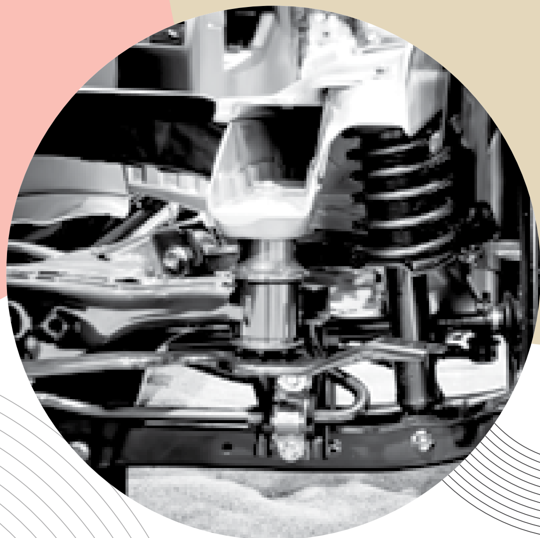
APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

ANNUAL REPORT 2020

FORGING 360°



What’s Inside

Corporate Information

DIRECTORS

DATO' TAN HENG CHEW
President

LOW SENG CHEE
Chief Executive Officer

DATO' TAN ENG HWA
Chief Operating Officer

SOW SOON HOCK
Executive Vice President

SIOW TIANG SAE
Chief Business Development Officer

NICHOLAS TAN CHYE SENG
Non-Independent Non-Executive Director

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

LEE TATT BOON
Independent Non-Executive Director

LEE MIN ON
Independent Non-Executive Director

DATO' CHAN CHOY LIN
Independent Non-Executive Director

AUDIT COMMITTEE

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

NOMINATING AND REMUNERATION COMMITTEE

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

COMPANY SECRETARIES

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

Soo Shiow Fang (MAICSA 7044946)
(SSM PC No. 201908003869)

REGISTERED OFFICE

62-68, Jalan Sultan Azlan Shah
51200 Kuala Lumpur, Malaysia
Telephone : (603) 4047 8888
Facsimile : (603) 4047 8636

CORPORATE OFFICE

Lot 600
Pandamaran Industrial Estate
Locked Bag No. 218
42009 Port Klang
Selangor Darul Ehsan, Malaysia
Telephone : (603) 3161 8888
Facsimile : (603) 3161 8833
E-mail : apmah@apm.com.my

REGISTRARS

Tricor Investor & Issuing House Services Sdn. Bhd.
Company No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur, Malaysia
Telephone : (603) 2783 9299
Facsimile : (603) 2783 9222

AUDITORS

KPMG PLT
Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code : 5015

CORPORATE WEBSITE

www.apm.com.my

Business Divisions

APM AUTOMOTIVE HOLDINGS BERHAD

SUSPENSION DIVISION

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

INTERIOR AND PLASTICS DIVISION

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

ELECTRICAL AND HEAT EXCHANGE DIVISION

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

MARKETING DIVISION

- Local Replacement Market
- Export Market
- ASEAN Market

INDONESIA DIVISION

- Indonesia Operations
- Joint Ventures
- Associate

ALL OTHER SEGMENTS

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

OTHERS

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

Recognition & Achievement

ZERO DEFECTS CONTINUE AWARD FOR NISSAN
from TACHI-S Japan

ZERO DEFECTS CONTINUE AWARD FOR MITSUBISHI
from TACHI-S Japan

ALL FUJI QC CIRCLE CONVENTION – GOOD ACTIVITY AWARD
from Fujiseat Co. Ltd.

OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM CERTIFICATE ISO45001 : 2018
from Kiwa Cermet Italia S.p.A.

Profile of the Board of Directors

DATO ' TAN HENG CHEW
JP, DJMK
President

Dato' Tan Heng Chew, aged 74, Male, a Malaysian, was the first director of the Company when it was incorporated on 26 March 1997. He was appointed the Chairman of the Board on 1 November 1999 and was re-designated as Executive Chairman on 1 January 2011. His corporate title has been changed to President effective 1 January 2015.

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

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

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

Dato' Tan attended all the five (5) Board Meetings held in 2020.

LOW SENG CHEE
Chief Executive Officer

Mr. Low Seng Chee, aged 61, Male, a Malaysian, was appointed to the Board as an Executive Director on 1 July 2010. He was re-designated as Executive Director and Chief Executive Officer on 1 June 2013.

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

Mr. Low has more than 30 years of working experience in high volume semiconductor production, automotive component manufacturing, vehicle assembly as well as vehicle retailing. Senior management positions held by Mr. Low including heading the operations of automotive assembly plants of several global marques in Malaysia and an aluminium foundry supplying to the automotive and motorcycle industries.

Mr. Low attended all the five (5) Board Meetings held in 2020.

Profile of the Board of Directors

DATO ' TAN ENG HWA
DIMP
Chief Operating Officer

Dato' Tan Eng Hwa, also known as Dato' Robert Tan, aged 66, Male, a Malaysian, was first appointed to the Board as a Non-Independent Non-Executive Director on 1 November 1999. Dato' Robert Tan was re-designated as an Executive Director on 23 March 2004 and was subsequently re-designated as Executive Director and Chief Operating Officer on 1 June 2013.

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

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

Dato' Robert Tan attended all the five (5) Board Meetings held in 2020.

SOW SOON HOCK
Executive Vice President

Mr. Sow Soon Hock, aged 63, Male, a Malaysian was appointed to the Board as Executive Director on 11 November 2013. His corporate title has been changed to Executive Vice President effective 1 January 2015.

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

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

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

Mr. Sow attended all the five (5) Board Meetings held in 2020.

Profile of the Board of Directors

SIOW TIANG SAE
Chief Business Development Officer

Mr. Siow Tiang Sae, aged 63, Male, a Malaysian, was appointed to the Board as an Executive Director on 1 June 2013. His corporate title has been changed to Chief Business Development Officer effective 1 January 2015.

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

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

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

Mr. Siow attended all the five (5) Board Meetings held in 2020.

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

Dato' N. Sadasivan s/o N.N. Pillay, aged 81, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 1 November 1999. He was re-designated as Senior Independent Non-Executive Director on 22 January 2013.

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

Dato' N. Sadasivan graduated from the University of Malaya with a Bachelor of Arts (Honours) degree majoring in Economics in 1963. In the same year, Dato' N. Sadasivan commenced working for the Singapore Economic Development Board and was Head of the Industrial Facilities Division when he left to join Malaysian Investment Development Authority (previously known as Malaysian Industrial Development Authority) ("MIDA") in 1968. He was with MIDA for a total of 27 years and became its Director-General in 1984. He retired from MIDA in 1995.

Dato' N. Sadasivan is a director of Bank Negara Malaysia.

Dato' N. Sadasivan attended all the five (5) Board Meetings held in 2020.

Profile of the Board of Directors

LEE MIN ON
Independent Non-Executive Director

Mr. Lee Min On, aged 61, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 30 November 2016. He is the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee.

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

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

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

Mr. Lee also sits as an Independent Non-Executive Director of Tan Chong Motor Holdings Berhad, Warisan TC Holdings Berhad, Kotra Industries Berhad and Lii Hen Industries Berhad. He is also the Audit Committee Chairman of IIAM. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Mr. Lee attended all the five (5) Board Meetings held in 2020.

DATO' CHAN CHOY LIN
DIMP
Independent Non-Executive Director

Dato' Chan Choy Lin, aged 63, Female, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 31 July 2018. She is a member of the Audit Committee and Nominating and Remuneration Committee.

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

Dato' Chan has more than 30 years' experience with public listed companies engaged in the businesses of banking and insurance, automotive manufacturing and distribution, trading and services, property development and construction, plantation, hospitality and education. Dato' Chan's senior management experience covers the areas of mergers, acquisitions and divestments, finance and treasury, corporate secretarial and legal, including corporate governance, risk management, internal controls and corporate social responsibilities. Over the years, Dato' Chan has held several key management positions, was a key member of various group committees and also served as a nominee director on the boards of various group companies of a public listed conglomerate.

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

Dato' Chan attended all the five (5) Board Meetings held in 2020.

Profile of the Board of Directors

LEE TATT BOON
Independent Non-Executive Director

Mr. Lee Tatt Boon, aged 71, Male, a Malaysian, was appointed to the Board as an Independent Non-Executive Director on 30 November 2016. He is a member of the Audit Committee and Nominating and Remuneration Committee.

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

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

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

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

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

Mr. Lee attended all the five (5) Board Meetings held in 2020.

NICHOLAS TAN CHYE SENG
Non-Independent Non-Executive Director

Mr. Nicholas Tan Chye Seng, aged 47, Male, a Malaysian, was appointed to the Board as a Non-Independent Non-Executive Director on 1 June 2013.

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

Mr. Nicholas Tan is the founder of "MUV", a pioneer of an Offline2Online Marketplace for Used Vehicles with the highest Gross Merchandise Value in transactions recorded since 2014. He also lead the investment in "GoCar" Malaysia's first car sharing platform when Mayflower Car Rental Sdn. Bhd., a subsidiary of Warisan TC Holdings Berhad ("WTCH"), acquired a controlling stake in 2016. Today, GoCar is a major car sharing service in Malaysia having strategic partnerships with Shell Global and public transport operators.

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

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

Mr. Nicholas Tan attended all the five (5) Board Meetings held in 2020.

Notes:

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

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

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

Profile of Key Senior Management

Key Senior Management of APM Automotive Holdings Berhad ("APM") Group comprises Dato' Tan Heng Chew – President, Mr. Low Seng Chee – Chief Executive Officer, Dato' Tan Eng Hwa – Chief Operating Officer, Mr. Siow Tiang Sae – Chief Business Development Officer, Mr. Sow Soon Hock - Executive Vice President, whose profiles are included in the Profile of Board of Directors on pages 4 to 8 in the Annual Report 2020, and the following senior management personnel:

KHOO PENG PENG
Chief Financial Officer

Ms. Khoo Peng Peng, aged 46, Female, a Malaysian, was appointed as the Chief Financial Officer on 1 June 2014.

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

She has more than 20 years of working experience in the areas of finance, accounting, corporate finance, auditing and taxation in a variety of industries including audit, property development, construction, building material manufacturing and automotive. She began her career with an audit firm, KPMG in 1999 and thereafter joined a public listed company in 2003 as Group Accountant. Prior to joining APM, she was under the employment of Tan Chong Motor Holdings Berhad as the Deputy Group Financial Controller.

KHO KIAT SENG
Head of Interior and Plastics Division

Mr. Kho Kiat Seng, aged 63, Male, a Malaysian, joined APM in May 2006 as a General Manager. He was promoted to Senior General Manager in July 2012 and was appointed to head the Interior and Plastics Division in 2014.

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

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

NG BOON HOOI
Head of Suspension Division

Mr. Ng Boon Hooi, aged 58, Male, a Malaysian, has established his expertise over 30 years career with APM and currently the Head of Suspension Division in Malaysia since 2014.

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

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

CHYE MUN HENG
Head of Electrical and Heat Exchange Division

Mr. Chye Mun Heng, aged 57, Male, a Malaysian, was appointed as the Head of Electrical and Heat Exchange Division in 2014.

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

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

Profile of Key Senior Management

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

Mr. Ng Kok Boon, aged 52, Male, Malaysian, joined APM in October 1993. He was promoted as a General Manager in January 2015 and was appointed as the Head of Sales & Marketing for the Local Replacement Market. In July 2020, his portfolio expanded to include Sales & Marketing for the ASEAN Replacement Market.

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

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

DAVID HASWELL BROWN
General Manager - Overseas Marketing & Business Development

Mr. David Haswell Brown, aged 47, Male, a British citizen, joined APM in July 2013 as General Manager for Overseas Marketing & Business Development.

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

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

CHIN SZE CHEON
Country Head, Indonesia

Mr. Chin Sze Cheon, aged 47, Male, a Malaysian, joined APM in May 2006 and was assigned to Indonesia as the Head of Finance in August 2008. He was appointed as the Country Head, Indonesia in 2015.

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

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

LING I YENG
General Manager – Engineering and Research Division

Mr. Ling I Yeng, aged 55, Male, a Malaysian, joined the seats division of APM in July 1990 as a product development engineer. He was promoted to General Manager in 2013 and overseeing the Engineering and Research Division in 2019.

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

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

Notes:

Save as disclosed above, none of the key senior management personnel have:-
- *any directorship in public companies and listed companies;*
- *any family relationship with any Director and/or major shareholder of the Company;*
- *any conflict of interest with the Company;*
- *any conviction of offences within the past five (5) years; and*
- *any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

President's Statement

Dear Valued Shareholders,

2020 was unprecedented in many ways as it began with the COVID-19 virus rearing its ugly head in China and then rapidly grew from being an endemic to an epidemic and subsequently a pandemic within just a few months. Its impact has been nothing short of devastation to both society and the economy as governments and policymakers around the world continue to struggle with eradication and containment.

The 1st quarter commenced with optimism as many were still unable to appreciate or gauge the impact of the virus at the time. However, the 2nd quarter saw many businesses and social activities in Malaysia being brought to a standstill as the government implemented the Movement Control Order ("MCO") followed by the Conditional Movement Control Order ("CMCO") to contain the spread of this virus. Understandably, a great sense of uncertainty and unease ensued everywhere. Although the restrictions that accompanied the MCO and the CMCO eased towards the 3rd and 4th quarter, [1@] reports from news portals reported that approximately 30,000 businesses had since folded due to the aftermath of the MCO and impact of the pandemic.

Against this backdrop and on behalf of the Board of Directors of APM Automotive Holdings Berhad (the "Company") and its group of companies (the "Group"), I wish to take this opportunity to present the Company's Annual Report for the financial year ended 31 December 2020.

THE MALAYSIAN AUTOMOTIVE INDUSTRY IN 2020 AMIDST THE COVID-19 PANDEMIC

[1]Online sources regard the Malaysian automotive industry as the 3rd largest in Southeast Asia and the 23rd largest in the world, with a modest annual production output of approximately 500,000 vehicles. It contributes about 4% or RM40 billion to Malaysia's Gross Domestic Product or GDP, employs a workforce of around 700,000 throughout a nationwide ecosystem and has always been a key economic pillar.

However, the reach and impact of the COVID-19 pandemic has been unprecedented as containment and eradication measures, whilst necessary, have caused a sharp decline in economic activities. Hence, it is no surprise that [2]Malaysia's GDP suffered a 4.5% contraction in 2020.

Notwithstanding the above and presumably driven by the launch of newer models and sales tax exemption for vehicles as announced by the government effective from 15 June 2020, the performance of the Malaysian automotive industry in 2020 was better than anticipated. [3]According to the Malaysian Automotive Association ("MAA"), a sterling performance in the last quarter of 2020 halted the expected decline in the Total Industry Volume ("TIV") for the full year of 2020 with total sales in the 4th quarter reaching 184,121 units compared to 161,296 units in the same quarter of 2019.

President's Statement

Overall, the TIV registered in 2020 surpassed MAA's earlier forecast of 470,000 units to stand at 529,434 units, a slight decrease of 74,847 units or 12.4% compared to 2019 with 604,281 units, which is a remarkable achievement given the extremely challenging business environment.

THE AUTOMOTIVE INDUSTRY OUTLOOK FOR 2021

[4]MAA predicts that the TIV will grow by nearly 8% from 2020 in view of the government's decision to extend the sales tax exemption for vehicles to 30 June 2021 and other economic and environmental factors. In this respect and in view of the impending nationwide roll-out of the COVID-19 vaccination programme, we are optimistic and share MAA's view that the automotive market for Malaysia is set for a rebound in 2021 although the pace is expected to be gradual.

GROUP FINANCIAL PERFORMANCE REVIEW

2020 was undoubtedly a challenging year for the Group but despite such daunting circumstances, our overall performance by all account can be regarded as fair, as we were still able to register a modest profit.

The Group's revenue tumbled throughout the 2nd quarter of 2020, as there was no revenue during this period in view of the MCO and CMCO. Our plants in Malaysia were rendered virtually inoperable for almost 60 consecutive days, resulting in the Group registering revenue of only RM1.12 billion for the year, representing a decrease of 24.9% compared to 2019. All operating divisions experienced massive top-line contractions except for Operations Outside Malaysia which showed an uptrend of RM142.6 million with growth of 10.5% year-on-year, dominated by higher sales of air-conditioning and leaf spring products in Vietnam and coach/train seats in Australia.

The Group's Profit Before Tax ("PBT") suffered an unsurprising decline as production overheads and administrative expenses remained relatively fixed despite the fall in revenue. PBT stood at RM15.4 million, down by 77.6% from RM68.8 million in the previous financial year. Higher provision for product warranty claims, provisions for slow-moving inventory and impairment of certain machinery and equipment by our Indonesia Operations during the year also contributed to the lower PBT.

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

DIVIDENDS

The Group continues to see dividends as the key element of shareholders' return and notwithstanding the challenges faced by the Group due to the COVID-19 pandemic and the restrictions that followed, the Board recommends the payment of final dividend of 7 sen per ordinary share for the financial year ended 31 December 2020 (2019: 5 sen per ordinary share) for shareholders' approval at the forthcoming Annual General Meeting.

The proposed final dividend will result in a total dividend payment of RM13.7 million and is declared out of retained profits in view of the negative return attributable to the owners of the Company for the financial year ended 31 December 2020.

AWARDS, ACCOLADES AND ACHIEVEMENTS

Whilst our activities in 2020 have been largely hindered by the COVID-19 containment and eradication measures imposed by the government, I am proud to announce that we still managed to win various awards and accolades, including the Zero Delivery Defects Award for Nissan and Mitsubishi from Tachi-S Japan; and the ISO 45001:2018 Occupational Health and Safety Management System Certification from Kiwa.

The above represents our commitment to quality, safety and excellence, as well as a testament to our resilience. Rest assured, APM will continuously strive to better ourselves in delivering outstanding performance, products and services.

SUSTAINABILITY

Our Sustainability Statement for this year can be viewed in the "Sustainability Statement" section of this Annual Report.

GOING FORWARD

Our presence in Indonesia is beginning to crystalise and this can be seen with the recent penning of our joint venture with Hyundai Transys Inc., an affiliate of the Hyundai Motors Group and an automotive parts company specialising in powertrains and seats.

President's Statement

The Company's 23rd Annual General Meeting held at the broadcast venue on 6 August 2020

This joint venture will result in the construction of a seat assembly and manufacturing plant in Kota Deltamas, Indonesia. Construction of this plant is presently in progress and on schedule with operations expected to begin by the 2nd quarter of 2021.

With a land area measuring 25,788 m^2 and a built-up of 13,898 m^2, this plant on completion will feature 3 seat assembly lines, 1 foam line and 1 frame assembly sub-line, and is capable of producing 33 seat sets per hour.

[5]With Hyundai Motors Group having plans to commence its Electric Vehicle production in Indonesia by 2022 with initial production capacity of 150,000 units per year, we believe the future of our presence in Indonesia remains bright. Spurred by the above, the Group continues to see potential in the Indonesian automotive market.

On a separate note, we have formulated our 5-year plan for 2021-2025, which includes 5 IP (Intellectual Property) registrations, EBIDTA (Earnings Before Interest, Taxes, Depreciation and Amortisation) of 10% per year, a balance revenue stream of 50:50 and an increase in revenue of RM2.2 billion by 2025, the implementation of which are already underway.

ACKNOWLEDGEMENTS

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

On behalf of the Board,

Dato' Tan Heng Chew
President

1@ https://www.malaysiakini.com/news/550501;https://www.straitstimes.com/asia/se-asia/30000-malaysian-businesses-have-folded-up-since-movement-curbs-in-march
1 https://en.wikipedia.org/wiki/Automotive industry in Malaysia
2 https://www.theedgemarkets.com/article/economic-report-malaysias-economy-grow-65-75-2021-after-contracting-45-2020
3 http://www.maa.org.my/pdf/2020/Market_Review_2020.pdf
4 https://www.thestar.com.my/business/business-news/2021/01/21/maa-expects-vehicle-sales-to-grow-8-in-2021
5 https://paultan.org/2020/11/20/hyundai-to-begin-ev-production-in-indonesia-in-2022/

Management Discussion and Analysis

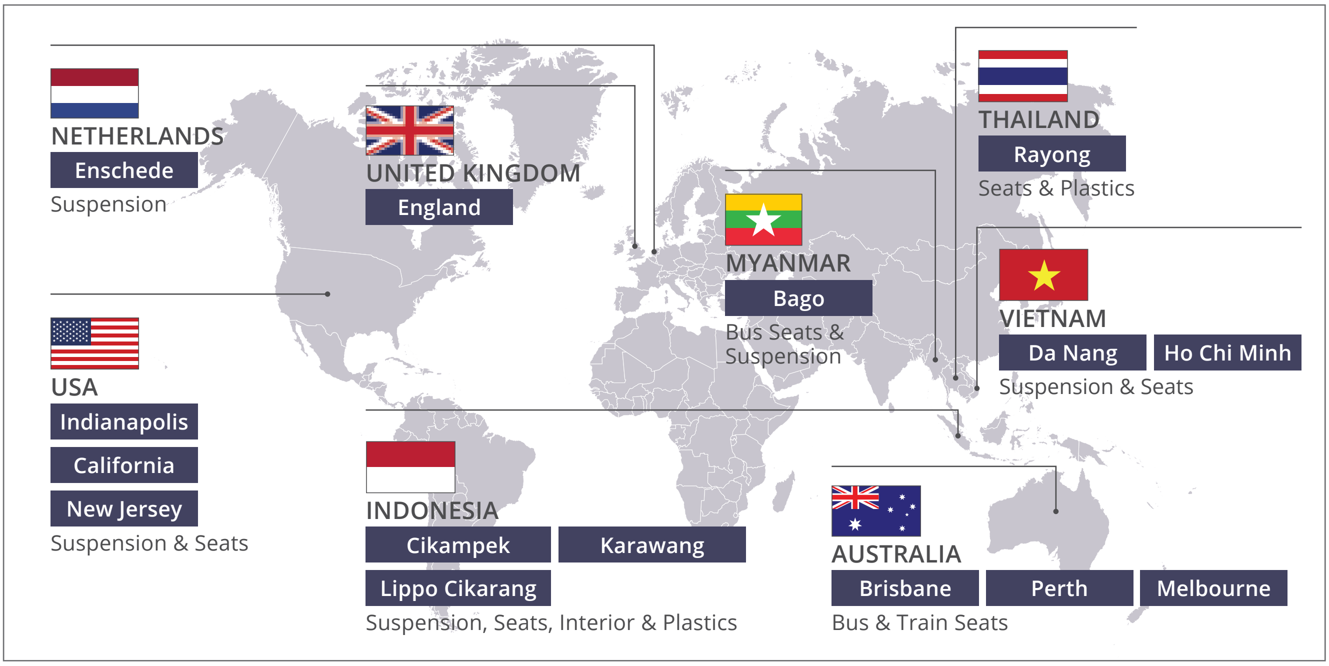
OVERVIEW OF THE GROUP'S BUSINESS AND OPERATIONS

Established in early 1971, APM Automotive Holdings Berhad ("APM" or the "Group") is primarily a manufacturer of automotive parts and components. It has excelled and maintained a leading position in the vehicle sector of the Original Equipment Manufacturer ("OEM") industry.

APM's operations began in 1978 as a small-scale local leaf spring and shock absorber manufacturer with a workforce of only 180 (as at 30 June 1980). APM has since evolved into an investment holding company, which operates through its subsidiaries and was listed on the Main Board of Bursa Malaysia Securities Berhad (previously known as the Kuala Lumpur Stock Exchange or KLSE) in 1999.

The Group presently designs, assembles, manufactures and distributes automotive and locomotive parts and components such as vehicle seat systems, air-conditioners, electrical components, coil springs, metal component parts, PVC body side moulding, shock absorbers, tapered leaf springs, vehicle interior linings, radiators and other automotive parts.

With an annual turnover of more than RM1 billion and a workforce comprising approximately 3,800 dedicated, loyal, skilled and carefully chosen personnel, APM remains one of Malaysia's main manufacturers and suppliers of locomotive and automotive parts with global exports to more than 50 countries, with presence in the United States of America ("USA"), Australia, the Netherlands, the Republic of Indonesia, Vietnam, Myanmar, the United Kingdom and Thailand.



APM is working towards its vision of becoming a "*Globally Preferred Innovative Mobility Solutions Provider*" by expanding its market presence to territories that include North America, Europe and Asia.

In doing so, the Group will continue focussing its attention on market expansion and revenue diversification whilst prioritising research and development as well as operational enhancement, as delivering consistent growth to our shareholders is, and has always been, one of our priorities.

GROUP FINANCIAL PERFORMANCE REVIEW

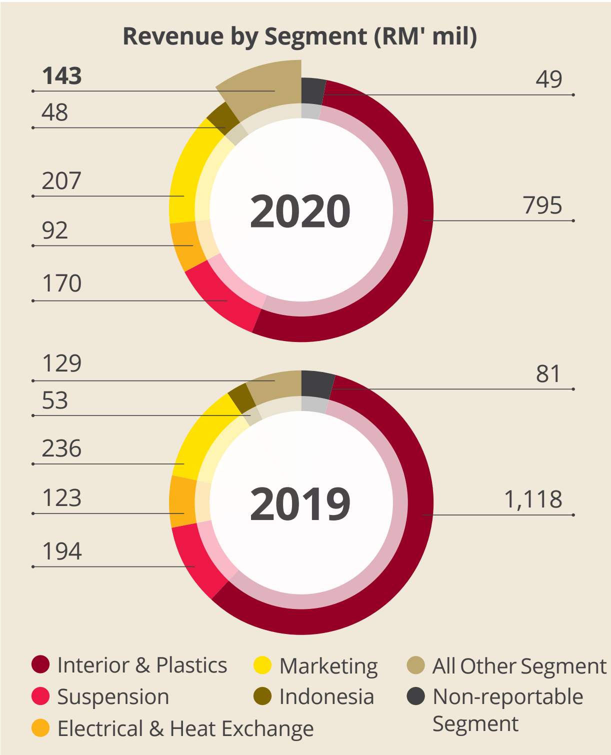
The review highlights and provides brief insights on the key financial and operating information at Group level. A detailed commentary on the operating performance is highlighted under the respective business divisions' report.

Financial Highlights and Insights

- The impact of the COVID-19 pandemic on health and safety has led the government to impose a series of measures to eradicate and curb its spread. These measures, which began on 18 March 2020, included the introduction of the Movement Control Order ("MCO") and subsequently the Conditional Movement Control Order ("CMCO"), resulting in the suspension of all but a few types of businesses. The Group's operations were rendered virtually inoperable for almost 60 days, resulting in contraction of revenue by 24.9% to RM1.12 billion in 2020.

Management Discussion and Analysis

- All operating segments of the Group, except for its Operations Outside Malaysia (defined hereafter) registered lower revenue due to the negative impact of COVID-19, particularly the Vietnam and Australia operations. Revenue for the Group's Operations Outside Malaysia experienced an uptrend of RM142.6 million with growth of 10.5% year-on-year.



- With lower revenue and production, overheads and administrative expenses which remained relatively fixed, the Group registered lower Profit Before Tax ("PBT") of RM15.4 million, declining of 77.6% compared to RM68.8 million in 2019. Higher provision for product warranty claims, slow-moving inventory and impairment of certain machinery and equipment by the Group's operations in Indonesia ("Indonesia Operations") during the year also contributed to the lower PBT.

Revenue (RM'mil)

RM1,123.6mil

2020 1,123.6

2019 1,496.9

PBT (RM'mil)

RM15.4mil

2020 15.4

2019 68.7

- Despite the decrease in revenue, the losses sustained by Indonesia Operations' Loss Before Tax ("LBT") dipped to RM19.9 million from RM23.5 million, a year ago. The higher loss recorded last year was mainly due to the recognition of losses sustained by the Group's associate in Indonesia and the impairment loss of investment amounting to RM9.1 million in the said associate.

STATEMENT OF FINANCIAL POSITION

The Group's financial stability is reflected in its net assets per share which grew from RM6.51 in 2019 to RM6.74 in 2020 with cash and cash equivalents, including other investments, totalling RM410.1 million in 2020 (2019: RM349.0 million).

The Group undertook a revaluation exercise of its properties to reflect their current market value during the year. Such an exercise is scheduled once every 3 years with the first being in 2014. The revaluation surplus (net of deferred tax) of RM68.0 million has been incorporated in the consolidated financial statements for the year ended 31 December 2020, reflected as revaluation reserves, which resulted in an increase in net asset per share by 35 sen.

Non-current assets increased significantly by 11.8% or RM94.1 million predominantly from the revaluation reserve and the investment in joint venture in Indonesia with Hyundai Transys Inc. ("TRANSYS") to manufacture and supply automobile seats and its related parts and components to its counterpart in Indonesia, namely PT Hyundai Motor Manufacturing Indonesia ("PTHMMI").

Total current assets increased by 2.0% to RM958.7 million, owing mainly to better trade receivable management which resulted in lower trade receivables with higher cash and cash equivalents and other investments by RM24.1 million and RM37.1 million, respectively. Meanwhile, current liabilities also increased by 18.2% to RM355.0 million. The increase was mainly due to higher accruals (mainly caused by deferred revenue recognition on tooling moulds) and bank borrowings. The drawdown of bank borrowings was applied towards the purchase of materials to address anticipated supply of new model parts for both the domestic and Indonesia markets.

Non-current liabilities increased by 21.1% or RM19.0 million predominantly from the deferred tax on the revaluation surplus, as explained earlier.

CAPITAL EXPENDITURES AND CASH FLOWS POSITION

The capital expenditure of the Group for the year stood at 4.0% of revenue or RM45.2 million. This capital investment included tooling investments to cater for new models

Management Discussion and Analysis

and upgrade of manufacturing facilities. In addition, the Group had committed to the capital expenditure of RM16.5 million due mainly to the upgrading of plant facilities, setting up of new production lines and tooling investment. Such capital expenditure was funded via internal generated cash flows and bank borrowings.

Cash flows generated from operating activities stood at RM144.1 million, representing an increase of 95.6% compared to last year. The increase in cash from operating activities was largely due to changes in working capital (lower trade receivables and higher trade and other payables). Lower payment of corporate income tax instalments (due to lower profit) and refund of overpayment for prior years' corporate income tax during the year also contributed to the improved cash flows.

Drawdown of bank borrowings in the amount of RM15.9 million (mainly trade facilities for working capital) compared to repayment of RM9.8 million last year resulted in lower net cash used for financing activities. As mentioned earlier, the Group successfully embarked on a joint venture with TRANSYS on 26 June 2020, and subsequently invested RM28.3 million in the said joint venture as of 31 December 2020. Correspondingly, the net cash used in investing activities was higher at RM99.0 million.

The Group closed the year with RM322.5 million in a net cash position (i.e. cash and cash equivalents plus other investments and deduct bank borrowings) despite higher bank borrowings and such net cash was higher by RM45.2 million compared to RM277.3 million as of 31 December 2019.

Capital Management

The Group's capital management strategies included the adoption of prudent borrowing measures where financing is amongst others, secured against favourable market terms available at the time, thus maximising returns on the available cash reserves. The Group also invests in selected unit trusts (instead of conventional deposits) with financial institutions to enjoy higher tax-free returns.

The Group operates a centralised treasury function to optimise the deployment of its financial resources and minimise financing costs. This segment also monitors and manages exposures to foreign currency risks through appropriate hedging strategies.

In recognition of the Group's financial strengths and prudent capital management strategies, RAM Rating Services Berhad once again assigned the credit rating of AA$_2$/P1 in respect of the Group's Islamic Medium-Term Notes and Commercial Papers Programme. The Group successfully maintained this rating for the 5th consecutive year despite challenges posed by COVID-19 and the significant drop in both revenue and profitability during the year.

The Group recognises that having sufficient cash reserves is essential in the pursuit of growth and expansion. Thus, the Group's liquidity remains intact, whilst it has access to the Islamic Commercial Papers Programme and Islamic Medium-Term Notes of up to RM1.5 billion in nominal value, which can be utilised for future capital investment, if and when required.

BUSINESS DIVISIONS - PERFORMANCE REVIEW, PROSPECT AND STRATEGIES

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

SUSPENSION DIVISION

Management Discussion and Analysis

This division's business focuses on the suspension system of a vehicle. The suspension of an automobile is essentially a part, which separates the wheel/axle assembly from the body of the vehicle. The purpose of a suspension system is to support the vehicle body and increase ride comfort. Specifically, the suspension system maximises friction between the tyres and the road to provide steering stability and good handling.

Performance Review

Revenue for the Suspension division in 2020 decreased by 12.4% to RM169.9 million from RM193.8 million a year ago. This Division saw a reduction in revenue, especially in connection with leaf spring production for both the export and local OEM.

Local OEM experienced slower sales as evidenced by the drop in the Total Industry Production ("TIP") for the year (illustrated in the table below) by 15% from 571,632 units to 485,186 units compared to last year, mainly due to implementation of MCO during the 2nd quarter of the year. Likewise, export sales were also impacted by COVID-19 driven lockdowns.

	Year 2020 units	Year 2019 units	Variance	
			Units	%
1st Quarter	108,444	144,383	(35,939)	-25%
2nd Quarter	57,605	140,645	(83,040)	-59%
3rd Quarter	149,814	141,013	8,801	6%
4th Quarter	169,323	145,591	23,732	16%
Total	**485,186**	**571,632**	**(86,446)**	**-15%**

(Source: Malaysian Automotive Association or "MAA")

Unfavourable product mix, lower revenue and production volume, coupled with higher provision for product warranty claims, had contributed towards widening of the Division's LBT. LBT increased to RM4.5 million from RM1.1 million a year ago.

Challenges, Prospect and Strategies

Demand for automotive suspension system is causally related to the production of new vehicles, where increasing urbanisation, technological advancements, and buying behaviours are the primary drivers of this segment's growth.

Products from this Division (especially its leaf springs) have traditionally been well received and widely recognised internationally due to their reliability, quality and pricing.

However, COVID-19 related challenges have severely dampened the performance of this Division. Nonetheless, this Division will continue to look into the development of strategic alliances and partnerships with technical partners and overseas suppliers for better and more effective market penetration.

Maintaining and improving product quality at lower costs as well as enhancing productivity and competitiveness will remain the key focus areas for this Division.

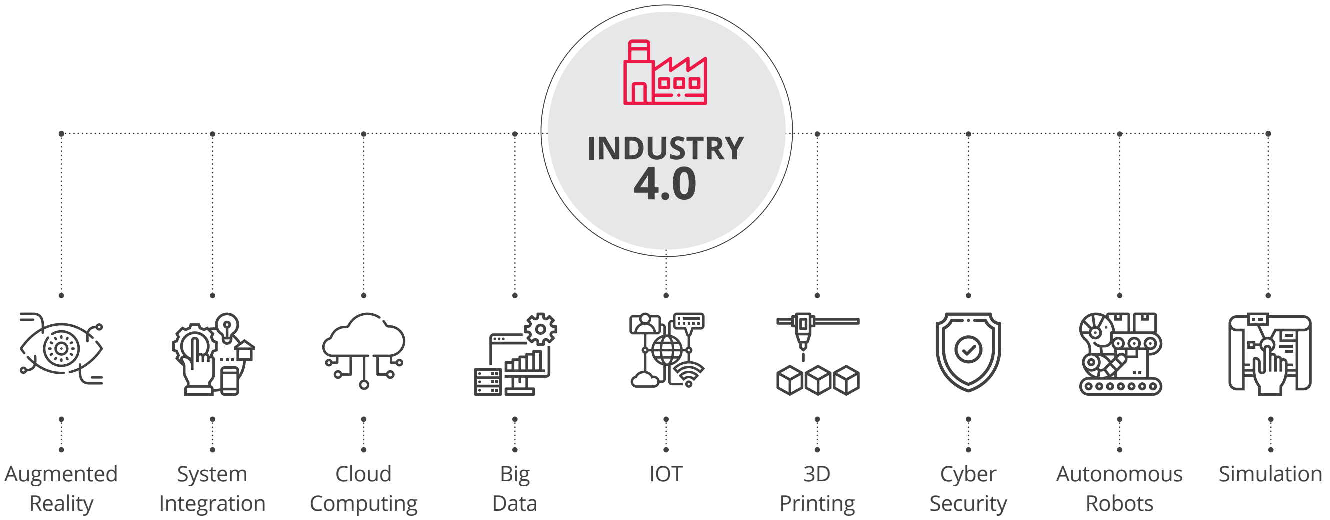
This Division will also step up its efforts to design and develop a wider range of 4 x 4 suspension kits and shock absorbers under the Group's brand name "SHOKZ" to boost revenue.

The Fourth Industrial Revolution or IR 4.0 is expected to alter the way we live, work, and communicate; it is also likely to change the things we value and the way we value them in the future.

This Division recognises the importance and need for IR 4.0 as changes in business models and employment trends are becoming more and more apparent. This Division sees automation and artificial intelligence as the instruments of change which when implemented can, and will, increase productivity and efficiency by leaps and bounds.

As such, this Division will amplify its efforts to mechanise its operations by investing in the latest equipment and facilities to reduce dependency on labour and to increase productivity.

Management Discussion and Analysis



INTERIOR AND PLASTICS DIVISION

The Automotive Plastic Market

New Injection Machine installed at Bukit Beruntung plant

Automotive plastics are widely regarded to hold the key to a host of safety and performance advancement in modern vehicles. They are generally designed to be durable, strong, recyclable and scratch resistant (to a certain extent), resistance to abrasion, improve vibration and noise control, amongst others.

In modern passenger cars, plastics constitute almost half of the total volume of the car but contribute only a fraction of the total weight of the vehicle, thus making cars lighter and more fuel-efficient. Automotive plastics are used in bumpers seats, dashboard, fuel systems, body panels, under-bonnet components, interior trim, electrical components, exterior trim, lighting, upholstery and liquid reservoirs. Further, development in the field of tough lightweight and durable automotive plastics are expected to increase their use in modern cars. As for interiors, plastics have proven to be a great material for making comfortable, durable and aesthetically enhancing interior components.

Performance Review

This Division's revenue is primarily sourced from local car manufacturers. Consequently, the performance of this Division is largely tied to the performance of local carmakers. As evidenced by the lower TIP (for reasons mentioned earlier), demand from OEM parts declined, causing a drop in the Division's revenue in 2020, which totalled RM794.7 million, reflecting a 28.9% drop from the RM1,117.5 million recorded in 2019.

This Division's PBT decreased from RM90.7 million in the preceding year to RM45.1 million in financial year 2020, which is in line with the drop in revenue exacerbated by an unfavourable product mix that generated lower margins.

Challenges, Prospect and Strategies

As lockdowns in varying forms continue in many parts of the world, modest growth in the demand for interior automotive parts is anticipated, although consumer sentiments and buying behaviours may gradually improve in light of the ongoing implementation of vaccination programmes.

This Division, like its counterparts in the Group, has not been spared from the impact of the COVID-19 pandemic and intense competitions from other manufacturers.

However, notwithstanding such operating on environment, the Division's order books remain healthy overall as it continues to be one of the largest moulded PU or Polyurethane manufacturers in Malaysia. Our key advantages lie in the alignment of our integrated supply system with OEM customers, infrastructure, resources and most of all the trust, which we have earned from our customers and suppliers over the years.

Management Discussion and Analysis

Our ability to remain flexible in our approach with technical partners is also another advantage, a trait not many possess, and this has translated into 3 successful revenue generating joint venture companies in Malaysia, namely Fuji Seats (Malaysia) Sdn. Bhd., APM Delta Seating Systems Sdn. Bhd. and APM Tachi-S Seating Systems Sdn. Bhd.

Going forward, this Division will continue with its efforts to mechanise its operations and invest in technology that can further reduce operational costs.

Overall, this Division is poised for growth and expansion in view of the government's efforts to boost vehicle sales with the extension of sales tax exemption until the end of the 2nd quarter of 2021.

ELECTRICAL AND HEAT EXCHANGE DIVISION

Automotive Electrical and Heat Exchange System

Generally, a heat exchanger is a system used to transfer heat between two or more fluids. Heat exchangers are used in both cooling and heating processes, where fluids may be separated by a solid wall to prevent mixing or they may be in direct contact. Heat exchangers are used to maintain the required operating temperature in the engine and other components of the vehicle. However, they are not only used in heating applications but also in cooling applications, such as air conditioners.

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

Performance Review

For the year 2020, the Electrical and Heat Exchange Division registered revenue of RM92.3 million, a reduction of 24.9% from RM122.9 million last year. The lower revenue was mainly due to the weak demand from certain OEM customers and domestic coach builders for air-conditioning system, arising from the COVID-19 pandemic.

In line with the reduction in revenue, this Division ended the year with a LBT of RM4.0 million compared to a PBT of RM4.3 million last year. The higher impairment loss on trade receivables during the year also impacted profitability. The Group used an allowance matrix to measure Expected Credit Loss of trade receivables and invoices, which are past due 180 days, were considered as credit impaired, in compliance with Malaysian Financial Reporting Standards. Slow payment from Replacement Market ("REM") customers was anticipated in view of the weak economy locally and globally caused by the pandemic.

Challenges, Prospect and Strategies

As with the other Divisions in the Group, the COVID-19 pandemic will continue to affect the revenue and performance of this Division although its intensity is expected to gradually decrease due to the vaccination programmes, scheduled to occur in the 2nd quarter of 2021 onwards, including other government efforts to combat this virus.

The Group holds the view that increased demand for electric and hybrid vehicles will eventually eliminate the need for conventional heat exchangers such as radiators, oil coolers, intercoolers and EGR coolers. However, such a scenario is not expected to occur anytime soon as the Malaysian electric vehicle market is still at its infancy.

Notwithstanding the above, this Division will step up its efforts to pursue strategic partnership with technology providers by leveraging on the ecosystem of the Group.

The trend of engine downsizing without compromising performance is likely to continue with the recent introduction of the new turbo charged Nissan Almera and Proton X-50, thus driving demand for intercoolers in automotive heat exchanger market – which this Division can and will exploit.

On the alternator and starter motor front, focus on the development of the REM will continue with the introduction of more model products.

In so far as Internet of Things or IoT is concerned (where drivers can connect to over-the-air software and data platforms to receive feature updates, software upgrades, safety improvements, bug fixes, and map and traffic updates), the Group's subsidiary known as Omnimatics Sdn. Bhd., whose main market comprises fleet and car-sharing operators, will continue with its efforts to lead in this segment by further improving its service and product range as well as striking up strategic alliances with technology owners.

Management Discussion and Analysis

MARKETING DIVISION

Annual Sales Conference held on 3 January 2020

Performance Review

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

This Division recorded lower revenue and pre-tax results due to reduced economic activities locally and globally, especially throughout the 1^{st} half of the year. Revenue and PBT of the Marketing Division for the year decreased by 12.5% and 71.6% to RM206.5 million and RM2.0 million respectively.

In 2^{nd} half of the year, export sales saw some recovery, especially from the USA and Australian markets as many international customers increased their supply chain portfolio as the trade war between China and USA loomed at that time. However, export sales for the whole year decreased overall by 4% compared to 2019, due mainly to softer demand from some key customers.

Other key factors that also contributed towards the decline in this Division's PBT included unfavourable net foreign exchange loss (realised and unrealised) on trade receivables and creditors, as well as aggressive promotional discounts given to capture new markets and customers.

Challenges, Prospect and Strategies

Steering this Division towards sustainable growth has been challenging as the impact from COVID-19 was unprecedented. This pandemic fundamentally reshaped how this Division will do business moving forward, even if lockdowns end soon and the virus is suppressed as the adverse effects will likely linger.

Despite such formidable challenge, this Division remains undeterred and is steadfast in its efforts to boost sales and revenue. The strength of this Division lies mainly in its vast distribution network. Plans are underway to convert strategically located warehouse facility in the Netherlands to a central hub for more efficient and shorter lead-time delivery of goods into Europe.

Further, this Division is also contemplating of intensifying its marketing plans and strategies through, and by, capitalising on e-commerce. It is also exploring the sale and distribution of complementary products, such as engine oil, air-conditioners and coolants as new and additional income streams.

Going forward, this Division will seek out partnerships and collaboration with other key players, particularly those in Europe and the USA to drive sales.

NON-REPORTABLE SEGMENT, MALAYSIA

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

Revenue for this segment dropped by 38.8% to RM49.3 million from RM80.6 million, on the back of lower sales of motors vehicles (the Group had in September 2020 ceased the operation of distributing motor vehicles) and inter-group billings of services. Lower revenue and higher provision for staff cost contributed to the higher LBT for the Division. In addition, the lower loss recorded last year was due to recognition of fair value gain on investment properties of RM1.0 million while the fair value surplus the year remained unchanged.

INDONESIA OPERATIONS

About the Indonesia Operations

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

Performance Review

Despite the lockdowns implemented by the Indonesian Government, COVID-19 infection rate remained persistently high. Most of the Group's OEM customers have yet to resume full or normal production. Consequently, and like many of our contemporaries, our suspension plants in

Management Discussion and Analysis

Indonesia, especially coil spring, were adversely affected as the main source of revenue stemmed from such OEM customers, resulting in revenue from the Indonesia Operations decreasing by 8.0% to RM48.4 million in 2020.

Despite the lower revenue, this Division's LBT narrowed by RM3.7 million from RM23.5 million in 2019. The higher loss recorded last year was mainly caused by impairment losses on investment in associate in Indonesia and higher share of its loss.

Excluding the impairment loss and share of losses on investment of RM9.1 million in 2019, the Division LBT for 2019 would have been RM14.4 million. As such, Indonesia's loss of RM19.9 million for the current year in fact was higher by 38.2% mainly due to lower revenue and provision for impairment on certain machinery and equipment, in view of the low utilisation of such machinery and equipment as compared to the initially planned rate.

Challenges, Prospect and Strategies

The Association of Indonesian Automotive Manufacturers (Gaikindo) has forecasted that domestic car sales would remain slow presumably in view of the renewed lockdowns and high COVID-19 infectivity rate.

However, the Group continues to believe in the potential of the Indonesian automotive market and has since invested over RM100 million into its operations there.

The Group's joint venture with TRANSYS in Kota Deltamas is scheduled to be operational by 2nd quarter of 2021.

New plant in Kota Deltamas

We will continue to improve our efficiency with the aim of reducing operational costs. We will also focus our efforts on enlarging our replacement market presence through strategic partnerships and alliances. E-commerce is another area in which this Division will also consider, going forward. According to JP Morgan, Indonesia's e-commerce value has been rising rapidly since 2017 and is anticipated to continue at a compounded annual growth rate (CAGR) of 14.8% till 2023.

ALL OTHER SEGMENTS ("OPERATIONS OUTSIDE MALAYSIA")

About this Segment

This business segment is made up of our overseas operations in Vietnam, Myanmar, Thailand, Australia, USA, the United Kingdom and the Netherlands ("Operations outside Malaysia").

Performance Review

Revenue for the Operations outside Malaysia experienced an uptrend with growth of 10.5%, year-on year to RM142.6 million dominated by higher sales in the leaf spring and coach seats in Vietnam and Australia operations, respectively. The Group's operations in Australia benefited from an increase in public transport projects in its territory whilst the supply of air-conditioning products in Vietnam, which commenced in June 2019, also contributed towards revenue growth for this segment.

In line with the improved revenue, this Division posted PBT of RM4.3 million compared to last year's LBT of RM6.7 million. The higher PBT was due to increase in revenue and the Group's operations in Australia being the recipient of subsidy from the Australian Government called the *Job Keeper* Payment Scheme which was introduced to support businesses affected by COVID-19. Last year's losses were primarily due to the one-off imposition of import duty and penalty by the General Department of Vietnam Customs on the incorrect application of tariff code by the Group's operations in Vietnam.

Challenges, Prospect and Strategies

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

<u>Australia</u>

Our operations in Australia are currently focused on the assembly and manufacturing of seating systems, in particular bus and train seats. Led by McConnell Seats Australia Pty. Ltd. which recently secured an award to supply rail car passenger seats to Perth Metronet and which will be establishing a dedicated facility in Western Australia going forward, this business segment is poised for growth as Australia's rail network is said to be the world's 6th largest.

Vietnam

The Hanoi Times reported that Vietnam's new vehicle market continued to rebound in December 2020, with sales rising by over 11% to 34,860 units from 31,255 units in the same month of last year, according to wholesale data released by the Vietnam Automotive Manufacturers Association (VAMA) as sales promotion in the final month of the year and customers rushing to buy cars before the government's policy of reducing 50% of the registration fee for domestically-produced cars expired by the year-end were seen as key factor that led to a high number of cars sold in December 2020.

The Group continues to see Vietnam as a prime location for investment in view of less foreign direct investment restrictions than most surrounding countries. Doing business in Vietnam remains promising as ventures in the automobile industry can be 100% foreign-owned.

This business segment has since established a dedicated marketing arm, namely APM Marketing (Vietnam) Company Limited in 2020 to manage all matters concerning export, import and the wholesale of auto parts in Vietnam with plans to expand in the Vietnamese replacement market in due course.

Myanmar

According to the online market intelligence and consulting firm Focus2move, the Myanmar automotive market in 2020 fell by 19.5% as the COVID-19 pandemic, lockdowns, and the consequential fall in tourism took its toll with Suzuki, being its leader, halving its sales and losing its market share by 11.4%.

The Group's operations in Myanmar are led by its subsidiary, APM Auto Components Myanmar Co., Ltd. ("AACM") whose plant in Bago is now functional. AACM has developed a comprehensive plan for market penetration but the restrictions accompanying the COVID-19 pandemic as well as uncertainties surrounding Myanmar's political arena has hampered its progress. Nonetheless, AACM will monitor the circumstances in Myanmar and continue with this plan going forward.

Thailand

Thailand is a key automotive production hub in Asia but reports derived from Globaldata.com suggests that the automotive industry in Thailand is struggling to recover from the vehicle production output slump as vehicle production, both for domestic sales and exports, has been witnessing a downward trend since 2019. The global economic slowdown, shut down of some local production facilities, weak domestic demand and the US-China trade war led to decrease in production. The COVID-19 worsened production output with limited local demand and major supply chain disruptions.

The latest statistics from the Federation of Thai Industries ("FTI") revealed a 38.7% decline in production in the first nine months of 2020, when compared to the same period previous year. The significant decline in production output raises eyebrows over the future of Thailand's automotive sector, which was touted to emerge as a leading production hub in the Asia region.

APM Auto Components (Thailand) Ltd. ("AACT") leads the Group's operation in Thailand. AACT presently produces Ethylene Propylene Diene Monomer (EPDM) products for sale to the OEM markets in Thailand, Indonesia and Malaysia. In addition, AACT will also carry on with its efforts to market bus and rail seating systems as well as other products of the Group to its network of customers.

Whilst the overall results of the automotive sector in Thailand have not been encouraging, the Group remains optimistic of its potential in view of the FTI's report on the rebound experienced in December 2020 with sales rising by 7% to 95,636 units from 89,285 units in the same month in the previous year and the easing of social and business restrictions from the 2nd quarter of 2020.

USA

The Group is now present in 3 major locations in the USA, namely New Jersey, Indianapolis and California and is embarking on the expansion of its foothold and geographical reach in this region through strategic partnerships and alliances.

We have since acquired a 1.84-acre warehouse in New Jersey to facilitate our operations and to act as main distribution centre for the US market.

KEY RISK FACTORS

Business Risk and Challenges

Competition

The automotive component market is and remains highly competitive, aggravated by the COVID-19 pandemic. This industry competes on spheres that include technology, quality and reliability where pricing, design, finishing, speed and efficiency have become increasingly important factors.

Management Discussion and Analysis

Dealing with intense competition is to be expected in the environment the Group operates and the experience, which we have amassed over 4 decades as an automotive component manufacturer, has enabled the Group to develop strategies and forge relationships which we rely upon to stay ahead of our competition. Apart from the above, the Group also constantly aims to upgrade its facilities, resources and technology in order to provide more value-added advantages to its customers.

Financial Risk

Higher Operating Costs

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

Operational Risk

Succession Risk

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

Compliance Risk

Anti-Bribery and Anti-Corruption

Group Integrity function has been established as a result of the Group's Anti-Bribery and Anti-Corruption ("ABAC") Policy to, amongst others, manage, implement and coordinate activities relating to anti-bribery and anti-corruption. The ABAC Policy is designed to uphold the Group's core values and parameters on ethics, integrity and governance. It largely sets out the framework and articulates the conduct and behaviours expected from all employees when dealing with stakeholders. The ABAC Policy is applicable to all employees regardless of their location and compliance is mandatory and is available for viewing at www.apm.com.my. Compliance with applicable anti-bribery and anti-corruption laws and regulations by external parties such as the Group's vendors and suppliers is presently secured through the endorsement of its Group's Code of Conduct for Suppliers and Vendor's Integrity Undertaking.

Fraud and Whistleblowing

Group Compliance function has been established pursuant to the Group's Special Complaints Policy ("SCP") (also known as the Whistleblowing Policy) and the Fraud Prevention Policy ("FPP"). Guided by its terms, the primary role of Group Compliance is to provide support and assistance in managing, implementing and coordinating activities relating to actual or alleged unlawful activities, including fraud, malpractices, irregularities and serious breaches of the law or internal control without fear or favour. The SCP and FPP are available for viewing at www.apm.com.my. Employees and external parties of the Group such as its vendors and suppliers can raise their concern through the SCP.

MOVING FORWARD

Automotive analysts, such as the MAA and Kenanga Research, expect vehicle sales in Malaysia to increase by 8% and 15% respectively going into 2021 following the extension of sales tax exemption for passenger vehicles until 30 June 2021. A change in buying behaviour and consumer sentiments may also occur due to the imminent arrival of the COVID-19 vaccines in Malaysia and the commencement of nationwide vaccination programme. In view of the above, we anticipate a gradual rebound for the automotive industry in Malaysia.

Diversification remains an imperative element in APM's overall strategy to counter global economic uncertainties, examples of which have been discussed above, as we aim to minimise our risk exposure and curtail potential losses by not concentrating all our capital and resources solely in one jurisdiction or product line, hence, our presence in various international markets.

On the technology aspect, we recognise that Industry 4.0 technology helps to efficiently manage and optimise all aspects of the manufacturing processes and supply chain by, amongst others, providing access to the real-time data and insights so that decisions can be made faster and smarter. Against such a backdrop, we will continue with our efforts to spur our operations towards the adoption of digital technology, connected mobility and robotics throughout the value chain.

Management Discussion and Analysis

Our 5-year strategic plan, which emphasises on expansion, cost effective operations, research and development and branding enhancement activities, remains relevant and will ensure an even closer alignment between our core commercial goals and social and economic benefits.

Research and Development

Research and development ("R&D") are important for businesses because they provide powerful knowledge and insights, improving existing processes where efficiency can be harnessed and costs ultimately reduced. They also allow businesses to develop new products and services to thrive in competitive markets.

At APM, we recognise and hold firm to the need for R&D and will not allow the challenging climate in which we operate, to inhibit us in pursuing development and innovation. With over millions invested in technology thus far, the Group's R&D facilities in Port Klang and Oasis Square are testament to our unwavering focus on R&D.

Electric vehicles are widely seen as the future of transport and a credible alternative to its fossil fuel counterparts. Every year, we see automakers adding new electric vehicles to their line-up.

To-date, the Group, together with its technical partners, has successfully developed and assembled a fully electric prototype bus.

Accordingly, plans are underway to set up a new R&D division that focuses on the design and development of electric vehicle parts and devices such as electric vehicle batteries and its battery management systems.

Expansion

We continue to see inorganic growth through joint ventures, mergers and acquisitions as the most expedient way for expansion. In 2020 and despite the challenges posed by the COVID-19 pandemic, we successfully penned a joint venture with TRANSYS for the manufacture and supply of automobile seats and related parts and components to PTHMMI.

Our People

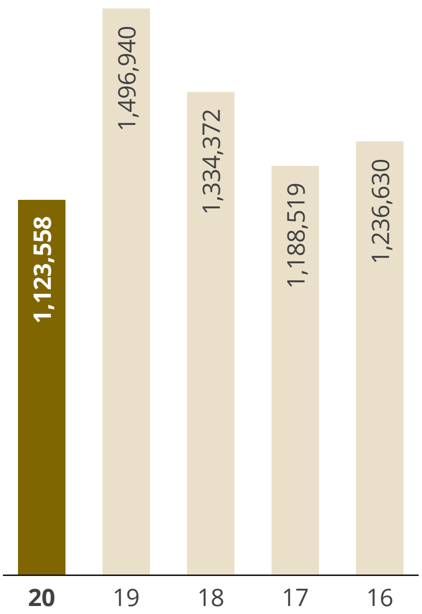
Our people remain the key determinant for our success. We will continue to focus on growing and developing the required talents, skills and diversities and on ensuring that the needs of our people are well managed and addressed.

5-Year Financial Highlights

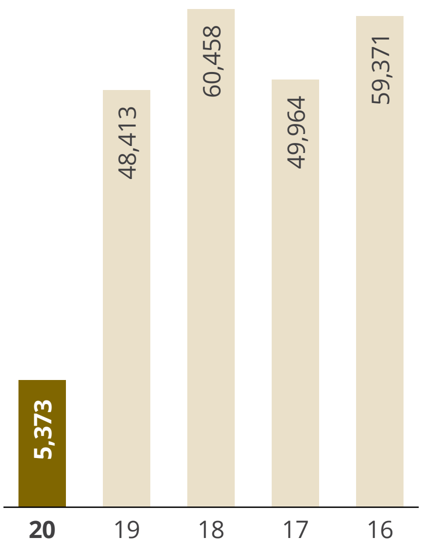
	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
RESULTS					
Revenue	1,123,558	1,496,940	1,334,372	1,188,519	1,236,630
Profit before tax	15,417	68,775	77,441	71,384	83,207
Taxation	(10,044)	(20,362)	(16,983)	(21,420)	(23,836)
Profit for the year	**5,373**	**48,413**	**60,458**	**49,964**	**59,371**
Attributable to:					
Owners of the Company	(10,469)	27,237	38,441	39,095	48,582
Non-controlling interests	15,842	21,176	22,017	10,869	10,789
STATEMENT OF FINANCIAL POSITION					
Assets					
Property, plant & equipment	682,270	617,305	559,853	572,577	510,972
Prepaid lease payments	-	-	15,275	16,005	17,888
Investment properties	106,660	112,560	111,520	108,000	103,294
Equity-accounted investees	55,286	32,621	42,117	42,612	41,949
Intangible assets	24,577	18,526	18,392	19,966	24,601
Deferred tax assets	23,998	17,659	16,799	12,113	11,712
Total non-current assets	892,791	798,671	763,956	771,273	710,416
Current assets	958,747	940,187	940,723	874,597	875,364
Total assets	**1,851,538**	**1,738,858**	**1,704,679**	**1,645,870**	**1,585,780**
Equity					
Share capital	219,498	219,498	219,498	219,498	201,600
Reserves	1,110,863	1,067,387	1,027,887	1,024,463	1,011,871
Treasury shares	(13,506)	(13,312)	(13,312)	(13,305)	(13,297)
Equity attributable to owners of the Company	1,316,855	1,273,573	1,234,073	1,230,656	1,200,174
Non-controlling interests	71,023	75,179	67,948	53,934	37,772
Total equity	**1,387,878**	**1,348,752**	**1,302,021**	**1,284,590**	**1,237,946**
Non-current liabilities	108,655	89,669	62,321	63,625	53,412
Current liabilities	355,005	300,437	340,337	297,655	294,422
Total equity and liabilities	**1,851,538**	**1,738,858**	**1,704,679**	**1,645,870**	**1,585,780**
FINANCIAL STATISTICS					
Basic (loss)/earnings per share (sen)	(5.36)	13.93	19.66	20.00	24.84
Gross dividend per share (sen)	7.00	10.00	12.00	13.00	15.00
Net assets per share (RM)	6.74	6.51	6.31	6.29	6.14
Return on shareholders equity (%)	(0.81)	2.17	3.12	3.22	4.08

5-Year Financial Highlights

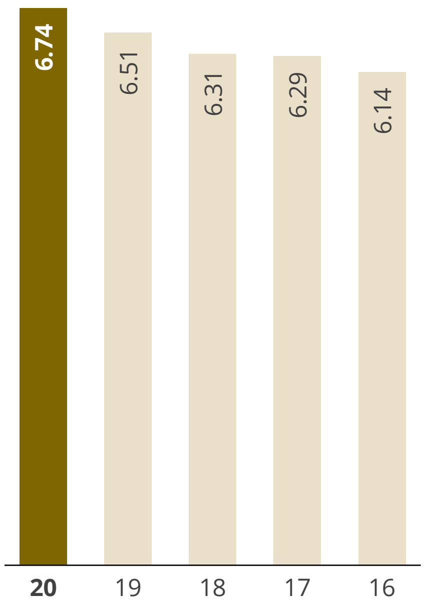
REVENUE (RM'000)



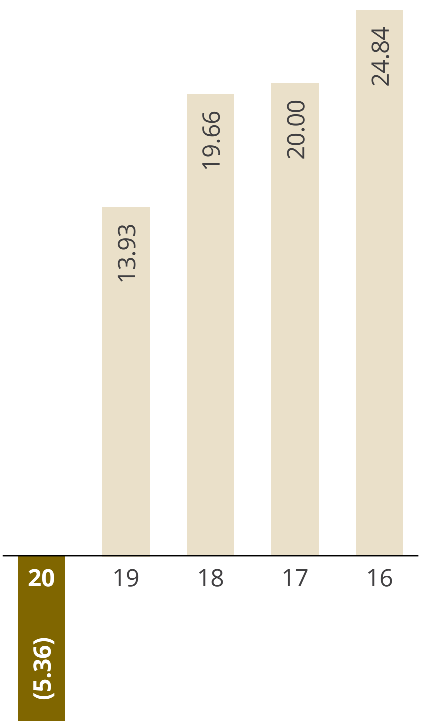
PROFIT FOR THE YEAR (RM'000)



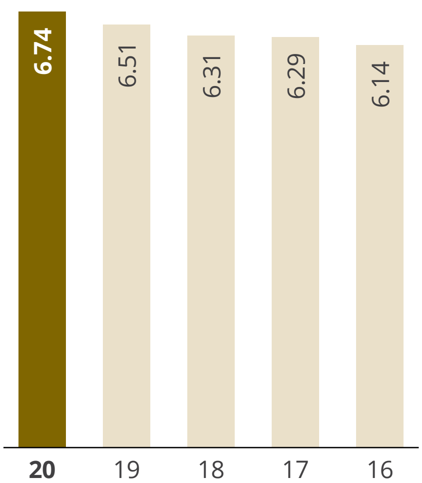
NET ASSETS (RM)



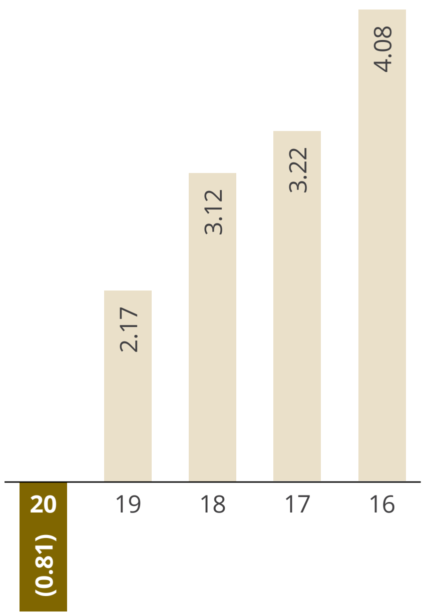
BASIC (LOSS)/ EARNINGS PER SHARE (Sen)



NET ASSETS PER SHARE (RM)



RETURN ON SHAREHOLDERS EQUITY (%)



Sustainability Statement

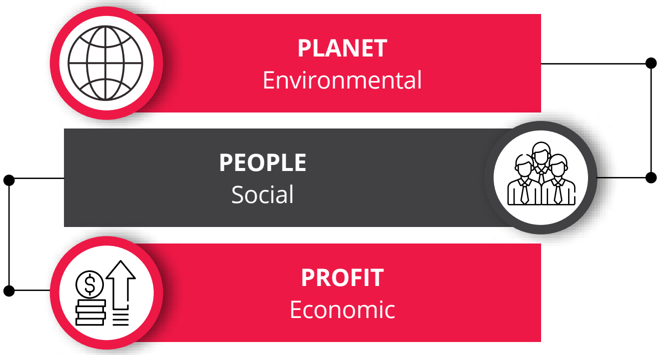
SUSTAINABILITY AMIDST THE COVID-19 PANDEMIC

Many will remember 2020 as the year of the new normal whilst some will see it as a year to forget, as businesses and society alike are still reeling from the effects of this pandemic.

For us in **APM Automotive Holdings Berhad** ("APM"), the pandemic was initially met with apprehension and confusion as it is not always that one is faced with a pandemic of such magnitude and proportion.

Maintaining business sustainability at pre-COVID levels has been a challenge for us due to the constraints accompanying the government's implementation of the Movement Control Order ("MCO") under the Prevention and Control of Infectious Diseases Act 1988 (Act 342) and the Police Act 1967 (Act 344) to control the COVID-19 outbreak in March 2020 which was then followed by the Conditional Movement Control Order and subsequently the Recovery Movement Control Order.

Our efforts have undoubtedly been hampered but we persisted and persevered nonetheless as business sustainability is and remains a central feature of our approach, belief and culture. Its importance is second to none because we believe that people, planet and profit are interconnected and inter-dependant.



APM'S SUSTAINABILITY STATEMENT

Treat the Earth well, it was not given to you by your parents, it was loaned to you by your children. We do not inherit the Earth from our ancestors, we borrow it from our children

– Ancient Native American Proverb.

Sustainability Statement

We continue to see business sustainability as the balance between financial, social and environmental risks, obligations and opportunities.

The following is our sustainability statement and report for 2020 ("Statement"). It reflects our efforts and continuing journey towards the attainment of sustainable development. This is our 3rd Sustainability Statement since the release of our Narrative Statement in 2017 following Bursa Malaysia Securities Berhad's ("Bursa Securities") launch of the Sustainability Framework in 2015.

COVERAGE

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

REPORTING PERIOD & CYCLE

This Statement also covers our sustainability initiatives and performances from 1 January 2020 to 31 December 2020 where we incorporated available comparative historical data. This Statement is prepared on an annual basis and serves as a platform to communicate our economic, environmental and social progress as well as our commitment to the various stakeholder groups.

REFERENCES & ASSURANCES

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

ACCESSIBILITY

A PDF version of this Statement can be found in APM's Annual Report 2020, which is available for viewing on the Company's website at www.apm.com.my.

FEEDBACK

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

APPROACH TO SUSTAINABILITY

VISION

- A Globally Preferred Innovative Mobility Solutions Provider.

MISSION

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

CORE VALUES

Our Core Values of **TCFIMPeD**:

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

Our approach to sustainable development is established based on our Vision, Mission and Core Values. We have aligned our core values to build and inculcate APM's desired culture through embedding the values and behaviours in human resource practices which enable us to be agile and prepared for the future.

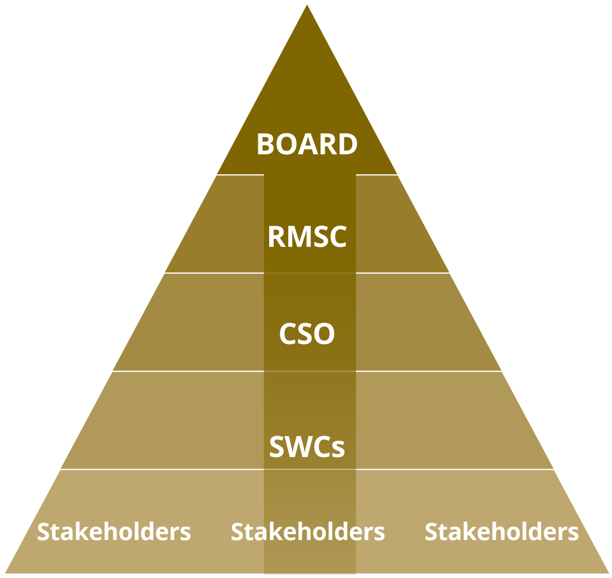
ROLES AND GOVERNANCE

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

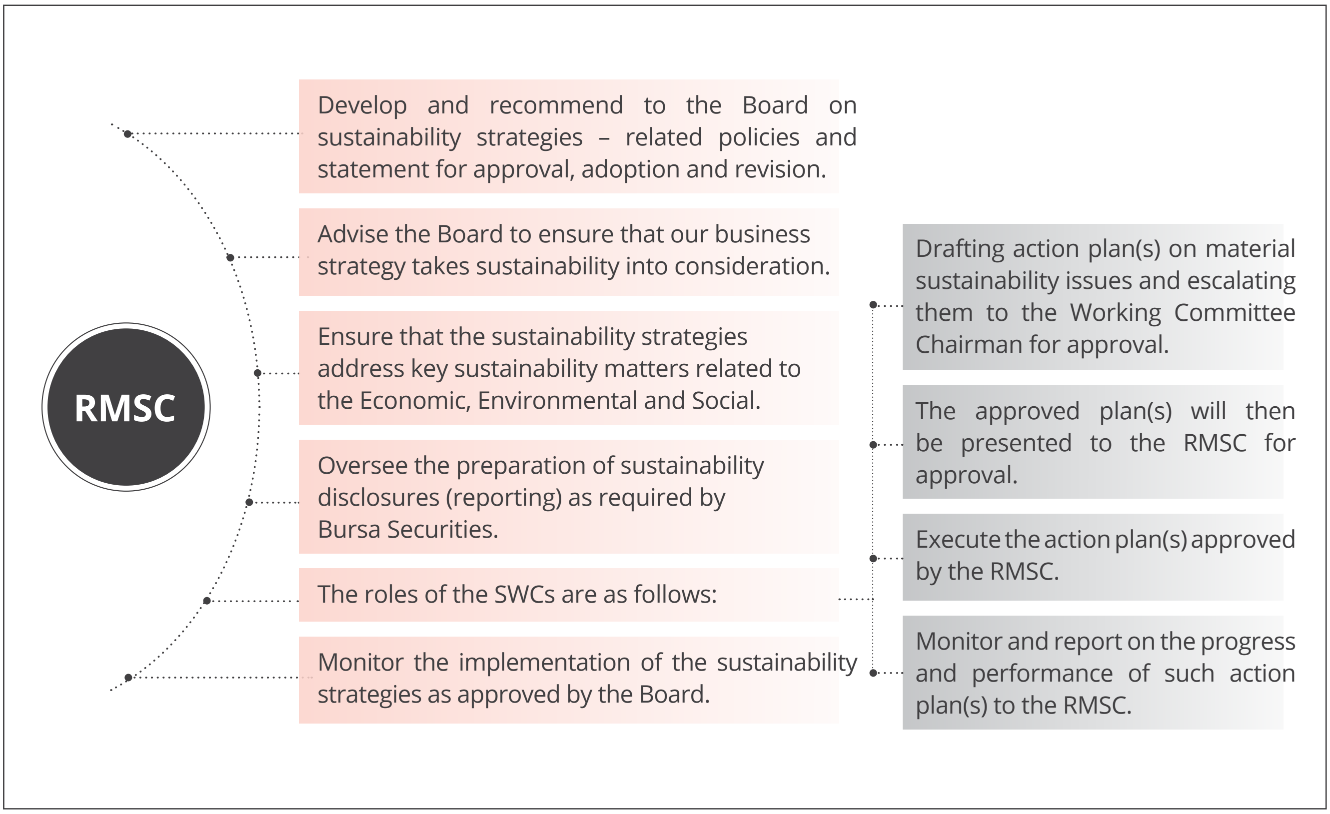
The Board is assisted by the RMSC, which designs, manages and administers the framework's policy and practices. The principal role of the RMSC is to assist the Board to fulfil its oversight responsibilities, where the power to decide on sustainability issues remains with the Board. The terms of reference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

We form our Sustainability Working Committees ("SWCs") based on the initiatives. These committees primarily supervise the implementation of initiatives allocated to them. SWCs are also assigned to chart out sustainability goals as well as to define missions, strategy, policies and messages. They also devise action plans for those in charge to execute ("Persons in Charge" or "PIC"). These PICs report to the SWCs on the progress and status of the action plans they have been entrusted with.

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



The following are some of RMSC's roles:



Sustainability Statement

APPROACH

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

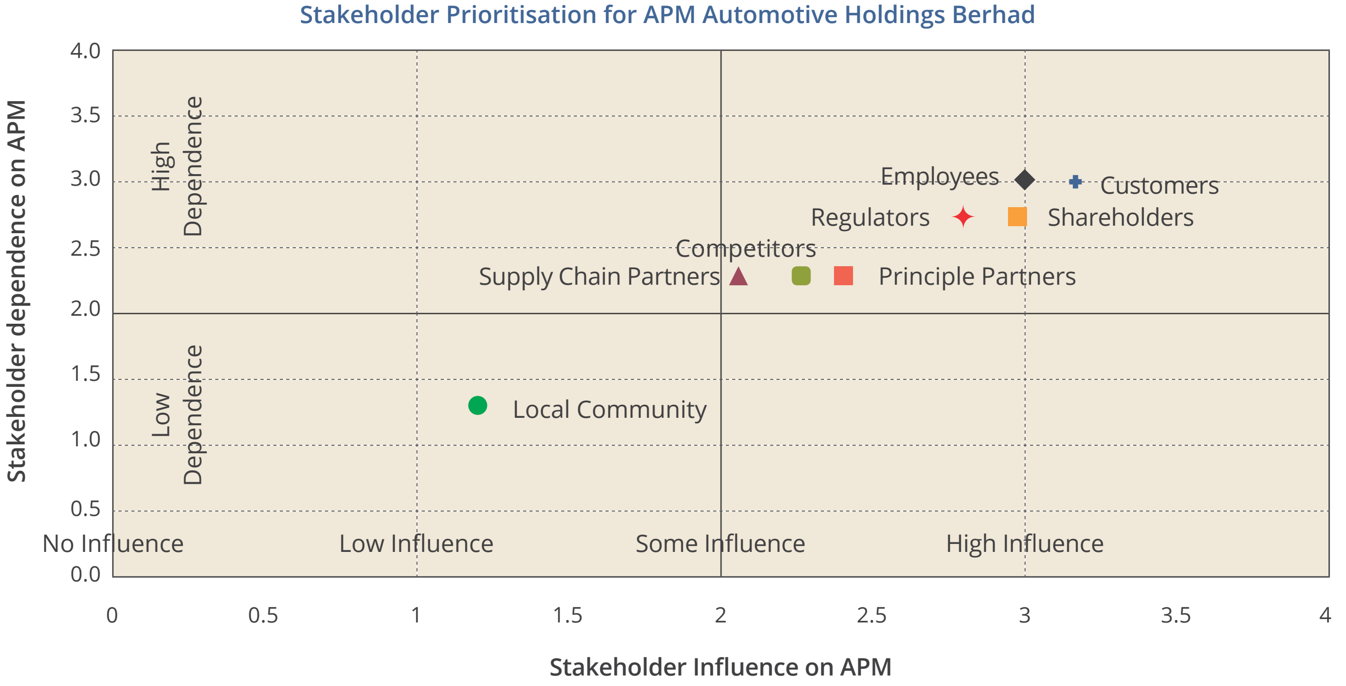
IDENTIFICATION

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

PRIORITISATION

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

STAKEHOLDER PRIORITISATION



VALIDATION

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

REVIEW

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

Sustainability Statement

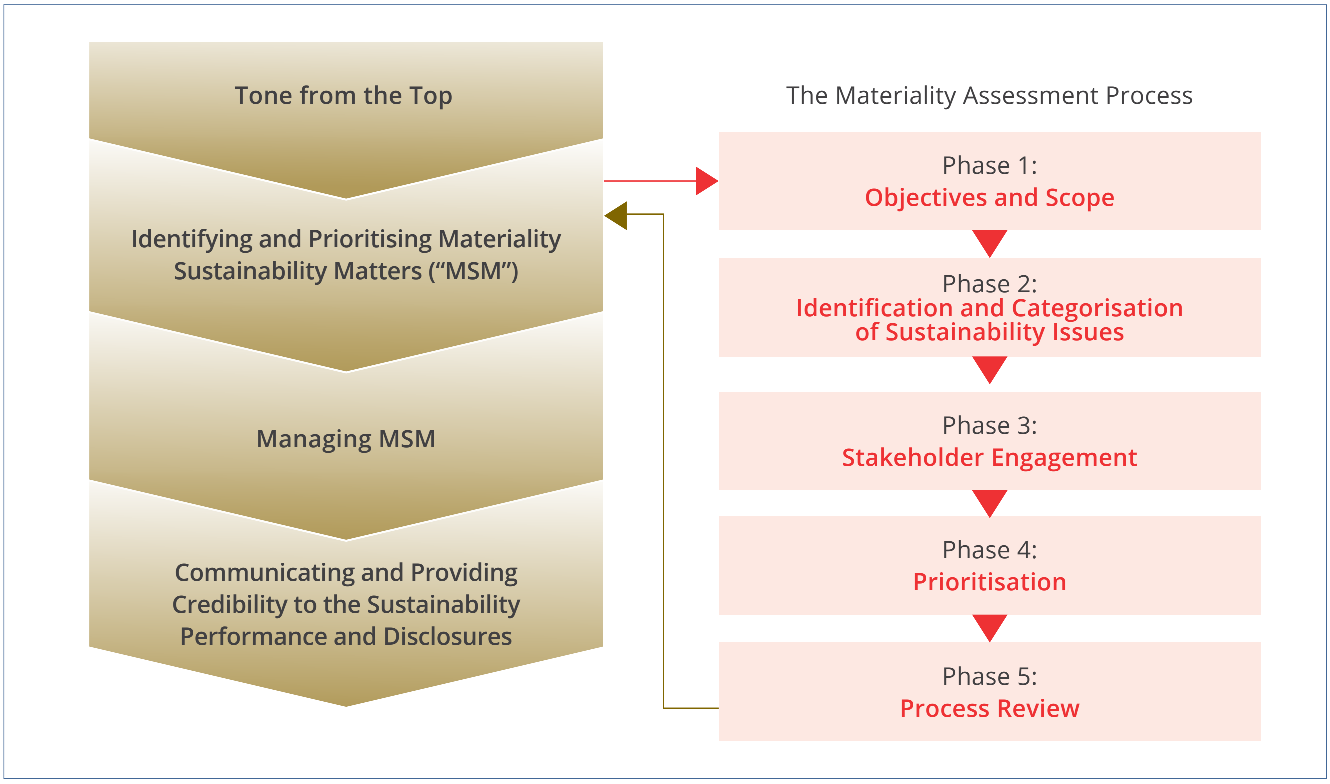
STAKEHOLDER ENGAGEMENT

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

Sustainability Statement

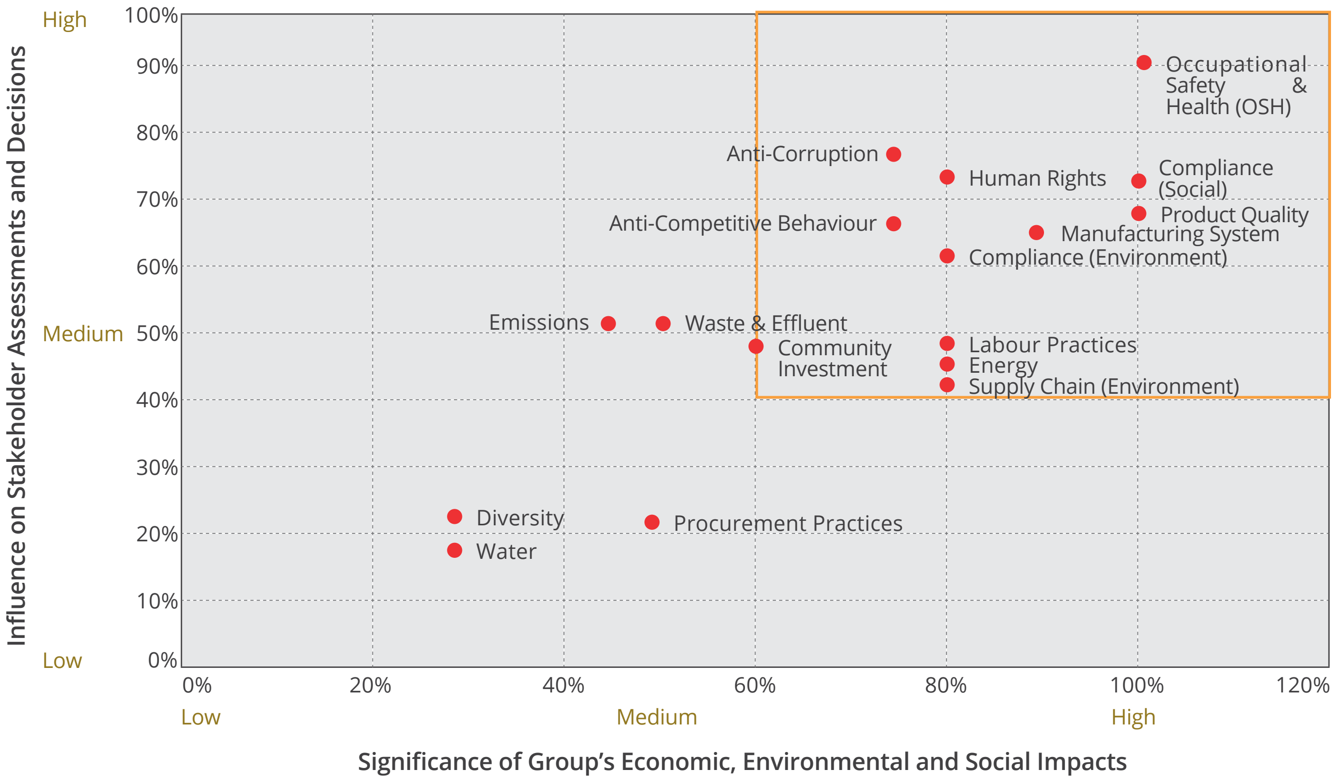
MATERIALITY ASSESSMENT PROCESS

Corporate Sustainability Development (CSD) Processes - Bursa Securities Guideline



MATERIALITY MATRIX

Materiality Matrix



Sustainability Statement

MATERIAL SUSTAINABLE MATTERS

No.	CATEGORY	THEMES		KEY PERFORMANCE INDICATORS (KPI)		
				Indicators		Target
1	ECONOMIC	Community investment	Voluntary contributions made by the Group to enhance socio-economic benefits and create positive impact	1.1	Total amount invested in the community where the target beneficiaries are external to the Group (e.g. non-profit organisations, homes for the aged, orphanages, etc.)	RM300,000
2		Product Quality	Good product quality, cost and delivery taking into consideration the warranty and product safety performance	2.1	To achieve APM Performance Index, APMi of ≥ 4.0	APMi ≥ 4.0
3		Manufacturing System	APM Manufacturing System (AMS) is based on the lean approach which provide internal benchmark and mechanism for continuous improvement	3.1	To achieve AMS Level-5 as Goal; with interim target of ≥ 4.0	AMS Level ≥ 4.19 (Group Average)
4	ENVIRONMENTAL	Energy	Considers the efficient use and consumption of electricity as well as energy generated from renewable sources	4.1 4.1 4.2	a) Total energy consumed (kWh/MWh) b) Amount of reduction in energy consumption achieved resulting from conservations and efficiency initiatives CO_2 Reduction	Nil Nil 1,468 tonnes/year
5		Compliance (Environmental)	Compliance identifies the adherence of Group's activities to reletvant laws and guidelines – degree of observations to laws and guidelines governing its business as well as efforts undertaken in assessing anticipated environmental impact of its activities	5.1 5.2	Total monetary value of fines for non-compliance with environmental laws and regulations Total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Zero RM Zero case
6		Supply Chain (Environmental)	All significant environmental impacts observed or assessed in the supply chain in relation to operations	6.1 6.2	Assessment of new and existing suppliers to identify environmental impacts (e.g. resources use, waste management, impact on biodiversity, etc.) Results of monitoring or auditing of suppliers	100% 90% Closure of Non-Conformity Raised

Sustainability Statement

No.	CATEGORY	THEMES		KEY PERFORMANCE INDICATORS (KPI)	
				Indicators	Target
7	SOCIAL	Occupational Safety and Health	In accordance with the International Labour Organisation, occupational safety and health here refer to the anticipation, recognition, evaluation and control of hazards arising in, or from, the workplace that could impair the health and well-being of workers	7.1 Percentage of workers undergoing safety and health training per year 7.2 Number of work-related injuries per year 7.3 Number work-related fatalities (including employee and contractors) 7.4 Accidents frequency rate and Loss Time Injury Frequency Rate (LTIFR)	100%/year Zero case/year Zero case/year Zero case/year LTIFR <1.28
8		Labour Practices	The fair treatment of employees on terms and conditions of employment and development of employees' skills and knowledge	8.1 Average hours of training per year per employee category 8.2 Total rate of employee turnover (in terms of employee type) during the reporting period	20 hours/ employee a) For Executives of Officer (H06) and above <2.0% b) Supervisor and below <10.0%
9		Compliance (Social)	Compliance here relates to the adherence of Group's activities to relevant laws and guidelines. It outlines the Group's degree of observance to laws and guidelines governing its business as well as efforts undertaken in assessing the anticipated societal impact of its activities	9.1 Total monetary value of fines for non-compliance with laws and regulations 9.2 Total number of non-monetary sanctions for non-compliance with laws and regulations	Zero RM Zero case
10		Human Rights	For the purposes hereof and in line with the United Nations Universal Declaration on Human Rights, the expression "Human Rights" is defined to include: 1. The right not to be discriminated; 2. The right not to be enslaved; 3. The right to be treated equally and with dignity; 4. The right to have appropriate rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and 5. The right to freedom of opinion and expression.	10.1 Percentage of employees trained in human rights policies or procedures concerning aspects of human rights that are relevant to operations 10.2 Number of child labour incidents 10.3 Number of grievances that involves human rights 10.4 Number of forced or compulsory labour incidents	100%/year Zero case/year Zero case/year Zero case/year

Sustainability Statement

No.	CATEGORY	THEMES		KEY PERFORMANCE INDICATORS (KPI)	
				Indicators	Target
11		Anti-Competitive Behaviour	This section concerns ethical business practices without affecting consumer choice, pricing and market efficiency	11.1 Number of legal actions pending or completed regarding anti-competitive behaviour	Zero case pending
12		Anti-Corruption	In accordance with Transparency International Malaysia, corruption is seen as the abuse of entrusted power for private gain This theme discusses activities that promote transparency and guard against various forms of corruption (e.g. bribery, extortion, fraud, undue pressure of influence and collusion/anti-competitive behaviour)	12.1 Percentage of employees who have received training on anti-corruption by employee category 12.2 Percentage of operations assessed for risks related to corruption 12.3 Percentage of External Providers who have submitted the letter of undertaking on Anti-Corruption	100%/year 100%/year 100%/year

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

Indicator no. 12.3 is the additional materiality for the Social category identified for 2021 in line with our effort in Anti-Bribery and Anti-Corruption.

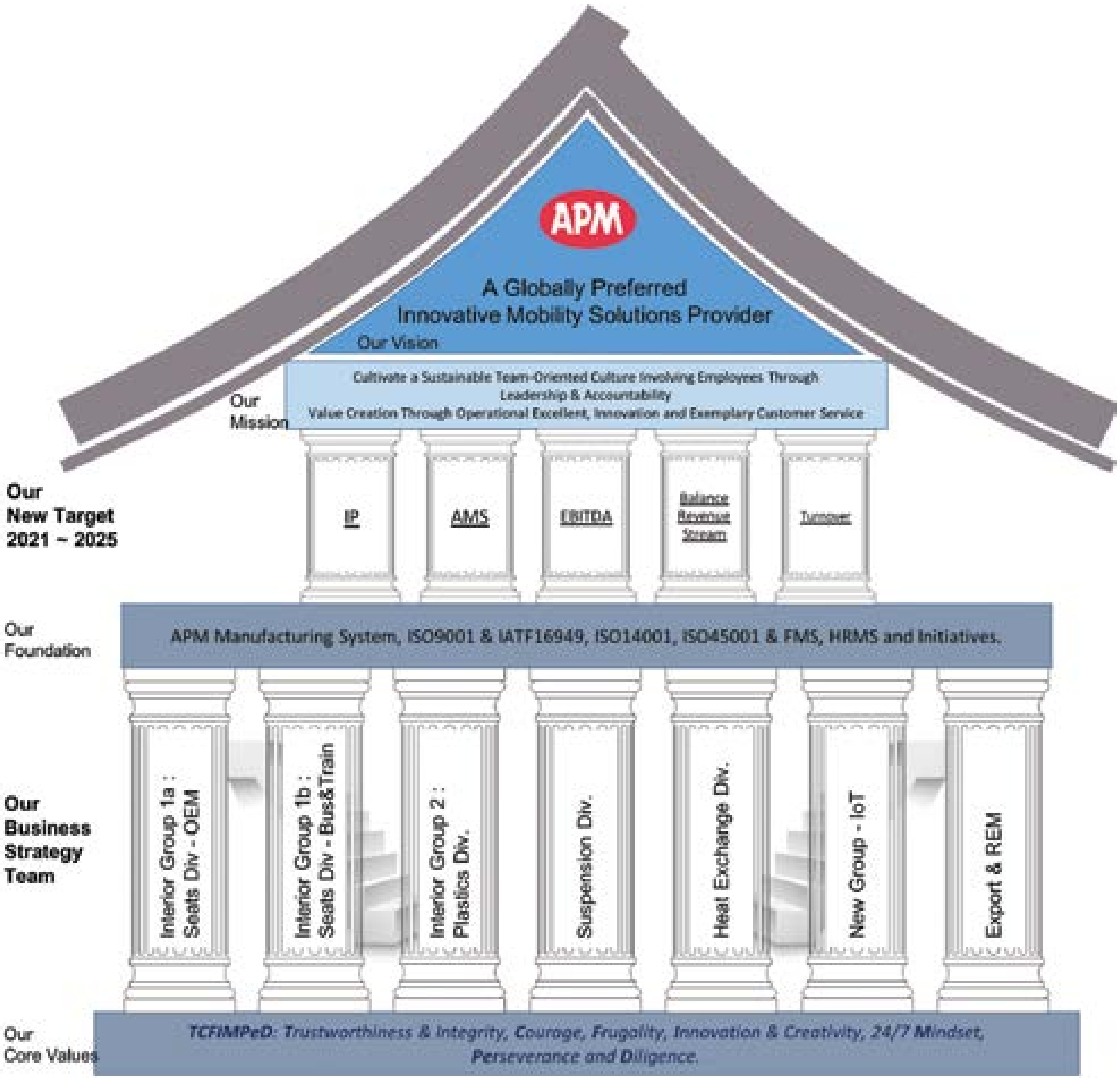
ECONOMIC

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

We define economic performance as the generation of sustainable financial and economic returns, while creating value for stakeholders to ensure sustainability of our business. Maintaining our positive economic performance is critical to the Group's business continuity. Our economic performance is reviewed against our goals, annual budget and prior year's performance during our management meetings. The Group's *modus operandi* on capital management is a clear testament of this review process to generate economic well-being. It is also a reflection on how we translate our fiduciary accountability to our investors and moral responsibility to our stakeholders into tangible value as we strive towards long-term profitability, combining a visionary strategy with prudent assets and capital management.

Sustainability Statement

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



COMMUNITY INVESTMENT

PERSONAL PROTECTIVE EQUIPMENT PRODUCTION

Community service has always been important to us as it provides our people with the opportunity to become active members of society and has a lasting and positive impact. It not only enables our people to acquire life skills and knowledge, but also provides a service to those who need it most. In view of the COVID-19 pandemic and as part of our communal obligations, we volunteered to produce Personal Protective Equipment or PPE for our front liners.

Sustainability Statement

The following are some photographs of the PPE produced by our subsidiary, Auto Parts Manufacturers Co. Sdn. Bhd. (Seats Division).

Community Services by our subsidiary in Thailand, namely APM Auto Components (Thailand) Ltd.

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

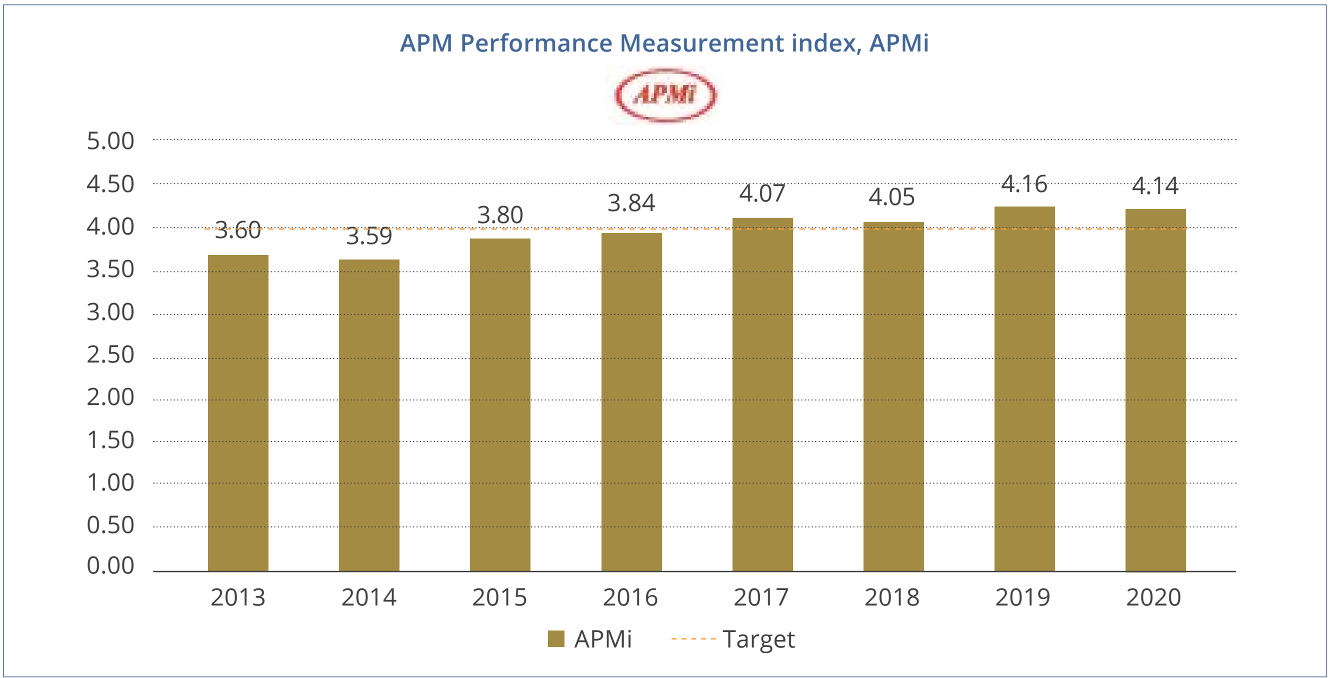
PRODUCT QUALITY

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

With a maximum score of 5, subsidiaries are measured based on a set of established criteria. APMi provides not only a measurement of performance quality but also acts as a benchmark and goal for subsidiaries to achieve. APM believes that this is an important indicator as fair benchmarking within the automotive industry is relatively difficult to achieve.

Sustainability Statement

Below is a summary of the performance of our subsidiaries under the APMi from 2013 to 2020:



MANUFACTURING SYSTEM - APM MANUFACTURING SYSTEM

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

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

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

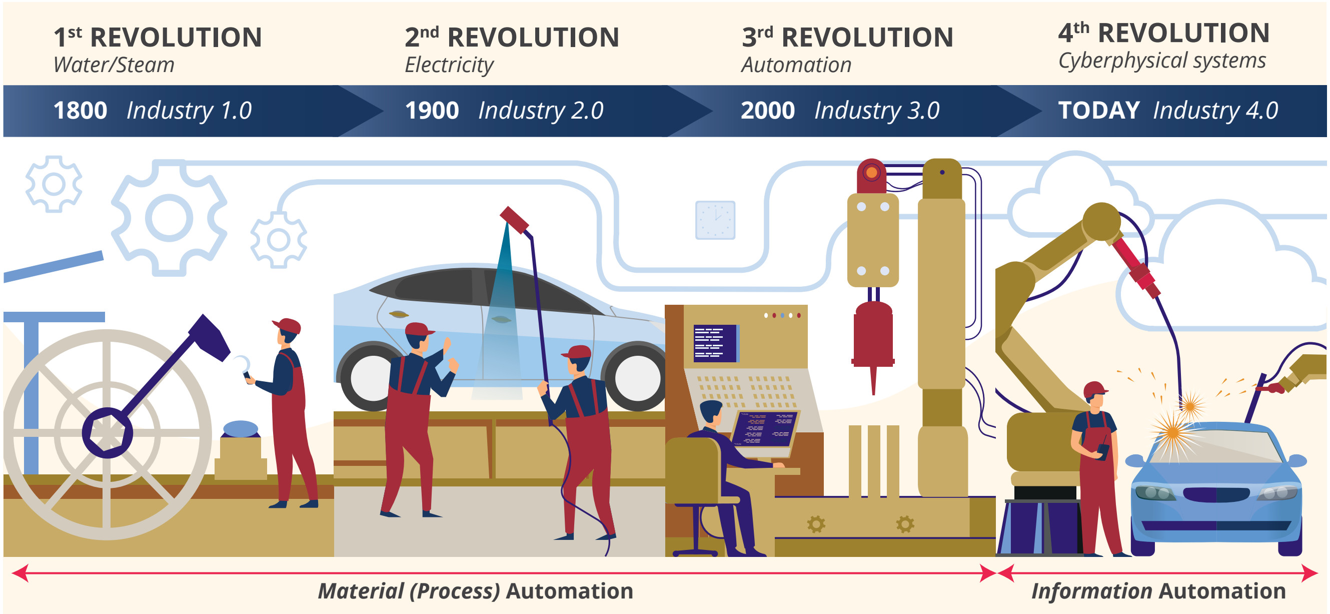
Leveraging on the strength of APM as a Group, we conduct annual AMS Assessment by way of site audit to provide a basis for measurement and scoring. Annual AMS Convention has been held since 2016 for benchmarking and continuous improvement purposes.

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

For the year 2020, a virtual convention was held on the 9 November 2020 with 2 companies sharing their Industry 4.0 initiatives. Our roadmap to Industry 4.0 starts with achieving Information Automation, which involved these processes, "Connect-Collect-Visualize-Analyse-Automate".

Overall Winner, AMS Kaizen Convention

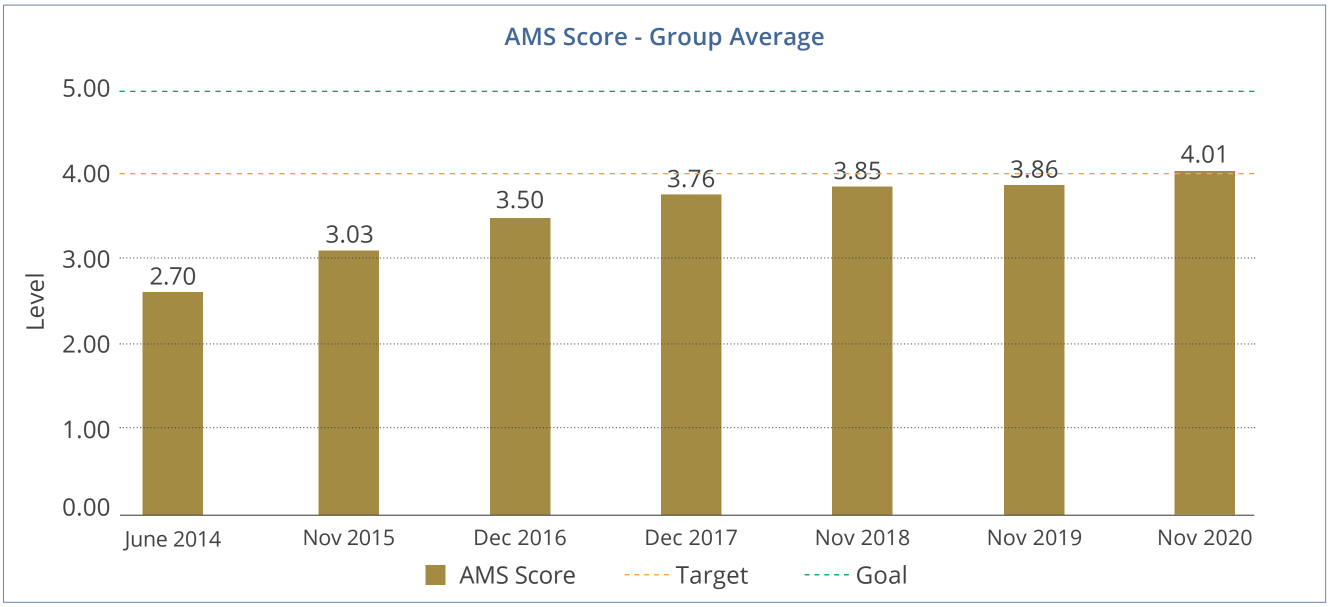
Sustainability Statement



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

Information automation not only provides real-time information but also enables remedial actions, which can be taken to reduce potential wastages or downtime. Big data gathered can then be analysed for future possible actions such as automation.

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



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

Sustainability Statement

ENVIRONMENT

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

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

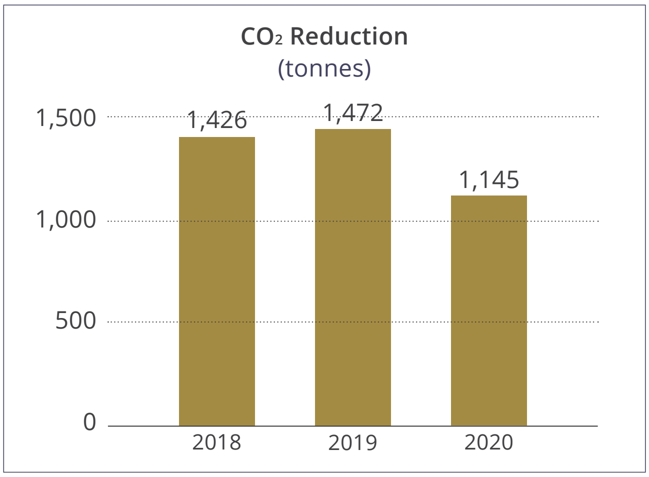
ENERGY

Solar Panels installed at APM Springs' plant

Most parts of our operations are regulated and among the sectors governed are wastewater and scheduled waste management, noise level, emissions and air quality. In this respect, we have established a series of environmental management initiatives like the installation of solar panels on the roof of some of our plants to increase our operating efficiency and for environmental impact reduction purposes. CO_2 reduction initiatives remained our primary focus in 2020 with significant reduction recorded.

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

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



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

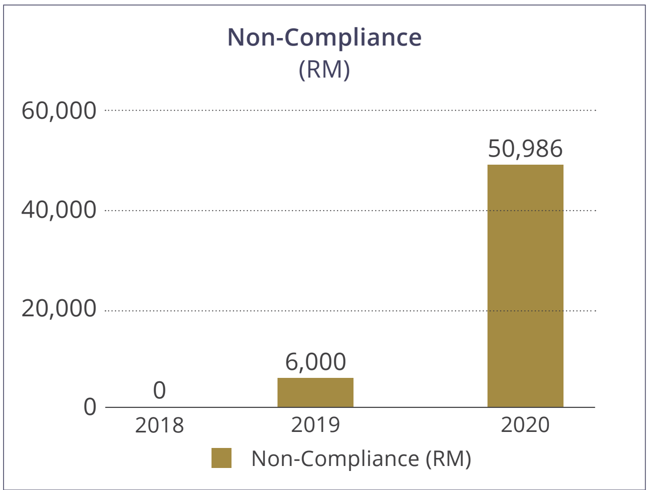
Total CO_2 Reduction for the year 2020 was recorded at 1,145 tonnes, which is lower than our expected result mainly due to lower production day caused by the lockdown. CO_2 Emission calculation is based on Green Tech Malaysia report, 2014.

Our operations in Australia have installed a 99kW Solar System consisting of 360 Solar Panels, 3 Fronius Inverters that could provide us with estimated CO_2 reduction of 134 tonnes.

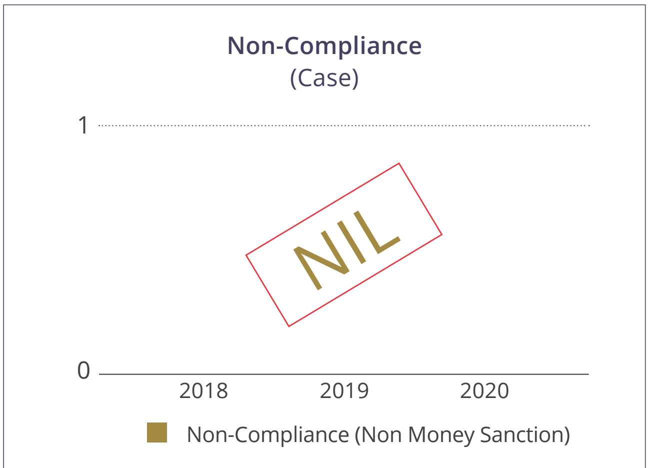
Solar panels installed at McConnell Seats Australia Pty Ltd's plant

ENVIRONMENTAL COMPLIANCE

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



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



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

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

SUPPLY CHAIN

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

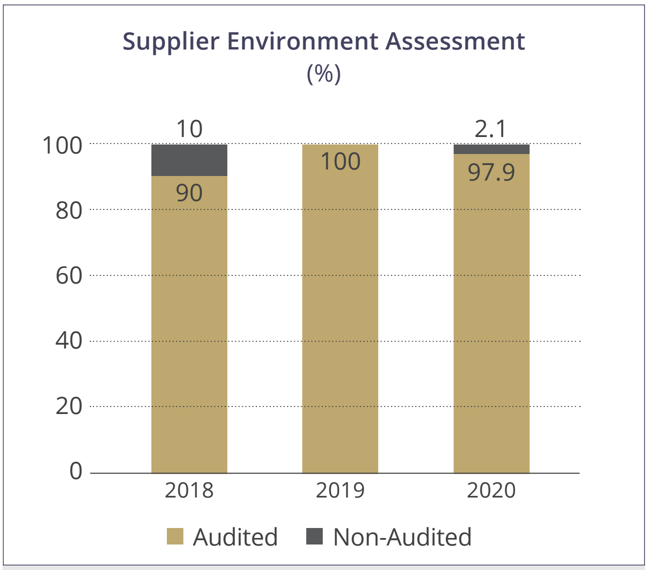
APM is striving towards the implementation of sustainability programmes to help in the preservation and protection of the environment by reducing production costs, reducing waste and increasing the use of reusable or recyclable materials. We are currently working with our supply chain to identify sources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

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

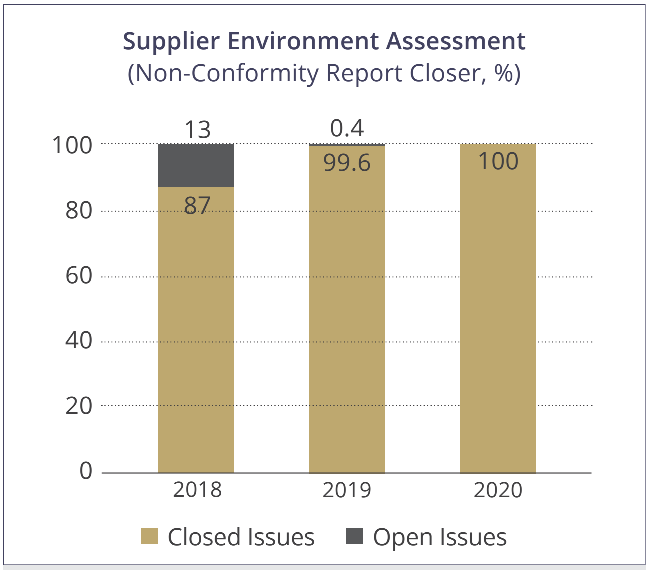
MATERIAL	RECYCLE	REUSED
Metal	Melt & Form	-
Plastics	Re-Palletised & Used	-
Paper/ Carton Boxes	Re-Process	Reused by Suppliers
Containers	Re-Process	Reused by Suppliers
Fabric/PVC Sheets	-	To Make Foam

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

The following represents the environmental impacts observed or assessed in our supply chain:



Assessment of new and existing supplier to identify environmental impact

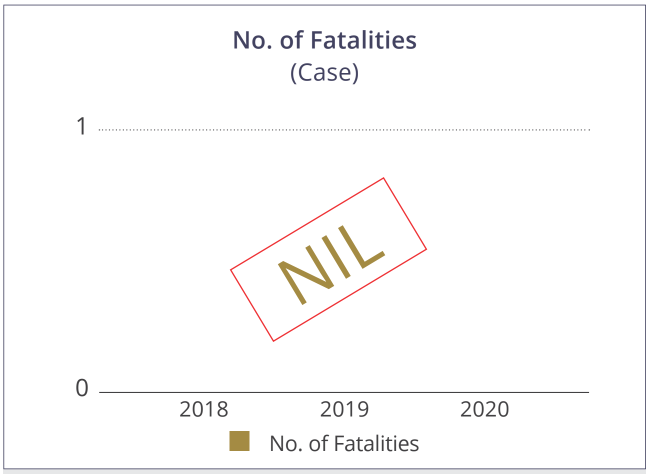


Results of monitoring or auditing of supplier

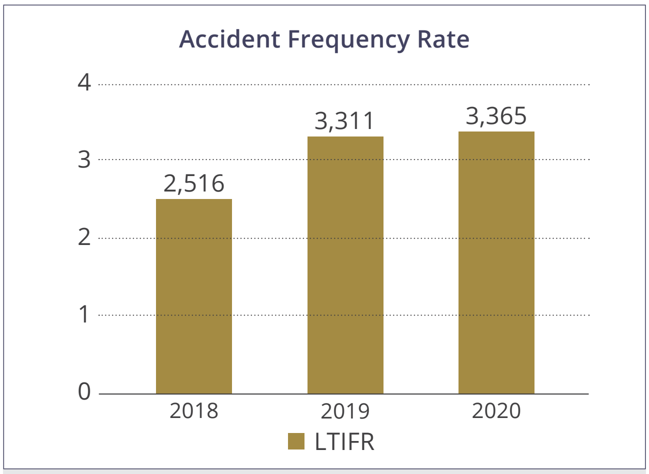
SOCIAL

OCCUPATIONAL SAFETY AND HEALTH

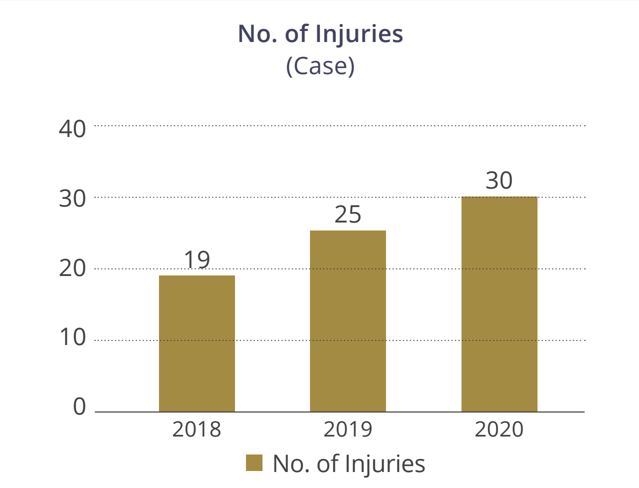
By definition, occupational safety and health ("OSH") according to the International Labour Organisation ("ILO"), refers to the anticipation recognition, evaluation and control of hazards arising in or from the workplace that could impair the health and well-being of workers. With a target of zero OSH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



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



Lost Time Injury Frequency Rate



Number of work related injuries per year (including employees and contractors)

WORKPLACE SAFETY

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

Lost Time Injury Frequency Rate ("LTIFR") has been included to provide benchmark to the industry. LTIFR < 1.28 was set during the mid-year review. The LTIFR for the year 2020 is slightly higher compared to the previous year.

LABOUR PRACTICES

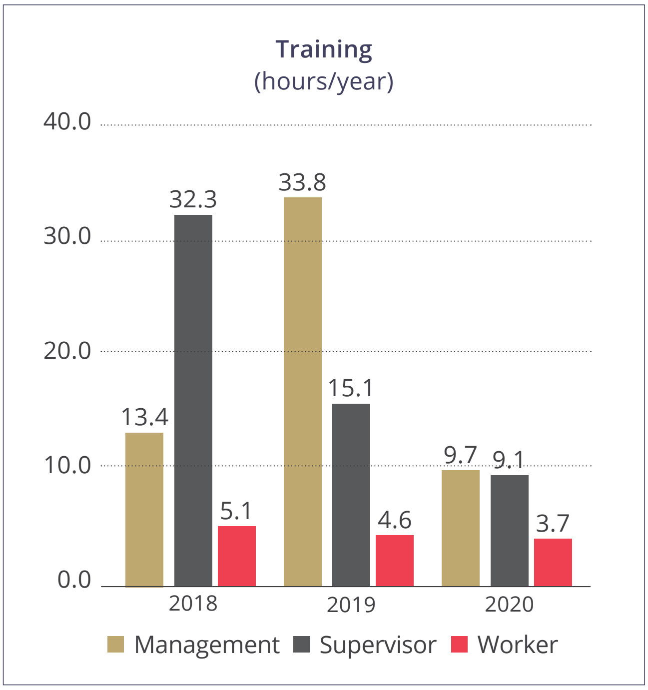
The success of any business is directly affected by the performance of its employees within the organisation, whether those employees are dealing directly with customers. Goals and targets can be expeditiously and consistently achieved by managing employee relationship and performance properly.

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

Training on AIAG-VDA-PFMEA dated 10 & 17 January 2020

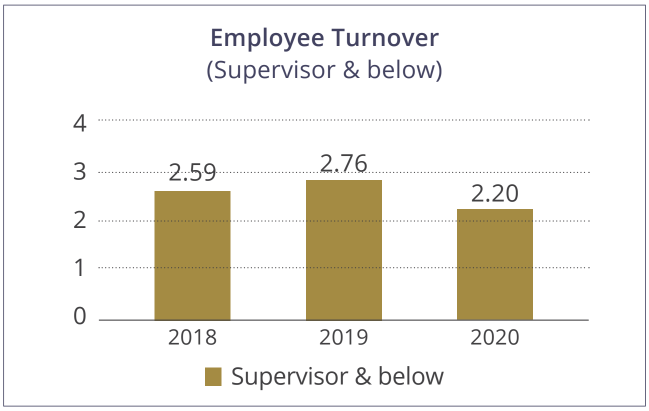
Sustainability Statement

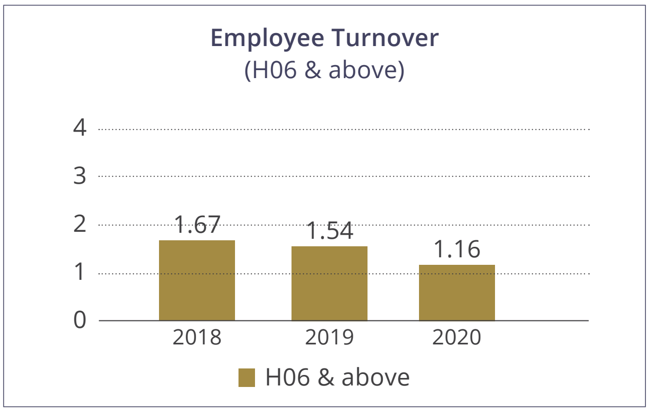
In this respect, we aim to provide at least 20 hours per year per employee on skill and knowledge development. Efforts are being taken to empower employee to participate in achieving the goal besides improving the system of gathering the information accurately.



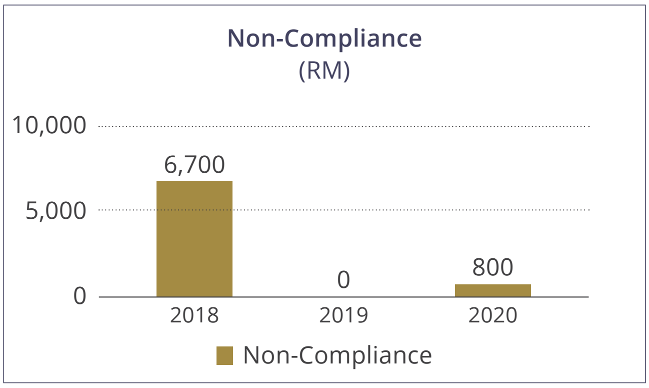
Training rooms are set-up for better training effectiveness and designed to provide hands-on experience whilst increasing skill levels so that employees are competent before the commencement of their job.

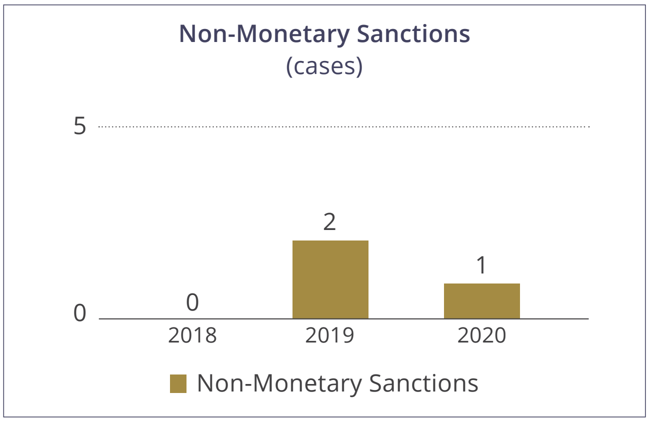
Defined as the act of replacing an employee with a new employee due to partings arising from termination, retirement, death, interagency transfers and resignations, APM's employee turnover is as follows:





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



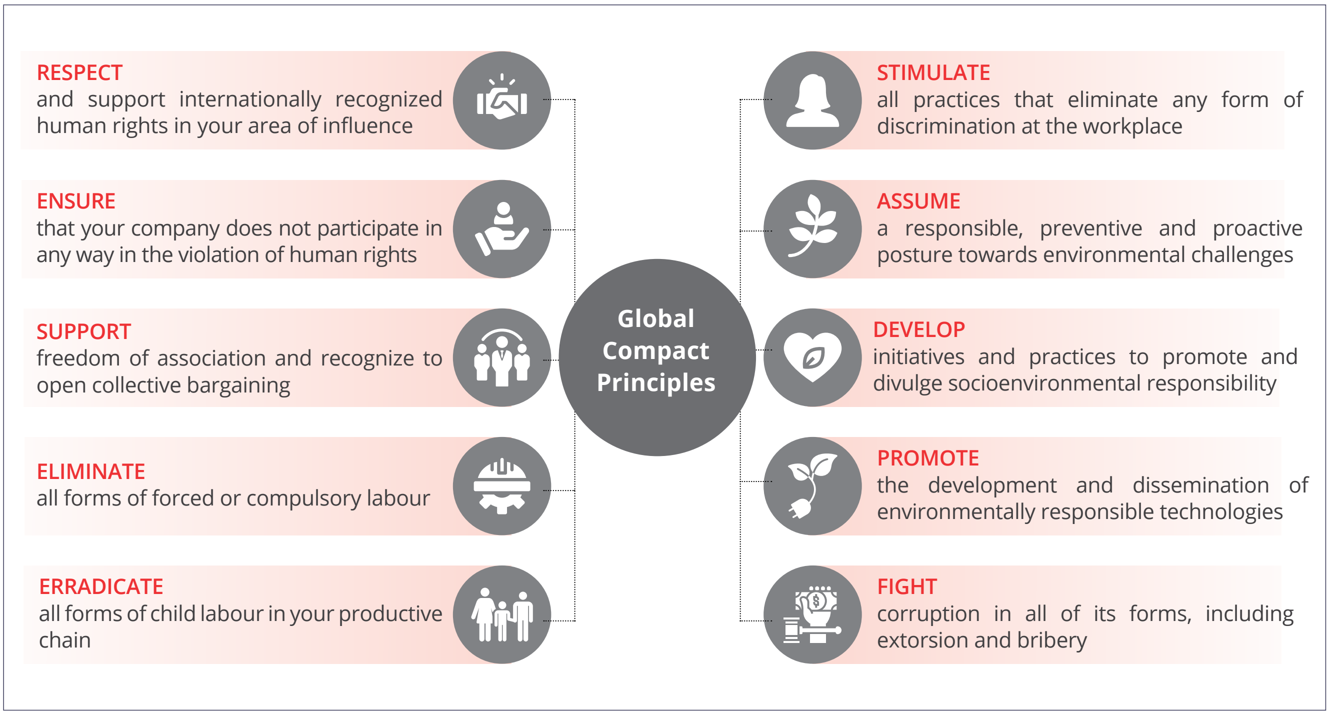


UNITED NATIONS ("UN") GLOBAL COMPACT

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

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

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



ANTI-CORRUPTION AND ANTI-BRIBERY POLICY

Our improved Anti-Corruption and Anti-Bribery Policy was approved by our Board on 21 February 2020 and had since been rolled out across the APM Group where a Group Integrity Officer has been appointed to oversee its overall management. This policy is designed to be in line with the latest development in the law against corruption in Malaysia.

No.	CATEGORY	THEMES		KEY PERFORMANCE INDICATORS (KPI)			
				Index	Indicators	Target	2020
10	SOCIAL	Human Rights	In accordance with the United Nations Universal Declaration or Human Rights, this is defined as/to include; 1. the right to not be discriminated against; 2. not be enslaved; 3. be treated with dignity;	10.1	Percentage of employees trained in human rights polices or procedures concerning aspects of human rights that are relevant to operations; Code Of Conduct	100%	98.4

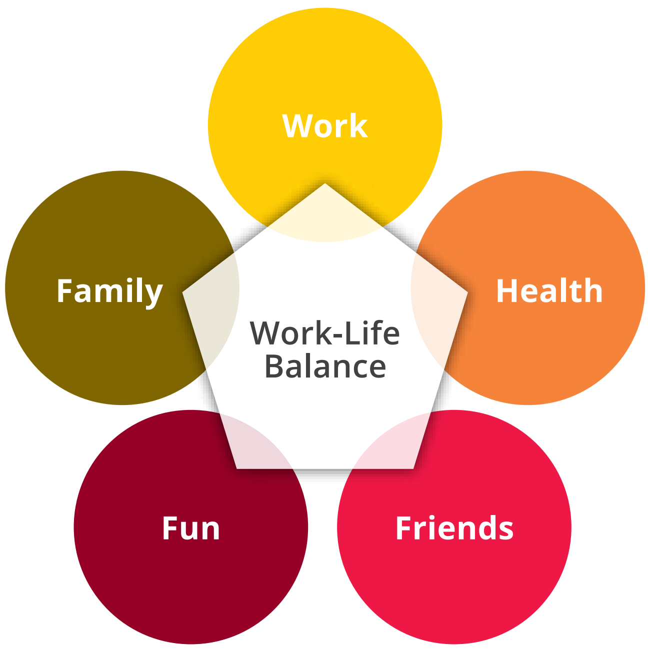
No.	CATEGORY	THEMES		KEY PERFORMANCE INDICATORS (KPI)			
				Index	Indicators	Target	2020
			4. have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay; and 5. the right to freedom of opinion and expression.	10.2	Number of Child Labour incidents	Zero Case	0
				10.3	Number of grievances about human rights issues	Zero Case	0
				10.4	Number of forced or compulsory labour incidents	Zero Case	0
11	**SOCIAL**	Anti-Competitive Behaviour	Concerning ethical business practices without affecting consumer choice, pricing and market efficiency.	11.1	Number of legal actions pending or completed regarding anti-competitive behaviour	Zero Case Pending	0
12	**SOCIAL**	Anti-Corruption	In accordance with Transparency Intentional Malaysia, corruption is defined as the abuse of entrusted power of private gain. This theme discuss activities that promoted transparency and guard against various forms of corruption (e.g. bribery, extortion, fraud, undue pressure of influence and collusion/anti-competitive behaviour).	12.1	Percentage of employees who have received training on anti-corruption by employee category	100%	99.9
				12.2	Percentage of operations assessed for risk related to corruption	100%	100
				12.3	Percentage of External Providers submitted the letter of undertaking on Anti-Corruption	100%	84

EMPLOYEE ENGAGEMENT & WORK-LIFE BALANCE

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

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

While there are many ways for organisations to manage work life balance and employer-employee relationship, but in APM, we prefer the more direct approach. The following is an example of an event, which we successfully organised in 2020 for our people with the aim of promoting better work life experience:



Sustainability Statement

HR Initiatives – Coffee Talks – Where the staffs are given the opportunity to voice their concerns and grievances

Coffee Talk which was held at Bukit Beruntung manufacturing facility on 8 January 2020

A SUSTAINABLE FUTURE

We subscribe to the narrative that sustainability management is the future and is the next phase of management innovation. Sustainability should be integrated into the heart of what we do as an organization. In this regard, we aim to manage the Material Sustainable Matters identified in this Report by putting into effect efforts that include the following:

(a) We will continue engaging in and looking into businesses that can or will contribute towards the preservation of the environment including participating in projects that encompasses the production and harnessing of renewable energy as well as projects involving the designing, assembly and manufacturing of EV components such as battery packs and battery management systems; and

(b) We will increase the frequency of our supply chain audit to ensure compliance with our Code of Conduct for Suppliers (which is available for viewing at www.apm.com.my). This code primarily governs the conduct of our suppliers, vendors and the like ("Suppliers") and is in line with the UN Global Compact. It sets out the minimum standards and requirements for which our Suppliers are expected to meet when they deal with us such as compliance with anti-bribery and anti-corruption laws, promoting human rights, supporting environmental protection and ensuring health and safety.

As we move ahead, we will continue with our efforts to also incorporate and promote a culture that involves the Economic, Environmental and Social with the ultimate aim of bringing balance between growth and meeting world standards in sustainability practices.

Corporate Governance Overview Statement

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

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

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

The Board reviews the Company's corporate governance practices with reference to the MCCG to ensure such practices broadly meet the expectations of shareholders as well as other stakeholders.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

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

All members of the Board are aware of their responsibility to take decisions objectively and collectively which promote the success of the Group for the benefits of shareholders and other stakeholders. The role and responsibilities of the Board are clearly set out in the Board Charter, which is available on the Company's website at www.apm.com.my. The Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect changes made to the terms of reference of the Board Committees. The Board Charter was last reviewed by the Board in February 2021.

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

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

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

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

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

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

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

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

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

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

Board Meetings

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

Corporate Governance Overview Statement

For the financial year under review, the Board convened five (5) Board meetings and attendances of the Directors are as follows:

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

Continuous Professional Development

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

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

Directors	Training/Seminar/Conference/Workshop
Dato' Tan Heng Chew	• Tan Chong Motor Holdings Berhad ("TCMH") : 2021 Budget Briefing by Tax Consultant, Mr. Tang Chin Fook • TCMH : Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
Low Seng Chee	• Automotive Management Consulting: Introduction into a Process Technology xFK-in-3D • In-house briefing by KPMG on Malaysian Financial Reporting Standard ("MFRS") 16 - Lease Arrangement • In-house training on Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
Dato' Tan Eng Hwa	• Malaysian Association of Company Secretaries ("MACS") : Workshop 2020 on Companies Act 2016 • In-house briefing by KPMG on MFRS 16 - Lease Arrangement • Deloitte TaxMax - The 46th Series Seminar • Companies Commission of Malaysia : Seminar on Companies Act 2016, Directors' Statutory Disclosures • In-house training on Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries • MACS : Violations of the Companies Act 2016 : Oversights by Directors and Secretaries
Dato' N. Sadasivan s/o N.N. Pillay	• In-house training on Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries

Corporate Governance Overview Statement

Directors	Training/Seminar/Conference/Workshop
Siow Tiang Sae	• In-house briefing by KPMG on MFRS 16 - Lease Arrangement • Association of Chartered Certified Accountants ("ACCA") : APAC Virtual Forum - Economic Outlook in an Uncertain World • ACCA : Analytics and Big Data for Accountants • Ever Edge Global : Rules of Engagement - Getting Due Diligence Right • Deloitte TaxMax - The 46th Series Seminar • In-house training on Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
Nicholas Tan Chye Seng	• Bursa Malaysia Berhad : Fraud Risk Management Workshop • Warisan TC Holdings Berhad ("WTCH") : Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
Sow Soon Hock	• In-house briefing by KPMG on MFRS 16 - Lease Arrangement • In-house training on Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
Lee Min On	• In-house briefing by KPMG on MFRS 16 - Lease Arrangement • See Hup Consolidated Berhad : Understand Financial Reporting & Implications of Inaccurate and/ or Delay in Reporting, including the roles of the Board, Audit Committee, Management, Company Secretary and Auditors • The Institute of Internal Auditors Malaysia : Webinar session on Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC 2009") Corporate Liability - Roles of the Internal Auditors • WTCH : Corruption Risk Management - Section 17A of MACC 2009 • Securities Industry Development Corporation : Listing Requirements on Corporate Governance Reporting • Kumpulan Perangsang Selangor Berhad : How Government, Risk & Controls are Intertwined to Provide Assurance on Business Sustainability • Malaysian Institute of Accountants : Webinar on Corporate Liability Provision of the MACC 2009 for Chief Financial Officers • Westport Holdings Berhad : Fraud Risk Management – Whose Responsibility is it? • Aeon Credit Service (M) Bhd – ERM Module 1 – An Introduction to Enterprise Risk Management • WTCH : Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries • In-house training on Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries • TCMH : Securities Commission Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries
Lee Tatt Boon	• The ICLIF Leadership and Governance Centre : Raising Defences – Section 17A of MACC 2009 • In-house briefing by KPMG on MFRS 16 - Lease Arrangement
Dato' Chan Choy Lin	• In-house briefing by KPMG on MFRS 16 - Lease Arrangement • GHL Systems Berhad : Briefing on Highlights of 2020 Budget by Crowe Malaysia PLT • Institute of Corporate Directors Malaysia ("ICDM") : 1st Distinguished Board Leadership Series • ICDM : Leading Through Crisis and Uncertainty • ICLIF Executive Education Centre-Raising Defence : Section 17A of MACC 2009 for Insurance • Financial Institutions Directors' Education Programme ("FIDE") : Emerging Risk Programme • KPMG : Chief Executive Officer Series Operation Resilience • FIDE : Climate Action - The Board's Leadership in Greening the Financial Sector • FIDE : Green Fintech - Ping An's journey becoming a top ESG performing Financial Institution • Bursa Malaysia Berhad : Fraud Risk Management Workshop • Ann Joo Resources Berhad : Training by Deloitte on MFRS and Tax Budget • In-house training on Guidelines on Conduct of Directors of Listed Corporations and their Subsidiaries

Corporate Governance Overview Statement

II. BOARD COMPOSITION

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

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

All the Board members are persons of high calibre and integrity, and they possess the appropriate skills and provide a wealth of knowledge and experience in the key areas of business strategy and planning, marketing and sales, business operations and development, finance, legal, corporate governance, accounting, risk management and audit. The profile of each Director is set out on pages 4 to 8 of this Annual Report.

Nominating and Remuneration Committee ("NRC")

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

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

Based on the annual assessment conducted in January 2021, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and had sufficiently demonstrated their commitment to the Group in terms of time and participation during the year under review, and, accordingly, the NRC recommended to the Board for the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried out by the NRC in discharging its functions were duly documented.

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

The NRC has conducted an assessment on the independence of Independent Non-Executive Directors for the financial year 2020 based on the criteria on independence adopted by the Board. Following an assessment and recommendation by the NRC, the Board was of the opinion that the independence of the existing Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company was not influenced by the interest of the other Directors or substantial shareholders.

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

Corporate Governance Overview Statement

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

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

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

III. REMUNERATION

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

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

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

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

The NRC has in January 2021 carried out an annual review of the Executive Directors' remuneration, whereupon recommendations were made to the Board for approval. Such annual review is to ensure that the remuneration package of the Executive Directors remains attractive enough to recruit, motivate and retain Directors of calibre, commensurate with their responsibilities for effective management and operations of the Group.

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

Details of Directors' remuneration for the financial year ended 31 December 2020 in respect of the Group and Company, including breakdown of remuneration in terms of fees, salaries, bonus, benefit-in-kinds, allowances and others of individual Directors on a named basis, are provided under Practice 7.1 of the Corporate Governance Report, which is available on the Company's website at www.apm.com.my.

PRINCIPLE B – EFFECTVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

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

One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and provisions of the Companies Act 2016. A summary of the activities carried out in 2020 by the Audit Committee are set out in the Audit Committee Report included in this Annual Report.

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

The Audit Committee has adopted a policy that requires a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee and such policy was incorporated in the terms of reference of the Audit Committee.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

I. COMMUNICATION WITH STAKEHOLDERS

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

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

II. CONDUCT OF GENERAL MEETINGS

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

The 23rd AGM of the Company, which was held on 6 August 2020, was conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via TIIH Online website at https://tiih.online, to be in line with Practice 12.3 of the MCCG to promote shareholders participation by leveraging technology means.

At the 23rd 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, 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. A summary of key matters discussed at the AGM is made available on the Company's website.

This Statement is dated 8 April 2021.

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 2020 and up to the date of approval of this Statement for inclusion in the Annual Report of the Company. For the purpose of disclosure, this Statement has considered the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers" ("Guidelines"), a publication of Bursa Securities, in particular the requirements under paragraphs 41 and 42 of the Guidelines and the Malaysian Code on Corporate Governance ("MCCG").

BOARD'S RESPONSIBILITY

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

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

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

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

RISK MANAGEMENT SYSTEM

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

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

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

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

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

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

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

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

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

The ABAC Policy is designed to set out and uphold the Group's stand on corruption as well as its core values and parameters on ethics, integrity and governance. The ABAC Policy largely sets out the framework and articulates the conduct and behaviours expected from all employees when dealing with the stakeholders. The ABAC Policy is applicable to all employees, regardless of their location, and compliance is mandatory. In this regard and in so far as external parties such as the Group's suppliers and vendor are concerned, the compliance with its 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.

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

Risk Management and Internal Control Statement

Commitment and discipline in managing risks are imperative to the success of the Group. Continuous efforts are taken by Management to monitor and assess the existing risk management framework, 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, etc. A process of hierarchical reporting is established via a structured organisation chart, which provides for a documented and auditable trail of accountability in respect of decisions made and executed.

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

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

INTERNAL AUDIT FUNCTION

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

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

For the financial year under review, the System and Internal Audit Department submitted its annual plan to the Audit Committee for approval before commencing internal audit work. The internal audit coverage took into consideration the significance of the business units within the Group as well as their respective risk profiles. Internal audit reports, which highlighted issues of concern, their implications, recommended corrective measures, Management's comments, and conclusions drawn by the Internal Audit, as well as the status of completion of internal audit vis-à-vis the annual plan, were submitted to the Audit Committee for review on a quarterly basis. The System and Internal Audit Department also followed up on the status of implementation of corrective actions by Management on issues raised by Internal Audit for onward reporting to the Audit Committee.

Risk Management and Internal Control Statement

For the financial year ended 31 December 2020, the System and Internal Audit Department covered the following business units/departments and business processes in its audits:

Business unit or department selected for internal audit	Business processes (including risks covered)
APM Automotive Modules Sdn. Bhd.	Revenue management; Effectiveness of hedging process; Effectiveness of risk management; Trade receivables review; Cash and bank balance management; and Balance sheet review.
Fuji Seats (Malaysia) Sdn. Bhd.	Procurement management; Standard Operating Procedures for COVID-19; Effectiveness of anti-corruption program; Existence of investment; Cash and bank balance management; Trade receivables review; and Balance sheet review.
APM Auto Parts Marketing (Malaysia) Sdn. Bhd.	Credit control management; Expenses management; Personal Data Protection Act review; Effectiveness of risk management; Trade receivables review; Cash and bank balance management; and Balance sheet review.
APM Group of Companies	Standard Operating Procedures for COVID-19 review – Port Klang; Standard Operating Procedures for COVID-19 review – Bukit Beruntung; Recurrent Related Party Transactions review; Stock variances review; Fire extinguisher review; and Sustainability report – limited assurance review.

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 2020. 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 obtained from the Corporate Governance Guide – Pull-out II Guidance on Effective Audit and Risk Management 3rd Edition, a publication of Bursa Securities, to assess the competency of the Head of System and Internal Audit Department and sufficiency of resources available to the System and Internal Audit Department to carry out its responsibilities.

The costs incurred on the System and Internal Audit Department for the financial year ended 31 December 2020 amounted to approximately RM491,000 (2019: RM662,000).

BOARD'S COMMENTS AND ASSURANCE BY THE MANAGEMENT

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

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

Risk Management and Internal Control Statement

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

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

REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Risk Management and Internal Control Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the annual report of the Company for the year ended 31 December 2020, and reported to the Board that nothing has come to their attention that caused them to believe that the Statement intended to be included in the annual report of the Company, in all material respect:

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

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

This Statement is dated 8 April 2021.

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 2020.

The Audit Committee was established on 1 November 1999. The terms of reference of the Audit Committee were last reviewed by the Board on 25 February 2021.

COMPOSITION AND MEETINGS

The Audit Committee comprises the following directors and their attendances at the five (5) meetings held during the financial year ended 31 December 2020 are as follows:

Name	Attendance
Lee Min On *Chairman* *Independent Non-Executive Director*	5/5
Dato' N. Sadasivan s/o N.N. Pillay *Member* *Senior Independent Non-Executive Director*	4/5
Lee Tatt Boon *Member* *Independent Non-Executive Director*	5/5
Dato' Chan Choy Lin *Member* *Independent Non-Executive Director*	5/5

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

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

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

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

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

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

Audit Committee Report

SUMMARY OF ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE

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

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

Financial Reporting

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

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

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

External and Internal Auditors

(1) Reviewed the audit findings for the financial year ended 31 December 2020 highlighted by the External Auditors as well as weaknesses in the internal control systems of companies in the Group that required improvements. The Audit Committee also deliberated on the responses from Management and evaluated the improvement action plans proposed by Management to ensure that the areas of concern were adequately mitigated;

(2) Reviewed the External Auditors' Audit Plan of the Group for the financial year ended 31 December 2020, including the scope of work and audit approach adopted by the External Auditors, the risk areas focused on by the External Auditors (including potential key audit matters that might be included in their report), the engagement team, audit materiality and audit timetable. Key changes to the Malaysian Financial Reporting Standards and International Financial Reporting Standards, auditing standards as well as the Main Market Listing Requirements of Bursa Securities, including their consequential impacts thereon, were deliberated and noted;

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

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

(5) Reviewed and approved the nature of, and fees for, non-audit services provided by the External Auditors and their affiliates in accordance with the Group's Policy on Non-Audit Services to ensure that such non-audit services did not compromise the objectivity and independence of the External Auditors. Details of non-audit fees incurred by the Company and Group for the financial year ended 31 December 2020 are stated in the Other Statements and Disclosures of the Annual Report;

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

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

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

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

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

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

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

Other Matters

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

(2) Reviewed the Terms of Reference of the Audit Committee and Anti-Bribery and Anti-Corruption Policy, including amendments made thereto for the Board's approval.

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

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

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

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

Audit Committee Report

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

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

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

This Report is dated 8 April 2021.

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 2020 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 2020 were as follows:

	Company 2020 RM'000	Group 2020 RM'000
Statutory audit fees	57	493
Non-audit fees*	18	304

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

Statement on Directors' Responsibility

for preparing the Audited Financial Statements

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

In preparing the financial statements for the year ended 31 December 2020, the Directors have:

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

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

FINANCIAL STATEMENTS

Directors' Report

for the year ended 31 December 2020

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 2020.

PRINCIPAL ACTIVITIES

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

SUBSIDIARIES

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

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(10,469)	36,830
Non-controlling interests	15,842	-
	5,373	36,830

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 Company paid a final single tier dividend of 5.0 sen per ordinary share totalling approximately RM9,775,000 in respect of the financial year ended 31 December 2019 declared on 22 June 2020 which was approved by the shareholders at the Twenty-Third Annual General Meeting held on 6 August 2020 and paid on 26 August 2020.

The Directors propose a final single tier dividend of 7.0 sen per ordinary share totalling approximately RM13,685,000 in respect of the financial year ended 31 December 2020. This dividend is subject to the approval of shareholders of the Company at the forthcoming Annual General Meeting.

DIRECTORS OF THE COMPANY

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

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

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

DIRECTORS' INTERESTS IN SHARES

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

	Number of ordinary shares			
	At 1.1.2020	Bought	Sold	At 31.12.2020
Interests in the Company:				
Dato' Tan Heng Chew	6,445,799	4,165,000	-	10,610,799
Dato' Tan Eng Hwa	207,008	-	-	207,008
Nicholas Tan Chye Seng	185,600	-	(185,600)	-
Siow Tiang Sae	2,050	-	-	2,050
Deemed interests in the Company:				
Dato' Tan Heng Chew	92,207,784[(1)]	223,600	(185,600)	92,245,784[(3)]
Dato' Tan Eng Hwa	7,128[(2)]	-	-	7,128[(2)]

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

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

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

Directors' Report

for the year ended 31 December 2020 (cont'd)

DIRECTORS' INTERESTS IN SHARES *(cont'd)*

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

None of the other Directors holding office at 31 December 2020 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than those fees and other benefits included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 30 to the financial statements.

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

LIST OF DIRECTORS OF SUBSIDIARIES

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

Director	Alternate
Dato' Haji Kamaruddin @ Abas Bin Nordin	
Dato' Cheah Sam Kip	
Albert Chang Mun	
Adrian Low Kok Kiong	
Chin Sze Cheon	
Chirala Venkata Pandurangarao	
Chye Mun Heng	
Dr. Fun Woh Peng	
Foo Fong Yong	
Hitoshi Fujita	
Jun Kutomi	Hiroaki Yamada
Kho Kiat Seng	
Khoo Peng Peng	
Lim Kuan Lock	
Ling I Yeng	
Mark Bent	
Ng Boon Hooi	
Phang Cheok Hoong	
Raasi Ureeeya A/P Rajandran	
Raj Kissu A/L Rajandran	
Takeshi Fujita	
Tan Chin Yew	
Taro Nakayama	
Thong Chee Kuan	
Yeoh Lam Guan	
Yusuke Iizuka	

Directors' Report

for the year ended 31 December 2020 (cont'd)

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

During the financial year, the Company repurchased 88,200 of its issued ordinary shares from the open market at an average price of RM2.20 per ordinary share. The total consideration paid for the shares repurchased including transaction costs was RM194,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 31 December 2020, 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 RM49,000.

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

OTHER STATUTORY INFORMATION

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

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

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

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

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

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

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

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

Directors' Report

for the year ended 31 December 2020 (cont'd)

OTHER STATUTORY INFORMATION *(cont'd)*

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

SIGNIFICANT EVENTS

Significant events during the financial year ended 31 December 2020 are disclosed in Note 35 to the financial statements.

SUBSEQUENT EVENT

Event subsequent to the financial year ended 31 December 2020 is disclosed in Note 36 to the financial statements.

CONSOLIDATION OF SUBSIDIARIES WITH DIFFERENT FINANCIAL YEAR END

The Companies Commission of Malaysia ("CCM") had on 3 March 2021 granted an order pursuant to Section 247(7) of the Companies Act 2016 approving the application by the Company to allow its subsidiaries, namely APM Auto Components Myanmar Co. Ltd. and APM Motors India Private Limited to adopt a financial year end of 30 September and 31 March, respectively, which do not coincide with that of the Company, subject to the following conditions:

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

ii) The Company is to ensure compliance with Section 252 and 253 of the Companies Act 2016 and 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 2020 have been used for the purpose of preparing the consolidated financial statements of the Group.

Directors' Report
for the year ended 31 December 2020 (cont'd)

AUDITORS

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

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

Low Seng Chee
Director

Dato' Tan Eng Hwa
Director

Selangor Darul Ehsan

Date: 8 April 2021

Statements of Financial Position

as at 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	682,270	617,305	-	-
Investment properties	4	106,660	112,560	-	-
Investments in subsidiaries	5	-	-	592,363	577,722
Investment in an associate	6	-	898	-	-
Investments in joint ventures	7	55,286	31,723	-	-
Intangible assets	8	24,577	18,526	-	-
Deferred tax assets	9	23,998	17,659	-	-
Total non-current assets		892,791	798,671	592,363	577,722
Inventories	10	277,189	269,906	-	-
Other investments	11	206,251	169,195	15,808	-
Current tax assets		5,742	14,552	133	133
Trade and other receivables, including derivatives	12	236,350	272,061	15,616	18,525
Deposits and prepayments	13	29,378	34,701	65	89
Cash and cash equivalents	14	203,837	179,772	1,811	2,424
Total current assets		958,747	940,187	33,433	21,171
Total assets		1,851,538	1,738,858	625,796	598,893
Equity					
Share capital		219,498	219,498	219,498	219,498
Reserves		1,110,863	1,067,387	416,739	389,684
Treasury shares		(13,506)	(13,312)	(13,506)	(13,312)
Equity attributable to owners of the Company	15	1,316,855	1,273,573	622,731	595,870
Non-controlling interests		71,023	75,179	-	-
Total equity		1,387,878	1,348,752	622,731	595,870
Liabilities					
Employee benefits	16	29,752	25,383	2,024	1,850
Lease liabilities		12,883	13,204	-	-
Loans and borrowings	17	192	-	-	-
Deferred tax liabilities	9	65,828	51,082	-	-
Total non-current liabilities		108,655	89,669	2,024	1,850
Loans and borrowings	17	87,399	71,696	-	-
Lease liabilities		2,729	3,456	-	-
Provisions	18	9,461	7,616	-	-
Trade and other payables, including derivatives	19	245,577	214,222	1,041	1,173
Current tax liabilities		9,839	3,447	-	-
Total current liabilities		355,005	300,437	1,041	1,173
Total liabilities		463,660	390,106	3,065	3,023
Total equity and liabilities		1,851,538	1,738,858	625,796	598,893

The notes on pages 86 to 166 are an integral part of these financial statements.

Statements of Financial Position

as at 31 December 2020 (in USD Equivalent)

	Group	
	2020 USD'000	2019 USD'000
Assets		
Property, plant and equipment	170,015	150,857
Investment properties	26,579	27,508
Investment in an associate	-	220
Investments in joint ventures	13,777	7,753
Intangible assets	6,125	4,528
Deferred tax assets	5,981	4,316
Total non-current assets	222,477	195,182
Inventories	69,073	65,960
Other investments	51,396	41,348
Current tax assets	1,431	3,557
Trade and other receivables, including derivatives	58,897	66,487
Deposits and prepayments	7,321	8,481
Cash and cash equivalents	50,795	43,933
Total current assets	238,913	229,766
Total assets	461,390	424,948
Equity		
Share capital	54,037	54,037
Reserves	277,477	260,452
Treasury shares	(3,366)	(3,254)
Equity attributable to owners of the Company	328,148	311,235
Non-controlling interests	17,699	18,373
Total equity	345,847	329,608
Liabilities		
Employee benefits	7,414	6,204
Lease liabilities	3,211	3,227
Loans and borrowings	48	-
Deferred tax liabilities	16,404	12,484
Total non-current liabilities	27,077	21,915
Loans and borrowings	21,779	17,522
Lease liabilities	681	845
Provisions	2,358	1,862
Trade and other payables, including derivatives	61,195	52,352
Current tax liabilities	2,453	844
Total current liabilities	88,466	73,425
Total liabilities	115,543	95,340
Total equity and liabilities	461,390	424,948

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 RM4.013 = USD1.00 (2019 - RM4.092 = USD1.00) which approximates the prevailing rate on 31 December 2020.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	20	1,123,558	1,496,940	50,000	44,500
Cost of sales		(971,706)	(1,282,228)	-	-
Gross profit		151,852	214,712	50,000	44,500
Other income		21,778	21,290	1,130	1,246
Distribution expenses		(24,336)	(23,810)	-	-
Administrative expenses		(106,718)	(119,665)	(13,816)	(4,463)
Net (loss)/gain on impairment of financial instruments		(1,709)	(286)	19	493
Other expenses		(24,700)	(20,955)	(876)	(1,267)
Results from operating activities		16,167	71,286	36,457	40,509
Finance costs	21	(5,111)	(5,997)	-	(6)
Finance income	22	7,818	9,880	498	793
Net finance income		2,707	3,883	498	787
Share of loss of equity - accounted associate, net of tax		(641)	(4,946)	-	-
Share of loss of equity - accounted joint ventures, net of tax		(2,816)	(1,448)	-	-
Profit before tax	23	15,417	68,775	36,955	41,296
Income tax expense	25	(10,044)	(20,362)	(125)	(77)
Profit for the year		5,373	48,413	36,830	41,219
Other comprehensive (expense)/ income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		-	(1,492)	-	(377)
Revaluation of properties and right-of-use assets		68,022	31,727	-	-
		68,022	30,235	-	(377)
Items that will be reclassified subsequently to profit or loss					
Foreign currency translation differences for consolidated subsidiaries		(3,532)	4,456	-	-
Foreign currency translation differences for equity-accounted associate and joint ventures		(223)	1,099	-	-
		(3,755)	5,555	-	-
Other comprehensive income/(expense) for the year, net of tax	26	64,267	35,790	-	(377)
Total comprehensive income for the year		69,640	84,203	36,830	40,842

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020 (cont'd)

		Group		Company	
	Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit attributable to:					
Owners of the Company		(10,469)	27,237	36,830	41,219
Non-controlling interests		15,842	21,176	-	-
Profit for the year		5,373	48,413	36,830	41,219
Total comprehensive income attributable to:					
Owners of the Company		53,251	62,969	36,830	40,842
Non-controlling interests		16,389	21,234	-	-
Total comprehensive income for the year		69,640	84,203	36,830	40,842
Basic (loss)/earnings per ordinary share (sen)	27	(5.36)	13.93		

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020 (in USD Equivalent)

	Group	
	2020 USD'000	2019 USD'000
Revenue	267,578	361,492
Cost of sales	(231,414)	(309,642)
Gross Profit	36,164	51,850
Other income	5,187	5,141
Distribution expenses	(5,796)	(5,750)
Administrative expenses	(25,415)	(28,898)
Net loss on impairment of financial instruments	(407)	(69)
Other expenses	(5,882)	(5,060)
Results from operating activities	3,851	17,214
Finance costs	(1,217)	(1,448)
Finance income	1,862	2,386
Net finance income	645	938
Share of loss of equity-accounted associate, net of tax	(153)	(1,194)
Share of loss of equity-accounted joint ventures, net of tax	(671)	(350)
Profit before tax	3,672	16,608
Income tax expense	(2,392)	(4,917)
Profit for the year	1,280	11,691
Other comprehensive (expense)/income, net of tax		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability	-	(360)
Revaluation of properties and right-of-use assets	16,200	7,662
	16,200	7,302
Items that will be reclassified subsequently to profit or loss		
Foreign currency translation differences for consolidated subsidiaries	(841)	1,076
Foreign curency translation differences for equity-accounted associate and joint ventures	(53)	265
	(894)	1,341
Other comprehensive income for the year, net of tax	15,306	8,643
Total comprehensive income for the year	16,586	20,334
(Loss)/Profit attributable to:		
Owners of the Company	(2,493)	6,577
Non-controlling interests	3,773	5,114
Profit for the year	1,280	11,691
Total comprehensive income attributable to:		
Owners of the Company	12,682	15,206
Non-controlling interests	3,904	5,128
Total comprehensive income for the year	16,586	20,334
Basic (loss)/earnings per ordinary share (sen)	(1.28)	3.36

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 RM4.199= USD1.00 (2019 - RM4.141= USD1.00) which approximates the prevailing rate on 31 December 2020.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

		← Attributable to owners of the Company →							
		← Non-distributable		→		Distributable			
Group	Note	Share capital RM'000	Treasury shares RM'000	Revaluation reserve RM'000	Translation reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019		219,498	(13,312)	104,341	(5,701)	929,247	1,234,073	67,948	1,302,021
Remeasurement of defined benefit liability	26	-	-	-	-	(1,550)	(1,550)	58	(1,492)
Revaluation of right-of-use assets	26	-	-	31,727	-	-	31,727	-	31,727
Foreign currency translation differences for consolidated subsidiaries	26	-	-	-	4,456	-	4,456	-	4,456
Foreign currency translation differences for equity-accounted associate and joint ventures	26	-	-	-	1,099	-	1,099	-	1,099
Transfer of revaluation surplus on properties		-	-	(4,909)	-	4,909	-	-	-
Total other comprehensive income for the year		-	-	26,818	5,555	3,359	35,732	58	35,790
Profit for the year		-	-	-	-	27,237	27,237	21,176	48,413
Total comprehensive income for the year		-	-	26,818	5,555	30,596	62,969	21,234	84,203
Dividends to owners of the Company									
- Final 2018 ordinary	28	-	-	-	-	(13,690)	(13,690)	-	(13,690)
- Interim 2019 ordinary	28	-	-	-	-	(9,779)	(9,779)	-	(9,779)
Dividends to non-controlling interests		-	-	-	-	-	-	(14,003)	(14,003)
Total transactions with owners of the Company		-	-	-	-	(23,469)	(23,469)	(14,003)	(37,472)
At 31 December 2019		219,498	(13,312)	131,159	(146)	936,374	1,273,573	75,179	1,348,752
		Note 15	Note 15	Note 15	Note 15				

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020 (cont'd)

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

The notes on pages 86 to 166 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2020

		Attributable to owners of the Company			
		Non-distributable		Distributable	
	Note	Share capital	Treasury shares	Retained earnings	Total equity
Company		RM'000	RM'000	RM'000	RM'000
At 1 January 2019		219,498	(13,312)	372,311	578,497
Remeasurement of defined benefit liability	26	-	-	(377)	(377)
Profit for the year		-	-	41,219	41,219
Total comprehensive income for the year		-	-	40,842	40,842
Dividends to owners of the Company					
- Final 2018 ordinary	28	-	-	(13,690)	(13,690)
- Interim 2019 ordinary	28	-	-	(9,779)	(9,779)
Total transactions with owners of the Company		-	-	(23,469)	(23,469)
At 31 December 2019/1 January 2020		219,498	(13,312)	389,684	595,870
Profit for the year		-	-	36,830	36,830
Total comprehensive income for the year		-	-	36,830	36,830
Own shares acquired		-	(194)	-	(194)
Dividends to owners of the Company					
- Final 2019 ordinary	28	-	-	(9,775)	(9,775)
Total transactions with owners of the Company		-	(194)	(9,775)	(9,969)
At 31 December 2020		219,498	(13,506)	416,739	622,731
		Note 15	Note 15		

The notes on pages 86 to 166 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities					
Profit before tax		15,417	68,775	36,955	41,296
Adjustments for:					
Amortisation of intangible assets	8	3,308	7,468	-	-
Change in fair value of investment properties	4	-	(1,040)	-	-
Depreciation of property, plant and equipment	3	47,849	50,055	-	-
Depreciation of right-of-use assets	3	6,466	4,651	-	-
Derecognition of net of right-of-use assets #		(17)	-	-	-
Employee benefits	16	5,156	3,420	174	202
Finance costs	21	5,111	5,997	-	6
Impairment loss on:					
- investment in an associate	6	247	4,201	-	-
- investments in subsidiaries	5	-	-	9,582	-
- property, plant and equipment		2,500	-	-	-
Intangible assets written off	8	179	1,500	-	-
Interest income	22	(7,818)	(9,880)	(498)	(793)
Net gain on disposal of property, plant and equipment		(1,356)	(551)	-	-
Net loss/(gain) on impairment loss of financial instruments		1,709	286	(19)	(493)
Net inventories written down to net realisable value	10	7,229	2,146	-	-
Provision for warranties	18	5,819	4,364	-	-
Provision for warranties reversed	18	(1,605)	(4,286)	-	-
Property, plant and equipment written off		78	246	-	-
Share of loss of an associate, net of tax		641	4,946	-	-
Share of loss of joint ventures, net of tax		2,816	1,448	-	-
Operating profit before changes in working capital		93,729	143,746	46,194	40,218
Deposits and prepayments		5,323	(7,725)	24	(24)
Inventories		(14,512)	5,746	-	-
Trade and other payables, including derivatives		31,355	(29,445)	(132)	(1,147)
Trade and other receivables, including derivatives		34,002	(21,458)	2,928	2,880
Cash generated from operations		149,897	90,864	49,014	41,927

Statements of Cash Flows
for the year ended 31 December 2020 (cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Cash flows from operating activities *(cont'd)*					
Cash generated from operations		149,897	90,864	49,014	41,927
Employee benefits paid	16	(924)	(1,755)	-	-
Interest received	22	7,818	9,880	498	793
Interest paid	21	(5,111)	(5,997)	-	(6)
Provision for warranties utilised	18	(2,369)	(1,444)	-	-
Income tax refunded		11,630	8,925	-	75
Income tax paid		(16,835)	(26,797)	(125)	(315)
Net cash from operating activities		144,106	73,676	49,387	42,474
Cash flows from investing activities					
Acquisition of property, plant and equipment *	3	(45,292)	(31,886)	-	-
Additions of intangible assets	8	(9,039)	(9,259)	-	-
Net (increase)/decrease in other investments		(37,056)	(29,117)	(15,808)	12,072
Investments in subsidiaries		-	-	(24,223)	(32,102)
Investments in joint ventures		(28,337)	-	-	-
Proceeds from disposal of property, plant and equipment		20,773	764	-	-
Net cash used in investing activities		(98,951)	(69,498)	(40,031)	(20,030)
Cash flows from financing activities					
Payment of lease liabilities		(2,281)	(3,196)	-	-
Net cash outflow from deconsolidation of subsidiary		(545)	-	-	-
Dividends paid to non-controlling interests		(20,000)	(14,003)	-	-
Dividends paid to owners of the Company	28	(9,775)	(23,469)	(9,775)	(23,469)
Drawdown of loans and borrowings		70,179	30,929	-	-
Repayment of loans and borrowings		(54,284)	(40,728)	-	-
Own shares acquired		(194)	-	(194)	-
Net cash used in financing activities		(16,900)	(50,467)	(9,969)	(23,469)

* Excludes additions of right-of-use assets.
\# Offset against the termination of lease.

Statements of Cash Flows

for the year ended 31 December 2020 (cont'd)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Net increase/(decrease) in cash and cash equivalents		28,255	(46,289)	(613)	(1,025)
Effect of exchange rate fluctuations		(4,190)	272	-	-
Cash and cash equivalents at beginning of year		179,772	225,789	2,424	3,449
Cash and cash equivalents at end of year	*(i)*	203,837	179,772	1,811	2,424

(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 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Deposits placed with licensed banks	14	88,468	74,384	1,005	344
Cash and bank balances	14	115,369	105,388	806	2,080
		203,837	179,772	1,811	2,424

Cash outflows for leases as a lessee

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases		887	743	-	-
Interest paid in relation to lease liabilities	21	1,481	1,558	-	-
Included in net cash from financing activities:					
Payment of lease liabilities		2,281	3,196	-	-
Total cash outflows for leases		4,649	5,497	-	-

Statements of Cash Flows

for the year ended 31 December 2020 (cont'd)

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

Group	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2019 RM'000
Unsecured foreign currency loans/ borrowings	52,240	1,556	-	-	53,796
Unsecured local currency borrowings	29,255	(11,355)	-	-	17,900
Lease liabilities	18,360	(3,196)	1,670	(174)	16,660
Total liabilities from financing activities	99,855	(12,995)	1,670	(174)	88,356

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

The notes on pages 86 to 166 are an integral part of these financial statements.

Notes to the Financial Statements

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

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

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

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in an associate and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include other entities.

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

These financial statements were authorised for issue by the Board of Directors on 8 April 2021.

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 2020:-

- Amendments to MFRS 3, *Business Combination – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108, *Accounting Policies, Change in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments,* MFRS 139, *Financial Instruments: Recognition and Measurement,* MFRS 6, *Leases* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors*

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020

- Amendment to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

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

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments*: *Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

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

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018−2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment − Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets − Onerous Contracts − Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018−2020)*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023
- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

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 2021 for those amendments that are effective for annual periods beginning on or after 1 June 2020 and 1 January 2021;

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

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

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

Notes to the Financial Statements
(cont'd)

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

(d) Use of estimates and judgements

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

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

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

- Note 3 - valuation of property, plant and equipment;
- Note 3.2 - extension options in relation to leases;
- Note 4 - valuation of investment properties;
- Note 18 - provision for warranties; and
- Note 33 - measurement of expected credit loss ("ECL").

2. Significant accounting policies

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

(a) Basis of consolidation

(i) Subsidiaries

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

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

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

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

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

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(v) Associates

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

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.

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

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

(v) Associates *(cont'd)*

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

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

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

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

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

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

(vii) Non-controlling interests

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

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

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

(vii) **Non-controlling interests** *(cont'd)*

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.

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

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

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

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

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

(b) Foreign currency *(cont'd)*

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

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 policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

(a) Amortised cost

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

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

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

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

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

Financial assets *(cont'd)*

(b) Fair value through profit or loss

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

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

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

Financial liabilities

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

(a) Fair value through profit or loss

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

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

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

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

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

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

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)*

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

(b) Amortised cost

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

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

(iii) Derecognition

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

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

(iv) Offsetting

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

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

(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.

(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.

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

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

(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 designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

(e) Leases *(cont'd)*

(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.

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.

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)*

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

(ii) Development expenditure

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

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

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

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

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

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

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

(iii) **Technical know-how**

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

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

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

(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.

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.

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. Expected credit losses are a probability-weighted estimate of credit losses.

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

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

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

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

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

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

Notes to the Financial Statements
(cont'd)

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

(j) Impairment *(cont'd)*

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

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. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovering amounts due.

(ii) Other assets

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

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 (group of cash-generating units) on a *pro rata* basis.

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

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

(j) Impairment *(cont'd)*

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

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

(k) Equity instruments

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

(i) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

(l) Employee benefits

(i) Short-term employee benefits

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

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

(ii) State plans

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

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

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

(iii) Defined benefit plans

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

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

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

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

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

(m) Provisions

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

Warranties

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

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

(n) Revenue and other income

(i) Revenue

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

Notes to the Financial Statements
(cont'd)

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

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

(i) Revenue *(cont'd)*

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

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

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

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

(ii) Rental income

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

(iii) Dividend income

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

(iv) Interest income

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

(o) Borrowing costs

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

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

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

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

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

(p) Income tax

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

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

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

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

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

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

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

(q) Earnings per ordinary share

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

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

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

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

(r) Operating segments

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

(s) Fair value measurement

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

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

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

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

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

Notes to the Financial Statements
(cont'd)

3. Property, plant and equipment

Group	Freehold land RM'000	Right-of-use assets RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
Cost/Valuation									
At 1 January 2019	105,176	98,214	284,604	591,995	40,073	10,892	4,980	1,514	1,137,448
Additions	690	1,670	8,476	16,036	1,245	1,255	1,731	2,453	33,556
Disposals	-	-	-	(3,008)	(2)	(2,168)	-	-	(5,178)
Write-off	-	-	-	(266)	(8)	-	-	(153)	(427)
Transfer	-	-	-	134	9	-	-	(143)	-
Reclassification	-	-	-	-	(39)	-	39	-	-
Revaluation surplus	-	41,252	-	-	-	-	-	-	41,252
Effect of movement in exchange rates	733	139	2,114	2,124	20	15	(29)	33	5,149
At 31 December 2019/ 1 January 2020	106,599	141,275	295,194	607,015	41,298	9,994	6,721	3,704	1,211,800
Additions	16,784	2,003	1,737	13,581	1,392	737	283	10,778	47,295
Disposals	(16,784)	-	-	(3,862)	(992)	(952)	-	-	(22,590)
Derecognition of right-of-use assets	-	(2,461)	-	-	-	-	-	-	(2,461)
Write-off	-	-	-	(1,518)	(1,217)	(5)	(8)	-	(2,748)
Transfer from investment properties	4,180	-	1,720	-	-	-	-	-	5,900
Transfer (to)/from intangible assets	-	-	-	-	(760)	552	-	-	(208)
Transfer	-	-	1,567	884	2,943	-	(1,577)	(3,817)	-
Revaluation surplus	9,111	37,672	40,609	-	-	-	-	-	87,392
Effect of movement in exchange rates	394	(652)	737	(2,188)	748	14	62	(24)	(909)
At 31 December 2020	120,284	177,837	341,564	613,912	43,412	10,340	5,481	10,641	1,323,471
Accumulated depreciation and impairment loss									
At 1 January 2019	-	3,749	52,227	445,742	35,013	6,120	1,109	-	543,960
Charge for the year	-	4,651	16,890	29,573	1,672	1,438	482	-	54,706
Disposals	-	-	-	(2,984)	(2)	(1,979)	-	-	(4,965)
Write-off	-	-	-	(174)	(7)	-	-	-	(181)
Reclassification	-	-	-	-	(4)	-	4	-	-
Effect of movement in exchange rates	-	(5)	323	647	7	7	(4)	-	975
At 31 December 2019/ 1 January 2020	-	8,395	69,440	472,804	36,679	5,586	1,591	-	594,495
Charge for the year	-	6,466	17,232	27,203	1,624	1,282	508	-	54,315
Disposals	-	-	-	(3,785)	(313)	(595)	-	-	(4,693)
Derecognition of right-of-use assets	-	(2,025)	-	-	-	-	-	-	(2,025)

Notes to the Financial Statements
(cont'd)

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

Group	Freehold land RM'000	Right-of-use assets RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss *(cont'd)*									
Impairment loss for the year	-	-	-	2,500	-	-	-	-	2,500
Write-off	-	-	-	(1,448)	(1,209)	(5)	(8)	-	(2,670)
Transfer to intangible assets	-	-	-	-	(297)	-	-	-	(297)
Reclassification	-	-	-	(2,818)	2,818	-	-	-	-
Effect of movement in exchange rates	-	(43)	(15)	(1,085)	637	54	28	-	(424)
At 31 December 2020									
Accumulated depreciation	-	12,793	86,657	490,871	39,939	6,322	2,119	-	638,701
Accumulated impairment loss	-	-	-	2,500	-	-	-	-	2,500
	-	12,793	86,657	493,371	39,939	6,322	2,119	-	641,201
Carrying amounts									
At 1 January 2019	105,176	94,465	232,377	146,253	5,060	4,772	3,871	1,514	593,488
At 31 December 2019/ 1 January 2020	106,599	132,880	225,754	134,211	4,619	4,408	5,130	3,704	617,305
At 31 December 2020	120,284	165,044	254,907	120,541	3,473	4,018	3,362	10,641	682,270

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
2020			
Cost	80,072	274,565	354,637
Accumulated depreciation	-	(138,190)	(138,190)
	80,072	136,375	216,447
2019			
Cost	75,498	269,144	344,642
Accumulated depreciation	-	(120,973)	(120,973)
	75,498	148,171	223,669

Notes to the Financial Statements
(cont'd)

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

3.1 Freehold land and buildings *(cont'd)*

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 land and buildings.

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

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

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

Valuation process applied by the Group for Level 3 fair value

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

3.2 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 2019	88,509	4,064	1,857	35	94,465
Additions	-	455	1,144	71	1,670
Depreciation	(1,786)	(1,588)	(1,220)	(57)	(4,651)
Revaluation surplus	41,252	-	-	-	41,252
Effect of movement in exchange rates	161	(17)	-	-	144
At 31 December 2019/ 1 January 2020	128,136	2,914	1,781	49	132,880
Additions	-	370	1,575	58	2,003
Derecognition	-	(404)	(32)	-	(436)
Depreciation	(3,909)	(1,130)	(1,334)	(93)	(6,466)
Revaluation surplus	37,672	-	-	-	37,672
Effect of movement in exchange rates	(594)	(15)	-	-	(609)
At 31 December 2020	161,305	1,735	1,990	14	165,044

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.

Notes to the Financial Statements
(cont'd)

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

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

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

	Leasehold land	
	2020	2019
Group	RM'000	RM'000
Cost	53,422	55,508
Accumulated depreciation	(7,767)	(6,531)
	45,655	48,977

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.

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.

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.

Notes to the Financial Statements
(cont'd)

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

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

Significant judgements and assumptions in relation to leases

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

3.3 Impairment of property, plant and equipment

During the financial year ended 31 December 2020, the Group has recognised an impairment loss of RM2,500,000 in respect of plant and machinery which are mainly reported in Indonesia segment.

3.4 Transfer from investment properties

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

4. Investment properties

Group	Freehold land RM'000	Right-of-use assets RM'000	Buildings RM'000	Total RM'000
At 1 January 2019	4,070	88,900	18,550	111,520
Change in fair value	110	-	930	1,040
At 31 December 2019/1 January 2020	4,180	88,900	19,480	112,560
Transfer to property, plant and equipment	(4,180)	-	(1,720)	(5,900)
At 31 December 2020	-	88,900	17,760	106,660

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

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

	Group	
	2020 RM'000	2019 RM'000
Rental income	2,310	2,290
Direct operating expenses:		
- income generating investment properties	952	926
- non-income generating investment properties	-	25

4. Investment properties *(cont'd)*

The operating lease payments to be received are as follows:

	Group	
	2020	2019
	RM'000	RM'000
Less than one year	1,185	2,260
One to two years	507	1,101
Two to three years	-	105
Total undiscounted lease payments	1,692	3,466

4.1 Fair value information

Fair value of investment properties are categorised as follows:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Freehold land	-	-	-	-
Long-term leasehold land	-	-	88,900	88,900
Buildings	-	-	17,760	17,760
	-	-	106,660	106,660
2019				
Freehold land	-	-	4,180	4,180
Long-term leasehold land	-	-	88,900	88,900
Buildings	-	-	19,480	19,480
	-	-	112,560	112,560

Level 3 fair value

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

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

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

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

Notes to the Financial Statements
(cont'd)

4. Investment properties *(cont'd)*

4.1 Fair value information *(cont'd)*

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 land and buildings portfolio is revalued every year. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

5. Investments in subsidiaries

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares, at cost	615,484	591,261
Less: Accumulated impairment losses	(23,121)	(13,539)
	592,363	577,722

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")

2020	FSM RM'000	ADSS RM'000	ATS RM'000	Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest	40%	40%	49%		
Carrying amount of NCI	49,751	14,213	5,687	1,372	71,023
Profit allocated to NCI	13,564	2,118	17	143	15,842

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

2020	FSM RM'000	ADSS RM'000	ATS RM'000
As at 31 December			
Non-current assets	41,292	4,370	1,898
Current assets	176,605	45,895	13,195
Non-current liabilities	(3,244)	(578)	(310)
Current liabilities	(90,275)	(14,155)	(3,176)
Net assets	124,378	35,532	11,607
Year ended 31 December			
Revenue	369,482	45,991	11,355
Profit for the year	33,911	5,295	34
Total comprehensive income	33,911	5,295	34
Cash flows from operating activities	64,489	8,842	1,852
Cash flows (used in)/from investing activities	(17,134)	6,488	(17)
Cash flows used in financing activities	(35,405)	(16,340)	-
Net increase/(decrease) in cash and cash equivalents	11,950	(1,010)	1,835
Dividends paid to NCI	14,000	6,000	-

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

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

2019	FSM RM'000	ADSS RM'000	ATS RM'000
As at 31 December			
Non-current assets	43,438	7,021	2,588
Current assets	142,389	47,537	15,325
Non-current liabilities	(3,983)	(1,238)	(1,164)
Current liabilities	(56,461)	(8,026)	(5,380)
Net assets	125,383	45,294	11,369

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)*

2019	FSM RM'000	ADSS RM'000	ATS RM'000
Year ended 31 December			
Revenue	411,180	100,759	30,581
Profit for the year	34,714	14,464	1,779
Total comprehensive income	34,809	14,464	1,857
Cash flows from/(used in) operating activities	25,829	(2,203)	3,084
Cash flows (used in)/from investing activities	(23,239)	(2,120)	36
Cash flows used in financing activities	(20,007)	(15,000)	-
Net (decrease)/increase in cash and cash equivalents	(17,417)	(19,323)	3,120
Dividends paid to NCI	8,003	6,000	-

5.2 Restriction imposed by shareholders' agreement

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

6. Investment in an associate

	Group 2020 RM'000	Group 2019 RM'000
Unquoted shares, at cost	5,048	5,048
Share of post-acquisition reserves	(600)	51
Less: Impairment loss	(4,448)	(4,201)
	-	898

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

Details of the associate are as follows:

Name of entity	Country of incorporation	Principal activity	Effective ownership interest and voting interest 2020	Effective ownership interest and voting interest 2019
P.T. Adient Automotive Indonesia *	Indonesia	Manufacture and supply of automotive products in Indonesia	12.5%	12.5%

* Not audited by member firms of KPMG International.

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

Notes to the Financial Statements
(cont'd)

6. Investment in an associate *(cont'd)*

The statutory financial year end of the associate is 30 September, which does not coincide with the financial year end of the Group. Management financial statements of the associate for the financial year ended 31 December 2020 have been used for the purpose of applying the equity method of accounting.

Impairment loss

During the financial year, the Group recognised an impairment loss of RM247,000 (2019: RM4,201,000) for its investment in P.T. Adient Automotive Indonesia. The impairment loss recognised in 2019 was arising from the rationalisation exercise conducted by the investee as a result of the competitive market segment in which the investee operates.

7. Investments in joint ventures

	Group	
	2020 RM'000	2019 RM'000
Unquoted shares, at cost	46,043	17,956
Share of post-acquisition reserves	9,243	13,767
	55,286	31,723

Details of joint ventures are as follows:

Name of entity	Principal activities	Effective ownership interest and voting interest	
		2020	2019
Incorporated in Vietnam:			
APM TACHI-S Seating Systems Vietnam Co. Ltd. (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.) *	Develop, manufacture, assemble and sale of automotive seats in Vietnam's automotive market	49%	49%
Incorporated in Indonesia:			
P.T. APM Armada Autoparts (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) *	Manufacture of interior products and is one of the strategic partnerships to develop Indonesia's automotive market	50%	50%
P.T. APM Hyundai Transys Indonesia (held via 100% owned subsidiary, P. T. APM Automotive Indonesia)	Intended principal activities is manufacture and supply of automotive seats and its related parts and components	50%	-
Incorporated in Thailand:			
IAC APM Automotive Systems Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.) *	Manufacture of interior plastic components and is one of the strategic partnerships to develop Thailand's automotive market	40%	40%
Incorporated in Malaysia:			
Diversified Furniture Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.) #	Dormant	-	50%

Notes to the Financial Statements
(cont'd)

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

* Not audited by member firms of KPMG International.

\# The Company obtained approval from its shareholder at the Extraordinary General Meeting to apply the Companies Commission of Malaysia to have its name struck-off from the register of companies pursuant to Section 551(3) of the Companies Act 2016. The strike-off was completed on 24 December 2020.

On 6 July 2020, the Group subscribed for 50% equity interest in P.T. APM Hyundai Transys Indonesia for a total cash consideration of RM28,337,000. The intended principal activity of the company is manufacture and supply of automotive seats and its related parts and components in Indonesia.

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.

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

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. *(cont'd)*

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

8. Intangible assets

Group	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
Cost					
At 1 January 2019	10,913	15,032	7,909	16,331	50,185
Additions	1,484	4,153	-	3,622	9,259
Write-off	-	(1,500)	-	-	(1,500)
Effect of movement in exchange rates	(137)	12	(154)	-	(279)
At 31 December 2019/ 1 January 2020	12,260	17,697	7,755	19,953	57,665
Additions	23	361	-	8,655	9,039
Transfer from/(to) property, plant and equipment	760	(552)	-	-	208
Write-off	(712)	(179)	-	-	(891)
Effect of movement in exchange rates	517	(14)	603	-	1,106
At 31 December 2020	12,848	17,313	8,358	28,608	67,127

Notes to the Financial Statements
(cont'd)

8. Intangible assets *(cont'd)*

Group	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
Amortisation and impairment loss					
At 1 January 2019					
Accumulated amortisation	8,877	11,145	-	10,984	31,006
Accumulated impairment loss	-	-	-	787	787
	8,877	11,145	-	11,771	31,793
Amortisation for the year	846	2,389	-	4,233	7,468
Effect of movement in exchange rates	(124)	2	-	-	(122)
At 31 December 2019/ 1 January 2020					
Accumulated amortisation	9,599	13,536	-	15,217	38,352
Accumulated impairment loss	-	-	-	787	787
	9,599	13,536	-	16,004	39,139
Amortisation for the year	1,434	1,354	-	520	3,308
Transfer from property, plant and equipment	297	-	-	-	297
Write-off	(712)	-	-	-	(712)
Effect of movement in exchange rates	528	(10)	-	-	518
At 31 December 2020					
Accumulated amortisation	11,146	14,880	-	15,737	41,763
Accumulated impairment loss	-	-	-	787	787
	11,146	14,880	-	16,524	42,550
Carrying amounts					
At 1 January 2019	2,036	3,887	7,909	4,560	18,392
At 31 December 2019/ 1 January 2020	2,661	4,161	7,755	3,949	18,526
At 31 December 2020	1,702	2,433	8,358	12,084	24,577

Amortisation

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

Impairment testing for cash-generating units containing goodwill

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

8. Intangible assets *(cont'd)*

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

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

	Group	
	2020 RM'000	2019 RM'000
Manufacturing of transportation seating	7,215	6,695
Unit without significant goodwill	1,143	1,060
	8,358	7,755

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

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

- There would be no material change in structure and principal activities of the cash-generating unit;
- The earnings before interest, taxes, depreciation and amortisation ("EBITDA") were based on growth rate of 3% (2019: 3%); and
- A pre-tax discount rate of 13% to 18% (2019: 11%) 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.

In order for the business unit to record an impairment loss, the discount rate will need to increase to 16% to 20% (2019: 19%).

9. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
Group	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Employee benefits	4,487	3,331	-	-	4,487	3,331
Property, plant and equipment	4,016	360	(62,115)	(44,338)	(58,099)	(43,978)
Investment properties	-	-	(7,975)	(7,994)	(7,975)	(7,994)
Unutilised tax losses	8,589	2,574	-	-	8,589	2,574
Provisions and others	16,990	18,370	(5,822)	(5,726)	11,168	12,644
Tax assets/(liabilities)	34,082	24,635	(75,912)	(58,058)	(41,830)	(33,423)
Set-off of tax	(10,084)	(6,976)	10,084	6,976	-	-
Net tax assets/ (liabilities)	23,998	17,659	(65,828)	(51,082)	(41,830)	(33,423)

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

Movement in temporary differences during the financial year

Group	At 1.1.2019 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 26) RM'000	At 31.12.2019 / 1.1.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 26) RM'000	At 31.12.2020 RM'000
Employee benefits	2,007	835	489	3,331	1,156	-	4,487
Property, plant and equipment	(35,903)	1,450	(9,525)	(43,978)	5,249	(19,370)	(58,099)
Investment properties	(7,907)	(87)	-	(7,994)	19	-	(7,975)
Unutilised tax losses	1,356	1,218	-	2,574	6,015	-	8,589
Provisions and others	16,655	(4,011)	-	12,644	(1,476)	-	11,168
	(23,792)	(595)	(9,036)	(33,423)	10,963	(19,370)	(41,830)

Unrecognised deferred tax assets

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

	Group 2020 RM'000	2019 RM'000
Unutilised tax losses	78,198	59,514
Unabsorbed capital allowances	24,126	20,349
Deductible temporary differences	9,619	8,936
	111,943	88,799

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

Pursuant to the respective applicable tax legislations:

(i) the unabsorbed capital allowances can be carried forward indefinitely; and

(ii) the restriction on the carry forward of unutilised tax losses from operations in various countries are as follow:

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

Notes to the Financial Statements
(cont'd)

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

Unrecognised deferred tax assets *(cont'd)*

	2020 RM'000	2019 RM'000
Expire in:		
YA 2020	-	3,971
YA 2021	7,061	7,061
YA 2022	5,569	5,569
YA 2023	12,100	10,920
YA 2024	13,252	13,252
YA 2025	28,693	10,982
YA 2026	191	191
YA 2027	24	-
	66,890	51,946
No expiry	11,308	7,568
	78,198	59,514

10. Inventories

	Group	
	2020 RM'000	2019 RM'000
Raw materials	164,784	144,957
Work-in-progress	11,852	11,270
Manufactured inventories and trading inventories	89,500	102,144
Spare parts and others	11,053	11,535
	277,189	269,906
Recognised in profit or loss:		
Inventories recognised as cost of sales	778,395	1,117,998
Net inventories written down to net realisable value	7,229	2,146

The write-down is included in cost of sales.

Notes to the Financial Statements
(cont'd)

11. Other investments

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Financial assets at fair value through profit or loss				
- Investments with licensed financial institutions	203,552	169,195	15,029	-
- Others	2,699	-	779	-
	206,251	169,195	15,808	-

12. Trade and other receivables, including derivatives

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade					
Trade receivables		206,847	225,160	-	-
Less: Impairment losses		(4,645)	(5,940)	-	-
		202,202	219,220	-	-
Other trade receivables	12.1	12,132	7,743	-	-
Related parties	12.2	3,744	23,783	-	-
Joint ventures	12.2	414	195	-	-
		218,492	250,941	-	-
Non-trade					
Other receivables	12.3	17,741	20,401	-	41
Subsidiaries	12.4	-	-	15,616	18,484
Derivatives at fair value through profit or loss					
- Forward exchange contracts	12.5	117	719	-	-
		17,858	21,120	15,616	18,525
		236,350	272,061	15,616	18,525

12.1 The other trade receivables relate to outright sales of mould which repayment is expected based on sales volume during the financial year over respective total expected sales volume of automotive seats.

12.2 The trade amounts due from related parties and joint ventures are subject to 30 to 60 days (2019: 30 to 60 days) credit terms.

12.3 Included in other receivables is an amount of RM11,760,000 (2019: RM17,078,000) being Goods and Services Tax ("GST") and Value Added Tax ("VAT") refundable from the tax authorities in relation to input tax paid by the Group.

12.4 The non-trade amount due from subsidiaries is unsecured, interest free and repayable on demand except for an amount due from subsidiaries amounting to RM15,589,000 (2019: RM18,503,000) which is subject to interest ranging from 1.8% to 3.1% (2019: 3.1% to 3.4%) per annum.

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

12.5 The Group entered into forward exchange contracts with nominal value of RM11,027,000 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 RM45,518,000 matured during the financial year.

13. Deposits and prepayments

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits	1,582	3,037	65	65
Prepayments	27,796	31,664	-	24
	29,378	34,701	65	89

14. Cash and cash equivalents

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Deposits placed with licensed banks	88,468	74,384	1,005	344
Cash and bank balances	115,369	105,388	806	2,080
	203,837	179,772	1,811	2,424

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
	2020	2020	2019	2019
	'000	RM'000	'000	RM'000
Issued and fully paid shares with no par value classified as equity instruments:				
Ordinary shares				
At 1 January/31 December	201,600	219,498	201,600	219,498

Notes to the Financial Statements
(cont'd)

15. Capital and reserves *(cont'd)*

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Company (see below), all rights are suspended until those shares are reissued.

Treasury shares

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

During the financial year, the Company repurchased 88,200 of its issued ordinary shares from the open market at an average price of RM2.20 per ordinary share. The purchase transactions were financed by internally generated funds. The ordinary shares purchased were retained as treasury shares. There were no shares repurchased in previous financial year.

Details of the shares repurchased were as follows:

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

As at 31 December 2020, the Company held a total of 6,105,700 (2019: 6,017,500) of its 201,600,000 issued ordinary shares as treasury shares.

Revaluation reserve

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

Translation reserve

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

16. Employee benefits

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Defined benefit liability	29,752	25,383	2,024	1,850

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

16. Employee benefits *(cont'd)*

Movement in defined benefit liability

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

	Defined benefit liability	
	2020	2019
Group	RM'000	RM'000
Balance at 1 January	25,383	21,730
Included in profit or loss		
Current service cost	4,960	2,425
Past service credit	(16)	(105)
Interest cost	212	1,100
	5,156	3,420
Included in other comprehensive income		
Remeasurement loss/(gain)		
- Actuarial loss/(gain) arising from:		
- Demographic assumptions	-	(741)
- Financial assumptions	-	2,376
- Others	-	346
Effect of movements in exchange rate	137	7
	137	1,988
Others		
Benefits paid	(924)	(1,755)
	(924)	(1,755)
Balance at 31 December	29,752	25,383
Company		
Balance at 1 January	1,850	1,271
Included in profit or loss		
Current service cost	174	132
Interest cost	-	70
	174	202
Included in other comprehensive income		
Remeasurement loss/(gain)		
- Actuarial loss/(gain) arising from:		
- Demographic assumptions	-	(197)
- Others	-	574
	-	377
Balance at 31 December	2,024	1,850

16. Employee benefits *(cont'd)*

Defined benefit liability

Actuarial assumptions

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

	Group and Company	
	2020	2019
Discount rate	4.3% - 4.4%	4.3% - 4.4%
Future salary growth	5.5%	5.5%
Future pension growth	12.0% - 13.0%	12.0% - 13.0%

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

At 31 December 2020, the weighted-average duration of the defined benefit liability was 10.2 years for senior management and 24.8 years for other covered employees (2019: 10.2 years for senior management and 24.8 years for other covered employees).

Sensitivity analysis

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

	Defined benefit liability	
	Increase	Decrease
Group	RM'000	RM'000
2020		
Discount rate (1% movement)	(2,100)	2,449
Future salary growth (1% movement)	1,643	(1,473)
2019		
Discount rate (1% movement)	(2,008)	2,343
Future salary growth (1% movement)	1,409	(1,267)

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

17. Loans and borrowings

	Note	2020	2019
		RM'000	RM'000
Group			
Non-current			
Unsecured foreign currency loans	17.1	192	-

17. Loans and borrowings *(cont'd)*

	Note	2020 RM'000	2019 RM'000
Current			
Unsecured foreign currency loans/borrowings	17.1	59,545	53,796
Unsecured local currency borrowings	17.2	27,854	17,900
		87,399	71,696
		87,591	71,696

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

17.1 The unsecured foreign currency loans/borrowings of the Group are subject to interest ranging from at 0.51% to 7.40% (2019: 0.51% to 9.15%) per annum.

17.2 The unsecured local currency borrowings of the Group are subject to interest rate at 2.30% to 2.75% (2019: 3.91% to 4.17%) per annum.

18. Provisions

Group	Warranties RM'000
At 1 January 2019	8,982
Provisions made	4,364
Provisions utilised	(1,444)
Provisions reversed	(4,286)
At 31 December 2019/1 January 2020	7,616
Provisions made	5,819
Provisions utilised	(2,369)
Provisions reversed	(1,605)
At 31 December 2020	9,461

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

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

Notes to the Financial Statements

(cont'd)

19. Trade and other payables, including derivatives

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Trade					
Trade payables		113,988	103,280	-	-
Related parties	19.1	14,333	11,897	-	-
		128,321	115,177	-	-
Non-trade					
Other payables and accruals		116,343	98,066	961	1,040
Subsidiaries	19.2	-	-	78	133
Related parties	19.2	755	802	2	-
Joint ventures	19.2	10	-	-	-
Derivatives at fair value through profit or loss					
- Forward exchange contracts	12.5	148	177	-	-
		117,256	99,045	1,041	1,173
		245,577	214,222	1,041	1,173

19.1 The trade amount due to related parties is subject to 30 to 60 days (2019: 30 to 60 days) credit terms.

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

20. Revenue

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue from contracts with customers	1,110,191	1,481,247	-	-
Other revenue:				
- Rental income	1,652	1,513	-	-
- Dividend income	-	-	50,000	44,500
- Sales of mould	11,715	14,180	-	-
	13,367	15,693	50,000	44,500
	1,123,558	1,496,940	50,000	44,500

Notes to the Financial Statements
(cont'd)

20. Revenue *(cont'd)*

20.1 Disaggregation of revenue

Group	Reportable segments: 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	Total RM'000
2020								
Primary geographical markets								
Malaysia	56,398	632,111	68,656	84,236	-	-	9,207	850,608
Indonesia	-	755	-	125	32,589	-	-	33,469
Vietnam	-	683	-	-	-	34,619	-	35,302
Europe	-	-	18	18,837	-	4,228	1,366	24,449
America	-	-	-	23,025	-	16,410	962	40,397
Australia	-	-	-	31,883	-	71,379	-	103,262
Other countries	850	-	-	19,656	-	2,198	-	22,704
	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Markets								
Original Equipment Market ("OEM")	56,173	625,404	66,815	-	10,635	24,300	3,933	787,260
Replacement Equipment Market ("REM")	1,075	8,145	1,859	177,762	21,954	104,534	2,327	317,656
Others	-	-	-	-	-	-	5,275	5,275
	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Timing of recognition								
At a point in time	57,248	633,549	68,674	177,762	32,589	128,834	11,333	1,109,989
Overtime	-	-	-	-	-	-	202	202
	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Revenue from contracts with customers	57,248	633,549	68,674	177,762	32,589	128,834	11,535	1,110,191
Other revenue	-	11,355	360	-	-	111	1,541	13,367
Total revenue	57,248	644,904	69,034	177,762	32,589	128,945	13,076	1,123,558

Notes to the Financial Statements

(cont'd)

20. Revenue *(cont'd)*

20.1 Disaggregation of revenue *(cont'd)*

Group	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	Total RM'000
	← Reportable segments →							
2019								
Primary geographical markets								
Malaysia	67,125	919,035	99,434	103,707	-	-	29,698	1,218,999
Indonesia	-	151	-	27	41,208	-	-	41,386
Vietnam	-	1,761	-	-	-	24,133	-	25,894
Europe	-	-	12	34,344	-	3,164	1,987	39,507
America	-	-	-	10,011	-	18,569	-	28,580
Australia	-	-	-	23,243	-	69,807	-	93,050
Other countries	1,669	-	-	30,275	-	596	1,291	33,831
	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Markets								
Original Equipment Market ("OEM")	66,849	895,791	96,524	-	23,497	14,039	4,457	1,101,157
Replacement Equipment Market ("REM")	1,945	25,156	2,922	201,607	17,711	102,230	3,278	354,849
Others	-	-	-	-	-	-	25,241	25,241
	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Timing of recognition								
At a point in time	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Revenue from contracts with customers	68,794	920,947	99,446	201,607	41,208	116,269	32,976	1,481,247
Other revenue	-	14,180	-	-	-	-	1,513	15,693
Total revenue	68,794	935,127	99,446	201,607	41,208	116,269	34,489	1,496,940

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest expense of financial liabilities measured at amortised cost	3,630	4,439	-	6
Interest expense on lease liabilities	1,481	1,558	-	-
	5,111	5,997	-	6

Notes to the Financial Statements
(cont'd)

22. Finance income

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income received from deposits, investments and corporate management accounts with licensed financial institutions and licensed banks	7,818	9,880	111	144
Interest income received from subsidiaries	-	-	387	649
	7,818	9,880	498	793

23. Profit before tax

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting):				
Auditors' remunerations				
Audit fees:				
- KPMG PLT	493	496	57	57
- Other auditors	419	355	-	-
Non-audit fees:				
- KPMG PLT	15	10	10	10
- Local affiliates of KPMG Malaysia	212	155	8	7
- Overseas affiliates of KPMG Malaysia	77	62	-	-
- Other auditors	57	183	-	-

Notes to the Financial Statements
(cont'd)

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Profit before tax is arrived at after charging/(crediting): *(cont'd)*				
Material expenses/(income)				
Amortisation of intangible assets	3,308	7,468	-	-
Change in fair value of investment properties	-	(1,040)	-	-
Depreciation of property, plant and equipment	47,849	50,055	-	-
Depreciation of right-of-use assets	6,466	4,651	-	-
Dividends received from subsidiaries	-	-	(50,000)	(44,500)
Impairment loss on:				
- investment in an associate	247	4,201	-	-
- investments in subsidiaries	-	-	9,582	-
- property, plant and equipment	2,500	-	-	-
Intangible assets written off	179	1,500	-	-
Net gain on disposal of property, plant and equipment	(1,356)	(551)	-	-
Net inventories written down to net realisable value	7,229	2,146	-	-
Net foreign exchange losses/(gains)				
- realised	2,266	1,043	(309)	(84)
- unrealised	(97)	(341)	-	199
Non-executive Directors				
- fees	423	432	423	432
- other benefits	77	92	77	92
Personnel expenses (including key management personnel)				
- employee benefits	5,156	3,420	174	202
- contributions to state plans	11,361	14,757	390	395
- wages, salaries and others	168,057	196,079	2,131	2,222
Provision for warranties	5,819	4,364	-	-
Provision for warranties reversed	(1,605)	(4,286)	-	-
Royalties	9,454	12,128	-	-
Expenses arising from leases				
Expenses relating to short-term leases	887	743	-	-
Net loss/(gain) on impairment of financial instruments				
Financial assets at amortised cost	1,709	286	(19)	(493)

Notes to the Financial Statements
(cont'd)

24. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive Directors				
- Remuneration	6,670	8,009	2,071	2,472
- Other employee benefits	747	4,927	473	2,047
	7,417	12,936	2,544	4,519
Other key management personnel				
- Remuneration and other employee benefits	6,300	6,727	-	-
	6,300	6,727	-	-
	13,717	19,663	2,544	4,519

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

Included in other employee benefits of the Group are retirement benefits receivable by the Directors which amounted to RM668,000 (2019: RM4,847,000) and the estimated monetary value of benefit-in-kind provided to the Directors which amounted to RM79,000 (2019: RM80,000). Included in other employee benefits of the Company is retirement benefits receivable by the Directors amounting to RM473,000 (2019: RM2,047,000).

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.

Notes to the Financial Statements
(cont'd)

25. Income tax expense

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Recognised in profit or loss				
Income tax expense	10,044	20,362	125	77
Share of tax of joint ventures	-	63	-	-
	10,044	20,425	125	77
Current tax expense				
Malaysian				
- Current year	16,624	21,227	103	163
- (Over)/Under provision in prior year	(429)	(3,387)	22	(86)
Overseas				
- Current year	4,754	1,888	-	-
Total current tax recognised in profit or loss	20,949	19,728	125	77
Others	58	39	-	-
Deferred tax expense				
Origination and reversal of temporary differences	(10,804)	(121)	-	-
(Over)/Under provision in prior year	(159)	716	-	-
Total deferred tax recognised in profit or loss	(10,963)	595	-	-
Income tax expense	10,044	20,362	125	77
Share of tax of joint ventures	-	63	-	-
Total income tax expense	10,044	20,425	125	77
Reconciliation of tax expense				
Profit for the year	5,373	48,413	36,830	41,219
Total income tax expense	10,044	20,362	125	77
Profit excluding tax	15,417	68,775	36,955	41,296
Income tax using Malaysian tax rate of 24% (2019: 24%)	3,700	16,521	8,869	9,911
Non-deductible expenses	5,675	5,166	3,233	951
Tax exempt income	(991)	(1,165)	(12,004)	(10,699)
Tax incentives	(2,664)	(3,176)	-	-
Effect of deferred tax assets not recognised	5,555	7,153	-	-
Other items	(643)	(1,403)	5	-
	10,632	23,096	103	163
Malaysian				
- (Over)/Under provision of current tax expense in prior year	(429)	(3,387)	22	(86)
- (Over)/Under provision of deferred tax expense in prior year	(159)	716	-	-
Total income tax expense	10,044	20,425	125	77

Notes to the Financial Statements
(cont'd)

26. Other comprehensive income/(expense)

Group	2020 Before tax RM'000	2020 Tax expense RM'000	2020 Net of tax RM'000	2019 Before tax RM'000	2019 Tax expense RM'000	2019 Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	-	-	-	(1,981)	489	(1,492)
Revaluation of properties and right-of-use assets	87,392	(19,370)	68,022	41,252	(9,525)	31,727
	87,392	(19,370)	68,022	39,271	(9,036)	30,235
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for consolidated subsidiaries	(3,532)	-	(3,532)	4,456	-	4,456
Foreign currency translation differences for equity-accounted associate and joint ventures	(223)	-	(223)	1,099	-	1,099
	(3,755)	-	(3,755)	5,555	-	5,555
	83,637	(19,370)	64,267	44,826	(9,036)	35,790
Company						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	-	-	-	(377)	-	(377)
	-	-	-	(377)	-	(377)

27. Earnings/(Loss) per ordinary share

Basic earnings/(loss) per ordinary share

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

	Group	
	2020	**2019**
(Loss)/Profit for the year attributable to ordinary shareholders (RM'000)	(10,469)	27,237
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)	(6,018)
Weighted average number of ordinary shares at 31 December	195,494	195,582
Basic (loss)/earnings per ordinary share (sen)	(5.36)	13.93

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

28. Dividends

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
2020			
Final 2019 ordinary	5.0	9,775	26 August 2020
2019			
Interim 2019 ordinary	5.0	9,779	8 October 2019
Final 2018 ordinary	7.0	13,690	26 June 2019
		23,469	

After the reporting period, the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial year upon approval by the shareholders of the Company.

	Sen per share	Total amount RM'000
Final 2020 ordinary	7.0	13,685

Notes to the Financial Statements
(cont'd)

29. Commitments

	Group	
	2020	2019
	RM'000	RM'000
Property, plant and equipment		
Contracted but not provided for	16,498	18,934

30. Related parties

Identity of related parties

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

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

Controlling related party relationships are as follows:

i) The subsidiaries as disclosed in Note 31.

ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH"). TCC and WH are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH Group"). TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").

iii) The Director of the Company, Dato' Tan Heng Chew is deemed interested by virtue of his interests in TCC and WH pursuant to Section 8(4) of the Companies Act 2016 and interests held by spouse by virtue of Section 59(11)(c) of the Companies Act 2016.

iv) The Director of the Company, Dato' Tan Eng Hwa is deemed interested by virtue of his interest in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 and interest held by spouse by virtue of Section 59(11)(c) of the Companies Act 2016.

v) For the purpose of related party transactions and balances disclosure, the Group and the Company treat TCC as the ultimate controlling shareholder.

Notes to the Financial Statements
(cont'd)

30. Related parties *(cont'd)*

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
With TCMH Group				
Sales	15,897	95,389	-	-
Purchases	(3,779)	(27,391)	(8)	-
Provision of services	379	1,511	-	-
Administrative and consultancy services	(220)	(18)	-	-
Insurance premium	(4,625)	(4,942)	(27)	(66)
Rental income	1,544	1,544	-	-
Rental expenses	(84)	(346)	-	-
With WTCH Group				
Sales	762	479	-	-
Purchases	(180)	(538)	-	-
Administrative and consultancy services	(292)	(2,201)	-	-
Rental income	506	480	-	-
Rental expenses	(1,227)	(1,223)	-	-
With TCIL Group				
Sales	120	252	-	-
Purchases	(74)	(10)	-	-
Rental expenses	(67)	(67)	-	-
With subsidiaries				
Dividend income	-	-	50,000	44,500
Interest income on loans	-	-	387	649
Management fee paid	-	-	(493)	(625)
Key management personnel				
Director				
Rental expenses	(54)	(54)	-	-

These transactions have been entered into in the normal course of business and have been established under 30 to 60 days (2019: 30 to 60 days) credit terms.

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

Notes to the Financial Statements
(cont'd)

31. Subsidiaries

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

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Incorporated in Malaysia:			
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	100	100
APM Automotive Modules Sdn. Bhd.	Assembly and sale of door trim module and instrument panel module parts	100	100
APM Auto Safety Systems Sdn. Bhd.	Manufacture and sale of automotive seat belt	100	100
Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats and components	60	60
APM Automotive Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM TACHI-S Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture, assembly and sale of automotive and industrial seats	51	51
APM Delta Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	60	60
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100

Notes to the Financial Statements
(cont'd)

31. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Incorporated in Malaysia: *(cont'd)*			
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
APM Tinnos Sdn. Bhd. ∞ (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	-	60
Omnimatics Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Provide solution for Internet of Things	52	52
APM Auto Parts Marketing (Malaysia) Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Engineering & Research Sdn. Bhd.	Provision of engineering research, design and development services	100	100
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

Notes to the Financial Statements
(cont'd)

31. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Incorporated in Malaysia: *(cont'd)*			
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	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100

Notes to the Financial Statements
(cont'd)

31. **Subsidiaries** *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Incorporated in Malaysia: *(cont'd)*			
APM EV Solutions Sdn. Bhd.	Assembly and sales of Electric Vehicle (EV) bus; and fabrication and assembly of integrated EV bus chassis	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
APM Suspension Systems Sdn. Bhd.	Dormant	100	100
Incorporated in Canada:			
APM Holdings Inc.Δ (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Components America Inc.Δ (held via 100% owned subsidiary, APM Holdings Inc.)	Dormant	100	100
Incorporated in Vietnam:			
APM Springs (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive suspension parts	100	100
APM Auto Components (Vietnam) Co., Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.)*	Manufacture and sale of automotive seats and its components, shock absorbers, radiators and air-conditioner parts for automobiles	100	100
APM Marketing (Vietnam) Company Limited (held via 100% owned subsidiary of, APM Automotive Global Ltd.)*	Marketing and sale of automotive parts and accessories in Vietnam	100	-
Incorporated in the United States of America:			
APM Auto Components (USA) Inc.Δ (held via 100% owned subsidiary, APM Automotive International Ltd.)	Marketing and sale of automotive parts and accessories	100	100

Notes to the Financial Statements

(cont'd)

31. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Incorporated in Australia:			
McConnell Seats Australia Pty. Ltd.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture of transportation seating for trains, buses and trams	100	100
Incorporated in Indonesia:			
P.T. APM Auto Components Indonesia* (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Property investment holding	100	100
P.T. APM Armada Suspension* (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and distribution of coil springs	100	100
P.T. APM Automotive Indonesia* (held via 100% owned subsidiaries, APM Automotive Indonesia Ltd. and APM Automotive International Ltd.)	Provision of management services	100	100
P.T. APM Leaf Springs Indonesia* (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Manufacture and sale of automotive leaf springs	100	100
P.T. APM Shock Absorbers Indonesia* (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Manufacture and sale of shock absorbers and related component parts	100	100
P.T. Doowon APM Automotive* (held via 100% owned subsidiaries, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Dormant	100	100

Notes to the Financial Statements
(cont'd)

31. Subsidiaries *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest and voting interest 2020 %	2019 %
Incorporated in Thailand:			
APM Auto Components (Thailand) Ltd.* (held via 100% owned subsidiaries, APM Automotive Thailand Ltd., APM Automotive IndoChina Ltd. and APM Automotive International Ltd.)	Manufacture of automotive plastic parts and components and carrying out the business of import and export of automotive parts and components	100	100
Incorporated in Myanmar:			
APM Auto Components Myanmar Co., Ltd.* @ (held via 100% owned subsidiaries, APM Automotive Myanmar Ltd. and APM Automotive IndoChina Ltd.)	Manufacture and marketing of automotive parts and modules	100	100
Incorporated in the Netherlands:			
APM Auto Components Europe B.V. Δ (held via 100% owned subsidiary, APM Automotive Global Ltd.)	Investment holding	100	100
APM-TS B.V. Δ (held via 100% owned subsidiary, APM Auto Components Europe B.V.)	Develop springs, absorbers and coilovers for the automotive markets	80	80
Incorporated in the United Kingdom			
APM Automotive International (UK) Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Provision of marketing service	100	-
Incorporated in India:			
APM Motors India Private Limited* @ (held via 100% owned subsidiaries, APM Automotive Global Ltd. and APM Automotive International Ltd.)	Dormant	100	100

Δ Subsidiaries are not required to be audited and consolidated is based on the management financial statements.

* Not audited by member firms of KPMG International.

31. Subsidiaries *(cont'd)*

@ The statutory financial year end for these subsidiaries are 30 September and 31 March, respectively which do not coincide with the financial year end of the Group. The management financial statements for the year ended 31 December 2020 of these subsidiaries have been used for the preparation of the consolidated financial statements of the Group.

∞ By a special resolution passed in a general meeting held on 19 November 2020, the members approved that this subsidiary will be liquidated by way of member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016. The members' voluntary winding up was completed on 19 February 2021.

32. Operating segments

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

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

- *Interior & Plastics Division, Malaysia*: Businesses in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums, cinemas, rails and light rails system;

- *Electrical & Heat Exchange Division, Malaysia*: Businesses in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors, and other electrical parts; and development of Internet of Things ("IoT") telematics platform;

- *Marketing Division, Malaysia*: Trading and distribution of automotive components/parts manufactured by the Group for local and overseas replacement market;

- *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, distribution of motor vehicles, provision of management services for companies within the Group and provision of automotive research and development services.

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

Segment assets

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

Notes to the Financial Statements
(cont'd)

32. Operating segments *(cont'd)*

Segment liabilities

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

Segment capital expenditure

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

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

Notes to the Financial Statements
(cont'd)

32. Operating segments *(cont'd)*

	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
2019									
Segment (loss)/profit	(1,128)	90,683	4,254	7,168	(23,547)	(6,704)	(2,814)	863	68,775
Included in the measure of segment profit/ (loss) are:									
Revenue from external customers	68,794	935,127	99,446	201,607	41,208	116,269	34,489	-	1,496,940
Inter/Intra-segment revenue	125,023	182,410	23,454	34,551	11,400	12,808	46,137	(435,783)	-
Provision for warranties	(484)	(2,458)	(354)	(429)	-	(639)	-	-	(4,364)
Provision for warranties reversed	7	1,904	1,985	40	-	350	-	-	4,286
Depreciation and amortisation	(9,330)	(24,861)	(1,744)	(253)	(9,875)	(6,029)	(10,082)	-	(62,174)
Net inventories written (down)/ back to net realisable value	(10)	(2,412)	1,076	135	-	(900)	(35)	-	(2,146)
Finance income	808	6,226	1,148	527	8	175	988	-	9,880
Not included in the measure of segment (loss)/profit but provided to CODM:									
Income tax expense	(899)	17,377	458	617	124	1,361	1,324	-	20,362
Segment assets	163,935	562,278	98,924	92,760	224,881	234,832	1,232,848	(871,600)	1,738,858
Included in the measure of segment assets are:									
Additions to non-current assets other than financial instruments and deferred tax assets	8,527	14,525	890	430	2,374	12,679	3,390	-	42,815

32. Operating segments *(cont'd)*

Geographical segments

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

Geographical information Group	Revenue RM'000	Non-current assets RM'000
2020		
Malaysia	863,864	493,855
Indonesia	33,469	182,164
Vietnam	35,302	63,020
Europe	24,560	4,167
America	40,397	9,233
Australia	103,262	45,926
Other countries	22,704	70,428
	1,123,558	868,793
2019		
Malaysia	1,234,692	459,442
Indonesia	41,386	161,960
Vietnam	25,894	36,385
Europe	39,507	3,801
America	28,580	8,431
Australia	93,050	43,555
Other countries	33,831	67,438
	1,496,940	781,012

Major customers

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

	Revenue		Segments
	2020 RM'000	2019 RM'000	
All common control companies of:			
- Customer A	413,072	459,079	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Customer B	106,329	205,498	Suspension, Interior and Plastics and Electrical and Heat Exchange

Notes to the Financial Statements
(cont'd)

33. Financial instruments

33.1 Categories of financial instruments

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

(a) Fair value through profit or loss ("FVTPL"):
- Mandatorily required by MFRS 9; and

(b) Amortised costs ("AC").

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

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

33. Financial instruments *(cont'd)*

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

2019	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000
Financial assets			
Group			
Other investments	169,195	-	169,195
Trade and other receivables, including derivatives*	254,983	254,264	719
Deposits	3,037	3,037	-
Cash and cash equivalents	179,772	179,772	-
	606,987	437,073	169,914
Company			
Trade and other receivables, including derivatives	18,525	18,525	-
Deposits	65	65	-
Cash and cash equivalents	2,424	2,424	-
	21,014	21,014	-
Financial liabilities			
Group			
Loans and borrowings	(71,696)	(71,696)	-
Trade and other payables, including derivatives	(214,222)	(214,045)	(177)
	(285,918)	(285,741)	(177)
Company			
Trade and other payables, including derivatives	(1,173)	(1,173)	-

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

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Net gains/(losses) on:				
Financial instruments at fair value through profit or loss:				
- Mandatorily required by MFRS 9	8,046	11,091	444	234
Financial assets at amortised cost	428	(906)	17	(5)
Financial liabilities at amortised cost	(7,026)	(3,871)	-	(6)
	1,448	6,314	461	223

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.

33. Financial instruments *(cont'd)*

33.4 Credit risk *(cont'd)*

Trade receivables *(cont'd)*

Concentration of credit risk

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

	Group	
	2020	2019
	RM'000	RM'000
Malaysia	173,357	209,509
Asia (excluding Malaysia)	17,128	18,997
Europe	3,447	3,296
North America	4,935	4,250
Central America	2,407	85
South America	-	42
Oceania	17,218	14,762
	218,492	250,941

Recognition and measurement of impairment loss

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

a) Debt with past due credit terms, the Group takes the necessary steps to recover the debt; and

b) Debt with 180 days past due after credit term, the Group starts to initiate structured debt recovery process which is monitored by management.

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

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

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

Notes to the Financial Statements
(cont'd)

33. Financial instruments *(cont'd)*

33.4 Credit risk *(cont'd)*

Trade receivables *(cont'd)*

Recognition and measurement of impairment loss (cont'd)

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

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Not past due	208,070	(108)	207,962
Past due 1 - 90 days	9,341	(191)	9,150
Past due 91 - 180 days	1,563	(183)	1,380
	218,974	(482)	218,492
Credit impaired			
Past due more than 180 days	2,718	(2,718)	-
Individually impaired	1,445	(1,445)	-
	223,137	(4,645)	218,492
2019			
Not past due	234,751	(57)	234,694
Past due 1 - 90 days	16,507	(552)	15,955
Past due 91 - 180 days	728	(436)	292
	251,986	(1,045)	250,941
Credit impaired			
Past due more than 180 days	1,006	(1,006)	-
Individually impaired	3,889	(3,889)	-
	256,881	(5,940)	250,941

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

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance at 1 January 2019	1,187	4,467	5,654
Net remeasurement of loss allowance	(142)	428	286
Balance at 31 December 2019/1 January 2020	1,045	4,895	5,940
Amount written off	-	(3,004)	(3,004)
Net remeasurement of loss allowance	(563)	2,272	1,709
Balance at 31 December 2020	482	4,163	4,645

33. Financial instruments *(cont'd)*

33.4 Credit risk *(cont'd)*

Cash and cash equivalents

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

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

Other investments

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

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

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

Exposure to credit risk, credit quality and collateral

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

Recognition and measurement of impairment loss

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

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

Notes to the Financial Statements

(cont'd)

33. Financial instruments *(cont'd)*

33.4 Credit risk *(cont'd)*

Inter-company loans and advances *(cont'd)*

Recognition and measurement of impairment loss (cont'd)

The 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
2020			
Low credit risk	15,616	-	15,616
Credit impaired	589	(589)	-
	16,205	(589)	15,616
2019			
Low credit risk	18,484	-	18,484
Credit impaired	608	(608)	-
	19,092	(608)	18,484

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

Company	Lifetime ECL RM'000
Balance at 1 January 2019	1,101
Net remeasurement of loss allowance	(493)
Balance at 31 December 2019/1 January 2020	608
Net remeasurement of loss allowance	(19)
Balance at 31 December 2020	589

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.

33. Financial instruments *(cont'd)*

33.5 Liquidity risk *(cont'd)*

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:

2020	Carrying amount RM'000	Contractual interest rate/ Discount rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Group							
Non-derivative financial liabilities							
Unsecured foreign currency loans/ borrowings	59,737	0.51 - 7.40	59,809	59,617	192	-	-
Unsecured local currency borrowings	27,854	2.30 - 2.75	28,036	28,036	-	-	-
Lease liabilities	15,612	3.27 - 10.00	78,127	3,058	2,092	4,798	68,179
Trade and other payables, excluding derivatives	245,429	-	245,429	245,429	-	-	-
	348,632		411,401	336,140	2,284	4,798	68,179
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	31	-	11,027	11,027	-	-	-
Inflow	-	-	(10,996)	(10,996)	-	-	-
	348,663		411,432	336,171	2,284	4,798	68,179

Notes to the Financial Statements
(cont'd)

33. Financial instruments *(cont'd)*

33.5 Liquidity risk *(cont'd)*

Maturity analysis (cont'd)

2020	Carrying amount RM'000	Contractual interest rate/ Discount rate % per annum	Contractual cash flow RM'000	Under 1 year RM'000	1 - 2 years RM'000	2 - 5 years RM'000	More than 5 years RM'000
Company							
Non-derivative financial liabilities							
Trade and other payables, excluding derivatives	1,041	-	1,041	1,041	-	-	-
2019							
Group							
Non-derivative financial liabilities							
Unsecured foreign currency loans/ borrowings	53,796	0.26 - 8.15	55,096	55,096	-	-	-
Unsecured local currency borrowings	17,900	3.98 - 4.17	18,111	18,111	-	-	-
Lease liabilities	16,660	3.80 - 10.00	70,958	3,605	2,698	5,473	59,182
Trade and other payables, excluding derivatives	214,045	-	214,045	214,045	-	-	-
	302,401		358,210	290,857	2,698	5,473	59,182
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	-	45,518	45,518	-	-	-
Inflow	(542)	-	(46,060)	(46,060)	-	-	-
	301,859		357,668	290,315	2,698	5,473	59,182
Company							
Non-derivative financial liabilities							
Trade and other payables, excluding derivatives	1,173	-	1,173	1,173	-	-	-

33. Financial instruments *(cont'd)*

33.6 Market risk

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

33.6.1 Currency risk

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

Risk management objectives, policies and processes for managing the risk

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

Exposure to foreign currency risk

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

Group	Denominated in					
In RM'000	USD	JPY	EUR	AUD	THB	CNY
2020						
Trade receivables	9,997	61	2,271	2,990	-	16
Trade payables	(7,240)	(12,965)	(108)	(4)	(7,453)	(8,013)
Forward exchange contracts	9	(8)	(11)	(4)	-	(17)
Net exposure	2,766	(12,912)	2,152	2,982	(7,453)	(8,014)
2019						
Trade receivables	8,762	84	1,525	243	1	53
Trade payables	(4,496)	(16,597)	(17)	-	(4,932)	(3,960)
Forward exchange contracts	485	(122)	222	(19)	(3)	(25)
Net exposure	4,751	(16,635)	1,730	224	(4,934)	(3,932)

The Group's exposure to foreign currency risk can be partly mitigated through revision of selling prices with certain customers. After considering the mitigating effect, the remaining exposure to currency risk is not material and hence, sensitivity analysis is not performed.

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 loans and unsecured local currency borrowings and lease liabilities are exposed to a risk of change in their fair values due to changes in interest rates. The Group's variable rate instruments such as investments with licensed financial institutions and licensed banks 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 and licensed banks 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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets				
Deposits placed with licensed banks	88,468	74,384	1,005	344
Amount due from subsidiaries	-	-	15,589	18,503
	88,468	74,384	16,594	18,847
Financial liabilities				
Unsecured foreign currency loans/borrowings	(59,737)	(53,796)	-	-
Unsecured local currency borrowings	(27,854)	(17,900)	-	-
Lease liabilities	(15,612)	(16,660)	-	-
	(103,203)	(88,356)	-	-

33. Financial instruments *(cont'd)*

33.6 Market risk *(cont'd)*

33.6.2 Interest rate risk *(cont'd)*

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

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Financial assets				
Investments with licensed financial institutions	203,552	169,195	15,029	-

Interest rate risk sensitivity analysis

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the end of the reporting period would not affect profit and loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

As cash flow risk arising from floating rate instruments is not material, sensitivity analysis is not presented.

Notes to the Financial Statements
(cont'd)

33. Financial instruments *(cont'd)*

33.7 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term loans and borrowings reasonably approximate their fair values due to the relatively short-term nature of these financial instruments.

The tables below analyse other financial instruments at fair value.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
Group	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020										
Financial assets										
Forward exchange contracts	-	117	-	117	-	-	-	-	117	117
Other investments	-	206,251	-	206,251	-	-	-	-	206,251	206,251
	-	206,368	-	206,368	-	-	-	-	206,368	206,368
Financial liabilities										
Forward exchange contracts	-	(148)	-	(148)	-	-	-	-	(148)	(148)
2019										
Financial assets										
Forward exchange contracts	-	719	-	719	-	-	-	-	719	719
Other investments	-	169,195	-	169,195	-	-	-	-	169,195	169,195
	-	169,914	-	169,914	-	-	-	-	169,914	169,914
Financial liabilities										
Forward exchange contracts	-	(177)	-	(177)	-	-	-	-	(177)	(177)
Company										
2020										
Financial assets										
Other investments	-	15,808	-	15,808	-	-	-	-	15,808	15,808
2019										
Financial assets										
Other investments	-	-	-	-	-	-	-	-	-	-

33. Financial instruments *(cont'd)*

33.7 Fair value information *(cont'd)*

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that causes the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the Group can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Investments with licensed financial institutions

The fair value of the investments with licensed financial institutions is determined by reference to fair value quoted by the counter-party.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2019: 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.

Notes to the Financial Statements
(cont'd)

34. Capital management *(cont'd)*

The Group reviews and manages its capital structure by maintaining a balance between the expected risk against expected return and makes relevant adjustment to the capital structure in the light of changes in economic conditions. As at the end of the reporting period, the Group was in net cash position as follows:

	Group	
	2020 RM'000	2019 RM'000
Other investments (Note 11)	206,251	169,195
Cash and cash equivalents (Note 14)	203,837	179,772
Less: Loans and borrowings (Note 17)	(87,591)	(71,696)
Net cash position	322,497	277,271

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

35. Significant events

35.1 On 24 March 2020, APM Automotive Global Ltd. ("AAGL"), a wholly-owned subsidiary of the Group, incorporated a new subsidiary namely, APM Marketing (Vietnam) Co. Ltd. ("APMMV") in Vietnam. The Group intends to subscribe 100,000 shares of USD1.00 each in APMMV for a total cash consideration of USD100,000. The intended principal activities of APMMV are providing marketing services and sales of automotive parts and accessories in Vietnam market.

35.2 On 6 July 2020, the Group subscribed for 50% equity interest in P. T. APM Hyundai Transys Indonesia for a total cash consideration of RM28.3mil. The intended principal activities of the company is manufacture and supplied for automotive seats and its related parts and components in Indonesia.

35.3 On 19 November 2020, the members of APM Tinnos Sdn. Bhd. ("APMTN"), a subsidiary of the Company, approved the winding up of APMTN by way of member's voluntary winding up pursuant to Section 439(1)(b) of the Companies Act 2016.

36. Subsequent event

On 12 March 2021, APM Shock Absorbers Sdn. Bhd. ("APMSA"), a wholly-owned subsidiary of the Company, together with Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a 70% owned subsidiary of Tan Chong Motor Holdings Berhad ("TCMH") and TCIM Sdn. Bhd. ("TCIM"), a wholly-owned subsidiary of Warisan TC Holdings Berhad ("WTCH") (collectively referred as "the Consortium"), received a Letter of Notification from the Energy Commission notifying that the Consortium had been selected as a shortlisted bidder for the development of the Large Scale Solar Photovoltaic Plant of 20MW at Hulu Selangor, Selangor ("LSS Project").

The Consortium will be involved in developing, financing, designing, supplying, installing, operating and maintaining the 20MW Large Scale Solar Photovoltaic Plant on the water surface in Kawasan Kolam Takungan Air Serendah, Hulu Selangor with the expected commercial operation date by 31 December 2023 for a term of 21 years under the power purchase agreement with Tenaga Nasional Berhad.

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 74 to 166 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 2020 and of their financial performance and cash flows for the financial year then ended.

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

....

Low Seng Chee
Director

....

Dato' Tan Eng Hwa
Director

Selangor Darul Ehsan

Date: 8 April 2021

Statutory Declaration

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

I, **Khoo Peng Peng**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 74 to 166 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed Khoo Peng Peng, MIA: CA19749, at Petaling Jaya in the State of Selangor on 8 April 2021.

....
Khoo Peng Peng

Before me:

Lawrence Low
No. B484
Commissioner for Oaths
Selangor Darul Ehsan.

Independent Auditors' Report

To the members of APM Automotive Holdings Berhad
(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 2020 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 74 to 166.

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 2020 and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Provision for warranties
Refer to Note 18 to the financial statements.

The key audit matter	How the matter was addressed in our audit
We have identified provision for warranties as a key audit matter because any unanticipated claims may render the provision for warranties inadequate to cover losses. In addition, emerging claims are difficult to detect.	Our procedures included, amongst others: • Inspected claim records and interviewed appropriate personnel for unusual trend of claims or product defects; • Assessed the adequacy of provision made by the Group by comparing with historical trends of actual claims; and • For unanticipated defects, inspected the basis of provision and determined that assumptions were reasonable and supportable based upon internal and external available data.

Independent Auditors' Report

To the members of APM Automotive Holdings Berhad
(Registration No. 199701009342 (424838-D))
(Incorporated In Malaysia)

Key Audit Matters *(cont'd)*

Cost of investments in subsidiaries Refer to Note 5 to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
Investments in subsidiaries may be overstated as impairment loss may not be adequate. The return of cost of investments in subsidiaries is dependent on the profitability of the subsidiaries. Due to the market conditions faced by the automobile industry, impairment of the cost of investments in subsidiaries is a key audit matter because of the high level of judgement required of us to evaluate the recoverable amount of the investments.	Our procedures included, amongst others: • Challenged management's assessment in identifying investments that were having impairment indicators by evaluating whether internal and external indicators had been considered; • Evaluated the impairment test model by comparing it with the requirements of the relevant accounting standard; • Assessed the appropriateness of the discount rate used by comparing it to available external sources of data in which the affected subsidiaries operate; • Assessed those significant and highly sensitive assumptions to determine if they are appropriate and supportable by comparing them with internal and external sources; and • Considered the adequacy of the disclosures on the impairment assessment for investments which the assumptions applied are particularly sensitive, uncertain or require significant judgement.

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.

- 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.

Independent Auditors' Report

To the members of APM Automotive Holdings Berhad
(Registration No. 199701009342 (424838-D))
(Incorporated In Malaysia)

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 face that USD equivalent statement of financial position and statement of profit or loss and other comprehensive income on page 75 and 78 do not form part of the audited financial statements. We have not audited these statements and accordingly, we do not express on 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: 03175/04/2021 J
Chartered Accountant

Petaling Jaya

Date: 8 April 2021

Group Properties

as at 31 December 2020

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	23	2020	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	26	2020	1984
No. 23 and 25 Jalan Selat Selatan 21 Sobena Jaya, Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	2,358	Freehold	5,900	10	2020	2000
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off KM 9, Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,610	24	2020	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off KM 9, Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,690	24	2020	2001
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	40,353	Leasehold/ 27.02.2076	50,500	34	2020	1977
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	20,234	Leasehold/ 19.10.2076	24,800	42	2020	1977
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory and warehouse	16,186	Leasehold/ 06.04.2079	20,500	11	2020	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office and warehouse	22,573	Leasehold/ 06.04.2079	25,600	9-24	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	8,990	7	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	7	2020	2013

Group Properties

as at 31 December 2020

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	6,340	7	2020	2013
HS(D) 45445, PT 16073 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	32,326	Freehold	36,300	12-18	2020	2002
Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse and vacant land	32,354	Freehold	30,700	11-16	2020	2002
No. 5 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory and Warehouse	16,172	Freehold	24,000	15	2020	2013
No.12 Lot 9378 Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office and warehouse	8,094	Freehold	8,800	21	2020	2012
Lots 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse and vacant land	39,882	Freehold	12,660	16	2020	2004
GM65, Lot 911 Padang Meha Pekan Sungai Karangan Daerah Kulim, Kedah	Factory, office, warehouse and land	35,429	Freehold	30,500	3	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	19,282	16	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	18,515	11	2020	2004
27 Dai Lo Tu Do Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Vacant industrial land	9,514	Leasehold/ 08.08.2054	13,581	-	2020	2010
No. 159, Ha Noi Highway Thao Dien, District 2 Ho Chi Minh City, Vietnam	Apartment	-	Leasehold/ 08.05.2066	1,717	3	2020	2017

Group Properties
as at 31 December 2020

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	19,778	13	2020	2008
Suryacipta City of Industry Jl. Surya Kencana Kav.1-MIJK Ciampel Karawang 41361	Factory, office and land	37,516	Leasehold/ 25.05.2025	42,992	4	2020	2012
Plot A215 Amata City Industrial Estate Rayong Province, Thailand	Vacant industrial land	56,404	Freehold	44,763	4	2020	2014
Trivium Terrace Apartments (South Tower) No. Unit TS-12A01, S620, S1709, S1810, TS-0519 & TS-12A17, TS-1101 Lippo Cilarang, Bekasi 17550	Apartments	-	Leasehold/ 11.01.2034	2,252	4	2020	2016
130 Northcorp Boulevard Broadmeadows VIC 3047 Melbourne CDB Australia	Factory, office, warehouse and land	15,000	Freehold	25,004	3	2020	2017
53 Magnesium Drive Crestmead Queensland 4132 Australia	Factory, office, warehouse and land	4,001	Freehold	9,261	2	2020	2018
Binnenhaven 125-127, 7547 BG Enschede, The Netherlands	Factory, office, warehouse and land	3,412	Freehold	3,671	2	2020	2018
708 Fellowship Road, Mount Laurel, NJ 08054 United States of America	Office, warehouse and land	7,446	Freehold	7,625	1	2020	2019
Industrial Park in Nyaung Inn Village Bago Township Bago Region, Myanmar	Land	121,394	Leasehold	20,868	4	2020	2016

Analysis of Shareholdings

as at 31 March 2021

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	473	8.399	14,079	0.007
100 – 1,000	2,960	52.566	1,217,674	0.622
1,001 – 10,000	1,679	29.817	6,422,412	3.285
10,001 – 100,000	433	7.689	11,991,250	6.133
100,001 – 9,774,714 (less than 5% of issued shares less treasury shares)	84	1.491	102,977,259	52.675
9,774,715 and above (5% and above of issued shares less treasury shares)	2	0.035	72,871,626	37.275
Sub Total	5,631	100.000	195,494,300	100.000
Treasury Shares	-	-	6,105,700	-
	5,631	100.000	201,600,000	100.000

SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

Name of Substantial Shareholders	Direct No. of Shares Held	% (*)	Indirect No. of Shares Held	% (*)
Employees Provident Fund Board	10,538,900	5.39	-	-
Tan Chong Consolidated Sdn. Bhd.	73,382,326	37.54	-	-
Wealthmark Holdings Sdn. Bhd.	15,260,600	7.81	-	-
Dato' Tan Heng Chew	11,242,199	5.75	88,642,926	45.34 (1)
Tan Eng Soon	-	-	73,382,326	37.54 (2)

Notes:

(1) *Deemed interested by virtue of interests in Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH") pursuant to Section 8(4) of the Companies Act, 2016 ("Act").*
(2) *Deemed interested by virtue of interest in TCC pursuant to Section 8(4) of the Act.*
(*) *Percentage is based on the total number of issued shares less treasury shares.*

Analysis of Shareholdings

as at 31 March 2021

DIRECTORS' SHAREHOLDINGS

(as per Register of Directors' Shareholdings)

Name of Directors	Direct No. of shares held	% (*)	Indirect No. of shares held	% (*)
Dato' Tan Heng Chew	11,242,199	5.75	92,245,784 (1)	47.19
Dato' Tan Eng Hwa	207,008	0.11	7,128 (2)	- (3)
Siow Tiang Sae	2,050	- (3)	-	-

The other directors namely, Dato' N. Sadasivan s/o N.N. Pillay, Low Seng Chee, Sow Soon Hock, Lee Tatt Boon, Lee Min On, Dato' Chan Choy Lin and Nicholas Tan Chye Seng do not have any shares, whether direct or indirect, in the Company.

(1) *Deemed interested by virtue of interests in TCC and WH pursuant to Section 8(4) of the Act and interests of spouse pursuant to Section 59(11)(c) of the Act.*
(2) *Deemed interested by virtue of interests in Solomon House Sdn. Bhd. pursuant to Section 8(4) of the Act and interest of spouse pursuant to Section 59(11)(c) of the Act.*
(3) *Less than 0.01%.*
(*) *Percentage is based on the total number of issued shares less treasury shares.*

LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

No.	Name	No. of Shares held	% (*)
1.	Tan Chong Consolidated Sdn. Bhd.	62,332,726	31.884
2.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	10,538,900	5.390
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.	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Heng Chew (E-KLC)*	4,561,400	2.333
7.	Cartaban Nominees (Tempatan) Sdn. Bhd. *ICapital.Biz Berhad*	4,541,300	2.322
8.	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)*	4,250,000	2.173
9.	Tan Boon Pun	3,631,490	1.857
10.	Amanahraya Trustees Berhad *Public SmallCap Fund*	3,487,100	1.783
11.	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Heng Chew*	3,284,400	1.680
12.	Tan Ban Leong	3,165,926	1.619
13.	Tan Beng Keong	3,165,926	1.619

Analysis of Shareholdings

as at 31 March 2021

No.	Name	No. of Shares held	% (*)
14.	Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Tan Heng Chew (PB)*	3,069,300	1.570
15.	Wealthmark Holdings Sdn. Bhd.	2,905,200	1.486
16.	DB (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)*	2,850,000	1.457
17.	Cimsec Nominees (Tempatan) Sdn. Bhd. *CIMB Bank for Khor Swee Wah @ Koh Bee Leng (PB)*	2,749,108	1.406
18.	Lim Kuan Gin	2,362,202	1.208
19.	CIMB Group Nominees (Asing) Sdn. Bhd. *Exempt An for DBS Bank Ltd (SFS)*	2,235,500	1.143
20.	Tan Chong Consolidated Sdn. Bhd.	2,210,000	1.130
21.	Tan Chee Keong	2,048,885	1.048
22.	Tan Hoe Pin	2,048,885	1.048
23.	ChinChoo Investment Sdn. Berhad	1,735,300	0.887
24.	Citigroup Nominees (Tempatan) Sdn. Bhd. *Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)*	1,563,000	0.799
25.	Gan Teng Siew Realty Sdn. Berhad	1,389,000	0.710
26.	Tan Hoe Pin	1,308,214	0.669
27.	Lee Lang	1,220,354	0.624
28.	Tan Boon Pun	1,199,800	0.613
29.	Amanahraya Trustees Berhad *PB Smallcap Growth Fund*	1,168,200	0.597
30.	HSBC Nominees (Asing) Sdn. Bhd. *Exempt An for Credit Suisse (SG BR-TST-TEMP)*	1,120,100	0.572

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-Fourth Annual General Meeting ("24th AGM") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company") will be conducted fully virtual through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 3 June 2021 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 2020 together with the Reports of the Directors and Auditors thereon. *(Please refer to Explanatory Note 1)*

2. To declare a final single tier dividend of 7 sen per share for the financial year ended 31 December 2020. *(Ordinary Resolution 1)*

3. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 98 of the Company's Constitution, as Directors of the Company:

   (i) Dato' Tan Heng Chew *(Ordinary Resolution 2)*

   (ii) Dato' Tan Eng Hwa *(Ordinary Resolution 3)*

   Mr. Siow Tiang Sae, who also retires by rotation in accordance with Article 98 of the Company's Constitution, has expressed his intention not to seek for re-election as a Director of the Company. Hence, he shall retain office until the conclusion of the 24th AGM.

4. To approve the payment of Directors' fees of up to RM490,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 4 June 2021 until the next Annual General Meeting of the Company. *(Ordinary Resolution 4)*

5. To approve the payment of Directors' benefits of up to RM130,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 4 June 2021 until the next Annual General Meeting of the Company. *(Ordinary Resolution 5)*

6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 6)*

Special Business

To consider and if thought fit, to pass the following resolutions:

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "THAT authority be and is hereby given to Dato' N. Sadasivan s/o N.N. Pillay, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." *(Ordinary Resolution 7)*

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

   "THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the

Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that -

(i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company at any point in time of the purchase; and

(ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder or to resell the treasury shares or otherwise as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and shall continue to be in force until -

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities." *(Ordinary Resolution 8)*

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 5.1 of Part B of the Company's Circular to Shareholders dated 30 April 2021 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

Notice of Annual General Meeting

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 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)*

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 5.2 of Part B of the Company's Circular to Shareholders dated 30 April 2021 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 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

11. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES**

    "THAT, subject to the Companies Act, 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 5.3 of Part B of the Company's Circular to Shareholders dated 30 April 2021 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 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)*

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

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the 24th AGM of APM Automotive Holdings Berhad, a final single tier dividend of 7 sen per share for the financial year ended 31 December 2020 will be paid on 24 June 2021. The entitlement date shall be 10 June 2021.

A depositor shall qualify for the entitlement to the dividend only in respect of:

(1) shares transferred into the Depositor's Securities Account before 4.30 p.m. on 10 June 2021 in respect of ordinary transfers; and

(2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board
KHOO PENG PENG (MIA 19749)(SSM PC No. 201908003721)
SOO SHIOW FANG (MAICSA 7044946)(SSM PC No. 201908003869)
Company Secretaries

Kuala Lumpur
30 April 2021

Notice of Annual General Meeting

Notes:

1. The 24th AGM of the Company will be conducted fully virtual 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 24th 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 24th 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 24th 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 1 June 2021 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 24th AGM.

4. Since the 24th AGM will be conducted as a fully virtual meeting, a member entitled to participate and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

5. A depositor whose name appears in the Record of Depositors of the Company as at 27 May 2021 ("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.

6. 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.

7. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee, who is exempted from compliance with the provisions of Section 25A(1) of SICDA, may appoint more than one (1) proxy but not more than two (2) proxies to 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.

8. Subject to Note 11 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.

9. Subject to Note 11 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.

10. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:

    (i) the securities account number;
    (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
    (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.

11. Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint more than one (1) proxy but not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed

Notice of Annual General Meeting

to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.

12. The instrument appointing a proxy shall be in writing under the hand of the 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.

13. 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 24th AGM or not later than Tuesday, 1 June 2021 at 10.30 a.m.:

    (a) In hard copy form

    Either by hand or post to the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. +603-2783 9299) or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

    (b) By electronic means via TIIH Online

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

    (c) By electronic means via email

    By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 13(a) above.

14. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 24th 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 2020

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 4 and 5 – Directors' Fees and Benefits

In accordance with Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the directors of a public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Company pays Directors' fees and benefits to the Independent Non-Executive Directors. The Executive Directors do not receive any fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval of the shareholders.

Notice of Annual General Meeting

The Board recommends that shareholders approve a maximum aggregate amount of RM490,000 for the payment of Directors' fees to the Independent Non-Executive Directors of the Company during the course of the period from 4 June 2021 until the next Annual General Meeting of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM130,000 for the payment of benefits which mainly consist of meeting allowances (i.e. as Chairman of meeting of RM1,500 per meeting and as Board/Board Committee member of RM1,200 per meeting) to the Independent Non-Executive Directors of the Company during the course of the period from 4 June 2021 until the next Annual General Meeting of the Company.

(3) Ordinary Resolution 7 – Continuing in Office as Independent Non-Executive Director

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

Following an assessment and recommendation by the Nominating and Remuneration Committee, the Board recommended that Dato' N. Sadasivan s/o N.N. Pillay, who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company based on the following key justifications:

(a) he fulfills the criteria under the definition of Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore, is able to function as a check and balance and bring independent and objective judgment to the Board's deliberations;

(b) his vast experiences and expertise in finance, economics and regulatory requirements as well as diverse business environment enable him to provide the Board and Board Committees, as the case may be, with pertinent and a diverse set of expertise, skills and competence;

(c) his long service with the Company enhances his knowledge and developed valuable insights of the business operations of the Group, which enable him to contribute actively and effectively during deliberations at the Board and Board Committees' meetings, as the case may be; and

(d) he has devoted sufficient time and exercised due care as Independent Director of the Company and carried out his duty in the interest of the Company and the shareholders as well as all other stakeholders.

(4) Ordinary Resolution 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 30 April 2021, uploaded onto the Company's website at 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 30 April 2021, uploaded onto the Company's website at www.apm.com.my.

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 24th 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 24th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 24th 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

CDS Account No.	
Number of shares held	
Shareholder's email address	

I/We ______________________________ *(name of shareholder, in capital letters)*

NRIC No./Company No. ______________ (new) ______________________ (old)

of ____ (full address)

telephone no. ____________________ being a member(s) of APM AUTOMOTIVE HOLDINGS BERHAD,

hereby appoint __________________________ *(name of proxy as per NRIC, in capital letters)*

NRIC No. ______________________ (new) ____________________ (old) and/or

____________________________________ *(name of proxy as per NRIC, in capital letters)*

NRIC No. ______________________ (new) ______________ (old) or failing him/her,

the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Twenty-Fourth Annual General Meeting ("24th AGM") of the Company to be conducted fully virtual through live streaming from the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Thursday, 3 June 2021 at 10.30 a.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Declaration of Dividend		
Ordinary Resolution 2	Re-election of Dato' Tan Heng Chew as Director		
Ordinary Resolution 3	Re-election of Dato' Tan Eng Hwa as Director		
Ordinary Resolution 4	Payment of Directors' Fees		
Ordinary Resolution 5	Payment of Directors' Benefits		
Ordinary Resolution 6	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 7	Continuing in Office for Dato' N. Sadasivan s/o N.N. Pillay as Independent Non-Executive Director		
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.)

____
Signature of Member(s)/
Attorney of Member

____
Common Seal of Member, if applicable
(if the appointer is a corporation)
Date:

For the appointment of two proxies, percentage of shareholdings to be represented by each proxy:

	Number of shares	%
Proxy 1		
Proxy 2		
Total		100%

Fold this flap for sealing

Notes:

1. The 24th AGM of the Company will be conducted fully virtual 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 24th 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 24th 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 24th 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 1 June 2021 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 24th AGM.
4. Since the 24th AGM will be conducted as a fully virtual meeting, a member entitled to participate and vote at the meeting may appoint the Chairman of the meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.
5. A depositor whose name appears in the Record of Depositors of the Company as at 27 May 2021 ("Record of Depositors") shall be entitled to participate, speak (in the form of real time submission to typed texts) and vote at the meeting of the Company via RPV facilities.
6. 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.
7. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee, who is exempted from compliance with the provisions of Section 25A(1) of SICDA, may appoint more than one (1) proxy but not more than two (2) proxies to 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.
8. Subject to Note 11 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint more than one (1) proxy but not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
9. Subject to Note 11 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
10. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
    (i) the securities account number;
    (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
    (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.
11. Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint more than one (1) proxy but not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons

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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

appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.

12. The instrument appointing a proxy shall be in writing under the hand of the 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.
13. 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 24th AGM or not later than Tuesday, 1 June 2021 at 10.30 a.m.:
    (a) In hard copy form
    Either by hand or post to the Company's Share Registrar, Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. +603-2783 9299) or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
    (b) By electronic means via TIIH Online
    By electronic means to the electronic address at Tricor's TIIH Online website at https://tiih.online. Please refer to the Administrative Notes for the procedures and requirements relating to the submission of proxy forms; and
    (c) By electronic means via email
    By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 13(a) above.
14. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of 24th 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 24th 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 24th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 24th AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies), attorney(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies), attorney(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

Personal Data Protection Notice

This Personal Data Protection Notice ("Notice") is issued to all shareholders (including substantial shareholders) ("Shareholders") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company", "APM", "we", "us" or "our") in accordance with the Personal Data Protection Act 2010 ("Act") which came into force on 15 November 2013. The Act regulates the processing of personal data and requires us to notify you on matters relating to your personal data that is being processed, or that is to be collected and further processed by us. For the purpose of this Notice, the terms "personal data" and "processing" used in this Notice shall have the meaning prescribed in the Act.

Bursa Malaysia Securities Berhad ("Bursa Securities") has also on 15 November 2013 amended the Main Market Listing Requirements ("Listing Requirements") consequential to the Act. Under Paragraph 2.14A of the Listing Requirements, any person who provides or has provided personal data to Bursa Securities should read and be aware of Bursa Securities' personal data notice available at Bursa Securities' website www.bursamalaysia.com ("Bursa Securities' personal data notice"). If the Company provides Bursa Securities with personal data of the Shareholders, the Company must notify the Shareholders of Bursa Securities' personal data notice.

As Shareholders of APM, your personal data which may include your name, national registration identity card number (NRIC no.), passport number, address, date of birth/age, contact details and number, email address, gender, nationality, shareholding in APM, bank account number, CDS account number and any other personal data required, may be processed by APM and its related companies ("APM Group") for the following purposes ("Purposes"):

(a) Compliance with the Companies Act, 2016, Listing Requirements and applicable relevant laws, regulations and guidelines, as may be amended, from time to time;

(b) Verification of information to authorities and governmental agencies;

(c) Deliver, communicate and transmit to the Shareholders of APM's annual report, circular to shareholders, and any other information through modes of communication and delivery we deem appropriate;

(d) Payment of dividends and giving of other benefits to you as shareholders, if applicable;

(e) Maintain, upkeep and update our records regarding our Shareholders' information; and

(f) Dealings with all matters in connection with your shareholding in APM; or such other purposes as may be related to the foregoing.

The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.

Your personal data may be disclosed by us in connection with the Purposes to parties including but not limited to companies within APM Group (whether present or future), our professional advisers, insurance companies, auditors, lawyers, banks, share registrars and other service providers, governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligations which is imposed on APM Group. Your personal data may be transferred to a place outside Malaysia.

If you fail to supply to us your personal data, we may not be able to process your personal data for any of the Purposes.

We are committed to ensuring that your personal data is stored securely. You are responsible for ensuring that the personal data you provide to us is accurate, complete and not misleading and that such personal data is kept up to date.

Please also be notified that you have the right to request access to and correction of your personal data and you have a choice to limit the consent of the processing of your personal data.

Personal Data Protection Notice

Your written requests or queries pertaining to your personal data should be addressed to:

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention: Ms. Lim Lay Kiow, Senior Manager
Tel No. : +603-2783 9299
Fax No. : +603-2783 9222
Email : lay.kiow.lim@my.tricorglobal.com

By providing to us your personal data, you hereby consent to the processing of your personal data in accordance with all of the foregoing. You shall also procure the consent of your proxy appointed to attend any general meeting of APM on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.

In accordance with the Act, the Notice is issued in both English and Bahasa Malaysia. In the event of inconsistency between the English version and the Bahasa Malaysia version, the English version shall prevail.

Issued by : APM Automotive Holdings Berhad
30 April 2021

Notis Perlindungan Data Peribadi

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama)("Pemegang Saham") APM AUTOMOTIVE HOLDINGS BERHAD ("Syarikat", "APM" atau "kami") menurut Akta Perlindungan Data Peribadi 2010 ("Akta") yang berkuatkuasa pada 15hb November 2013. Akta ini mengawal selia pemprosesan data peribadi dan menghendaki kami untuk memaklumkan anda berkenaan perkara-perkara yang berkaitan dengan data peribadi anda yang sedang diproses, atau yang akan dikumpul dan diproses oleh kami. Untuk tujuan Notis ini, terma-terma "data peribadi" dan "pemprosesan" yang digunakan dalam Notis ini hendaklah membawa maksud sepertimana yang ditakrifkan dalam Akta tersebut.

Bursa Malaysia Securities Berhad ("Bursa Securities") telah membuat pindaan kepada Keperluan Penyenaraian Pasaran Utama ("Keperluan Penyenaraian") pada 15hb November 2013 akibat daripada Akta ini. Seperti yang tertakluk di bawah perenggan 2.14A Keperluan Penyenaraian, sesiapa yang memberi atau telah memberi data peribadi kepada Bursa Securities, haruslah membaca dan menyedari tentang notis data peribadi Bursa Securities yang terdapat di laman web Bursa Securities di www.bursamalaysia.com ("notis data peribadi Bursa Securities"). Sekiranya Syarikat membekalkan data peribadi Pemegang Saham kepada Bursa Securities, Syarikat mesti memaklumkan Pemegang Saham tentang notis data peribadi Bursa Securities.

Sebagai Pemegang Saham APM, data peribadi anda mungkin termasuk nama, nombor kad pengenalan, nombor pasport, alamat, tarikh lahir/umur, maklumat dan nombor perhubungan, alamat emel, jantina, kewarganegaraan, pegangan saham dalam APM, nombor akaun bank, nombor akaun Sistem Depositori Pusat (CDS) anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh APM dan syarikat-syarikat yang berkaitan dengannya ("Kumpulan APM") untuk tujuan-tujuan berikut ("Tujuan"):

(a) Mematuhi Akta Syarikat 2016, Keperluan Penyenaraian dan undang-undang, peraturan-peraturan dan garis panduan yang berkaitan yang mungkin dipinda dari semasa ke semasa;

(b) Pengesahan maklumat kepada pihak berkuasa dan agensi kerajaan;

(c) Menyampaikan, menghubungi dan menghantar laporan tahunan APM, pekeliling kepada Pemegang Saham, dan lain-lain maklumat melalui cara komunikasi dan penyampaian yang kami anggap sesuai;

(d) Pembayaran dividen dan manfaat lain kepada anda sebagai Pemegang Saham, jika berkenaan;

(e) Mengekal, menyelia dan mengemaskinikan rekod kami yang berkaitan dengan maklumat-maklumat Pemegang Saham; dan

(f) Untuk berurusan dengan semua perkara yang berkaitan dengan pegangan saham anda dalam APM; atau bagi tujuan-tujuan lain yang mungkin berkaitan dengan perkara-perkara yang dinyatakan di atas.

Data peribadi anda yang diproses oleh kami merangkumi segala maklumat yang diberi oleh anda serta maklumat lain yang mungkin kami perolehi berkenaan anda.

Maklumat peribadi anda mungkin didedahkan oleh kami untuk Tujuan di atas kepada pihak lain termasuk dan tidak terhad kepada syarikat-syarikat dalam Kumpulan APM (sama ada pada masa kini atau masa depan), penasihat profesional, syarikat-syarikat insurans, juruaudit, peguam, bank, pendaftar saham dan pembekal perkhidmatan lain, semua jabatan dan/atau agensi kerajaan dan/atau kuasi-kerajaan, badan-badan penguatkuasa dan/atau berkanun dan sebarang pihak ketiga, sebagaimana yang dikehendaki undang-undang atau timbul daripada apa-apa kewajipan undang-undang yang dikenakan ke atas Kumpulan APM. Data peribadi anda mungkin akan dipindahkan ke suatu tempat di luar Malaysia.

Sekiranya anda gagal membekalkan data peribadi anda kepada kami, kami mungkin tidak dapat memproses data peribadi anda bagi mana-mana Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

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Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

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Dengan membekalkan data peribadi anda kepada kami, bermaksud anda bersetuju membenarkan kami memproses data peribadi anda selaras dengan apa-apa yang dinyatakan di atas. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menhadiri apa-apa mesyuarat agung APM bagi pihak anda sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Mengikut Akta tersebut, Notis ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan diguna pakai.

Dikeluarkan oleh : APM Automotive Holdings Berhad
30 April 2021

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