectual Property Type
Seat sliding apparatus	MY-183284-A	February 2021	Patent
Piston groove for shock absorbers	MY-188396-A	December 2021	Utility Innovation

In view of soaring material prices, this Division recognises the need to have in place additional and alternative material suppliers. Strategic alliances with suppliers from China and other territories will be a sensible move at this juncture to ensure consistency in supply. Meanwhile, this Division will continue its pursuit to evolve from a component manufacturer to a full-fledged system supplier, offering converged products and services to an international customer base.

Automation, enhancement of production efficiency and increase in productivity with the use of technology remain the key strategic initiatives for the Suspension Division.

MANAGEMENT DISCUSSION AND ANALYSIS

Challenges

The uncertainties induced by the Omicron variant of the COVID-19 virus and potential disruptions that may ensue remain a core risk for this Division and this is expected to put additional stress to this sector.

INTERIOR AND PLASTICS DIVISION

ABOUT THIS DIVISION



This Division's business focuses on the design, manufacturing and supply of plastic components for the interior of a vehicle. Among the items produced are door panels, consoles and instrument panels. ³Plastics represent only about 10% of the weight of today's vehicle but about 50% of the volume. Many modern car interior parts are made with polymer, including lightweight seats, instrument panels, durable upholstery, sound control fabrics, the headliner, dash, and door panels. Automotive plastics are widely regarded to hold the key to a host of safety and performance advancement in modern vehicles as they are generally designed to be durable, strong, recyclable, resistant to abrasion and improve vibration and noise control, amongst others.

PERFORMANCE REVIEW

Revenue for this Division totalled RM830.9 million for the year, surpassing the RM794.8 million recorded in 2020, hence reflecting a growth of 4.5%. The uplift in the Division's revenue was primarily

driven by the supply of new parts coupled with the higher use of local content for certain OEM parts of both new and existing vehicle models. Unfortunately, the higher revenue failed to translate into higher profitability as this Division's profit before tax was lower at RM30.2 million from RM45.1 million posted in 2020. The compression in profitability was due mainly to an amplified level of unfavourable product mix that generated lower margins, increase in material price and staff costs as well as stock variance during the year.

CHALLENGES, PROSPECT AND STRATEGIES

Prospect

The role of plastic in vehicles has never been more essential, with stringent regulations and changing consumer habits driving the demand for more affordable, lightweight, and fuel-efficient vehicles. ⁴A 10% reduction in vehicle mass can improve fuel economy of an internal combustion vehicle by 6

to 8%. The use of plastics reduces the consumption of fuel in a vehicle because less weight takes less energy at the time of acceleration. Fuel efficiency is widely regarded as one of the most essential features in vehicle design due to rising fuel prices and stricter environmental regulations. This, together with the anticipated rise in the demand for electric vehicles ("EV") where OEMs are compelled to increase the use of lightweight materials such as plastic will continue to drive demand for plastics in the automotive industry.

While this Division is poised to drive cost optimisation and commercial efficiencies in view of the proximity of its plant to major car manufacturers in Malaysia, the unrelenting COVID-19 onslaught, which has disrupted the entire automotive supply chain on a global scale, cannot be disregarded and could dampen this prospect to some extent.

Strategies

This Division will strive towards greater focus on research and development in connection with design and the use of lightweight materials to boost market share. Further and as global restrictions on travel and commercial activities due to COVID-19 ease going forward, this Division will also emphasise on the supply of plastic components for locomotive and bus seats as the use of public or mass transportation is anticipated to rise.

Besides the trust, which this Division has successfully earned from its stakeholders over the years, some of the advantages that this Division has over its peers include its ability to optimise its activities seamlessly in view of its alignment with the Group's integrated supply system with OEM customers, infrastructure and resources. With the support of one of the largest polyurethane manufacturers in Malaysia, this Division will also leverage on the

MANAGEMENT DISCUSSION AND ANALYSIS

Group's manufacturing as well as research and development capabilities to broaden its product range whilst maintaining its efforts to identify and forge new partnerships through joint ventures with global technical partners.

Challenges

The present shortage and difficulty in securing workers for its plants in Malaysia remains a perennial hurdle for this Division. Thus, counter-measures such as the move to automate and provide improved working environment to attract workers are being deployed.

ELECTRICAL AND HEAT EXCHANGE DIVISION

ABOUT THIS DIVISION

⁵An automotive heat exchanger is used to transfer heat between two mediums at different temperatures that are in thermal contact with each other. In a general sense, a heat exchanger is a system used to transfer heat between two or more fluids. It is used in both cooling and heating processes, where fluids may be separated by a solid wall to prevent mixing, or they may be in direct contact. Heat exchangers are used to maintain the required operating temperature in the engine and other components of the vehicle.

The battery, alternator, and starter on the other hand are the three main parts of any vehicle's electrical system - these three parts work together to start a vehicle and keep it running. The starter and alternator specifically draw power from the battery to start the engine.

This Division's business is centred on the design, manufacturing and supply of automotive electrical and heat exchange systems.



PERFORMANCE REVIEW

The Electrical and Heat Exchange Division generated revenue of RM89.6 million, a decrease of 2.9% from RM92.3 million in the preceding year, mainly due to lower call-in from certain OEM customers due to reasons associated with the end of production and a soft demand for air-conditioning system from the domestic bus market. The extended closure of this Division's plant in Malaysia between the second and third quarters of 2021 due to lockdowns imposed by the government in view of COVID-19 concerns also aggravated the performance of this Division. With lower revenue, aggravated by a higher provision for stock obsolescence, this Division ended the year with a loss before tax of RM5.9 million compared to loss before tax of RM4.0 million reported a year ago.

CHALLENGES, PROSPECT AND STRATEGIES

Prospect

In order to maintain the sustainability of its operations, this Division aims to broaden its market share by moving into the REM territory for all vehicle models as good progress has been made on the launching of new alternators over the past few years. This Division also plans to venture into the alternative product range, such as those involving the bus and truck market sphere and air-conditioning

systems for car park operators, auto grease system and truck refrigeration system.

Strategies

Notwithstanding the above, steps toward meaningful improvements to the cost base, including an increased focus on direct cost optimisation, multi-sourcing for lower material costs and enhancement of production efficiency will continue to be taken.

Meanwhile and against the narrative that powerful electrical systems in EVs generate huge amount of heat and its negative effect on range and battery charging time, this Division will continue to seek after strategic alliances and joint ventures with technical partners, particularly those in the field of EV heat exchange systems to boost its scope and capability in light of the anticipated increase in demand for this sector.

Challenges

Uncertainties caused by the COVID-19 virus and potential disruptions that could follow remain a core risk for this Division. This, coupled with expected changes in heat exchange technology due to global acceptance and use of EVs, could prove to be an obstacle for this Division unless future proof plans such as those identified above are necessary to counter such challenges.

MANAGEMENT DISCUSSION AND ANALYSIS



MARKETING DIVISION

ABOUT THIS DIVISION

The Marketing Division is primarily involved in the trading and distribution of automotive components and parts manufactured by the Group for the replacement and export markets.

PERFORMANCE REVIEW

The Marketing Division delivered a commendable performance with revenue increasing by 8.1% to RM223.2 million from RM206.5 million in the previous year and profit before tax grew by 132.9% to RM4.7 million against RM2.0 million recorded in 2020. This remarkable growth in revenue was primarily due to the increase in orders received from local dealers as business sentiments improved following lockdowns imposed by the government between the second and third quarters of the year to control the spread of COVID-19 in Malaysia. Shortage of imported parts due to supply chain disruption experienced by this Division's competitors, especially those from Vietnam and China, also boosted its local replacement market sales.

Export sales were also encouraging (especially from the USA and

Australia) as customers looked towards the establishment of alternative sources of supply to mitigate or minimise the impacts of market uncertainties.

The growth in revenue, together with realised/unrealised net foreign exchange gain arising from the trade receivables/payables and bank balances, has in turn translated into improved profitability for the year.

CHALLENGES, PROSPECT AND STRATEGIES

Prospect

The local and international replacement market is expected to remain steady and eventually grow in light of global efforts to ease restriction on travel and commercial activities despite the looming threat of the Omicron variant of the COVID 19 virus.

Strategies

On the local front and leveraging on its vast network of 463 primary dealers across all states in Malaysia, this Division aims to continue with its plans to source for alternative and additional replacement market parts for trading purposes to complement its existing range of in-house

products with the view of improving its revenue and bottom line.

As far as territories within the Association of Southeast Asian Nations ("ASEAN") are concerned, the Group plans to replicate its research and development initiatives in Malaysia to boost market penetration and expansion in such territories.

On the international front, this Division will continue to pursue strategic alliances with distributors and dealers to improve market share.

Challenges

Unfortunately, and like its counterparts in the Group, the potential rise in the severity and infection rate of the COVID-19 virus remains as a core risk to this Division's prospects.

INDONESIA DIVISION

ABOUT THIS DIVISION

This Division refers to the Group's wholly-owned subsidiaries that are involved in the production of suspension products such as coil spring, shock absorber and leaf spring in Indonesia as well as the Group's ventures and investments there.



MANAGEMENT DISCUSSION AND ANALYSIS

PERFORMANCE REVIEW

In February 2021, the Indonesian government granted to those who are entitled a temporary tax relief for the purchase of cars to boost sales and revive its auto industry, which is and remains severely affected by the impact of the COVID-19 pandemic. The said government also extended luxury tax breaks of between 10% and 30% for selected car models until the end of the year. Such incentives enabled this Division's OEM customers in Indonesia to register higher sales, which resulted in a higher off-take for the order books of the coil spring segment. Meanwhile, the demand for leaf springs in Indonesia (especially those from China) also increased due to the shortage of supply. In addition, this Division's customers have been stock piling supply in anticipation of a price hike caused by the global shortage in raw material (i.e. steel). Accordingly, the Indonesia Division's revenue for the year increased by 77.4% to RM85.9 million from RM48.4 million reported in last year.

Further, this Division's joint venture in Indonesia, whose principal activities include the manufacturing and supply of interior and plastic parts to automotive OEM customers, also benefited from this luxury tax break and reported higher profitability.

Against the backdrop of higher revenue, augmented by improved joint venture performance, the loss before tax of this Division decreased significantly by 57.4% to RM8.5 million in the current year. The higher loss recorded last year was also caused by the impairment of certain plant and equipment in view of the low utilisation of plant and equipment as compared to that initially planned.

Prospect

The much-anticipated commencement of this Division's Hyundai joint venture in Indonesia will contribute positively to the Group's bottom line. This Division's order book received a welcome boost with the successful procurement of supply contracts from its OEM customers for the manufacturing and supply of both leaf spring and shock absorber.

Strategies

This Division will continue to improve its efficiency with the aim of further reducing operational and administrative costs. Focus will be placed on efforts to enlarge its market share and presence in the replacement market through strategic partnerships and alliances. E-commerce is another area in which this Division will also consider, going forward.

Challenges

Maintaining competitiveness and lower operational cost without compromising on efficiency and productivity remain to be a challenge for this Division. However, this Division believes that having in place multiple sources for the supply of material with a low cost base is key towards overcoming this hurdle.

ALL OTHER SEGMENTS/ OPERATIONS OUTSIDE OF MALAYSIA SEGMENT

ABOUT THIS SEGMENT

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

PERFORMANCE REVIEW

Overall revenue from this Segment remains the key driver of revenue growth for the Group, registering a year-on-year increase of 8.0% to RM154 million. The growth was led by strong performances of operations in Vietnam and Australia. In terms of percentage, the revenue from this Segment's operations in Australia and Vietnam recorded increase of 4.1% and 17.3% respectively.

Year-on-year revenue growth in this Segment's operation in Australia was due to strong demand for local coach's and train's seats in the first



MANAGEMENT DISCUSSION AND ANALYSIS

half of the year. As for Vietnam, year-on-year revenue growth was backed by higher sales of leaf spring and air-condition products.

In line with the improved revenue, this Segment posted a higher profit before tax of RM6.1 million compared to RM4.3 million. Amongst the factors that contributed towards this outcome was the improved performance of this Segment's operation in the USA, which was mainly driven by lower provision for stock obsolescence and receipt of the COVID-19 financial assistance granted by its government in the second quarter of 2021.

Prospect

In general, 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



Led by our subsidiary McConnell Seats Australia Pty. Ltd., this Segment will focus on maintaining its expansion plans in Western Australia where it has established a plant in Perth to supply train seats. This setup is expected to contribute positively to the 2022 results. A new in-house polyurethane line that is being established will also improve the cost structure and generate better profit for this Segment.

Vietnam



This Segment's operation in Vietnam which, is led by APM Auto Components (Vietnam) Co. Ltd., aims to establish at least 5 new dealers in the Northern Region to boost sales and extend its reach. It will also lobby for more OEM car and truck supply contracts whilst

maintaining gradual and continuous improvement in productivity and continuity in its efforts to source for and localise components to reduce cost exposure.

Myanmar



Doing business in Myanmar has its challenges in any given year but in 2021 it is about navigating two new and imposing constraints, i.e. the re-assumption of political power by the military following the coup in February and a devastating third wave of COVID-19. APM Auto Components Myanmar Co. Ltd., is closely monitoring the situation by cautiously navigating the challenges by adjusting its business recovery plan to minimise the impact to the Group.

Thailand



Thailand remains a main automotive production hub in Asia but like most other countries, the disruptions that accompanied the COVID-19 pandemic in the territory gravely impeded the progress and operation of the automotive sector in Thailand. However, amidst such challenges, APM Auto Components (Thailand) Ltd. ("AACT") successfully secured an entry-level contract supply of ethylene-propylene-diene-monomer or EPDM products to a tier-2 supplier of an internationally renowned OEM customer. This will provide a good starting point for this Segment to penetrate into the OEM markets. Meanwhile, continued pursuit for penetration into the bus and coach sector of the Thai market to promote its air-conditioning and seat system will remain a priority for AACT, as well as seeking strategic alliances with technical partners and suppliers (especially those from China) to capture further market share. Notwithstanding the above and with the expected easing of social and business restrictions, the Group remains optimistic of

Thailand's automotive sector and its potential to contribute towards its bottom line.

United States of America



This Segment's operation in the USA is led by APM Auto Components (USA) Inc. ("APMUSA") and the overall performance of this Segment was modest in view of the challenges posed by restrictions imposed by the US government in the beginning of the year due to COVID-19 concerns as well as high logistics costs. However, the prospect of economic recovery in this territory for this Segment remains bright due to the easing of COVID-19 related restrictions and the expected lifting of borders by the international community. APMUSA's presence in 3 locations in the USA will provide it with a good platform to capture more markets in the territory and extend its geographical reach in this region. Administratively, APMUSA is also in the midst of upgrading its enterprise resource planning system for better and more effective inventory management.

The Netherlands



The Group's operation in the Netherlands is led by APM-TS BV, which recently launched its own website (i.e. <http://www.ts-automotive.nl/>) to cater for online orders. With the introduction of interactive online e-catalogue and a digital marketing strategy through a newly developed online platform by its marketing arm in the Netherlands, APM-TS BV is confident of making further in-roads into Europe. Presently, plans are already underway for the establishment of distribution hubs and warehouses in Europe to ensure faster delivery and better presence, but without losing sight of key focus areas such as cost containment, improved inventory management and product availability.

MANAGEMENT DISCUSSION AND ANALYSIS

NON-REPORTABLE SEGMENT, MALAYSIA/OTHERS

ABOUT THIS SEGMENT

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

PERFORMANCE REVIEW

Revenue declined by 7.7% to RM45.5 million from RM49.3 million a year ago, on the back of lower sales of motor vehicles (the Group ceased its distribution of motor vehicles in September 2020). Consistent with the lower revenue, this Segment's loss before tax widened to RM7.8 million from RM7.3 million last year.

KEY RISK FACTORS

BUSINESS RISK AND CHALLENGES

Competition

The automotive component market is capital intensive and highly competitive. The Group competes on almost all fronts including technology, quality and reliability where pricing, design, finishing, speed and efficiency have become increasingly important factors. Whilst dealing with intense competition is to be expected in the environment the Group operates, experience and trust, which the Group has garnered throughout the years, have enabled it to develop strategies and forge relationships that are relied on to stay ahead of competition.

Operational Risk

Equipment failure is a risk that has to be contended by all plants and this risk has become more apparent in recent times, following the recent opening of all commercial sectors where production has increased two to three-fold in order to meet pent-up demand and production shortfall due to the effects of COVID-19. The Group recognises this risk and unlike some of its peers, the Group's infrastructure and ecosystem have enabled those affected within the organisation to re-deploy production activities to other subsidiaries and sub-contractors whenever required, as a counter measure to mitigate the impact of this risk.

Succession Risk

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

MOVING FORWARD

⁶According to the Malaysian Investment Development Authority or MIDA, the auto sector in Malaysia remains an important and strategic part of the country's manufacturing sector, contributing 4% to Malaysia's gross domestic product or GDP and continues to be the third largest automotive market in ASEAN. The Group takes the view that this position is set to be maintained, particularly in light of ⁷the Malaysian Automotive Association's opinion that the auto industry is set for a rebound due to the opening of economies worldwide and its forecast of a 17.9% growth in total industry volume (TIV) to 600,000 units for 2022 from 508,911 units recorded in 2021.

Further, with ⁸Bank Negara Malaysia maintaining its benchmark overnight policy rate at 1.75%, additional stimulus will be expected for the sector.

However, pandemic-related challenges such as supply chain disruption, semiconductor chip shortage and rising freight cost cannot be ignored because these may all affect the



MANAGEMENT DISCUSSION AND ANALYSIS

growth momentum and impact new vehicle sales although such eventuality is unlikely to cause turmoil given the experience gained in managing such adversities by businesses over the last 2 years.

In these times of uncertainty and challenges, the Group recognises the need for diversification and is committed towards the minimisation of its risks by allocating certain of its resources to sectors that are outside its core business, such as the Group's participation in a joint venture for the development and commissioning of a 20 megawatt Large Scale (Floating) Solar Photovoltaic Plant in Serendah, Selangor as mentioned earlier.

The Group is aware that the benefits of Industry 4.0 include improved productivity and efficiency, better flexibility and agility, and increased profitability as well as customer experience. That said, the Group will continue to focus on the gradual use and adoption of digital technology, connected mobility and robotics in its operations but without losing sight of its 5-year strategic plan which emphasises on expansion, cost effective operations, research and development and brand enhancement activities.

Research and Development

Research and development are widely regarded as the generation of new knowledge. From the business perspective, it is best described as an activity that is undertaken to develop new products, processes or services, or improve upon those that already exist.

The Group remains steadfast in its view on the importance and need for research and development in order to remain relevant and competitive. The Group's present research and development facilities in Port Klang and Ara Damansara, together with its team of research engineers are

testament to this commitment. As technology in the automotive sector experiences seismic shifts from time to time, especially in the field of renewable energy and electrification, the team is constantly updating its approaches and processes in order to keep ahead of the curve.

Expansion

The Group will continue to pursue inorganic growth through joint ventures, mergers and acquisitions because it is much more expedient to do so, as such manoeuvres allow for instantaneous market presence and provides a competitive edge within the shortest time. Efforts to enter into such arrangement in the year were dampened by the effect of the pandemic but are anticipated to revitalise going into 2022.

Personnel

The staff and employees of the Group are its greatest assets and remain the key determinant for its success where focus on talent attraction, motivation and retention, including personnel development, will continue to be addressed.

^{1a} https://www.who.int/health-topics/coronavirus#tab=tab_1

¹ https://en.wikipedia.org/wiki/Car_suspension

² <https://www.globenewswire.com/news-release/2021/09/16/2298237/28124/en/Global-Automotive-Suspension-Market-2020-to-2026-Industry-Analysis-Trends-Market-Size-and-Forecasts.html>

³ <https://www.automotiveplastics.com/automotive-plastics-today/interior/>

⁴ <https://www.marketsandmarkets.com/Market-Reports/automotive-plastics-market-passenger-cars-506.html>

⁵ <https://www.mordorintelligence.com/industry-reports/automotive-heat-exchanger-market>

⁶ <https://www.mida.gov.my/malaysia-auto-industry-tapping-on-new-areas-of-opportunities/>

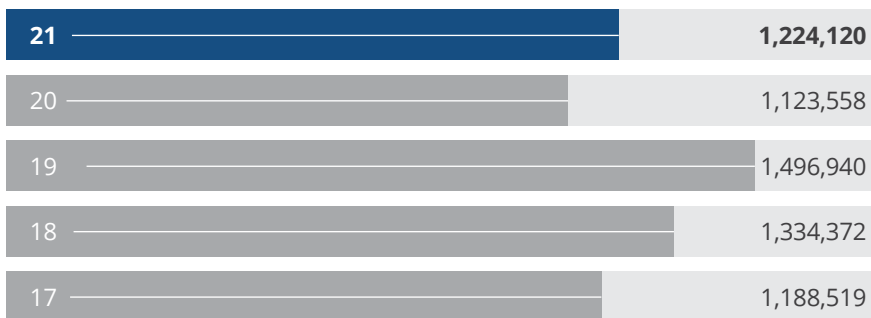
⁷ <https://www.theedgemarkets.com/article/malaysian-automotive-association-forecasts-179-rise-total-industry-volume-600000-units-2022>

⁸ <https://www.theedgemarkets.com/article/bnm-maintains-opr-175-3>

5-YEAR FINANCIAL HIGHLIGHTS

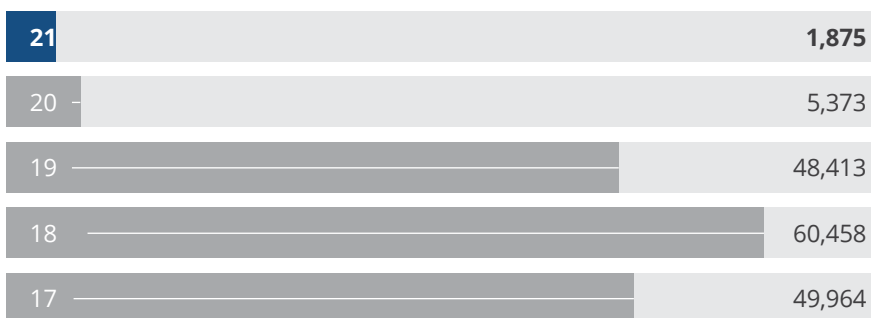
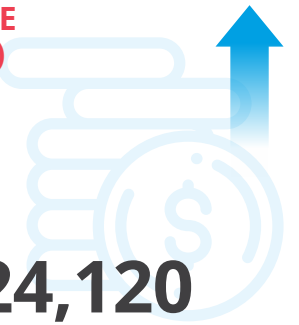
	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
RESULTS					
Revenue	1,224,120	1,123,558	1,496,940	1,334,372	1,188,519
Profit before tax	17,083	15,417	68,775	77,441	71,384
Taxation	(15,208)	(10,044)	(20,362)	(16,983)	(21,420)
Profit for the year	1,875	5,373	48,413	60,458	49,964
Attributable to:					
Owners of the Company	(11,250)	(10,469)	27,237	38,441	39,095
Non-controlling interests	13,125	15,842	21,176	22,017	10,869
STATEMENT OF FINANCIAL POSITION					
Assets					
Property, plant & equipment	649,390	682,270	617,305	559,853	572,577
Prepaid lease payments	-	-	-	15,275	16,005
Investment properties	106,660	106,660	112,560	111,520	108,000
Equity-accounted investees	72,159	55,286	32,621	42,117	42,612
Intangible assets	24,364	24,577	18,526	18,392	19,966
Deferred tax assets	22,325	23,998	17,659	16,799	12,113
Total non-current assets	874,898	892,791	798,671	763,956	771,273
Current assets	973,750	958,747	940,187	940,723	874,597
Total assets	1,848,648	1,851,538	1,738,858	1,704,679	1,645,870
Equity					
Share capital	219,498	219,498	219,498	219,498	219,498
Reserves	1,087,832	1,110,863	1,067,387	1,027,887	1,024,463
Treasury shares	(13,506)	(13,506)	(13,312)	(13,312)	(13,305)
Equity attributable to owners	1,293,824	1,316,855	1,273,573	1,234,073	1,230,656
Non-controlling interests	70,148	71,023	75,179	67,948	53,934
Total equity	1,363,972	1,387,878	1,348,752	1,302,021	1,284,590
Non-current liabilities	112,608	108,655	89,669	62,321	63,625
Current liabilities	372,068	355,005	300,437	340,337	297,655
Total equity and liabilities	1,848,648	1,851,538	1,738,858	1,704,679	1,645,870
FINANCIAL STATISTICS					
Basic earnings per share (sen)	(5.75)	(5.36)	13.93	19.66	20.00
Gross dividend per share (sen)	7.00	7.00	10.00	12.00	13.00
Net assets per share (RM)	6.62	6.74	6.51	6.31	6.29
Return on shareholders equity (%)	(0.86)	(0.81)	2.17	3.12	3.22

5-YEAR FINANCIAL HIGHLIGHTS



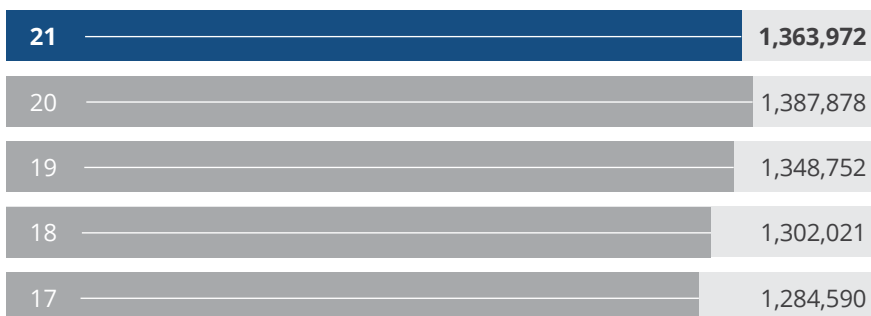
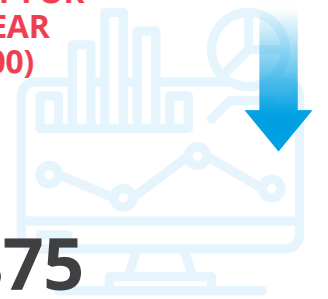
**REVENUE
(RM'000)**

1,224,120



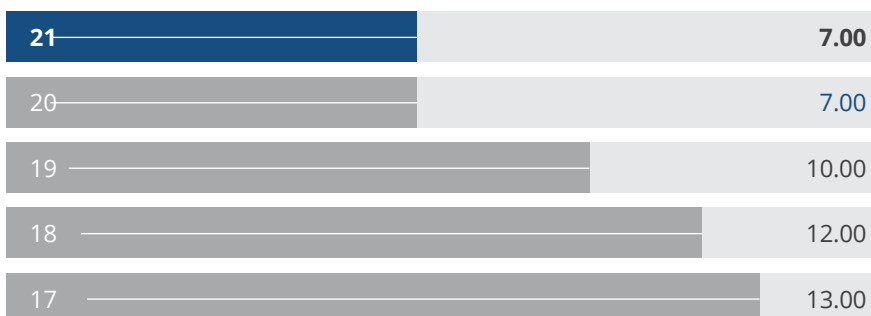
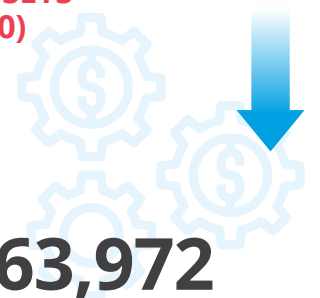
**PROFIT FOR
THE YEAR
(RM'000)**

1,875



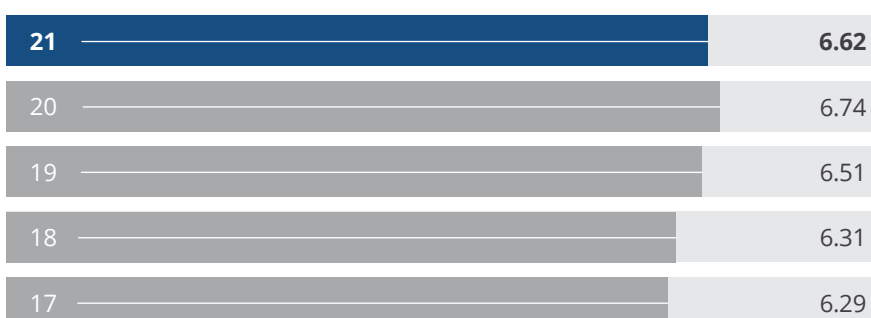
**NET ASSETS
(RM'000)**

1,363,972



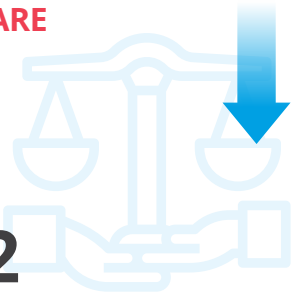
**GROSS DIVIDEND
PER SHARE
(SEN)**

7.00



**NET ASSETS
PER SHARE
(RM)**

6.62



SUSTAINABILITY STATEMENT

BUSINESS CONTINUITY IN A TIME OF CHANGE AND UNCERTAINTY

The COVID-19 pandemic is a proven wake-up call for many. Its humbling effects highlighted the urgent need for change in how we approach business, lifestyle, environment and biodiversity.

These issues bear significant implications on the sustainability of resources in our communities and the wider society, which businesses rely on for the demand and supply of goods and services unless it is addressed.

Whilst most organisations today can respond to challenges posed by the competitive environment, persevering a pro-longed disruptive and epic-scale event such as the COVID-19 pandemic is something else altogether. The resulting health crisis and effects sparked by this pathogen have underscored the vulnerability of many corporations to such event, rendering them virtually helpless, regardless of size or industry.

Although the impact and lessons learnt from the multiple waves of infection have been painful, it did however amplify the point that the world is truly dynamic and events taking place unpredictable.

This is why now more than ever, organisations like ours need to and must develop resilience to the point where it can, absorb stress, recover critical functionality and thrive in altered circumstances.

APM'S EES(G) SUSTAINABILITY STATEMENT

Our Sustainability Statement for 2021 was prepared based on economic, environmental as well as social ("EES") considerations and is in line with

Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide (2nd Edition).

That said and without losing sight of Bursa Securities' thoughts on the importance of governance, our Sustainability Statement for 2021 not only focuses on EES considerations, but also features a dedicated section on governance – hence the acronym "EES(G)".

The following is our Sustainability Statement for 2021 ("Statement"). This Statement captures the outcome of our efforts and journey towards the attainment of progress and stability through sustainable business development despite difficulties caused by the effects of the COVID-19 pandemic. The journey emphasises on striking a balance between governance as well as economic, environmental and social risks, obligations and opportunities. This is our 5th Sustainability Statement since the release of our Narrative Statement in 2017 following Bursa Securities' launch of the Sustainability Framework in 2015.



COVERAGE

This Statement covers activities undertaken by the Group's major subsidiaries. Unless otherwise stated, the information presented in this Statement covers our businesses in Malaysia, Indonesia, Vietnam, Thailand and Australia, which collectively contributes to almost 82% of the Group's revenue. Going forward, we aim to expand the scope of this Statement to include data and information from other business units within the Group, progressively.



REPORTING PERIOD & CYCLE

This Statement also covers our sustainability initiatives and performances from 1 January 2021 to 31 December 2021 where all available comparative historical data is incorporated. This Statement is prepared on an annual basis and serves as a platform to communicate our progress from the economic, environmental, social and governance aspects as well as our commitment to the various stakeholder groups.



REFERENCES & ASSURANCES

This Statement is prepared in accordance with the relevant provisions of Bursa Securities' Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits (2nd Edition). No external assistance or independent assurance was sought on this Statement. APM's Risk Management and Sustainability Committee ("RMSC") and Audit Committee, with the assistance of the Group's System and Internal Audit function, have reviewed the accuracy and veracity of information provided in this Statement.



ACCESSIBILITY

A PDF version of this Statement can be found in APM's Annual Report 2021, which is available for viewing on the Company's website at www.apm.com.my.



FEEDBACK

We strive to continue with the development and broadening of our engagement with our internal and external stakeholders, and we welcome any feedback that you may have on this Statement. Please feel free to forward your comments or questions to: apmah@apm.com.my.



OUR SUSTAINABILITY STATEMENT FOR 2021 NOT ONLY FOCUSES ON EES CONSIDERATIONS, BUT ALSO FEATURES A DEDICATED SECTION ON GOVERNANCE – HENCE THE ACRONYM “EES(G)”



APPROACH TO SUSTAINABILITY

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 Core Values of **TCFIMPeD**:

Trustworthiness & Integrity, **C**ourage, **F**rugality, Innovation & Creativity, 24/7 **M**indset, **P**erseverance and **D**iligence

SUSTAINABILITY STATEMENT

Our approach to sustainable development is established based on our vision, mission and core values. These core values are fused with and embedded in our behaviour, conduct and practices. We believe this approach will enable us to be more agile and prepared for the future.

ROLES AND GOVERNANCE

These initiatives comprise an assortment of programmes where the design and implementation are assigned to and undertaken by different groups of personnel 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 governance responsibilities where the power to decide on sustainability issues is vested in the Board. The RMSC’s terms of reference have been approved by

the Board and is subject to review and change from time to time.

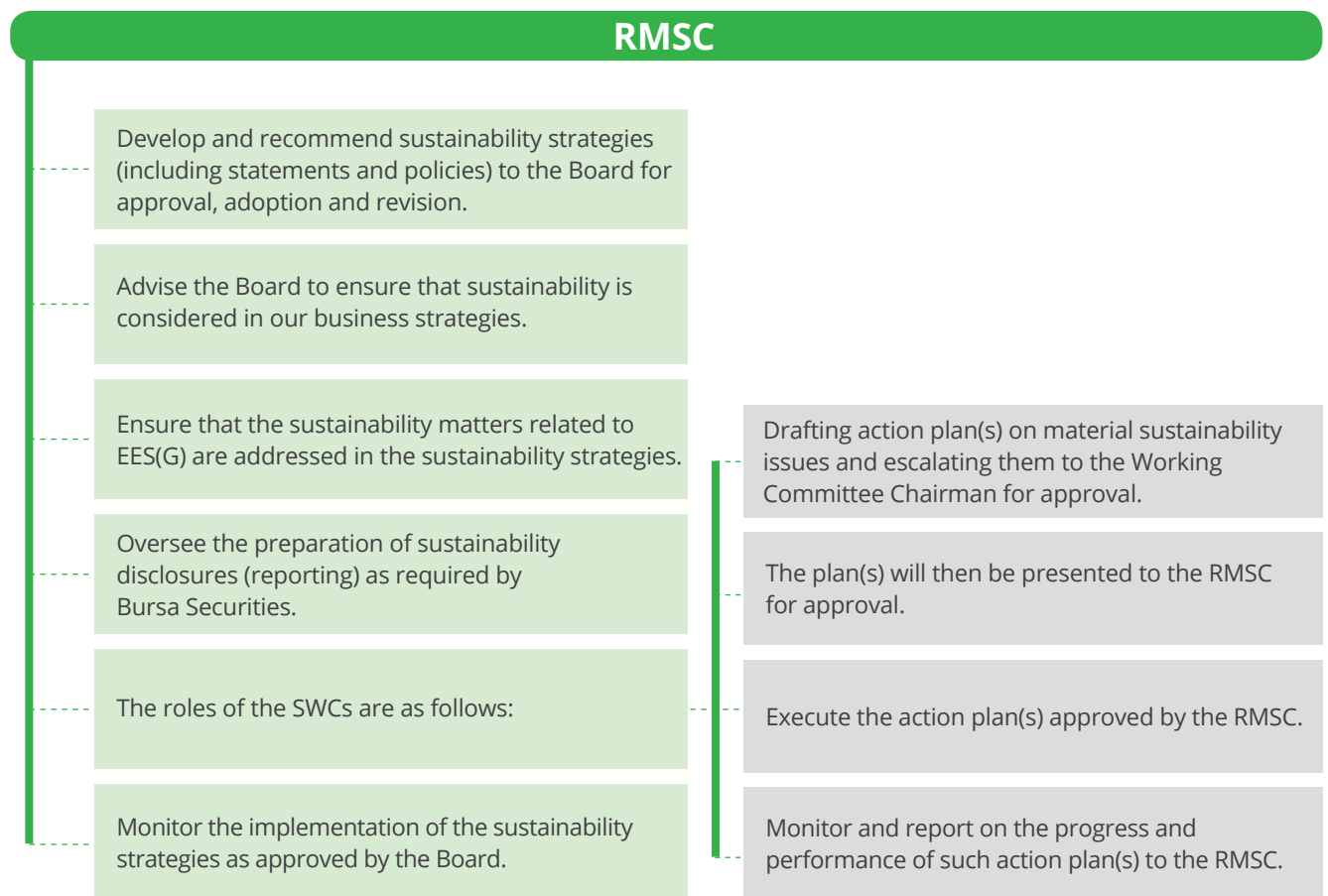
We establish our Sustainability Working Committees (“SWCs”) based on the initiatives identified in the RMSC’s terms of reference. These Committees primarily supervise the implementation of initiatives allocated to them. SWCs are also

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 they have been entrusted with.

SUSTAINABILITY STATEMENT

The primary liaison person between the SWCs and the RMSC is the Chief Risk and Sustainability Officer (“CRSO”), who is appointed from amongst members of the RMSC. The CRSO works with the various SWCs to integrate a culture of corporate responsibility and attention to the economy, environment and community.

The following are some of RMSC’s roles:



APPROACH

To present a report that is meaningful, balanced and comparable to our stakeholders, we conducted a materiality assessment to identify and highlight issues that are important to both the Group as well as our stakeholders. This assessment comprises the following steps:

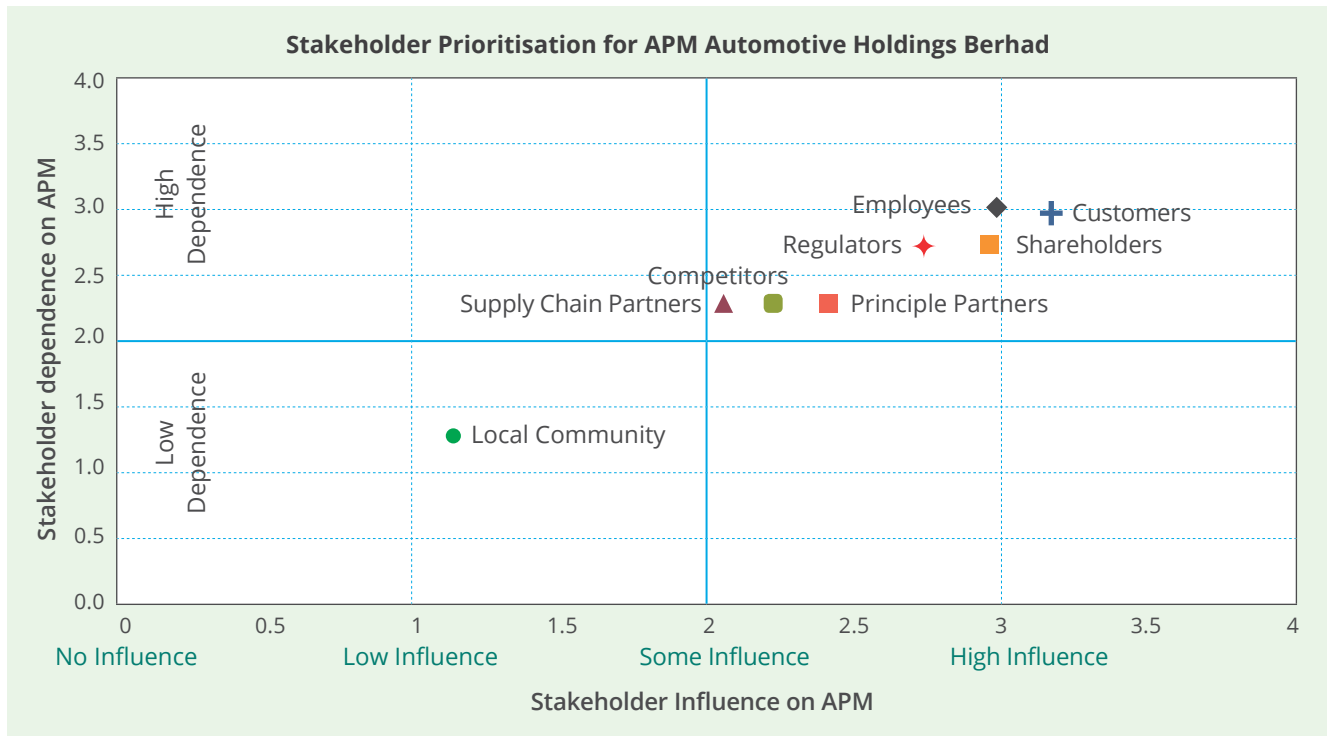
IDENTIFICATION

The process of identification was done through the collation of issues, which we believe were material to the Group and our stakeholders, through interviews and discussions. The data derived was analysed and processed against information reported by other companies in Malaysia and by looking into our industry’s best practices. We then interviewed a cross section of the RMSC and Board to filter issues that are most significant to us. Through these interviews, we were able to identify, isolate and treat key issues, opportunities and challenges faced by the Group.

SUSTAINABILITY STATEMENT

PRIORITISATION

From the list of issues identified as material, we prioritised each issue by assigning a measure of ‘weightage’ and this was accomplished through a materiality assessment workshop. Here, we involved a good cross section of our internal stakeholders – from managers to members of the senior management team and our Board, with the aim of procuring input based on their engagement with external stakeholders, which was then employed to plot a materiality matrix that indicated the relative importance of each issue to the Group, and our stakeholders. An illustration of this matrix is as follows:



VALIDATION

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

REVIEW

This final step encompasses feedback from our stakeholders. These feedbacks will enable us to further refine our sustainability approach to present statements that are even more meaningful in the future. We are open to feedback or comments via apmah@apm.com.my.

STAKEHOLDER ENGAGEMENT

Stakeholders	Description	Engagement Method	Sustainability Issues
Customers	Customers of the Group, consisting primarily of Original Equipment Manufacturers, Replacement Market parts distributors and end users.	Meeting, Project Tracking, Customer Feedback including Customer Satisfaction Survey.	Product Quality, Cost and Delivery, Warranty Services, Product Safety, Sustainability Matters and Anti-Bribery and Anti-Corruption.

SUSTAINABILITY STATEMENT

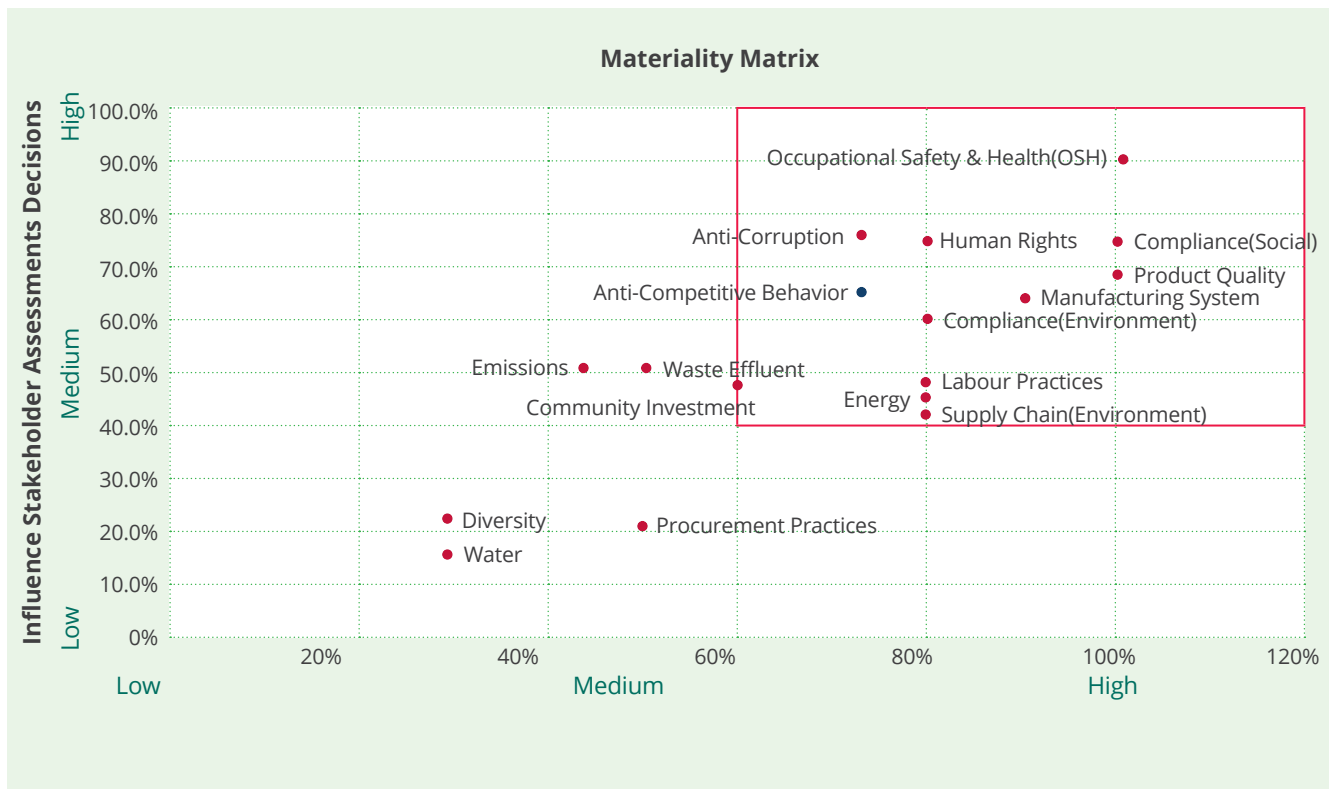
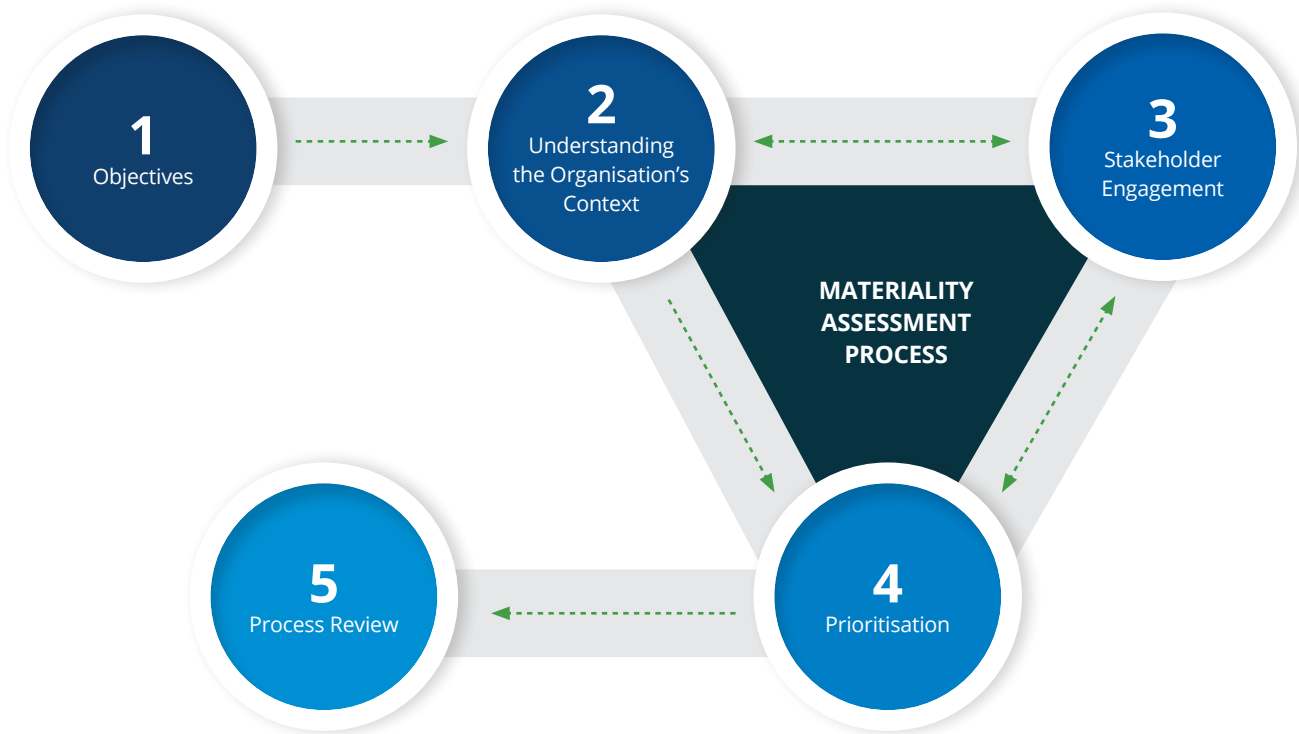
Stakeholders	Description	Engagement Method	Sustainability Issues
Employees	Persons employed by the Group. Our employees are the key enablers of all our business activities who create value along the supply chain.	Morning Briefing, Morning Market, Training and Awareness, Suggestion Scheme, Representative Meeting, Management Seminar, Trip and Function.	Learning and Development, Prompt Salary Payment, Performance Management, Work-Life Balance, Safety and Health at Workplace, Teamwork, Empowerment and Accountability, Industrial Harmony, Compensation and Benefits and Anti-Bribery and Anti-Corruption.
Shareholders	Owners of APM.	Annual General Meeting, Regular Updates and Communication.	Profitability, Sales Performance, Financial and Volume Performance, and Compliance.
Regulators	Government and Statutory Bodies and Agencies that regulate and enforce compliance requirements.	Income Tax Filing, Sales and Service Tax Reporting, Licence Renewal, Meeting, Regular Updates and Communication.	Compliance with applicable laws, policies, directives and regulations.
Principal Partners	Business and Technical Partners of the Group. This group of persons include our joint venture partners and other business associates.	Principal Engagement and Meeting.	Profitability, Intellectual Property and Royalty.
Competitors	Business rivals, competitors, contenders and counterparts of the Group.	Regular Updates.	Anti-Competitive Practices, Business Strategy and Plan, Product Innovation and Development.
Supply Chain Partners	Vendors, Suppliers, Service Providers, Dealers, Distributors and the like.	Monthly Meeting, Training, Audit and Feedback.	Fair Procurement, Anti-Bribery and Anti-Corruption, and Sustainability Matters.
Local Community	Persons within the society where the Group is present.	Programmes through Corporate Social Responsibility, APM Make A Difference Day.	Social and Environmental Issues, and Local Community Development.

SUSTAINABILITY STATEMENT

MATERIALITY ASSESSMENT PROCESS



The criteria and process that we use in determining whether EES(G) impacts are significant or not are based on Bursa Securities' Materiality Assessment and Materiality Matrix toolkits, depicted as follows:

MATERIALITY ASSESSMENT PROCESS AND MATRIX





SUSTAINABILITY STATEMENT


MATERIAL SUSTAINABLE MATTERS

No.	CATEGORY	THEMES		KEY PERFORMANCE INDICATORS (KPI)		
				PERFORMANCE	TARGET	
1	ECONOMIC 	Community investment	Voluntary contributions 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 provides internal benchmarks 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)
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) b) Amount of reduction in energy consumption achieved resulting from conservations and efficiency initiatives	Nil $\geq 1.0\%$ of the 4.1 a)
				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%

SUSTAINABILITY STATEMENT

No.	CATEGORY	THEMES	KEY PERFORMANCE INDICATORS (KPI)		
			PERFORMANCE	TARGET	
6	ENVIRONMENTAL 		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 based on the terms of employment with consistent development of employee 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 H06 and above <2.0% b) Supervisor and below <10.0%
9	Compliance (Social)	Compliance here relates to compliance of the Group's activities with relevant laws and guidelines. It outlines the 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
10	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: ▶ The right not to be discriminated; ▶ The right not to be enslaved;	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

SUSTAINABILITY STATEMENT

No.	CATEGORY	THEMES	KEY PERFORMANCE INDICATORS (KPI)	
			PERFORMANCE	TARGET
10	SOCIAL 	<ul style="list-style-type: none"> ▶ The right to be treated equally and with dignity; ▶ The right to have appropriate rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and ▶ The right to freedom of opinion and expression. 	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	<p>According to Transparency International Malaysia, corruption is defined as the abuse of entrusted power for private gain.</p> <p>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)</p>	<p>12.1 Percentage of employees who have received training on anti-corruption by employee category</p> <p>12.2 Percentage of operations assessed for risks related to corruption</p> <p>12.3 Percentage of External Providers who have submitted the letter of undertaking on Anti-Corruption.</p>	<p>100% / year</p> <p>100% / year</p> <p>100% / year</p>

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 our key performance indicators to be in line with our objectives and values as a responsible organisation.

Indicator No. 12.3 is the additional materiality for the Social category identified for 2021 in line with our efforts on Anti-Bribery and Anti-Corruption measures.

SUSTAINABILITY STATEMENT

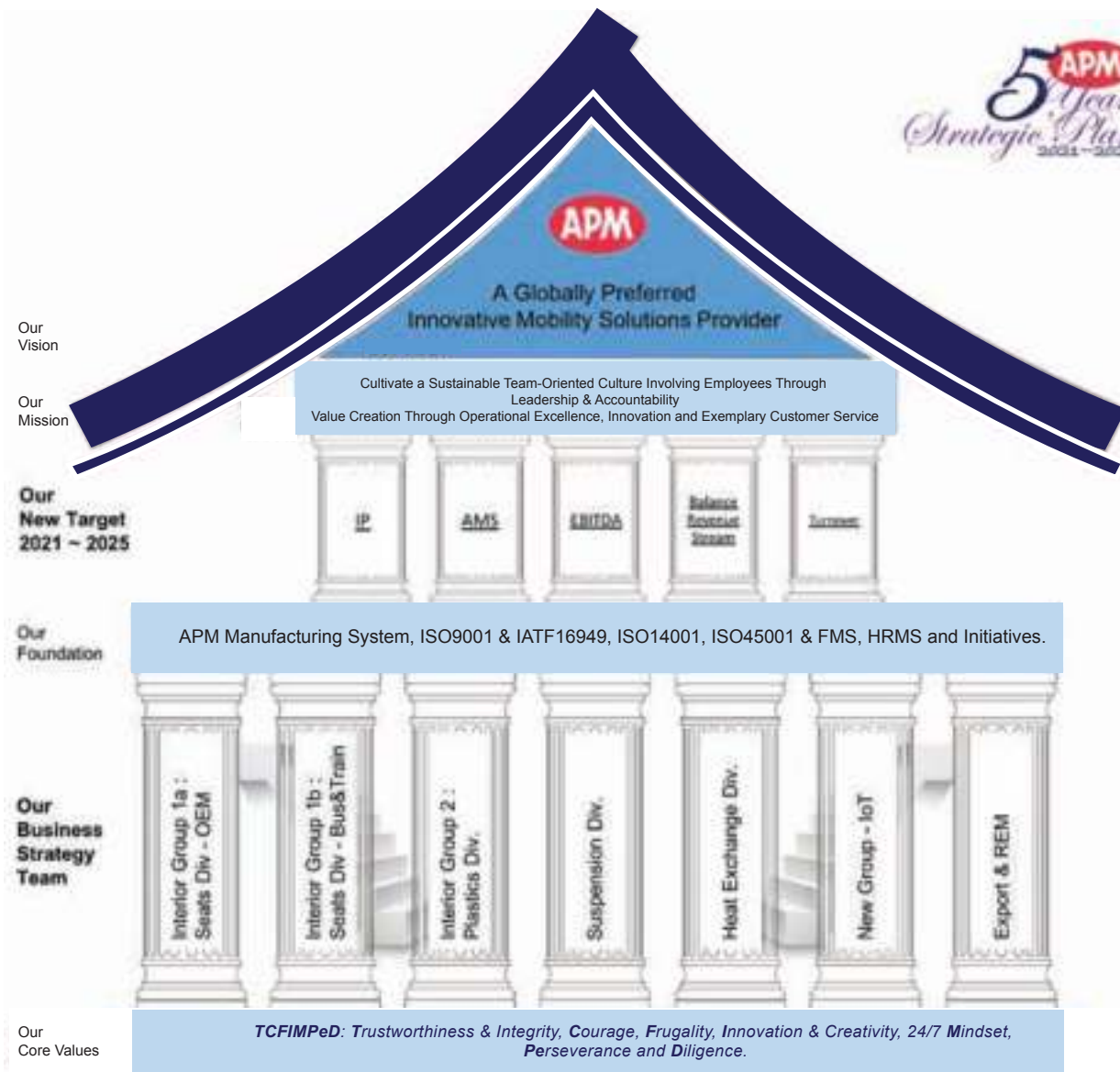
ECONOMIC

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 at 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.

The following is a description of our new 5-year strategic plan:



SUSTAINABILITY STATEMENT

COMMUNITY INVESTMENT

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

The COVID-19 pandemic has resulted in widespread socio-economic disruption, halting supply chains, global trade, the ways businesses and organisations access finances and other associated "normal" business activities. Against such a backdrop, we nonetheless managed to organise and put into effect various efforts to ease the burdens faced by the community. We called this the "APM Make a Difference Day". Below are some community events organised by APM throughout the year:

- Food donation to "Pusat Jagaan Anbe Sivam", a charitable organisation for children with special needs on 31 October 2021;
- Food donation to "Pertubuhan Kebajikan Rumah Anak Yatim Sri Sai", a welfare centre for children on 22 October 2021;
- Food donation to the "Pertubuhan Rumah Anak Yatim Berkat Kasih or House of Love", a charitable children's home for the orphans, abused, abandoned and neglected children on 12 November 2021;
- Food donation to the Mabyangporn Health Centre in Thailand to support front-liners and patients in COVID-19 relief centres on 13 September 2021;



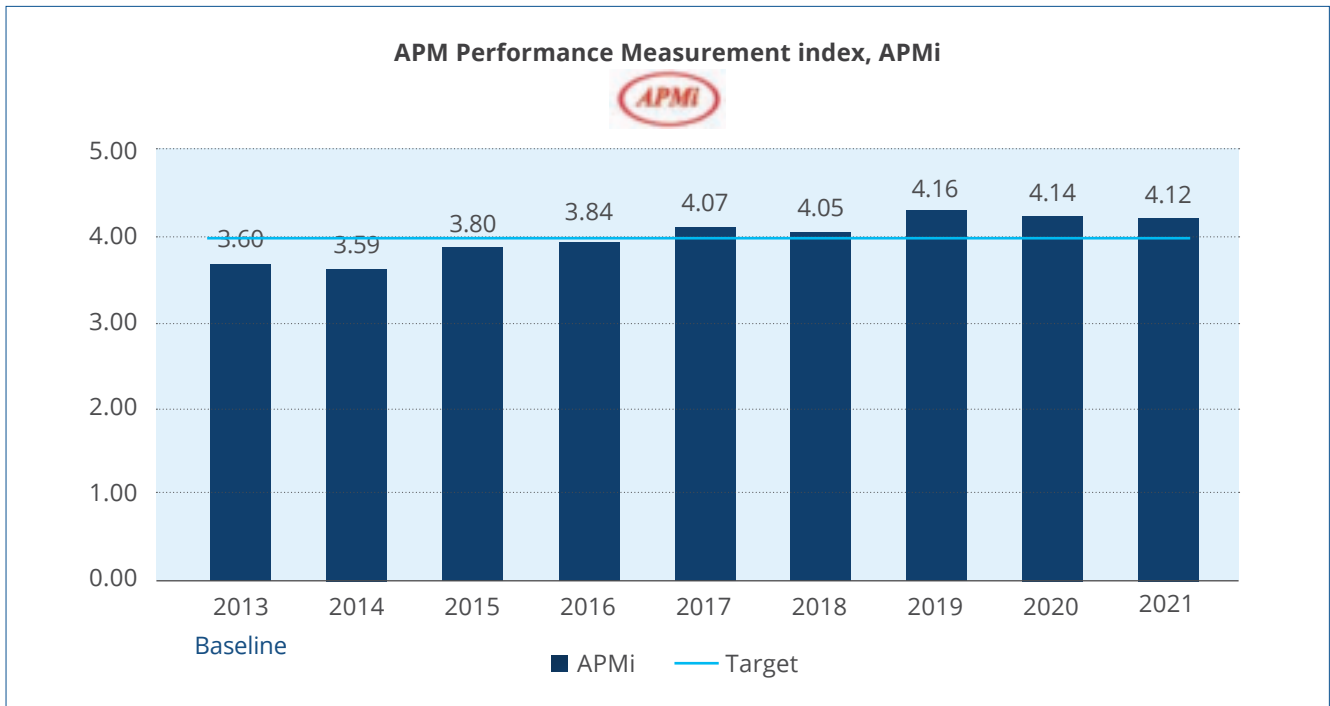
PRODUCT QUALITY

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

SUSTAINABILITY STATEMENT

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.

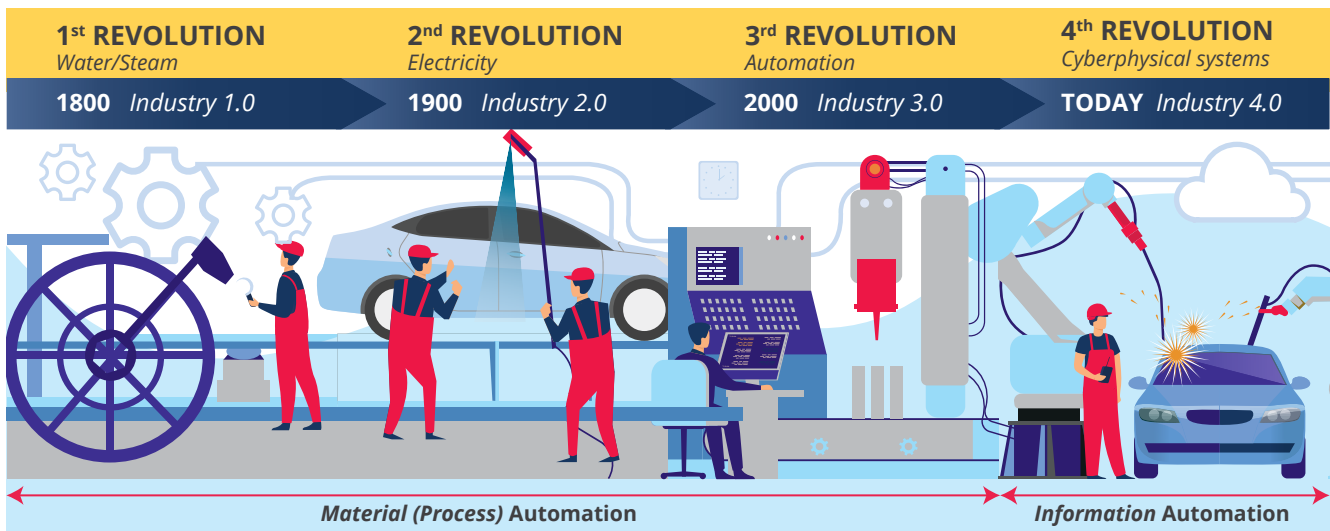
Below is a summary of the performance of our subsidiaries under the APMi from 2013 to 2021:



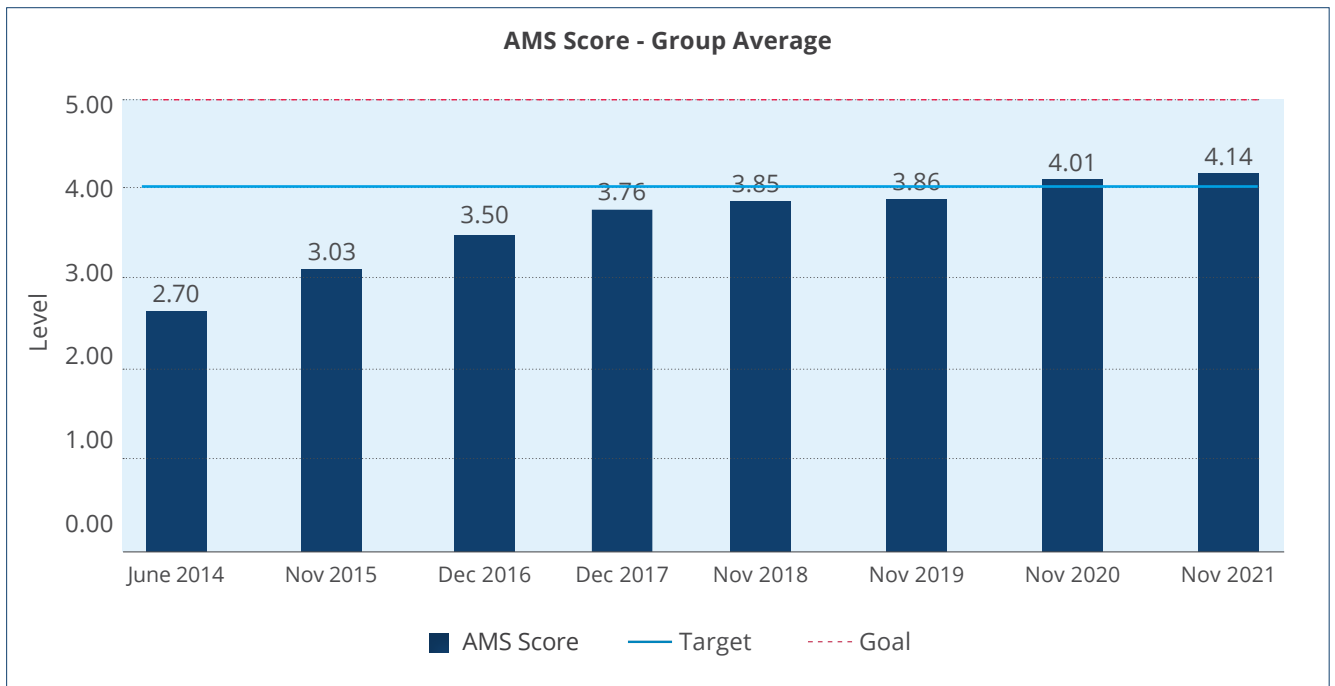
MANUFACTURING SYSTEM - APM MANUFACTURING SYSTEM

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 Manufacturing 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.



SUSTAINABILITY STATEMENT



In essence, AMS is a manufacturing philosophy that is presently 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 as 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.

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. The Annual AMS Convention has been held since 2016 for benchmarking and continuous improvement purposes.

In recognising personnel's efforts and involvement in making the Group sustainable, a "*Challenge the Best*"

trophy is given to the champion and a token of appreciation is given to those with AMS Score equal to or greater than 4.00 (≥ 4.00).

Due to COVID-19 concerns, a virtual convention was held on 13 January 2022 with 4 companies sharing their Industry 4.0 initiatives. Our roadmap to Industry 4.0 started with achieving Information Automation, which involved these processes - "Connect-Collect-Visualize-Analyse-Automate".

We have organically grown our own information automation at various processes, including Real-Time Stock Monitoring System, Automated-Guided Vehicle Application and Real-Time Shock Absorber Assembly Overall Equipment Efficiency.

Information automation not only provides real-time information but also enables remedial actions, which can be taken to reduce potential

wastages or downtime. Big data gathered can then be analysed for future possible actions such as automation.

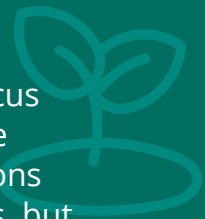
AMS Group Average is derived from the 10 selected segments and subsidiaries; representing the model group and the initial participating subsidiaries and segments. These 10 segments and subsidiaries represent all divisions of APM and its joint venture companies.

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

SUSTAINABILITY STATEMENT

ENVIRONMENT

The environmental factor in the ESS(G) equation is seen by many as the focus on how a company performs as a steward of nature, where it considers the manner in which a company utilises natural resources and how its operations impact the environment. It includes not only a company’s direct operations, but also all activities across its supply chain. Responsible and effective management of environmental factors is an increasingly important driver of corporate value.



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



Solar Panels installed at APM Springs' plant

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

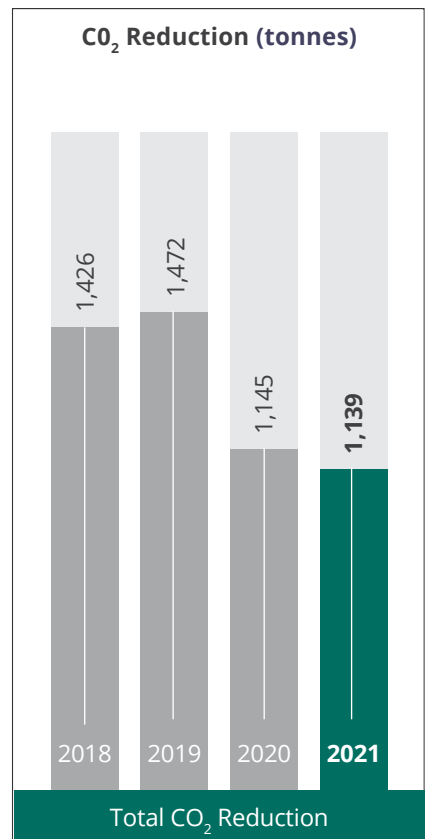
Our operations are largely regulated, particularly from the aspect of wastewater and scheduled waste management, noise level, emissions and air quality. As such, we have established a series of environmental management initiatives like the installation of solar panels on the roofs of some of our plants to increase our operating efficiency and for environmental impact reduction purposes. CO₂ reduction initiatives are and remain our key focus area with significant reductions recorded.

Our initiatives and the stringent practices resulting therefrom have enabled 64% of our subsidiaries to be ISO 14001:2015 certified. To maintain the 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); and
4. Reduction in Natural Gas Consumption - Conversion of Hot Coiling to Cold Coiling.



SUSTAINABILITY STATEMENT



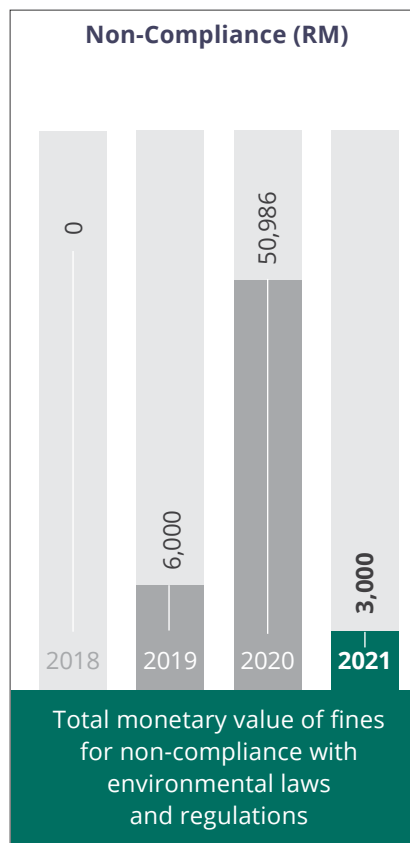
Solar panels installed at McConnell Seats Australia Pty Ltd's plant.

In 2021, our total CO₂ reduction rate stood at 1,139 tonnes, which is lower than anticipated. This is due mainly to the lower rate of production experienced by our operations in Malaysia in light of the lockdown imposed by the authorities to curb the spread of the COVID-19 virus. CO₂ Emission calculation is based on Green Tech Malaysia Report, 2014.

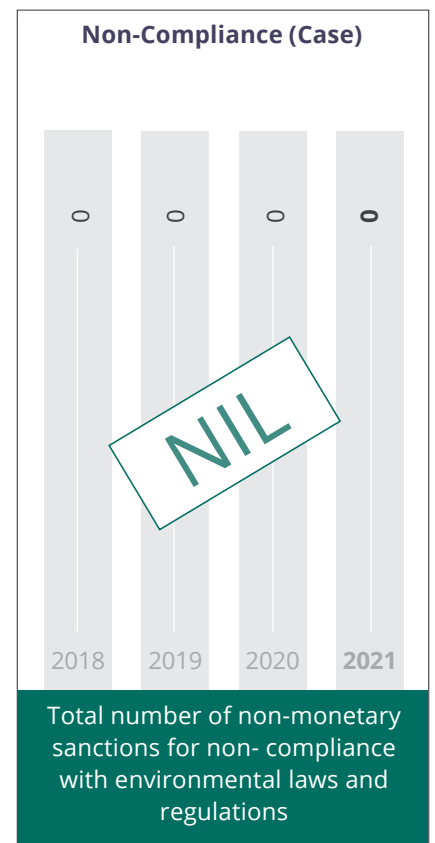
Our operations in Australia have since installed a 99kW Solar System consisting of 360 Solar Panels, 3 Fronius Inverters that could provide us with CO₂ reduction of 127.48 tonnes.

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 intended to be something that warrants compliance just because it is a standard which we must adhere to but instead, it is a stewardship conviction that enables us to receive some tangible benefits from properly implementing and using those standards.



However, we have not been perfect and our shortcoming was exposed when our plant in Seri Kembangan failed to comply with several regulations involving the management of "Scheduled Waste". This lapse in compliance involved the improper labelling and protracted storage of scheduled wastes. We have identified the areas for improvement



and appointed more personnel to monitor and ensure strict compliance. Corrective actions such as increasing the frequency of checks, expanding the scope thereof as well as installing additional close circuit monitors have been deployed.

SUSTAINABILITY STATEMENT

Supply Chain

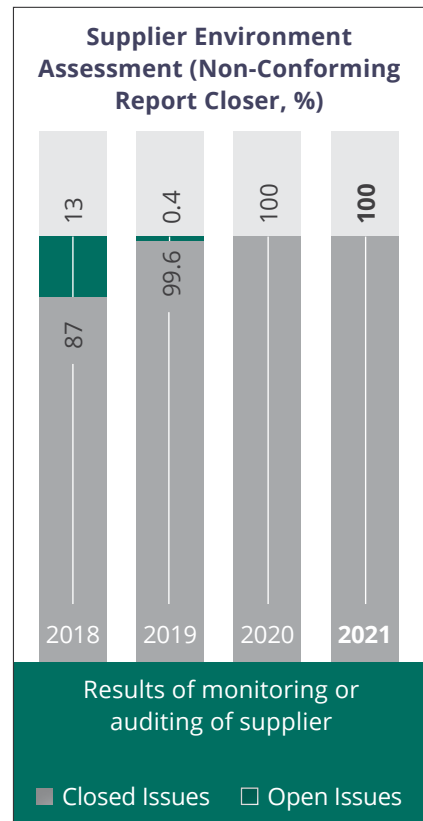
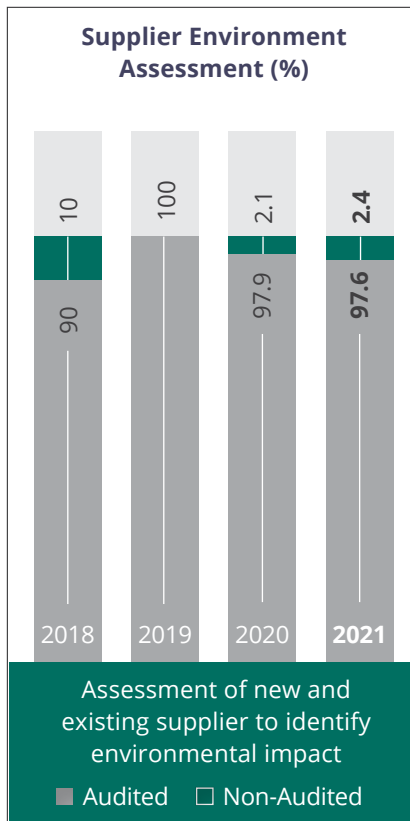
Supply chain sustainability is a topic that seems to be trending these days because of the public's growing awareness to keep the Earth sustainable. The topic of sustainability is often seen as the mobilisation of initiatives and efforts to reduce or retire activities that are or can be harmful to the environment or where the results involve the depletion of natural resources and thereby supporting long-term ecological balance has become an urgency. Harmful environmental impacts stemming from the supply chain can often be extensive, including 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 more sustainability programmes to help in the preservation and protection of the environment by reducing production costs, reducing wastes and increasing the use of reusable or recyclable materials. We are currently working with our supply chain partners to identify sources of pollution and waste with the aim of inhibiting or minimising the same. These efforts include educating and encouraging the use of cleaner and more cost-efficient means of production.

Meanwhile, a sizeable amount of the raw materials that we use in production is 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

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

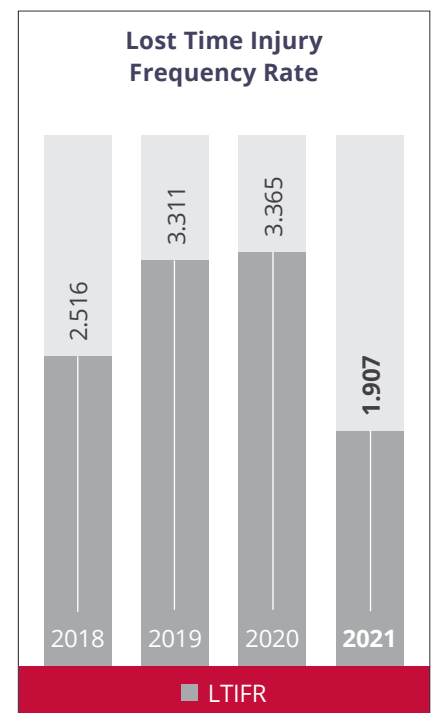
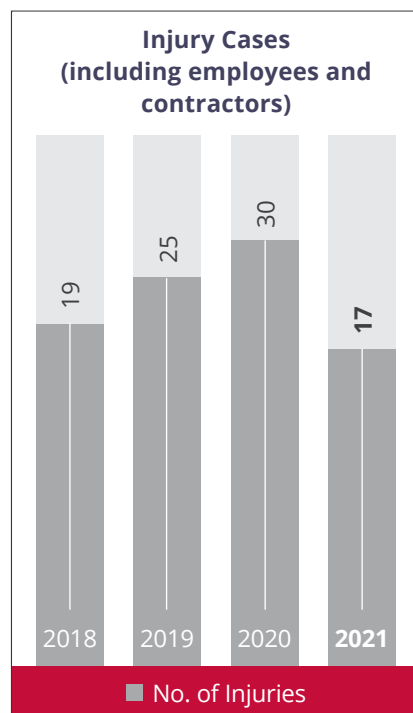
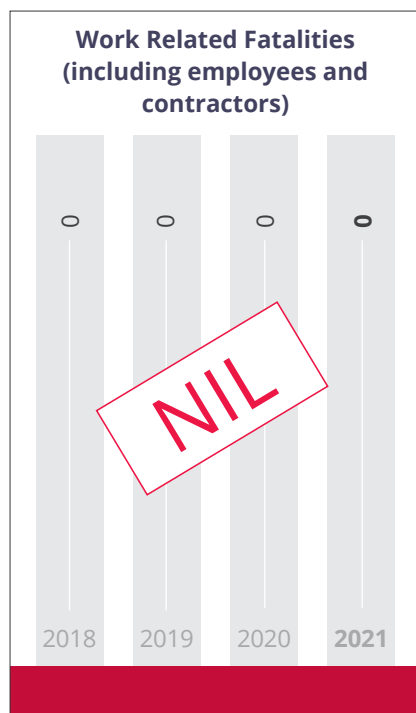


SUSTAINABILITY STATEMENT

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 aspire to achieve a 100% record but like any other organisation, we remain susceptible to shortcomings. However, our experience has enabled us to manage OSH matters more effectively, where a variety of customised measures to reduce or eradicate workplace accidents has been developed, formulated and implemented. Amongst them are the safety pillars in our AMS, i.e. mapping of safety area and allocation of a specific time slot in identifying safety hazards at the workplace.

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

Lost Time Injury Frequency Rate (“LTIFR”) has been included to provide benchmark against the industry. LTIFR < 1.28 was set during the mid-year review. The LTIFR for the year 2021 improved significantly to 1.907 from the preceding years and is on course to meet our targeted rate.

SUSTAINABILITY STATEMENT

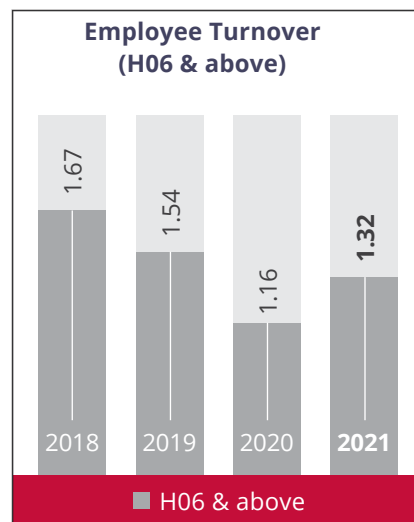
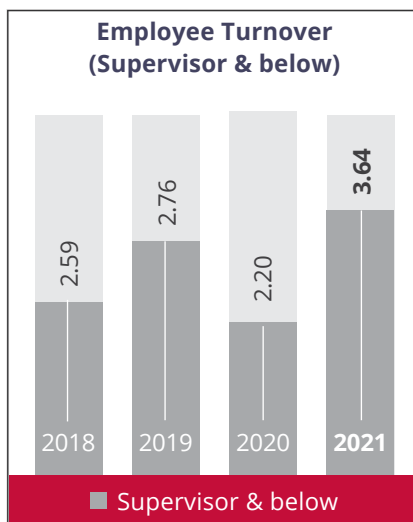
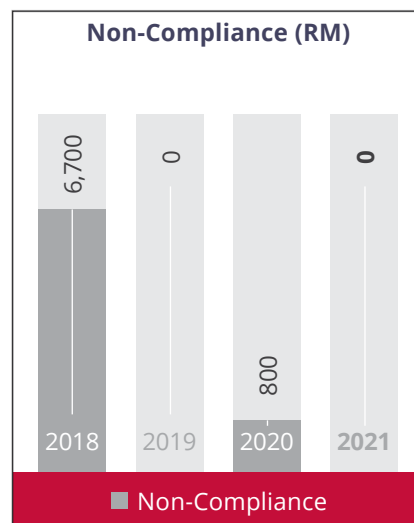
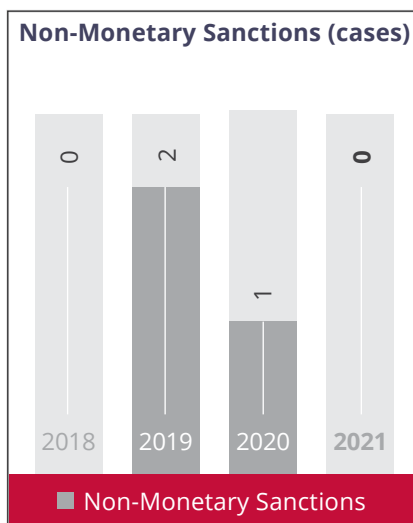
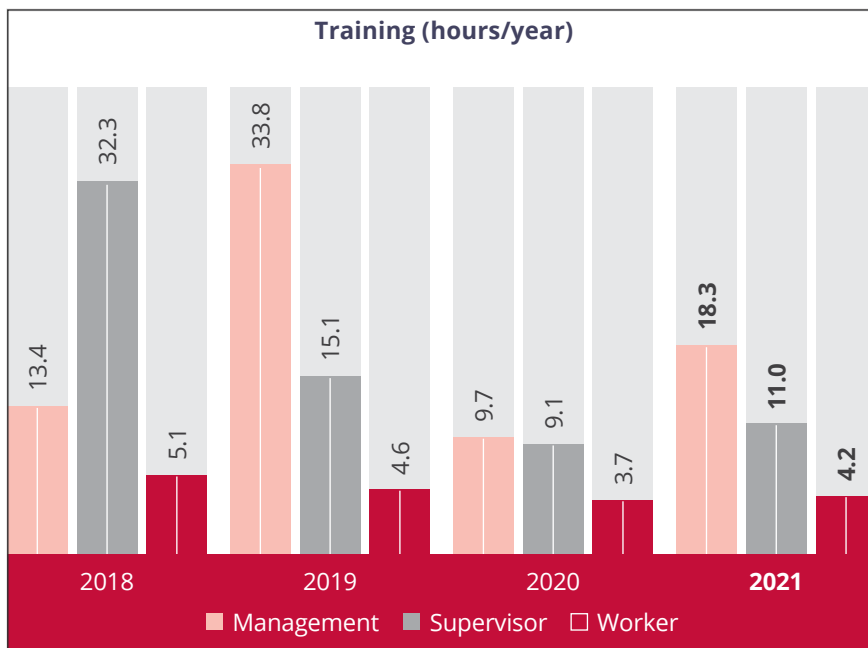
Since the start of the pandemic, the Ministry of Health and the Department of Occupational Safety and Health have set forth guidelines to help employers create a safe workplace for their workforce. The COVID-19 pre-emptive measures such as constant rapid RTK-AG testing of employees, social distancing and rotational attendance were implemented to identify, contain and mitigate the spread of the virus within the Group.

Labour Practices

The success of any business is directly affected by the performance of its employees within the organisation, whether those employees are dealing directly with customers or are in the back-end activities. 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 well-being and the development of employee's skills and knowledge. To this end, we aim to provide at least 20 hours per year per employee on skill and knowledge development. We are presently empowering our employees to participate in achieving the goal besides improving the system of gathering the information accurately.

Training rooms are set up for better training effectiveness and designed to provide hands-on experience, whilst increasing skill levels so that employees are competent before the commencement of their job. Defined as the act of replacing an employee with a new employee due to partings arising from termination, retirement, death, those medically boarded out, inter-agency 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 recognised 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 recognise to open collective bargaining



ELIMINATE

all forms of forced or compulsory labour



ERADICATE

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 social-environmental responsibility



PROMOTE

the development and dissemination of environmentally responsible technologies



FIGHT

corruption in all of its forms, including extortion and bribery

SUSTAINABILITY STATEMENT

Employee Engagement and Work-Life Balance

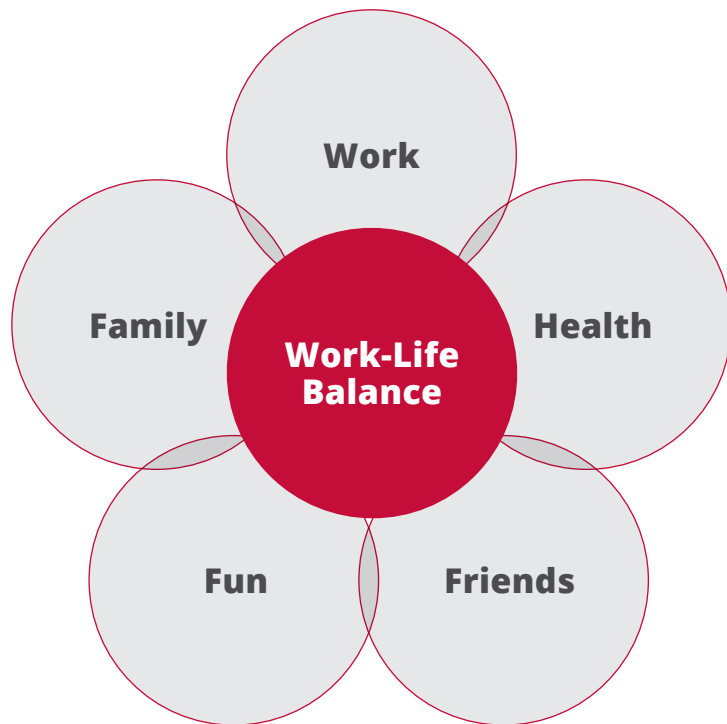
We see consistent employee engagement as an effort made by organisations to deliver their value proposition and purpose to their people. For us, employee engagement is that magical ingredient for business success – especially today, where business teams are at times required to adapt to be remote workforces. When done effectively, such employee engagement invariably results in, and fosters, greater commitment amongst the workforce to business goals, values and increased self-worth.

A meaningful 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.

In APM, we are committed to the harnessing of the minds and hearts of our people. Our people are included as an active member of our team with focus on clear goals, trusted and empowered to provide and receive actionable and constructive feedback, supported in developing new skills, thanked and recognised for their achievement.

GOVERNANCE

Sustainability has long been recognised as a significant and imperative objective in business planning. Of late, companies and governments are taking bolder and increasing steps to address it. The successful integration and effective management of sustainability in an organization entail committed leadership, clear and meaningful direction and strategic influence where none of these will happen without a robust governance structure. As the initiatives for sustainability increases in importance and prominence, so



is the need for governance of sustainability plans and actions. Good governance promotes accountability, transparency, efficiency at all levels. It enables efficient management of human capital, natural, economic and financial resources for equitable and sustainable development, assuring civil society participation in decision-making processes.

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

Anti-Bribery and Anti-Corruption Policy

Our updated and improved Anti-Corruption and Anti-Bribery Policy was rolled out in February 2020. Since then, we have conducted numerous training sessions and implemented a variety of measures to communicate our stand on corruption and to measure their effectiveness. These measures include the endorsement

of anti-corruption declarations and undertakings, the incorporation of anti-corruption provisions into contracts and commercial documents such as Purchase Orders and Invoices and the escalation of anti-corruption messages and reminders.

Human Rights and Forced Labour Commitments

The ILO's Forced Labour Convention (No. 29) defines forced labour as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". We share the *ILO's view that forced labour constitutes a severe violation of human rights and restriction of human freedom and we are committed towards its eradication within our organisation. Our position in this respect is reflected in our Codes of Conduct for both Suppliers and Employees ("COCs") (which are available for viewing in www.apm.com.my).

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

SUSTAINABILITY STATEMENT

Conflict of Interest Policy

A conflict of interest often arises when an individual chooses personal gain over the duties to an organisation in which he is a stakeholder or exploits his position for personal gain in some way. Our position on the conflict of interest is clearly articulated in our COCs. We recognise the importance of having in place a conflict of interest framework and we are proud to announce that plans are underway to enhance our position and for the development of a Conflict of Interest Policy that is in line with the latest Securities Commission Malaysia publication on the Malaysian Code on Corporate Governance 2021 Edition for Group-wide application. On completion, this policy will feature amongst others the definition of conflict of interest and what are to be done when such circumstances arise.

Fit and Proper Policy

The concept and need for a 'fit and proper' person remain a fundamental one in many professions, jurisdictions and organisations as it is used to determine a person's honesty, integrity and reputation in order to affirm if they are fit and proper for the role they are undertaking. We are mindful of the importance of deploying efficient processes to check on the fitness and propriety of responsible people in our organisation as these persons are, or will be, the ones to lead and take the Group to the next level. The design and development of a Fit and Proper Policy and Guideline is in progress and will, on completion, provide a more structured approach to the selection of key personnel for the Group.

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

Being a responsible corporate citizen, we remain steadfast and committed to compliance with the global principles and internationally recognised practices of corporate governance as enunciated by the

Securities Commission Malaysia in its latest edition of the MCCG.

SUSTAINABLE FUTURE

We continue to subscribe to the narrative that sustainability management is the future - the next phase of management innovation - and we maintain the notion that sustainability should be integrated into the heart of what we do as an organisation.

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

- (a) We will continue with our efforts to participate in businesses and activities that can, or will, contribute towards the preservation of the environment, including participating in projects that encompass the production and harnessing of renewable energy. To this end and as mentioned in the Management

Discussion and Analysis of this Annual Report, we are proud to report that the Group is presently involved in development and commissioning of a 20MW large-scale floating solar photovoltaic plant on the water surface of a reservoir known as "Kawasan Kolam Takungan Air Serendah" through a special purpose vehicle company called TC Sunergy Sdn. Bhd.

- (b) We will increase the frequency of our supply chain audit to ensure compliance with our COC for Suppliers.

As we move ahead, we will intensify our efforts towards promoting and infusing a sustainability culture, that focuses on "EES(G)", with the ultimate aim of striking a delicate balance between the need to realise business prosperity and embracing better practices in sustainability management, taking into account the interests of all stakeholders in the process of creating value, which is sustainable, for them.



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 2021 Edition (“MCCG”), which was released by the Securities Commission Malaysia on 28 April 2021, i.e., 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 broadly meet the expectations of shareholders as well as other stakeholders.

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 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 and collectively 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 November 2021.

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, with a focus on overseeing the economic, environmental, social and governance perspectives in the Group’s strategies and operations; 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”), the memberships of which comprise exclusively Independent Non-Executive Directors. The Board Committees are entrusted with the responsibility to oversee specific aspects of the Group’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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 Group's goals and observance of Management authorities delegated by the Board, developing business plans which are aligned to the Group'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.

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 established 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 out 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 a Code of Conduct for compliance by its employees. Additionally, the Group has in place a Special Complaints Policy, which is equivalent to whistleblowing policy, that serves as an avenue for raising concerns related to possible acts of corruption, breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

The Board has also formalised an Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") for the Group to further enforce the code of conduct and business ethics of the Group to ensure that all Directors and employees understand their responsibilities in compliance with the Group's zero tolerance for bribery and corruption within the organisation. This is in line with the new corporate liability provision in Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

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 administrative matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board believes sustainability is integral to the long-term success of the Group. The Board, together with Management, oversees the governance of sustainability in the Group, including setting the Group's sustainability strategies, priorities and targets. Further information on the Group's sustainability activities and performance are provided in the Sustainability Statement included in this Annual Report.

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 purview. During the financial year, the Board deliberated on matters relating to business strategies and key issues concerning the Group, including business plan, annual Group budget, financial results, significant transactions and the Group's sustainability activities. 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 convened five (5) Board meetings and attendances of the Directors are as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	5/5	100
Dato' Tan Eng Hwa	5/5	100
Low Seng Chee	5/5	100
Dato' N. Sadasivan s/o N.N. Pillay	5/5	100
Lee Min On	4/5	80
Dato' Chan Choy Lin	5/5	100
Nicholas Tan Chye Seng	4/5	80
Siow Tiang Sae (Retired on 3 June 2021)	3/3	100
Lee Tatt Boon (Resigned on 15 September 2021)	4/4	100
Sow Soon Hock (Deceased on 4 November 2021)	4/4	100
Khoo Peng Peng (Appointed on 5 January 2022)	N/A	N/A
Dato' Azmil bin Mohd Zabidi (Appointed on 1 February 2022)	N/A	N/A

Continuous Professional Development

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

Save for the newly appointed Directors who will complete the Mandatory Accreditation Programme ("MAP") within the prescribed timeline, all other Directors have completed the MAP 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 in respect of the financial year under review were as follows:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Training/Seminar/Conference/Workshop
Dato' Tan Heng Chew	<ul style="list-style-type: none"> ➔ Tan Chong Motor Holdings Berhad ("TCMH") : Roles and Responsibilities of Directors in Governance, Risk and Controls/Compliance ➔ In-house training : The Updated Malaysian Code on Corporate Governance 2021 ("Updated MCCG 2021") ➔ TCMH : The Updated MCCG 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries and Auditors ➔ TCMH : 2022 National Budget Briefing by Mr. Tang Chin Fook
Low Seng Chee	<ul style="list-style-type: none"> ➔ KPMG Board Leadership Center Exclusive : Managing Human Rights - Why is it important to corporations? ➔ In-house training : Roles and Responsibilities of Directors in Governance, Risk and Controls/Compliance ➔ Asia-Pacific Board Leadership Centre : Board and Audit Committee Priorities 2021 ➔ In-house training : The Updated MCCG 2021 ➔ Global Markets in Transition : The Ethical Investment Demand - A Conversation with Tan Sri Abdul Wahid Omar ➔ Global Markets in Transition : The Path Economic Recovery - A Conversation with Dr. Ben Bernanke ➔ Global Markets in Transition : Resilience in this Digital Age - A Conversation with Mr. Anthony Tan ➔ Global Markets in Transition : Geopolitical Risks and Opportunities - A Conversation with Dr. Condoleezza Rice
Dato' Tan Eng Hwa	<ul style="list-style-type: none"> ➔ Malaysian Association of Company Secretaries ("MACS") : Workshop 2021 on the Companies Act 2016 - Practical on the Reporting Framework for Beneficial Ownership of Legal Persons ➔ Asia-Pacific Board Leadership Centre : Board and Audit Committee Priorities 2021 ➔ KPMG : From Business Challenges to Tax Challenges - Conversations with Your Tax Advisors ➔ Companies Commission of Malaysia : National Conference 2021 on Governing under new normal ➔ In-house training : The Updated MCCG 2021 ➔ MACS : Practical Guide for the Company Secretaries
Dato' N. Sadasivan s/o N.N. Pillay	<ul style="list-style-type: none"> ➔ In-house training : The Updated MCCG 2021 ➔ Asia School of Business : Leadership for Enterprise Sustainability Asia
Nicholas Tan Chye Seng	<ul style="list-style-type: none"> ➔ Warisan TC Holdings Berhad ("WTCH") : Roles and Responsibilities of Directors in Governance, Risk and Controls/Compliance ➔ In-house training : The Updated MCCG 2021
Lee Min On	<ul style="list-style-type: none"> ➔ WTCH/TCMH/In-house training : Roles and Responsibilities of Directors in Governance, Risk and Controls/Compliance ➔ TC iTech Sdn Bhd : Cyber Security Awareness Training ➔ Malaysian Institute of Accountants : Virtual Conference Series - Capital Market Conference 2021 ➔ Bursa Malaysia Berhad : Sustainability Reporting Workshops: Scope and Materiality in Sustainability Reporting ➔ In-house training : The Updated MCCG 2021 ➔ WTCH/TCMH : The Updated MCCG 2021: Implications of the Updates to the Company, its Directors, Management, Company Secretaries and Auditors ➔ Securities Commission Malaysia : Audit Oversight Board Conversation with Audit Committees ➔ Malaysian Institute of Corporate Governance : 9th Governance in Procurement Conference 2021 - Procurement Digitalisation for the Future ➔ Minority Shareholders Watch Group: Webinar - COVID-19 Creates Unique Governance Issues

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Directors	Training/Seminar/Conference/Workshop
Dato' Chan Choy Lin	<ul style="list-style-type: none"> ➔ Financial Institutions Directors' Education ("FIDE") Forum : Rethinking our Approach to Cyber Defence in Financial Institutions ➔ FIDE Forum : Board Effectiveness Evaluation ➔ Bank Negara Malaysia ("BNM")-FIDE Forum : Malaysian Financial Reporting Standard ("MFRS") 17 for Insurance Industry what every Director should know ➔ KPMG Asia Pacific Board leadership Centre : Board and Audit Committee Priorities in 2021 ➔ FIDE Forum : The Role of Independent Director by Deputy Governor of Bank Negara Malaysia ➔ Actis/Fidelio Partners : Master Class for Board Members on Inclusion and Diversity ➔ BNM-FIDE Forum : JC3 Flagship Conference 2021 ➔ GHL Systems Berhad : Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ➔ Climate Governance Malaysia : Directors' Duties on Climate Change ➔ In-house training : The Updated MCG 2021 ➔ KPMG : 2021 MFRS Updates ➔ Securities Commission Malaysia : Audit Oversight Board Conversation with Audit Committees ➔ Crowe : Budget 2022 - Key Tax Changes affecting Business and Companies ➔ PricewaterhouseCoopers/Bursa Malaysia Berhad : Fraud Risk Management Workshop

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 nine (9) members, comprising four (4) Executive Directors and five (5) Non-Executive Directors, of whom four (4) are Independent Non-Executive Directors. In respect of 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 5.2 of the MCG states that at least half of the Board comprises Independent Directors. Although the Board is aware that its current composition departs from the recommended practice, it nonetheless 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 the necessary checks and balance in the Board's decision-making process.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

All the Board members are persons of high calibre and integrity. 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 05 to 09 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, ethnicity and skillsets diversity, training for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board.

It is the Board's practice for new appointment of Directors, suitable candidates are identified both from recommendations of existing Directors or Management of the Company as well as external sources like the Institute of Corporate Directors Malaysia and others, as deemed appropriate. In respect of those Directors onboarded during the financial year and up to the date of this Statement, namely Dato' Azmil bin Mohd Zabidi and Ms. Khoo Peng Peng, the former was recommended by an existing Director of the Company whilst the latter served as the Company's Chief Financial Officer during the financial year. The NRC is of the view that the process of sourcing for suitable candidates meets the needs of the Company as a formal and rigorous interview process is normally undertaken by the NRC, regardless of whether the candidates are recommended by existing Directors or Management or sourced from external parties. The NRC interviewed to assess the candidates' skills, character, integrity, knowledge, expertise, experience and time availability required to meet the needs of the Company. Based on the outcome of the assessment, the NRC recommended both the candidates for directorship to the Board for approval, as the Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

The NRC also conducted the annual assessment of the Board, Board Committees and individual Directors in January 2022, based on a self and peer review premised on pre-set questionnaires, adapted from the Corporate Governance Guide 4th Edition and approved by the Board, to evaluate the skills sets and performance of the Board, Board Committees and individual Directors, including how the individual Directors contributed in meeting the Company's needs. Based on the outcome of the assessment, the NRC concluded that each Director has the requisite competence, skills, experience, integrity and character to serve on the Board and has sufficiently demonstrated his or her commitment to the Group in terms of time and participation during the year under review. An area for improvement from the assessment relates to the need for Independent Non-Executive Directors to have frequent visits to key operating sites and subsidiaries of the Group, upon subsiding of the COVID-19 cases to a safe level to do so, to better understand the challenges and business risks faced by such subsidiaries – as a means to enhance the quality of deliberation at the Board level.

Following the above-mentioned assessment, the NRC 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 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 as an Independent Non-Executive 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 assessed the independence of Independent Non-Executive Directors for the financial year 2021 based on the criteria on independence adopted by the Board. Following this assessment and recommendation by the NRC, the Board is of the opinion that the independence of the existing Independent Non-Executive Directors remain unimpaired and their judgement over business dealings of the Company has not been influenced by the interest of the other Directors or substantial shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 until the conclusion of the next following AGM.

The Company has formalised a Board Diversity Policy, which is set out in the Board Charter published on the Company's website. According to the Board Diversity Policy on gender, the Board shall comprise at least a female Director at any time. The Board advocates fair and equal participation and opportunity for all individuals of the right calibre. Presently, there are two (2) female Board members, namely Dato' Chan Choy Lin and Ms. Khoo Peng Peng.

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;
- Considered whether there was any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the capacity of Directors to bring an informed judgement to bear on issues before the Board and to act in the best interest of the Company;
- Reviewed and recommended the re-election of Directors due for retirement and re-election, and continuation in office as Independent Non-Executive Director, the 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;
- Assessed the effectiveness and performance of the Chief Financial Officer and Company Secretary, who are also considered key personnel by the Company; and
- Reviewed the appointment of a new Independent Non-Executive Director and an Executive Director and recommended the appointments to the Board for approval.

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 the 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 of Independent Non-Executive Directors does not conflict with their obligation to bring objectivity and independent judgement on matters discussed at the Board meetings.

The NRC has in January 2022 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 of Non-Executive Directors for the financial year under review was determined by the Board as a whole, with the total quantum recommended by the Board for shareholders' approval at the AGM.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of Directors' remuneration for the financial year ended 31 December 2021 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 8.1 of the MCCG in the Corporate Governance Report, which is available on the Company's website at www.apm.com.my.

PRINCIPLE B – EFFECTIVE 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 during the financial year by the Audit Committee is 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 pre-approval for such services.

The Audit Committee has adopted a policy that requires a former partner of the external audit firm of the Company and/or its affiliate firms, including those providing advisory services, tax consulting, etc., to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee and such policy has been 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 on the effective and efficient running of 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 entrusted by the Board 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 Audit function is independent of the activities it audits, and the scope of work 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. ENGAGEMENT WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's stakeholders and also acknowledges that 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 the 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, and other stakeholders, including 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.

The 24th AGM of the Company, which was held on 3 June 2021, was conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online website at <https://tiih.online>, in line with Practice 13.3 of the MCCG to promote shareholders' participation by leveraging technology means.

At the 24th AGM, all the Directors (including the chair of the Board Committees) were present at the Meeting to engage directly with, and to be accountable to, the shareholders for their stewardship of the Company. During the AGM, the Chairman of the meeting ensured that the meeting was conducted in an orderly manner. The strategic business direction of the Group, the Group's financial performance, some key initiatives, overview of market outlook and the Group's strategies and actions going forward were presented at the meeting. Shareholders were given the opportunity to submit their questions prior to and during the AGM via an e-query box. Members of the Board responded to questions posed by shareholders to provide the relevant explanations and insights thereto. The shareholders participated in deliberating resolutions being proposed or on the Group's operations in general. The Directors and Management appropriately responded to the questions raised and provided clarification as required by the shareholders. The minutes of the 24th AGM, including the responses to questions raised by shareholders, are made available on the Company's website.

This Statement is dated 8 April 2022.

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 2021 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 2021 Edition (“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 Company 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 10.1 of the MCCG. Accordingly, the Board has formalised in writing a Risk Management Framework (“RMF” or “Framework”), which is largely aligned with the ISO 31000:2018 Risk Management – Guidelines. This Framework incorporates, amongst others, a structured risk management process to identify and evaluate business risks, comprising strategic, financial, operational, cybersecurity, bribery and corruption, sustainability and compliance risks as well as a system of internal control to mitigate such risks to acceptable levels.

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 periodically 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 has been 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.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

The Risk Management and Sustainability Committee (“RMSC”), which comprises mainly the Executive Directors, the respective heads of division and with the participation of an Independent Non-Executive Director, oversees the risk management framework and policies, and has been tasked by the Board 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. The RMSC briefs the Audit Committee the significant risks faced by the Group, including the risk indicators as well as risk response plans by Management to mitigate the 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’ risk 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.

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 updated its Fraud Prevention Policy and a Special Complaints Policy (collectively known as the “Fraud and Whistleblowing Policies”) to better mitigate the risk of fraud, corruption and other irregularities. Embedded in the Fraud and Whistleblowing Policies is a procedure that allows employees and external parties to report any wrongdoing by any person in the Group so that appropriate action can be taken immediately. The Fraud and Whistleblowing Policies also include provisions to safeguard the confidentiality of informants, assurance on non-reprisals against informants who act in good faith, and measures to avoid abuse of the said policies lest false or malicious allegations are intentionally made.

Under the Fraud and Whistleblowing 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.

Guided by the Fraud and Whistleblowing Policies, the primary role of the APM Group Compliance Officer is to provide support and assistance in managing, implementing and coordinating activities relating to actual or alleged unlawful activities including fraud, corruption, malpractices, irregularities and serious breaches of the law or internal control without fear or favour.

In February 2020, the Board has formalised and adopted the Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”), and the Group Integrity Officer was appointed, amongst others, to manage, implement and coordinate activities relating to anti-bribery and anti-corruption.

The ABAC Policy is designed to set out and uphold the Group’s zero-tolerance stance against corruption as well as its core values and parameters on ethics, integrity and governance. The ABAC Policy largely sets out the framework and articulates the conduct and behaviours expected from all employees and Directors when dealing with stakeholders. The ABAC Policy is applicable to all employees and Directors, regardless of their location, and compliance is mandatory. In this regard and insofar as external parties such as the Group’s Suppliers and Vendors are concerned, compliance with the Code of Conduct for Suppliers and endorsement of the Vendor’s Integrity Undertaking is, and remains, a requirement. The Fraud and Whistleblowing Policies as well as the ABAC Policy and the Group’s Code of Conduct for Suppliers are available for public viewing at www.apm.com.my.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

To demonstrate top-level commitment, the Group Integrity Officer and Group Compliance Officer report directly to the Board.

Commitment and discipline in managing risks are imperative to the success of the Group. Continuous efforts are taken by Management to assess and monitor the existing Risk Management Framework, including the Group's ABAC Policy, 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, compliance, 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;
- Policies and procedures, which address the major aspects of activities across the Group, have been established to enable necessary management directives to be carried out with actions taken on risks to achieve the Group's objectives. The policies and procedures include a range of control activities as diverse as approval, authorisation, verification, reconciliation, review of performance, safeguarding of assets and segregation of key conflicting functions;
- 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.

System and Internal Audit Department consists of 3 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.

For the financial year under review, the System and Internal Audit Department submitted its annual plan to the Audit Committee for approval before commencing internal audit work. The internal audit coverage took into consideration the significance of the business units within the Group as well as their respective risk profiles. Internal audit reports, which highlighted issues of concern, their implications, recommended corrective measures, Management's comments,

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

and conclusions drawn by the Internal Audit, as well as the status of completion of internal audit vis-à-vis the annual plan, were submitted to the Audit Committee for review on a quarterly basis. The System and Internal Audit Department also followed 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 2021, the System and Internal Audit Department covered the following business units, departments and business processes in its audit:

Business unit or department selected for internal audit	Business processes (including risks covered)
Auto Parts Manufacturers Co. Sdn. Bhd.	Revenue management – Tanjung Malim operations; Standard operating procedures for COVID-19 – Tanjung Malim Operations; Effectiveness of security operations – Tanjung Malim operations; Effectiveness of risk management; Trade receivables review; Cash and bank balance management; and Balance sheet review.
APM Plastics Sdn. Bhd.	Fire safety control procedures – Tanjung Malim; Inventory management – Tanjung Malim; Scheduled waste management – Tanjung Malim; Cash and bank balance management; Trade receivables review; and Balance sheet review.
APM Auto Parts Marketing Sdn. Bhd.	Expenses management; Effectiveness of risk management; Trade receivables review; Cash and bank balance management; and Balance sheet review.
APM Group of Companies	Corporate Liability Review; Standard operating procedures for COVID-19 review – Bukit Beruntung; Recurrent Related Party Transactions review; Stock variances review; Fire extinguisher review; and Sustainability report – limited assurance review.

Total audit coverage for the selected business units was 25% of the Group revenue and 32% of the Group assets in 2021. There were no restrictions 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 during their audits for the financial year ended 31 December 2021. The Audit Committee reviewed the work of the System and Internal Audit Department, its observations, recommendations, conclusions 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 as adapted from the Corporate Governance Guide 4th Edition – Pull-out II Guidance on Effective Audit and Risk Management, a publication of Bursa Malaysia Berhad, 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 2021 amounted to approximately RM541,000 (2020: RM491,000).

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 control over them. The Group's interest in such entities is served through representations on the Board of the respective associates and joint ventures.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

The Board, through its Audit Committee, has reviewed the adequacy and operating effectiveness of the Group's risk management and internal control system, and noted that relevant actions have been or were being taken, as the case may be, to remedy the risk management and 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 2021, 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 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 8 April 2022.

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 2021.

The Audit Committee was established on 1 November 1999. The terms of reference of the Audit Committee were last reviewed by the Board on 19 November 2021.

COMPOSITION AND MEETINGS

The Audit Committee comprises the following directors and their attendances at the five (5) meetings held during the financial year ended 31 December 2021 are as follows:

Name	Attendance
Lee Min On <i>Chairman</i> <i>Independent Non-Executive Director</i>	5/6
Dato' N. Sadasivan s/o N.N. Pillay <i>Member</i> <i>Senior Independent Non-Executive Director</i>	6/6
Lee Tatt Boon <i>Member</i> <i>Independent Non-Executive Director (Resigned on 15 September 2021)</i>	5/5
Dato' Chan Choy Lin <i>Member</i> <i>Independent Non-Executive Director</i>	6/6
Dato' Azmil bin Mohd Zabidi <i>Member</i> <i>Independent Non-Executive Director (Appointed on 1 February 2022)</i>	-

Audit Committee meetings are structured using agendas and relevant meeting papers which are distributed to the Committee members seven (7) days prior to such meetings. This enables 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 Secretary who is Committee Secretary, 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 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 an 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 have discharged their functions, duties and responsibilities in accordance with the Terms of Reference of the Audit Committee.

AUDIT COMMITTEE REPORT

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.

SUMMARY OF ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee worked closely with Management, the 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 and up to the date of this report are summarised as follows:

Financial Reporting

- (1) Reviewed all four (4) quarters' unaudited financial results of the Group for the year under review, focusing on key matters, which included the going concern assumption, and ensured that disclosures complied 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;
- (3) Reviewed the revaluation surplus arising from the changes in fair values of investment properties, property, plant and equipment and right-of-use assets of the Company and its subsidiaries before recommending to the Board for approval; and
- (4) 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 2021 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 were adequately mitigated;
- (2) Reviewed the External Auditors' Audit Plan of the Group for the financial year ended 31 December 2021, including the scope of work and audit approach adopted by the External Auditors, the risk areas focused on 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. In line with the Malaysian Code on Corporate Governance 2021 Edition, the Committee also reviewed the Annual Transparency Report of the external audit firm which set out, inter-alia, the governance and leadership structure of the firm, as well as measures undertaken by the firm to uphold audit quality and manage risks. Based on the outcome of the above-mentioned assessment, the Audit Committee was satisfied that the External Auditors were able to meet the audit requirements and statutory obligations of the Company as well as their independence and objectivity as External Auditors of the Company. Accordingly, the Audit Committee recommended, and the Board 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;

AUDIT COMMITTEE REPORT

- (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 before such services were 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 2021 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 their audit;
- (7) Reviewed and approved the annual Internal Audit Plan to ensure adequacy of scope and coverage of the auditable areas, e.g., higher risk areas were audited on a more regular basis, before actual internal audit work commenced;
- (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;
- (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 Risk Assessment and Sustainability Reports, the status and updates on key pertinent risks identified at the Group level as well as minutes of the Risk Management and Sustainability Committee ("RMSC") Meeting, especially on matters that might impact the financial reporting process; and
- (12) Reviewed the recurrent related party transactions ("RRPTs") of the Group on a quarterly basis to ensure that those transactions entered into by the Group were within the shareholders' mandate in relation to the nature, terms and value limits of the transactions. In respect of related party transactions entered into by the Group, the Audit Committee reviewed, with the assistance of the Internal Audit function, 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, Sustainability Statement 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, including amendments made thereto for the Board's approval.

AUDIT COMMITTEE REPORT

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 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
- they 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 International Professional Practices Framework of the Institute of Internal Auditors, enshrined in the Internal Audit Charter. The Internal Audit function performed audit on 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.

During the financial year under review, the Internal Audit function submitted its reports and status of Internal Audit Plan for review and endorsement by the Audit Committee at the Committee's quarterly scheduled meetings. The Internal Audit Reports also encompassed recommendations for improvements, which were deemed practical and necessary for implementation by Management, to address and rectify weaknesses identified. Follow-up reviews were also carried out to determine the status of action plans implemented by Management as agreed.

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 8 April 2022.

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 2021 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 Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	Company	Group
	2021	2021
	RM'000	RM'000
Statutory audit fees	57	493
Non-audit fees*	18	304

Note:

* The non-audit fees comprised mainly fees to KPMG PLT or its affiliates 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 2021, 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

74-176

- 75 Directors' Report
- 81 Statements of Financial Position
- 83 Statements of Profit or Loss and
Other Comprehensive Income
- 86 Consolidated Statement of Changes in Equity
- 88 Statement of Changes in Equity
- 89 Statements of Cash Flows
- 93 Notes to the Financial Statements
- 170 Statement by Directors
- 171 Statutory Declaration
- 172 Independent Auditors' Report

DIRECTORS' REPORT

for the year ended 31 December 2021

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally an investment holding company whilst the principal activities of the subsidiaries are as stated in Note 31 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 31 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(11,250)	31,927
Non-controlling interests	13,125	-
	1,875	31,927

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 amounts of dividends paid by the Company were as follows:-

- (i) In respect of the financial year ended 31 December 2020 as reported in the Directors' report of that year:
 - a final single tier dividend of 7.0 sen per ordinary share totalling approximately RM13,685,000 declared on 28 April 2021 which was approved by the shareholders at the Twenty-Fourth Annual General Meeting held on 3 June 2021 and paid on 24 June 2021.
- (ii) In respect of the financial year ended 31 December 2021:
 - a final single tier dividend of 7.0 sen per ordinary share totalling approximately RM13,685,000 declared and approved on 25 February 2022 and to be paid on 11 May 2022.

DIRECTORS' REPORT

for the year ended 31 December 2021 (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
 Dato' Azmil bin Mohd Zabidi (Appointed on 1 February 2022)
 Low Seng Chee*
 Nicholas Tan Chye Seng*
 Lee Min On
 Khoo Peng Peng* (Appointed on 5 January 2022)
 Lee Tatt Boon (Resigned on 15 September 2021)
 Siow Tiang Sae* (Retired on 3 June 2021)
 Sow Soon Hock* (Demised on 4 November 2021)

* 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 31.12.2021
	At 1.1.2021	Bought	Sold	
Interests in the Company:				
Dato' Tan Heng Chew	10,610,799	1,321,100	-	11,931,899
Dato' Tan Eng Hwa	207,008	-	-	207,008
Deemed interests in the Company:				
Dato' Tan Heng Chew	92,245,784 ⁽¹⁾	-	-	92,245,784 ⁽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 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.

DIRECTORS' REPORT

for the year ended 31 December 2021 (cont'd)

DIRECTORS' INTERESTS IN SHARES (cont'd)

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 2021 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

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 30 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	Alternate
Adrian Low Kok Kiong	
Chang Mun	
Chin Sze Cheon	
Chirala Venkata Pandurangarao	
Chye Mun Heng	
Hitoshi Fujita	
Kho Kiat Seng	
Lim Kuan Lock	
Ling I Yeng	
Mark Bent	
Ng Boon Hooi	
Phang Cheok Hoong	
Raasi Ureeeya A/P Rajandran	
Raj Kissu A/L Rajandran	
Takeshi Fujita	
Tan Chin Yew	
Taro Nakayama	
Thong Chee Kuan	
Yeoh Lam Guan	
Yusuke Iizuka	
Cheng Mun Kean (Appointed on 1 November 2021)	
Shoji Yonetani (Appointed on 16 December 2021)	Hiroaki Yamada (Appointed on 17 December 2021)

DIRECTORS' REPORT

for the year ended 31 December 2021 (cont'd)

LIST OF DIRECTORS OF SUBSIDIARIES (cont'd)

Director

Lee Wing Hong (Appointed on 3 January 2022)

Ng Kok Boon (Appointed on 3 January 2022)

Foo Fong Yong (Resigned on 1 November 2021)

Jun Kutomi (Resigned on 15 December 2021)

Dr. Fun Woh Peng (Resigned on 18 March 2022)

Dato' Haji Kamaruddin @ Abas Bin Nordin (Demised on 14 April 2021)

Dato' Cheah Sam Kip (Demised on 13 May 2021)

Alternate

Hiroaki Yamada (Ceased on 15 December 2021)

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 2021, the Company held as treasury shares a total of 6,105,700 of its 201,600,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM13,506,000 and further relevant details are disclosed in Note 15 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 RM51,000.

There was 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.

**DIRECTORS'
REPORT**

for the year ended 31 December 2021 (cont'd)

OTHER STATUTORY INFORMATION (cont'd)

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.

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 2021 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.

SIGNIFICANT EVENTS

Significant events during the financial year ended 31 December 2021 are disclosed in Note 35 to the financial statements.

CONSOLIDATION OF SUBSIDIARIES WITH DIFFERENT FINANCIAL YEAR END

The Companies Commission of Malaysia ("CCM") had on 7 February 2022 and 29 March 2022 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 Motors India Private Limited and APM Auto Components Myanmar Co. Ltd., respectively to adopt a financial year end of 31 March, 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 the approved accounting standards pertaining to the preparation of its consolidated financial statements.

Management financial statements of both subsidiaries for the financial year ended 31 December 2021 have been used for the purpose of preparing the consolidated financial statements of the Group.

DIRECTORS' **REPORT**

for the year ended 31 December 2021 (cont'd)

AUDITORS

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

The auditors' remuneration is disclosed in Note 23 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: 8 April 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets					
Property, plant and equipment	3	649,390	682,270	-	-
Investment properties	4	106,660	106,660	-	-
Investments in subsidiaries	5	-	-	614,298	592,363
Investment in an associate	6	-	-	-	-
Investments in joint ventures	7	72,159	55,286	-	-
Intangible assets	8	24,364	24,577	-	-
Deferred tax assets	9	22,325	23,998	-	-
Total non-current assets		874,898	892,791	614,298	592,363
Inventories	10	359,878	277,189	-	-
Other investments	11	8,027	206,251	773	15,808
Current tax assets		6,682	5,742	13	133
Trade and other receivables, including derivatives	12	276,200	236,350	13,327	15,616
Deposits and prepayments	13	23,971	29,378	75	65
Cash and cash equivalents	14	298,992	203,837	15,489	1,811
Total current assets		973,750	958,747	29,677	33,433
Total assets		1,848,648	1,851,538	643,975	625,796
Equity					
Share capital		219,498	219,498	219,498	219,498
Reserves		1,087,832	1,110,863	434,981	416,739
Treasury shares		(13,506)	(13,506)	(13,506)	(13,506)
Equity attributable to owners of the Company	15	1,293,824	1,316,855	640,973	622,731
Non-controlling interests		70,148	71,023	-	-
Total equity		1,363,972	1,387,878	640,973	622,731
Liabilities					
Employee benefits	16	31,788	29,752	2,024	2,024
Lease liabilities		16,314	12,883	-	-
Loans and borrowings	17	-	192	-	-
Deferred tax liabilities	9	64,506	65,828	-	-
Total non-current liabilities		112,608	108,655	2,024	2,024
Loans and borrowings	17	79,483	87,399	-	-
Lease liabilities		3,079	2,729	-	-
Provisions	18	6,105	9,461	-	-
Trade and other payables, including derivatives	19	278,797	245,577	978	1,041
Current tax liabilities		4,604	9,839	-	-
Total current liabilities		372,068	355,005	978	1,041
Total liabilities		484,676	463,660	3,002	3,065
Total equity and liabilities		1,848,648	1,851,538	643,975	625,796

The notes on pages 93 to 169 are an integral part of these financial statements.

STATEMENTS OF FINANCIAL POSITION

for the year ended 31 December 2021 (in USD Equivalent)

	Group	
	2021 USD'000	2020 USD'000
Assets		
Property, plant and equipment	155,505	170,015
Investment properties	25,541	26,579
Investments in joint ventures	17,279	13,777
Intangible assets	5,834	6,125
Deferred tax assets	5,346	5,981
Total non-current assets	209,505	222,477
Inventories	86,178	69,073
Other investments	1,922	51,396
Current tax assets	1,601	1,431
Trade and other receivables, including derivatives	66,140	58,897
Deposits and prepayments	5,740	7,321
Cash and cash equivalents	71,598	50,795
Total current assets	233,179	238,913
Total assets	442,684	461,390
Equity		
Share capital	54,037	54,037
Reserves	259,021	277,477
Treasury shares	(3,234)	(3,366)
Equity attributable to owners of the Company	309,824	328,148
Non-controlling interests	16,798	17,699
Total Equity	326,622	345,847
Liabilities		
Employee benefits	7,612	7,414
Lease Liabilities	3,907	3,211
Loans and borrowings	-	48
Deferred tax liabilities	15,447	16,404
Total non-current liabilities	26,966	27,077
Loans and borrowings	19,033	21,779
Lease Liabilities	737	681
Provisions	1,462	2,358
Trade and other payables, including derivatives	66,762	61,196
Current tax liabilities	1,102	2,452
Total current liabilities	89,096	88,466
Total liabilities	116,062	115,543
Total equity and liabilities	442,684	461,390

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 RM4.176 = USD1.00 (2020 - RM4.013 = USD1.00) which approximates the prevailing rate on 31 December 2021.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	20	1,224,120	1,123,558	35,500	50,000
Cost of sales		(1,070,259)	(971,706)	-	-
Gross profit		153,861	151,852	35,500	50,000
Other income		17,397	21,778	428	1,130
Distribution expenses		(21,536)	(24,336)	-	-
Administrative expenses		(118,872)	(106,718)	(3,906)	(13,816)
Net (loss)/gain on impairment of financial instruments		(713)	(1,709)	(3)	19
Other expenses		(11,477)	(24,700)	(473)	(876)
Results from operating activities		18,660	16,167	31,546	36,457
Finance costs	21	(4,562)	(5,111)	-	-
Finance income	22	4,844	7,818	453	498
Net finance income		282	2,707	453	498
Share of loss of equity					
- accounted associate, net of tax		-	(641)	-	-
Share of loss of equity					
- accounted joint ventures, net of tax		(1,859)	(2,816)	-	-
Profit before tax	23	17,083	15,417	31,999	36,955
Income tax expense	25	(15,208)	(10,044)	(72)	(125)
Profit for the year		1,875	5,373	31,927	36,830
Other comprehensive income/ (expense), net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		521	-	-	-
Revaluation of properties and right-of-use assets		-	68,022	-	-
		521	68,022	-	-
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for consolidated subsidiaries		(65)	(3,532)	-	-
Foreign currency translation differences for equity-accounted associate and joint ventures		1,448	(223)	-	-
		1,383	(3,755)	-	-
Other comprehensive income/(expense) for the year, net of tax	26	1,904	64,267	-	-
Total comprehensive income for the year		3,779	69,640	31,927	36,830

The notes on pages 93 to 169 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021 (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(11,250)	(10,469)	31,927	36,830
Non-controlling interests		13,125	15,842	-	-
Profit for the year		1,875	5,373	31,927	36,830
Total comprehensive (expense)/ income attributable to:					
Owners of the Company		(9,346)	53,251	31,927	36,830
Non-controlling interests		13,125	16,389	-	-
Total comprehensive income for the year		3,779	69,640	31,927	36,830
Basic loss per ordinary share (sen)	27	(5.75)	(5.36)		

The notes on pages 93 to 169 are an integral part of these financial statements.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021 (in USD Equivalent)

	Group	
	2021 USD'000	2020 USD'000
Revenue	295,040	267,578
Cost of sales	(257,956)	(231,414)
Gross Profit	37,084	36,164
Other income	4,194	5,187
Distribution expenses	(5,191)	(5,796)
Administrative expenses	(28,651)	(25,415)
Net loss on impairment of financial instruments	(172)	(407)
Other expenses	(2,766)	(5,882)
Results from operating activities	4,498	3,851
Finance costs	(1,100)	(1,217)
Finance income	1,168	1,862
Net finance income	68	645
Share of loss of equity-accounted associate, net of tax	-	(153)
Share of loss of equity-accounted joint ventures, net of tax	(448)	(671)
Profit before tax	4,118	3,672
Income tax expense	(3,666)	(2,392)
Profit for the year	452	1,280
Other comprehensive income/(expense), net of tax		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability	125	-
Revaluation of properties and right-of-use assets	-	16,200
	125	16,200
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences for consolidated subsidiaries	(16)	(841)
Foreign currency translation differences for equity-accounted associate and joint ventures	349	(53)
	333	(894)
Other comprehensive income/(expenses) for the year	458	15,306
Total comprehensive income for the year	910	16,586
(Loss)/Profit attributable to:		
Owners of the Company	(2,712)	(2,493)
Non-controlling interests	3,164	3,773
Profit for the year	452	1,280
Total comprehensive (expense)/income attributable to:		
Owners of the Company	(2,253)	12,682
Non-controlling interests	3,163	3,904
Total comprehensive income for the year	910	16,586
Basic loss per ordinary share (sen)	(1.39)	(1.28)

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 RM4.149 = USD1.00 (2020 - RM4.199 = USD1.00) which approximates the prevailing rate on 31 December 2021.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

Group	Note	← Attributable to owners of the Company →					Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000			
At 1 January 2020		219,498	(13,312)	131,159	(146)	936,374	1,273,573	75,179	1,348,752
Revaluation surplus of properties and right-of-use assets, net of tax	26	-	-	67,475	-	-	67,475	547	68,022
Foreign currency translation differences for consolidated subsidiaries	26	-	-	-	(3,532)	-	(3,532)	-	(3,532)
Foreign currency translation differences for equity-accounted associate and joint ventures	26	-	-	-	(223)	-	(223)	-	(223)
Transfer of revaluation surplus on properties and right-of-use assets		-	-	(4,909)	-	4,909	-	-	-
Total other comprehensive income for the year		-	-	62,566	(3,755)	4,909	63,720	547	64,267
Profit for the year		-	-	-	-	(10,469)	(10,469)	15,842	5,373
Total comprehensive income for the year		-	-	62,566	(3,755)	(5,560)	53,251	16,389	69,640
Own shares acquired		-	(194)	-	-	-	(194)	-	(194)
Deconsolidation of subsidiary		-	-	-	-	-	-	(545)	(545)
Dividends to owners of the Company - Final 2019 ordinary	28	-	-	-	-	(9,775)	(9,775)	-	(9,775)
Dividends to non-controlling interests		-	-	-	-	-	-	(20,000)	(20,000)
Total transactions with owners of the Company		-	(194)	-	-	(9,775)	(9,969)	(20,545)	(30,514)
At 31 December 2020		219,498	(13,506)	193,725	(3,901)	921,039	1,316,855	71,023	1,387,878
		Note 15	Note 15	Note 15	Note 15				

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021 (cont'd)

Group	Note	← Attributable to owners of the Company →					Total	← Non-distributable → Distributable	
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000		Non-controlling interests RM'000	Total equity RM'000
At 1 January 2021		219,498	(13,506)	193,725	(3,901)	921,039	1,316,855	71,023	1,387,878
Foreign currency translation differences for consolidated subsidiaries	26	-	-	-	(65)	-	(65)	-	(65)
Foreign currency translation differences for equity-accounted associate and joint ventures	26	-	-	-	1,448	-	1,448	-	1,448
Transfer of revaluation surplus on properties and right-of-use assets		-	-	(8,600)	-	8,600	-	-	-
Remeasurement of retirement benefit liability		-	-	-	-	521	521	-	521
Total other comprehensive income for the year		-	-	(8,600)	1,383	9,121	1,904	-	1,904
Profit for the year		-	-	-	-	(11,250)	(11,250)	13,125	1,875
Total comprehensive income for the year		-	-	(8,600)	1,383	(2,129)	(9,346)	13,125	3,779
Dividends to owners of the Company - Final 2020 ordinary	28	-	-	-	-	(13,685)	(13,685)	-	(13,685)
Dividends to non-controlling interests		-	-	-	-	-	-	(14,000)	(14,000)
Total transactions with owners of the Company		-	-	-	-	(13,685)	(13,685)	(14,000)	(27,685)
At 31 December 2021		219,498	(13,506)	185,125	(2,518)	905,225	1,293,824	70,148	1,363,972
		Note 15	Note 15	Note 15	Note 15				

The notes on pages 93 to 169 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

Company	Note	← Attributable to owners of the Company →			Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	← Non-distributable →	
				Distributable Retained earnings RM'000	
At 1 January 2020		219,498	(13,312)	389,684	595,870
Profit for the year		-	-	36,830	36,830
Total comprehensive income for the year		-	-	36,830	36,830
Own shares acquired		-	(194)	-	(194)
Dividends to owners of the Company					
- Final 2019 ordinary	28	-	-	(9,775)	(9,775)
Total transactions with owners of the Company		-	(194)	(9,775)	(9,969)
At 31 December 2020/1 January 2021		219,498	(13,506)	416,739	622,731
Profit for the year		-	-	31,927	31,927
Total comprehensive income for the year		-	-	31,927	31,927
Dividends to owners of the Company					
- Final 2020 ordinary	28	-	-	(13,685)	(13,685)
Total transactions with owners of the Company		-	-	(13,685)	(13,685)
At 31 December 2021		219,498	(13,506)	434,981	640,973
		Note 15	Note 15		

The notes on pages 93 to 169 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities					
Profit before tax		17,083	15,417	31,999	36,955
<i>Adjustments for:</i>					
Amortisation of intangible assets	8	1,589	3,308	-	-
Depreciation of property, plant and equipment	3	52,471	47,849	-	-
Depreciation of right-of-use assets	3	6,789	6,466	-	-
Derecognition of right-of-use assets #		(3)	(17)	-	-
Employee benefits	16	3,354	5,156	-	174
Finance costs	21	4,562	5,111	-	-
Impairment loss on:					
- investment in an associate	6	-	247	-	-
- investments in subsidiaries	5	-	-	-	9,582
- property, plant and equipment		1,289	2,500	-	-
Intangible assets written off	8	95	179	-	-
Interest income	22	(4,844)	(7,818)	(453)	(498)
Net unrealised foreign exchange (gains)/losses		(987)	(97)	41	-
Net gain on disposal of property, plant and equipment		(215)	(1,356)	-	-
Net loss/(gain) on impairment of financial instruments		713	1,709	3	(19)
Net inventories written down to net realisable value	10	3,569	7,229	-	-
Provision for warranties	18	2,703	5,819	-	-
Provision for warranties reversed	18	(3,928)	(1,605)	-	-
Property, plant and equipment written off		146	78	-	-
Share of loss of an associate, net of tax		-	641	-	-
Share of loss of joint ventures, net of tax		1,859	2,816	-	-
Operating profit before changes in working capital		86,245	93,632	31,590	46,194
Deposits and prepayments		5,407	5,323	(10)	24
Inventories		(86,258)	(14,512)	-	-
Trade and other payables, including derivatives		33,020	31,355	(63)	(132)
Trade and other receivables, including derivatives		(39,576)	34,099	2,220	2,928
Cash (used in)/generated from operations		(1,162)	149,897	33,737	49,014

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021 (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash flows from operating activities <i>(cont'd)</i>					
Cash (used in)/generated from operations		(1,162)	149,897	33,737	49,014
Employee benefits paid	16	(1,308)	(924)	-	-
Interest received	22	4,844	7,818	453	498
Interest paid	21	(4,562)	(5,111)	-	-
Provision for warranties utilised	18	(2,131)	(2,369)	-	-
Income tax refunded		1,172	11,630	136	-
Income tax paid		(22,016)	(16,835)	(88)	(125)
Net cash (used in)/from operating activities		(25,163)	144,106	34,238	49,387
Cash flows from investing activities					
Acquisition of property, plant and equipment *	3	(23,796)	(45,292)	-	-
Additions of intangible assets	8	(1,634)	(9,039)	-	-
Net decrease/(increase) in other investments		198,224	(37,056)	15,060	(15,808)
Investments in subsidiaries		-	-	(21,935)	(24,223)
Investments in joint ventures		(16,743)	(28,337)	-	-
Proceeds from disposal of property, plant and equipment		362	20,773	-	-
Net cash from/(used in) investing activities		156,413	(98,951)	(6,875)	(40,031)
Cash flows from financing activities					
Payment of lease liabilities		(1,910)	(2,281)	-	-
Net cash outflow from deconsolidation of subsidiary		-	(545)	-	-
Dividends paid to non-controlling interests		(14,000)	(20,000)	-	-
Dividends paid to owners of the Company	28	(13,685)	(9,775)	(13,685)	(9,775)
Drawdown of loans and borrowings		86,594	70,179	-	-
Repayment of loans and borrowings		(94,702)	(54,284)	-	-
Own shares acquired		-	(194)	-	(194)
Net cash used in financing activities		(37,703)	(16,900)	(13,685)	(9,969)

* Excludes additions of right-of-use assets.

Offset against the termination of lease.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021 (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net increase/(decrease) in cash and cash equivalents		93,547	28,255	13,678	(613)
Effect of exchange rate fluctuations		1,608	(4,190)	-	-
Cash and cash equivalents at beginning of year		203,837	179,772	1,811	2,424
Cash and cash equivalents at end of year	(i)	298,992	203,837	15,489	1,811

(i) Cash and cash equivalents

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

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits placed with licensed banks	14	147,446	88,468	15,163	1,005
Cash and bank balances	14	151,546	115,369	326	806
		298,992	203,837	15,489	1,811

(ii) Cash outflows for leases as a lessee

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		574	887	-	-
Interest paid in relation to lease liabilities	21	1,465	1,481	-	-
Included in net cash from financing activities:					
Payment of lease liabilities		1,910	2,281	-	-
Total cash outflows for leases		3,949	4,649	-	-

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021 (cont'd)

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

Group	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Termination of lease RM'000	Foreign exchange movement RM'000	At 31 December 2020 RM'000
Unsecured foreign currency loans/ borrowings	53,796	5,941	-	-	-	59,737
Unsecured local currency borrowings	17,900	9,954	-	-	-	27,854
Lease liabilities	16,660	(2,281)	2,003	(453)	(317)	15,612
Total liabilities from financing activities	88,356	13,614	2,003	(453)	(317)	103,203

Group	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Termination of lease RM'000	Foreign exchange movement RM'000	At 31 December 2021 RM'000
Unsecured foreign currency loans/ borrowings	59,737	(3,620)	-	-	-	56,117
Unsecured local currency borrowings	27,854	(4,488)	-	-	-	23,366
Lease liabilities	15,612	(1,910)	5,323	(263)	631	19,393
Total liabilities from financing activities	103,203	(10,018)	5,323	(263)	631	98,876

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 2021 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 2021 do not include other entities.

The Company is principally an investment holding company. The principal activities of the subsidiaries are as stated in Note 31 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 8 April 2022.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and 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.

During the financial year, the Group has adopted the following amendments issued by the Malaysian Accounting Standards Board ("MASB"), which became effective for annual periods beginning on or after 1 January 2021:

- Amendment to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*.

The adoption of the above pronouncements did not have any material impact on the financial statements of the Group.

The following are accounting standards, interpretations and amendments of the MFRSs 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 April 2021

- Amendments to MFRS 16, *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*.

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

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*;
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*;
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*;
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*;
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*;
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*; and

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

1. Basis of preparation (cont'd)

(a) Statement of compliance (cont'd)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (cont'd)

- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*.

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*;
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*; and
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

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 abovementioned amendments:

- from the annual period beginning on 1 January 2022 for those amendments that are effective for annual periods beginning on or after 1 April 2021 and 1 January 2022, except for Amendments to MFRS 1 and Amendments to MFRS 141 which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are 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 of 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

1. Basis of preparation (cont'd)

(d) Use of estimates and judgements (cont'd)

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 4 - valuation of investment properties;
- Note 18 - provision for warranties; and
- Note 33 - 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.

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

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.

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.

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 measured in the Company's statement of financial position at cost less any impairment losses. The cost of 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 is 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(i) Recognition and initial measurement (cont'd)

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(c) Financial instruments (cont'd)

(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.

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

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

(i) Recognition and measurement (cont'd)

Properties 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.

(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, then 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

(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:

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

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

- 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
- 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

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

(a) As a lessee (cont'd)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(e) Leases (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

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".

(f) Intangible assets

(i) Goodwill

Goodwill arising 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.

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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(f) Intangible assets (cont'd)

(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.

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 with 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.

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)

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.

(j) Impairment

(i) Financial assets

The Group and the Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

The Group and the Company measures loss allowances at an amount equal to lifetime expected credit loss which are the expected credit losses that result from all possible default events over the expected life of the asset, except for cash and bank balance. The credit risk of cash and cash equivalent which has not increased significantly since initial recognition are measured at 12-month expected credit loss.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(i) Financial assets (cont'd)

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company is exposed to credit risk.

The Group and the Company estimates the expected credit losses on 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.

At each reporting date, the Group and the Company assesses 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 in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovery 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.

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 are 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(j) Impairment (cont'd)

(ii) Other assets (cont'd)

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 measured 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

2. Significant accounting policies (cont'd)

(l) Employee benefits (cont'd)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

(n) Revenue and other income *(cont'd)*

(i) Revenue *(cont'd)*

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

(q) Earnings per ordinary share

The Group presents basic and diluted 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 is 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

3. Property, plant and equipment

Group	Note	Freehold 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 2020		106,599	141,275	295,194	607,015	41,298	9,994	6,721	3,704	1,211,800
Additions		16,784	2,003	1,737	13,581	1,392	737	283	10,778	47,295
Disposals		(16,784)	-	-	(3,862)	(992)	(952)	-	-	(22,590)
Derecognition of right-of-use assets		-	(2,461)	-	-	-	-	-	-	(2,461)
Write-off		-	-	-	(1,518)	(1,217)	(5)	(8)	-	(2,748)
Transfer from investment properties	4	4,180	-	1,720	-	-	-	-	-	5,900
Transfer (to)/from intangible assets	8	-	-	-	-	(760)	552	-	-	(208)
Transfer		-	-	1,567	884	2,943	-	(1,577)	(3,817)	-
Revaluation surplus		9,111	37,672	40,609	-	-	-	-	-	87,392
Effect of movement in exchange rates		394	(652)	737	(2,188)	748	14	62	(24)	(909)
At 31 December 2020/1 January 2021		120,284	177,837	341,564	613,912	43,412	10,340	5,481	10,641	1,323,471
Additions		-	5,323	1,154	20,021	1,590	758	71	202	29,119
Disposals		-	-	-	(1,143)	-	(424)	-	-	(1,567)
Derecognition of right-of-use assets		-	(2,296)	-	-	-	-	-	-	(2,296)
Write-off		-	-	-	(37,624)	(1,216)	-	-	-	(38,840)
Transfer		-	-	29	6,832	339	-	78	(7,278)	-
Effect of movement in exchange rates		(1,216)	1,027	(1,639)	2,149	(315)	(14)	(21)	-	(29)
At 31 December 2021		119,068	181,891	341,108	604,147	43,810	10,660	5,609	3,565	1,309,858

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Group	Note	Freehold 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
Accumulated depreciation and impairment loss										
At 1 January 2020		-	8,395	69,440	472,804	36,679	5,586	1,591	-	594,495
Charge for the year		-	6,466	17,232	27,203	1,624	1,282	508	-	54,315
Disposals		-	-	-	(3,785)	(313)	(595)	-	-	(4,693)
Derecognition of right-of-use assets		-	(2,025)	-	-	-	-	-	-	(2,025)
Impairment loss for the year		-	-	-	2,500	-	-	-	-	2,500
Write-off		-	-	-	(1,448)	(1,209)	(5)	(8)	-	(2,670)
Transfer to intangible assets	8	-	-	-	-	(297)	-	-	-	(297)
Reclassification		-	-	-	(2,818)	2,818	-	-	-	-
Effect of movement in exchange rates		-	(43)	(15)	(1,085)	637	54	28	-	(424)
At 31 December 2020										
Accumulated depreciation		-	12,793	86,657	490,871	39,939	6,322	2,119	-	638,701
Accumulated impairment losses		-	-	-	2,500	-	-	-	-	2,500
		-	12,793	86,657	493,371	39,939	6,322	2,119	-	641,201

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

Group	Freehold 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
Accumulated depreciation and impairment loss (cont'd)									
At 1 January 2021									
Accumulated depreciation	-	12,793	86,657	490,871	39,939	6,322	2,119	-	638,701
Accumulated impairment losses	-	-	-	2,500	-	-	-	-	2,500
	-	12,793	86,657	493,371	39,939	6,322	2,119	-	641,201
Charge for the year	-	6,789	22,145	26,573	1,904	1,352	497	-	59,260
Disposals	-	-	-	(1,130)	-	(290)	-	-	(1,420)
Derecognition of right-of-use assets	-	(2,036)	-	-	-	-	-	-	(2,036)
Impairment loss for the year	-	-	-	1,289	-	-	-	-	1,289
Write-off	-	-	-	(37,497)	(1,197)	-	-	-	(38,694)
Effect of movement in exchange rates	-	48	(242)	1,358	(274)	(12)	(10)	-	868
At 31 December 2021									
Accumulated depreciation	-	17,594	108,560	480,175	40,372	7,372	2,606	-	656,679
Accumulated impairment losses	-	-	-	3,789	-	-	-	-	3,789
	-	17,594	108,560	483,964	40,372	7,372	2,606	-	660,468
Carrying amounts									
At 1 January 2020	106,599	132,880	225,754	134,211	4,619	4,408	5,130	3,704	617,305
At 31 December 2020/ 1 January 2021	120,284	165,044	254,907	120,541	3,473	4,018	3,362	10,641	682,270
At 31 December 2021	119,068	164,297	232,548	120,183	3,438	3,288	3,003	3,565	649,390

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

3.1 Freehold land and buildings

The Group adopted the revaluation model on its properties comprising freehold land and buildings in 2014. 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	Buildings RM'000	Total RM'000
2021			
Cost	78,855	274,450	353,305
Accumulated depreciation	-	(46,436)	(46,436)
	78,855	228,014	306,869
2020			
Cost	80,072	274,565	354,637
Accumulated depreciation	-	(35,126)	(35,126)
	80,072	239,439	319,511

Fair value information

The fair values of freehold land and buildings were categorised as Level 3 fair value.

Level 3 fair value

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

Fair values of freehold 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 process applied by the Group for Level 3 fair value

The fair value of freehold 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 freehold land and buildings portfolio is revalued every 3 years.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

3.2 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 2020	128,136	2,914	1,781	49	132,880
Additions	-	370	1,575	58	2,003
Derecognition	-	(404)	(32)	-	(436)
Depreciation	(3,909)	(1,130)	(1,334)	(93)	(6,466)
Revaluation surplus	37,672	-	-	-	37,672
Effect of movement in exchange rates	(594)	(15)	-	-	(609)
At 31 December 2020/1 January 2021	161,305	1,735	1,990	14	165,044
Additions	-	4,057	1,266	-	5,323
Derecognition	-	(147)	(108)	(5)	(260)
Depreciation	(4,131)	(1,211)	(1,438)	(9)	(6,789)
Effect of movement in exchange rates	920	59	-	-	979
At 31 December 2021	158,094	4,493	1,710	-	164,297

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 leases after the expiry date.

The Group applied revaluation model to the right-of-use assets that relate to the class of properties comprising leasehold land. Had the revalued right-of-use assets been carried under the cost model, the net carrying amount of the right-of-use assets that would have been included in the financial statements of the Group would be as follows:

Group	Leasehold land	
	2021 RM'000	2020 RM'000
Cost	54,398	53,422
Accumulated depreciation	(8,963)	(7,767)
	45,435	45,655

(i) Fair value information

The fair values of right-of-use assets were categorised as Level 3 fair value.

Level 3 fair value

Level 3 fair value was estimated using unobservable inputs for right-of-use assets.

Fair values of right-of-use assets have been generally derived using the sales comparison approach and cost approach.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

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

3.2 Right-of-use assets (cont'd)

(i) Fair value information (cont'd)

Level 3 fair value (cont'd)

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 process applied by the Group for Level 3 fair value

The fair values of right-of-use assets were 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 right-of-use assets portfolio is revalued every 3 years.

(ii) Extension options

Some leases contain extension options exercisable by the Group up to 25 years 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.

(iii) Significant judgements 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.

3.3 Impairment of property, plant and equipment

During the financial year ended 31 December 2021, the Group has recognised an impairment loss of RM1,289,000 (2020: RM2,500,000) in respect of plant and machinery which are mainly reported in Indonesia and Thailand Segments due to low plant utilisation and the local market conditions (2020: Indonesia Segment).

3.4 Transfer from investment properties

In the previous financial year, a freehold land and building had been transferred from investment properties to property, plant and equipment (see Note 4), since the freehold land and building were no longer leased to third party, but used by the Group.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. Investment properties

Group	Note	Freehold land RM'000	Right-of-use assets* RM'000	Buildings RM'000	Total RM'000
At 1 January 2020		4,180	88,900	19,480	112,560
Transfer to property, plant and equipment	3	(4,180)	-	(1,720)	(5,900)
At 31 December 2020/1 January/31 December 2021		-	88,900	17,760	106,660

* The right-of-use assets comprise long-term leasehold land.

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

	Group	
	2021 RM'000	2020 RM'000
Rental income	2,409	2,310
Direct operating expenses:		
- income generating investment properties	973	952

The operating lease payments to be received are as follows:

	Group	
	2021 RM'000	2020 RM'000
Less than one year	2,210	1,185
One to two years	3,062	507
Two to three years	538	-
Total undiscounted lease payments	5,810	1,692

4.1 Fair value information

Fair value of investment properties are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2021				
Long-term leasehold land	-	-	88,900	88,900
Buildings	-	-	17,760	17,760
	-	-	106,660	106,660
2020				
Long-term leasehold land	-	-	88,900	88,900
Buildings	-	-	17,760	17,760
	-	-	106,660	106,660

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

4. Investment properties (cont'd)

4.1 Fair value information (cont'd)

Level 3 fair value

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

Fair values of long term leasehold 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 process applied by the Group for Level 3 fair value

The fair value of investment properties 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 investment properties are revalued every year. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

5. Investments in subsidiaries

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	637,419	615,484
Less: Accumulated impairment losses	(23,121)	(23,121)
	614,298	592,363

Details of the subsidiaries are disclosed in Note 31.

5.1 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")

2021	FSM	ADSS	ATS	Other subsidiaries with immaterial NCI	Total
	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	45,560	17,548	5,220	1,820	70,148
Profit/(Loss) allocated to NCI	9,811	3,335	(467)	446	13,125

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. Investments in subsidiaries (cont'd)

5.1 Non-controlling interests in subsidiaries (cont'd)

	FSM	ADSS	ATS	Other subsidiaries with immaterial NCI	Total
2020	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	49,751	14,213	5,687	1,372	71,023
Profit allocated to NCI	13,564	2,118	17	143	15,842

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

2021	FSM	ADSS	ATS
	RM'000	RM'000	RM'000
As at 31 December			
Non-current assets	44,779	7,734	-
Current assets	143,404	55,038	10,799
Non-current liabilities	(4,484)	(4,414)	-
Current liabilities	(69,798)	(14,488)	(146)
Net assets	113,901	43,870	10,653
Year ended 31 December			
Revenue	368,175	59,518	4,291
Profit/(Loss) and total comprehensive income/(expense)	24,528	8,338	(953)
Cash flows from operating activities	1,087	16,235	639
Cash flows from investing activities	71,373	23,484	382
Cash flows used in financing activities	(35,449)	(1,125)	(325)
Net increase in cash and cash equivalents	37,011	38,594	696
Dividends paid to NCI	14,000	-	-

2020	FSM	ADSS	ATS
	RM'000	RM'000	RM'000
As at 31 December			
Non-current assets	41,292	4,370	1,898
Current assets	176,605	45,895	13,195
Non-current liabilities	(3,244)	(578)	(310)
Current liabilities	(90,275)	(14,155)	(3,176)
Net assets	124,378	35,532	11,607

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

5. Investments in subsidiaries (cont'd)

5.1 Non-controlling interests in subsidiaries (cont'd)

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

2020	FSM	ADSS	ATS
	RM'000	RM'000	RM'000
Year ended 31 December			
Revenue	369,482	45,991	11,355
Profit for the year	33,911	5,295	34
Total comprehensive income	33,911	5,295	34
Cash flows from operating activities	64,489	8,842	1,852
Cash flows (used in)/from investing activities	(17,134)	6,488	(17)
Cash flows used in financing activities	(35,405)	(16,340)	-
Net increase/(decrease) in cash and cash equivalents	11,950	(1,010)	1,835
Dividends paid to NCI	14,000	6,000	-

5.2 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.

6. Investment in an associate

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	-	5,048
Share of post-acquisition reserves	-	(600)
Less: Impairment loss	-	(4,448)
	-	-

During the financial year, P.T. APM Armada Autoparts, a joint venture company of which the Group has 50% equity interest, disposed its' entire 25% ownership in the equity interest of P.T. Adient Automotive Indonesia for a total cash consideration of USD100,000. Following the disposal, P.T. Adient Automotive Indonesia ceased to be an associate to the Group.

Details of the associate are as follows:

Name of entity	Country of incorporation	Principal activity	Effective ownership interest and voting interest	
			2021	2020
P.T. Adient Automotive Indonesia *	Indonesia	Manufacture and supply of automotive products in Indonesia	-	12.5%

* Not audited by member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

6. Investment in an associate (cont'd)

Impairment loss

The impairment loss of RM247,000 recognised in 2020 was arising from the rationalisation exercise conducted by the investee as a result of the competitive market segment in which the investee operates.

7. Investments in joint ventures

	Group	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	62,786	46,043
Share of post-acquisition reserves	9,373	9,243
	72,159	55,286

Details of joint ventures are as follows:

Name of entity	Principal activity	Effective ownership interest and voting interest	
		2021	2020
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%
P.T. APM Hyundai Transys Indonesia (held via 100% owned subsidiary, P.T. APM Automotive Indonesia) #	Manufacture and supply of automotive seats and its related parts and components	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:			
TC Sunergy Sdn. Bhd. (held via 100% owned subsidiary APM Shock Absorbers Sdn. Bhd.)	Dormant	40%	-

* Not audited by member firms of KPMG International.

Audited by member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. Investments in joint ventures (cont'd)

- (i) On 18 June 2021, APM Shock Absorbers Sdn. Bhd. ("APMSA"), a wholly-owned subsidiary of the Company, entered into a Subscription and Shareholders' Agreement ("Shareholders' Agreement") with Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a 70% owned subsidiary of Tan Chong Motor Holdings Berhad ("TCMH"), TCIM Sdn. Bhd. ("TCIM"), a wholly-owned subsidiary of Warisan TC Holdings Berhad ("WTCH"), and TC Sunergy Sdn. Bhd. ("TC Sunergy"), an indirect subsidiary of TCMH, to regulate the relationship of the parties as shareholders through equity participation by TCMA, APMSA and TCIM of 51%, 40% and 9%, respectively of the issued and paid-up ordinary shares in TC Sunergy for the development, construction and commissioning of a 20MW large scale floating solar photovoltaic system on the water surface of a reservoir known as "Kawasan Kolam Takungan Air Serendah" Daerah Ulu Selangor, Selangor Darul Ehsan and a part of its surrounding area. The expected commercial operation date is by 31 December 2023 for a term of 21 years under the power purchase agreement with Tenaga Nasional Berhad.
- (ii) On 6 July 2020, the Group subscribed for 50% equity interest in P.T. APM Hyundai Transys Indonesia for a total cash consideration of RM28,337,000.

During the financial year, the Group further injected RM15,943,000 into P.T. APM Hyundai Transys Indonesia. There is no change in the effective ownership interests of the Group.

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

2021	P.T. APM Armada Autoparts	P.T. APM Hyundai Transys Indonesia	Other immaterial joint ventures	Total
Summarised financial information	RM'000	RM'000	RM'000	RM'000
As at 31 December				
Non-current assets	26,840	83,807	2,048	112,695
Current assets	42,969	31,223	24,574	98,766
Non-current liabilities	(3,639)	(214)	(73)	(3,926)
Current liabilities	(14,645)	(40,546)	(5,790)	(60,981)
Net assets	51,525	74,270	20,759	146,554
Year ended 31 December				
Profit/(Loss) and total comprehensive income/ (expense) for the year	3,340	(13,054)	5,118	(4,596)
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	25,763	37,135	9,261	72,159
Carrying amount in the statement of financial position	25,763	37,135	9,261	72,159
Group's share of results for year ended 31 December				
Share of total comprehensive income/ (expense) for the year	1,670	(6,527)	2,117	(2,740)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

7. Investments in joint ventures (cont'd)

2020 Summarised financial information	P.T. APM Armada Autoparts RM'000	P.T. APM Hyundai Transys Indonesia RM'000	Other immaterial joint ventures RM'000	Total RM'000
As at 31 December				
Non-current assets	27,436	29,855	1,965	59,256
Current assets	30,197	49,175	22,072	101,444
Non-current liabilities	(4,184)	(602)	-	(4,786)
Current liabilities	(8,341)	(25,487)	(10,482)	(44,310)
Net assets	45,108	52,941	13,555	111,604
Year ended 31 December				
Loss and total comprehensive expense for the year	(6,948)	(8)	(320)	(7,276)
Reconciliation of net assets to carrying amount as at 31 December				
Group's share of net assets	22,554	26,470	6,262	55,286
Carrying amount in the statement of financial position	22,554	26,470	6,262	55,286
Group's share of results for year ended 31 December				
Share of total comprehensive expense for the year	(3,474)	(4)	(138)	(3,616)

8. Intangible assets

Group	Note	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
Cost						
At 1 January 2020		12,260	17,697	7,755	19,953	57,665
Additions		23	361	-	8,655	9,039
Transfer from/(to) property, plant and equipment	3	760	(552)	-	-	208
Write-off		(712)	(179)	-	-	(891)
Effect of movement in exchange rates		517	(14)	603	-	1,106
At 31 December 2020/1 January 2021		12,848	17,313	8,358	28,608	67,127
Additions		37	1,229	-	368	1,634
Write-off		-	(170)	-	-	(170)
Effect of movement in exchange rates		(163)	11	(157)	-	(309)
At 31 December 2021		12,722	18,383	8,201	28,976	68,282

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. Intangible assets (cont'd)

Group	Note	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
Amortisation and impairment loss						
At 1 January 2020						
Accumulated amortisation		9,599	13,536	-	15,217	38,352
Accumulated impairment loss		-	-	-	787	787
		9,599	13,536	-	16,004	39,139
Amortisation for the year		1,434	1,354	-	520	3,308
Transfer from property, plant and equipment	3	297	-	-	-	297
Write-off		(712)	-	-	-	(712)
Effect of movement in exchange rates		528	(10)	-	-	518
At 31 December 2020/1 January 2021						
Accumulated amortisation		11,146	14,880	-	15,737	41,763
Accumulated impairment loss		-	-	-	787	787
		11,146	14,880	-	16,524	42,550
Amortisation for the year		796	268	-	525	1,589
Write-off		-	(75)	-	-	(75)
Effect of movement in exchange rates		(157)	11	-	-	(146)
At 31 December 2021						
Accumulated amortisation		11,785	15,084	-	16,262	43,131
Accumulated impairment loss		-	-	-	787	787
		11,785	15,084	-	17,049	43,918
Carrying amounts						
At 1 January 2020		2,661	4,161	7,755	3,949	18,526
At 31 December 2020/1 January 2021		1,702	2,433	8,358	12,084	24,577
At 31 December 2021		937	3,299	8,201	11,927	24,364

Amortisation

The amortisation charge is allocated to the cost of sales and 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	
	2021 RM'000	2020 RM'000
Manufacturing of transportation seating	7,080	7,215
Unit without significant goodwill	1,121	1,143
	8,201	8,358

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

8. Intangible assets (cont'd)

Impairment testing for cash-generating units containing goodwill (cont'd)

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% (2020: 3%); and
- A post-tax discount rate of 13.64% (2020: 15.00%) 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 exceeds the carrying amount of the business unit.

There will be no impairment loss to be recorded for the business unit despite discount rate being increased up to 18% (2020: 18%).

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Employee benefits	6,380	4,487	-	-	6,380	4,487
Property, plant and equipment	1,102	4,016	(59,274)	(62,115)	(58,172)	(58,099)
Investment properties	-	-	(8,182)	(7,975)	(8,182)	(7,975)
Unutilised tax losses	5,322	8,589	-	-	5,322	8,589
Provisions and others	19,117	16,990	(6,646)	(5,822)	12,471	11,168
Tax assets/(liabilities)	31,921	34,082	(74,102)	(75,912)	(42,181)	(41,830)
Set-off of tax	(9,596)	(10,084)	9,596	10,084	-	-
Net tax assets/(liabilities)	22,325	23,998	(64,506)	(65,828)	(42,181)	(41,830)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. Deferred tax assets/(liabilities) (cont'd)

Movement in temporary differences during the financial year

Group	At	Recognised	Recognised	At	Recognised	At
	1.1.2020	in profit	in other	31.12.2020/ 1.1.2021	in profit	31.12.2021
	RM'000	or loss (Note 25)	comprehensive income (Note 26)	RM'000	or loss (Note 25)	RM'000
Employee benefits	3,331	1,156	-	4,487	1,893	6,380
Property, plant and equipment	(43,978)	5,249	(19,370)	(58,099)	(73)	(58,172)
Investment properties	(7,994)	19	-	(7,975)	(207)	(8,182)
Unutilised tax losses	2,574	6,015	-	8,589	(8,320)	269
Provisions and others	12,644	(1,476)	-	11,168	6,356	17,524
	(33,423)	10,963	(19,370)	(41,830)	(351)	(42,181)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2021 RM'000	2020 RM'000
Unutilised tax losses	112,285	78,198
Unabsorbed capital allowances	29,446	24,126
Others	13,166	9,619
	154,897	111,943

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 the respective applicable tax legislations:

- (i) the unabsorbed capital allowances can be carried forward indefinitely; and
- (ii) the restriction on the carry forward of unutilised tax losses from operations in various countries are as follow:

Country	Restriction to carry forward
Malaysia	10 years (2020: 7 years)
Indonesia and Thailand	5 years
Myanmar	3 years
The United State of America	No restrictions

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

9. Deferred tax assets/(liabilities) (cont'd)

Unrecognised deferred tax assets (cont'd)

	2021 RM'000	2020 RM'000
Expire in:		
YA 2021	-	7,061
YA 2022	6,143	5,569
YA 2023	10,920	12,100
YA 2024	13,252	13,252
YA 2025	17,298	28,693
YA 2026	12,989	191
YA 2027	-	24
YA 2028 – YA 2031	40,375	-
	100,977	66,890
No expiry	11,308	11,308
	112,285	78,198

With effect from YA 2019, unutilised tax losses from Malaysia could only be carried forward for up to seven consecutive YAs, and any balance thereof would be disregarded. In 2021, the carry-forward period was extended to 10 years. Unutilised tax losses prior to YA 2018 may be allowed to be carried forward until YA 2028.

10. Inventories

	Group	
	2021 RM'000	2020 RM'000
Raw materials	230,293	164,784
Work-in-progress	18,952	11,852
Manufactured inventories and trading inventories	101,866	89,500
Spare parts and others	8,767	11,053
	359,878	277,189
Recognised in profit or loss:		
Inventories recognised as cost of sales	862,001	778,395
Net inventories written down to net realisable value	3,569	7,229

The write-down is included in cost of sales.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

11. Other investments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial assets at fair value through profit or loss				
- Investments with licensed financial institutions	5,332	203,552	-	15,029
- Others	2,695	2,699	773	779
	8,027	206,251	773	15,808

12. Trade and other receivables, including derivatives

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade receivables		241,010	206,847	-	-
Less: Impairment losses		(5,308)	(4,645)	-	-
		235,702	202,202	-	-
Other trade receivables	12.1	20,342	12,132	-	-
Related parties	12.2	5,205	3,744	-	-
Joint ventures	12.2	88	414	-	-
		261,337	218,492	-	-
Non-trade					
Other receivables	12.3	14,828	17,741	-	-
Subsidiaries	12.4	-	-	13,327	15,616
Derivatives at fair value through profit or loss					
- Forward exchange contracts	12.5	35	117	-	-
		14,863	17,858	13,327	15,616
		276,200	236,350	13,327	15,616

12.1 The other trade receivables relate to outright sales of mould.

12.2 The trade amounts due from related parties and joint ventures are subject to 30 to 60 days (2020: 30 to 60 days) credit terms.

12.3 Included in other receivables is an amount of RM10,972,000 (2020: RM11,760,000) 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.

12.4 The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand except for an amount due from subsidiaries amounting to RM13,250,000 (2020: RM15,589,000) which is subject to interest ranging from 1.8% to 1.9% (2020: 1.8% to 3.1%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

12. Trade and other receivables, including derivatives (cont'd)

12.5 The Group entered into forward exchange contracts with nominal value of RM24,438,000 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 RM11,027,000 matured during the financial year.

13. Deposits and prepayments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits	1,403	1,582	65	65
Prepayments	22,568	27,796	10	-
	23,971	29,378	75	65

14. Cash and cash equivalents

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits placed with licensed banks	147,446	88,468	15,163	1,005
Cash and bank balances	151,546	115,369	326	806
	298,992	203,837	15,489	1,811

Cash and bank balances include corporate management current accounts which are interest-bearing maintained with licensed banks.

15. Capital and reserves

Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2021 '000	2021 RM'000	2020 '000	2020 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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

15. Capital and reserves (cont'd)

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 the previous financial year, the Company repurchased 88,200 of its issued ordinary shares from the open market at an average price of RM2.20 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.

Details of the shares repurchased were as follows:

	Average repurchase price RM	Highest repurchase price RM	Lowest repurchase price RM	Number of shares repurchased	Total consideration paid RM
2020					
January	2.20	2.28	2.16	88,200	194,311

As at 31 December 2021, the Company held a total of 6,105,700 (2020: 6,105,700) of its 201,600,000 (2020: 201,600,000) issued ordinary shares as treasury shares.

Revaluation reserve

The revaluation reserve relates to the revaluation surplus 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.

16. Employee benefits

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Defined benefit liability	31,788	29,752	2,024	2,024

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)

16. 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:

Group	Defined benefit liability	
	2021 RM'000	2020 RM'000
Balance at 1 January	29,752	25,383
Included in profit or loss		
Current service cost	3,080	4,960
Past service credit	(14)	(16)
Interest cost	288	212
	3,354	5,156
Included in other comprehensive income		
Remeasurement loss/(gain)		
- Actuarial loss/(gain) arising from:		
- Others	20	-
Effect of movements in exchange rate	(30)	137
	(10)	137
Others		
Benefits paid	(1,308)	(924)
	(1,308)	(924)
Balance at 31 December	31,788	29,752
Company		
Balance at 1 January	2,024	1,850
Included in profit or loss		
Current service cost	-	174
Interest cost	-	-
	-	174
Balance at 31 December	2,024	2,024

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

16. 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	
	2021	2020
Discount rate	4.3% - 4.4%	4.3% - 4.4%
Future salary growth	5.5%	5.5%
Future pension growth	12.0% - 13.0%	12.0% - 13.0%

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2021, the weighted-average duration of the defined benefit liability was 9.2 years for senior management and 23.8 years for other covered employees (2020: 10.2 years for senior management and 24.8 years for other covered employees).

Sensitivity analysis

Reasonably possible changes at the reporting date 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 RM'000	Decrease RM'000
2021		
Discount rate (1% movement)	(2,186)	2,543
Future salary growth (1% movement)	1,891	(1,693)
2020		
Discount rate (1% movement)	(2,100)	2,449
Future salary growth (1% movement)	1,643	(1,473)

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.

17. Loans and borrowings

	Note	2021 RM'000	2020 RM'000
Group			
Non-current			
Unsecured foreign currency borrowings	17.1	-	192

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

17. Loans and borrowings (cont'd)

	Note	2021 RM'000	2020 RM'000
Current			
Unsecured foreign currency borrowings	17.1	56,117	59,545
Unsecured local currency borrowings	17.2	23,366	27,854
		79,483	87,399
		79,483	87,591

The borrowings are mainly bank trade facilities utilised for working capital purposes.

17.1 The unsecured foreign currency borrowings of the Group are subject to interest rate at 0.51% to 7.40% (2020: 0.51% to 7.40%) per annum.

17.2 The unsecured local currency borrowings of the Group are subject to interest rate at 2.35% to 2.68% (2020: 2.30% to 2.75%) per annum.

18. Provisions

Group	Warranties RM'000
At 1 January 2020	7,616
Provisions made	5,819
Provisions utilised	(2,369)
Provisions reversed	(1,605)
At 31 December 2020/1 January 2021	9,461
Provisions made	2,703
Provisions utilised	(2,131)
Provisions reversed	(3,928)
At 31 December 2021	6,105

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.

19. Trade and other payables, including derivatives

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade					
Trade payables		141,512	113,988	-	-
Related parties	19.1	11,596	14,333	-	-
		153,108	128,321	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

19. Trade and other payables, including derivatives (cont'd)

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-trade					
Other payables and accruals		123,621	116,343	978	961
Subsidiaries	19.2	-	-	-	78
Related parties	19.2	1,950	755	-	2
Joint ventures	19.2	-	10	-	-
Derivatives at fair value through profit or loss					
- Forward exchange contracts	12.5	118	148	-	-
		125,689	117,256	978	1,041
		278,797	245,577	978	1,041

19.1 The trade amount due to related parties is subject to 30 to 60 days (2020: 30 to 60 days) credit terms.

19.2 The non-trade amounts due to subsidiaries, related parties and joint ventures are unsecured, interest-free and repayable on demand.

20. Revenue

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers	1,184,585	1,110,191	-	-
Other revenue:				
- Rental income	1,566	1,652	-	-
- Dividend income	-	-	35,500	50,000
- Sales of mould	37,969	11,715	-	-
	39,535	13,367	35,500	50,000
	1,224,120	1,123,558	35,500	50,000

20.1 Disaggregation of revenue

Group	Reportable segments							Total RM'000
	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	
2021								
Primary geographical markets								
Malaysia	59,077	650,396	68,763	98,365	-	-	4,547	881,148
Indonesia	-	1,347	-	2,550	61,149	-	-	65,046
Vietnam	-	-	-	-	-	43,681	-	43,681
Europe	-	-	12	14,141	-	4,656	1,663	20,472

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. Revenue (cont'd)

20.1 Disaggregation of revenue (cont'd)

Group	Reportable segments							Total RM'000
	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	
2021								
Primary geographical markets (cont'd)								
America	-	-	-	28,960	-	16,371	503	45,834
Australia	-	-	-	36,006	-	74,204	-	110,210
Other countries	1,581	-	-	14,936	4	1,673	-	18,194
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
Markets								
Original Equipment Market ("OEM")	60,291	647,577	68,638	-	19,402	32,496	6,117	834,521
Replacement Equipment Market ("REM")	367	4,166	137	194,958	41,751	108,089	596	350,064
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
Timing of recognition								
At a point in time	60,658	651,743	68,751	194,958	61,153	140,585	6,713	1,184,561
Overtime	-	-	24	-	-	-	-	24
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
Revenue from contracts with customers	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
Other revenue	-	37,918	52	-	7	102	1,456	39,535
Total revenue	60,658	689,661	68,827	194,958	61,160	140,687	8,169	1,224,120

2020

Primary geographical markets

Malaysia	56,398	632,111	68,656	84,236	-	-	9,207	850,608
Indonesia	-	755	-	125	32,589	-	-	33,469
Vietnam	-	683	-	-	-	34,619	-	35,302
Europe	-	-	18	18,837	-	4,228	1,366	24,449
America	-	-	-	23,025	-	16,410	962	40,397
Australia	-	-	-	31,883	-	71,379	-	103,262
Other countries	850	-	-	19,656	-	2,198	-	22,704
	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191

Markets

Original Equipment Market ("OEM")	56,173	625,404	66,815	-	10,635	24,300	3,933	787,260
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NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. Revenue (cont'd)

20.1 Disaggregation of revenue (cont'd)

Group	Reportable segments							Total RM'000
	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	
2020								
Markets (cont'd)								
Replacement Equipment Market ("REM")	1,075	8,145	1,859	177,762	21,954	104,534	2,327	317,656
Others	-	-	-	-	-	-	5,275	5,275
	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Timing of recognition								
At a point in time	57,248	633,549	68,674	177,762	32,589	128,834	11,333	1,109,989
Overtime	-	-	-	-	-	-	202	202
	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Revenue from contracts with customers	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Other revenue	-	11,355	360	-	-	111	1,541	13,367
Total revenue	57,248	644,904	69,034	177,762	32,589	128,945	13,076	1,123,558

20.2 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

20. Revenue (cont'd)

20.2 Nature of goods and services (cont'd)

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.

21. Finance costs

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense of financial liabilities measured at amortised cost	3,097	3,630	-	-
Interest expense on lease liabilities	1,465	1,481	-	-
	4,562	5,111	-	-

22. Finance income

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest income received from deposits, investments and corporate management accounts with licensed financial institutions and licensed banks	4,844	7,818	191	111
Interest income received from subsidiaries	-	-	262	387
	4,844	7,818	453	498

23. Profit before tax

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	493	493	57	57
- Other auditors	375	419	-	-
Non-audit fees:				
- KPMG PLT	10	15	10	10
- Local affiliates of KPMG Malaysia	217	212	8	8
- Overseas affiliates of KPMG Malaysia	77	77	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

23. Profit before tax (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging/(crediting): (cont'd)				
Auditors' remunerations (cont'd)				
- Other auditors	7	57	-	-
Material expenses/(income)				
Amortisation of intangible assets	1,589	3,308	-	-
Depreciation of property, plant and equipment	52,471	47,849	-	-
Depreciation of right-of-use assets	6,789	6,466	-	-
Dividends received from subsidiaries	-	-	(35,500)	(50,000)
Impairment loss on:				
- investment in an associate	-	247	-	-
- investments in subsidiaries	-	-	-	9,582
- property, plant and equipment	1,289	2,500	-	-
Intangible assets written off	95	179	-	-
Net gain on disposal of property, plant and equipment	(215)	(1,356)	-	-
Net inventories written down to net realisable value	3,569	7,229	-	-
Net foreign exchange (gains)/losses				
- realised	(454)	2,266	3	(309)
- unrealised	(987)	(97)	41	-
Non-executive Directors				
- Fees	412	423	412	423
- Other benefits	77	77	77	77
Personnel expenses (including key management personnel)				
- Employee benefits	3,354	5,156	-	174
- Contributions to state plans	12,030	11,361	368	390
- Wages, salaries and others	188,592	168,057	2,007	2,131
Provision for warranties	2,703	5,819	-	-
Provision for warranties reversed	(3,928)	(1,605)	-	-
Property, plant and equipment written off	146	78	-	-
Royalties	9,874	9,454	-	-
Expenses arising from leases				
Expenses relating to short-term leases	574	887	-	-
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost	713	1,709	3	(19)

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

24. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Executive Directors				
- Remuneration	7,518	6,670	2,735	2,071
- Other employee benefits	355	747	252	473
	7,873	7,417	2,987	2,544
Other key management personnel				
- Remuneration and other employee benefits	8,018	6,300	-	-
	8,018	6,300	-	-
	15,891	13,717	2,987	2,544

The remuneration and other employee benefits 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 receivable by the Directors which amounted to RM355,000 (2020: RM668,000) and the estimated monetary value of benefit-in-kind provided to the Directors which amounted to RM61,000 (2020: RM79,000). Included in other employee benefits of the Company is retirement benefits receivable by the Directors amounting to RM252,000 (2020: RM473,000).

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.

25. Income tax expense

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Recognised in profit or loss				
Current tax expense				
Malaysian				
- Current year	12,178	16,624	79	103
- (Over)/Under provision in prior year	(1,302)	(429)	(7)	22
Overseas				
- Current year	3,777	4,754	-	-
Total current tax recognised in profit or loss	14,653	20,949	72	125
Others	204	58	-	-

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

25. Income tax expense (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deferred tax expense				
Origination and reversal of temporary differences	(839)	(10,804)	-	-
Under/(Over) provision in prior year	1,190	(159)	-	-
Total deferred tax recognised in profit or loss	351	(10,963)	-	-
Total income tax expense	15,208	10,044	72	125
Reconciliation of tax expense				
Profit for the year	1,875	5,373	31,927	36,830
Total income tax expense	15,208	10,044	72	125
Profit excluding tax	17,083	15,417	31,999	36,955
Income tax using Malaysian tax rate of 24% (2020: 24%)	4,100	3,700	7,680	8,869
Non-deductible expenses	5,739	5,675	918	3,233
Tax exempt income	(708)	(991)	(8,524)	(12,004)
Tax incentives	(3,512)	(2,664)	-	-
Effect of deferred tax assets not recognised	11,264	5,555	-	-
Recognition of previously unrecognised tax losses	(955)	-	-	-
Other items	(608)	(643)	5	5
	15,320	10,632	79	103
Malaysian				
- (Over)/Under provision of current tax expense in prior year	(1,302)	(429)	(7)	22
- Under/(Over) provision of deferred tax expense in prior year	1,190	(159)	-	-
Total income tax expense	15,208	10,044	72	125

26. Other comprehensive income/(expense), net of tax

Group	Before tax	2021	Net	Before tax	2020	Net
	RM'000	Tax expense RM'000	of tax RM'000	RM'000	Tax expense RM'000	of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	686	(165)	521	-	-	-
Revaluation of properties and right-of-use assets	-	-	-	87,392	(19,370)	68,022
	686	(165)	521	87,392	(19,370)	68,022

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

26. Other comprehensive income/(expense), net of tax (cont'd)

Group	Before tax	2021 Tax expense	Net of tax	Before tax	2020 Tax expense	Net of tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for consolidated subsidiaries	(65)	-	(65)	(3,532)	-	(3,532)
Foreign currency translation differences for equity-accounted associate and joint ventures	1,448	-	1,448	(223)	-	(223)
	1,383	-	1,383	(3,755)	-	(3,755)
	2,069	(165)	1,904	83,637	(19,370)	64,267

27. Loss per ordinary share

Basic loss per ordinary share

The calculation of basic loss per ordinary share was based on the loss attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2021	2020
Loss for the year attributable to ordinary shareholders (RM'000)	(11,250)	(10,469)
Weighted average number of ordinary shares ('000 units)		
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(6,106)	(6,106)
Weighted average number of ordinary shares at 31 December	195,494	195,494
Basic loss per ordinary share (sen)	(5.75)	(5.36)

Diluted earnings per share is not presented as the Group has no potential shares or other instrument with dilutive effects.

28. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2021			
Final 2020 ordinary	7.0	13,685	24 June 2021
2020			
Final 2019 ordinary	5.0	9,775	26 August 2020

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

28. Dividends (cont'd)

After the reporting period, the following dividend was declared and approved by the Directors. This dividend will be recognised in subsequent financial year.

	Sen per share	Total amount RM'000	Date of payment
Final 2021 ordinary	7.0	13,685	11 May 2022

29. Commitments

	Group	
	2021 RM'000	2020 RM'000
Property, plant and equipment		
Contracted but not provided for	12,231	16,498

30. 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.

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 31.
- 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

30. Related parties (cont'd)

Significant related party transactions with TCMH, WTCH and TCIL Groups are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
With TCMH Group				
Sales	13,890	15,897	-	-
Purchases	(1,877)	(3,779)	(8)	(8)
Provision of services	535	379	-	-
Administrative and consultancy services	(2,033)	(220)	-	-
Insurance premium	(4,887)	(4,625)	(54)	(27)
Rental income	1,646	1,544	-	-
Rental expenses	(42)	(84)	-	-
With WTCH Group				
Sales	128	762	-	-
Purchases	(291)	(180)	-	-
Administrative and consultancy services	(155)	(292)	-	-
Rental income	478	506	-	-
Rental expenses	(1,227)	(1,227)	-	-
With TCIL Group				
Sales	106	120	-	-
Purchases	-	(74)	-	-
Rental expenses	(56)	(67)	-	-
With subsidiaries				
Dividend income	-	-	35,500	50,000
Interest income on loans	-	-	261	387
Management fee paid	-	-	(523)	(493)
Key management personnel				
Director				
Rental expenses	(18)	(54)	-	-

These transactions have been entered into in the normal course of business and have been established under 30 to 60 days (2020: 30 to 60 days) credit terms.

The outstanding net amounts due from/(to) related parties are disclosed in Note 12 and Note 19 and are expected to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. 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 activity	Effective ownership interest and voting interest	
		2021 %	2020 %
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.)	Dormant	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
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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2021 %	2020 %
Incorporated in Malaysia (cont'd):			
APM Climate Control Sdn. Bhd.	Manufacture and sale of automotive air-conditioners and radiators, automotive windshield wiper linkage, commercial vehicle parts and components; provision for distribution and after sales services for bus-coach air-conditioning	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
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
APM Corporate Services Sdn. Bhd.	Provision of management services	100	100
Able Motor Sdn. Bhd.	Dormant	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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2021 %	2020 %
Incorporated in Malaysia (cont'd):			
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
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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2021 %	2020 %
Incorporated in Canada (cont'd):			
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
APM Marketing (Vietnam) Company Limited* (held via 100% owned subsidiary, APM Automotive Global Ltd.)	Marketing and sale of automotive parts and accessories in Vietnam	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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2021 %	2020 %
Incorporated in Indonesia (cont'd):			
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
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	100
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 Myanmar:			
APM Auto Components Myanmar Co., Ltd.* @ (held via 100% owned subsidiaries, APM Automotive Myanmar Ltd. and APM Automotive IndoChina Ltd.)	Manufacture and marketing of automotive parts and modules	100	100
Incorporated in the 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

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2021 %	2020 %
Incorporated in the United Kingdom:			
APM Automotive International (UK) Ltd* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Provision of marketing service	100	100
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 consolidated based on the management financial statements.

* Not audited by member firms of KPMG International.

@ The statutory financial year end for these subsidiaries are 31 March, which do not coincide with the financial year end of the Group. The management financial statements for the year ended 31 December 2021 of these subsidiaries have been used for the preparation of the consolidated financial statements of the Group.

∞ By the Members' Written Resolution passed on 13 January 2022, both companies obtained approval from their shareholders to apply to the Companies Commission of Malaysia to have their names struck-off from the register of companies pursuant to Section 551 of the Companies Act 2016. The strike-off process is yet to be completed as of the date of this report.

32. 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 focus on different geographical markets 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, 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;

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. Operating segments (cont'd)

- *Indonesia Operations:* Businesses in Indonesia; and
- *All Other Segments:* Businesses in Thailand, Vietnam, Myanmar, Australia, India, the United States of America, the Netherlands and the United Kingdom.
- *Non-reportable Segment:* Operations related to the rental of investment properties in Malaysia; casting, machining and assembly of aluminium parts and components, 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.

	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
2021									
Segment (loss)/profit	(2,538)	30,213	(5,850)	4,735	(8,467)	6,059	(7,829)	760	17,083
<i>Included in the measure of segment profit/ (loss) are:</i>									
Revenue from external customers	60,658	689,661	68,827	194,958	61,160	140,687	8,169	-	1,224,120
Inter/Intra-segment revenue	111,373	141,204	20,805	28,230	24,738	13,400	37,284	(377,034)	-
Provision for warranties	(276)	(1,587)	(631)	(209)	-	-	-	-	(2,703)
Provision for warranties reversed	2,126	1,557	192	-	-	53	-	-	3,928
Depreciation and amortisation	9,822	18,065	1,707	320	9,837	8,880	12,218	-	60,849
Net inventories written (down)/back to net realisable value	(553)	(173)	(2,187)	(232)	(561)	159	(22)	-	(3,569)
Finance income	426	2,886	384	235	57	48	808	-	4,844

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. 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
<i>Not included in the measure of segment (loss)/profit but provided to CODM:</i>									
Income tax expense	(293)	(9,566)	(66)	(1,704)	(264)	(3,226)	(89)	-	(15,208)
Segment assets	175,856	590,668	85,587	106,185	253,532	274,126	1,307,713	(945,020)	1,848,648
<i>Included in the measure of segment assets are:</i>									
Additions to non-current assets other than financial instruments and deferred tax assets									
	1,207	17,490	2,231	206	1,596	6,582	1,441	-	30,753
2020									
Segment (loss)/profit	(4,491)	45,066	(3,990)	2,033	(19,872)	4,305	(7,335)	(299)	15,417
<i>Included in the measure of segment profit/(loss) are:</i>									
Revenue from external customers	57,248	644,904	69,034	177,762	32,589	128,944	13,077	-	1,123,558
Inter/Intra-segment revenue	112,636	149,821	23,239	28,798	15,832	13,593	36,233	(380,152)	-
Provision for warranties	(3,420)	(1,195)	(617)	(302)	-	(285)	-	-	(5,819)
Provision for warranties reversed	14	839	79	143	-	530	-	-	1,605
Depreciation and amortisation	(9,228)	(17,735)	(1,776)	(278)	(10,497)	(8,090)	(10,019)	-	(57,623)
Net inventories written (down)/back to net realisable value	(243)	(2,375)	(348)	(154)	(1,624)	(2,537)	52	-	(7,229)
Finance income	754	4,928	694	327	98	123	894	-	7,818
<i>Not included in the measure of segment (loss)/profit but provided to CODM:</i>									
Income tax expense	(2,367)	10,087	(651)	(119)	754	2,459	(119)	-	10,044
Segment assets	169,550	585,437	86,642	108,362	224,799	269,315	1,311,245	(903,812)	1,851,538
<i>Included in the measure of segment assets are:</i>									
Additions to non-current assets other than financial instruments and deferred tax assets									
	5,147	26,428	448	364	18,574	2,589	2,784	-	56,334

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

32. 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.

Geographical information Group	Group	
	Revenue RM'000	Non-current assets RM'000
2021		
Malaysia	920,683	474,543
Indonesia	65,046	188,620
Vietnam	43,681	62,273
Europe	20,472	3,895
America	45,834	9,157
Australia	110,210	47,260
Other countries	18,194	66,825
	1,224,120	852,573
2020		
Malaysia	863,864	493,855
Indonesia	33,469	182,164
Vietnam	35,302	63,020
Europe	24,560	4,167
America	40,397	9,233
Australia	103,262	45,926
Other countries	22,704	70,428
	1,123,558	868,793

Major customers

The following are major customers with revenue equal or more than 10% of the Group's total revenue:

	Revenue		Segments
	2021 RM'000	2020 RM'000	
All common control companies of:			
- Customer A	423,665	413,072	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Customer B	122,900	95,260	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Customer C	120,022	106,329	Suspension, Interior and Plastics and Electrical and Heat Exchange

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments

33.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as:

- (a) Fair value through profit or loss ("FVTPL");
- Mandatorily required by MFRS 9; and
- (b) Amortised costs ("AC").

2021	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets			
Group			
Other investments	8,027	-	8,027
Trade and other receivables, including derivatives*	265,228	265,193	35
Deposits	1,403	1,403	-
Cash and cash equivalents	298,992	298,992	-
	573,650	565,588	8,062
Financial assets			
Company			
Other investments	773	-	773
Trade and other receivables	13,327	13,327	-
Deposits	65	65	-
Cash and cash equivalents	15,489	15,489	-
	29,654	28,881	773
Financial liabilities			
Group			
Loans and borrowings	(79,483)	(79,483)	-
Trade and other payables, including derivatives	(278,797)	(278,679)	(118)
	(358,280)	(358,162)	(118)
Company			
Trade and other payables	(978)	(978)	-

* Excludes Goods and Services Tax ("GST") and Value Added Tax ("VAT") receivables.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.1 Categories of financial instruments (cont'd)

2020	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets			
Group			
Other investments	206,251	-	206,251
Trade and other receivables, including derivatives*	224,590	224,473	117
Deposits	1,582	1,582	-
Cash and cash equivalents	203,837	203,837	-
	636,260	429,892	206,368
Financial assets			
Company			
Other investments	15,808	-	15,808
Trade and other receivables	15,616	15,616	-
Deposits	65	65	-
Cash and cash equivalents	1,811	1,811	-
	33,300	17,492	15,808
Financial liabilities			
Group			
Loans and borrowings	(87,591)	(87,591)	-
Trade and other payables, including derivatives	(245,577)	(245,429)	(148)
	(333,168)	(333,020)	(148)
Company			
Trade and other payables	(1,041)	(1,041)	-

* Excludes Goods and Services Tax ("GST") and Value Added Tax ("VAT") receivables.

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss:				
- Mandatorily required by MFRS 9	4,989	8,046	482	444
Financial assets at amortised cost	584	428	-	17
Financial liabilities at amortised cost	(4,421)	(7,026)	(6)	-
	1,152	1,448	476	461

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.3 Financial risk management

The Group has exposure to the following risks from its financial instruments:

- Credit risk;
- Liquidity risk; and
- Market risk.

33.4 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 in full) 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 are 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 amount 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)

33. Financial instruments (cont'd)

33.4 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	
	2021 RM'000	2020 RM'000
Malaysia	195,534	173,357
Asia (excluding Malaysia)	30,295	17,128
Europe	5,641	3,447
North America	12,135	4,935
Central America	567	2,407
Oceania	17,165	17,218
	261,337	218,492

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)

33. Financial instruments (cont'd)

33.4 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.

Group	Gross carrying amount	Loss allowance	Net balance
2021	RM'000	RM'000	RM'000
Not past due	252,809	(211)	252,598
Past due 1 - 90 days	8,060	(168)	7,892
Past due 91 - 180 days	1,051	(204)	847
	261,920	(583)	261,337
Credit impaired			
Past due more than 180 days	3,725	(3,725)	-
Individually impaired	1,000	(1,000)	-
	266,645	(5,308)	261,337
2020			
Not past due	208,070	(108)	207,962
Past due 1 - 90 days	9,341	(191)	9,150
Past due 91 - 180 days	1,563	(183)	1,380
	218,974	(482)	218,492
Credit impaired			
Past due more than 180 days	2,718	(2,718)	-
Individually impaired	1,445	(1,445)	-
	223,137	(4,645)	218,492

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 2020	1,045	4,895	5,940
Amount written off	-	(3,004)	(3,004)
Net remeasurement of loss allowance	(563)	2,272	1,709
Balance at 31 December 2020/1 January 2021	482	4,163	4,645
Amount written off	-	(50)	(50)
Net remeasurement of loss allowance	101	612	713
Balance at 31 December 2021	583	4,725	5,308

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.4 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.

Other investments

Other investments are held with licensed financial institutions and licensed banks. As at the end of the reporting period, the maximum exposure to credit risk is represented by its carrying amount in the statement of financial position.

These licensed banks and financial institutions have low credit risks. 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 advances to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advances 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.4 Credit risk (cont'd)

Inter-company loans and advances (cont'd)

Recognition and measurement of impairment loss (cont'd)

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	13,327	-	13,327
Credit impaired	592	(592)	-
	13,919	(592)	13,327
2020			
Low credit risk	15,616	-	15,616
Credit impaired	589	(589)	-
	16,205	(589)	15,616

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 2020	608
Net remeasurement of loss allowance	(19)
Balance at 31 December 2020/1 January 2021	589
Net remeasurement of loss allowance	3
Balance at 31 December 2021	592

33.5 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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.5 Liquidity risk (cont'd)

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

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:

	Carrying amount	Contractual interest rate/ Discount rate	Contractual cash flow	Under 1 year	1 - 2 years	2 - 5 years	More than 5 years
	RM'000	% per annum	RM'000	RM'000	RM'000	RM'000	RM'000
2021							
Group							
<i>Non-derivative financial liabilities</i>							
Unsecured foreign currency borrowings	56,117	0.51 - 7.40	56,255	56,255	-	-	-
Unsecured local currency borrowings	23,366	2.35 - 2.68	23,507	23,507	-	-	-
Lease liabilities	19,393	3.27 - 10.00	83,435	3,438	2,896	6,611	70,490
Trade and other payables, excluding derivatives	278,679	-	278,679	278,679	-	-	-
	<u>377,555</u>		<u>441,876</u>	<u>361,879</u>	<u>2,896</u>	<u>6,611</u>	<u>70,490</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	83	-	24,438	24,438	-	-	-
Inflow	-	-	(24,355)	(24,355)	-	-	-
	<u>377,638</u>		<u>441,959</u>	<u>361,962</u>	<u>2,896</u>	<u>6,611</u>	<u>70,490</u>
2021							
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables, excluding derivatives	978	-	978	978	-	-	-
2020							
Group							
<i>Non-derivative financial liabilities</i>							
Unsecured foreign currency borrowings	59,737	0.51 - 7.40	59,809	59,617	192	-	-
Unsecured local currency borrowings	27,854	2.30 - 2.75	28,036	28,036	-	-	-
Lease liabilities	15,612	3.27 - 10.00	78,127	3,058	2,092	4,798	68,179
Trade and other payables, excluding derivatives	245,429	-	245,429	245,429	-	-	-
	<u>348,632</u>		<u>411,401</u>	<u>336,140</u>	<u>2,284</u>	<u>4,798</u>	<u>68,179</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.5 Liquidity risk (cont'd)

2020	Carrying amount RM'000	Contractual interest rate/ Discount rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
<i>Derivative financial liabilities</i>							
Forward exchange contracts							
(gross settled):							
Outflow	31	-	11,027	11,027	-	-	-
Inflow	-	-	(10,996)	(10,996)	-	-	-
	<u>348,663</u>		<u>411,432</u>	<u>336,171</u>	<u>2,284</u>	<u>4,798</u>	<u>68,179</u>
2020							
Company							
<i>Non-derivative financial liabilities</i>							
Trade and other payables, excluding derivatives							
	<u>1,041</u>	-	<u>1,041</u>	<u>1,041</u>	-	-	-

33.6 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.

33.6.1 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 United States Dollar ("USD"), Japanese Yen ("JPY"), Euro Dollar ("EUR"), Australian Dollar ("AUD"), Thai Baht ("THB") and Chinese Yuan ("CNY").

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.

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 In RM'000	Denominated in					
	USD	JPY	EUR	AUD	THB	CNY
2021						
Trade receivables	20,863	148	2,329	1,527	-	2
Trade payables	(3,876)	(15,206)	-	-	(7,155)	(8,865)
Forward exchange contracts	7	(71)	(1)	-	-	(18)
Net exposure	<u>16,994</u>	<u>(15,129)</u>	<u>2,328</u>	<u>1,527</u>	<u>(7,155)</u>	<u>(8,881)</u>

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.6 Market risk (cont'd)

33.6.1 Currency risk (cont'd)

Exposure to foreign currency risk (cont'd)

Group In RM'000	Denominated in					
	USD	JPY	EUR	AUD	THB	CNY
2020						
Trade receivables	9,997	61	2,271	2,990	-	16
Trade payables	(7,240)	(12,965)	(108)	(4)	(7,453)	(8,013)
Forward exchange contracts	9	(8)	(11)	(4)	-	(17)
Net exposure	2,766	(12,912)	2,152	2,982	(7,453)	(8,014)

The Group's exposure to foreign currency risk 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.

33.6.2 Interest rate risk

The Group's investments in fixed rate instruments such as deposits placed with licensed banks and its fixed rate borrowings such as unsecured foreign currency borrowings and unsecured local currency borrowings and lease liabilities are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate instruments such as investments with licensed financial institutions are exposed to a risk of change in cash flows due to changes in interest rates.

The Company's investments in fixed rate instruments such as deposits placed with licensed banks and amount due from subsidiaries are exposed to a risk of change in their fair values due to changes in interest rates. The Company's variable rate instruments 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.

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	147,446	88,468	15,163	1,005
Amount due from subsidiaries	-	-	13,250	15,589
	147,446	88,468	28,413	16,594

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.6 Market risk (cont'd)

33.6.2 Interest rate risk (cont'd)

Risk management objectives, policies and processes for managing the risk (cont'd)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial liabilities				
Unsecured foreign currency borrowings	(56,117)	(59,737)	-	-
Unsecured local currency borrowings	(23,366)	(27,854)	-	-
Lease liabilities	(19,393)	(15,612)	-	-
	(98,876)	(103,203)	-	-
Floating rate instruments				
Financial assets				
Investments with licensed financial institutions	5,332	203,552	-	15,029

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)

33. Financial instruments (cont'd)

33.7 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.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2021	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets										
Forward exchange contracts	-	35	-	35	-	-	-	-	35	35
Other investments	-	8,027	-	8,027	-	-	-	-	8,027	8,027
	-	8,062	-	8,062	-	-	-	-	8,062	8,062
Financial liabilities										
Forward exchange contracts	-	(118)	-	(118)	-	-	-	-	(118)	(118)
2020										
Financial assets										
Forward exchange contracts	-	117	-	117	-	-	-	-	117	117
Other investments	-	206,251	-	206,251	-	-	-	-	206,251	206,251
	-	206,368	-	206,368	-	-	-	-	206,368	206,368
Financial liabilities										
Forward exchange contracts	-	(148)	-	(148)	-	-	-	-	(148)	(148)
Company										
2021										
Financial assets										
Other investments	-	773	-	773	-	-	-	-	773	773
2020										
Financial assets										
Other investments	-	15,808	-	15,808	-	-	-	-	15,808	15,808

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.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

33. Financial instruments (cont'd)

33.7 Fair value information (cont'd)

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 (2020: no transfer in either directions).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

34. 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 the end of the reporting period, the Group was in net cash position as follows:

	Group	
	2021	2020
	RM'000	RM'000
Other investments (Note 11)	8,027	206,251
Cash and cash equivalents (Note 14)	298,992	203,837
Less: Loans and borrowings (Note 17)	(79,483)	(87,591)
Net cash position	227,536	322,497

There were no changes in the Group's approach to capital management during the year.

NOTES TO THE FINANCIAL STATEMENTS

(cont'd)

35. Significant events

- (i) On 18 June 2021, APM Shock Absorbers Sdn. Bhd. ("APMSA"), a wholly-owned subsidiary of the Company, entered into a Subscription and Shareholders' Agreement ("Shareholders' Agreement") with Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a 70% owned subsidiary of Tan Chong Motor Holdings Berhad ("TCMH"), TCIM Sdn. Bhd. ("TCIM"), a wholly-owned subsidiary of Warisan TC Holdings Berhad ("WTCH"), and TC Sunergy Sdn. Bhd. ("TC Sunergy"), an indirect subsidiary of TCMH, to regulate the relationship of the parties as shareholders through equity participation by TCMA, APMSA and TCIM of 51%, 40% and 9%, respectively of the issued and paid-up ordinary shares in TC Sunergy for the development, construction and commissioning of a 20MW large scale floating solar photovoltaic system on the water surface of a reservoir known as "Kawasan Kolam Takungan Air Serendah" Daerah Ulu Selangor, Selangor Darul Ehsan and a part of its surrounding area. The expected commercial operation date is by 31 December 2023 for a term of 21 years under the power purchase agreement with Tenaga Nasional Berhad.
- (ii) Following the declaration of the COVID-19 pandemic in March 2020 by the World Health Organisation and subsequent control measures undertaken by the Malaysian Government to curb and contain the spread of COVID-19, Movement Control Order ("MCO") 2.0 was enforced in Malaysia from January 2021 to March 2021 and a nation-wide MCO was re-imposed in Malaysia from June 2021 to August 2021. The automotive sector was impacted by market uncertainties brought on by the prolonged lockdown during the year which left the industry struggling in its aftermath of supply chain disruptions.

The Group and the Company had performed assessments on its operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2021.

The Group and the Company will continue to closely monitor the COVID-19 situations and take all the necessary steps to minimise the disruptions to its business operations.

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 81 to 169 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 2021 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: 8 April 2022

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Khoo Peng Peng**, the Director primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 81 to 169 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 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 8 April 2022.

.....
Khoo Peng Peng

Before me:

Ng Say Hung
No: B185
Commissioner for Oaths
Selangor Darul Ehsan.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD

(Registration No. 199701009342 (424838-D))

(Incorporated in Malaysia)

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 2021 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 81 to 169.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our 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' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current 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 18 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: <ul style="list-style-type: none"> • 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

(Registration No. 199701009342 (424838-D))

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Impairment of plant and equipment Refer to Note 3 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
<p>Plant and equipment may be overstated as impairment loss may not be adequate. The recoverable amount is dependent on the estimates and assumptions used in the cash flow projections. Due to low plant utilization and market conditions of certain countries in which the Group operates in, the carrying amounts of certain plant and equipment may be higher than their recoverable amounts. Impairment of plant and equipment is a key audit matter because of the high level of judgement required of us to evaluate the recoverable amount of the plant and equipment.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • Challenged management's assessment in identifying plant and equipment 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 the country of the affected operations; • 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 plant and equipment which the assumptions applied are particularly sensitive, uncertain or require significant judgement.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD

(Registration No. 199701009342 (424838-D))

(Incorporated in Malaysia)

Key Audit Matters (cont'd)

Cost of investments in subsidiaries Refer to Note 5 to the financial statements.	
The key audit matter	How the matter was addressed in our audit
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.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> • 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.

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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD

(Registration No. 199701009342 (424838-D))

(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements *(cont'd)*

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.

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, actions taken to eliminate threats or safeguards applied.

INDEPENDENT **AUDITORS' REPORT**

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD

(Registration No. 199701009342 (424838-D))

(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements *(cont'd)*

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.

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 31 to the financial statements.

Other Matters

We draw attention to the USD equivalent statement of financial position and statement of profit or loss and other comprehensive income on pages 82 and 85, respectively, that do not form part of the audited financial statements. We have not audited these statements and accordingly, we do not express an opinion on these statements.

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: 03175/04/2023 J
Chartered Accountant

Petaling Jaya

Date: 8 April 2022

GROUP PROPERTIES

as at 31 December 2021

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	24	2021	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	27	2021	1984
No. 23 and 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	2,358	Freehold	5,760	11	2020	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	25	2021	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	25	2021	2001
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	40,353	Leasehold/ 27.02.2076	45,769	35	2020	1977
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	20,234	Leasehold/ 19.10.2076	23,282	43	2020	1977
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory and warehouse	16,186	Leasehold/ 06.04.2079	19,709	12	2020	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	22,573	Leasehold/ 06.04.2079	22,917	10-25	2020	1996
Lot 19712 - 19717 Persiaran Raja Muda Musa 42000 Port Klang, Selangor	Vacant industrial land	1,220	Freehold	2,300	-	2020	2011
PT 9, Block C (CG05, C105, C205 and 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	7,991	8	2020	2013
PT 9, Block C (C3A05 and 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	8	2021	2013

GROUP PROPERTIES

as at 31 December 2021

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 and 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	5,673	8	2020	2013
HS(D) 45445, PT 16073 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	32,326	Freehold	34,102	13-19	2020	2002
Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse and vacant land	32,354	Freehold	29,915	12-17	2020	2002
No. 5 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory and Warehouse	16,172	Freehold	23,324	16	2020	2013
No.12 Lot 9378 Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	8,094	Freehold	8,559	22	2020	2012
Lots 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse and vacant land	39,882	Freehold	12,182	17	2020	2004
GM65, Lot 911 Padang Meha Pekan Sungai Karangan Daerah Kulim, Kedah	Factory, office, warehouse and land	35,429	Freehold	29,516	4	2020	2014
Lot No 15594, 15595 and 15596 Mukim Of Pegoh District of Alor Gajah Melaka	Vacant Land	67,098	Freehold	19,920	-	2020	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	18,424	17	2020	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	17,905	12	2020	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	13,277	-	2020	2010

GROUP PROPERTIES

as at 31 December 2021

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	1,691	4	2020	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	18,589	14	2020	2008
Suryacipta City of Industry, Jl. Surya Kencana Kav.1-MIJK Ciampel Karawang 41361 Indonesia	Factory, office and land	37,516	Leasehold/ 25.05.2025	41,448	5	2020	2012
Plot A215 Amata City Industrial Estate Rayong Province, Thailand	Vacant industrial land	56,404	Freehold	40,777	5	2020	2014
Trivium Terrace Apartments (South Tower) No. Unit TS-12A01, S620, S1709, S1810, TS-0519 and TS-12A17, TS-1101 Lippo Cilarang, Bekasi 17550	Apartments	-	Leasehold/ 11.01.2034	2,130	5	2020	2016
130 Northcorp Boulevard Broadmeadows VIC 3047 Melbourne CDB Australia	Factory, office, warehouse and land	15,000	Freehold	23,565	4	2020	2017
53 Magnesium Drive Crestmead Queensland 4132 Australia	Factory, office, warehouse and land	4,001	Freehold	8,753	3	2020	2018
Binnenhaven 125-127, 7547 BG Enschede The Netherlands	Factory, office, warehouse and land	3,412	Freehold	3,465	3	2020	2018
708 Fellowship Road Mount Laurel, NJ 08054 United States of America	Office, warehouse and land	7,446	Freehold	7,617	2	2020	2019
Industrial Park in Nyaung Inn Village Bago Township Bago Region, Myanmar	Land	121,394	Leasehold	21,150	5	2020	2016

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

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	8.654	14,075	0.007
100 - 1,000	2,852	52.291	1,164,640	0.595
1,001 - 10,000	1,613	29.574	6,151,340	3.146
10,001 - 100,000	434	7.957	12,257,650	6.270
100,001 - 9,774,714	81	1.485	102,548,169	52.455
(less than 5% of issued shares less treasury shares)				
9,774,715 and above	2	0.036	73,358,426	37.524
(5% and above of issued shares less treasury shares)				
Sub Total	5,454	100.000	195,494,300	100.000
Treasury Shares	-	-	6,105,700	-
	5,454	100.000	201,600,000	100.000

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct No. of Shares Held	% ^(*)	Indirect No. of Shares Held	% ^(*)
Employees Provident Fund Board	11,025,700	5.64	-	-
Tan Chong Consolidated Sdn. Bhd.	73,382,326	37.54	-	-
Wealthmark Holdings Sdn. Bhd.	15,260,600	7.81	-	-
Dato' Tan Heng Chew	12,026,899	6.15	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 31 March 2022

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

Name of Directors	Direct No. of Shares Held	% ^(*)	Indirect No. of Shares Held	% ^(*)
Dato' Tan Heng Chew	12,026,899	6.15	92,245,784 ⁽¹⁾	47.19
Dato' Tan Eng Hwa	207,008	0.11	7,128 ⁽²⁾	- ⁽³⁾

The other directors namely, Dato' N. Sadasivan s/o N.N. Pillay, Low Seng Chee, Lee Min On, Dato' Chan Choy Lin, Nicholas Tan Chye Seng, Khoo Peng Peng and Dato' Azmil bin Mohd Zabidi 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 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	11,025,700	5.639
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.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew	5,101,100	2.609
7.	Cartaban Nominees (Tempatan) Sdn. Bhd. ICapital.Biz Berhad	4,541,300	2.322
8.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)	4,250,000	2.173
9.	Tan Boon Pun	3,631,490	1.857
10.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew (E-KLC)	3,561,400	1.821
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
14.	Cimsec Nominees (Tempatan) Sdn. Bhd. CIMB Bank for Tan Heng Chew (PB)	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)	2,850,000	1.457

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

No.	Name	No. of Shares Held	% (*)
17.	Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB Bank for Khor Swee Wah @ Koh Bee Leng (PB)</i>	2,749,108	1.406
18.	Lim Kuan Gin	2,700,002	1.381
19.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Bank Ltd (SFS)</i>	2,214,000	1.132
20.	Tan Chong Consolidated Sdn. Bhd.	2,210,000	1.130
21.	Tan Chee Keong	2,048,885	1.048
22.	Tan Hoe Pin	2,048,885	1.048
23.	ChinChoo Investment Sdn. Berhad	1,735,300	0.887
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	1,448,900	0.741
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.	Tan Boon Pun	1,212,400	0.620
29.	HSBC Nominees (Asing) Sdn. Bhd. <i>Exempt An for Credit Suisse (SG BR-TST-TEMP)</i>	1,120,100	0.572
30.	Tan Chee Keong	1,117,041	0.571

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-Fifth Annual General Meeting (“25th AGM”) of APM AUTOMOTIVE HOLDINGS BERHAD (“Company”) will be conducted virtually 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 Wednesday, 1 June 2022 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 2021 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To re-elect the following Directors who retire and being eligible, offer themselves for re-election in accordance with Article 77 of the Company’s Constitution, as Directors of the Company:
 - (i) Khoo Peng Peng *(Ordinary Resolution 1)*
 - (ii) Dato’ Azmil bin Mohd Zabidi *(Ordinary Resolution 2)*

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) Low Seng Chee *(Ordinary Resolution 3)*
 - (ii) Nicholas Tan Chye Seng *(Ordinary Resolution 4)*
 - (iii) Dato’ Chan Choy Lin *(Ordinary Resolution 5)*

4. To approve the payment of Directors’ fees of up to RM520,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 2 June 2022 until the next Annual General Meeting of the Company. *(Ordinary Resolution 6)*

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 2 June 2022 until the next Annual General Meeting of the Company. *(Ordinary Resolution 7)*

6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 8)*

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 for 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 9)*

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

NOTICE OF ANNUAL GENERAL MEETING

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
- (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 after that date 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 10)

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 29 April 2022, provided that such arrangements and/or transactions

NOTICE OF ANNUAL GENERAL MEETING

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 after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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)

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 29 April 2022, 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 after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

NOTICE OF ANNUAL 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)

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 29 April 2022, 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 after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); 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 13)

12. To transact any other business of the Company of which due notice shall have been received.

By order of the Board
SOO SHIOW FANG (MAICSA 7044946)(SSM PC No. 201908003869)
Company Secretary

Kuala Lumpur
29 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. The 25th 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 25th 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, which requires the Chairman of the Meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to attend the 25th 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 25th 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 30 May 2022 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 25th AGM.
4. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2022 (“Record of Depositors”) shall be entitled to participate, speak (in the form of real time submission of typed texts) and vote at the meeting of the Company via RPV facilities.
5. A member shall be entitled to appoint another person to be his proxy to exercise all or any of his rights to participate, speak and vote at the meeting of the Company.
6. 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 attend 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.
7. Subject to Note 10 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.
8. Subject to Note 10 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.
9. 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.
10. 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.

NOTICE OF ANNUAL GENERAL MEETING

11. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
12. The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or any other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time appointed for the 25th AGM or not later than Monday, 30 May 2022 at 10.30 a.m.:

(a) In hard copy form

Either by hand or post to 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. +603-2783 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, Malaysia;

(b) By electronic means via TIIH Online

By electronic means to the electronic address at Tricor's TIIH Online website at <https://tiih.online>. Please refer to the Administrative Notes for the procedures and requirements relating to the submission of proxy forms; and

(c) By electronic means via email

By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 12(a) above.

13. 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 25th 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 2021

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 1 and 2 – Re-election of Directors who retire in accordance with Article 77 of the Company's Constitution

Article 77 of the Company's Constitution provides that any Director appointed by the Board shall hold office only until the next Annual General Meeting of the Company, and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at the meeting.

Ms. Khoo Peng Peng was appointed as an Executive Director of the Company on 5 January 2022, and Dato' Azmil bin Mohd Zabidi was appointed as an Independent Non-Executive Director of the Company on 1 February 2022. They are, as such subject to re-election but are eligible to stand for re-election under Article 77 of the Company's Constitution at this 25th AGM.

The Board, having assessed through the Nominating and Remuneration Committee during the process of selection, nomination and appointment, is satisfied that both Ms. Khoo Peng Peng and Dato' Azmil bin Mohd Zabidi have the character, experience, integrity, competence and time to discharge their role effectively as Directors of the Company. The Board continues to support the same justifications for the re-election of Ms. Khoo Peng Peng and Dato' Azmil bin Mohd Zabidi, who are eligible to stand for re-election, as the Directors of the Company.

NOTICE OF ANNUAL GENERAL MEETING

Further information on the details of Ms. Khoo Peng Peng and Dato' Azmil bin Mohd Zabidi can be found on the Profile of the Board of Directors of this Annual Report.

(3) Ordinary Resolutions 3, 4 and 5 – Re-election of Directors who retire in accordance with Article 98 of the Company's Constitution

Article 98 of the Company's Constitution provides that one-third of the Directors shall retire from office and be eligible for re-election provided that all Directors, including the Managing Director or an Executive Director, shall retire from office once at least in each three years, but shall be eligible for re-election.

Mr. Low Seng Chee, Mr. Nicholas Tan Chye Seng and Dato' Chan Choy Lin are subject to retire at this 25th AGM but are eligible to stand for re-election under Article 98 of the Company's Constitution.

The Board, based on the annual assessment and evaluation conducted by the Nominating and Remuneration Committee for the financial year ended 31 December 2021, recommends or support the above retiring Directors to be re-elected based on the following key justifications:

- (i) The individual Directors met the performance criteria required, in particular the character, skills, experience, integrity and competence, in achieving a highly efficient Board;
- (ii) The individual Directors continue demonstrating commitment of time and to act in the best interests and long-term success of the Company; and
- (iii) There are no interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, the capacity of these individual Directors to bring an independent or informed judgement, as the case may be, to bear on issues before the Board and to act in the best interest of the Company as a whole.

Further information on the details of Mr. Low Seng Chee, Mr. Nicholas Tan Chye Seng and Dato' Chan Choy Lin can be found on the Profile of the Board of Directors of this Annual Report.

(4) Ordinary Resolutions 6 and 7 – 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 to the Independent Non-Executive Directors. The Executive Directors do not receive any fees and benefits as Directors but they are remunerated with salaries, 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 RM520,000 for the payment of Directors' fees to the Independent Non-Executive Directors of the Company during the course of the period from 2 June 2022 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 2 June 2022 until the next Annual General Meeting of the Company.

(5) Ordinary Resolution 9 – Continuing in Office as Independent Non-Executive Director

At the 24th Annual General Meeting held on 3 June 2021, shareholders' approval was obtained for 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 acting as an Independent Non-Executive Director of the Company.

Following an assessment and recommendation by the Nominating and Remuneration Committee, the Board recommends that Dato' N. Sadasivan s/o N.N. Pillay to continue to be designated as an Independent Non-Executive Director of the Company based on the following key justifications:

NOTICE OF ANNUAL GENERAL MEETING

- (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;
- (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 input and a diverse set of expertise, skills and competence;
- (c) his long service with the Company enhances his knowledge and has helped him to develop valuable insights of the business operations of the Group, which enable him to contribute actively and effectively during deliberations at the Board and Board Committee meetings; and
- (d) he has devoted sufficient time, based on his perfect attendance at Board and Board Committee meetings, and exercised due care as an Independent Director of the Company and carried out his duty in the interest of the Company, its shareholders as well as other stakeholders.

Shareholders' approval will be sought for Dato' N. Sadasivan s/o N.N. Pillay to continue acting as an Independent Non-Executive Director of the Company at this 25th AGM.

(6) Ordinary Resolution 10 – Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares

The proposed Ordinary Resolution 10, 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 10 is set out in Part A of the Statement/Circular to Shareholders dated 29 April 2022, uploaded onto the Company's website at www.apm.com.my.

(7) Ordinary Resolutions 11, 12 and 13 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Ordinary Resolutions 11, 12 and 13, 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 11, 12 and 13 are set out in Part B of the Statement/Circular to Shareholders dated 29 April 2022, uploaded onto the Company's website at www.apm.com.my.

NOTICE OF ANNUAL GENERAL MEETING

Personal Data Privacy

By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents and/or other documents appointing representative(s) to attend, participate, speak and vote at the 25th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual'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, attorneys and representatives appointed for the 25th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 25th 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 any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(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), attorney(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), attorney(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.

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-Fifth Annual General Meeting ("25th AGM") of the Company to be conducted virtually 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 Wednesday, 1 June 2022 at 10.30 a.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Re-election of Khoo Peng Peng as Director		
Ordinary Resolution 2	Re-election of Dato' Azmil bin Mohd Zabidi as Director		
Ordinary Resolution 3	Re-election of Low Seng Chee as Director		
Ordinary Resolution 4	Re-election of Nicholas Tan Chye Seng as Director		
Ordinary Resolution 5	Re-election of Dato' Chan Choy Lin as Director		
Ordinary Resolution 6	Payment of Directors' Fees		
Ordinary Resolution 7	Payment of Directors' Benefits		
Ordinary Resolution 8	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 9	Continuing in Office for Dato' N. Sadasivan s/o N.N. Pillay as Independent Non-Executive Director		
Ordinary Resolution 10	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Ordinary Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Ordinary Resolution 12	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its subsidiaries		
Ordinary Resolution 13	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 of Member(s)/ Attorney of Member	For the appointment of two proxies, percentage of shareholdings to be represented by each proxy: <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;"></td> <td style="text-align: center;">Number of shares</td> <td style="text-align: right;">%</td> </tr> <tr> <td>Proxy 1 _____</td> <td></td> <td></td> </tr> <tr> <td>Proxy 2 _____</td> <td></td> <td></td> </tr> <tr> <td>Total _____</td> <td></td> <td style="text-align: right;">100%</td> </tr> </table>		Number of shares	%	Proxy 1 _____			Proxy 2 _____			Total _____		100%
	Number of shares	%											
Proxy 1 _____													
Proxy 2 _____													
Total _____		100%											
_____ Common Seal of Member, if applicable (if the appointer is a corporation) Date:													

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Notes:

1. The 25th 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 TIH Online website at <https://tjih.online>. Please follow the procedures provided in the Administrative Notes for the 25th 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, 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 25th 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 25th AGM via Tricor's TIH Online website at <https://tjih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than 30 May 2022 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 25th AGM.
4. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2022 ("Record of Depositors") shall be entitled to participate, speak (in the form of real time submission of typed texts) and vote at the meeting of the Company via RPV facilities.
5. A member shall be entitled to appoint another person to be his proxy to exercise all or any of his rights to participate, speak and vote at the meeting of the Company.
6. 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 attend 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.
7. Subject to Note 10 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.
8. Subject to Note 10 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.
9. 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.
10. 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.

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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

Then fold here

11. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
12. The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or any other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time appointed for the 25th AGM or not later than Monday, 30 May 2022 at 10.30 a.m.:
 - (a) In hard copy form**
Either by hand or post to 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. +603-2783 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, Malaysia;
 - (b) By electronic means via TIH Online**
By electronic means to the electronic address at Tricor's TIH Online website at <https://tjih.online>. Please refer to the Administrative Notes for the procedures and requirements relating to the submission of proxy forms; and
 - (c) By electronic means via email**
By electronic mail (email) to Tricor's email address at js.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 12(a) above.
13. 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 25th AGM will be put to vote by poll.

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By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents and/or other documents appointing representative(s) to attend, participate, speak and vote at the 25th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual'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, attorneys and representatives appointed for the 25th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 25th 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 any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(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), attorney(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), attorney(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
29 April 2022

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:

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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 menghadiri 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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29 April 2022



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