



**APM AUTOMOTIVE HOLDINGS BERHAD**

Registration No. 199701009342 (424838-D)

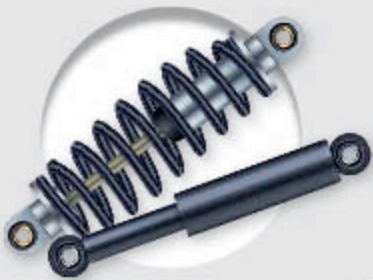
**FORGING 360°:  
PASSION  
FOR THE BEST**

**ANNUAL REPORT 2022**



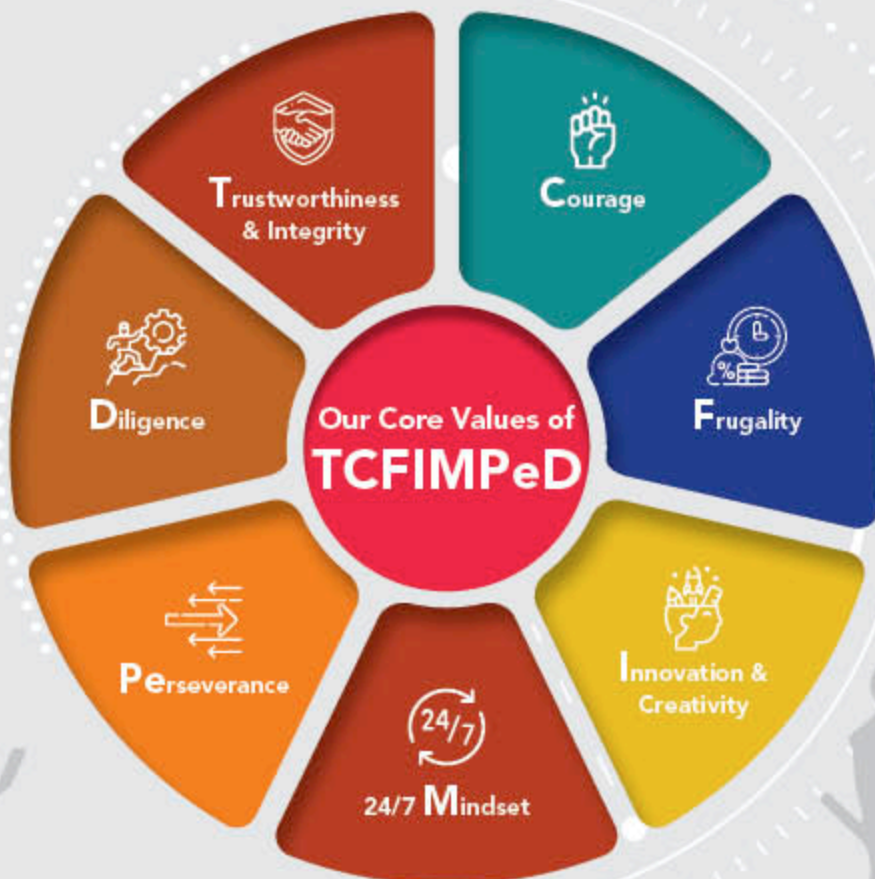
## OUR VISION

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.



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#### CORPORATE WEBSITE

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#### ANNUAL REPORTS

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## CORPORATE INFORMATION



### DIRECTORS

**Dato' Tan Heng Chew**  
President

**Dato' Tan Eng Hwa**  
Chief Executive Officer

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

**Low Seng Chee**  
Non-Independent  
Non-Executive Director

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

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

**Lee Min On**  
Senior Independent  
Non-Executive Director

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

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

### 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

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

### COMPANY SECRETARY

**Soo Shiew 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](http://www.apm.com.my)

## BUSINESS DIVISIONS

1

### SUSPENSION DIVISION

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

2

### 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

3

### 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

4

### MARKETING DIVISION

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

5

### INDONESIA DIVISION

- Indonesia operations
- Joint ventures
- Associate

6

### ALL OTHER SEGMENTS

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

7

### NON-REPORTABLE SEGMENT, MALAYSIA

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



## RECOGNITION & ACHIEVEMENT



### 1 PEMBANGUNAN MODUL OSH LEADERSHIP UNTUK PENGURUSAN TERTINGGI TAHUN 2022

By Department of Occupational Safety and Health



### 3 APPRECIATION AWARD 2022

By Proton



### 5 BEST QUALITY AWARD – FINALIST

By Proton



### 2 PROGRAM SOLVE 4 SME SERTA PROGRAM KESELAMATAN DAN KESEHATAN PEKERJAAN ANJURAN SEKSYEN IKS JKKP SELANGOR

By Department of Occupational Safety and Health



### 4 PROTON TOP FOCUS SUPPLIERS IMPROVEMENT PROGRAMME 2022

By Proton



### 6 SPECIAL APPRECIATION AWARD 2022

By Perodua

## PROFILE OF THE BOARD OF DIRECTORS

### DATO' TAN HENG CHEW

JP, DJMK  
President

Age  
**76**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

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

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

Dato' Tan attended all the six (6) Board Meetings held in 2022.

### DATO' TAN ENG HWA

DIMP  
Chief Executive Officer

Age  
**68**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

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

Dato' Robert Tan attended all the six (6) Board Meetings held in 2022.

## PROFILE OF THE BOARD OF DIRECTORS

### KHOO PENG PENG

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

Age  
**48**

Gender  
**Female**

Nationality  
**Malaysian**

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

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

She has more than 20 years of working experience in the areas of finance, accounting, corporate finance, auditing

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

Ms. Khoo attended all the six (6) Board Meetings held in 2022 upon her appointment to the Board on 5 January 2022.

### LEE MIN ON

*Senior Independent Non-Executive Director*

Age  
**63**

Gender  
**Male**

Nationality  
**Malaysian**

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

Mr. Lee is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”), a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a 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” 1<sup>st</sup> and 2<sup>nd</sup> 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.

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 five (5) out of six (6) Board Meetings held in 2022.



## PROFILE OF THE BOARD OF DIRECTORS

### DATO' CHAN CHOY LIN

DIMP

Independent Non-Executive Director

Age  
**65**

Gender  
**Female**

Nationality  
**Malaysian**

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

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

Dato' Chan has more than 30 years' experience with public listed companies engaged in the businesses of banking and insurance, automotive manufacturing and distribution, trading and services, property development

and construction, plantation, hospitality and education. Dato' Chan's senior management experience covers the areas of mergers, acquisitions and divestments, finance and treasury, corporate secretarial and legal, including corporate governance, risk management, internal controls and corporate social responsibilities. Over the years, Dato' Chan has held several key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of a public listed conglomerate.

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

Dato' Chan attended all the six (6) Board Meetings held in 2022.

### DATO' AZMIL BIN MOHD ZABIDI

DIMP, PCM, BCM

Independent Non-Executive Director

Age  
**61**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

Dato' Azmil started his government service as an Administrative and Diplomatic Officer in 1991, joining Ministry of Foreign Affairs in 1992. He previously served as Assistant Secretary (Southeast Asia I) from 1993 until 1995 before serving as Second Secretary at the Embassy of Malaysia to Belgium, Luxemburg and the European Union from 1995 until 1998 and as First Secretary at the High Commission of Malaysia in New Zealand. He later returned to serve as Senior Assistant Secretary from 1999 until 2001, and as Principal Assistant Secretary from 2001 until 2003,

both at the Regional Economic, Social and Cultural Affairs unit of the foreign ministry.

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

He is a Director of Kanger International Berhad.

Dato' Azmil attended all the five (5) Board Meetings held in 2022 upon his appointment to the Board on 1 February 2022.

## PROFILE OF THE BOARD OF DIRECTORS

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

DPMP, JSM, KMN

Non-Independent Non-Executive Director

Age  
**83**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

in 1968. He was with MIDA for a total of 27 years and became its Director-General in 1984. He retired from MIDA in 1995. Dato' N. Sadasivan was formerly a Director of Bank Negara Malaysia.

Dato' N. Sadasivan attended all the six (6) Board Meetings held in 2022.

### LOW SENG CHEE

Non-Independent Non-Executive Director

Age  
**63**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

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

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

Mr. Low attended all the six (6) Board Meetings held in 2022.

## PROFILE OF THE BOARD OF DIRECTORS

### NICHOLAS TAN CHYE SENG

*Non-Independent Non-Executive Director*

Age  
**49**

Gender  
**Male**

Nationality  
**Malaysian**

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

Mr. Nicholas Tan graduated from Boston University School of Management, the United States of America (USA) with a Bachelor of Science degree. He joined Tan Chong Motor Holdings Berhad ("TCMH") in 2008 and headed the Corporate Planning and Strategic Investments Division. Today, he is the Executive Vice President of Finance Services and developed the supporting 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 in 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, Yinson GreenTech, Gentari (formely known as Petronas Gas & New Energy) and public transport operators.

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

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

Mr. Nicholas Tan attended all the six (6) Board Meetings held in 2022.

#### 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, DATO' TAN ENG HWA – CHIEF EXECUTIVE OFFICER, MS. KHOO PENG PENG – EXECUTIVE VICE PRESIDENT - FINANCE AND CORPORATE/ CHIEF FINANCIAL OFFICER, WHOSE PROFILES ARE INCLUDED IN THE PROFILE OF BOARD OF DIRECTORS ON PAGES 5 TO 6 IN THE 2022 ANNUAL REPORT, AND THE FOLLOWING SENIOR MANAGEMENT PERSONNEL:

### SIEW CHEE KOK

*Head of Group Operations*

Age  
**54**

Gender  
**Male**

Nationality  
**Malaysian**

**Mr. Siew Chee Kok**, joined APM Group in August 2022 as the Head of Group Operations where he manages and oversees all operational matters for APM Group in Malaysia.

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

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

### KHO KIAT SENG

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

Age  
**65**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

He has more than 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 and Plastics Division for APM Group since 2014 until his secondment to FSM in 2021 as its Vice President.

## PROFILE OF KEY SENIOR MANAGEMENT

### CHU SHU LIP

*Head of Group OEM*

Age  
**55**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

### LEE WING HONG

*Head of Interior and Plastics Division*

Age  
**47**

Gender  
**Male**

Nationality  
**Malaysian**

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

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 manufacture seat, plastic and automotive components.

### NG BOON HOOI

*Head of Suspension Division*

Age  
**60**

Gender  
**Male**

Nationality  
**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 the Head of Subsidiary has enabled him to accumulate vast and valuable experiences in the manufacturing and assembly of leaf springs, coil springs, shock absorbers and car seat products.

## PROFILE OF KEY SENIOR MANAGEMENT

### CHYE MUN HENG

*Head of Electrical and Heat Exchange Division*

Age  
**59**

Gender  
**Male**

Nationality  
**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 and In-vehicle Infotainment systems.

### NG KOK BOON

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

Age  
**54**

Gender  
**Male**

Nationality  
**Malaysian**

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

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 Group, he worked in a steel manufacturing company as well as in a transport and forwarding company.

### DAVID HASWELL BROWN

*General Manager  
– Overseas Marketing and Business Development*

Age  
**49**

Gender  
**Male**

Nationality  
**British**

**Mr. David Haswell Brown**, joined APM Group in July 2013 as General Manager for Overseas Marketing and 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 25 years. He was formerly the Regional Director for Asia Pacific of a major European Original Equipment Automotive component manufacturer. His experiences include automotive aftermarket sales and business development, strategic planning and marketing strategy management, original equipment sales and motorsports.

## PROFILE OF KEY SENIOR MANAGEMENT

### CHIN SZE CHEON

*Country Head, Indonesia*

Age  
**49**

Gender  
**Male**

Nationality  
**Malaysian**

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

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

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

### LING I YENG

*General Manager – Engineering and Research Division*

Age  
**57**

Gender  
**Male**

Nationality  
**Malaysian**

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

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:

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,

WHEN 2022 ARRIVED, MANY HELD TO THE BELIEF THAT IT WAS TO BE THE YEAR WHEN WE FINALLY GOT TO BREAK FREE FROM THE CHAOS AND DEVASTATING CLUTCHES OF A PANDEMIC THAT NOT ONLY SHOOK THE WORLD, BUT ALMOST BROUGHT IT DOWN TO ITS KNEES.

UNFORTUNATELY, HOPE FOR A SMOOTH PASSAGE BEGAN TO DWINDLE AS ACUTE LABOUR SHORTAGES SURFACED WHILST SUPPLY CHAIN DISRUPTIONS CONTINUED TO PLAGUE BUSINESSES.

DESPITE TRANSITIONING INTO THE ENDEMIC PHASE, THE OUTLOOK FOR MANY SEEMED DIRE AND OMINOUS AS SURGING INFLATION AND EMERGENCE OF THE TRAGIC CONFLICT IN UKRAINE SOON FOLLOWED.



Increase 42.1%  
from FY2021,  
RM1,224.1 million



Increase 216.4%  
from FY2021,  
RM17.1 million

The automotive sector in Malaysia, however, thrived despite undergoing two consecutive years of declining sales. According to an online report in the New Straits Times, 2022 was a record-breaking year for the automotive industry in Malaysia where it went into top gear and rebounded. The Malaysian Automotive Association ("MAA") in its press release announced that the Total Industry Volume ("TIV") for vehicles in Malaysia in 2022 turned around and breached the 700,000 mark for the very first time at 720,658 units.

For APM and despite the challenges, the year began with much optimism, as we rallied to clear backlog from the previous year to meet overwhelming demand from our Original Equipment Manufacturer ("OEM") customers by maximising our production capacity where some of our plants in Malaysia ran continuously at full capacity for protracted periods.

Against such operating environment and on behalf of the Board of Directors of APM Automotive Holdings Berhad (the "Company") and its subsidiaries (the "Group"), I wish to take this opportunity to present the Company's Annual Report for the financial year ended 31 December 2022.

### FINANCIAL PERFORMANCE OF THE GROUP IN BRIEF

The Group's financial standing remains healthy and robust where for the financial year ended 31 December 2022, the Group's revenue increased exponentially by RM515.1 million or 42.1% to a record high of RM1,739.2 million.

Our Marketing Division performed well beyond expectation and generated an impressive revenue growth of 33.4% from RM223.2 million in 2021 to RM297.8 million during the year, supported by higher demand for exports (especially from America and Australia) and local Replacement Equipment Manufacturer ("REM"). In addition to the above, revenue from our operations in Indonesia also surged to RM104.9 million in 2022, buoyed by higher demand for suspension parts from all market sectors such as exports, the Indonesian OEM and REM.

Accordingly, although dampened by higher material prices as well as increased logistics and staff cost (due to the increase of minimum wage from RM1,200 to RM1,500 effective 1 May 2022), the Group's Profit before Tax ("PBT") rose to RM54.1 million from



## PRESIDENT'S STATEMENT

RM17.1 million in 2021 with higher share of profits from our joint ventures in Indonesia, which contributed significantly towards such improved profitability. Further details of the Group's financial performance can be found in the Management Discussion and Analysis section of this Annual Report.

### DIVIDEND

Dividend payment is often defined as the distribution of corporate profits by a corporation to its shareholders, based upon the number of shares they hold. We believe investors often view consistent dividends as a sign of a company's strength and that the company's management has positive expectations around future earnings growth.

For us, dividend payments not only allow us to share our profits with our shareholders but also accord us with a unique opportunity to thank our shareholders for their faith in us and for their enduring support where we hope such payment will incentivise them to continue holding our stocks.

Accordingly, the Board declared and approved two tranches of interim dividends amounting to 14 sen per ordinary share for the financial year ended 31 December 2022 (2021: 7 sen per ordinary share). The first interim dividend of 7 sen per ordinary share was paid on 21 December 2022, whereas the second interim dividend of 7 sen per ordinary share to be paid on 10 May 2023.

The approved dividends will result in a total dividend payment of RM27.4 million and is declared out of retained profits as the return attributable to the owners of the Company for the financial year ended 31 December 2022 was at RM26.4 million.

### AWARDS, ACCOLADES AND ACHIEVEMENTS

Awards and accolades vastly inspire those who receive them. Apart from being just mementos and symbols of achievement and appreciation, they can also motivate the recipient's belief and performance. They stand as proof of how dedicated and sincere recipients had been in the task assigned to them. Awards do not only acknowledge success; they recognise many other qualities including ability, struggle, effort and, above all, excellence.

Most parts of the year were spent meeting the pent-up demands of the previous year from our OEM customers following the easing of COVID-19 restrictions and the nation's transition into the endemic phase. Nonetheless, I am proud to announce that the Group still managed to garner several awards and accolades, including the Best Quality Award from Proton, the Special Appreciation Award from Perodua and the Safety and Health Leadership Award from the Department of Occupational Safety and Health.

These awards and accolades clearly underscore our commitment towards quality, safety and excellence. Rest assured that we will continue with our efforts to better ourselves in delivering outstanding performance, products and services.

### ENHANCING SHAREHOLDERS' VALUE

Many describe shareholders' value as a reward for possessing shares of a company. It is indeed the value delivered by the Company to the shareholder. Increasing shareholders' value therefore is of prime importance for us and we strive to do so by having the interests of shareholders in mind while making decisions, as we believe the higher the shareholders' value, the better it is for the company and its Management.

Therefore, we are constantly in search for new business opportunities as we strive towards maximising profitability through creating new revenue streams, optimising fixed cost utilisation through consolidation and rationalisation, dispensation of superfluous equipment, reallocation of personnel, restructuring of sales strategies, decreasing unit cost and providing for consistent dividend pay-outs, whenever possible but without sacrificing sustainability and our integrity and principles.



The Company's 25<sup>th</sup> Annual General Meeting held at the broadcast venue on 1 June 2022

## PRESIDENT'S STATEMENT

### CORPORATE GOVERNANCE

We see corporate governance as akin to a plethora of processes, frameworks, methodologies and structures that are used to direct and manage businesses and affairs of a company with the aim of promoting prosperity and corporate accountability with the ultimate objective of realising long-term shareholder value taking into consideration the interests of other stakeholders.

As a socially responsible corporate citizen, we remain committed to adopt high standards of corporate governance. Our risk management framework is not only robust in managing the vagaries of business risks but has been tested in the midst of a very challenging operating environment. Our internal control measures are designed to boost investor confidence, enhance our profile, ensure sustainable growth and create long-term shareholder value.

### BIG DATA AND INDUSTRY 4.0

The term 'big data' has become more than a catchphrase or buzzword in recent times – and for good reason. By leveraging on the potential wealth of digital insights available at one's fingertips and embracing the power of business intelligence, informed and data driven decisions (like those that will lead to commercial growth, evolution, and a healthier bottom line) can be made with confidence and at lightning speed.

With proper digitization, making data driven decisions will become a norm where efficiency and productivity can be improved, lower operational costs will no longer be an aspiration but a reality, customer experience will be improved, transparency enhanced, competitive edge boosted and decision making process quickened.

While we recognise the importance and need for digitization and data driven decisions, we also acknowledge that



Rome was not built in a day. Thus, we are looking into the automation of our operations gradually.

An example of this can be seen in our recently installed and commissioned automated seat production line.

This line is one of the first in Malaysia to have an automatic seat production process where seat frame welding lines and seat track assembly are carried out by robots.

It features amongst others: Material Handling Seat Frame Robot Welding that comes with Automated Part Pick &

Place, integrated with welding process; Automated Material Transferring Process to transfer sub-welding items to the welding assembly line; Automated Racking and Storage System which can scan, transfer, store and order customer seats automatically; and Seat Track Automatic Assembly Machine with automated part assembly involving 13 processes in one machine.

With this new line, error and manpower utilisation are significantly reduced. This plant is now capable of consistently achieving quicker and higher volume of production without any compromise on quality and finishing.



## PRESIDENT'S STATEMENT

### SUSTAINABILITY

Economic, environmental and social considerations as well as governance essentially drove our Sustainability Statement for last year. This year and in line with the Malaysian Code on Corporate Governance 2021 Edition issued by the Securities Commission Malaysia on 28 April 2021, our Sustainability Statement represents a continuance of the above.

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 2023

<sup>2</sup>In line with MAA's expectations for 2023, we envisage Malaysia's TIV to moderate going into 2023 following what was believed to be a record-breaking year in TIV performance in 2022 in the absence of the sales and service tax ("SST") exemption, surging inflation and anticipated global recession which could all weigh against car sales and earnings.

Russia's sustained invasion of Ukraine, soaring energy prices, rising interest rates, and the cost of living crisis, have all contributed to a market environment that is similar to the great inflation of the 1970s. Hence, for us, 2023 would be a year for reflection, consolidation and recasting of strategies as the world looks to free itself from a debilitating pandemic, global economic slowdown and geopolitical instability.

### GOING FORWARD

The Malaysian Electric Vehicle ("EV") market is currently in its infancy but growth is expected to be rapid in the months ahead seeing that <sup>3</sup>Malaysia aims to grow the electric vehicle market share to 38% by 2040 through the Low Carbon Nation Aspiration (Aspirasi

Rendah Karbon) 2040, which is part of the National Energy Policy 2022-2040 (Dasar Tenaga Negara, or DTN).

According to a <sup>4</sup>Star online report, Malaysia Automotive, Robotics and IoT Institute ("MARII") chairman Datuk Phang Ah Tong noted that there are huge opportunities for Malaysia to tap into the EV eco-system. He said, *"With EVs having a lot of electronic components and with Malaysia already having a solid semiconductor base, it is a shoo-in for the country to play into the space. It is best for Malaysian companies to aim to support EV development such as providing components, rather than to try and make and build our own EVs,"* he tells StarBizWeek.

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

### ACKNOWLEDGEMENTS

Following his retirement from the Board last year, 2022 also saw the retirement of Mr. Siow Tiang Sae as the Group's Chief Business Development Officer. In addition, I wish to announce the retirement of Mr. Low Seng Chee, who has relinquished his role as the Group Chief Executive Officer and Executive Director effective 1 April 2023. Moving forward and due to Mr. Low Seng Chee's vast experience in the automotive industry, he will continue to serve on the Board as a Non-Executive Non-Independent Director.

In light of the above, I would like to take this opportunity to express my sincere gratitude to both Mr. Low Seng Chee and Mr. Siow Tiang Sae for their immeasurable contributions to the Group, and wish them all the best in all their future undertakings.

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 concluding, I express my sincere gratitude to my fellow Board members for their valuable advice and guidance in shaping the Group's strategies as we move forward.

On behalf of the Board,

### DATO' TAN HENG CHEW

President

<sup>1</sup> <https://www.nst.com.my/news-cars-bikes-trucks/2023/01/871544/2022-record-breaking-year-automotive-industry>

<sup>2</sup> <https://www.thestar.com.my/business/business-news/2022/12/21/cautious-outlook-for-automotive-sector>

<sup>3</sup> <https://paultan.org/2022/09/20/malaysia-aims-to-grow-ev-market-share-to-38-thru-national-energy-policy-2022-2040-fr-under-1-in-2018/>

<sup>4</sup> <https://www.thestar.com.my/business/business-news/2022/11/05/jumping-on-the-ev-bandwagon>

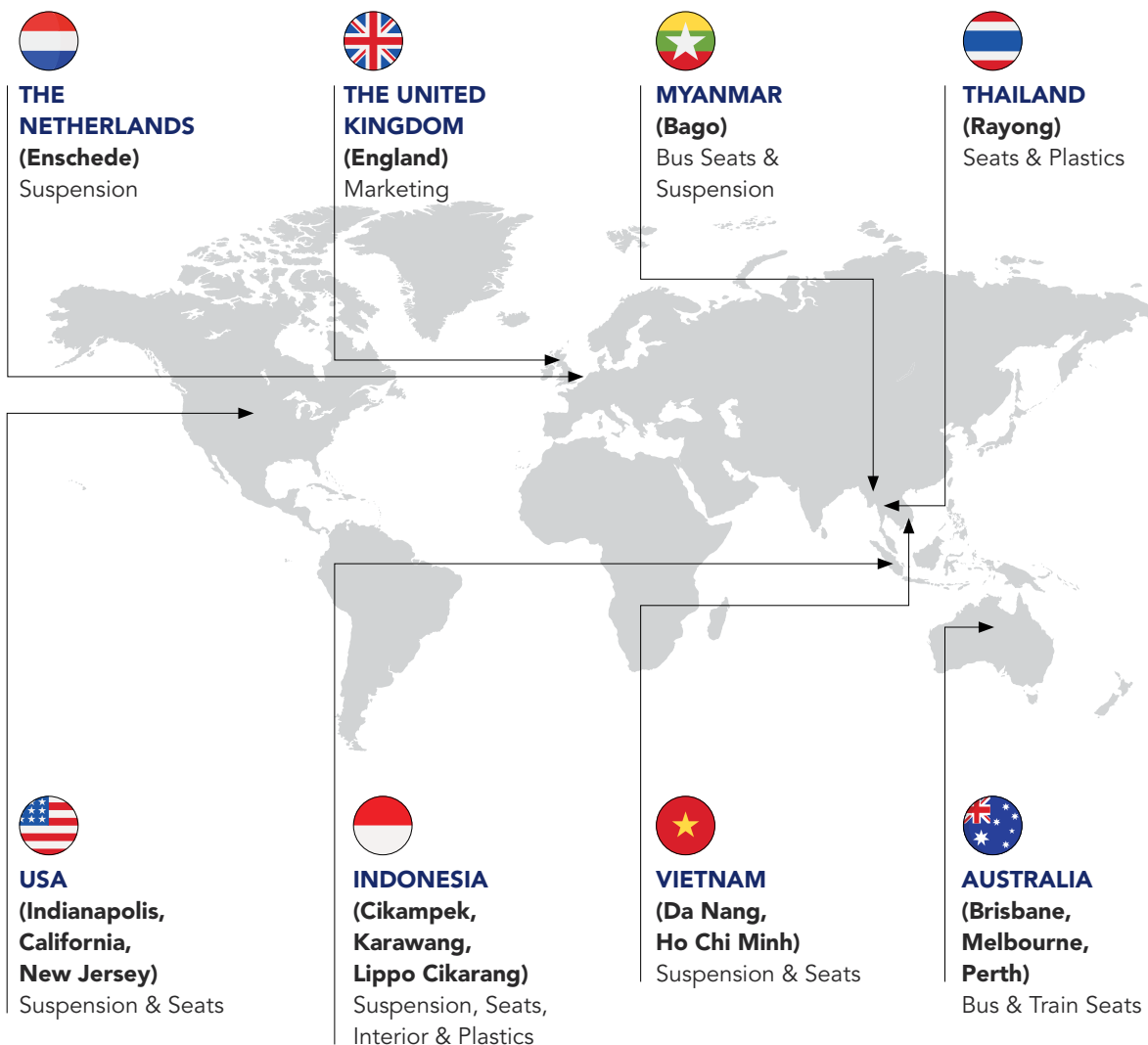
## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW Business and Operation

Although established in 1971 as a manufacturer of automotive parts and components, the Group's operations only began in 1978 as a small-scale local leaf spring and shock absorber manufacturer with a workforce of 180 (as at June 1980). Evolving into an investment holding company that operates through its subsidiaries, APM Automotive Holdings Berhad (the "Group", "our" or "we") was listed on the Main Board of Bursa Malaysia (previously known as the Kuala Lumpur Stock Exchange or KLSE) in 1999.

The Group designs, assembles, manufactures and distributes automotive and locomotive parts and components such as vehicle seat systems, air-conditioners, electrical components, coil springs, metal component parts, PVC body side moulding, shock absorbers, tapered leaf springs, vehicle interior linings, radiators, and other automotive parts through its subsidiaries and associates. It has a workforce of approximately 3,900, thus, making it one of Malaysia's largest suppliers of automotive parts and components with presence in the United States of America ("USA"), Australia, the Netherlands, the United Kingdom, the Republic of Indonesia, Vietnam, Myanmar and Thailand.

APM's business is driven by 5 of its business divisions, namely Suspension, Electrical and Heat Exchange, Interior and Plastics, Marketing and Indonesia with support emanating from the Non-Reportable Segment and Other Segments. Details of these divisions and segments are stipulated in the section on Business Divisions of this Annual Report.



## MANAGEMENT DISCUSSION AND ANALYSIS

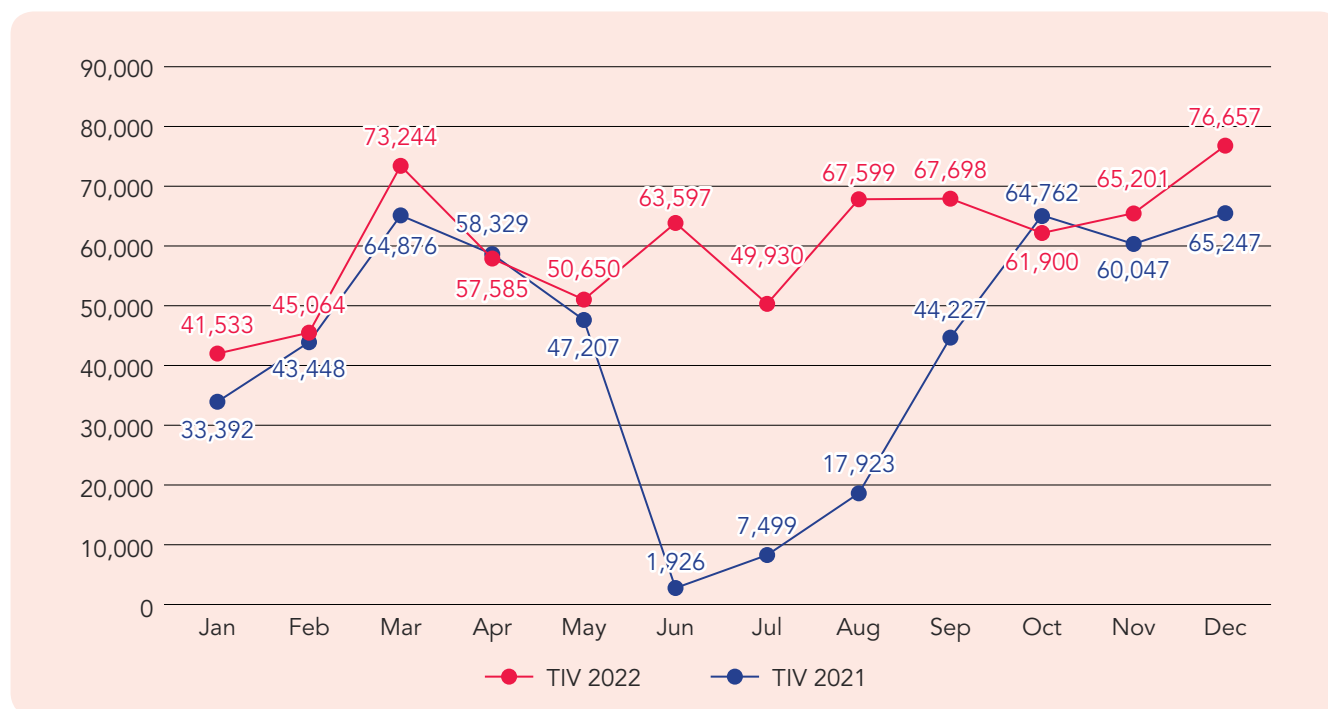
### GROUP FINANCIAL PERFORMANCE REVIEW

Following two consecutive years of uncertainty and decline in sales due to the devastation caused by the COVID-19 pandemic, followed by an acute shortage of labour, supply chain discrepancies and the tragic invasion of the Ukraine by Russia amidst surging inflation, the automotive sector in Malaysia defied the odds and rebounded in 2022 with uncompromising tenacity.

Based on the data obtained from the Malaysian Automotive Association (“MAA”), the Total Industry Volume (“TIV”) for commercial and passenger vehicles in Malaysia for the year surpassed 700,000 units to a record high of 720,658 units for the first time.

Market Segment	2022	2021	Variance	
			Units	%
Passenger Vehicles	641,773	452,486	189,287	41.8
Commercial Vehicles	78,885	56,397	22,488	39.9
Total Vehicles	720,658	508,883	211,775	41.6

Source: MAA



Source: MAA

MAA calls it a “historic all time high record” which they believe can be attributed to pent-up demand for new vehicles, especially during the first half of 2022; the decision of the authorities to allow for vehicle buyers with confirmed booking (with sales tax exemption and submitted before 30 June 2022) to register their new passenger vehicles by 31 March 2023; and partially due to the low base effect, i.e., low TIV in the first half of 2021 due to the implementation of Full Movement Control Order (“FMCO”) in June 2021.

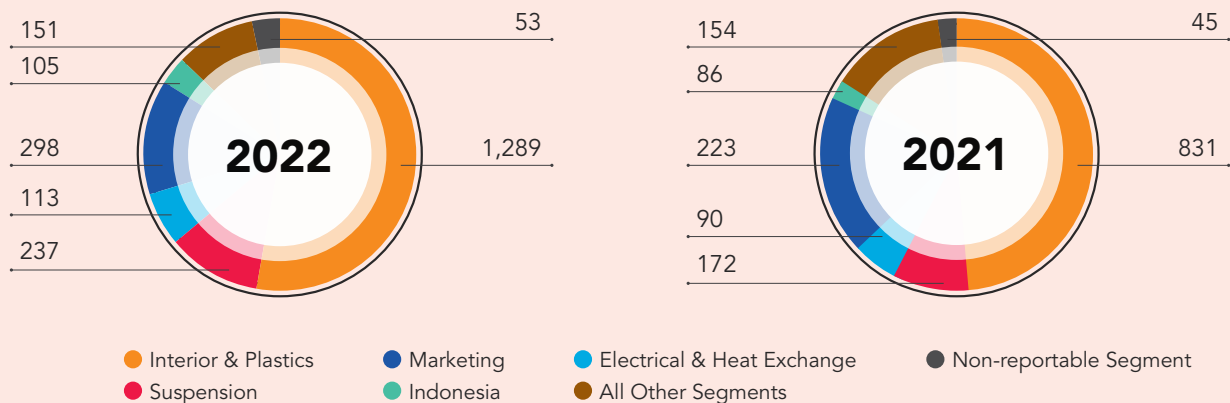
The high volume of sales benefitted the Group as its revenue soared to a record RM1.7 billion despite its bottom line being negatively impacted by elevated inflation rate, escalating costs, hikes in material prices (especially in relation to the cost of steel and natural gas) and higher wages (due to the increase of minimum wages in Malaysia from RM1,200 to RM1,500 effective 1 May 2022).

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 in this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL HIGHLIGHTS AND INSIGHTS

#### REVENUE BY SEGMENT (RM'MIL)



#### PROFIT BEFORE TAX (RM'MIL)



- ✓ For the financial year ended 31 December 2022, the Group's revenue experienced significant growth of RM515.1 million or 42.1% to a record high of RM1,739.2 million, compared to the preceding year of RM1,224.1 million. Led by its Interior and Plastics Division (which benefitted from the increased off-take from Original Equipment Manufacturer ("OEM") customers, coupled with new parts secured during the year), a significant part of this growth can be attributed to the notable accomplishments of the Group's Business Divisions (with the exception of the Other Segment) when operations of the Group's plants in Malaysia were suspended due to the government's imposition of the FMCO, which took place from 1 June to 15 August 2021.
- ✓ The Marketing Division also generated an impressive growth in revenue of 33.4% from RM223.2 million in 2021 to RM297.8 million during the year, supported by higher demand for exports (especially from America and Australia) and the local replacement market or Replacement Equipment Manufacturer ("REM").
- ✓ Revenue from the Group's Indonesia Division surged to RM104.9 million in 2022, buoyed by higher demand for suspension parts from all market segments, including exports as well as Indonesian OEM and REM.
- ✓ In line with the increase in revenue and augmented by higher share of profits from joint ventures in Indonesia, the Group's Profit Before Tax ("PBT") doubled to register at RM54.1 million, compared to RM17.1 million a year ago.
- ✓ Higher material prices, logistic costs and staff expenses (especially due the increase in minimum wages with effect from 1 May 2022) blunted the profitability of the Group for both domestic and overseas operations.

## MANAGEMENT DISCUSSION AND ANALYSIS

### STATEMENT OF FINANCIAL POSITION

The Group's financial stability for the year under review remained healthy and robust despite a drop in its net assets per share of RM6.59, compared to RM6.62 in 2021. The decline was largely brought about by the disbursement of shareholders' dividend amounting to RM27.4 million during the year, coupled with unfavourable foreign currency exchange rates that hampered the Group's operations in Indonesia.

Non-current assets decreased marginally by 0.2% or RM1.8 million despite RM60.2 million recorded for depreciation of property, plant, equipment and right-of-use assets for the year. This was mainly due to the increase of investment in one of the Group's joint ventures in Indonesia and backed by higher profits of RM8.1 million and RM10.1 million respectively from its joint ventures in Vietnam and Indonesia.

As of 31 December 2022, the current assets and current liabilities of the Group increased by 11.3% and 18.2% to RM1,083.6 million and RM439.9 million respectively, driven by an increase in trade and other receivables (due to higher sales in the fourth quarter of 2022), and cash and cash equivalents. On 15 August 2022, the Group successfully completed the issuance of RM50.0 million in nominal value of Islamic Medium Term Notes ("IMTN") under IMTN Programme with 3-year fixed tenure, resulting in the increase in cash and cash equivalents. The stock piling of materials in anticipation of higher sales in the first quarter of 2023 resulted in an increase in trade and other payables.

The Group's financial position remained stable with a current ratio of 2.5 times (Current Ratio = Current Assets / Current Liabilities) and net cash position (i.e., cash and cash equivalents plus other investments and deducting bank borrowings) of RM231.2 million.

Non-current liabilities increased by 45.5% or RM51.2 million predominantly due to issuance of IMTN as explained earlier.

### CAPITAL EXPENDITURE AND CASH FLOW POSITION

Cash generated by the Group from operating activities amounted to RM105.5 million as opposed to cash utilisation of RM25.2 million for operating activities last year. The primary drivers of such positive cash flows are as follows:

- i) Higher pre-tax profits generated by the Group at RM54.1 million (2021: RM17.1 million);
- ii) Lower changes in inventories as compared to last year (2022: RM19.7 million; 2021: RM86.3 million). In 2021, the high inventories level maintained by the Group was mainly because the Group's plants in Malaysia were unable to operate during the FMCO. In addition, the Group increased material purchases (especially steel bars) during second half of 2021, in anticipation of further price hikes and disruption in the supply-chain; and
- iii) Higher volume of purchases towards the last quarter of 2022 and higher provision for staff costs which increased the changes in trade and other payables by RM35.1 million.

The Group withdrew RM198.2 million from its investment in unit trust towards the end of last year and generated net cash of RM156.4 million. The withdrawal was essentially due to the anticipated exclusion of tax exemption for income derived from retail funds by 1 January 2022. The withdrawn funds were placed in fixed deposits and short-term money market deposits to generate interest. The Group recorded a negative cash flow of RM46.8 million for the year from investing activities, mainly due to procurement of plant and equipment.

The capital expenditure of RM38.5 million was mainly spent to upgrade the Group's plant facilities, purchase of tooling, machineries and equipment and fund investment and development costs for the supply of parts for new car models. These expenditures were financed through internally generated cash flows and bank borrowings.

Net cash used in financing activities was significantly lower at RM4.6 million as compared to RM37.7 million in 2021. This improvement was predominantly due to the issuance of nominal value of IMTN with the value of RM50.0 million under IMTN Programme with 3-year fixed tenure during third quarter of the year.

#### NET ASSETS PER SHARE

**RM6.59**

#### CURRENT RATIO

**2.5**

#### NET CASH POSITION

**RM231.2 MILLION**

## MANAGEMENT DISCUSSION AND ANALYSIS

### CAPITAL MANAGEMENT

Proper and prudent management of capital is essential and fundamental to the financial health and operational success of a company as a business. More often than not, the hallmark of astute business management is the ability to manage capital to maintain a robust balance amongst growth, profitability and liquidity.

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

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

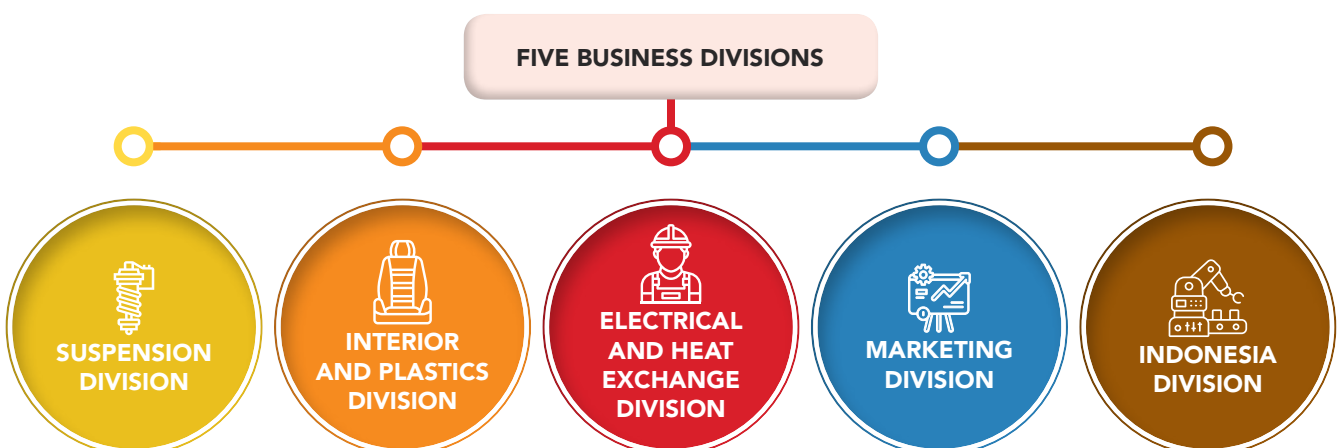
The Group utilises a combined systematic and progressive FX hedging approach to minimise its exposure to foreign currency fluctuations in a highly volatile environment. This approach includes entering into forward foreign exchange contracts to lock in the Group's purchases denominated in foreign currencies.

In recognition of the Group's financial strengths and prudent capital management strategies, RAM once again assigned the credit rating of AA2/P1 in respect of the Group's IMTN and Islamic Commercial Papers Programmes. The Group has successfully maintained this rating for 7 consecutive years.

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 by the Group's ability to access its Islamic Commercial Papers and IMTN Programmes 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 Suspension, Interior and Plastics, Electrical and Heat Exchange, Marketing and the Indonesia Division. Each of these divisions offer distinct or varying categories of products, services and activities and are supported by the International and Supplementary Segments.

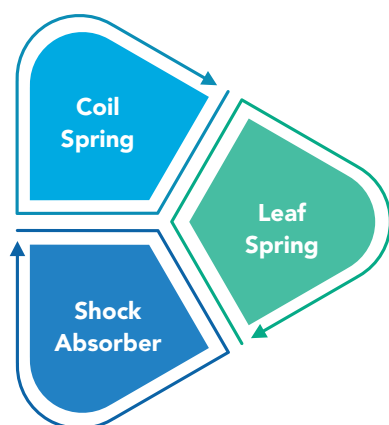




## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS DIVISIONS Prospect, Strategies and Challenges

#### SUSPENSION DIVISION



#### ABOUT THIS DIVISION

This Division can be compartmentalised into 3 business segments, namely Leaf Spring, Coil Spring and Shock Absorber segments.

The Division's business is centred on the design, manufacturing and supply of suspension parts, components and systems. A suspension system is often regarded as a set of mechanical connections, springs, and dampers that connect the wheels to the chassis. It supports the weight of the vehicle; allows for rapid cornering without roll; provides comfort and a smooth ride; isolates passenger and cargo from vibration and shock; keeps tyres in firm contact with the road; allows front wheel to turn side to side for steering; and works with steering system to keep the wheels in correct alignment.

#### PERFORMANCE REVIEW

The Suspension Division registered revenue of RM236.7 million, up significantly by 37.6% from RM172.0 million a year ago due to longer operating period and higher sales from all segments, i.e., export, local OEM and REM, as the domestic and global market seemingly began to improve. Comparatively, lower revenue was generated by this Division in the corresponding year mainly due to closure of the Group's plants in view of lockdown measures imposed by the Government as explained earlier.

On the back of higher revenue, the Suspension Division turned around its Loss Before Taxation ("LBT") of RM2.5 million to PBT of RM0.6 million for the year. Nonetheless, the positive impact of higher revenue on the bottom-line was diluted by the increase in operation costs, such as higher

freight and staff costs (especially due to the increase in minimum wage with effect from 1 May 2022), surge in price of steel and increased energy costs.

#### PROSPECT, STRATEGIES AND CHALLENGES

##### Prospect

With years of experience and a comprehensive range of suspension products on offer, this Division prides itself at being one of the leading OEM quality leaf spring manufacturers in Malaysia. It expects the automotive suspension market to grow on a steady scale as the demand for comfort and safety is projected to rise following the resumption of production as COVID-19 restraint eases globally.

However, in line with the expectations of the World Bank and international analysts, headwinds affecting the export market is anticipated going into 2023 in light of potential tightening of monetary policy to curb inflation and protect currency devaluation to follow.

Accordingly, global demand is forecasted to be softer. Likewise, local REM is expected to slacken due to impending competition stemming from China following its recent market reopening due to its abandonment of the Zero COVID-19 policy.

##### Strategies

The 3 business segments of this Division will pursue to the following in order to mitigate potential slowdown of the global market:-

- (a) The Leaf Spring segment will look into providing quicker response to the market; setting up plant costing team to facilitate and complement the decision making process, creating product categories with common process costing; setting up warehouses across Europe and targeting selective leaf springs that are prevalent in European markets for production and supply. This segment will also look into the continued development of its own air suspension system for the bus, coach and trailer market. Focus on increasing capacity utilisation to support business growth, production automation and the development of high compression residual springs will be intensified;

**MANAGEMENT DISCUSSION AND ANALYSIS**

- (b) As for the Coil Spring segment, efforts to continue developing and upgrading its own Cold Coiling Technology will be maintained and refined. Its research and development capabilities (especially on high strength steel advance material research) will also be enhanced to reduce reliance on technical partners; and
- (c) The Shock Absorber segment will intensify efforts to further automate its production processes; improve its e-marketing initiatives; establish flexible and low volume production lines; and look into the incorporation of “Real Time Overall Equipment Effectiveness (“OEE”) System” (Industry 4.0 Initiative) as well as enhance its Computer-Aided-Engineering (“CAE”) design capabilities to stave off and keep competition at bay.

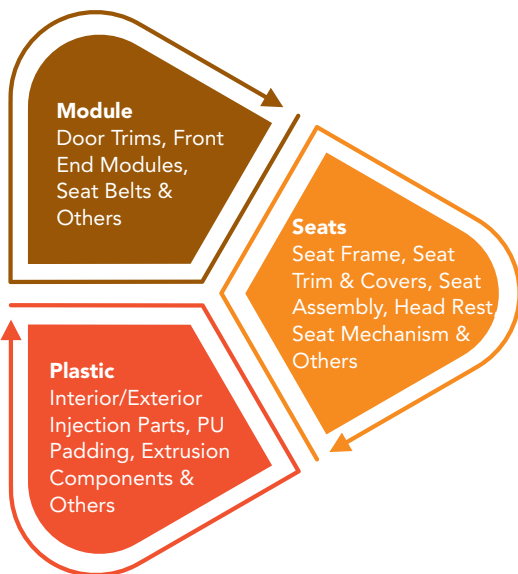


**Challenges**

Global recession is widely anticipated going into 2023 as the World Bank asserts that global growth has slowed to the extent that the global economy is perilously close to falling into recession (see: <https://www.cnbc.com/2023/01/11/world-bank-global-economy-to-enter-recession.html>).

While acknowledging that inflation is expected to remain elevated, Bank Negara Malaysia (“BNM”) takes a different position in that no recession is anticipated because BNM is pre-emptively managing the risk through gradual policy rate adjustments. According to BNM, the economy is projected to grow by 4.0% to 5.0% in 2023 instead and continue to surpass pre-pandemic levels (see: <https://www.thestar.com.my/business/business-news/2022/11/11/malaysia-not-expecting-recession-in-2023---bnm-governor>). In light of the uncertainties above and with slower customer uptake expected, this Division will adopt a cautious approach to mitigate the anticipated risks going into 2023.

**INTERIOR AND PLASTICS DIVISION**



**ABOUT THIS DIVISION**

This Division’s business essentially involves the design, manufacturing and supply of interior automotive parts and components.

Many parts and components of a vehicle are made of automotive plastics. Plastic affects every part of the modern car, from performance to aesthetics. Most contemporary vehicle interiors are made of 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.

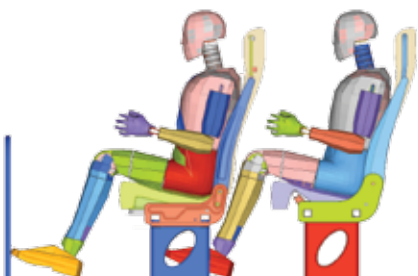
This Division has approximately 450 personnel and its operations in Malaysia is based in our plant in Bukit Beruntung in Selangor where it is capable of producing up to 18,000 seats per month.

**MANAGEMENT DISCUSSION AND ANALYSIS**

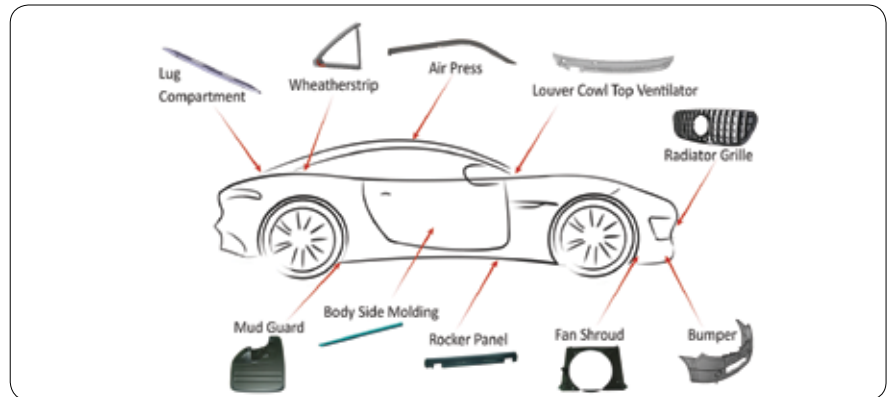


The seat segment is equipped with measuring and testing equipment, CAE Seat Static Testing Facilities. Other machinery and equipment in this Division include Heat Aging Tester, Temperature and Humidity Chamber, QUV Accelerated Weathering Tester, Spectrophotometer, Xenon Weatherability Chamber and Melt Indexer.

In so far as capacity is concerned, the plastic segment has an installed production capacity for Polyurethane ("PU") at 35,000 vs/m and Plastic (Injection and Extrusion) at 30,000 vs/m. For modules, production capacity is at 3,000 vehicle sets of door trims per month, whereas for safety belts, the production, capacity currently stands at 18,000 vehicle sets per month.



This Division's automotive seats are built to foster a harmonious and joyous riding experience. These seats are produced to feature and incorporate one of the most complex forms of designs (i.e., the human form) where we go through great lengths and painstakingly ensure that each and every product produced by us not only meet customer requirements but also expectation on functionality, safety, comfort, ergonomics and styling.



The module segment of this Division produces a range of products from Interior and Exterior Injection Parts such as door panel system, Pillar A, B, C, Scuff Plate, Cover Rear Seat Side, Console and Tray Instrument, Cover Cowl Top, Air-Press, Mudguard, Side Mouldings and Weather Stripes to Extrusion Components such as Body Inserts, Edge Protectors, Roof drip Runner channel and PU Padding such as PU Cushion and Back Dual Density, Head Rest and Arm Rest as well as safety belt systems.

**PERFORMANCE REVIEW**

Revenue for this Division surpassed the RM1 billion mark, settling at RM1.3 billion compared to RM830.9 million a year ago. Higher demand from certain OEM customers and the supply of new parts provided an uplift to the Division's revenue. The increase in revenue by 55.2% is consistent with Malaysia's Total Industry Production ("TIP") for vehicles, which recorded its highest TIP volume to-date. The higher revenue translated into an improved bottom-line for this Division where PBT was registered at RM64.1 million compared to RM30.2 million, a year ago.

The following table is the TIP volume summary sourced online from the MAA:

**Total Industry Production ("TIP") Volume**

Market Segment	2022	2021	Variance	
			Units	%
1 <sup>st</sup> Quarter	154,160	147,086	7,074	5%
2 <sup>nd</sup> Quarter	163,773	94,202	69,571	74%
3 <sup>rd</sup> Quarter	190,828	62,708	128,120	204%
4 <sup>th</sup> Quarter	193,541	177,655	15,859	9%
<b>Total</b>	<b>702,275</b>	<b>481,651</b>	<b>220,624</b>	<b>46%</b>

Source: MAA

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECT, STRATEGIES AND CHALLENGES

#### Prospect

The MAA forecasted a lower TIV for 2023 at 650,000 units due to the expected rush to deliver backlog orders exempted from the sales tax before end of March 2023. This may provide impetus for growth in sales, particularly post first quarter of 2023. However, concerns of further increases to the Overnight Policy Rate ("OPR") by BNM, elevated inflation rate and the widely anticipated global economic slowdown could stifle the momentum of this Division and hence, revenue is projected to be lower in 2023 compared to 2022.

#### Strategies

This Division aims to expand its product range to include the production of downstream and incidental industrial parts and engage new OEM clients. Venturing into upstream business through strategic partnership or acquisition continue to be an option. This Division will also look into the research and development of "in demand" parts and components and the enhancement of its production line to cater for new customer requirements.

#### Challenges

The uncertainty and difficulty in sourcing for workers remain an ongoing drawback for this Division. Slower uptake by OEM customers leading to a decline in revenue going into 2023 is anticipated due to the possibility of a global recession.

## ELECTRICAL AND HEAT EXCHANGE DIVISION

### ABOUT THIS DIVISION

This Division is focussed on the design, manufacturing and supply of automotive electrical and heats exchange systems. In essence, an automotive heat exchanger is used to transfer heat between 2 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 2 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 3 main parts of any vehicle's electrical system; all these 3 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.

### PERFORMANCE REVIEW

The Electrical and Heat Exchange Division managed to generate revenue of RM113.5 million, an increase of 26.7% from RM89.6 million last year, mainly due to longer operating period following plants closures resulting from the imposition of FMCO restrictions by the authorities. However, this Division recorded LBT of RM5.9 million, similar to last year despite higher revenue. This was mainly due to increase of material price, labour costs and other operating expenses as explained earlier. The revenue base was insufficient to cover the fixed administration and overhead costs.

## MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECT, STRATEGIES AND CHALLENGES

#### Prospect

The automotive industry is slowly coming out of one of its most challenging periods in history. While the industry continues to grapple with major disruptions, not just from COVID-19, but from other elements of the global economy, such as shortages in microchip supply, tensions between the east and west and the war in Ukraine, and a climate of uncertainty and hesitation which is apparently on the rise.

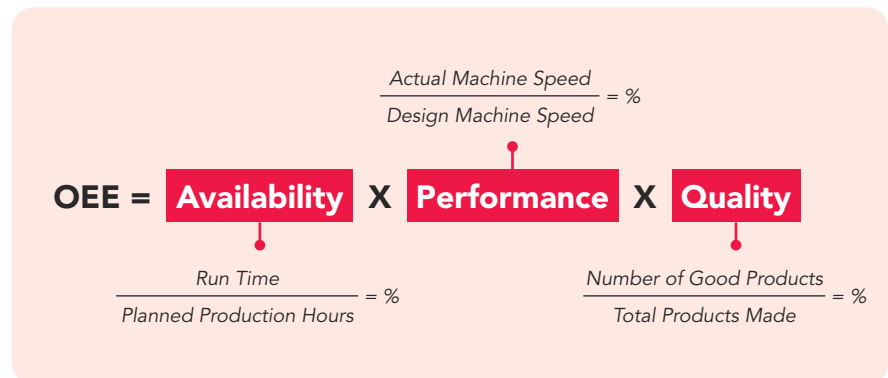
Despite such headwinds, this Division remains optimistic about its prospects as vehicle sales are expected to grow albeit at a slower pace, seeing that electrical and heat exchange systems are an essential part of any electric vehicle ("EV") or internal combustion engine. On the EV front, the breakneck pace of development observed in this sector is a sign that automakers remain bullish on the future of EVs. Accordingly, this Division will allocate a substantial portion of its efforts on the design and development of battery management systems for EV buses and look into EV bus business opportunities in ASEAN.

#### Strategies

This Division will continue its pursuit in the development of bus and coach air-conditioning systems with particular focus on electric parking air-conditioning.

It will also look into the potential digression from its core business and pursue the development of Automatic (or Centralised) Lubrication System ("ALS") and Energy Efficient Transport Refrigeration System ("EETRS") to amplify and boost its revenue stream. ALS is a system that delivers controlled amounts of lubricant to multiple locations on a machine while the machine is in operation whereas EETRS comprises a system of climate control devices that allows for trailer heating or cooling to occur when the engine is shut off.

This Division will also look into the gradual implementation of Industry 4.0 practices and Real Time OEE monitoring as part of its efforts to automate and upgrade its facilities to ensure competitiveness at the highest levels. Further expansion of its present product range to increase revenue stream is also in the pipeline for this Division.



#### Challenges

Headwinds affecting the automotive sector, such as rising car prices, potentially tighter financing, the weak Malaysian ringgit and higher cost of car ownership, are likely to persist through 2023, according to RAM Ratings (see: <https://www.theedgemarkets.com/article/headwinds-automotive-sector-continue-2023-says-ram-ratings>). Revenue as such, may likely be affected although its severity may be lessened in light of the strategies, which this Division will adopt.

## MARKETING DIVISION

### ABOUT THIS DIVISION

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

### PERFORMANCE REVIEW

The Marketing Division continued to deliver a commendable performance since 2021. Its revenue rose 33.4% to RM297.8 million from RM223.2 million in the previous year while PBT grew by 107.1% to RM9.8 million against RM4.7 million recorded in 2021. This notable growth in revenue was primarily due to the increase in orders received from local dealers as business sentiments improved following economic recovery in Malaysia. Shortage of imported parts due to supply chain disruption

experienced by this Division's competitors, especially those from Vietnam and China, coupled with longer operating period as explained earlier boosted its local REM sales. This higher revenue was also aided by higher export demands (especially from America and Australia), boosted by improvements to the global economy and shipment availability. Accordingly, the growth in revenue has in turn translated into improved profitability.

**MANAGEMENT DISCUSSION AND ANALYSIS**

**PROSPECT, STRATEGIES AND CHALLENGES**

**Prospect**

Demand for automotive parts and components could take a back seat globally as post-Pandemic spending eases and inflation remains steadily on the rise. In addition, rising rates and cost of living have substantially affected consumer spending. This is further complicated by the protracted war between Ukraine and Russia, which appears to be driving European energy and steel prices up.

While port congestions have eased significantly and the shipping crisis of the previous year appears to have passed, this Division is poised to encounter stiff competition from China after the re-opening of its borders and the Chinese export market following China's recent and sudden discontinuance of its Zero COVID-19 policy. The strong USD in 2022 had positively affected the turnover

of the Rest of the World ("ROW") segment of this Division but signs that the USD has peaked are becoming more apparent.

Overall, the Group's trading entities did struggle to a certain extent in 2022 because of supply chain challenges but is largely expected to sustain and weather any wave of uncertainty going into 2023.

**Strategies**

The export segment of this Division plans to expand its reach in Europe to include the acquisition of sales and distributions operations there. Efforts to improve digital marketing and e-commerce sales will be further enhanced. This Division also plans to establish more warehouses in Europe to facilitate faster access into the European market. It will also look into the establishment of Integrated Global Teams located at multiple international locations to boost sales.

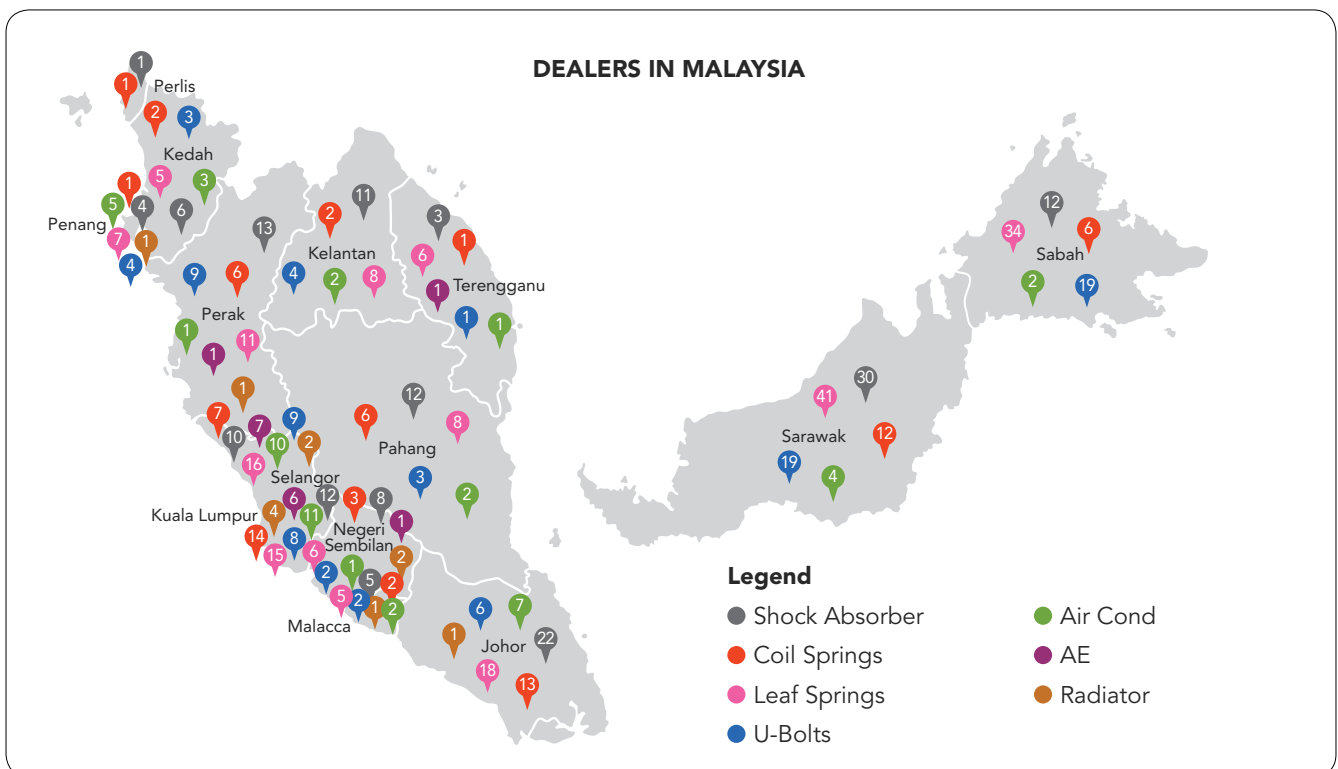
This Division will also look into the expansion of its ASEAN product range and develop new markets within the said region.

In so far as local REM is concerned, this Division will continue leveraging on its vast and established network of dealers. With the recent launch of its marketing website, digital marketing will be intensified with further expansion of its local REM product range through the sourcing of new and alternative compatible products.

This Division will also explore the potential of setting up a "one-stop centre" for APM manufactured parts and components to provide better choice and experience for its customers.

**Challenges**

High interest rates, supply chain problems and recessionary fears are expected to form the main challenges for this Division.



## MANAGEMENT DISCUSSION AND ANALYSIS

### INDONESIA DIVISION



#### ABOUT THIS DIVISION

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

#### PERFORMANCE REVIEW

Vehicle sales in Indonesia experienced rapid recovery following the slump driven by effects of the COVID-19 pandemic where sales catapulted 18.1% to 1,048,040 units (source: <https://www.marklines.com/en/statistics/flash-sales/automotive-sales-in-indonesia-by-month>) for the year 2022 which benefitted the Indonesia Operations. Consequently, with higher demand from OEM customers for both coil and leaf springs, coupled with continuous strong demand from local REM and export market for the leaf spring products, the Indonesia Operations' revenue for the year surged by 22.1% to RM104.9 million.

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 recorded higher sales and reported higher profitability. One of the joint ventures, namely PT. APM Hyundai Transys Indonesia (the Group entered into a joint venture with Hyundai Transys Inc. to manufacture

and supply automobile seats and its related parts and components to OEM customer in 2022) ("Hyundai JV") commenced full operation in the second quarter of 2022 and with higher demand from OEM customers, the said joint venture has begun to generate profit from the third quarter of 2022 onward.

Against the backdrop of higher revenue, and coupled with improved joint ventures performance, the Indonesia Operations turned around its LBT of RM8.5 million to PBT of RM2.0 million. The higher loss recorded last year was also caused by the higher share of loss from the Hyundai JV as it was at its construction and pre-commencement of operation stage last year.

#### PROSPECT, STRATEGIES AND CHALLENGES

##### Prospect

Strong order books and further ventures into manufacturing and supply of seats for EV cars are expected from the Hyundai JV. The Indonesian economy is anticipated to grow steadily, supported by robust domestic demand and high commodity prices, which are beneficial to the automotive industry there. The Group's wholly owned subsidiaries are expected to enjoy higher off-takes from customers as a result of the above.

##### Strategies

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

Additionally, production efficiency will be improved with the aim of further reducing operational and administrative costs. Overall, the Division will focus on enlarging its market share and presence in the replacement market through strategic partnerships and alliances.

##### Challenges

Maintaining competitiveness and lower operational cost without compromising on efficiency and productivity appears to be a challenge for this Division, especially so with the recent re-opening of the Chinese market. However, this Division believes that being present locally and having in place multiple sources for the supply of materials with a low cost base is key towards overcoming this challenge.

## MANAGEMENT DISCUSSION AND ANALYSIS

### ALL OTHER SEGMENTS / OPERATIONS OUTSIDE MALAYSIA SEGMENT

#### ABOUT THIS SEGMENT

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

#### PERFORMANCE REVIEW

After 5 notable years of continuous revenue and profitability growth, the Operations Outside Malaysia segment experienced a downturn as its revenue decreased marginally from RM154.1 million to RM151.4 million and suffered LBT of RM7.1 million instead of PBT of RM6.0 million in the preceding year.

The Group's seat business in Australia (which focusses on the supply of bus and locomotive seats) is presently experiencing some deceleration due to subdued demands for new buses, and delays in train projects as \*reports suggest that the economy in Australia is slowing down. \**"Business conditions fell in fourth quarter. Confidence was still in negative territory and forward orders moderating in the month, signs conditions may ease further. On the price side, notable pressure on both inputs including labour costs and product prices."* (source: NAB Monthly Business Survey, December 2022). The Group's operations in the USA were a casualty of the disruption in the logistics industry where deficiencies in stock during the first 9-month period of the year caused much of its sales to plunge.

In addition to the lower revenue, other factors that contributed towards the losses recorded by the Operations Outside Malaysia included the following:-

- (a) Higher operating costs such as staff cost, logistics and new products development expenses, coupled with expenses incurred on the delay in commencement of the Australia Operations in Perth;
- (b) Increase in material prices, especially steel and natural gas which caused a dent in the profitability of the Group's operations in Vietnam; and

- (c) Discontinuance of COVID-19 financial assistance from the Government of USA to the Group's operations in the USA.

#### Prospect

While 2022 ended on a high note with a strong recovery after the pandemic-induced downturn, the automobile industry is set to drive into the new year with "cautious optimism" as COVID-19 cases (even though reduced) have reignited uncertainty amid concerns over slower economic growth, high inflation and rising interest rates.



#### Australia

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



#### Vietnam

The Group's subsidiary, i.e., APM Auto Components (Vietnam) Co. Ltd. will continue with its efforts to supply

vehicle seats to its OEM customers in Vietnam, which started in September 2022. The anticipated revenue from this line of business is expected to benefit and sustain this segment's revenue throughout 2023. This segment's presence and foothold in Vietnam has been enhanced since last year with the establishment of a dedicated marketing arm, which is primarily tasked to expand and increase its replacement market reach in Vietnam. Meanwhile, the leaf spring line of this segment will increase its efforts to enhance efficiency by upgrading its facilities and work towards more automation process.



#### USA

Led by APM Auto Components (USA) Inc. and with the support of its related companies as well as the easing of shipping cost and increased stock range, this segment is poised to benefit from the uncertainties surrounding China's regulations on COVID-19 lockdowns despite the re-opening of the Chinese market, which can result in immediate plant shutdown and the anticipated supply chain relocation by major US based companies (such as Ford and General Motors) to territories outside of China due to the increasing geopolitical tension between China and the USA (see: <https://www.ft.com/content/d88955d4-2bc8-476e-9cdb-882ca3c3b10d>).



## MANAGEMENT DISCUSSION AND ANALYSIS



### Thailand

APM Auto Components (Thailand) Ltd. leads the Group's operations in Thailand. This segment will continue with its efforts to secure OEM contracts for the supply of Ethylene Propylene Diene Monomer ("EDPM") rubber products and source for potential bus seat supply businesses. It will also look into the improvement of production efficiency through reduced rejection rates and costs.



### Myanmar

APM Auto Components Myanmar Co. Ltd. leads the Group's operations in Myanmar. Although doing business in Myanmar has its own set of challenges just like in any other territory but given the easing of COVID-19 restrictions there and the recent recommencement of production by Toyota Motor Corporation's car assembly plant in the Thilawa Special Economic Zone, Yangon (see: <https://www.reuters.com/business/autos-transportation/toyota-begins-production-myanmar-plant-hit-by-coup-2022-10-12/>), the future is expectedly bright for this segment.

## 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

Non-reportable segment's revenue for 2022 grew by 16.0% to RM52.7 million, mainly because of higher intra-group billing of services. However, profitability was dampened by higher staff costs and other operating expenses. Consequently, this segment recorded a higher LBT at RM8.8 million compared to RM7.8 million last year. In addition, reversal of provision for staff cost also contributed to lower LBT in 2021.



### The Netherlands

The Group's operations in the Netherlands are led by APM-TS B.V. 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 B.V. is confident of making further in-roads into Europe. The establishment of distribution hubs and warehouses in Europe to ensure faster delivery and better presence are currently underway without losing sight of key focus areas such as cost containment, improved inventory management and product availability.



## MANAGEMENT DISCUSSION AND ANALYSIS

### KEY RISK FACTORS

#### Business Risks and Challenges



#### Competition

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



#### Operational Risk

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



#### Succession Risk

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

### MOVING FORWARD

#### Outlook, Plans and Initiatives

#### The 2023 Automotive Market

The MAA has forecasted a slight drop in the TIV for commercial and passenger vehicles for 2023 to 650,000 units from a high of 720,568 units in 2022 due to reasons that include the widely anticipated downturn caused by what many analysts and economists believe to be a recession infused global economic slowdown and the fear of dampening consumer confidence due to potential further increase of the OPR by BNM to manage inflationary pressures (see: [http://www.maa.org.my/pdf/2022/Market\\_Review\\_2022.pdf](http://www.maa.org.my/pdf/2022/Market_Review_2022.pdf)).

Despite such challenging backdrop, the introduction of many new models with the latest technology advancements and new electric vehicles at affordable and competitive prices, will entice and sustain buying interest among consumers.

In addition, BNM believes that the Malaysian economy is expected to expand by 4% to 5% in 2023 where growth is driven by strong

domestic demand, underpinned by improvements in labour market and income conditions, as well as ongoing policy support (see: [https://www.bnm.gov.my/-/qb22q3\\_en\\_pr](https://www.bnm.gov.my/-/qb22q3_en_pr)).

While challenges and uncertainties (such as supply chain issues like the shortage of labour and semiconductor chips, geopolitical tension, and possible resurgence of COVID-19 cases) are likely to persist and may continue to plague the country's economic growth momentum and in turn the sales of new vehicles, the Group is cautiously optimistic on the outcome of its operations.

In these uncertain times, the Group recognises the need for diversification and is committed towards mitigating its risk by allocating some of its resources to sectors that are outside its core business. In this respect, the Group's participation in a joint venture for the development and operation of an Energy Commission endorsed 20MW Large Scale (Floating) Solar Photovoltaic Plant in Bandar Serendah, Daerah Hulu Selangor through a joint

venture company called "TC Sunergy Sdn. Bhd." is progressing as planned where this floating solar power plant is expected to "go live" by end 2023.

The Group will also continue to focus on its revised 5-year strategic plan 2023-2027 which emphasises on expansion, cost effective operations, research and development and brand enhancement activities.

#### Research and Development

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

The Group maintains its view on the importance of research and development in order to sustain its relevance and competitiveness. Our present research and development facilities in Port Klang and Ara Damansara, together with its team of research engineers, are testament to this commitment.

## MANAGEMENT DISCUSSION AND ANALYSIS

As the shift towards electrification is rapidly gaining momentum, recruitment of additional engineers and professionals in this field are already in progress.

### Expansion

The Group will continue to pursue inorganic growth through joint ventures, mergers and acquisitions. In an age where time is of the essence, this approach will enable immediate market penetration as well as presence.

### Personnel

Successful companies value their employees. They know and recognise that employees are essential factors in any organisation's longevity and success. It is therefore unsurprising for companies to attract and retain talents, by providing compensation and benefits packages that are not only attractive but are commensurate with the responsibilities ascribed as well as inculcating a conducive working environment for employees. We are no different as our successes over the years have been underpinned by the contributions from our employees. In fact, our employees represent the face of the Group and more importantly, our brand ambassadors.

Our employees are consistently accorded opportunities to prove and improve themselves. This is done through exposure and secondment to various sectors, branches,

departments and subsidiaries in Malaysia and abroad where such employees will have the opportunity to learn and excel in areas outside his or her comfort zone. Those selected will have the chance to not only learn but also manage different aspects of our business in an unfamiliar and occasionally challenging environment.

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

We see communication being essential for a strong and lasting employer/employee relationship. Here, we hold physical annual management seminars with our management team where our plans and goals are categorically disclosed and explained. Unfortunately, real time physical annual management seminars for the last 2 years had to be deferred due to the imposition of COVID-19 pandemic restrictions. Nonetheless, video recordings of our plans and goals were escalated to all our management team. As Malaysia transitions into the endemic phase, real time physical management seminar will resume in 2023.



*Management seminar in March 2023*

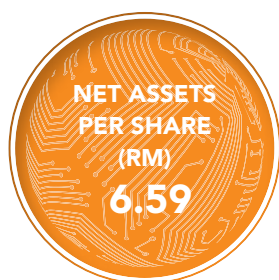
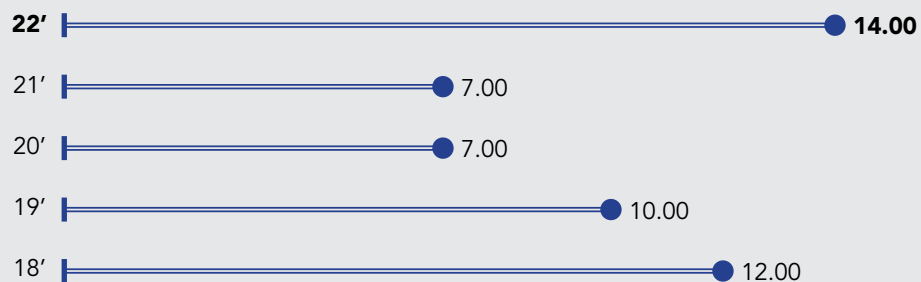
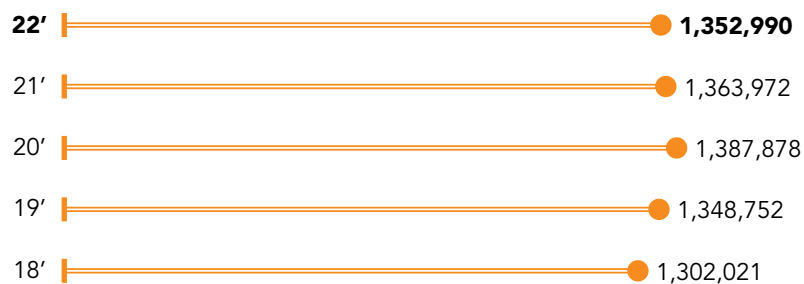
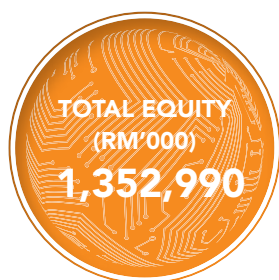
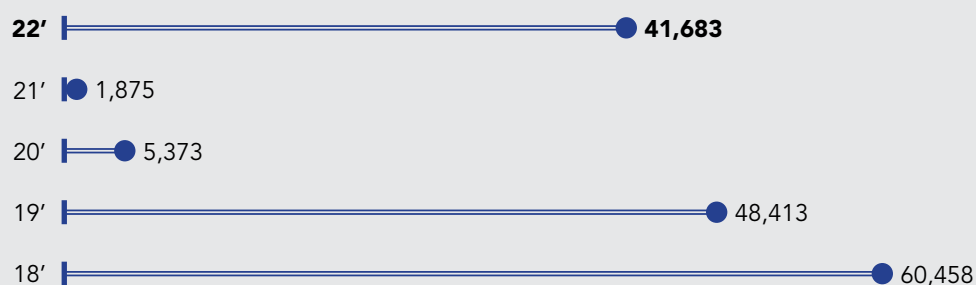
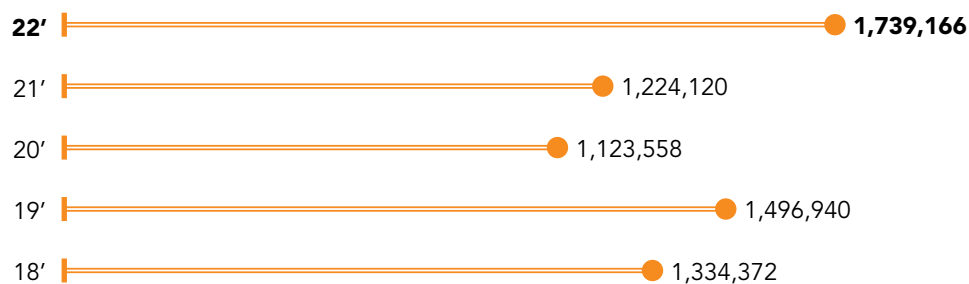
We recognise equality, diversity and inclusivity as a priority because diverse abilities and perspectives can further improve our competitiveness and commitment and in this respect, the recognition begins from the top. In 2022, we witnessed the appointment of a female director to serve as our Executive Director on the Board.

Further, to promote better working conditions and employee relationship, we updated our position and provided guidelines on harassment by establishing a dedicated Anti-Harassment Policy and Procedures for Group wide application. We also introduced a set of procedures called Guidelines for the Recruitment and Treatment of Migrant Workers to govern and aid in the recruitment and treatment of our migrant workers. With this guideline, we believe our approach towards the management of our migrant workers will be more structured, organised and more importantly, precise. Moving forward, the Group will continue its focus on retaining and growing its current talent pool.

## 5-YEAR FINANCIAL HIGHLIGHTS

	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000
<b>RESULTS</b>					
Revenue	1,739,166	1,224,120	1,123,558	1,496,940	1,334,372
Profit before tax	54,066	17,083	15,417	68,775	77,441
Taxation	(12,383)	(15,208)	(10,044)	(20,362)	(16,983)
<b>Profit for the year</b>	<b>41,683</b>	<b>1,875</b>	<b>5,373</b>	<b>48,413</b>	<b>60,458</b>
Attributable to:					
Owners of the Company	26,400	(11,250)	(10,469)	27,237	38,441
Non-controlling interests	15,283	13,125	15,842	21,176	22,017
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Assets</b>					
Property, plant & equipment	627,279	649,390	682,270	617,305	559,853
Prepaid lease payments	-	-	-	-	15,275
Investment properties	106,700	106,660	106,660	112,560	111,520
Equity-accounted investees	92,739	72,159	55,286	32,621	42,117
Intangible assets	20,542	24,364	24,577	18,526	18,392
Deferred tax assets	25,874	22,325	23,998	17,659	16,799
<b>Total non-current assets</b>	<b>873,134</b>	<b>874,898</b>	<b>892,791</b>	<b>798,671</b>	<b>763,956</b>
Current assets	1,083,562	973,750	958,747	940,187	940,723
<b>Total assets</b>	<b>1,956,696</b>	<b>1,848,648</b>	<b>1,851,538</b>	<b>1,738,858</b>	<b>1,704,679</b>
<b>Equity</b>					
Share capital	219,498	219,498	219,498	219,498	219,498
Reserves	1,081,872	1,087,832	1,110,863	1,067,387	1,027,887
Treasury shares	(13,506)	(13,506)	(13,506)	(13,312)	(13,312)
Equity attributable to owners	1,287,864	1,293,824	1,316,855	1,273,573	1,234,073
Non-controlling interests	65,126	70,148	71,023	75,179	67,948
<b>Total equity</b>	<b>1,352,990</b>	<b>1,363,972</b>	<b>1,387,878</b>	<b>1,348,752</b>	<b>1,302,021</b>
Non-current liabilities	163,836	112,608	108,655	89,669	62,321
Current liabilities	439,870	372,068	355,005	300,437	340,337
<b>Total equity and liabilities</b>	<b>1,956,696</b>	<b>1,848,648</b>	<b>1,851,538</b>	<b>1,738,858</b>	<b>1,704,679</b>
<b>FINANCIAL STATISTICS</b>					
Basic earnings per share (sen)	13.50	(5.75)	(5.36)	13.93	19.66
Gross dividend per share (sen)	14.00	7.00	7.00	10.00	12.00
Net assets per share (RM)	6.59	6.62	6.74	6.51	6.31
Return on shareholders equity (%)	2.05	(0.86)	(0.81)	2.17	3.12

## 5-YEAR FINANCIAL HIGHLIGHTS



## SUSTAINABILITY STATEMENT

# DRIVING SUSTAINABILITY THROUGH ADVERSITY



**ECONOMIC**



**ENVIRONMENTAL**



**SOCIAL**



**GOVERNANCE**

### SECTION 1

#### APPROACH, SCOPE, PROCESS AND METHODOLOGY

#### 1.1 INTRODUCTION

2022 was a year that began with the promise of a new beginning and the assurance of social and economic recovery. A year when Malaysia began its maiden journey towards the endemic phase of the COVID-19 outbreak. A year that many perceive will have the potential to shape the future. The runway for resurgence looked clear and lift-off appeared promising but turbulence soon set in as supply chain disruptions continued while surging inflation accompanied by the tragic conflict in Ukraine ensued. Some may have understandably opted to defer sustainable practices until such time when business certainty can be attained, but not for us in APM. Despite such headwinds, maintaining and bolstering profitability without forgoing responsibilities on the sustainability front remains one of our top priorities.

#### 1.2 APM'S SUSTAINABILITY STATEMENT

The preparation of our Sustainability Statement for 2022 ("Statement") is driven by economic, environmental, social and governance considerations, in line with Bursa Malaysia Securities Berhad's ("Bursa Securities") Sustainability Reporting Guide (3<sup>rd</sup> Edition).

This Statement, which embodies our journey towards the attainment of progress, balance and stability through sustainable business practices and the outcome of our efforts, is aimed at striking a viable balance between business, the people and the primary pillars of sustainability, i.e., economic, environmental, social and governance (collectively 'EESG'). This is our 6<sup>th</sup> Sustainability Statement since the release of our Narrative Statement in 2017 following Bursa Securities' launch of the Sustainability Framework back in 2015.

## SUSTAINABILITY STATEMENT

### 1.3 COVERAGE

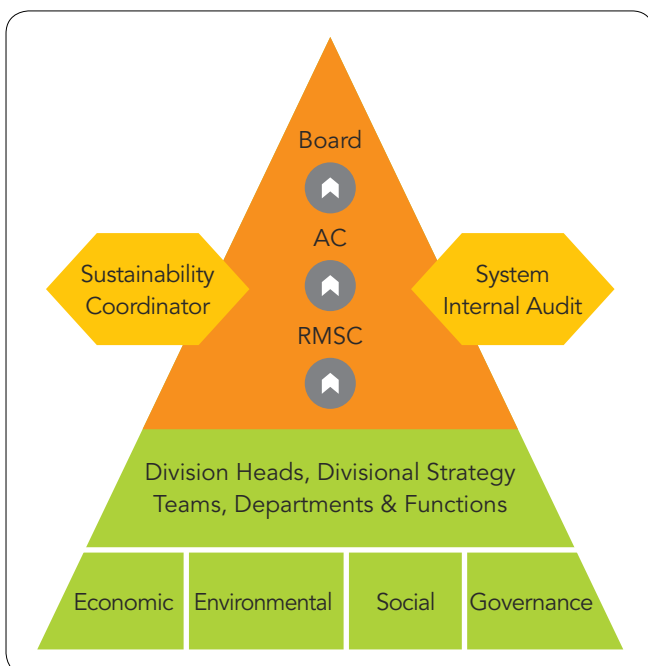
This Statement sets out the EESG activities conducted by the Group's major subsidiaries, comprising of our businesses in Malaysia, Indonesia, Vietnam, Thailand and Australia, which collectively contributes to almost 82% of the Group's revenue. Going forward, we aim to expand the scope of this Statement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

### 1.4 REPORTING PERIOD AND CYCLE

This Statement also records our sustainability initiatives and performances from 1 January 2022 to 31 December 2022, including available and relevant comparative historical data. This Statement is prepared on an annual basis and serves as a platform to communicate our progress from the EESG aspects as well as our commitment to the various stakeholder groups.

### 1.5 REFERENCES AND ASSURANCES

This Statement is prepared in accordance with the relevant provisions of Bursa Securities' Main Market Listing Requirements and Sustainability Reporting Guide and Toolkits (3<sup>rd</sup> Edition) with no external assistance or independent assurance sought. The Group's Risk Management and Sustainability Committee ("RMSC") and Audit Committee ("AC"), together with the System and Internal Audit Department, have reviewed the accuracy and veracity of information provided in this Statement.



### 1.6 ACCESSIBILITY

A PDF version of this Statement can be found in APM's Annual Report 2022, which is available for viewing on the Company's website at [www.apm.com.my](http://www.apm.com.my).

### 1.7 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](mailto:apmah@apm.com.my).

### 1.8 APPROACH TO SUSTAINABILITY

We establish our approach to sustainable development based on our vision, mission and core values depicted below. This approach is broadly reflected in our behaviour, conduct and practices.

## OUR VISION

A Globally Preferred Innovative Mobility Solutions Provider.

## OUR MISSION

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

## OUR CORE VALUES

-  Trustworthiness & Integrity
-  24/7 Mindset
-  Courage
-  Perseverance
-  Frugality
-  Diligence
-  Innovation & Creativity

## SUSTAINABILITY STATEMENT

### 1.9 ROLES AND GOVERNANCE

These initiatives comprise an assortment of programmes in which implementation is 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 are subject to review and revision from time to time.

We establish our Sustainability Working Committees ("SWCs") based on the initiatives identified in the RMSC's terms of reference. SWCs primarily supervise the implementation of initiatives allocated to them.

They 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.

The principal 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 through the Sustainability Coordinator to integrate a culture of corporate responsibility and attention to the economy, environment and community.

The following are some of RMSC's roles:

### RMSC

- 1 Develop and recommend sustainability strategies (including statements and policies) to the Board for approval, adoption and revision.
- 2 Advise the Board to ensure that sustainability is considered in our business strategies.
- 3 Ensure that key sustainability matters related to EESG are addressed in the sustainability strategies.
- 4 Oversee the preparation of sustainability disclosures (reporting) as required by Bursa Securities.
- 5 The roles of the SWCs are as follows:
  - Drafting action plan(s) on material sustainability issues and escalating them to the Working Committee Chairman for approval.
  - The plan(s) are then be presented to the RMSC for approval.
  - Execute/implement RMSC approved action plan(s).
  - Monitor and manage on the progress and performance of such action plan(s).
- 6 Monitor the implementation of the sustainability strategies as approved by the Board.

### 1.10 APPROACH

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

#### 1.10.1 Identification

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

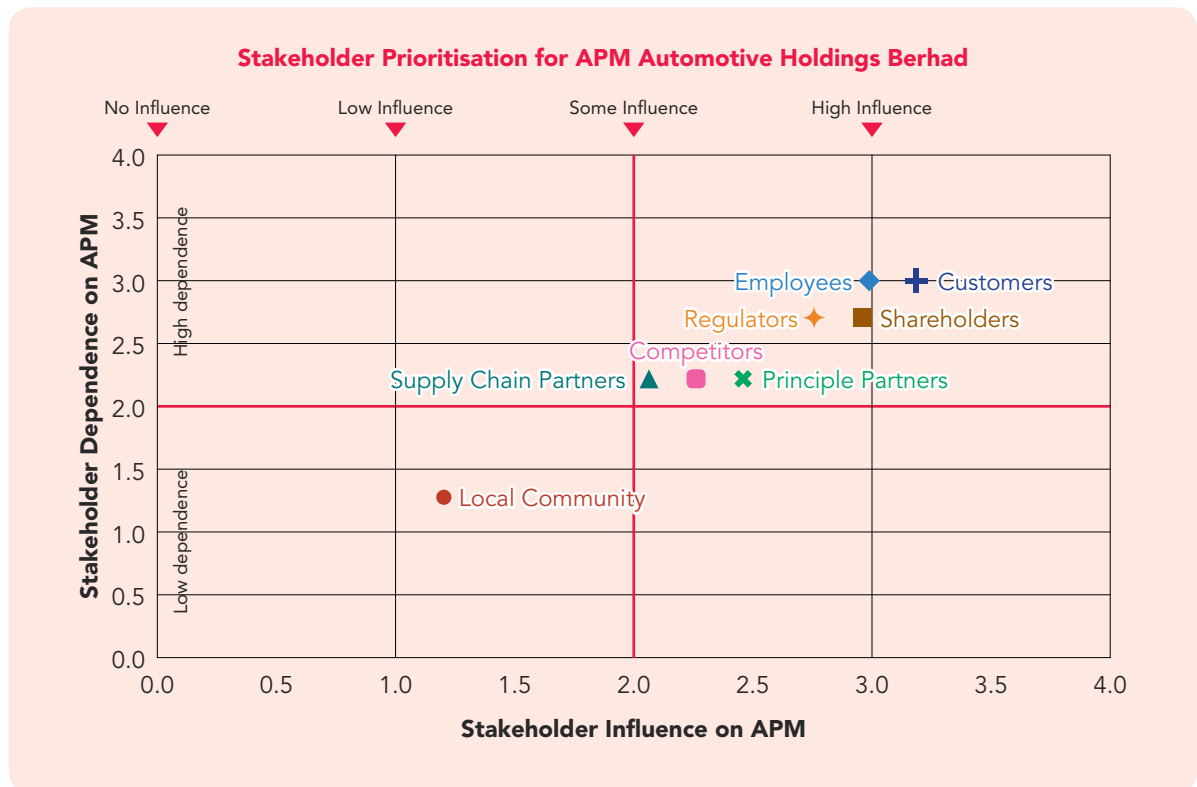


## SUSTAINABILITY STATEMENT

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

### 1.10.2 Prioritisation

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



### 1.10.3 Validation









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

### 1.10.4 Review

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

## SUSTAINABILITY STATEMENT

### 1.11 STAKEHOLDER ENGAGEMENT

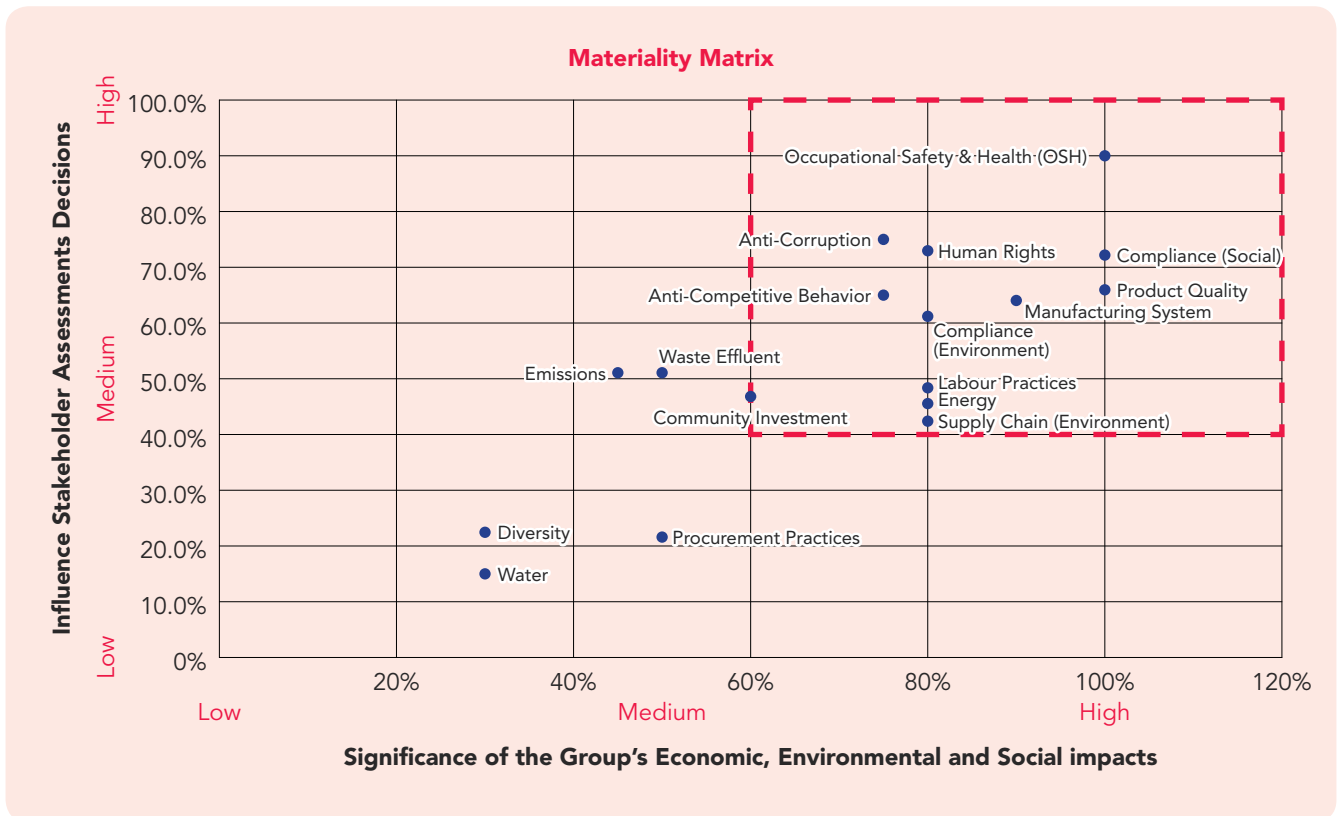
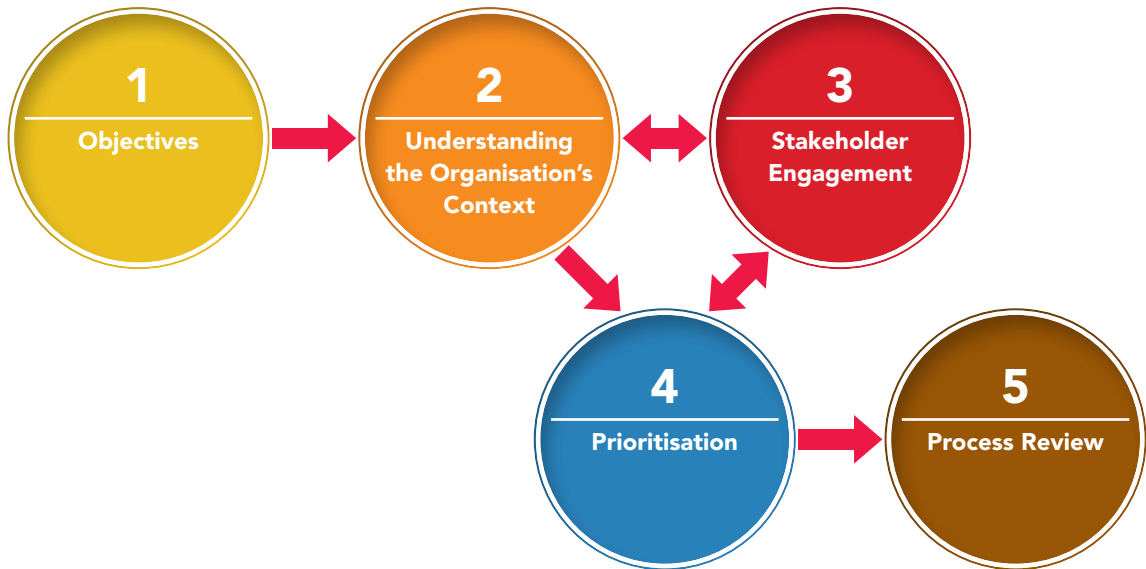
Stakeholders	Description	Engagement Method	Sustainability Issues
 <b>Customers</b>	Customers of the Group, consisting primarily of Original Equipment Manufacturers, Replacement Market parts distributors and end users.	Meeting, Project Tracking, Customer Feedback including Customer Satisfaction Survey.	Product Quality, Cost and Delivery, Warranty Services, Product Safety, Sustainability Matters, and Anti-Bribery and Anti-Corruption.
 <b>Employees</b>	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.
 <b>Shareholders</b>	Owners of APM.	Annual General Meeting, Regular Updates and Communication.	Profitability, Sales Performance, Financial and Volume Performance, and Compliance.
 <b>Regulators</b>	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.
 <b>Principal Partners</b>	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.
 <b>Competitors</b>	Business rivals, competitors, contenders and counterparts of the Group.	Regular Updates.	Anti-Competitive Practices, Business Strategy and Plan, Product Innovation and Development.
 <b>Supply Chain Partners</b>	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.
 <b>Local Community</b>	Persons within the society where the Group is present.	Programmes through Corporate Social Responsibility and APM Make A Difference Day.	Social and Environmental Issues, and Local Community Development.

**SUSTAINABILITY STATEMENT**

**1.12 MATERIALITY ASSESSMENT PROCESS**



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

**1.12.1 Materiality Assessment Process and Matrix**





## SUSTAINABILITY STATEMENT


### 1.12.2 Materiality Sustainability Matters

Category	Themes	Key Performance Indicators (KPI)		
		Indicators	Target	
 <b>ECONOMIC</b>	<b>1</b> 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
	<b>2</b> 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 $\geq 4.0$	APMi $\geq 4.0$
	<b>3</b> 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 $\geq 4.0$	AMS Level $\geq 4.19$ (Group Average)
 <b>ENVIRONMENTAL</b>	<b>4</b> Energy	Considers the efficient use and consumption of electricity as well as energy generated from renewable sources	4.1 a) Total energy consumed (kWh/MWh)	Nil $\geq 1.0\%$ of the 4.1 a)
			4.1 b) Amount of reduction in energy consumption achieved resulting from conservations and efficiency initiatives	
		4.2 CO <sub>2</sub> Reduction	1,426 tonnes / year	
	<b>5</b> 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	
<b>6</b> Supply Chain (Environmental)	All significant environmental impacts observed or assessed in the supply chain in relation to operations	6.1 Assessment of new and existing suppliers to identify environmental impacts (e.g., resources use, waste management, impact on biodiversity, etc.)	100%	
		6.2 Results of monitoring or auditing of suppliers	90% Closure of Non-Conformity Raised	

## SUSTAINABILITY STATEMENT

Category	Themes	Key Performance Indicators (KPI)		
		Indicators	Target	
  <b>SOCIAL/ GOVERNANCE</b>	<b>7</b> Occupational Safety and Health	<p>In accordance with the International Labour Organisation, Occupational Safety and Health here 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</p>	7.1 Percentage of workers undergoing safety and health training per year 7.2 Number of work-related injuries per year 7.3 Number work-related fatalities (including employee and contractors) 7.4 Accidents frequency rate and Loss Time Injury Frequency Rate (LTIFR)	100% / year Zero case / year Zero case / year Zero case / year LTIFR < 1.28
	<b>8</b> Labour Practices	<p>The fair treatment of employees based on the terms of employment with consistent development of employee skills and knowledge</p>	8.1 Average hours of training per year per employee category 8.2 Total rate of employee turnover (in terms of employee type) during the reporting period	20 hours / employee a) For level H06 and above <2.0% b) Supervisor and below <10.0%
	<b>9</b> Compliance (Social)	<p>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</p>	9.1 Total monetary value of fines for non-compliance with laws and regulations 9.2 Total number of non-monetary sanctions for non-compliance with laws and regulations	Zero RM Zero case
	<b>10</b> Human Rights	<p>For the purposes hereof and in line with the United Nations Universal Declaration on Human Rights, the expression "Human Rights" is defined to include:</p> <ul style="list-style-type: none"> <li>• The right not to be discriminated;</li> <li>• The right not to be enslaved;</li> <li>• The right to be treated equally and with dignity;</li> <li>• The right to have appropriate rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and</li> <li>• The right to freedom of opinion and expression.</li> </ul>	10.1 Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations 10.2 Number of child labour incidents 10.3 Number of grievances that involves human rights 10.4 Number of forced or compulsory labour incidents	100% / year Zero case / year Zero case / year Zero case

**SUSTAINABILITY STATEMENT**

Category	Themes	Key Performance Indicators (KPI)	
		Indicators	Target
 <p><b>SOCIAL/ GOVERNANCE</b></p>	<p><b>11</b> Anti-Competitive Behaviour</p> <p>This section concerns ethical business practices without affecting consumer choice, pricing, and market efficiency</p>	11.1 Number of legal actions pending or completed regarding anti-competitive behaviour	Zero case pending
	<p><b>12</b> Anti-Corruption</p> <p>According to Transparency International Malaysia, corruption is defined as the abuse of entrusted power for private gain</p>	12.1 Percentage of employees who have received training on anti-corruption by employee category	100% / year
	<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>	12.2 Percentage of operations assessed for risks related to corruption	100% / year
		12.3 Percentage of External Providers who have submitted the letter of undertaking on Anti-Corruption	100% / year

Being mindful of risks and opportunities in business, we engage with our stakeholders (such as and especially our customers) to refine the way we conduct our business activities, the outcome of which is measured against our targets via the use of key performance indicators for the respective EESG criteria.

**SECTION 2  
ECONOMIC, ENVIRONMENTAL, SOCIAL AND GOVERNANCE**

**2.1 ECONOMIC**



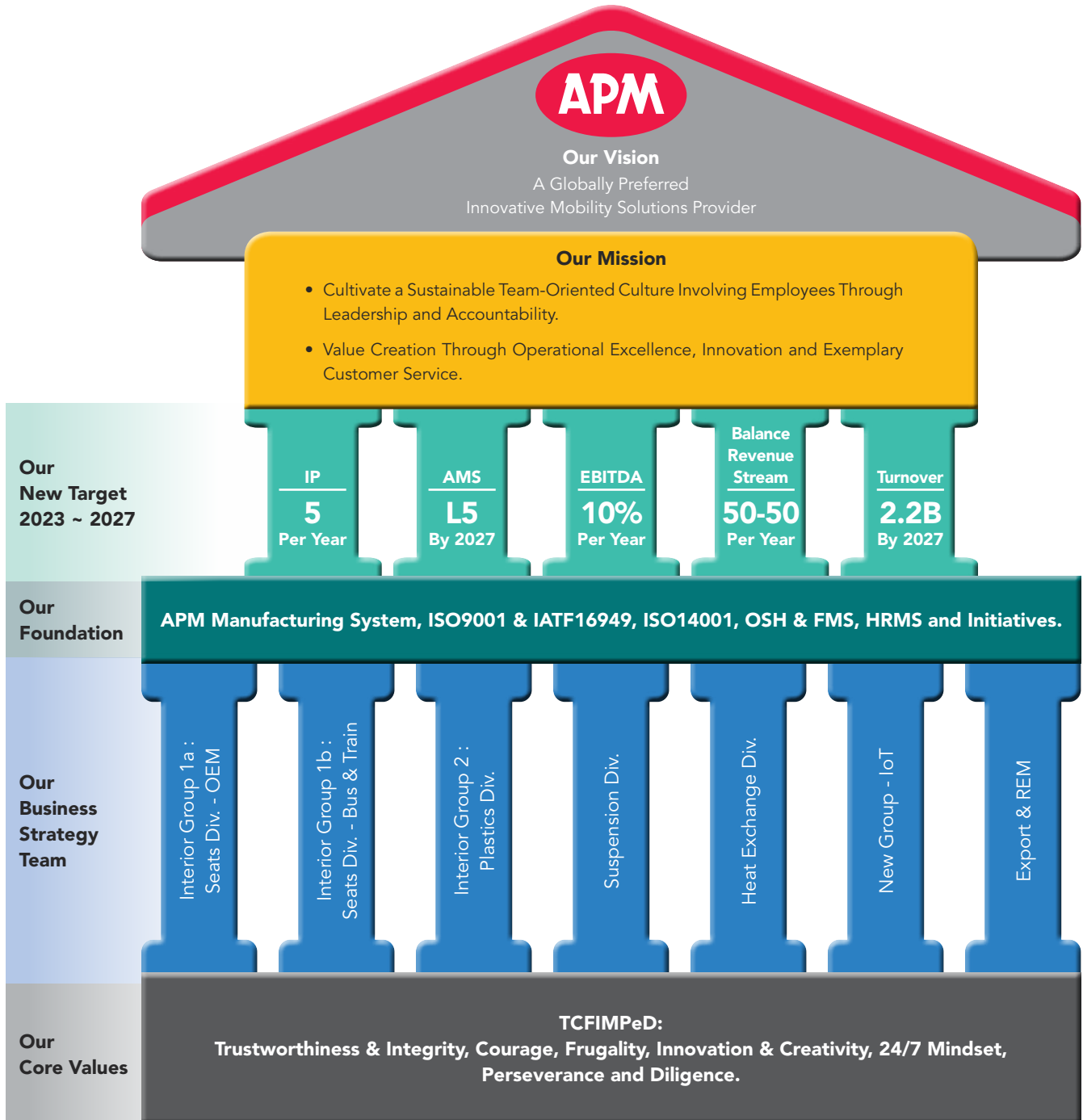
Business sustainability is a pro-active approach to ensure long-term viability and integrity by optimising resources, reducing environmental impacts while not compromising on product quality, competitiveness and profitability.

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

The Group’s economic performance is reviewed against our goals, annual budget and prior year’s performance 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, underpinned by a visionary strategy with prudent assets and capital management.

**SUSTAINABILITY STATEMENT**

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

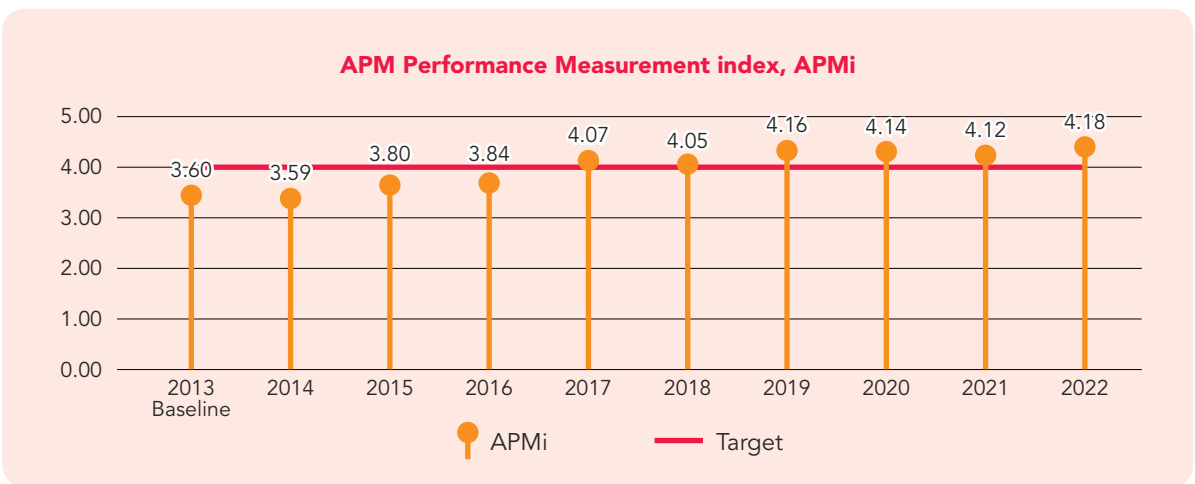


**SUSTAINABILITY STATEMENT**

**2.1.1 Product Quality**

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

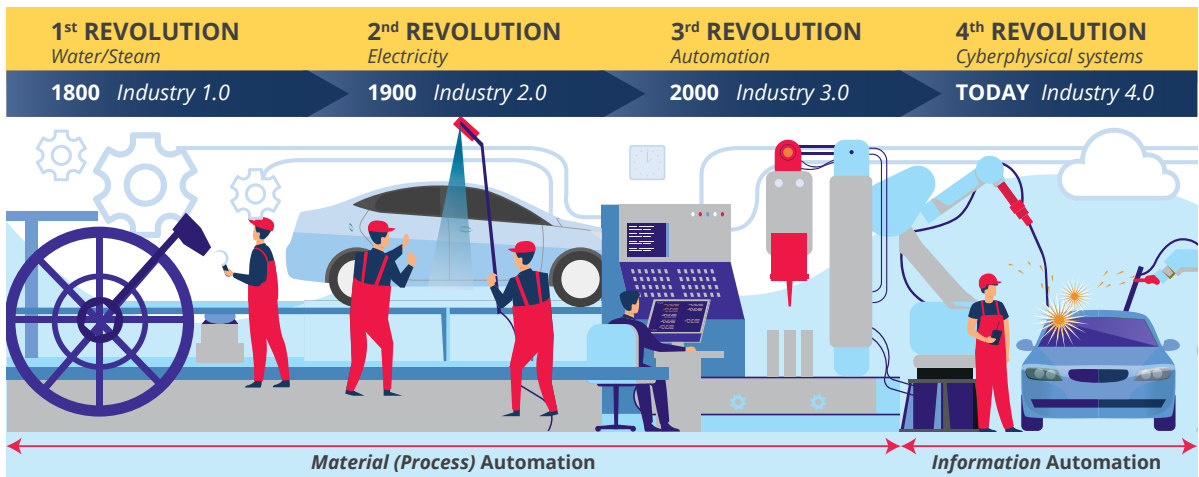
With a maximum score of 5, subsidiaries are measured against a set of established criteria. APMi not only provides a measurement of performance quality but also acts as a benchmark and goal for subsidiaries to achieve. We believe this is an important indicator as fair benchmarking within the automotive industry is relatively difficult to achieve. Below is a summary of the performance of our subsidiaries under the APMi from 2013 to 2022:



**2.1.2 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 former Chief Executive Officer. It was launched in November 2014.



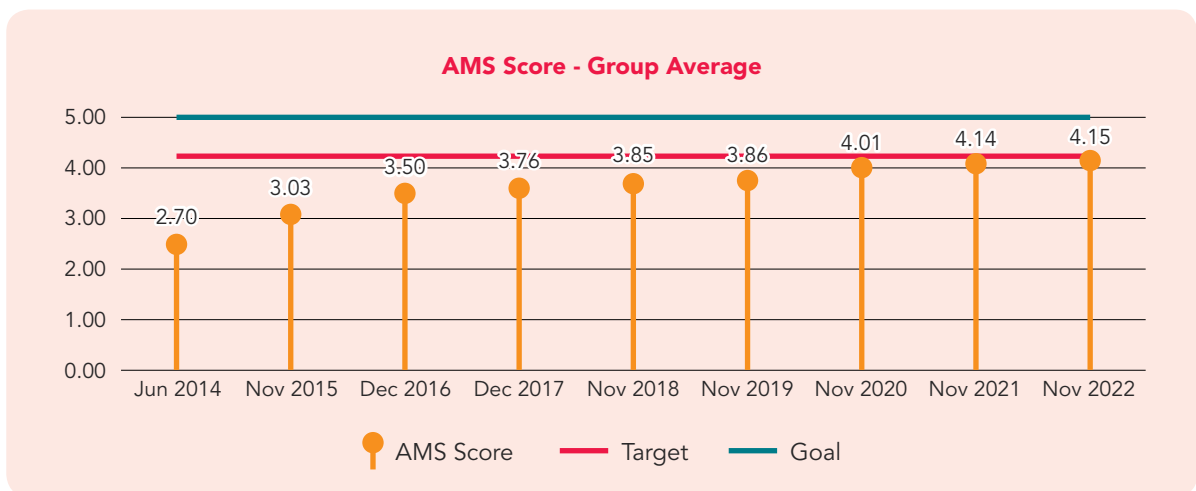


## SUSTAINABILITY STATEMENT

AMS is a manufacturing philosophy that is based on 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 ( $\geq 4.00$ ).



Due to lingering COVID-19 concerns, a virtual convention was held on 10 January 2023 for the Group's subsidiaries to share their Industry 4.0 initiatives and roadmaps where processes that included "Connect-Collect-Visualize-Analyse-Automate" were employed.

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

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

AMS Group Average is derived from the 10 selected segments and subsidiaries; representing the model group and the initial participating subsidiaries and segments. These 10 segments and subsidiaries represent all 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 *inter-alia* include the assessment of measurable Industry 4.0 initiatives that are designed to drive our subsidiaries towards Industry 4.0.

## SUSTAINABILITY STATEMENT

## 2.2 ENVIRONMENTAL



## 2.2.1 Environmental Sustainability

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

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

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

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

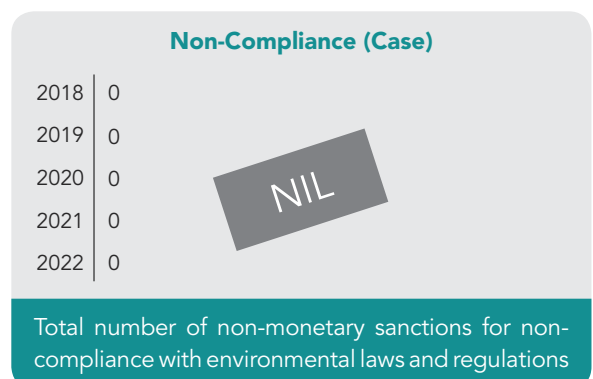
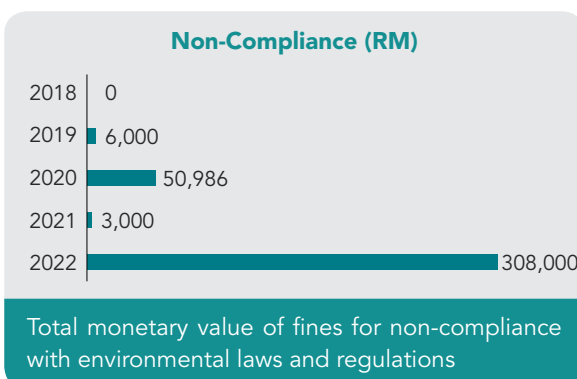
MATERIAL	RECYCLE	REUSED
Metal	Melt & Form	-
Plastics	Re-Palletised & Used	-
Paper/Carton Boxes	Re-Process	Reused by Suppliers
Containers	Re-Process	Reused by Suppliers
Fabric/PVC Sheets	-	For Foam Production

## 2.2.2 Compliance with Environmental Regulations

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 those standards.

While we endeavour to fulfil regulatory requirements, we are mindful that there could be and had been glitches due to oversights or misjudgement. We have since identified our weaknesses in this regard and corrective measures have already been put in place. The following represents a summary of non-compliance on our part with prevailing Malaysian environmental regulations:



## SUSTAINABILITY STATEMENT



Solar Panels installed at APM Springs' plant

### 2.2.3 Energy Conservation and Efficiency

We recognise the need for energy conservation and efficient energy use, as we are in a sector that many consider as one, which consumes substantial energy (i.e., manufacturing). Thus, it is imperative for us to evaluate our energy usage to determine how best to reduce energy consumption or use it more efficiently.

While they may sound the same, there is a difference between energy conservation and energy efficiency. For us, efficient use of energy means using less energy to power the same equipment or services and eliminating energy waste. For example, efficiency can be achieved by using a 12-watt Light Emitting Diode ("LED") bulb to produce the same amount of light as a 60-watt regular bulb as the energy consumed is approximately 75-80% less. Energy conservation on the other hand, revolves around the adoption of practices, behaviour and mindset that results in using less energy such as choosing to use the stairs instead of the elevator or switching off lights that are not in use. By making a conscious choice to conserve or use more energy-efficient products and processes, energy costs are lowered, reliance on energy lessened and greenhouse gas emissions reduced.

We have since introduced various measures to reduce Carbon Dioxide (CO<sub>2</sub>) emission within our organisation.

Among them, include the repurposing of the roofs in some of our plants to generate renewable energy by installing solar panel systems, affixing water curtains to improve airflow without air-conditioning and using LED lighting for more efficient illumination to reduce CO<sub>2</sub> emission.

#### CO<sub>2</sub> Reduction (tonnes)



**SUSTAINABILITY STATEMENT**

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

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

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

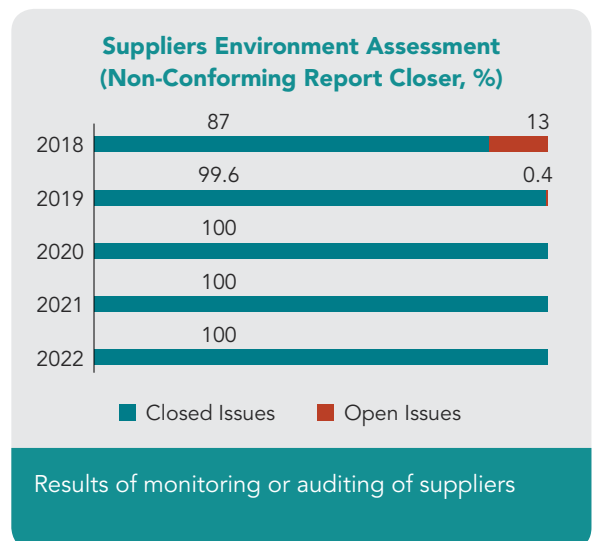
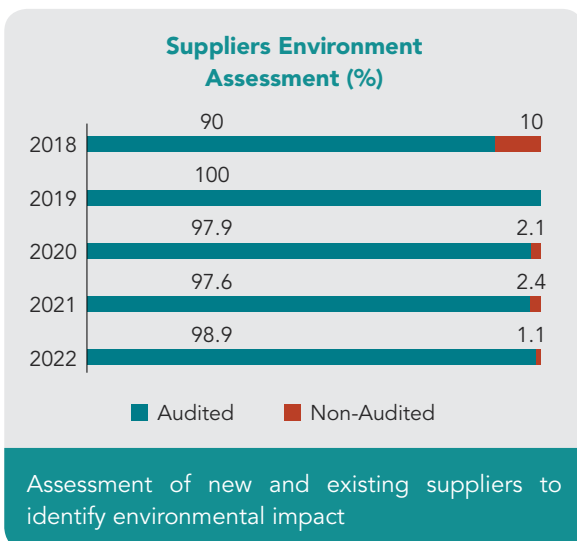
In 2022 and at 1,381 tonnes, we recorded higher \*CO<sub>2</sub> reduction rate compared to the preceding year at 1,139 tonnes as production activities increased due to the easing of COVID-19 restrictions and Malaysia’s transition into the endemic phase.

\* CO<sub>2</sub> emission calculation is based on 2017 Clean Development Mechanism (“CDM”) Electricity Baseline from the Malaysian Green Technology

**2.2.4 Supply Chain Sustainability**

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

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



## SUSTAINABILITY STATEMENT

## 2.3 SOCIAL



## 2.3.1 Community Investment

The Group has always maintained a strong relationship with the community through constant engagement and involvement in various community-based activities and projects because we believe business and communal relationship are inextricably intertwined.

For this purpose, we have developed what is known as the "APM Make a Difference Day" and below are some community events organised by the Group throughout the year:



### Blood donation campaigns in collaboration with a few parties such as hospital and medical centre at different locations in May and September 2022



### Cash donation for the earthquake victim in Cianjur, West Java, Indonesia in December 2022



### Groceries and cash donations to "Rumah Victory", the Elderly Home in Puchong, and Shan Ai Handicapped and Welfare Home in Cheras in December 2022



**SUSTAINABILITY STATEMENT**

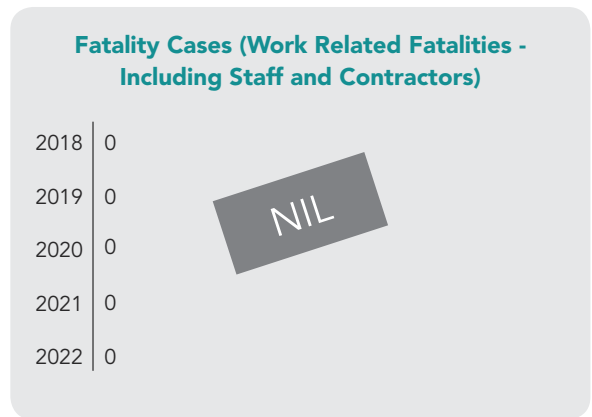
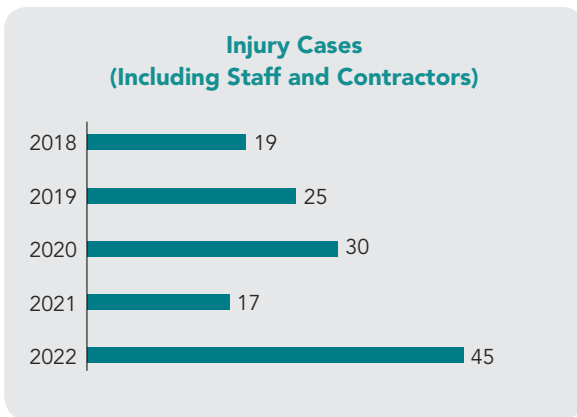
**Groceries and cash donations to “Rumah Anak Kesayanganku”, the orphanage home in December 2022**



**2.3.2 Occupational Safety and Health**

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

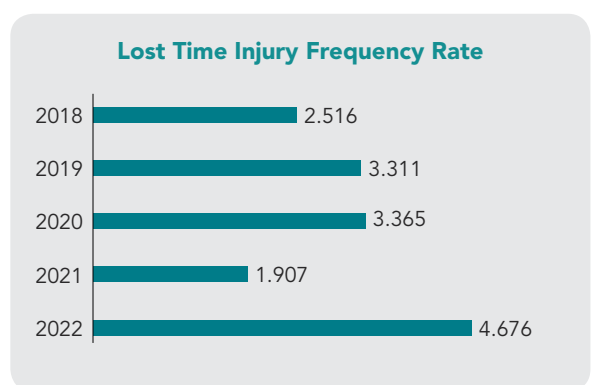
The following is a summary of workplace injuries sustained at our subsidiaries:



**2.3.3 Workplace Safety**

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

However, our experience has enabled us to manage OSH matters more effectively, where a variety of customised measures to reduce or eradicate workplace accidents have since 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.



## SUSTAINABILITY STATEMENT

### 2.3.3 Workplace Safety

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

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

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

The LTIFR for the year 2022 deteriorated significantly to 4.676 from the preceding year. We have since identified the root causes and implemented additional measures to counter future occurrences of such events.

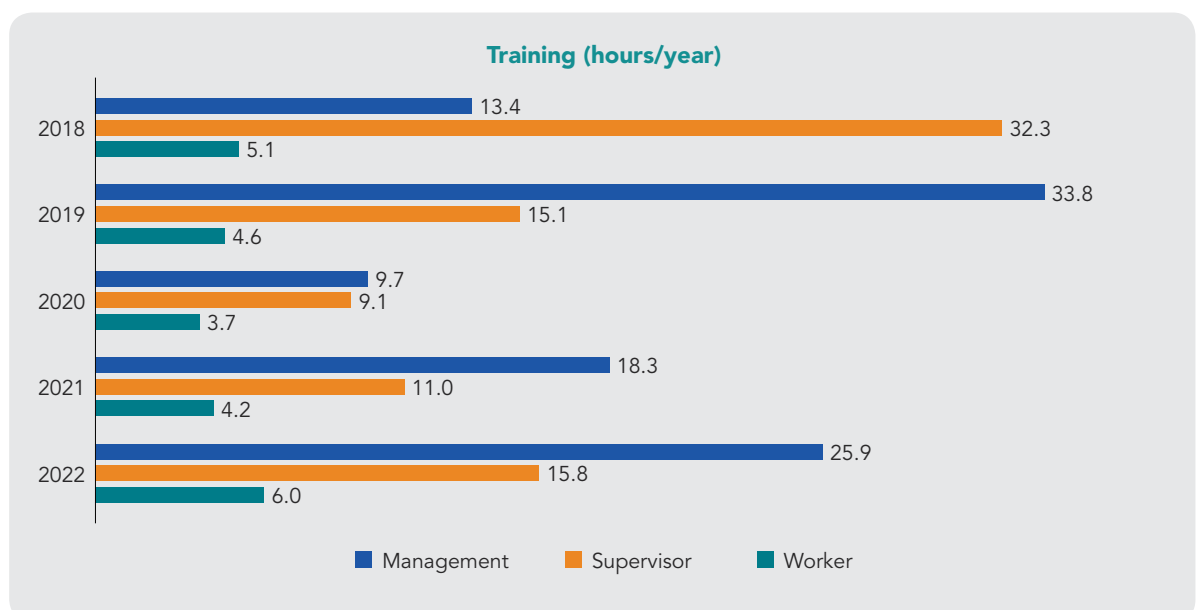
### 2.3.4 Labour Practices & Social Compliance

Labour practices are those that involve the hiring and promotion, remuneration, disciplinary action, complaint response system, transfers and reassignment, termination of employment, human resources development, occupational safety and health, and working conditions (working hours and remuneration) of an employee.

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

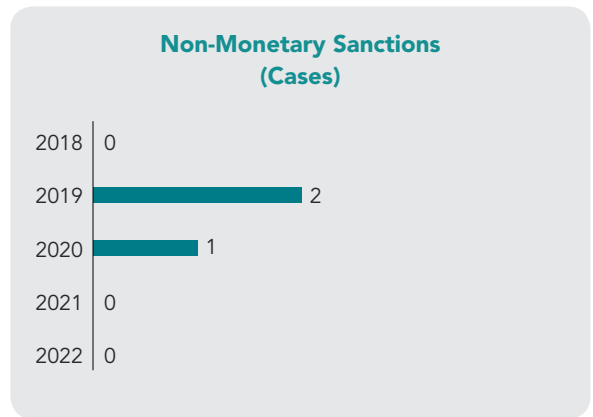
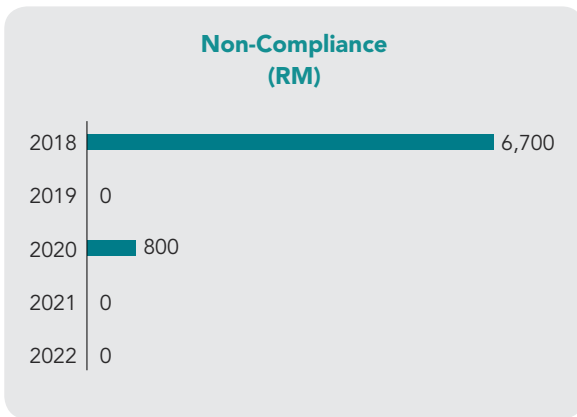
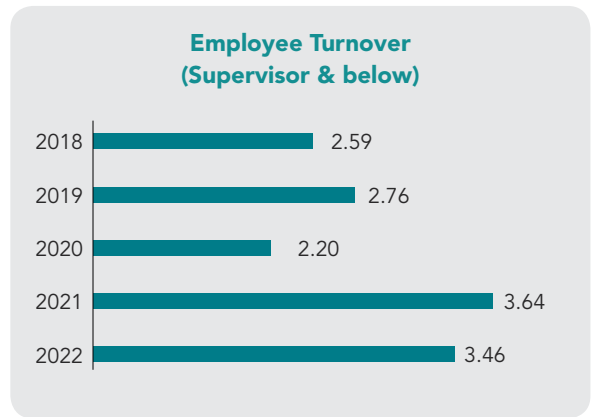
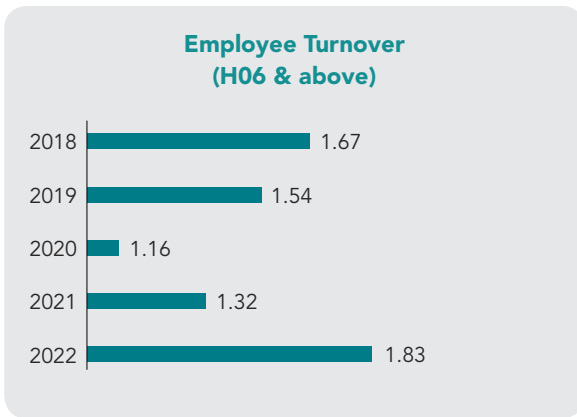
We value our personnel because they form the heart and soul of this organisation. They are after all our greatest assets.

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



**SUSTAINABILITY STATEMENT**

Training facilities are set up for better training effectiveness and designed to provide hands-on experience, whilst increasing skill levels so that employees are equipped before commencement of their job. Defined as the ratio of replacing an employee with a new employee due to partings arising from termination, retirement, death, being 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):



We are in the midst of completing our standard operating procedures for the recruitment and management of migrant workers called “APM’s Code of Conduct for the Recruitment and Treatment of Migrant Workers” and establishing a framework to govern the above. With these guidelines and framework, our approach towards the engagement, protection and management of our migrant workers will be even more structured, impartial, just and organised.

2.4

**GOVERNANCE**



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



## SUSTAINABILITY STATEMENT

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

### 2.4.1 Anti-Bribery and Anti-Corruption Policy

Following the implementation of our updated and improved Anti-Corruption and Anti-Bribery Policy back in February 2020, we have since rolled out our online Anti-Bribery and Anti-Corruption management system called APM QLIQ where the receipt and giving of Gifts, Entertainment and Hospitality can be tracked, monitored and acted upon.

In addition to the above and to further improve the communication of our stance of zero tolerance on bribery and corruption internally and externally, we updated our corporate email template to expressly reflect this position for group wide application. We have also escalated our zero tolerance stance on corruption to our supply chain as we aim to remind, encourage and assist all those with whom we deal to uphold this commitment and reject all forms of corruption as combating corruption requires a communal effort.

### 2.4.2 Human Rights and Forced Labour Commitments

The ILO's Forced Labour Convention (No. 29) defines forced labour as "all work or service which is exacted from any person under the menace of any penalty and for which the said person has not offered himself voluntarily". We share the \*ILO's view that forced labour constitutes a severe violation of human rights and restriction of human freedom and we are committed towards its eradication within our organisation. 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](http://www.apm.com.my)). During the year, we initiated a migrant worker survey to measure the satisfaction and treatment of our migrant workers. The outcome was surprisingly encouraging and enlightening as we learned about "on the ground" issues from the perspective of migrant workers, which we can and will take into consideration going forward.

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

### 2.4.3 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 this measure and for the development of a comprehensive Conflict of Interest Policy that is in line with 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.

### 2.4.4 Fit and Proper Policy

We have completed and launched our Fit and Proper Policy, which sets out the approach, guidelines and procedures to ensure a formal, rigorous and transparent process is being adhered to for the appointment of key personnel to the Group.

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

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

**SUSTAINABILITY STATEMENT****SECTION 3  
CONCLUSION****3.1 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 Sustainability Matters identified in this Statement by putting in efforts that include the following:

- (a) We remain committed and steadfast in pursuing businesses and activities that can contribute towards the preservation of the environment, including participating in projects that encompass the production and harnessing of renewable energy.

To this end, the 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 joint venture vehicle company called "*TC Sunergy Sdn. Bhd.*" in which we have a 40% stake, is progressing as planned with commercial operations expected by December 2023; and

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

