

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

**THE BOARD OF DIRECTORS (“BOARD”) OF APM AUTOMOTIVE HOLDINGS BERHAD (“COMPANY”) RECOGNISES THE IMPORTANCE OF HAVING HIGH STANDARDS OF CORPORATE GOVERNANCE IN THE COMPANY FOR THE PURPOSES OF SAFEGUARDING THE INTEREST OF ITS STAKEHOLDERS AND ENHANCING COMPANY’S REPUTATION IN THE MARKETPLACE. THE DIRECTORS CONSIDER CORPORATE GOVERNANCE TO BE SYNONYMOUS WITH FOUR KEY CONCEPTS, NAMELY TRANSPARENCY, ACCOUNTABILITY, INTEGRITY AS WELL AS CORPORATE PERFORMANCE.**

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

This Statement provides an overview of the Company’s application of the Principles set out in the Malaysian Code on Corporate Governance 2021 Edition (“MCCG”), which was released by the Securities Commission Malaysia on 28 April 2021. Details on how the Company has applied the Practices as set out in the MCCG during the financial year under review are disclosed in the Corporate Governance Report, which is available for viewing on the Company’s website at [www.apm.com.my](http://www.apm.com.my).

The Board reviews the Company’s corporate governance practices with reference to the MCCG and other relevant pronouncements by the Government to ensure such practices broadly meet the expectations of shareholders as well as other stakeholders.

### PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

#### I. BOARD RESPONSIBILITIES

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

All members of the Board are aware of their responsibility to take decisions objectively and collectively to promote the success of the Group for the benefits of shareholders and other stakeholders. The role and responsibilities of the Board are set out in the Board Charter, which is available on the Company’s website at [www.apm.com.my](http://www.apm.com.my). The Board Charter is periodically reviewed by the Board to be in tandem with regulatory changes and to reflect revisions made to the terms of reference of the Board Committees. The Board Charter was last revised and approved by the Board in January 2023.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses, with a focus on overseeing the economic, environmental, social and governance perspectives in the Group’s strategies and operations; identifying principal risks and ensuring the implementation of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestitures, acquisitions and disposals, and major capital expenditure, including succession planning.

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

The Executive Team (as defined in the Board Charter), comprising the President (as the leader), Chief Executive Officer, Chief Operating Officer, Executive Vice President and other Senior Management Personnel, is responsible to the Board in accordance with their respective roles, positions, functions and responsibilities which include, *inter-alia*, the achievement

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of the Group's goals and observance of Management authorities delegated by the Board, developing business plans which are aligned to the Group's requirements for growth, profitability and return on capital to be achieved; ensuring cost effectiveness in business operations; overseeing development of human capital; and ensuring members of the Board have the information necessary to perform their fiduciary duties and other governance responsibilities.

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

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

The Non-Executive Directors, comprising Independent Non-Executive Directors and Non-Independent Non-Executive Directors, provide an independent view and constructively challenge Management on the running of the Company's business and its business performance in meeting the strategy plans, goals and objectives of the Group. The Independent Non-Executive Directors in particular are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and also to ensure effective checks and balances on the Board are accorded. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

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

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

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

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

Both the Special Complaints Policy and ABAC Policy were last reviewed by the Board in February 2023.

The Board has established a Directors' Fit and Proper Policy on 20 May 2022, which serves as a guide to the NRC and Board in conducting the assessment on any prospective Director or retiring Director seeking re-election as a Director in the Company and the subsidiaries to ensure they possess the necessary quality and character as well as integrity, competency and commitment to discharge the responsibilities required of the position in the most effective manner. The Directors' Fit and Proper Policy is available on the Company's website at [www.apm.com.my](http://www.apm.com.my).

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

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

### **Board Meetings**

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

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

<b>Name</b>	<b>No. of Board Meetings Attended</b>	<b>Percentage of Attendance (%)</b>
Dato' Tan Heng Chew	6/6	100
Dato' Tan Eng Hwa	6/6	100
Low Seng Chee	6/6	100
Dato' N. Sadasivan s/o N.N. Pillay	6/6	100
Lee Min On	5/6	83
Dato' Chan Choy Lin	6/6	100
Nicholas Tan Chye Seng	6/6	100
Khoo Peng Peng (Appointed on 5 January 2022)	6/6	100
Dato' Azmil bin Mohd Zabidi (Appointed on 1 February 2022)	5/5	100

### **Continuous Professional Development**

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

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

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Directors	Training/Seminar/Conference/Workshop
<b>Dato' Tan Heng Chew</b>	<ul style="list-style-type: none"> <li>• Tan Chong Motor Holdings Berhad ("TCMH"): Malaysian Financial Reporting Standards ("MFRS") 2021 Updates and Malaysian Code on Corporate Governance ("MCCG") 2021 Updates</li> <li>• TC iTech Sdn. Bhd.: Tan Chong Group's IT Systems &amp; Infrastructure</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Automotive Holdings Berhad Group ("APM Group")</li> <li>• TC iTech Sdn. Bhd.: Cybersecurity Awareness</li> <li>• Warisan TC Holdings Berhad: Corporate Liability Provision (Section 17A) of the Malaysian Anti-Corruption Commission Act 2009</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>
<b>Low Seng Chee</b>	<ul style="list-style-type: none"> <li>• TCMH: MFRS 2021 Updates and MCCG 2021 Updates</li> <li>• Bursa Malaysia Berhad: TCFD 101 - Getting started with Climate-Related Financial Reporting</li> <li>• Bursa Malaysia Berhad: TCFD 102 - Building experience in Climate-Related Financial Reporting</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• KPMG: 2022 MFRS Updates Seminar</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>
<b>Dato' Tan Eng Hwa</b>	<ul style="list-style-type: none"> <li>• TCMH: MFRS 2021 Updates and MCCG 2021 Updates</li> <li>• Asia School of Business: Corporate Governance – Open Enrollment: Sustainability and Its Impact on Organisations - What Directors Need to Know</li> <li>• Bursa Malaysia Berhad: TCFD 101 - Getting started with Climate-Related Financial Reporting</li> <li>• Bursa Malaysia Berhad: TCFD 102 - Building experience in Climate-Related Financial Reporting</li> <li>• Malaysian Association of Company Secretaries ("MACS"): Incorporation of Company Limited by Guarantee and Solicitation of Public Fund/New Challenges and Changes in Employment Law</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• MACS: Environmental, Social, Governance ("ESG") Sustainability Reporting/A Review of Recent Case Law involving on the interpretation of various provisions of Companies Act, 2016</li> <li>• Suruhanjaya Syarikat Malaysia ("SSM"): Resolving Boardroom and Shareholders Disputes</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>

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<b>Khoo Peng Peng</b>	<ul style="list-style-type: none"> <li>• TCMH: MFRS 2021 Updates and MCCG 2021 Updates</li> <li>• Bursa Malaysia Berhad: TCFD 101 - Getting started with Climate-Related Financial Reporting</li> <li>• Bursa Malaysia Berhad: TCFD 102 - Building experience in Climate-Related Financial Reporting</li> <li>• Bursa Malaysia Berhad: Mandatory Accreditation Programme</li> <li>• Malaysian Institute of Accountants (“MIA”) International Accountants Conference 2022</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>
<b>Dato’ N. Sadasivan s/o N.N. Pillay</b>	<ul style="list-style-type: none"> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>
<b>Lee Min On</b>	<ul style="list-style-type: none"> <li>• TCMH: MFRS 2021 Updates and MCCG 2021 Updates</li> <li>• Bursa Malaysia Berhad: TCFD 101 - Getting started with Climate-Related Financial Reporting</li> <li>• TC iTech Sdn Bhd: Tan Chong Group’s IT Systems &amp; Infrastructure</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• Bursa Malaysia Berhad: Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> <li>• Warisan TC Holdings Berhad: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to Warisan TC Holdings Berhad Group</li> <li>• TC iTech Sdn. Bhd.: Cybersecurity Awareness</li> <li>• TCMH: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to TCMH Group</li> <li>• Securities Commission: Securities Audit Oversight Board Conversation with Audit Committees</li> <li>• LeadWomen Sdn. Bhd.: Bursa Malaysia Immersive Session - The Board “Agender”</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>
<b>Dato’ Azmil bin Mohd Zabidi</b>	<ul style="list-style-type: none"> <li>• Bursa Malaysia Berhad: Mandatory Accreditation Programme</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>

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<b>Dato' Chan Choy Lin</b>	<ul style="list-style-type: none"> <li>• TCMH: MFRS 2021 Updates and MCCG 2021 Updates</li> <li>• Financial Institutions Directors' Education ("FIDE"): Climate Change Impact on Insurance Companies and Role of the Board</li> <li>• KPMG: ESG in Insurance - Regulatory Perspective</li> <li>• Bank Negara Malaysia/FIDE Forum Dialogue: Climate Change Risk Management and Senario Analysis</li> <li>• Bursa Malaysia Berhad: TCFD Climate Disclosure Training Programme</li> <li>• Tricor Axcelasia Sdn. Bhd.: Understanding Sustainability, Environment, Social and Governance</li> <li>• The Malaysian Institute of Certified Public Accountants ("MICPA")/KPMG: Executive Master Class-Developing Malaysia's Road Map to net zero</li> <li>• MICPA: Banking on Islamic Finance for a sustainable future</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• Cyber Security Awareness Programme by SysArmy</li> <li>• Legal Talk on Merger Control</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• FIDE: Material ESG Risks for the insurance sector</li> <li>• LeadWomen Sdn. Bhd.: Bursa Malaysia Immersive Session - The Board "Agender"</li> <li>• Securities Commission: Securities Audit Oversight Board Conversation with Audit Committees</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditors</li> </ul>
<b>Nicholas Tan Chye Seng</b>	<ul style="list-style-type: none"> <li>• TCMH: MFRS 2021 Updates and MCCG 2021 Updates</li> <li>• In-house Training: KPMG Tax Briefing on Tax Corporate Governance Framework and Guidelines</li> <li>• In-house Training: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to APM Group</li> <li>• In-house Training: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function &amp; External Auditor</li> </ul>

## II. BOARD COMPOSITION

The Company's Constitution provides for the Board to compose of not more than ten (10) Directors. The Board currently consists of nine (9) members, comprising three (3) Executive Directors and six (6) Non-Executive Directors, of whom three (3) are Independent Non-Executive Directors. In respect of Independent Non-Executive Directors, the composition of the Board meets the requirements as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

Practice 5.2 of the MCCG states that at least half of the Board comprises Independent Directors. Although the Board is aware that its current composition departs from the recommended practice, it nonetheless believes that the goal of independence and objectivity in such practice is not compromised as a result of such composition. In fact, the Board is of the view that independence and objectivity are present and preserved with the current set of Directors in view of the weight given to the opinions of its three (3) Independent Non-Executive Directors, which provide the necessary checks and balance in the Board's decision-making process, even though the number of the Independent Non-Executive Directors has reduced to three (3) from four (4) following the recent re-designation of Dato' N. Sadasivan s/o N.N. Pillay as Non-Independent Non-Executive Director.

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All the Board members are persons of high calibre and integrity. They possess the appropriate skills and provide a wealth of knowledge and experience in the key areas of business strategy and planning, business operations and development, finance, corporate governance, accounting, risk management and audit. The profile of each Director is set out on pages 5 to 9 of this Annual Report.

### **Nominating and Remuneration Committee ("NRC")**

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

It is the Board's practice for new appointment of Directors, suitable candidates are identified both from recommendations of existing Directors or Management of the Company as well as external sources like the Institute of Corporate Directors Malaysia and others, as deemed appropriate. The NRC is of the view that the process of sourcing for suitable candidates meets the needs of the Company as a formal and rigorous interview process is normally undertaken by the NRC, regardless of whether the candidates are recommended by existing Directors or Management or sourced from external parties. Towards the end of 2021, the NRC interviewed to assess the candidates' skills, character, integrity, knowledge, expertise, experience and time availability required to meet the needs of the Company. Based on the outcome of the interview and assessment, the NRC recommended both the candidates for directorship to the Board for approval, as the Board has the ultimate responsibility of making the final decision on the appointment of new Directors. The two (2) new Directors, whose nomination and assessment processes were carried out based on the above process, have been appointed to the Board in January and February 2022.

In January 2023, the NRC conducted the annual assessment of the Board, Board Committees and individual Directors, based on a self and peer review premised on pre-set questionnaires, adapted from the Corporate Governance Guide 4<sup>th</sup> Edition and approved by the Board, to evaluate the skills sets and performance of the Board, Board Committees and individual Directors, including how the individual Directors contributed in meeting the Company's needs. The annual Directors' assessment forms, which are sets of self and/or peer assessment forms, were issued to the Board and Board Committee members, and the 360-degree assessment form was issued to the Senior Management who attended full meetings of the Board or Board Committees to evaluate the performance of the Board and Board Committee from different perspectives. This is the first year that the Company has adopted the 360-degree assessment approach with the objective to further enhance the evaluation process of Board's and Board Committees' performance.

Based on the outcome of the assessment, the NRC concluded that each Director has the requisite competence, skills, experience, integrity and character to serve on the Board and has sufficiently demonstrated his or her commitment to the Group in terms of time and participation during the year under review. An area for improvement identified from the assessment relates to the need for Directors to hone their skills set by attending more training programmes, particularly in the areas of legal compliance, sustainability and human capital as well as research and development that relate to the Group's products, technology development and operations.

Following the above-mentioned assessment and having considered the Directors' fitness and propriety based on the criteria set out in the Directors' Fit and Proper Policy as well as the declaration made by the retiring Directors seeking re-election, the NRC recommended to the Board for re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried out by the NRC in discharging its functions were duly documented.

The Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, the person may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as an Independent Non-Executive Director after the latter had served a cumulative term of nine (9) years but not exceeding 12-year tenure, the Board must justify such decision and seek shareholders' approval at the AGM.

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The NRC has also in January 2023 assessed the independence of Independent Non-Executive Directors for the financial year 2022 based on the criteria on independence adopted by the Board. Following this assessment and recommendation by the NRC, the Board is of the opinion that the independence of existing Independent Non-Executive Directors, whose tenure has not exceeded nine (9) years, remain unimpaired and their judgement over business dealings of the Company has not been influenced by the interest of the other Directors or substantial shareholders.

Dato' N. Sadasivan s/o N.N. Pillay, previously the Independent Non-Executive Director, had served on the Board for more than twenty (20) years. The NRC, having reviewed and considered Dato' N. Sadasivan s/o N.N. Pillay's vast experiences, knowledge and expertise as well as his invaluable insights of the Group's business operations, recommended to the Board to re-designate him as a Non-Independent Non-Executive Director of the Company. The Board concurred with the recommendation of the NRC and had re-designated Dato' N. Sadasivan s/o N.N. Pillay as a Non-Independent Non-Executive Director of the Company on 1 April 2023.

The Company has formalised a Board Diversity Policy, which is set out in the Board Charter available on the Company's website. According to the Board Diversity Policy on gender, the Board shall comprise at least a female Director at any time. The Board advocates fair and equal participation and opportunity for all individuals of the right calibre. Presently, there are two (2) female Board members, namely Dato' Chan Choy Lin and Ms. Khoo Peng Peng. This is in line with the Main Market Listing Requirements to have at least one (1) woman Director on Board.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review and up to the date of this Statement is set out below:

- Reviewed and recommended the renewal of service contracts of Executive Directors and Senior Management to the Board for approval;
- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and assessed the suitability of re-designating a Director;
- Reviewed and assessed the Board Composition;
- Considered whether there was any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect the capacity of Directors to bring an informed judgement to bear on issues before the Board and to act in the best interest of the Company;
- Reviewed and recommended the re-election of Directors due for retirement and who had offered themselves for re-election;
- Reviewed and recommended the continuation in office as Independent Non-Executive Director, the Director who had served for a cumulative period of more than nine (9) years for shareholders' approval at the last 25<sup>th</sup> AGM;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Considered the Directors' training needs, including acknowledging the types of training to be attended by Directors following the Board Effectiveness Assessment mentioned above;
- Assessed the effectiveness and performance of the Chief Financial Officer and Company Secretary, who are considered key personnel of the Company; and
- Reviewed the terms of reference of the NRC.

### III. REMUNERATION

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

The Board has formalised and adopted Policies and Procedures for the Remuneration of Directors and Senior Management, which is available on the Company's website at [www.apm.com.my](http://www.apm.com.my), to align with the business strategy and long-term objectives of the Group. The remuneration packages of Executive Directors and Senior Management are linked to their performance, qualifications, experience and scope of responsibility and geographic location where the personnel are based and are periodically benchmarked against the market and industry surveys conducted by human resource consultants, as well as the performance of the companies in the Group.



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

The NRC has in January 2023 carried out an annual review of the Executive Directors' remuneration, whereupon recommendations were made to the Board for approval. Such annual review is to ensure that the remuneration packages of the Executive Directors remain attractive enough to recruit, motivate and retain Directors of calibre, commensurate with their responsibilities for effective management and operations of the Group.

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

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

Details of Directors' remuneration for the financial year ended 31 December 2022 in respect of the Group and Company, including breakdown of remuneration in terms of fees, salaries, bonus, benefit-in-kinds, allowances and others of individual Directors on a named basis, are provided under Practice 8.1 of the MCCG in the Corporate Governance Report, which is available on the Company's website at [www.apm.com.my](http://www.apm.com.my).

### PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

#### I. AUDIT COMMITTEE

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

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

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

The Audit Committee has adopted a policy that requires a former partner of the external audit firm and/or its affiliates, including those providing advisory services, tax consulting, etc., to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee and such policy has been incorporated in the terms of reference of the Audit Committee.

#### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

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

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

#### I. ENGAGEMENT WITH STAKEHOLDERS

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

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

#### II. CONDUCT OF GENERAL MEETINGS

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

The 25<sup>th</sup> AGM of the Company, which was held on 1 June 2022, was conducted virtually through live streaming from the broadcast venue and online remote voting via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online website at <https://tjih.online>, in line with Practice 13.3 of the MCCG to promote shareholders' participation by leveraging technology means.

At the 25<sup>th</sup> AGM, all the Directors (including the chair of the Board Committees) were present at the Meeting to engage directly with, and to be accountable to, the shareholders for their stewardship of the Company. During the AGM, the Chairman of the meeting ensured that the meeting was conducted in an orderly manner. The strategic business direction of the Group, the Group's financial performance, some key initiatives, overview of market outlook and the Group's strategies and actions going forward were presented at the meeting. Shareholders were given the opportunity to submit their questions prior to and during the AGM via an e-query box. Members of the Board responded to questions posed by shareholders to provide the relevant explanations and insights thereto. The shareholders participated in deliberating resolutions being proposed or on the Group's operations in general. The Directors and Management appropriately responded to the questions raised and provided clarification as required by the shareholders. The minutes of the 25<sup>th</sup> AGM, including the responses to questions raised by shareholders, were made available on the Company's website.

This Statement is dated 5 April 2023.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), the Board of Directors ("Board") of a listed issuer is required to include in its Annual Report, a statement about the state of risk management and internal control of the listed issuer as a group. Accordingly, the Board is pleased to furnish the Risk Management and Internal Control Statement ("Statement"), which outlines the nature and scope of the risk management and internal control system in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2022 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this Statement has considered the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines"), a publication of Bursa Securities, in particular the requirements under paragraphs 41 and 42 of the Guidelines and the Malaysian Code on Corporate Governance 2021 Edition ("MCCG").

### BOARD'S RESPONSIBILITY

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

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

The Board is also mindful of its role in establishing a sound framework to manage risk as stipulated in Practice 10.1 of the MCCG. Accordingly, the Board has formalised in writing a Risk Management Framework ("RMF" or "Framework"), which is broadly aligned with the ISO 31000:2018 Risk Management – Guidelines. This Framework incorporates, amongst others, a structured risk management process to identify and evaluate business risks, comprising strategic, financial, operational, cybersecurity, bribery and corruption, sustainability and compliance as well as a system of internal control to mitigate such risks to acceptable levels.

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

### RISK MANAGEMENT SYSTEM

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

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

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

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

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

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

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

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

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

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

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

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

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

Commitment and discipline in managing risks are imperative to the success of the Group. Continuous efforts are taken by Management to assess and monitor the existing Risk Management Framework, including the Group's ABAC Policy, in order to manage risks as well as the related internal control activities towards achieving the Group's objectives.

### INTERNAL CONTROL SYSTEM

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

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

- The Executive Directors manage the businesses and hold dialogues with Senior Management of the various subsidiaries;
- The Executive Management Committee ("EMC"), established by the Board to manage and control the Group's businesses, monitors the performance of the subsidiaries and identifies areas requiring follow-up actions. The EMC is further supported by various sub-committees. Matters beyond the EMC's limits of authority are referred to the Board for approval;
- Policies and procedures, which address the major aspects of activities across the Group, have been established to enable necessary Management's directives to be conducted with actions taken on risks to achieve the Group's objectives. The policies and procedures include a range of control activities as diverse as approval, authorisation, verification, reconciliation, review of performance, safeguarding of assets and segregation of key conflicting functions;
- The Board meets at least quarterly to discuss the performance of the Group and other major issues. The year-end financial statements and announcements of the quarterly results are reviewed by the Audit Committee, with explanations provided by Management on any significant fluctuations from quarter-to-quarter as well as year-to-date performance, including variances from budget, before the Board's approval and release to Bursa Securities; and
- The Board also reviews and approves the Group's annual budget and business plan consisting of the budgets and business plans of the subsidiaries. These plans set out the key business objectives of the respective subsidiaries, including major risks and opportunities as well as the action plans.

### INTERNAL AUDIT FUNCTION

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

System and Internal Audit Department consists of 4 personnel, and they conduct reviews of the Group's system of risk management and internal control, including the extent of compliance with the Group's operating policies and procedures as well as laws and regulations. The System and Internal Audit Department is currently headed by Mr. Chong Choon Ket, a General Manager. He is a member of the Malaysian Institute of Accountants, a Fellow Member of Association of Chartered Certified Accountants and a Chartered Member of The Institute of Internal Auditors, Malaysia.

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

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

as well as the status of completion of internal audit vis-à-vis the annual plan, were submitted to the Audit Committee for review on a quarterly basis. The System and Internal Audit Department also followed up on the status of implementation of corrective actions by Management on issues raised by Internal Audit for onward reporting to the Audit Committee.

For the financial year ended 31 December 2022, the System and Internal Audit Department covered the following business units, departments and business processes in its audit:

Business unit or department selected for internal audit	Business processes (including risks covered)
APM Shock Absorbers Sdn. Bhd.	Procurement control procedures; Corporate liability programme; Foreign workers management; Scheduled waste management; Trade receivables review; Cash and bank balance management; and Balance sheet review.
APM Plastics Sdn. Bhd.	Production rejection control procedures – Injection Plant; Sub-contracting management – Injection Plant; Corporate liability programme; Effectiveness of risk management; Cash and bank balance management; Trade receivables review; and Balance sheet review.
APM Auto Electrics Sdn. Bhd.	Inventory management; Loose parts control procedures; Carriage outwards expenses; Corporate liability programme; Trade receivables review; Cash and bank balances management; and Balance sheet review.
APM Aluminium Castings Sdn. Bhd.	Revenue management; Fire safety control procedures; Foreign workers management; Trade receivables review; Cash and bank balance management; and Balance sheet review.
Auto Parts Manufacturers Co. Sdn. Bhd.	Revenue management – Kulim Operations; Inventory management – Kulim Operations; Fire safety control procedures – Kulim Operations; Trade receivables review; Cash and bank balance management; and Balance sheet review – Investment Property Division.
APM Group of Companies	Recurrent Related Party Transactions review; Stock variances review; Fire extinguishers review; Overview of Safety and Health Officer/Committee; and Sustainability report – limited assurance review.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

The business units subject to internal audit coverage contributed to 33% of the Group revenue and 34% of the Group assets in 2022. There were no restrictions placed upon the scope of the System and Internal Audit Department's work, and internal audit personnel were allowed unrestricted access to the records and relevant personnel of the Group during their audits for the financial year ended 31 December 2022. The Audit Committee reviewed the work of the System and Internal Audit Department, its observations, recommendations, conclusions as well as Management's comments as a means to obtain assurance on the adequacy and operating effectiveness of the Group's risk management and internal control system. The Audit Committee also completed a set of questionnaires as adapted from the Corporate Governance Guide 4<sup>th</sup> Edition – Pull-out II Guidance on Effective Audit and Risk Management, a publication of Bursa Securities, to assess the competency of the Head of System and Internal Audit Department and sufficiency of resources available to the System and Internal Audit Department to fulfill its responsibilities.

The costs incurred on the System and Internal Audit Department for the financial year ended 31 December 2022 amounted to approximately RM638,000 (2021: RM541,000).

### BOARD'S COMMENTS AND ASSURANCE BY THE MANAGEMENT

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

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

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

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

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Risk Management and Internal Control Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Company for the year ended 31 December 2022, and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the Annual Report of the Company, in all material respect:

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

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

This Statement is dated 5 April 2023.

## AUDIT COMMITTEE REPORT

The Board of Directors of APM Automotive Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

The Audit Committee ("AC" or "Committee") was established on 1 November 1999. The terms of reference of the Committee were last reviewed by the AC on 17 November 2022.

### COMPOSITION AND MEETINGS

The AC comprises the following Directors and their attendances at the five (5) meetings held during the financial year ended 31 December 2022 are as follows:

Name	Attendance
<b>Lee Min On</b> Chairman Senior Independent Non-Executive Director *	4/5
<b>Dato' Chan Choy Lin</b> Member Independent Non-Executive Director	5/5
<b>Dato' Azmil bin Mohd Zabidi</b> Member Independent Non-Executive Director	5/5
<b>Dato' N. Sadasivan s/o N.N. Pillay</b> Member Non-Independent Non-Executive Director **	5/5

\* Mr. Lee Min On was re-designated as the Senior Independent Director on 1 April 2023.

\*\* Dato' N. Sadasivan s/o N.N. Pillay was re-designated as a Non-Independent Non-Executive Director on 1 April 2023.

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

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

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

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

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



## AUDIT COMMITTEE REPORT

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

### SUMMARY OF THE WORK OF THE AUDIT COMMITTEE

During the financial year under review, the AC engaged with Management, the Internal Auditor and External Auditors to discharge its functions and duties as required under its Terms of Reference.

The activities conducted by the Committee in fulfilling its duties and responsibilities during the financial year and up to the date of this report are summarised as follows:

#### Financial Reporting

- (1) Reviewed all four (4) quarters' unaudited financial results of the Group for the year under review, focusing on key matters, which included, inter-alia, the going concern assumption, and ensured that disclosures complied with approved accounting standards and other regulatory requirements before recommending the same to the Board for approval to release the said results to Bursa Securities;
- (2) Reviewed the audited financial statements of the Company and of the Group, together with the External Auditors, before recommending the same to the Board for approval;
- (3) Reviewed the revaluation surplus arising from the changes in fair values of investment properties of the Group before recommending the same to the Board for approval; and
- (4) Reviewed the impact of changes in accounting policies and adoption of new approved accounting standards, if any, together with significant matters highlighted in the financial statements.

#### External and Internal Auditors

- (1) Reviewed the audit findings for the financial year ended 31 December 2022 highlighted by the External Auditors as well as weaknesses in the internal control system of companies in the Group that required improvements. The Committee also deliberated on the responses from Management and evaluated the improvement action plans proposed by Management to ensure that the areas of concern were adequately mitigated;
- (2) Considered the External Auditors' Audit Planning Memorandum for the financial year ended 31 December 2022, including the scope of work and audit approach adopted by the External Auditors, the risk areas to be focused on (including potential key audit matters that might be included in their report), the engagement team, audit materiality and audit timetable. Key changes to the Malaysian Financial Reporting Standards and International Financial Reporting Standards, auditing standards as well as the Main Market Listing Requirements of Bursa Securities, including their consequential impacts thereon, were also deliberated and noted;
- (3) Assessed the suitability, objectivity and independence of the External Auditors by evaluating, amongst others, the adequacy of their technical knowledge, experience, skills, independence, objectivity, audit engagement and the supervisory ability and competency of the engagement team assigned to the Group. Moreover, the External Auditors confirmed their professional independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants via their presentation deck to the Committee as well as their engagement letter. In line with the Malaysian Code on Corporate Governance 2021 Edition, the Committee also reviewed the Annual Transparency Report of the External Audit firm, i.e., KPMG PLT, which set out, amongst others, the governance and leadership structure of the firm, as well as measures undertaken by the firm to uphold audit quality and manage risks. Based on the outcome of the above-mentioned assessment, the AC was satisfied that the External Auditors were able to meet the audit requirements and statutory obligations of the Company as well as their independence and objectivity as External Auditors of the Company. Accordingly, the Committee recommended, and the Board accepted, the tabling of a resolution on the re-appointment of KPMG PLT as External Auditors of the Company at the forthcoming Annual General Meeting;

**AUDIT COMMITTEE REPORT**

- (4) Assessed the audit scope of the External Auditors, considered the prevailing challenges faced by the firm on attracting and retaining professional resource head-count, and thereafter recommended the External Audit fees to the Board for approval;
- (5) Reviewed and approved the nature of, and fees for, non-audit services before such services could be provided by the External Auditors and/or their affiliates in accordance with the Group's Policy on Non-Audit Services to ensure that such non-audit services would not compromise the objectivity and independence of the External Auditors. Details of non-audit fees incurred by the Company and Group for the financial year ended 31 December 2022 are stated in the Other Statements and Disclosures of the Annual Report;
- (6) Private sessions were held with the External Auditors without the presence of Executive Board members and Management personnel to discuss with candour the audit findings and any other observations or concerns noted by the External Auditors during their audit;
- (7) Reviewed and approved the annual Internal Audit Plan to ensure adequacy of scope and coverage of the auditable areas, e.g., higher risk areas would be audited on a more regular basis, before actual internal audit work commenced;
- (8) Reviewed the outcome of Internal Audit, focusing on the adequacy and operating effectiveness of risk management and internal controls that addressed strategic, operational, financial, compliance and information technology processes and their associated risks relating to the Group based on the approved annual Internal Audit Plan;
- (9) Discussed major findings, weaknesses and significant Internal Audit matters raised by the Internal Auditor and Management's responses and follow-up actions thereto. Management of the respective business units concerned was required to rectify and improve internal control procedures and workflow processes based on the Internal Auditor's recommendations;
- (10) Reviewed and assessed the adequacy of the scope, functions, competency and resources of the Internal Audit function to ensure that it has the necessary authority and manpower to conduct its work as planned;
- (11) Reviewed the Risk Assessment and Sustainability Reports, including the status and updates on key risks identified at the Group level and the key performance indicators on material sustainability matters, and minutes of the Risk Management and Sustainability Committee ("RMSC") Meeting, especially on matters that might impact the financial reporting process; and
- (12) Reviewed, with the assistance of the Internal Audit function, the recurrent related party transactions ("RRPTs") of the Group on a quarterly basis to ensure that those transactions entered into by the Group were within the shareholders' mandate in relation to the nature, terms and value limits of the transactions. In respect of non-recurrent related party transactions entered into by the Group, the AC reviewed, with the assistance of the Internal Audit function, these transactions to ensure that they were on terms which were not more favourable than those generally available to the public and comply with the Main Market Listing Requirements of Bursa Securities.

**Other Matters**

- (1) Reviewed the Circular to Shareholders in relation to shareholders' mandate on RRPTs, in particular the review procedures of RRPTs, AC Report, Sustainability Statement and Risk Management and Internal Control Statement, which are included in this Annual Report, to ensure compliance with the relevant regulatory reporting requirements prior to recommending the same to the Board for approval; and
- (2) Reviewed the Terms of Reference of the Committee, including amendments (if any) made thereto for the Board's approval.

## AUDIT COMMITTEE REPORT

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

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

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

It reports directly to the AC, who reviews and approves its annual Internal Audit Plan. The Internal Audit function is independent of the activities it audits and conducts its work in accordance with the International Professional Practices Framework of the Institute of Internal Auditors, enshrined in the Internal Audit Charter. The Internal Audit function performed audit on major subsidiaries of the Group as well as ad-hoc reviews or investigations. In addition, routine year-end reviews such as annual stock takes and RRPTs, including their pricing reviews were also conducted.

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

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

As risk management is a vital cog in the Group's business operations, a structured risk management framework has been formalised in writing by the Board, which sets out, amongst others, a process for the identification, evaluation, controlling, reporting and monitoring of significant risks faced by the Group. The Board has entrusted the oversight role over the Group's risk management framework to the RMSC. Further details of the work and activities carried out by RMSC, including key elements of the Group's risk management framework, are set out in the Risk Management and Internal Control Statement included in this Annual Report.

This Report is dated 5 April 2023.

## OTHER STATEMENTS AND DISCLOSURES

### 1. Material Contracts involving Directors and Major Shareholders' Interest

There were no material contracts (not being contracts entered in the ordinary course of business) entered into by the Company and its subsidiaries involving directors' and major shareholders' interests, either still subsisting at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year.

### 2. Audit and Non-Audit Fees

The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, KPMG PLT, to the Company and the Group respectively for the financial year ended 31 December 2022 were as follows:

	<b>Company 2022 RM'000</b>	<b>Group 2022 RM'000</b>
Statutory audit fees	64	541
Non-audit fees*	22	231

Note:

\* The non-audit fees comprised mainly fees to KPMG PLT or its affiliates to review the regulatory reporting, tax compliances and tax advisory works.

## **STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE AUDITED FINANCIAL STATEMENTS**

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

In preparing the financial statements for the year ended 31 December 2022, the Directors have:

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

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



# FINANCIAL STATEMENTS

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## DIRECTORS' REPORT

### FOR THE YEAR ENDED 31 DECEMBER 2022

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

#### PRINCIPAL ACTIVITIES

The Company is principally an investment holding company whilst the principal activities of the subsidiaries are as stated in Note 31 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

#### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 31 to the financial statements.

#### RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	26,400	2,700
Non-controlling interests	15,283	-
	41,683	2,700

#### RESERVES AND PROVISIONS

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

#### DIVIDENDS

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

- (i) In respect of the financial year ended 31 December 2021:
  - a final single tier dividend of 7.0 sen per ordinary share totalling RM13,684,601 declared and approved on 25 February 2022 and paid on 11 May 2022.
- (ii) In respect of the financial year ended 31 December 2022:
  - a first interim single tier dividend of 7.0 sen per ordinary share totalling RM13,684,601 declared and approved on 21 November 2022 and paid on 21 December 2022.
  - a second interim single tier dividend of 7.0 sen per ordinary share totalling RM13,684,601 declared and approved on 24 February 2023 and to be paid on 10 May 2023.

**DIRECTORS' REPORT**  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

## DIRECTORS OF THE COMPANY

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

Dato' Tan Heng Chew  
Dato' Tan Eng Hwa\*  
Dato' N. Sadasivan s/o N.N. Pillay\*  
Dato' Chan Choy Lin  
Dato' Azmil bin Mohd Zabidi  
Low Seng Chee\*  
Nicholas Tan Chye Seng\*  
Lee Min On  
Khoo Peng Peng\*

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

## DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2022	Bought	Sold	At 31.12.2022
Interests in the Company:				
Dato' Tan Heng Chew	11,931,899	241,800	4,401,800	7,771,899
Dato' Tan Eng Hwa	207,008	-	-	207,008
Deemed interests in the Company:				
Dato' Tan Heng Chew	92,245,784 <sup>(1)</sup>	4,401,800	-	96,647,584 <sup>(1)</sup>
Dato' Tan Eng Hwa	7,128 <sup>(2)</sup>	-	-	7,128 <sup>(2)</sup>

<sup>(1)</sup> Deemed interested by virtue of interests in Tan Chong Consolidated Sdn. Bhd. and Wealthmark Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interests held by spouse and daughter by virtue of Section 59(11)(c) of the Companies Act 2016.

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

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

None of the other Directors holding office at 31 December 2022 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.



**DIRECTORS' REPORT**  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those shown below) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	From the Company RM'000	From subsidiaries RM'000
Directors of the Company:		
Fees	440	-
Remuneration	3,005	4,923
Estimated money value of any other benefits	631	297
	4,076	5,220

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

### LIST OF DIRECTORS OF SUBSIDIARIES

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

#### Director

Adrian Low Kok Kiong  
Chang Mun  
Cheng Mun Kean  
Chin Sze Cheon  
Chye Mun Heng  
Hitoshi Fujita  
Kho Kiat Seng  
Lee Wing Hong  
Lim Kuan Lock  
Ling I Yeng  
Mark Bent  
Ng Boon Hooi  
Ng Kok Boon  
Phang Cheok Hoong  
Takeshi Fujita  
Tan Chin Yew  
Taro Nakayama  
Thong Chee Kuan  
Yeoh Lam Guan  
Kazuo Ichinose (Appointed on 29 April 2022)  
Bhargavi Milan Bhide (Appointed on 1 May 2022)  
Kong Wai Teck (Appointed on 11 July 2022)  
Hiroaki Yamada (Appointed on 1 September 2022)

#### Alternate

Shoji Yonetani (Appointed on 2 September 2022; Ceased on 16 January 2023)  
Susumu Kanazawa (Appointed on 16 January 2023)

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**LIST OF DIRECTORS OF SUBSIDIARIES** (cont'd)

<b>Director</b>	<b>Alternate</b>
Chu Shu Lip (Appointed on 31 March 2023)	
Christopher Kim Soon Hee (Appointed on 31 March 2023)	
Siew Chee Kok (Appointed on 31 March 2023)	
Tan Hock Leong (Appointed on 31 March 2023)	
Yusuke Izuka (Resigned on 29 April 2022)	
Chirala Venkata Pandurangarao (Resigned on 1 May 2022)	
Raasi Ureeeya A/P Rajandran (Resigned on 13 May 2022)	
Raj Kissu A/L Rajandran (Resigned on 13 May 2022)	
Shoji Yonetani (Resigned on 1 September 2022)	Hiroaki Yamada (Ceased on 1 September 2022)
Siow Tiang Sae (Resigned on 31 March 2023)	

**ISSUE OF SHARES AND DEBENTURES**

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

**TREASURY SHARES**

As at 31 December 2022, the Company held as treasury shares a total of 6,105,700 of its 201,600,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM13,506,000 and further relevant details are disclosed in Note 15 to the financial statements.

**OPTIONS GRANTED OVER UNISSUED SHARES**

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

**INDEMNITY AND INSURANCE COSTS**

During the financial year, the total amount of premium paid for Directors and officers of the Group in respect of Directors' and officers' insurance indemnity coverage is RM53,200.

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

**OTHER STATUTORY INFORMATION**

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

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**OTHER STATUTORY INFORMATION** (cont'd)

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2022 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

**SIGNIFICANT EVENT**

Significant event during the financial year ended 31 December 2022 is disclosed in Note 35 to the financial statements.

**CONSOLIDATION OF SUBSIDIARIES WITH DIFFERENT FINANCIAL YEAR END**

The Companies Commission of Malaysia ("CCM") had on 10 February 2023 granted an order pursuant to Section 247(7) of the Companies Act 2016 approving the application by the Company to allow its subsidiaries, namely APM Motors India Private Limited and APM Auto Components Myanmar Co. Ltd., to adopt a financial year end of 31 March, which does not coincide with that of the Company, subject to the following conditions:

- i) The Company is required to report this approval in its Directors' Report; and
- ii) The Company is to ensure compliance with Section 252 and 253 of the Companies Act 2016 and the approved accounting standards pertaining to the preparation of its consolidated financial statements.

Management financial statements of both subsidiaries for the financial year ended 31 December 2022 have been used for the purpose of preparing the consolidated financial statements of the Group.



**DIRECTORS' REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

**AUDITORS**

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

The auditors' remuneration of the Group and of the Company during the year are RM939,000 and RM64,000 respectively. Details are as set out in Note 23 to the financial statements.

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

.....  
**Dato' Tan Eng Hwa**

Director

.....  
**Khoo Peng Peng**

Director

Selangor Darul Ehsan

Date: 5 April 2023

## STATEMENTS OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, plant and equipment	3	627,279	649,390	-	-
Investment properties	4	106,700	106,660	-	-
Investments in subsidiaries	5	-	-	625,061	614,298
Investments in associates	6	6,455	800	-	-
Investments in joint ventures	7	86,284	71,359	-	-
Intangible assets	8	20,542	24,364	-	-
Deferred tax assets	9	25,874	22,325	-	-
<b>Total non-current assets</b>		873,134	874,898	625,061	614,298
Inventories	10	374,676	359,878	-	-
Other investments	11	3,177	8,027	817	773
Current tax assets		5,360	6,682	55	13
Trade and other receivables, including derivatives	12	330,035	276,200	12,134	13,327
Deposits and prepayments	13	17,208	23,971	75	75
Cash and cash equivalents	14	353,106	298,992	32,324	15,489
<b>Total current assets</b>		1,083,562	973,750	45,405	29,677
<b>Total assets</b>		1,956,696	1,848,648	670,466	643,975
<b>Equity</b>					
Share capital		219,498	219,498	219,498	219,498
Reserves		1,081,872	1,087,832	410,553	434,981
Treasury shares		(13,506)	(13,506)	(13,506)	(13,506)
<b>Equity attributable to owners of the Company</b>	15	1,287,864	1,293,824	616,545	640,973
<b>Non-controlling interests</b>		65,126	70,148	-	-
<b>Total equity</b>		1,352,990	1,363,972	616,545	640,973
<b>Liabilities</b>					
Employee benefits	16	34,252	31,788	1,783	2,024
Lease liabilities		17,895	16,314	-	-
Loans and borrowings	17	50,000	-	50,000	-
Deferred tax liabilities	9	61,689	64,506	-	-
<b>Total non-current liabilities</b>		163,836	112,608	51,783	2,024
Loans and borrowings	17	75,045	79,483	-	-
Lease liabilities		3,460	3,079	-	-
Provisions	18	5,946	6,105	-	-
Trade and other payables, including derivatives	19	350,364	278,797	2,138	978
Current tax liabilities		5,055	4,604	-	-
<b>Total current liabilities</b>		439,870	372,068	2,138	978
<b>Total liabilities</b>		603,706	484,676	53,921	3,002
<b>Total equity and liabilities</b>		1,956,696	1,848,648	670,466	643,975

The notes on pages 97 to 168 are an integral part of these financial statements.

**STATEMENTS OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2022 (IN USD EQUIVALENT)**

	Group	
	2022 USD'000	2021 USD'000
<b>Assets</b>		
Property, plant and equipment	142,143	155,505
Investment properties	24,179	25,541
Investment in associates	1,463	191
Investments in joint ventures	19,552	17,088
Intangible assets	4,655	5,834
Deferred tax assets	5,863	5,346
<b>Total non-current assets</b>	<b>197,855</b>	<b>209,505</b>
Inventories	84,903	86,178
Other investments	720	1,922
Current tax assets	1,215	1,601
Trade and other receivables, including derivatives	74,787	66,140
Deposits and prepayments	3,899	5,740
Cash and cash equivalents	80,015	71,598
<b>Total current assets</b>	<b>245,539</b>	<b>233,179</b>
<b>Total assets</b>	<b>443,394</b>	<b>442,684</b>
<b>Equity</b>		
Share capital	54,037	54,037
Reserves	240,858	259,021
Treasury shares	(3,061)	(3,234)
<b>Equity attributable to owners of the Company</b>	<b>291,834</b>	<b>309,824</b>
<b>Non-controlling interests</b>	<b>14,758</b>	<b>16,798</b>
<b>Total Equity</b>	<b>306,592</b>	<b>326,622</b>
<b>Liabilities</b>		
Employee benefits	7,762	7,612
Lease Liabilities	4,055	3,907
Loans and borrowings	11,330	-
Deferred tax liabilities	13,979	15,447
<b>Total non-current liabilities</b>	<b>37,126</b>	<b>26,966</b>
Loans and borrowings	17,005	19,033
Lease Liabilities	784	737
Provisions	1,347	1,462
Trade and other payables, including derivatives	79,394	66,762
Current tax liabilities	1,146	1,102
<b>Total current liabilities</b>	<b>99,676</b>	<b>89,096</b>
<b>Total liabilities</b>	<b>136,802</b>	<b>116,062</b>
<b>Total equity and liabilities</b>	<b>443,394</b>	<b>442,684</b>

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.413 = USD1.00 (2021: RM4.176 = USD1.00) which approximates the prevailing rate on 31 December 2022.

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	20	1,739,166	1,224,120	7,001	35,500
Cost of sales		(1,545,007)	(1,070,259)	-	-
<b>Gross profit</b>		194,159	153,861	7,001	35,500
Other income		28,092	17,397	151	428
Distribution expenses		(30,958)	(21,536)	-	-
Administrative expenses		(130,372)	(118,872)	(4,913)	(3,906)
Net gain/(loss) on impairment of financial instruments		944	(713)	592	(3)
Other expenses		(18,166)	(11,477)	(145)	(473)
<b>Results from operating activities</b>		43,699	18,660	2,686	31,546
Finance costs	21	(6,082)	(4,562)	(909)	-
Finance income	22	6,642	4,844	895	453
<b>Net finance income/(cost)</b>		560	282	(14)	453
Share of loss of equity					
- accounted associates, net of tax		(246)	-	-	-
Share of profit/(loss) of equity					
- accounted joint ventures, net of tax		10,053	(1,859)	-	-
<b>Profit before tax</b>	23	54,066	17,083	2,672	31,999
Income tax expense	25	(12,383)	(15,208)	28	(72)
<b>Profit for the year</b>		41,683	1,875	2,700	31,927
<b>Other comprehensive (expense)/income, net of tax</b>					
<b>Item that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit liability	26	(726)	521	241	-
		(726)	521	241	-
<b>Items that will be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for consolidated subsidiaries		(966)	(65)	-	-
Foreign currency translation differences for equity-accounted associate and joint ventures		(3,257)	1,448	-	-
		(4,223)	1,383	-	-
<b>Other comprehensive (expense)/income for the year, net of tax</b>	26	(4,949)	1,904	-	-
<b>Total comprehensive income for the year</b>		36,734	3,779	2,941	31,927

**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit/(Loss) attributable to:</b>					
Owners of the Company		26,400	(11,250)	2,700	31,927
Non-controlling interests		15,283	13,125	-	-
<b>Profit for the year</b>		<b>41,683</b>	<b>1,875</b>	<b>2,700</b>	<b>31,927</b>
<b>Total comprehensive income/(expense) attributable to:</b>					
Owners of the Company		21,414	(9,346)	2,941	31,927
Non-controlling interests		15,320	13,125	-	-
<b>Total comprehensive income for the year</b>		<b>36,734</b>	<b>3,779</b>	<b>2,941</b>	<b>31,927</b>
Basic profit/(loss) per ordinary share (sen)	27	13.50	(5.75)		

The notes on pages 97 to 168 are an integral part of these financial statements.



**STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (IN USD EQUIVALENT)**

	Group	
	2022 USD'000	2021 USD'000
Revenue	394,369	295,040
Cost of sales	(350,342)	(257,956)
<b>Gross Profit</b>	44,027	37,084
Other income	6,370	4,194
Distribution expenses	(7,020)	(5,191)
Administrative expenses	(29,563)	(28,651)
Net gain/(loss) on impairment of financial instruments	214	(172)
Other expenses	(4,119)	(2,767)
<b>Results from operating activities</b>	9,909	4,497
Finance costs	(1,379)	(1,100)
Finance income	1,506	1,168
<b>Net finance income</b>	127	68
Share of loss of equity-accounted associate, net of tax	(56)	-
Share of profit/(loss) of equity-accounted joint ventures, net of tax	2,280	(449)
<b>Profit before tax</b>	12,260	4,116
Income tax expense	(2,808)	(3,666)
<b>Profit for the year</b>	9,452	450
<b>Other comprehensive (expense)/income, net of tax</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of defined benefit liability	(165)	126
<b>Items that will be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for consolidated subsidiaries	(219)	(16)
Foreign currency translation differences for equity-accounted associate and joint ventures	(739)	349
<b>Other comprehensive (expense)/income for the year, net of tax</b>	(1,123)	459
<b>Total comprehensive income for the year</b>	8,329	909
<b>Profit/(Loss) attributable to:</b>		
Owners of the Company	5,986	(2,712)
Non-controlling interests	3,466	3,164
<b>Profit for the year</b>	9,452	452
<b>Total comprehensive income/(expense) attributable to:</b>		
Owners of the Company	4,855	(2,253)
Non-controlling interests	3,474	3,164
	8,329	911
<b>Basic profit/(loss) per ordinary share (sen)</b>	4.0	(2.0)

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.410 = USD1.00 (2021: RM4.149 = USD1.00) which approximates the prevailing rate on 31 December 2022.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2022

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

Group	Note	← Attributable to owners of the Company →						Non-controlling interests RM'000	Total equity RM'000
		← Non-distributable →				Distributable			
		Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000		
<b>At 1 January 2022</b>		219,498	(13,506)	185,125	(2,518)	905,225	1,293,824	70,148	1,363,972
Foreign currency translation differences for consolidated subsidiaries	26	-	-	-	(966)	-	(966)	-	(966)
Foreign currency translation differences for equity-accounted associate and joint ventures	26	-	-	-	(3,257)	-	(3,257)	-	(3,257)
Transfer of revaluation surplus on properties and right-of-use assets		-	-	(8,600)	-	8,600	-	-	-
Remeasurement of retirement benefit liability	26	-	-	-	-	(763)	(763)	37	(726)
Total other comprehensive expense for the year		-	-	(8,600)	(4,223)	7,837	(4,986)	37	(4,949)
Profit for the year		-	-	-	-	26,400	26,400	15,283	41,683
<b>Total comprehensive income for the year</b>		-	-	(8,600)	(4,223)	34,237	21,414	15,320	36,734
Capital reduction in subsidiary		-	-	-	-	-	-	(2,450)	(2,450)
Dividends to owners of the Company									
- Final 2021 and interim 2022 ordinary	28	-	-	-	-	(27,369)	(27,369)	-	(27,369)
Dividends to non-controlling interests		-	-	-	-	-	-	(19,200)	(19,200)
Subscription of shares in subsidiary by non-controlling interest		-	-	-	-	(5)	(5)	1,308	1,303
<b>Total transactions with owners of the Company</b>		-	-	-	-	(27,374)	(27,374)	(20,342)	(47,716)
<b>At 31 December 2022</b>		219,498	(13,506)	176,525	(6,741)	912,088	1,287,864	65,126	1,352,990
		Note 15	Note 15	Note 15	Note 15				

The notes on pages 97 to 168 are an integral part of these financial statements.

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED 31 DECEMBER 2022

Company	Note	← Attributable to owners of the Company →				Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Distributable	
<b>At 1 January 2021</b>		219,498	(13,506)	416,739		622,731
Profit for the year		-	-	31,927		31,927
<b>Total comprehensive income for the year</b>		-	-	31,927		31,927
Dividends to owners of the Company						
- Final 2020 ordinary	28	-	-	(13,685)		(13,685)
<b>Total transactions with owners of the Company</b>		-	-	(13,685)		(13,685)
<b>At 31 December 2021/1 January 2022</b>		219,498	(13,506)	434,981		640,973
Remeasurement of defined benefit liability		-	-	241		241
Profit for the year		-	-	2,700		2,700
<b>Total comprehensive income for the year</b>		-	-	2,941		2,941
Dividends to owners of the Company						
- Final 2021 and interim 2022 ordinary	28	-	-	(27,369)		(27,369)
<b>Total transactions with owners of the Company</b>		-	-	(27,369)		(27,369)
<b>At 31 December 2022</b>		219,498	(13,506)	410,553		616,545
		Note 15	Note 15			

The notes on pages 97 to 168 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

### FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		54,066	17,083	2,672	31,999
<i>Adjustments for:</i>					
Amortisation of intangible assets	8	7,148	1,589	-	-
Change in fair value of investment properties	4	(40)	-	-	-
Depreciation of property, plant and equipment	3	53,303	52,471	-	-
Depreciation of right-of-use assets	3	6,896	6,789	-	-
Derecognition of right-of-use assets #		29	(3)	-	-
Employee benefits	16	3,758	3,354	-	-
Finance costs	21	6,082	4,562	909	-
Impairment loss on property, plant and equipment		-	1,289	-	-
Intangible assets written off	8	26	95	-	-
Interest income	22	(6,642)	(4,844)	(895)	(453)
Net unrealised foreign exchange losses/(gain)		3,352	(987)	7	41
Net gain on disposal of property, plant and equipment		(545)	(215)	-	-
Net (gain)/loss on impairment of financial instruments		(937)	713	(592)	3
Net inventories written down to net realisable value	10	4,929	3,569	-	-
Provision for warranties	18	4,078	2,703	-	-
Provision for warranties reversed	18	(1,955)	(3,928)	-	-
Property, plant and equipment written off		83	146	-	-
Share of loss of an associate, net of tax		246	-	-	-
Share of (profit)/loss of joint ventures, net of tax		(10,053)	1,859	-	-
<b>Operating profit before changes in working capital</b>		123,824	86,245	2,101	31,590
Deposits and prepayments		6,762	5,407	-	(10)
Inventories		(19,726)	(86,258)	-	-
Trade and other payables, including derivatives		68,148	33,020	1,160	(63)
Trade and other receivables, including derivatives		(52,898)	(39,576)	1,778	2,220
<b>Cash generated from/(used in) operations</b>		126,110	(1,162)	5,039	33,737
Employee benefits paid	16	(2,511)	(1,308)	-	-
Interest received	22	6,642	4,844	895	453
Interest paid	21	(6,082)	(4,562)	(909)	-
Provision for warranties utilised	18	(2,282)	(2,131)	-	-
Income tax refund		921	1,172	24	136
Income tax paid		(17,302)	(22,016)	(38)	(88)
<b>Net cash from/(used in) operating activities</b>		105,496	(25,163)	5,011	34,238

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment *	3	(35,053)	(23,796)	-	-
Additions of intangible assets	8	(3,451)	(1,634)	-	-
Net decrease/(increase) in other investments		4,850	198,224	(44)	15,060
Investments in associates		(5,901)	(800)	-	-
Investments in subsidiaries		-	-	(10,763)	(21,935)
Investments in joint ventures		(8,129)	(15,943)	-	-
Proceeds from disposal of property, plant and equipment		892	362	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(46,792)</b>	<b>156,413</b>	<b>(10,807)</b>	<b>(6,875)</b>
<b>Cash flows from financing activities</b>					
Payment of lease liabilities		(2,409)	(1,910)	-	-
Payment of share capital reduction in subsidiary to non-controlling interest		(2,450)	-	-	-
Dividends paid to non-controlling interests		(19,200)	(14,000)	-	-
Dividends paid to owners of the Company	28	(27,369)	(13,685)	(27,369)	(13,685)
Drawdown of loans and borrowings		94,888	86,594	50,000	-
Repayment of loans and borrowings		(49,326)	(94,702)	-	-
Acquisition and subscription of shares in subsidiary by non-controlling interest		1,304	-	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(4,562)</b>	<b>(37,703)</b>	<b>22,631</b>	<b>(13,685)</b>

\* Excludes additions of right-of-use assets.

# Offset against the termination of lease during the financial year.

**STATEMENTS OF CASH FLOWS**  
FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Net increase in cash and cash equivalents</b>		54,142	93,547	16,835	13,678
Effect of exchange rate fluctuations		(28)	1,608	-	-
Cash and cash equivalents at beginning of year		298,992	203,837	15,489	1,811
<b>Cash and cash equivalents at end of year</b>	(i)	353,106	298,992	32,324	15,489

(i) **Cash and cash equivalents**

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

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	14	182,485	147,446	30,921	15,163
Cash and bank balances	14	170,621	151,546	1,403	326
		353,106	298,992	32,324	15,489

(ii) **Cash outflows for leases as a lessee**

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities:</b>					
Payment relating to short-term leases		369	574	-	-
Interest paid in relation to lease liabilities	21	1,622	1,465	-	-
<b>Included in net cash from financing activities:</b>					
Payment of lease liabilities		2,409	1,910	-	-
<b>Total cash outflows for leases</b>		<b>4,400</b>	<b>3,949</b>	<b>-</b>	<b>-</b>

**STATEMENTS OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022 (CONT'D)**

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

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

Group	At 1 January 2022 RM'000	Net changes from financing cash flows RM'000	Acquisition of new leases RM'000	Termination of lease RM'000	Foreign exchange movement RM'000	At 31 December 2022 RM'000
Unsecured foreign currency loans/borrowings	56,117	4,881	-	-	-	60,998
Unsecured local currency borrowings	23,366	40,681	-	-	-	64,047
Lease liabilities	19,393	(2,409)	3,770	(143)	744	21,355
<b>Total liabilities from financing activities</b>	<b>98,876</b>	<b>43,153</b>	<b>3,770</b>	<b>(143)</b>	<b>744</b>	<b>146,400</b>



## NOTES TO THE FINANCIAL STATEMENTS

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

### Principal place of business

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

### Registered office

62-68, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2022 do not include other entities.

The Company is principally an investment holding company. The principal activities of the subsidiaries are as stated in Note 31 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 5 April 2023.

## 1. Basis of preparation

### (a) Statement of compliance

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

During the financial year, the Group has adopted the following amendments issued by the Malaysian Accounting Standards Board ("MASB"), which became effective for annual periods beginning on or after 1 January 2022:

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*;
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*;
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*;
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*;
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*; and
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*

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

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the MASB but have not been adopted by the Group and the Company:

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****1. Basis of preparation (cont'd)****(a) Statement of compliance (cont'd)****MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024**

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*

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

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

The Group and the Company plan to apply the abovementioned amendments:

- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and Amendments to MFRS 17 which are not applicable to the Group and the Company; and
- from the annual period beginning on 1 January 2024 for the amendments that are effective for annual periods beginning on or after 1 January 2024.

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

**(b) Basis of measurement**

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

**(c) Functional and presentation currency**

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

**(d) Use of estimates and judgements**

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

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

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

- Note 3 - remeasurement of the recoverable amount of plant and machinery;
- Note 4 - valuation of investment properties;
- Note 5 - valuation of investment in subsidiaries; and
- Note 18 - provision for warranties.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. Significant accounting policies**

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

**(a) Basis of consolidation****(i) Subsidiaries**

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

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

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

**(ii) Business combinations**

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

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

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

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

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

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

**(iii) Acquisitions of non-controlling interests**

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. Significant accounting policies (cont'd)****(a) Basis of consolidation (cont'd)****(iv) Loss of control**

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

**(v) Associates**

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

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

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

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

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

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

**(vi) Joint arrangements**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

##### (vi) Joint arrangements (cont'd)

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group accounts for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation; or
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangement. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Group's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (vii) Non-controlling interests

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

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

##### (viii) Transactions eliminated on consolidation

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

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

#### (b) Foreign currency

##### (i) Foreign currency transactions

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

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

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

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. Significant accounting policies (cont'd)****(b) Foreign currency (cont'd)****(i) Foreign currency transactions (cont'd)**

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

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

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

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

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

**(c) Financial instruments****(i) Recognition and initial measurement**

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

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

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

**(ii) Financial instrument categories and subsequent measurement****Financial assets**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

##### **Financial assets (cont'd)**

##### **(a) Amortised cost**

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

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

##### **(b) Fair value through profit or loss**

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

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

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

##### **Financial liabilities**

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

##### **(a) Fair value through profit or loss**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

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

##### **Financial liabilities** (cont'd)

##### (a) **Fair value through profit or loss** (cont'd)

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

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed, and its performance is evaluated on a fair value basis in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key Management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

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

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

##### (b) **Amortised cost**

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

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

##### (iii) **Derecognition**

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

##### (iv) Offsetting

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

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

##### (i) Recognition and measurement

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

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

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

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

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

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

##### **Properties under the revaluation model**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

##### (ii) Subsequent costs

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

##### (iii) Depreciation

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

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

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

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

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

#### (e) Leases

##### (i) Definition of a lease

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designs the asset in a way that predetermines how and for what purpose it will be used.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### (e) Leases (cont'd)

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

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

##### (ii) Recognition and initial measurement

###### (a) As a lessee

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

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

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

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

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

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

###### (b) As a lessor

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

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. Significant accounting policies (cont'd)****(e) Leases (cont'd)****(ii) Recognition and initial measurement (cont'd)****(b) As a lessor (cont'd)**

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

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

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

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

**(iii) Subsequent measurement****(a) As a lessee**

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

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

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

**(b) As a lessor**

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

**(f) Intangible assets****(i) Goodwill**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

##### (ii) Development expenditure

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

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

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

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

##### (iii) Technical know-how

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

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

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

##### (iv) Other intangible assets

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

##### (v) Subsequent expenditure

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

##### (vi) Amortisation

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**2. Significant accounting policies** (cont'd)**(f) Intangible assets** (cont'd)**(vi) Amortisation** (cont'd)

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

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

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

**(g) Investment property****(i) Investment property carried at fair value**

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

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

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### (h) Inventories

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

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

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

#### (i) Cash and cash equivalents

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

#### (j) Impairment

##### (i) Financial assets

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

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

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

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

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

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

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's and the Company's procedures for recovering amounts due.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****2. Significant accounting policies (cont'd)****(j) Impairment (cont'd)****(ii) Other assets**

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

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

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

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

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

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

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

**(k) Equity instruments**

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### (k) Equity instruments (cont'd)

##### (i) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

#### (l) Employee benefits

##### (i) Short-term employee benefits

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

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

##### (ii) State plans

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

##### (iii) Defined benefit plans

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

The calculation of defined benefit obligations is performed every 3 years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### (l) Employee benefits (cont'd)

##### (iii) Defined benefit plans (cont'd)

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

#### (m) Provisions

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

##### Warranties

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

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

#### (n) Revenue and other income

##### (i) Revenue

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

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

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

##### (ii) Rental income

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

##### (iii) Dividend income

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

##### (iv) Interest income

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

#### (o) Borrowing costs

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

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

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

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

#### (p) Income tax

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

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

#### (p) Income tax (cont'd)

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

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

#### (q) Earnings per ordinary share

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

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

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

#### (r) Operating segments

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

#### (s) Fair value measurement

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

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: unobservable inputs for the asset or liability.

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 3. Property, plant and equipment

Group	Freehold land RM'000	Right-of-use assets RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
<b>Cost/Valuation</b>									
At 1 January 2021	120,284	177,837	341,564	613,912	43,412	10,340	5,481	10,641	1,323,471
Additions	-	5,323	1,154	20,021	1,590	758	71	202	29,119
Disposals	-	-	-	(1,143)	-	(424)	-	-	(1,567)
Derecognition of right-of-use assets	-	(2,296)	-	-	-	-	-	-	(2,296)
Write-off	-	-	-	(37,624)	(1,216)	-	-	-	(38,840)
Transfer	-	-	29	6,832	339	-	78	(7,278)	-
Effect of movement in exchange rates	(1,216)	1,027	(1,639)	2,149	(315)	(14)	(21)	-	(29)
At 31 December 2021/ 1 January 2022	119,068	181,891	341,108	604,147	43,810	10,660	5,609	3,565	1,309,858
Additions	-	3,770	1,052	26,701	2,047	2,533	638	2,082	38,823
Disposals	-	-	-	(4,719)	(147)	(1,947)	-	-	(6,813)
Derecognition of right-of-use assets	-	(292)	-	-	-	-	-	-	(292)
Write-off	-	-	-	(35,334)	(7,960)	(389)	(49)	-	(43,732)
Transfer	-	-	-	17	12	-	-	(29)	-
Effect of movement in exchange rates	224	389	(188)	(2,533)	16	(24)	(11)	2	(2,125)
At 31 December 2022	119,292	185,758	341,972	588,279	37,778	10,833	6,187	5,620	1,295,719

**Accumulated depreciation and impairment loss**

At 1 January 2021

Accumulated depreciation	-	12,793	86,657	490,871	39,939	6,322	2,119	-	638,701
Accumulated impairment losses	-	-	-	2,500	-	-	-	-	2,500
	-	12,793	86,657	493,371	39,939	6,322	2,119	-	641,201
Charge for the year	-	6,789	22,145	26,573	1,904	1,352	497	-	59,260
Disposals	-	-	-	(1,130)	-	(290)	-	-	(1,420)
Derecognition of right-of-use assets	-	(2,036)	-	-	-	-	-	-	(2,036)
Impairment loss for the year	-	-	-	1,289	-	-	-	-	1,289
Write-off	-	-	-	(37,497)	(1,197)	-	-	-	(38,694)
Effect of movement in exchange rates	-	48	(242)	1,358	(274)	(12)	(10)	-	868

At 31 December 2021

Accumulated depreciation	-	17,594	108,560	480,175	40,372	7,372	2,606	-	656,679
Accumulated impairment losses	-	-	-	3,789	-	-	-	-	3,789
	-	17,594	108,560	483,964	40,372	7,372	2,606	-	660,468

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

Group	Freehold land RM'000	Right-of-use assets RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
<b>Accumulated depreciation and impairment loss (cont'd)</b>									
At 1 January 2022									
Accumulated depreciation	-	17,594	108,560	480,175	40,372	7,372	2,606	-	656,679
Accumulated impairment losses	-	-	-	3,789	-	-	-	-	3,789
Charge for the year	-	6,896	22,003	27,608	1,766	1,413	513	-	60,199
Disposals	-	-	-	(4,679)	(144)	(1,643)	-	-	(6,466)
Derecognition of right-of-use assets	-	(120)	-	-	-	-	-	-	(120)
Write-off	-	-	-	(35,301)	(7,949)	(350)	(49)	-	(43,649)
Effect of movement in exchange rates	-	98	(278)	(1,775)	(4)	(26)	(7)	-	(1,992)
At 31 December 2022									
Accumulated depreciation	-	24,468	130,285	466,028	34,041	6,766	3,063	-	664,651
Accumulated impairment losses	-	-	-	3,789	-	-	-	-	3,789
	-	24,468	130,285	469,817	34,041	6,766	3,063	-	668,440
<b>Carrying amounts</b>									
At 1 January 2021	120,284	165,044	254,907	120,541	3,473	4,018	3,362	10,641	682,270
At 31 December 2021/ 1 January 2022	119,068	164,297	232,548	120,183	3,438	3,288	3,003	3,565	649,390
At 31 December 2022	119,292	161,290	211,687	118,462	3,737	4,067	3,124	5,620	627,279

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

## 3.1 Freehold land and buildings

The Group adopted the revaluation model on its properties comprising freehold land and buildings in 2014. Had the revalued properties been carried under the cost model, the net carrying amount of the properties that would have been included in the financial statements of the Group would be as follows:

Group	Freehold land RM'000	Buildings RM'000	Total RM'000
<b>2022</b>			
Cost	79,081	275,314	354,395
Accumulated depreciation	-	(160,633)	(160,633)
	79,081	114,681	193,762
<b>2021</b>			
Cost	78,855	274,450	353,305
Accumulated depreciation	-	(149,500)	(149,500)
	78,855	124,950	203,805

**Fair value information**

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

**Level 3 fair value**

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

Fair values of freehold land and buildings have been generally derived using the sales comparison approach and cost approach.

In the sales comparison approach, sale prices of comparable properties in close proximity were adjusted for differences in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The cost approach involves the valuation of land in comparison with evidence of values of comparable land and adding to it the current replacement cost of the building and improvements less allowance for physical deterioration and all relevant forms of obsolescence. The most significant input into this valuation approach is the land value of comparable properties.

**Valuation process applied by the Group for Level 3 fair value**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

## 3.2 Right-of-use assets

Group	Leasehold land RM'000	Buildings RM'000	Plant and equipment RM'000	Motor vehicles RM'000	Total RM'000
At 1 January 2021	161,305	1,735	1,990	14	165,044
Additions	-	4,057	1,266	-	5,323
Derecognition	-	(147)	(108)	(5)	(260)
Depreciation	(4,131)	(1,211)	(1,438)	(9)	(6,789)
Effect of movement in exchange rates	920	59	-	-	979
At 31 December 2021/ 1 January 2022	158,094	4,493	1,710	-	164,297
Additions	-	541	3,229	-	3,770
Derecognition	-	(122)	(50)	-	(172)
Depreciation	(4,134)	(1,442)	(1,320)	-	(6,896)
Effect of movement in exchange rates	258	33	-	-	291
At 31 December 2022	154,218	3,503	3,569	-	161,290

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

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

Group	Leasehold land	
	2022 RM'000	2021 RM'000
Cost	54,713	54,398
Accumulated depreciation	(10,015)	(8,963)
	44,698	45,435

## (i) Fair value information

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

**Level 3 fair value**

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

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

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

##### (i) Fair value information (cont'd)

###### **Level 3 fair value** (cont'd)

In the sales comparison approach, sale prices of comparable properties in close proximity were adjusted for differences in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The cost approach involves the valuation of land in comparison with evidence of values of comparable land and adding to it the current replacement cost of the building and improvements less allowance for physical deterioration and all relevant forms of obsolescence. The most significant input into this valuation approach is the land value of comparable properties.

###### **Valuation process applied by the Group for Level 3 fair value**

The fair values of right-of-use assets were determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The Group's right-of-use assets portfolio is revalued every 3 years.

##### (ii) Extension options

Some leases contain extension options exercisable by the Group up to 25 years before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

##### (iii) Significant judgements and assumptions in relation to leases

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

### 3.3 Impairment of property, plant and equipment

In the previous financial year, the Group has recognised an impairment loss of RM1,289,000 in respect of plant and machinery which are mainly reported in Indonesia and Thailand segments due to low plant utilisation and the local market conditions.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 4. Investment properties

Group	Right-of-use assets* RM'000	Buildings RM'000	Total RM'000
At 1 January 2021/31 December 2021/1 January 2022	88,900	17,760	106,660
Change in fair value	-	40	40
At 31 December 2022	88,900	17,800	106,700

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

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

	Group	
	2022 RM'000	2021 RM'000
Rental income	2,498	2,409
Direct operating expenses:		
- income generating investment properties	932	973

The operating lease payments to be received are as follows:

	Group	
	2022 RM'000	2021 RM'000
Less than one year	2,340	2,210
One to two years	1,054	3,062
Two to three years	595	538
Total undiscounted lease payments	3,989	5,810

## 4.1 Fair value information

Fair value of investment properties is categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2022</b>				
Long-term leasehold land	-	-	88,900	88,900
Buildings	-	-	17,800	17,800
	-	-	106,700	106,700
<b>2021</b>				
Long-term leasehold land	-	-	88,900	88,900
Buildings	-	-	17,760	17,760
	-	-	106,660	106,660

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**4. Investment properties** (cont'd)**4.1 Fair value information** (cont'd)**Level 3 fair value**

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

Fair values of long-term leasehold land and buildings have been generally derived using the sales comparison approach and cost approach.

In the sales comparison approach, sale prices of comparable properties in close proximity were adjusted for differences in key attribute such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

The cost approach involves the valuation of land in comparison with evidence of values of comparable land and adding to it the current replacement cost of the building and improvements less allowance for physical deterioration and all relevant forms of obsolescence. The most significant input into this valuation approach is the land value of comparable properties.

**Valuation process applied by the Group for Level 3 fair value**

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

**5. Investments in subsidiaries**

	Company	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	648,182	637,419
Less: Accumulated impairment losses	(23,121)	(23,121)
	625,061	614,298

Details of the subsidiaries are disclosed in Note 31.

**5.1 Non-controlling interests in subsidiaries**

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

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5. Investments in subsidiaries (cont'd)

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

	FSM RM'000	ADSS RM'000	ATS RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
<b>2022</b>					
NCI percentage of ownership interest and voting interest	40%	40%	49%		
Carrying amount of NCI	43,176	15,992	2,881	3,077	65,126
Profit/(Loss) allocated to NCI	11,617	3,643	111	(88)	15,283
<b>2021</b>					
NCI percentage of ownership interest and voting interest	40%	40%	49%		
Carrying amount of NCI	45,560	17,548	5,220	1,820	70,148
Profit/(Loss) allocated to NCI	9,811	3,335	(467)	446	13,125

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

2022	FSM RM'000	ADSS RM'000	ATS RM'000
<b>As at 31 December</b>			
Non-current assets	60,960	7,291	-
Current assets	161,561	53,925	5,932
Non-current liabilities	(8,809)	(3,336)	-
Current liabilities	(105,772)	(17,901)	(52)
Net assets	107,940	39,979	5,880
<b>Year ended 31 December</b>			
Revenue	519,936	70,479	97
Profit and total comprehensive income	29,043	9,108	226
Cash flows from operating activities	58,148	15,429	649
Cash flows used in investing activities	(18,341)	(46)	-
Cash flows used in financing activities	(35,714)	(14,185)	(5,000)
Net increase/(decrease) in cash and cash equivalents	4,093	1,198	(4,351)
Dividends paid to NCI	14,000	5,200	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 5. Investments in subsidiaries (cont'd)

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

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

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

## 5.2 Restriction imposed by shareholders' agreement

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

## 6. Investments in associates

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	6,701	800
Share of post-acquisition reserves	(246)	-
	6,455	800

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 6. Investments in associates (cont'd)

Details of the associates are as follows:

Name of entity	Country of incorporation	Principal activity	Effective ownership interest and voting interest	
			2022	2021
TC Sunergy Sdn. Bhd.	Malaysia	Developing, operating and trading of power from renewable energy projects	40%	40%
P.T. Highly Marelli APM Indonesia*	Indonesia	Intended principal activities are manufacture and supply of heating, ventilation and air conditioning related parts and components	37%	-

\* Not audited by member firms of KPMG International.

- (i) On 18 October 2022, the Group subscribed for 37% equity interest in P.T. Highly Marelli APM Indonesia for a total cash consideration of RM4,701,000. The intended principal activities of the company are manufacture and supply of heating, ventilation and air conditioning related parts and components.
- (ii) On 18 June 2021, APM Shock Absorbers Sdn. Bhd. ("APMSA"), a wholly-owned subsidiary of the Company, entered into a Subscription and Shareholders' Agreement ("Shareholders' Agreement") with Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a 70% owned subsidiary of Tan Chong Motor Holdings Berhad ("TCMH"), TCIM Sdn. Bhd. ("TCIM"), a wholly-owned subsidiary of Warisan TC Holdings Berhad ("WTCH"), and TC Sunergy Sdn. Bhd. ("TC Sunergy"), an indirect subsidiary of TCMH, to regulate the relationship of the parties as shareholders through equity participation by TCMA, APMSA and TCIM of 51%, 40% and 9%, respectively of the issued and paid-up ordinary shares in TC Sunergy for the development, construction and commissioning of a 20MW large scale floating solar photovoltaic system on the water surface of a reservoir known as "Kawasan Kolam Takungan Air Serendah" Daerah Ulu Selangor, Selangor Darul Ehsan and a part of its surrounding area. The expected commercial operation date is by 31 December 2023 for a term of 21 years under the power purchase agreement with Tenaga Nasional Berhad.

During the financial year, the term of 21 years had been extended to 25 years under the supplementary power purchase agreement with Tenaga Nasional Berhad.

## 7. Investments in joint ventures

	Group	
	2022 RM'000	2021 RM'000
Unquoted shares, at cost	70,115	61,986
Share of post-acquisition reserves	16,169	9,373
	86,284	71,359

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7. Investments in joint ventures (cont'd)

Details of joint ventures are as follows:

Name of entity	Principal activity	Effective ownership interest and voting interest	
		2022	2021
<b>Incorporated in Vietnam:</b>			
APM TACHI-S Seating Systems Vietnam Co. Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.) *	Develop, manufacture, assemble and sale of automotive seats in Vietnam's automotive market	49%	49%
<b>Incorporated in Indonesia:</b>			
P.T. APM Armada Autoparts (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) *	Manufacture of interior products and is one of the strategic partnerships to develop Indonesia's automotive market	50%	50%
P.T. APM Hyundai Transys Indonesia (held via 100% owned subsidiary, P.T. APM Automotive Indonesia) #	Manufacture and supply of automotive seats and its related parts and components	50%	50%
<b>Incorporated in Thailand:</b>			
IAC APM Automotive Systems Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.) *	Manufacture of interior plastic components and is one of the strategic partnerships to develop Thailand's automotive market	40%	40%

\* Not audited by member firms of KPMG International.

# Audited by member firms of KPMG International.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 7. Investments in joint ventures (cont'd)

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

	P.T. APM Armada Autoparts RM'000	P.T. APM Hyundai Transys Indonesia RM'000	Other immaterial joint ventures RM'000	Total RM'000
<b>2022</b>				
<b>Summarised financial information</b>				
<b>As at 31 December</b>				
Non-current assets	32,121	89,342	1,496	122,959
Current assets	79,150	69,455	30,307	178,912
Non-current liabilities	(4,152)	(4,989)	-	(9,141)
Current liabilities	(38,151)	(72,473)	(7,240)	(117,864)
Net assets	68,968	81,335	24,563	174,866
<b>Year ended 31 December</b>				
Profit and total comprehensive income for the year	6,365	10,744	5,076	22,185
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets	34,484	40,668	11,132	86,284
Carrying amount in the statement of financial position	34,484	40,668	11,132	86,284
<b>Group's share of results for year ended 31 December</b>				
Share of total comprehensive income for the year	3,182	5,372	2,336	10,890
<b>2021</b>				
<b>Summarised financial information</b>				
<b>As at 31 December</b>				
Non-current assets	26,840	83,807	2,048	112,695
Current assets	42,969	31,223	24,574	98,766
Non-current liabilities	(3,639)	(214)	(73)	(3,926)
Current liabilities	(14,645)	(40,546)	(5,790)	(60,981)
Net assets	51,525	74,270	20,759	146,554
<b>Year ended 31 December</b>				
Profit/(Loss) and total comprehensive income/(expense) for the year	3,340	(13,054)	5,118	(4,596)
<b>Reconciliation of net assets to carrying amount as at 31 December</b>				
Group's share of net assets	25,763	37,135	8,461	71,359
Carrying amount in the statement of financial position	25,763	37,135	8,461	71,359
<b>Group's share of results for year ended 31 December</b>				
Share of total comprehensive income/(expense) for the year	1,670	(6,527)	2,117	(2,740)



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. Intangible assets

Group	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2021	12,848	17,313	8,358	28,608	67,127
Additions	37	1,229	-	368	1,634
Write-off	-	(170)	-	-	(170)
Effect of movement in exchange rates	(163)	11	(157)	-	(309)
At 31 December 2021/1 January 2022	12,722	18,383	8,201	28,976	68,282
Additions	14	440	-	2,997	3,451
Write-off	-	(1,069)	-	-	(1,069)
Effect of movement in exchange rates	(89)	(549)	(109)	-	(747)
At 31 December 2022	12,647	17,205	8,092	31,973	69,917
<b>Amortisation and impairment loss</b>					
At 1 January 2021					
Accumulated amortisation	11,146	14,880	-	15,737	41,763
Accumulated impairment loss	-	-	-	787	787
	11,146	14,880	-	16,524	42,550
Amortisation for the year	796	268	-	525	1,589
Write-off	-	(75)	-	-	(75)
Effect of movement in exchange rates	(157)	11	-	-	(146)
At 31 December 2021/1 January 2022					
Accumulated amortisation	11,785	15,084	-	16,262	43,131
Accumulated impairment loss	-	-	-	787	787
	11,785	15,084	-	17,049	43,918
Amortisation for the year	79	199	-	6,870	7,148
Write-off	-	(1,043)	-	-	(1,043)
Effect of movement in exchange rates	(98)	(550)	-	-	(648)
At 31 December 2022					
Accumulated amortisation	11,766	13,690	-	23,132	48,588
Accumulated impairment loss	-	-	-	787	787
	11,766	13,690	-	23,919	49,375
<b>Carrying amounts</b>					
At 1 January 2021	1,702	2,433	8,358	12,084	24,577
At 31 December 2021/1 January 2022	937	3,299	8,201	11,927	24,364
At 31 December 2022	881	3,515	8,092	8,054	20,542

**Amortisation**

The amortisation charge is allocated to the cost of sales and recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 8. Intangible assets (cont'd)

## Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the operations in Australia, which represents the lowest level within the Group, at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2022 RM'000	2021 RM'000
Manufacturing of transportation seating	6,986	7,080
Unit without significant goodwill	1,106	1,121
	8,092	8,201

The recoverable amount of the manufacturing of transportation seating business unit ("the business unit") is based on value in use calculations. Cash flow projections used in this calculation were based on financial budgets approved by the Management covering a 5-year period.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the business unit and was based on the following key assumptions:

- There would be no material change in structure and principal activities of the cash-generating unit;
- The earnings before interest, taxes, depreciation and amortisation ("EBITDA") were based on growth rate of 3% (2021: 3%) over the 5-year period; and
- A pre-tax discount rate of 13.64% (2021: 13.64%) was applied in determining the recoverable amount of the unit.

No impairment is required for the goodwill attributed to the business unit as the estimated recoverable amount exceeds the carrying amount of the business unit.

There is no impairment loss to be recorded for the business unit despite discount rate being increased up to 17% (2021: 18%).

## 9. Deferred tax assets/(liabilities)

## Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Employee benefits	5,666	6,380	-	-	5,666	6,380
Property, plant and equipment	2,408	1,102	(65,116)	(59,274)	(62,708)	(58,172)
Investment properties	-	-	(8,186)	(8,182)	(8,186)	(8,182)
Unutilised tax losses	5,481	5,322	-	-	5,481	5,322
Provisions and others	28,914	19,117	(4,982)	(6,646)	23,932	12,471
Tax assets/(liabilities)	42,469	31,921	(78,284)	(74,102)	(35,815)	(42,181)
Set-off of tax	(16,595)	(9,596)	16,595	9,596	-	-
Net tax assets/(liabilities)	25,874	22,325	(61,689)	(64,506)	(35,815)	(42,181)

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

## Movement in temporary differences during the financial year

Group	At 1.1.2021	Recognised in profit or loss	At 31.12.2021/ 1.1.2022	Recognised in profit or loss	Recognised in other comprehensive income	At 31.12.2022
	RM'000	(Note 25) RM'000	RM'000	(Note 25) RM'000	(Note 26) RM'000	RM'000
Employee benefits	4,487	1,893	6,380	(1,288)	574	5,666
Property, plant and equipment	(58,099)	(73)	(58,172)	(4,536)	-	(62,708)
Investment properties	(7,975)	(207)	(8,182)	(4)	-	(8,186)
Unutilised tax losses	8,589	(3,267)	5,322	159	-	5,481
Provisions and others	11,168	1,303	12,471	11,578	(117)	23,932
	(41,830)	(351)	(42,181)	5,909	457	(35,815)

## Unrecognised deferred tax assets

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

	Group	
	2022 RM'000	2021 RM'000
Unutilised tax losses	104,321	87,310
Unabsorbed capital allowances	29,303	39,168
Others	22,923	16,291
	156,547	142,769

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

Pursuant to the respective applicable tax legislations:

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

Country	Restriction to carry forward
Malaysia	10 years
Indonesia and Thailand	5 years
Myanmar	3 years
The United States of America	No restrictions

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

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

## Unrecognised deferred tax assets (cont'd)

	2022 RM'000	2021 RM'000
Expire in:		
YA 2022	-	4,775
YA 2023	10,449	10,569
YA 2024	9,325	9,460
YA 2025	13,751	13,215
YA 2026	9,622	9,423
YA 2027 – YA 2032	45,962	28,559
	89,109	76,001
No expiry	15,212	11,309
	104,321	87,310

With effect from YA 2019, unutilised tax losses from Malaysia could only be carried forward for up to 7 consecutive YAs, and any balance thereof would be disregarded. In 2021, the carry-forward period was extended to 10 years. Unutilised tax losses prior to YA 2018 may be allowed to be carried forward until YA 2028.

## 10. Inventories

	Group	
	2022 RM'000	2021 RM'000
Raw materials	252,107	230,293
Work-in-progress	16,539	18,952
Manufactured inventories and trading inventories	97,167	101,866
Spare parts and others	8,863	8,767
	374,676	359,878
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,269,201	862,001
Net inventories written down to net realisable value	4,929	3,569

The write-down is included in cost of sales.

## 11. Other investments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial assets at fair value through profit or loss				
- Investments with licensed financial institutions	-	5,000	-	-
- Others	3,177	3,027	817	773
	3,177	8,027	817	773

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 12. Trade and other receivables, including derivatives

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade</b>					
Trade receivables		287,208	241,010	-	-
Less: Impairment losses		(4,364)	(5,308)	-	-
		282,844	235,702	-	-
Other trade receivables	12.1	20,842	20,342	-	-
Related parties	12.2	5,731	5,205	-	-
Joint ventures	12.2	3,047	88	-	-
		312,464	261,337	-	-
<b>Non-trade</b>					
Other receivables	12.3	17,196	14,828	-	-
Subsidiaries	12.4	-	-	12,134	13,327
Derivatives at fair value through profit or loss					
- Forward exchange contracts	12.5	375	35	-	-
		17,571	14,863	12,134	13,327
		330,035	276,200	12,134	13,327

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

12.2 The trade amounts due from related parties and joint ventures are subject to 30 to 60 days (2021: 30 to 60 days) credit terms.

12.3 Included in other receivables is an amount of RM11,603,000 (2021: RM10,972,000) being Goods and Services Tax ("GST") and Value Added Tax ("VAT") refundable from the tax authorities in relation to input tax paid by the Group.

12.4 The non-trade amount due from subsidiaries is unsecured, interest-free and repayable on demand except for an amount due from subsidiaries of RM11,540,000 (2021: RM13,250,000) which is subject to interest ranging from 1.9% to 3.1% (2021: 1.8% to 1.9%) per annum.

12.5 The Group entered into forward exchange contracts with nominal value of RM18,111,000 to manage foreign currency exposures arising from the Group's receivables and payables denominated in currencies other than the functional currencies of Group entities. The previous financial year's forward exchange contracts with nominal value of RM24,438,000 matured during the financial year.

## 13. Deposits and prepayments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits	1,598	1,403	65	65
Prepayments	15,610	22,568	10	10
	17,208	23,971	75	75

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 14. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Deposits placed with licensed banks	182,485	147,446	30,921	15,163
Cash and bank balances	170,621	151,546	1,403	326
	353,106	298,992	32,324	15,489

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

## 15. Capital and reserves

## Share capital

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2022 '000	2022 RM'000	2021 '000	2021 RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	201,600	219,498	201,600	219,498

## Treasury shares

The shareholders of the Company, by an ordinary resolution passed at a general meeting held on 24 May 2017, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

There were no shares repurchased during the financial year.

As at 31 December 2022, the Company held a total of 6,105,700 (2021: 6,105,700) of its 201,600,000 (2021: 201,600,000) issued ordinary shares as treasury shares.

## Revaluation reserve

The revaluation reserve relates to the revaluation surplus of Group's freehold land, long-term leasehold land, right-of-use assets and buildings.

## Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than Ringgit Malaysia.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 16. Employee benefits

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Defined benefit liability	34,252	31,788	1,783	2,024

Under the Group's defined benefit scheme, eligible employees, who include Directors who are employees, are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the statutory pension funds for each completed year of service upon the retirement age of 60 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contracts.

**Movement in defined benefit liability**

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components:

	Group	
	2022 RM'000	2021 RM'000
<b>Defined benefit liability</b>		
Balance at 1 January	31,788	29,752
<b>Included in profit or loss</b>		
Current service cost	3,303	3,080
Past service credit	-	(14)
Interest cost	455	288
	3,758	3,354
<b>Included in other comprehensive income</b>		
Remeasurement loss/(gain)		
- Actuarial loss/(gain) arising from:		
- Plan experiences	2,737	-
- Changes in financial assumption	(1,260)	-
- Others	(177)	20
Effect of movements in exchange rate	(83)	(30)
	1,217	(10)
<b>Others</b>		
Benefits paid	(2,511)	(1,308)
	(2,511)	(1,308)
Balance at 31 December	34,252	31,788

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 16. Employee benefits (cont'd)

## Movement in defined benefit liability (cont'd)

The following table shows a reconciliation from the opening balance to the closing balance for defined benefit liability and its components: (cont'd)

	Company	
	2022 RM'000	2021 RM'000
<b>Defined benefit liability</b>		
Balance at 1 January	2,024	2,024
<b>Included in profit or loss</b>		
Current service cost	-	-
Interest cost	-	-
	-	-
<b>Included in other comprehensive income</b>		
Remeasurement gain		
- Actuarial gain arising from:		
- Others	(241)	-
	(241)	-
Balance at 31 December	1,783	2,024

**Defined benefit liability****Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	Group and Company	
	2022	2021
Discount rate	4.8% - 5.2%	4.3% - 4.4%
Future salary growth	5.5%	5.5%
Future pension growth	12.0% - 13.0%	12.0% - 13.0%

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

At 31 December 2022, the weighted-average duration of the defined benefit liability was 4.8 years for senior management and 21.0 years for other covered employees (2021: 9.2 years for senior management and 23.8 years for other covered employees).



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 16. Employee benefits (cont'd)

## Sensitivity analysis

Reasonably possible changes at the reporting date at one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit liability by the amounts shown below:

Defined benefit liability	Group	
	Increase RM'000	Decrease RM'000
<b>2022</b>		
Discount rate (1% movement)	(1,595)	1,791
Future salary growth (1% movement)	952	(883)
<b>2021</b>		
Discount rate (1% movement)	(2,186)	2,543
Future salary growth (1% movement)	1,891	(1,693)

Although the analysis does not account for the full description of cash flows expected under the defined benefit scheme plan, it does provide an approximation of the sensitivity of the actuarial assumptions as shown above.

## 17. Loans and borrowings

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
Unsecured local currency term loan	17.1	50,000	-	50,000	-
<b>Current</b>					
Unsecured foreign currency borrowings	17.2	60,998	56,117	-	-
Unsecured local currency borrowings	17.1	14,047	23,366	-	-
		75,045	79,483	-	-
		125,045	79,483	50,000	-

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

17.1 The unsecured local currency borrowings of the Group are subject to interest at rates from 2.79% to 4.81% (2021: 2.35% to 2.68%) per annum. Sukuk Murabahah comprises Islamic Commercial Papers ("ICPs") Programme and Islamic Medium Term Notes ("IMTNs") Programme under the Shariah principle of Murabahah (via Tawarruq arrangement) (collectively, the "Sukuk Murabahah Programmes"). Both the ICP and IMTN Programmes have a tenures of 7 years and 20 years respectively, from the date of first issue. On 15<sup>th</sup> August 2022, the Company issued Medium Term Notes ("MTNs") amounting to RM 50 million under MTNs Programme. The MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value (RM'000)
3	4.81%	15 August 2025	50,000

17.2 The unsecured foreign currency borrowings of the Group are subject to interest at rates from 0.70% to 9.95% (2021: 0.51% to 7.40%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 18. Provisions

Group	Warranties RM'000
At 1 January 2021	9,461
Provisions made	2,703
Provisions utilised	(2,131)
Provisions reversed	(3,928)
At 31 December 2021/1 January 2022	6,105
Provisions made	4,078
Provisions utilised	(2,282)
Provisions reversed	(1,955)
At 31 December 2022	5,946

Provisions for warranties are recognised when the products are sold where they are entitled to warranty. The provisions are estimated based on historical warranty claims and the Group expects to incur most of the liabilities over the next 1 to 3 years.

Where an abnormal defect is discovered on a product, the Management will perform investigation to identify the cause. The total warranty liability that will be incurred is highly dependent on the course of action that needs to be taken by the Group in consultation with the affected customer. It may vary significantly.

## 19. Trade and other payables, including derivatives

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Trade</b>					
Trade payables		178,392	141,512	-	-
Related parties	19.1	18,208	11,596	-	-
Joint ventures	19.1	667	-	-	-
		197,267	153,108	-	-
<b>Non-trade</b>					
Other payables and accruals		150,435	123,621	2,125	978
Related parties	19.2	2,497	1,950	13	-
Derivatives at fair value through profit or loss					
- Forward exchange contracts	12.5	165	118	-	-
		153,097	125,689	2,138	978
		350,364	278,797	2,138	978

19.1 The trade amounts due to related parties and joint ventures are subject to 30 to 60 days (2021: 30 to 60 days) credit terms.

19.2 The non-trade amount due to related parties is unsecured, interest-free and repayable on demand.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 20. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from contracts with customers	1,713,200	1,184,585	-	-
Other revenue:				
- Rental income	1,689	1,566	-	-
- Dividend income	-	-	7,001	35,500
- Sales of mould	24,277	37,969	-	-
	25,966	39,535	7,001	35,500
	1,739,166	1,224,120	7,001	35,500

## 20.1 Disaggregation of revenue

Group	Reportable segments						Non-reportable segment RM'000	Total RM'000
	Suspension RM'000	Interior and plastics RM'000	Electrical and heat exchange RM'000	Marketing RM'000	Indonesia RM'000	All other segments RM'000		
<b>2022</b>								
<b>Primary geographical markets</b>								
Malaysia	79,142	1,054,183	100,275	123,849	-	-	4,568	1,362,017
Indonesia	-	1,043	-	10,730	78,339	-	-	90,112
Vietnam	-	-	-	-	-	54,160	-	54,160
Europe	-	-	-	18,025	-	4,109	715	22,849
America	-	-	-	38,131	-	12,524	954	51,609
Australia	-	-	-	48,924	-	61,648	-	110,572
Other countries	2,445	62	-	17,343	4	1,964	63	21,881
	81,587	1,055,288	100,275	257,002	78,343	134,405	6,300	1,713,200
<b>Markets</b>								
Original Equipment Market ("OEM")	78,745	1,046,522	99,584	-	27,933	41,476	5,982	1,300,242
Replacement Equipment Market ("REM")	2,842	8,766	691	257,002	50,410	92,929	318	412,958
	81,587	1,055,288	100,275	257,002	78,343	134,405	6,300	1,713,200
<b>Timing of recognition</b>								
At a point in time	81,587	1,055,288	100,241	257,002	78,343	134,405	6,300	1,713,166
Overtime	-	-	34	-	-	-	-	34
	81,587	1,055,288	100,275	257,002	78,343	134,405	6,300	1,713,200
<b>Revenue from contracts with customers</b>	81,587	1,055,288	100,275	257,002	78,343	134,405	6,300	1,713,200
<b>Other revenue</b>	-	24,118	159	-	-	116	1,573	25,966
<b>Total revenue</b>	81,587	1,079,406	100,434	257,002	78,343	134,521	7,873	1,739,166

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 20. Revenue (cont'd)

## 20.1 Disaggregation of revenue (cont'd)

Group	Reportable segments						Non-reportable segment RM'000	Total RM'000
	Suspension RM'000	Interior and plastics RM'000	Electrical and heat exchange RM'000	Marketing RM'000	Indonesia RM'000	All other segments RM'000		
<b>2021</b>								
<b>Primary geographical markets</b>								
Malaysia	59,077	650,396	68,763	98,365	-	-	4,547	881,148
Indonesia	-	1,347	-	2,550	61,149	-	-	65,046
Vietnam	-	-	-	-	-	43,681	-	43,681
Europe	-	-	12	14,141	-	4,656	1,663	20,472
America	-	-	-	28,960	-	16,371	503	45,834
Australia	-	-	-	36,006	-	74,204	-	110,210
Other countries	1,581	-	-	14,936	4	1,673	-	18,194
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
<b>Markets</b>								
Original Equipment Market ("OEM")	60,291	647,577	68,638	-	19,402	32,496	6,117	834,521
Replacement Equipment Market ("REM")	367	4,166	137	194,958	41,751	108,089	596	350,064
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
<b>Timing of recognition</b>								
At a point in time	60,658	651,743	68,751	194,958	61,153	140,585	6,713	1,184,561
Overtime	-	-	24	-	-	-	-	24
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
<b>Revenue from contracts with customers</b>								
	60,658	651,743	68,775	194,958	61,153	140,585	6,713	1,184,585
<b>Other revenue</b>	-	37,918	52	-	7	102	1,456	39,535
<b>Total revenue</b>	60,658	689,661	68,827	194,958	61,160	140,687	8,169	1,224,120

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 20. Revenue (cont'd)

## 20.2 Nature of goods and services

The following information reflects the typical transactions of the Group:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Sales of automotive parts - OEM	Revenue is recognised when the goods are delivered and accepted by the customers at their premises.	Credit period within 30 to 60 days from invoice date.	Not applicable.	Not applicable.	Limited warranty up to 100,000 km mileage or 3 years, whichever is earlier, for selected products.
Sales of automotive parts - REM (Domestic)	Revenue is recognised when the goods are delivered and accepted by the customers.	Credit period within 30 to 90 days from invoice date.	Year-end incentive and year-end trip based on sales target and prompt payment discount given to selected customers.	Not applicable.	Limited warranty up to 20,000 km mileage or 6 months, whichever is earlier, for selected products.
Sales of automotive parts - REM (Export)	Revenue is recognised based on shipment terms.	30% to 50% deposit before shipment and balance within 30 to 60 days from shipment date.	Year-end incentive rebate based on sales/volume target for selected customers.	Not applicable.	Not applicable.

## Significant judgements and assumptions arising from revenue recognition

There are no significant judgements and assumptions applied that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers.

## 21. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities measured at amortised cost	4,460	3,097	909	-
Interest expense on lease liabilities	1,622	1,465	-	-
	6,082	4,562	909	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 22. Finance income

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income received from deposits, investments and corporate management current accounts with licensed financial institutions and licensed banks	6,642	4,844	607	191
Interest income received from subsidiaries	-	-	288	262
	6,642	4,844	895	453

## 23. Profit before tax

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit before tax is arrived at after charging/(crediting):</b>				
<b>Auditors' remunerations</b>				
Audit fees:				
- KPMG PLT	541	493	64	57
- Other auditors	398	375	-	-
	939	868	64	57
Non-audit fees:				
- KPMG PLT	20	10	10	10
- Local affiliates of KPMG Malaysia	211	217	12	8
- Overseas affiliates of KPMG Malaysia	104	77	-	-
- Other auditors	13	7	-	-
	1,287	1,179	86	75
<b>Material expenses/(income)</b>				
Amortisation of intangible assets	7,148	1,589	-	-
Change in fair value of investment properties	(40)	-	-	-
Depreciation of property, plant and equipment	53,303	52,471	-	-
Depreciation of right-of-use assets	6,896	6,789	-	-
Dividends received from subsidiaries	-	-	(7,001)	(35,500)
Impairment loss on:				
- property, plant and equipment	-	1,289	-	-
Intangible assets written off	26	95	-	-
Net gain on disposal of property, plant and equipment	(545)	(215)	-	-
Net inventories written down to net realisable value	4,929	3,569	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 23. Profit before tax (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Profit before tax is arrived at after charging/(crediting): (cont'd)</b>				
<b>Material expenses/(income) (cont'd)</b>				
Net foreign exchange (gains)/losses				
- realised	(6,030)	(454)	(13)	3
- unrealised	3,352	(987)	7	41
Non-executive Directors				
- Fees	440	412	440	412
- Other benefits	77	77	77	77
Personnel expenses (including key management personnel)				
- Employee benefits	3,758	3,354	-	-
- Contributions to state plans	15,877	12,030	489	368
- Wages, salaries and others	226,318	188,592	2,661	2,007
Provision for warranties	4,078	2,703	-	-
Provision for warranties reversed	(1,955)	(3,928)	-	-
Property, plant and equipment written off	83	146	-	-
Royalties	15,237	9,874	-	-
<b>Expenses arising from leases</b>				
Expenses relating to short-term leases	369	574	-	-
<b>Net (gain)/loss on impairment of financial instruments</b>				
Financial assets at amortised cost	(937)	713	(592)	3

## 24. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive Directors				
- Remuneration	7,928	7,457	3,005	2,735
- Other employee benefits	851	416	554	252
	8,779	7,873	3,559	2,987
Other key management personnel				
- Remuneration and other employee benefits	8,981	8,018	-	-
	8,981	8,018	-	-
	17,760	15,891	3,559	2,987

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**24. Key management personnel compensations** (cont'd)

The remuneration and other employee benefits paid to the Executive Directors of the Company were in respect of their employment with the Company and certain Group entities.

Included in other employee benefits of the Group are retirement benefits receivable by the Directors which amounted to RM788,000 (2021: RM355,000) and the estimated monetary value of benefit-in-kind provided to the Directors which amounted to RM63,000 (2021: RM61,000). Included in other employee benefits of the Company is retirement benefits receivable by the Directors amounting to RM554,000 (2021: RM252,000).

Other key management personnel comprise the heads of certain significant subsidiaries, having authority and responsibility for planning, directing and controlling the activities of the Group entities either directly or indirectly.

**25. Income tax expense**

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Recognised in profit or loss</b>				
<b>Current tax expense</b>				
Malaysian				
- Current year	17,162	12,178	-	79
- Over provision in prior year	(1,342)	(1,302)	(28)	(7)
Overseas				
- Current year	2,405	3,777	-	-
Total current tax recognised in profit or loss	18,225	14,653	(28)	72
Others	67	204	-	-
<b>Deferred tax expense</b>				
Origination and reversal of temporary differences	(4,504)	(839)	-	-
(Over)/Under provision in prior year	(1,405)	1,190	-	-
Total deferred tax recognised in profit or loss	(5,909)	351	-	-
<b>Total income tax expense</b>	12,383	15,208	(28)	72
<b>Reconciliation of tax expense</b>				
Profit for the year	41,683	1,875	2,700	31,927
Total income tax expense	12,383	15,208	(28)	72
Profit excluding tax	54,066	17,083	2,672	31,999



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 25. Income tax expense (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Reconciliation of tax expense (cont'd)</b>				
Income tax using Malaysian tax rate of 24% (2021: 24%)	12,976	4,100	641	7,680
Non-deductible expenses	6,282	5,739	1,035	918
Tax exempt income	(667)	(708)	(1,680)	(8,524)
Tax incentives	(6,373)	(3,512)	-	-
Effect of deferred tax assets not recognised	6,384	11,264	-	-
Recognition of previously unrecognised deferred tax assets	(3,077)	(955)	-	-
Other items	(395)	(608)	4	5
	15,130	15,320	-	79
Malaysian				
- Over provision of current tax expense in prior year	(1,342)	(1,302)	(28)	(7)
- (Over)/Under provision of deferred tax expense in prior year	(1,405)	1,190	-	-
<b>Total income tax expense</b>	<b>12,383</b>	<b>15,208</b>	<b>(28)</b>	<b>72</b>

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

	2022			2021		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
<b>Group</b>						
<b>Item that will not be reclassified subsequently to profit or loss</b>						
Remeasurement of defined benefit liability	(1,300)	574	(726)	686	(165)	521
	(1,300)	574	(726)	686	(165)	521
<b>Items that will be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for consolidated subsidiaries	(966)	-	(966)	(65)	-	(65)
Foreign currency translation differences for equity-accounted associate and joint ventures	(3,257)	-	(3,257)	1,448	-	1,448
	(4,223)	-	(4,223)	1,383	-	1,383
	(5,523)	574	(4,949)	2,069	(165)	1,904
<b>Company</b>						
<b>Item that will not be reclassified subsequently to profit or loss</b>						
Remeasurement of defined benefit liability	(241)	-	(241)	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 27. Profit/(Loss) per ordinary share

## Basic profit/(loss) per ordinary share

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

	Group	
	2022	2021
Profit/(Loss) for the year attributable to ordinary shareholders (RM'000)	26,400	(11,250)
Weighted average number of ordinary shares ('000 units)		
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(6,106)	(6,106)
Weighted average number of ordinary shares at 31 December	195,494	195,494
Basic profit/(loss) per ordinary share (sen)	13.50	(5.75)

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

## 28. Dividends

Dividends recognised by the Company:

	Sen per share	Date of payment
<b>2022</b>		
Final 2021 ordinary	7.0	11 May 2022
First interim 2022 ordinary	7.0	21 December 2022

Total dividend paid out during the reporting period amounted to approximately RM27,369,000.

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

	Sen per share	Total amount RM'000	Date of payment
Second interim 2022 ordinary	7.0	13,685	10 May 2023

## 29. Commitments

	Group	
	2022 RM'000	2021 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	18,205	12,231

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**30. Related parties****Identity of related parties**

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 31.
- ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH"). TCC and WH are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH Group"). TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").
- iii) The Director of the Company, Dato' Tan Heng Chew is deemed interested by virtue of his interests in TCC and WH pursuant to Section 8(4) of the Companies Act 2016 and interests held by spouse by virtue of Section 59(11)(c) of the Companies Act 2016.
- iv) The Director of the Company, Dato' Tan Eng Hwa is deemed interested by virtue of his interest in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest held by spouse by virtue of Section 59(11)(c) of the Companies Act 2016.
- v) For the purpose of related party transactions and balances disclosure, the Group and the Company treat TCC as the ultimate controlling shareholder.

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

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>With TCMH Group</b>				
Sales	33,951	13,890	-	-
Purchases	(4,219)	(1,877)	(50)	(8)
Provision of services	564	535	-	-
Administrative and consultancy services	(854)	(2,033)	-	-
Insurance premium	(5,508)	(4,887)	(61)	(54)
Rental income	1,799	1,646	-	-
Rental expenses	(14)	(42)	-	-
<b>With WTCH Group</b>				
Sales	571	128	-	-
Purchases	(784)	(291)	(16)	-
Administrative and consultancy services	(468)	(155)	-	-
Rental income	516	478	-	-
Rental expenses	(1,315)	(1,227)	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 30. Related parties (cont'd)

Significant related party transactions with TCMH, WTCH and TCIL Groups are as follows: (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>With TCIL Group</b>				
Sales	175	106	-	-
Purchases	(88)	-	-	-
Rental expenses	(77)	(56)	-	-
<b>With subsidiaries</b>				
Dividend income	-	-	7,001	35,500
Interest income on loans	-	-	288	262
Management fee paid	-	-	(597)	(523)
<b>Key management personnel</b>				
<i>Director</i>				
Rental expenses	-	(18)	-	-

These transactions have been entered into in the normal course of business and have been established under 30 to 60 days (2021: 30 to 60 days) credit terms.

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

## 31. Subsidiaries

The principal activities of the subsidiaries in the Group and the Group's effective ownership interests and voting interests are as follows:

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b>			
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	100	100
APM Automotive Modules Sdn. Bhd.	Assembly and sale of door trim module and instrument panel module parts	100	100
APM Auto Safety Systems Sdn. Bhd.	Manufacture and sale of automotive seat belt	100	100

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b> (cont'd)			
Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats and components	60	60
APM Automotive Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM TACHI-S Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture, assembly and sale of automotive and industrial seats	51	51
APM Delta Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	60	60
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture and sale of shock absorbers and related component parts	100	100
APM Climate Control Sdn. Bhd.	Manufacture and sale of automotive air-conditioners and radiators, automotive windshield wiper linkage, commercial vehicle parts and components; provision for distribution and after sales services for bus-coach air-conditioning	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM-Coachair Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
Omnimatics Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Provide solution for Internet of Things	100	52
APM Auto Parts Marketing (Malaysia) Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Engineering & Research Sdn. Bhd.	Provision of engineering research, design and development services	100	100

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b> (cont'd)			
APM Corporate Services Sdn. Bhd.	Provision of management services	100	100
Able Motor Sdn. Bhd.	Dormant	100	100
APM Aluminium Castings Sdn. Bhd.	Casting, machining, and assembly of aluminium parts and components	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment holding	100	100
KAB Otomotif Sdn. Bhd.	Property investment holding	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment holding	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
APM Automotive International Ltd.	Investment holding	100	100
APM Automotive Global Ltd.	Investment holding	100	100
APM Automotive Indonesia Ltd.	Investment holding	100	100
APM Automotive IndoChina Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.)	Investment holding	100	100
APM Automotive Thailand Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.)	Investment holding	100	100
APM Automotive Myanmar Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.)	Investment holding	100	100
APM Chalmers Suspensions Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Automotive Seats Sdn. Bhd.	Dormant	100	100
APM Chemicals Sdn. Bhd. ∞ (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	-	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100
APM EV Solutions Sdn. Bhd.	Assembly and sales of Electric Vehicle (EV) bus; and fabrication and assembly of integrated EV bus chassis	100	100

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b> (cont'd)			
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
APM Suspension Systems Sdn. Bhd. <sup>∞</sup>	Dormant	-	100
<b>Incorporated in Canada:</b>			
APM Holdings Inc. <sup>Δ</sup> (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Components America Inc. <sup>Δ</sup> (held via 100% owned subsidiary, APM Holdings Inc.)	Dormant	100	100
<b>Incorporated in Vietnam:</b>			
APM Springs (Vietnam) Co., Ltd. * (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive suspension parts	100	100
APM Auto Components (Vietnam) Co., Ltd. * (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive seats and its components, shock absorbers, radiators and air-conditioner parts for automobiles	100	100
APM Marketing (Vietnam) Company Limited * (held via 100% owned subsidiary, APM Automotive Global Ltd.)	Marketing and sale of automotive parts and accessories in Vietnam	100	100
<b>Incorporated in the United States of America:</b>			
APM Auto Components (USA) Inc. <sup>Δ</sup> (held via 100% owned subsidiary, APM Automotive International Ltd.)	Marketing and sale of automotive parts and accessories	100	100
<b>Incorporated in Australia:</b>			
McConnell Seats Australia Pty. Ltd. * (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture of transportation seating for trains, buses and trams	100	100
<b>Incorporated in Indonesia:</b>			
P.T. APM Auto Components Indonesia * (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Property investment holding	100	100

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2022 %	2021 %
<b>Incorporated in Indonesia:</b> (cont'd)			
P.T. APM Armada Suspension * (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and distribution of coil springs	100	100
P.T. APM Automotive Indonesia * (held via 100% owned subsidiaries, APM Automotive Indonesia Ltd. and APM Automotive International Ltd.)	Provision of management services	100	100
P.T. APM Leaf Springs Indonesia * (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Manufacture and sale of automotive leaf springs	100	100
P.T. APM Shock Absorbers Indonesia * (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Manufacture and sale of shock absorbers and related component parts	100	100
P.T. APM Mekar Armada Investama * § (formerly known as P.T. Doowon APM Automotive) (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Investment holding	76	100
<b>Incorporated in Thailand:</b>			
APM Auto Components (Thailand) Ltd. * (held via 100% owned subsidiaries, APM Automotive Thailand Ltd., APM Automotive IndoChina Ltd. and APM Automotive International Ltd.)	Manufacture of automotive plastic parts and components and carrying out the business of import and export of automotive parts and components	100	100
<b>Incorporated in Myanmar:</b>			
APM Auto Components Myanmar Co., Ltd. * @ (held via 100% owned subsidiaries, APM Automotive Myanmar Ltd. and APM Automotive IndoChina Ltd.)	Manufacture and marketing of automotive parts and modules	100	100
<b>Incorporated in the Netherlands:</b>			
APM Auto Components Europe B.V. ^ (held via 100% owned subsidiary, APM Automotive Global Ltd.)	Investment holding	100	100



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 31. Subsidiaries (cont'd)

Name of subsidiary	Principal activity	Effective ownership interest and voting interest	
		2022 %	2021 %
<b>Incorporated in the Netherlands:</b> (cont'd)			
APM-TS B.V. <sup>Δ</sup> (held via 100% owned subsidiary, APM Auto Components Europe B.V.)	Develop springs, absorbers and coilovers for the automotive markets	80	80
<b>Incorporated in the United Kingdom</b>			
APM Automotive International (UK) Ltd * (held via 100% owned subsidiary, APM Automotive International Ltd.)	Provision of marketing service	100	100
<b>Incorporated in India:</b>			
APM Motors India Private Limited * <sup>@</sup> (held via 100% owned subsidiaries, APM Automotive Global Ltd. and APM Automotive International Ltd.)	Dormant	100	100

<sup>Δ</sup> Subsidiaries are not required to be audited and are consolidated based on the management financial statements.

\* Not audited by member firms of KPMG International.

<sup>@</sup> The statutory financial year end for these subsidiaries is 31 March, which does not coincide with the financial year end of the Group. The management financial statements for the year ended 31 December 2022 of these subsidiaries have been used for the preparation of the consolidated financial statements of the Group.

<sup>∞</sup> By the Members' Written Resolution passed on 13 January 2022, both companies obtained approval from their shareholders to apply to the Companies Commission of Malaysia to have their names struck-off from the register of companies pursuant to Section 551 of the Companies Act 2016. The companies were dissolved on 20 May 2022.

<sup>§</sup> On 12 July 2022, an indirect subsidiary of the Company entered into a share sale agreement with PT APM Armada Autoparts ("PTAAA"), a 50% owned joint venture company, for the disposal of 25% equity interest in PT APM Mekar Armada Investama ("PTAMAI") for a total cash consideration of RM198,800. Thereafter, PTAAA subscribed an additional 24% of equity interest in PTAMAI for a total cash consideration of RM2,408,850, resulting in PTAAA holding 49% equity interest in PTAMAI. Upon the completion of share sale and share subscription exercise, the Company's effective ownership in PTAMAI is reduced to 75.5%.

## 32. Operating segments

The Group has seven divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services and focus on different geographical markets and are managed separately. For each of the strategic business units, the Chief Operating Decision Makers ("CODM"), which in this case are the Executive Directors of the Group, review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's divisions:

- Suspension Division, Malaysia: Businesses in products such as leaf springs, parabolic springs, coil springs, shock absorbers, gas springs, U-bolts and metal parts;

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)****32. Operating segments** *(cont'd)*

- Interior & Plastics Division, Malaysia: Businesses in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums, cinemas, rails and light rails system;
- Electrical & Heat Exchange Division, Malaysia: Businesses in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors, and other electrical parts; and development of Internet of Things ("IoT") telematics platform;
- Marketing Division, Malaysia: Trading and distribution of automotive components/parts manufactured by the Group for local and overseas replacement market;
- Indonesia Operations: Businesses in Indonesia; and
- All other segments: Businesses in Thailand, Vietnam, Myanmar, Australia, India, the United States of America, the Netherlands and the United Kingdom.
- Non-reportable segment: Operations related to the rental of investment properties in Malaysia; casting, machining and assembly of aluminium parts and components, provision of management services for companies within the Group, and provision of automotive research and development services.

Performance is measured based on segment revenue and profit before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

**Segment assets**

The segment total asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

**Segment liabilities**

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence, no disclosure is made on segment liabilities.

**Segment capital expenditure**

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 32. Operating segments (cont'd)

	Suspension RM'000	Interior and plastics RM'000	Electrical and heat exchange RM'000	Marketing RM'000	Indonesia RM'000	All other segments RM'000	Non- reportable segment RM'000	Eliminations RM'000	Total RM'000
<b>2022</b>									
<b>Segment profit/(loss)</b>	571	64,128	(5,854)	9,806	1,961	(7,108)	(8,778)	(660)	54,066
<i>Included in the measure of segment profit/(loss) are:</i>									
Revenue from external customers	81,587	1,079,406	100,434	257,002	78,343	134,521	7,873	-	1,739,166
Inter/Intra-segment revenue	155,104	209,849	13,059	40,838	26,569	16,912	44,847	(507,178)	-
Provision for warranties	788	2,537	369	380	-	5	-	-	4,079
Provision for warranties reversed	(1)	(1,889)	(64)	-	-	-	-	-	(1,954)
Depreciation and amortisation	9,064	24,705	1,806	318	10,290	9,134	12,030	-	67,347
Net inventories written (down)/ back to net realisable value	(1,571)	(1,560)	(1,982)	(88)	-	275	(3)	-	(4,929)
Finance income	484	3,826	378	295	20	36	1,603	-	6,642
<i>Not included in the measure of segment profit/(loss) but provided to CODM:</i>									
Income tax expense	(806)	(10,924)	85	(742)	823	(612)	(207)	-	(12,383)
Segment assets	177,985	634,640	82,017	101,794	317,837	257,783	1,380,862	(996,222)	1,956,696
<i>Included in the measure of segment assets are:</i>									
Additions to non-current assets other than financial instruments and deferred tax assets	2,521	28,820	3,074	523	2,727	2,042	2,567	-	42,274
<b>2021</b>									
<b>Segment (loss)/profit</b>	(2,538)	30,213	(5,850)	4,735	(8,467)	6,059	(7,829)	760	17,083
<i>Included in the measure of segment profit/(loss) are:</i>									
Revenue from external customers	60,658	689,661	68,827	194,958	61,160	140,687	8,169	-	1,224,120
Inter/Intra-segment revenue	111,373	141,204	20,805	28,230	24,738	13,400	37,284	(377,034)	-
Provision for warranties	(276)	(1,587)	(631)	(209)	-	-	-	-	(2,703)
Provision for warranties reversed	2,126	1,557	192	-	-	53	-	-	3,928
Depreciation and amortisation	9,822	18,065	1,707	320	9,837	8,880	12,218	-	60,849
Net inventories written (down)/ back to net realisable value	(553)	(173)	(2,187)	(232)	(561)	159	(22)	-	(3,569)
Finance income	426	2,886	384	235	57	48	808	-	4,844

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 32. Operating segments (cont'd)

	Suspension RM'000	Interior and plastics RM'000	Electrical and heat exchange RM'000	Marketing RM'000	Indonesia RM'000	All other segments RM'000	Non- reportable segment RM'000	Eliminations RM'000	Total RM'000
<b>2021 (cont'd)</b>									
<i>Not included in the measure of segment (loss)/profit but provided to CODM:</i>									
Income tax expense	(293)	(9,566)	(66)	(1,704)	(264)	(3,226)	(89)	-	(15,208)
Segment assets	175,856	590,668	85,587	106,185	253,532	274,126	1,307,713	(945,020)	1,848,648
<i>Included in the measure of segment assets are:</i>									
<i>Additions to non-current assets other than financial instruments and deferred tax assets</i>									
	1,207	17,490	2,231	206	1,596	6,582	1,441	-	30,753

**Geographical segments**

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information Group	Group	
	Revenue RM'000	Non-current assets RM'000
<b>2022</b>		
Malaysia	1,387,983	464,544
Indonesia	90,112	196,042
Vietnam	54,160	61,924
Europe	22,849	3,788
America	51,609	9,108
Australia	110,572	45,268
Other countries	21,881	66,586
	1,739,166	847,260
<b>2021</b>		
Malaysia	920,683	474,543
Indonesia	65,046	188,620
Vietnam	43,681	62,273
Europe	20,472	3,895
America	45,834	9,157
Australia	110,210	47,260
Other countries	18,194	66,825
	1,224,120	852,573

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 32. Operating segments (cont'd)

## Major customers

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

	Revenue		Segments
	2022 RM'000	2021 RM'000	
All common control companies of:			
- Customer A	612,776	423,665	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Customer B	174,771	122,900	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Customer C	161,091	120,022	Suspension, Interior and Plastics and Electrical and Heat Exchange

## 33. Financial instruments

## 33.1 Categories of financial instruments

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

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

2022	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
<b>Financial assets</b>			
<b>Group</b>			
Other investments	3,177	-	3,177
Trade and other receivables, including derivatives *	318,432	318,057	375
Deposits	1,598	1,598	-
Cash and cash equivalents	353,106	353,106	-
	676,313	672,761	3,552
<b>Company</b>			
Other investments	817	-	817
Trade and other receivables	12,134	12,134	-
Deposits	65	65	-
Cash and cash equivalents	32,324	32,324	-
	45,340	44,523	817
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	(125,045)	(125,045)	-
Trade and other payables, including derivatives	(350,364)	(350,199)	(165)
	(475,409)	(475,244)	(165)
<b>Company</b>			
Loans and borrowings	(50,000)	(50,000)	-
Trade and other payables	(2,138)	(2,138)	-
	(52,138)	(52,138)	-

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.1 Categories of financial instruments (cont'd)

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

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

## 33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net (losses)/gains on:				
Financial instruments at fair value through profit or loss:				
- Mandatorily required by MFRS 9	(4,176)	4,989	939	482
Financial assets at amortised cost	(4,191)	584	600	-
Financial liabilities at amortised cost	4,052	(4,421)	(910)	(6)
	(4,315)	1,152	629	476

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**33. Financial instruments** (cont'd)**33.3 Financial risk management**

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

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

**33.4 Credit risk**

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, related parties and joint ventures. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

**Trade receivables**

*Risk management objectives, policies and processes for managing the risk*

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers who wish to trade on credit terms.

At each reporting date, the Group and the Company assess whether any of the trade receivables are credit impaired.

The gross carrying amounts of credit impaired trade receivables are written off (either partially or in full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables that are written off could still be subject to enforcement activities.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amount in the statement of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, a significant portion of these receivables are regular customers, related parties and joint ventures that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Significant past due receivables, if deemed as high risks, are normally monitored individually.

*Concentration of credit risk*

The exposure to credit risk for trade receivables as at the end of the reporting period by geographic region was:

	Group	
	2022 RM'000	2021 RM'000
Malaysia	239,050	195,534
Asia (excluding Malaysia)	39,895	30,295
Europe	5,830	5,641
North America	9,266	12,135
Central America	848	567
Oceania	16,391	17,165
	311,280	261,337

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.4 Credit risk (cont'd)

**Trade receivables** (cont'd)*Recognition and measurement of impairment loss*

In managing credit risk of trade receivables, the Group manages its debtors and takes appropriate actions (including but not limited to legal actions) to recover long overdue balances. The Group's debt recovery process is as follows:

- a) Debt with past due credit terms, the Group takes the necessary steps to recover the debt; and
- b) Debt with 180 days past due after credit term, the Group starts to initiate structured debt recovery process which is monitored by management.

The Group uses an allowance matrix to measure expected credit losses ("ECLs") of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 180 days are considered as credit impaired.

Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to 180 days past due.

Loss rates are based on actual credit loss experience over the past two years. The Group also considers differences amongst (a) economic conditions during the period over which the historic data has been collected, (b) current conditions and (c) the Group's view of economic conditions over the expected lives of the receivables. Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

The following table provides information about the exposure to credit risk and ECLs for trade receivables.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2022</b>			
Not past due	299,915	(113)	299,802
Past due 1 - 90 days	10,397	(206)	10,191
Past due 91 - 180 days	2,338	(1,051)	1,287
	312,650	(1,370)	311,280
<b>Credit impaired</b>			
Past due more than 180 days	1,831	(1,831)	-
Individually impaired	1,163	(1,163)	-
	315,644	(4,364)	311,280
<b>2021</b>			
Not past due	252,809	(211)	252,598
Past due 1 - 90 days	8,060	(168)	7,892
Past due 91 - 180 days	1,051	(204)	847
	261,920	(583)	261,337
<b>Credit impaired</b>			
Past due more than 180 days	3,725	(3,725)	-
Individually impaired	1,000	(1,000)	-
	266,645	(5,308)	261,337



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**33. Financial instruments** (cont'd)**33.4 Credit risk** (cont'd)**Trade receivables** (cont'd)

Recognition and measurement of impairment loss (cont'd)

The movements in allowance for impairment loss in respect of trade receivables during the year are shown below:

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>Balance at 1 January 2021</b>	482	4,163	4,645
Amount written off	-	(50)	(50)
Net remeasurement of loss allowance	101	612	713
<b>Balance at 31 December 2021/1 January 2022</b>	583	4,725	5,308
Amount written off	-	(7)	(7)
Net remeasurement of loss allowance	787	(1,724)	(937)
<b>Balance at 31 December 2022</b>	1,370	2,994	4,364

**Cash and cash equivalents**

The cash and cash equivalents are held with licensed banks and financial institutions. As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

These licensed banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

**Other investments**

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

These licensed banks and financial institutions have low credit risks. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

**Inter-company loans and advances**

*Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiaries and monitors the ability of the subsidiaries to repay the loans and advances on an individual basis.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.4 Credit risk (cont'd)

**Inter-company loans and advances** (cont'd)*Recognition and measurement of impairment loss*

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advances to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advances to the Company in full; or
- The subsidiary is continuously loss making and has a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

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

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
<b>2022</b>			
Low credit risk	12,134	-	12,134
Credit impaired	-	-	-
	12,134	-	12,134
<b>2021</b>			
Low credit risk	13,327	-	13,327
Credit impaired	592	(592)	-
	13,919	(592)	13,327

The movements in the allowance for impairment losses of subsidiaries' loans and advances during the year is as follows:

Company	Lifetime ECL RM'000
<b>Balance at 1 January 2021</b>	589
Net remeasurement of loss allowance	3
<b>Balance at 31 December 2021/1 January 2022</b>	592
Net remeasurement of loss allowance	(592)
<b>Balance at 31 December 2022</b>	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the Directors to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Certain treasury functions, particularly for wholly-owned subsidiaries, are managed centrally by the Group Treasury to ensure sufficient cash to cover the expected cash demands. Surplus cash held by the subsidiaries over and above balances required for working capital management is placed in fixed deposits and money market deposits with appropriate maturities to provide sufficient liquidity to meet the Group's liabilities when they fall due.

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

*Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2022	Carrying amount RM'000	Contractual interest rate/ Discount rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Unsecured foreign currency borrowings	60,998	0.70 - 9.95	62,385	62,385	-	-	-
Unsecured local currency borrowings	64,047	2.79 - 4.81	70,604	16,697	2,421	51,486	-
Lease liabilities	21,355	3.25 - 10.00	74,751	4,128	3,787	6,126	60,710
Trade and other payables, excluding derivatives	350,199	-	350,199	350,199	-	-	-
	496,599		557,939	433,409	6,208	57,612	60,710
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	-	-	18,112	18,112	-	-	-
Inflow	(210)	-	(18,322)	(18,322)	-	-	-
	496,389		557,729	433,199	6,208	57,612	60,710
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Local currency borrowings	50,000	4.81	56,312	2,405	2,421	51,486	-
Trade and other payables, excluding derivatives	2,138	-	2,138	2,138	-	-	-
	52,138		58,450	4,543	2,421	51,486	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.5 Liquidity risk (cont'd)

## Maturity analysis (cont'd)

2021	Carrying amount RM'000	Contractual interest rate/ Discount rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
<b>Group</b>							
<i>Non-derivative financial liabilities</i>							
Unsecured foreign currency borrowings	56,117	0.51 - 7.40	56,255	56,255	-	-	-
Unsecured local currency borrowings	23,366	2.35 - 2.68	23,507	23,507	-	-	-
Lease liabilities	19,393	3.27 - 10.00	83,435	3,438	2,896	6,611	70,490
Trade and other payables, excluding derivatives	278,679	-	278,679	278,679	-	-	-
	<u>377,555</u>		<u>441,876</u>	<u>361,879</u>	<u>2,896</u>	<u>6,611</u>	<u>70,490</u>
<i>Derivative financial liabilities</i>							
Forward exchange contracts (gross settled):							
Outflow	83	-	24,438	24,438	-	-	-
Inflow	-	-	(24,355)	(24,355)	-	-	-
	<u>377,638</u>		<u>441,959</u>	<u>361,962</u>	<u>2,896</u>	<u>6,611</u>	<u>70,490</u>
<b>Company</b>							
<i>Non-derivative financial liabilities</i>							
Trade and other payables, excluding derivatives	978	-	978	978	-	-	-

## 33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

## 33.6.1 Currency risk

The Group is exposed to foreign currency risk through normal trading activities on sale and purchase transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Japanese Yen ("JPY"), Euro Dollar ("EUR"), Australian Dollar ("AUD"), Thai Baht ("THB") and Chinese Yuan ("CNY").

*Risk management objectives, policies and processes for managing the risk*

The Group monitors regularly its foreign currency exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.6 Market risk (cont'd)

## 33.6.1 Currency risk (cont'd)

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currencies of Group entities) risk, based on carrying amounts as at the end of the reporting period is as follows:

Group In RM'000	Denominated in					
	USD	JPY	EUR	AUD	THB	CNY
<b>2022</b>						
Trade receivables	15,531	54	2,250	691	-	-
Trade payables	(10,098)	(40,960)	(509)	(75)	(4,480)	(11,118)
Forward exchange contracts	(16)	230	-	-	-	(4)
<b>Net exposure</b>	<b>5,417</b>	<b>(40,676)</b>	<b>1,741</b>	<b>616</b>	<b>(4,480)</b>	<b>(11,122)</b>
<b>2021</b>						
Trade receivables	20,863	148	2,329	1,527	-	2
Trade payables	(3,876)	(15,206)	-	-	(7,155)	(8,865)
Forward exchange contracts	7	(71)	(1)	-	-	(18)
<b>Net exposure</b>	<b>16,994</b>	<b>(15,129)</b>	<b>2,328</b>	<b>1,527</b>	<b>(7,155)</b>	<b>(8,881)</b>

*Currency risk sensitivity analysis*

Foreign currency risk arises from Group entities which have a mainly Malaysian Ringgit as functional currency.

A 10% strengthening of the Malaysian Ringgit against the following currencies at the end of the reporting period would have increased (decreased) post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted sales and purchases.

Profit or loss	Group	
	2022 RM'000	2021 RM'000
USD	(417)	(1,292)
JPY	3,091	1,150
EUR	(132)	(177)
AUD	(47)	(116)
THB	340	544
CNY	845	675
	<b>3,680</b>	<b>784</b>

A 10% weakening of Malaysian Ringgit against the above currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.6 Market risk (cont'd)

## 33.6.2 Interest rate risk

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

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

*Risk management objectives, policies and processes for managing the risk*

Interest rate exposure arising from the Group's loans and borrowings, deposits placed with licensed banks and investments with licensed financial institutions is managed through monitoring and reviewing interest rates in the market and their impact to the Group's financial performance.

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>				
<b>Financial assets</b>				
Deposits placed with licensed banks	182,485	147,446	30,921	15,163
Amount due from subsidiaries	-	-	11,540	13,250
	182,485	147,446	42,461	28,413
<b>Financial liabilities</b>				
Unsecured foreign currency borrowings	(60,998)	(56,117)	-	-
Unsecured local currency borrowings	(64,047)	(23,366)	(50,000)	-
Lease liabilities	(21,355)	(19,393)	-	-
	(146,400)	(98,876)	(50,000)	-
<b>Floating rate instruments</b>				
<b>Financial assets</b>				
Investments with licensed financial institutions	-	5,332	-	-

**Interest rate risk sensitivity analysis**(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit and loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

As cash flow risk arising from floating rate instruments is not material, sensitivity analysis is not presented.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

## 33. Financial instruments (cont'd)

## 33.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyse other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
<b>Group</b>										
<b>2022</b>										
<b>Financial assets</b>										
Forward exchange contracts	-	375	-	375	-	-	-	-	375	375
Other investments	-	3,177	-	3,177	-	-	-	-	3,177	3,177
	-	3,552	-	3,552	-	-	-	-	3,552	3,552
<b>Financial liabilities</b>										
Forward exchange contracts	-	(165)	-	(165)	-	-	-	-	(165)	(165)
<b>2021</b>										
<b>Financial assets</b>										
Forward exchange contracts	-	35	-	35	-	-	-	-	35	35
Other investments	-	8,027	-	8,027	-	-	-	-	8,027	8,027
	-	8,062	-	8,062	-	-	-	-	8,062	8,062
<b>Financial liabilities</b>										
Forward exchange contracts	-	(118)	-	(118)	-	-	-	-	(118)	(118)
<b>Company</b>										
<b>2022</b>										
<b>Financial assets</b>										
Other investments	-	817	-	817	-	-	-	-	817	817
<b>2021</b>										
<b>Financial assets</b>										
Other investments	-	773	-	773	-	-	-	-	773	773

**Policy on transfer between levels**

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that causes the transfer.

**Level 1 fair value**

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the Group can access at the measurement date.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

**33. Financial instruments** (cont'd)**33.7 Fair value information** (cont'd)**Level 2 fair value**

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

*Investments with licensed financial institutions*

The fair value of the investments with licensed financial institutions is determined by reference to fair value quoted by the counter-party.

*Derivatives*

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

**Transfers between Level 1 and Level 2 fair values**

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2021: no transfer in either directions).

**Level 3 fair value**

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

**34. Capital management**

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurate with the level of risks and by securing access to finance at a reasonable cost.

The Group reviews and manages its capital structure by maintaining a balance between the expected risk against expected return and makes relevant adjustment to the capital structure in the light of changes in economic conditions. As at the end of the reporting period, the Group was in net cash position as follows:

	Note	Group	
		2022 RM'000	2021 RM'000
Other investments	11	3,177	8,027
Cash and cash equivalents	14	353,106	298,992
Less: Loans and borrowings	17	(125,045)	(79,483)
Net cash position		231,238	227,536

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

**35. Significant event**

On 18 October 2022, the Group subscribed for 37% equity interest in P.T. Highly Marelli APM Indonesia for a total cash consideration of RM4,701,000. The intended principal activities of the company are manufacture and supply of heating, ventilation and air conditioning related parts and components.



## **STATEMENT BY DIRECTORS**

### **PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016**

In the opinion of the Directors, the financial statements set out on pages 85 to 168 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year then ended.

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

.....  
**Dato' Tan Eng Hwa**

Director

.....  
**Khoo Peng Peng**

Director

Selangor Darul Ehsan

Date: 5 April 2023

## STATUTORY DECLARATION PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, **Khoo Peng Peng**, the Director primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 85 to 168 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Khoo Peng Peng, MIA: CA19749, at Petaling Jaya in the State of Selangor on 5 April 2023.

.....  
**Khoo Peng Peng**

Before me:

Norazila Binti Hassan  
No: B479  
Commissioner for Oaths  
Selangor Darul Ehsan.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD

(REGISTRATION NO. 199701009342 (424838-D))

(INCORPORATED IN MALAYSIA)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of APM Automotive Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 85 to 168.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### *Independence and Other Ethical Responsibilities*

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Provision for warranties</b>	
Refer to Note 18 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
We have identified provision for warranties as a key audit matter because any unanticipated claims may render the provision for warranties inadequate to cover losses. In addition, emerging claims are difficult to detect.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Inspected claim records and interviewed appropriate personnel for unusual trend of claims or product defects;</li> <li>• Assessed the adequacy of provision made by the Group by comparing with historical trends of actual claims; and</li> <li>• For unanticipated defects, inspected the basis of provision and determined that assumptions were reasonable and supportable based upon internal and external available data.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD**  
**(REGISTRATION NO. 199701009342 (424838-D))**  
**(INCORPORATED IN MALAYSIA)**

**Key Audit Matters** (cont'd)

<b>Impairment of plant and equipment</b>	
Refer to Note 3 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
Plant and equipment may be overstated as impairment loss may not be adequate. The recoverable amount is dependent on the estimates and assumptions used in the cash flow projections. Due to low plant utilization and market conditions of certain countries in which the Group operates in, the carrying amounts of certain plant and equipment may be higher than their recoverable amounts. Impairment of plant and equipment is a key audit matter because of the high level of judgement required of us to evaluate the recoverable amount of the plant and equipment.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Challenged management's assessment in identifying plant and equipment that were having impairment indicators by evaluating whether internal and external indicators had been considered;</li> <li>• Evaluated the impairment test model by comparing it with the requirements of the relevant accounting standard;</li> <li>• Assessed the appropriateness of the discount rate used by comparing it to available external sources of data in the country of the affected operations;</li> <li>• Assessed those significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing them with internal and external sources; and</li> <li>• Considered the adequacy of the disclosures on the impairment assessment for plant and equipment which the assumptions applied are particularly sensitive, uncertain or require significant judgement.</li> </ul>
<b>Cost of investments in subsidiaries</b>	
Refer to Note 5 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in our audit</b>
Investments in subsidiaries may be overstated as impairment loss may not be adequate. The return of cost of investments in subsidiaries is dependent on the profitability of the subsidiaries. Due to the market conditions faced by the automobile industry, impairment of the cost of investments in subsidiaries is a key audit matter because of the high level of judgement required of us to evaluate the recoverable amount of the investments.	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Challenged management's assessment in identifying investments that were having impairment indicators by evaluating whether internal and external indicators had been considered;</li> <li>• Evaluated the impairment test model by comparing it with the requirements of the relevant accounting standard;</li> <li>• Assessed the appropriateness of the discount rate used by comparing it to available external sources of data in which the affected subsidiaries operate;</li> <li>• Assessed those significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing them with internal and external sources; and</li> <li>• Considered the adequacy of the disclosures on the impairment assessment for investments which the assumptions applied are particularly sensitive, uncertain or require significant judgement.</li> </ul>

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD**  
**(REGISTRATION NO. 199701009342 (424838-D))**  
**(INCORPORATED IN MALAYSIA)**

### **Information Other than the Financial Statements and Auditors' Report Thereon**

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of the Directors for the Financial Statements**

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF APM AUTOMOTIVE HOLDINGS BERHAD**  
**(REGISTRATION NO. 199701009342 (424838-D))**  
**(INCORPORATED IN MALAYSIA)**

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 31 to the financial statements.

**Other Matters**

We draw attention to the USD equivalent statement of financial position and statement of profit or loss and other comprehensive income on pages 86 and 89, respectively, that do not form part of the audited financial statements. We have not audited these statements and accordingly, we do not express an opinion on these statements.

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**KPMG PLT**  
(LLP0010081-LCA & AF 0758)  
Chartered Accountants

**Chan Chee Keong**  
Approval Number: 03175/04/2023 J  
Chartered Accountant

Petaling Jaya

Date: 5 April 2023

## GROUP PROPERTIES

### AS AT 31 DECEMBER 2022

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse and vacant land	40,545	Leasehold/ 21.06.2092	47,900	25	2022	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse and vacant land	42,046	Leasehold/ 21.06.2092	52,100	28	2022	1984
No. 23 and 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	2,358	Freehold	5,690	12	2020	2000
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off KM 9, Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,630	26	2022	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off KM 9, Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,710	26	2022	2001
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	40,353	Leasehold/ 27.02.2076	41,039	36	2020	1977
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	20,234	Leasehold/ 19.10.2076	21,765	44	2020	1977
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory and warehouse	16,186	Leasehold/ 06.04.2079	18,919	13	2020	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	22,573	Leasehold/ 06.04.2079	20,298	11-26	2020	1996
Lot 19712 - 19717 Persiaran Raja Muda Musa 42000 Port Klang, Selangor	Vacant industrial land	1,220	Freehold	2,300	-	2020	2011
PT 9, Block C (CG05, C105, C205 and C305) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	7,503	9	2020	2013
PT 9, Block C (C3A05 and C3A3A) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	3,360	9	2022	2013

**GROUP PROPERTIES  
AS AT 31 DECEMBER 2022**

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
PT 9, Block C (CG3A, C13A, C23A and C33A) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	5,325	9	2020	2013
HS(D) 45445, PT 16073 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	32,326	Freehold	31,903	14-20	2020	2002
Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse and vacant land	32,354	Freehold	28,587	13-18	2020	2002
No. 5 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory and warehouse	16,172	Freehold	22,948	17	2020	2013
No. 12 Lot 9378 Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	8,094	Freehold	8,319	23	2020	2012
Lots 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse and vacant land	39,882	Freehold	11,703	18	2020	2004
GM65, Lot 911 Padang Meha Pekan Sungai Karangan Daerah Kulim, Kedah	Factory, office, warehouse and land	35,429	Freehold	28,531	5	2020	2014
Lot No 15594, 15595 and 15596 Mukim of Pegoh District of Alor Gajah Melaka	Vacant Land	67,098	Freehold	19,920	-	2020	2017
25 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office and warehouse	10,215	Leasehold/ 08.08.2054	17,475	18	2020	2004
25A Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office and warehouse	9,777	Leasehold/ 08.08.2054	17,224	13	2020	2004
27 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Vacant industrial land	9,514	Leasehold/ 08.08.2054	12,882	-	2020	2010
No. 159, Ha Noi Highway Thao Dien, District 2 Ho Chi Minh City, Vietnam	Apartment	-	Leasehold/ 08.05.2066	1,631	5	2020	2017



**GROUP PROPERTIES  
AS AT 31 DECEMBER 2022**

Location	Description	Land Area (sq m)	Tenure/ Expiry Date	Net Book Value (RM'000)	Age of Building (years)	Date of Last Revaluation	Date of Acquisition
Suryacipta City of Industry Jl. Surya Utama Kav. I-15 A Ciampel, Karawang Jawa Barat 41361 Indonesia	Factory, office and warehouse	20,131	Leasehold/ 25.05.2025	17,218	15	2020	2008
Suryacipta City of Industry Jl. Surya Kencana Kav.1-MIJK Ciampel, Karawang 41361 Indonesia	Factory, office and land	37,516	Leasehold/ 25.05.2025	39,045	6	2020	2012
Plot A215 Amata City Industrial Estate Rayong Province, Thailand	Vacant industrial land	56,404	Freehold	40,057	6	2020	2014
Trivium Terrace Apartments (South Tower) No. Unit TS-1101, TS-0519, TS-12A17, TS-12A01, S-0620, S-0512, S-1709, S-1810 and S-1817 Lippo Cikarang, Bekasi 17550	Apartments	-	Leasehold/ 11.01.2034	1,999	6	2020	2016
130 Northcorp Boulevard Broadmeadows VIC 3047 Melbourne CDB Australia	Factory, office, warehouse and land	15,000	Freehold	22,162	5	2020	2017
53 Magnesium Drive Crestmead Queensland 4132 Australia	Factory, office, warehouse and land	4,001	Freehold	8,394	4	2020	2018
Binnenhaven 125-127, 7547 BG Enschede The Netherlands	Factory, office, warehouse and land	3,412	Freehold	3,425	4	2020	2018
708 Fellowship Road Mount Laurel, NJ 08054 United States of America	Office, warehouse and land	7,446	Freehold	7,536	3	2020	2019
Industrial Park in Nyaung Inn Village Bago Township, Bago Region Myanmar	Land	121,394	Leasehold/ 17.02.2066	21,399	6	2020	2016

## ANALYSIS OF SHAREHOLDINGS

### AS AT 31 MARCH 2023

Total Number of Issued Shares : 201,600,000 ordinary shares  
 Class of Shares : Ordinary Shares  
 Voting Rights : One (1) vote per ordinary share

#### ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Shares Held	%
1 – 99	471	8.720	14,129	0.007
100 – 1,000	2,787	51.601	1,138,952	0.582
1,001 – 10,000	1,617	29.938	6,240,339	3.192
10,001 – 100,000	435	8.054	12,140,166	6.209
100,001 – 9,774,714 (less than 5% of issued shares less treasury shares)	90	1.666	113,627,988	58.123
9,774,715 and above (5% and above of issued shares less treasury shares)	1	0.018	62,332,726	31.884
Sub Total	5,401	100.000	195,494,300	100.000
Treasury Shares	-	-	6,105,700	-
	5,401	100.000	201,600,000	100.000

#### SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct No. of Shares Held	% <sup>(*)</sup>	Indirect No. of Shares Held	% <sup>(*)</sup>
Tan Chong Consolidated Sdn. Bhd.	73,382,326	37.54	-	-
Wealthmark Holdings Sdn. Bhd.	15,260,600	7.81	-	-
Dato' Tan Heng Chew	7,771,899	3.98	88,642,926	45.34 <sup>(1)</sup>
Tan Eng Soon	-	-	73,382,326	37.54 <sup>(2)</sup>

Notes:

<sup>(1)</sup> Deemed interested by virtue of interests in Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH") pursuant to Section 8(4) of the Companies Act, 2016 ("Act").

<sup>(2)</sup> Deemed interested by virtue of interest in TCC pursuant to Section 8(4) of the Act.

<sup>(\*)</sup> Percentage is based on the total number of issued shares less treasury shares.

## ANALYSIS OF SHAREHOLDINGS AS AT 31 MARCH 2023

### DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

Name of Directors	Direct No. of Shares Held	% <sup>(*)</sup>	Indirect No. of Shares Held	% <sup>(*)</sup>
Dato' Tan Heng Chew	7,771,899	3.98	96,647,584 <sup>(1)</sup>	49.44
Dato' Tan Eng Hwa	207,008	0.11	7,128 <sup>(2)</sup>	- <sup>(3)</sup>

The other directors namely, Dato' N. Sadasivan s/o N.N. Pillay, Low Seng Chee, Lee Min On, Dato' Chan Choy Lin, Nicholas Tan Chye Seng, Khoo Peng Peng and Dato' Azmil bin Mohd Zabidi do not have any shares, whether direct or indirect, in the Company.

- <sup>(1)</sup> Deemed interested by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse and daughter pursuant to Section 59(11)(c) of the Act.
- <sup>(2)</sup> Deemed interested by virtue of interests in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Act and interest of spouse pursuant to Section 59(11)(c) of the Act.
- <sup>(3)</sup> Less than 0.01%.
- <sup>(\*)</sup> Percentage is based on the total number of issued shares less treasury shares.

### LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of Shares held	% <sup>(*)</sup>
1.	Tan Chong Consolidated Sdn. Bhd.	62,332,726	31.884
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	9,018,900	4.613
3.	Tan Chong Consolidated Sdn. Bhd.	8,839,600	4.521
4.	Amsec Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account – Ambank (M) Berhad for Wealthmark Holdings Sdn. Bhd.	6,482,200	3.315
5.	Pang Sew Ha @ Phang Sui Har	5,214,277	2.667
6.	Cartaban Nominees (Tempatan) Sdn. Bhd. ICapital.Biz Berhad	4,697,800	2.403
7.	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)	4,250,000	2.173
8.	Tan Boon Pun	3,936,578	2.013
9.	Tan Beng Keong	3,471,015	1.775
10.	Amanahraya Trustees Berhad Public SmallCap Fund	3,387,100	1.732
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew	3,247,900	1.661
12.	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Heng Chew (E-KLC)	3,159,600	1.616
13.	Wang Shu Erh	3,088,000	1.579
14.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)	2,975,000	1.521
15.	Wealthmark Holdings Sdn. Bhd.	2,905,200	1.486

**ANALYSIS OF SHAREHOLDINGS  
AS AT 31 MARCH 2023**

No.	Name	No. of Shares held	% (*)
16.	Lim Kuan Gin	2,859,802	1.462
17.	Cimsec Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Khor Swee Wah @ Koh Bee Leng (PB)</i>	2,749,108	1.406
18.	Tan Hoe Pin	2,353,973	1.204
19.	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An for DBS Bank Ltd (SFS)</i>	2,233,900	1.142
20.	Tan Chong Consolidated Sdn. Bhd.	2,210,000	1.130
21.	Tan Ban Leong	2,165,926	1.107
22.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt An for Bank of Singapore Limited (Local)</i>	2,132,208	1.090
23.	Tan Chee Keong	2,048,885	1.048
24.	ChinChoo Investment Sdn. Berhad	1,735,300	0.887
25.	Tan Boon Pun	1,666,000	0.852
26.	Tan Chee Keong	1,422,130	0.727
27.	Tan Ying Xiu	1,401,800	0.717
28.	Gan Teng Siew Realty Sdn. Berhad	1,389,000	0.710
29.	Tan Hoe Pin	1,308,214	0.669
30.	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	1,258,700	0.643

Note:

(\*) Percentage is based on total number of issued shares less treasury shares.

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Sixth Annual General Meeting ("26<sup>th</sup> AGM") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company") will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 1 June 2023 at 10.30 a.m. to transact the following businesses:

### Ordinary Business

1. To lay before the meeting the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*
2. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 98 of the Company's Constitution, as Directors of the Company:
  - (i) Dato' Tan Heng Chew *(Ordinary Resolution 1)*
  - (ii) Dato' N. Sadasivan s/o N.N. Pillay *(Ordinary Resolution 2)*
  - (iii) Lee Min On *(Ordinary Resolution 3)*
3. To approve the payment of Directors' fees of up to RM773,000 in aggregate to the Non-Executive Directors of the Company during the course of the period from 2 June 2023 until the next Annual General Meeting of the Company. *(Ordinary Resolution 4)*
4. To approve payment of Directors' benefits of up to RM150,000 in aggregate to the Non-Executive Directors of the Company during the course of the period from 2 June 2023 until the next Annual General Meeting of the Company. *(Ordinary Resolution 5)*
5. To approve the payment of Directors' fees of up to RM60,000 in aggregate and Directors' benefits of up to RM15,000 in aggregate to the Non-Independent Non-Executive Directors of the Company during the course of the period from 1 April 2023 until the date of 26<sup>th</sup> Annual General Meeting of the Company. *(Ordinary Resolution 6)*
6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*

### Special Business

To consider and if thought fit, to pass the following resolutions:

#### 7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that -

- (i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the purchase; and

## NOTICE OF ANNUAL GENERAL MEETING

- (ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the treasury shares or otherwise as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and shall continue to be in force until -

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities."

*(Ordinary Resolution 8)*

### 8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 5.1 of Part B of the Company's Circular to Shareholders dated 28 April 2023 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

**NOTICE OF ANNUAL GENERAL MEETING**

THAT such approval shall continue to be in force until -

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

*(Ordinary Resolution 9)*

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 5.2 of Part B of the Company's Circular to Shareholders dated 28 April 2023 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until -

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

*(Ordinary Resolution 10)*

## NOTICE OF ANNUAL GENERAL MEETING

### 10. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 5.3 of Part B of the Company's Circular to Shareholders dated 28 April 2023 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until -

- (i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting,

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

*(Ordinary Resolution 11)*

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

By order of the Board

**SOO SHIOW FANG (MAICSA 7044946)(SSM PC No. 201908003869)**

Company Secretary

Kuala Lumpur

28 April 2023



## NOTICE OF ANNUAL GENERAL MEETING

### Notes:

1. The 26<sup>th</sup> AGM of the Company will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIIH Online website at <https://tiih.online>. Please follow the procedures provided in the Administrative Notes for the 26<sup>th</sup> AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016, which require the Chairman of the Meeting to be present at the main venue of the meeting. Members/ proxies will not be allowed to attend the 26<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.
3. Members may submit questions to the Board of Directors prior to the 26<sup>th</sup> AGM via Tricor's TIIH Online website at <https://tiih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than 30 May 2023 at 10.30 a.m., or may use query box to transmit questions to the Board of Directors via RPV facilities during the live streaming of the 26<sup>th</sup> AGM.
4. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2023 ("Record of Depositors") shall be entitled to participate, speak (in the form of real time submission of typed texts) and vote at the meeting of the Company via RPV facilities.
5. A member shall be entitled to appoint another person to be his proxy to exercise all or any of his rights to participate, speak and vote at the meeting of the Company.
6. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee, who is exempted from compliance with the provisions of Section 25A(1) of SICDA, may appoint more than one (1) proxy but not more than two (2) proxies to attend and vote at the meeting of the Company provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
7. Subject to Note 10 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
8. Subject to Note 10 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
9. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
  - (i) the securities account number;
  - (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
  - (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.
10. Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint more than one (1) proxy but not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.

## NOTICE OF ANNUAL GENERAL MEETING

11. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
12. The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or any other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time appointed for the 26<sup>th</sup> AGM or not later than Tuesday, 30 May 2023 at 10.30 a.m.:

**(a) In hard copy form**

Either by hand or post to the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. +603-2783 9299) or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

**(b) By electronic means via TIIH Online**

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

**(c) By electronic means via email**

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

13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 26<sup>th</sup> AGM will be put to vote by poll.

### Explanatory Notes on Ordinary/Special Business:

**(1) Audited Financial Statements for the financial year ended 31 December 2022**

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act, 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, this Agenda item will not be put for voting.

**(2) Ordinary Resolutions 1, 2 and 3 – Re-election of Directors who retire in accordance with Article 98 of the Company's Constitution**

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

Dato' Tan Heng Chew, Dato' N. Sadasivan s/o N.N. Pillay and Mr. Lee Min On are subject to retire at this 26<sup>th</sup> AGM but are eligible to stand for re-election under Article 98 of the Company's Constitution.

The Board based on the annual assessment and evaluation conducted by the Nominating and Remuneration Committee for the financial year ended 31 December 2022 recommends or support the above retiring Directors to be re-elected based on the following key justifications:

- (i) The individual Directors met the performance criteria required, in particular the character, skills, experience, integrity and competence, in achieving the highly efficient Board;
- (ii) The individual Directors continue demonstrating commitment of time and to act in the best interests and long-term success of the Company; and

## NOTICE OF ANNUAL GENERAL MEETING

- (iii) There are no interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, the capacity of these individual Directors to bring an independent or informed judgement, as the case may be, to bear on issues before the Board and to act in the best interest of the Company as a whole.

Further information on the details of Dato' Tan Heng Chew, Dato' N. Sadasivan s/o N.N. Pillay and Mr. Lee Min On can be found on the Profile of the Board of Directors of this Annual Report.

### (3) Ordinary Resolutions 4, 5 and 6 – Directors' Fees and Benefits

In accordance with Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the directors of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

In the previous year, the Directors' fees and benefits were only payable to the Independent Directors. However, the Company has expanded the payment of Directors' fees and benefits to cover the Non-Independent Non-Executive Directors starting from 1 April 2023 following the re-designation of an Executive Director and an Independent Director to Non-Independent Non-Executive Directors. Accordingly, the Directors' fees of the Company are payable to Non-Executive Directors, inclusive of Independent Directors and Non-Independent Non-Executive Directors. The Executive Directors do not receive any fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval of the shareholders.

The payment of Directors' benefits mainly consists of meeting allowances (i.e. as Chairman of meeting of RM1,500 per meeting and as Board/Board Committee member of RM1,200 per meeting).

The Board recommends that shareholders approve a maximum aggregate amount of RM773,000 and aggregate amount of RM150,000 for the payment of Directors' fees and benefits respectively to the Non-Executive Directors of the Company during the course of the period from 2 June 2023 until the next Annual General Meeting of the Company in 2024.

The Board also recommends that shareholders approve a maximum aggregate amount of RM60,000 and aggregate amount of RM15,000 for the payment of Directors' fees and benefits respectively to the Non-Independent Non-Executive Directors of the Company during the course of the period from 1 April 2023 until the 26<sup>th</sup> Annual General Meeting of the Company.

### (4) Ordinary Resolution 8 – Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares

The proposed Ordinary Resolution 8, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company at any point in time of the purchase ("Proposed Share Buy-Back") by utilising the funds allocated, which shall not exceed the retained profits of the Company.

This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company, or at the expiration of the period within which the next Annual General Meeting of the Company is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

Further information on proposed Ordinary Resolution 8 is set out in Part A of the Statement/Circular to Shareholders dated 28 April 2023, uploaded onto the Company's website at [www.apm.com.my](http://www.apm.com.my).

### (5) Ordinary Resolutions 9, 10 and 11 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Ordinary Resolutions 9, 10 and 11, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on proposed Ordinary Resolutions 9, 10 and 11 are set out in Part B of the Statement/Circular to Shareholders dated 28 April 2023, uploaded onto the Company's website at [www.apm.com.my](http://www.apm.com.my).

## NOTICE OF ANNUAL GENERAL MEETING

### **Personal Data Privacy**

By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents and/or other documents appointing representative(s) to attend, participate, speak and vote at the 26<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies, attorneys and representatives appointed for the 26<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 26<sup>th</sup> AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies), attorney(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies), attorney(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

**APM AUTOMOTIVE HOLDINGS BERHAD**

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**FORM OF PROXY**

<b>CDS Account No.</b>	
<b>Number of shares held</b>	
<b>Shareholder's email address</b>	

I/We \_\_\_\_\_ (name of shareholder, in capital letters)

NRIC No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)

of \_\_\_\_\_  
\_\_\_\_\_ (full address)

telephone no. \_\_\_\_\_ being a member(s) of APM AUTOMOTIVE HOLDINGS BERHAD,

hereby appoint \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) and/or

\_\_\_\_\_ (name of proxy as per NRIC, in capital letters)

NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) or failing him/her,

the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Twenty-Sixth Annual General Meeting ("26<sup>th</sup> AGM") of the Company to be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 1 June 2023 at 10.30 a.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Re-election of Dato' Tan Heng Chew as Director		
Ordinary Resolution 2	Re-election of Dato' N. Sadasivan s/o N.N. Pillay as Director		
Ordinary Resolution 3	Re-election of Lee Min On as Director		
Ordinary Resolution 4	Payment of Directors' Fees to Non-Executive Directors for the period from 2 June 2023 until the next Annual General Meeting		
Ordinary Resolution 5	Payment of Directors' Benefits to Non-Executive Directors for the period from 2 June 2023 until the next Annual General Meeting		
Ordinary Resolution 6	Payment of Directors' Fees and Benefits to Non-Independent Non-Executive Directors for the period from 1 April 2023 until the date of 26 <sup>th</sup> Annual General Meeting		
Ordinary Resolution 7	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 8	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Ordinary Resolution 9	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Ordinary Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its subsidiaries		
Ordinary Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited and its subsidiaries		

(Please indicate with an "X" in the spaces provided on how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

_____	For the appointment of two proxies, percentage of shareholdings to be represented by each proxy:
Signature of Member(s)/	
Attorney of Member	Number of shares %
_____	Proxy 1 _____
Common Seal of Member, if applicable	Proxy 2 _____
(If the appointer is a corporation)	Total _____ 100%
Date:	

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Notes:

1. The 26<sup>th</sup> AGM of the Company will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via TIH Online website at <https://tjih.online>. Please follow the procedures provided in the Administrative Notes for the 26<sup>th</sup> AGM in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016, which require the Chairman of the Meeting to be present at the main venue of the meeting. Members/ proxies will not be allowed to attend the 26<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.
3. Members may submit questions to the Board of Directors prior to the 26<sup>th</sup> AGM via Tricor's TIH Online website at <https://tjih.online> by selecting "e-Services" to login, pose questions and submit electronically not later than 30 May 2023 at 10.30 a.m., or may use query box to transmit questions to the Board of Directors via RPV facilities during the live streaming of the 26<sup>th</sup> AGM.
4. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2023 ("Record of Depositors") shall be entitled to participate, speak (in the form of real time submission of typed texts) and vote at the meeting of the Company via RPV facilities.
5. A member shall be entitled to appoint another person to be his proxy to exercise all or any of his rights to participate, speak and vote at the meeting of the Company.
6. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee, who is exempted from compliance with the provisions of Section 25A(1) of SICDA, may appoint more than one (1) proxy but not more than two (2) proxies to attend and vote at the meeting of the Company provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy.
7. Subject to Note 10 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
8. Subject to Note 10 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
9. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
  - (i) the securities account number;
  - (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
  - (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.
10. Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint more than one (1) proxy but not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.

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AFFIX  
STAMP

Tricor Investor & Issuing House Services Sdn. Bhd. (197101000970 (11324-H))  
Registrar for **APM AUTOMOTIVE HOLDINGS BERHAD** (199701009342 (424838-D))  
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

Then fold here

11. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or, if such appointer is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.
12. The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or any other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") shall be deposited or submitted in the following manner not less than forty-eight (48) hours before the time appointed for the 26<sup>th</sup> AGM or not later than Tuesday, 30 May 2023 at 10.30 a.m.:
  - (a) **In hard copy form**  
Either by hand or post to the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. +603-2783 9299) or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
  - (b) **By electronic means via TIH Online**  
By electronic means to the electronic address at Tricor's TIH Online website at <https://tjih.online>. Please refer to the Administrative Notes for the procedures and requirements relating to the submission of proxy forms; and
  - (c) **By electronic means via email**  
By electronic mail (email) to Tricor's email address at [is.enquiry@my.tricorglobal.com](mailto:is.enquiry@my.tricorglobal.com) to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 12(a) above.
13. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 26<sup>th</sup> AGM will be put to vote by poll.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents and/or other documents appointing representative(s) to attend, participate, speak and vote at the 26<sup>th</sup> AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies, attorneys and representatives appointed for the 26<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 26<sup>th</sup> AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies), attorney(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies), attorney(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

## PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice ("Notice") is issued to all shareholders (including substantial shareholders) ("Shareholders") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company", "APM", "we", "us" or "our") in accordance with the Personal Data Protection Act 2010 ("Act") which came into force on 15 November 2013. The Act regulates the processing of personal data and requires us to notify you on matters relating to your personal data that is being processed, or that is to be collected and further processed by us. For the purpose of this Notice, the terms "personal data" and "processing" used in this Notice shall have the meaning prescribed in the Act.

Bursa Malaysia Securities Berhad ("Bursa Securities") has also on 15 November 2013 amended the Main Market Listing Requirements ("Listing Requirements") consequential to the Act. Under Paragraph 2.14A of the Listing Requirements, any person who provides or has provided personal data to Bursa Securities should read and be aware of Bursa Securities' personal data notice available at Bursa Securities' website [www.bursamalaysia.com](http://www.bursamalaysia.com) ("Bursa Securities' personal data notice"). If the Company provides Bursa Securities with personal data of the Shareholders, the Company must notify the Shareholders of Bursa Securities' personal data notice.

As Shareholders of APM, your personal data which may include your name, national registration identity card number (NRIC no.), passport number, address, date of birth/age, contact details and number, email address, gender, nationality, shareholding in APM, bank account number, CDS account number and any other personal data required, may be processed by APM and its related companies ("APM Group") for the following purposes ("Purposes"):

- (a) Compliance with the Companies Act, 2016, Listing Requirements and applicable relevant laws, regulations and guidelines, as may be amended, from time to time;
- (b) Verification of information to authorities and governmental agencies;
- (c) Deliver, communicate and transmit to the Shareholders of APM's annual report, circular to shareholders, and any other information through modes of communication and delivery we deem appropriate;
- (d) Payment of dividends and giving of other benefits to you as shareholders, if applicable;
- (e) Maintain, upkeep and update our records regarding our Shareholders' information; and
- (f) Dealings with all matters in connection with your shareholding in APM; or such other purposes as may be related to the foregoing.

The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.

Your personal data may be disclosed by us in connection with the Purposes to parties including but not limited to companies within APM Group (whether present or future), our professional advisers, insurance companies, auditors, lawyers, banks, share registrars and other service providers, governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligations which is imposed on APM Group. Your personal data may be transferred to a place outside Malaysia.

If you fail to supply to us your personal data, we may not be able to process your personal data for any of the Purposes.

We are committed to ensuring that your personal data is stored securely. You are responsible for ensuring that the personal data you provide to us is accurate, complete and not misleading and that such personal data is kept up to date.

Please also be notified that you have the right to request access to and correction of your personal data and you have a choice to limit the consent of the processing of your personal data.

## PERSONAL DATA PROTECTION NOTICE

Your written requests or queries pertaining to your personal data should be addressed to:

Tricor Investor & Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Attention : Ms. Lim Lay Kiow, Senior Manager  
Tel No. : +603-2783 9299  
Fax No. : +603-2783 9222  
Email : lay.kiow.lim@my.tricorglobal.com

By providing to us your personal data, you hereby consent to the processing of your personal data in accordance with all of the foregoing. You shall also procure the consent of your proxy appointed to attend any general meeting of APM on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.

In accordance with the Act, the Notice is issued in both English and Bahasa Malaysia. In the event of inconsistency between the English version and the Bahasa Malaysia version, the English version shall prevail.

Issued by : APM Automotive Holdings Berhad  
28 April 2023



## NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama) ("Pemegang Saham") APM AUTOMOTIVE HOLDINGS BERHAD ("Syarikat", "APM" atau "kami") menurut Akta Perlindungan Data Peribadi 2010 ("Akta") yang berkuatkuasa pada 15hb November 2013. Akta ini mengawal selia pemprosesan data peribadi dan menghendaki kami untuk memaklumkan anda berkenaan perkara-perkara yang berkaitan dengan data peribadi anda yang sedang diproses, atau yang akan dikumpul dan diproses oleh kami. Untuk tujuan Notis ini, terma-terma "data peribadi" dan "pemprosesan" yang digunakan dalam Notis ini hendaklah membawa maksud sepertimana yang ditakrifkan dalam Akta tersebut.

Bursa Malaysia Securities Berhad ("Bursa Securities") telah membuat pindaan kepada Keperluan Penyenaraian Pasaran Utama ("Keperluan Penyenaraian") pada 15hb November 2013 akibat daripada Akta ini. Seperti yang tertakluk di bawah perenggan 2.14A Keperluan Penyenaraian, sesiapa yang memberi atau telah memberi data peribadi kepada Bursa Securities, haruslah membaca dan menyedari tentang notis data peribadi Bursa Securities yang terdapat di laman web Bursa Securities di [www.bursamalaysia.com](http://www.bursamalaysia.com) ("notis data peribadi Bursa Securities"). Sekiranya Syarikat membekalkan data peribadi Pemegang Saham kepada Bursa Securities, Syarikat mesti memaklumkan Pemegang Saham tentang notis data peribadi Bursa Securities.

Sebagai Pemegang Saham APM, data peribadi anda mungkin termasuk nama, nombor kad pengenalan, nombor pasport, alamat, tarikh lahir/umur, maklumat dan nombor perhubungan, alamat emel, jantina, kewarganegaraan, pegangan saham dalam APM, nombor akaun bank, nombor akaun Sistem Depositori Pusat (CDS) anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh APM dan syarikat-syarikat yang berkaitan dengannya ("Kumpulan APM") untuk tujuan-tujuan berikut ("Tujuan"):

- (a) Mematuhi Akta Syarikat 2016, Keperluan Penyenaraian dan undang-undang, peraturan-peraturan dan garis panduan yang berkaitan yang mungkin dipinda dari semasa ke semasa;
- (b) Pengesahan maklumat kepada pihak berkuasa dan agensi kerajaan;
- (c) Menyampaikan, menghubungi dan menghantar laporan tahunan APM, pekeliling kepada Pemegang Saham, dan lain-lain maklumat melalui cara komunikasi dan penyampaian yang kami anggap sesuai;
- (d) Pembayaran dividen dan manfaat lain kepada anda sebagai Pemegang Saham, jika berkenaan;
- (e) Mengekal, menyelia dan mengemaskinikan rekod kami yang berkaitan dengan maklumat-maklumat Pemegang Saham; dan
- (f) Untuk berurusan dengan semua perkara yang berkaitan dengan pegangan saham anda dalam APM; atau bagi tujuan-tujuan lain yang mungkin berkaitan dengan perkara-perkara yang dinyatakan di atas.

Data peribadi anda yang diproses oleh kami merangkumi segala maklumat yang diberi oleh anda serta maklumat lain yang mungkin kami perolehi berkenaan anda.

Maklumat peribadi anda mungkin didedahkan oleh kami untuk Tujuan di atas kepada pihak lain termasuk dan tidak terhad kepada syarikat-syarikat dalam Kumpulan APM (sama ada pada masa kini atau masa depan), penasihat profesional, syarikat-syarikat insurans, juruaudit, peguam, bank, pendaftar saham dan pembekal perkhidmatan lain, semua jabatan dan/atau agensi kerajaan dan/atau kuasi-kerajaan, badan-badan penguatkuasa dan/atau berkanun dan sebarang pihak ketiga, sebagaimana yang dikehendaki undang-undang atau timbul daripada apa-apa kewajipan undang-undang yang dikenakan ke atas Kumpulan APM. Data peribadi anda mungkin akan dipindahkan ke suatu tempat di luar Malaysia.

Sekiranya anda gagal membekalkan data peribadi anda kepada kami, kami mungkin tidak dapat memproses data peribadi anda bagi mana-mana Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

## NOTIS PERLINDUNGAN DATA PERIBADI

Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

Tricor Investor & Issuing House Services Sdn. Bhd.  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

Untuk Perhatian : Ms Lim Lay Kiow, Pengurus Kanan  
No. Tel : +603-2783 9299  
No. Fax : +603-2783 9222  
Emel : lay.kiow.lim@my.tricorglobal.com

Dengan membekalkan data peribadi anda kepada kami, bermaksud anda bersetuju membenarkan kami memproses data peribadi anda selaras dengan apa-apa yang dinyatakan di atas. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menghadiri apa-apa mesyuarat agung APM bagi pihak anda sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Mengikut Akta tersebut, Notis ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan diguna pakai.

Dikeluarkan oleh : APM Automotive Holdings Berhad  
28 April 2023





**APM AUTOMOTIVE HOLDINGS BERHAD**

Registration No. 199701009342 (424838-D)

Lot 600, Pandamaran Industrial Estate  
Locked Bag No. 218  
42009 Port Klang  
Selangor Darul Ehsan, Malaysia

Tel : (603) 3161 8888 | Fax : (603) 3161 8833

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