



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

(Incorporated in Malaysia)

**INTERIM REPORT FOR THE
THIRD QUARTER ENDED
30 SEPTEMBER 2020**

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

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
 AND OTHER COMPREHENSIVE INCOME
 FOR THE QUARTER ENDED 30 SEPTEMBER 2020 – unaudited**

<i>In thousands of RM</i>	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	Current	Corresponding	Change	Cumulative	Cumulative	Change
	Quarter Ended 30-Sep-20	Quarter Ended 30-Sep-19		Year to Date 30-Sep-20	Year to Date 30-Sep-19	
Revenue	333,816	384,660	-13.2%	764,943	1,110,638	-31.1%
Results from operating activities	24,431	18,143	34.7%	1,550	54,420	-97%
Finance costs	(1,243)	(1,520)	18.2%	(3,891)	(4,428)	12%
Finance income	1,554	2,308	-32.7%	6,314	7,065	-11%
Share of the loss of equity-accounted associates and joint ventures, net of tax	(1,289)	(5,095)	74.7%	(2,935)	(5,143)	43%
Profit before tax	23,453	13,836	69.5%	1,038	51,914	-98%
Income tax expense	(4,467)	(6,310)	29.2%	(4,753)	(15,431)	69%
Profit/(loss) for the period	18,986	7,526	152.3%	(3,715)	36,483	-110%
Other comprehensive income/(loss), net of tax						
Items that will be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(16,458)	1,265	-1401.0%	(6,863)	5,887	-217%
Share of foreign currency translation differences for equity-accounted associate and joint ventures	(1,861)	(145)	-1183.4%	(1,345)	1,131	-219%
Other comprehensive (loss)/income for the period, net of tax	(18,319)	1,120	-1735.6%	(8,208)	7,018	-217%
Total comprehensive income/(loss) for the period	667	8,646	-92.3%	(11,923)	43,501	-127%
Profit/(loss) attributable to :						
Owners of the Company	13,799	2,385	478.6%	(13,284)	20,724	-164%
Non-controlling interests	5,187	5,141	0.9%	9,569	15,759	-39%
Profit/(loss) for the period	18,986	7,526	152.3%	(3,715)	36,483	-110%
Total comprehensive income/(loss) attributable to :						
Owners of the Company	(4,520)	3,505	-229.0%	(21,492)	27,742	-177%
Non-controlling interests	5,187	5,141	0.9%	9,569	15,759	-39%
Total comprehensive income/(loss) for the period	667	8,646	-92.3%	(11,923)	43,501	-127%
Earnings/(Loss) per share						
Basic (sen)	7.06	1.22	478.8%	(6.79)	10.60	-164%

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

Registration No. 199701009342 (424838-D)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020 – unaudited**

<i>In thousands of RM</i>	As at 30-Sep-20	As at 31-Dec-19 (Audited)
Assets		
Property, plant and equipment	600,997	617,305
Investment properties	112,560	112,560
Investment in an associate	159	898
Investments in joint ventures	46,452	31,723
Intangible assets	25,333	18,526
Deferred tax assets	23,242	17,659
Total non-current assets	808,743	798,671
Inventories	253,471	269,906
Trade and other receivables, including derivatives	266,461	321,314
Other investments	178,663	169,195
Cash and cash equivalents	201,343	179,772
Total current assets	899,938	940,187
Total assets	1,708,681	1,738,858
Equity		
Share capital	219,498	219,498
Reserves	1,036,120	1,067,387
Treasury shares	(13,506)	(13,312)
Total equity attributable to owners of the Company	1,242,112	1,273,573
Non-controlling interests	74,747	75,179
Total equity	1,316,859	1,348,752
Liabilities		
Employee benefits	28,695	25,383
Lease liabilities	12,342	13,204
Deferred tax liabilities	48,793	51,082
Loans and borrowings	199	-
Total non-current liabilities	90,029	89,669
Trade and other payables, including derivatives	205,075	221,838
Lease liabilities	3,469	3,456
Loans and borrowings	86,027	71,696
Current tax liabilities	7,222	3,447
Total current liabilities	301,793	300,437
Total liabilities	391,822	390,106
Total equity and liabilities	1,708,681	1,738,858
Net assets per share attributable to owners of the Company (RM)	6.35	6.51

The above condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 – unaudited**

	<----- Attributable to the owners of the Company ----->							
	<----- Non-Distributable ----->				Distributable			
	Share capital	Treasury shares	Revaluation reserve	Translation reserve	Retained profits	Total	Non-controlling interests	Total equity
<i>In thousands of RM</i>								
At 1-Jan-19	219,498	(13,312)	104,341	(5,701)	929,247	1,234,073	67,948	1,302,021
Foreign currency translation differences for foreign operations	-	-	-	5,887	-	5,887	-	5,887
Share of foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	1,131	-	1,131	-	1,131
Transfer of revaluation surplus on properties	-	-	(3,681)	-	3,681	-	-	-
Profit for the period	-	-	-	-	20,724	20,724	15,759	36,483
Total comprehensive income for the period	-	-	(3,681)	7,018	24,405	27,742	15,759	43,501
Dividends to owners of the company	-	-	-	-	(13,694)	(13,694)	(8,002)	(21,696)
At 30-Sep-19	219,498	(13,312)	100,660	1,317	939,958	1,248,121	75,705	1,323,826
At 1-Jan-20	219,498	(13,312)	131,159	(146)	936,374	1,273,573	75,179	1,348,752
Foreign currency translation differences for foreign operations	-	-	-	(6,863)	-	(6,863)	-	(6,863)
Share of foreign currency translation differences for equity-accounted associate and joint ventures	-	-	-	(1,345)	-	(1,345)	-	(1,345)
Transfer of revaluation surplus on properties	-	-	(3,681)	-	3,681	-	-	-
(Loss)/profit for the period	-	-	-	-	(13,284)	(13,284)	9,569	(3,715)
Total comprehensive (loss)/income for the period	-	-	(3,681)	(8,208)	(9,603)	(21,492)	9,569	(11,923)
Own shares acquired	-	(194)	-	-	-	(194)	-	(194)
Dividends to owners of the company	-	-	-	-	(9,775)	(9,775)	(10,001)	(19,776)
At 30-Sep-20	219,498	(13,506)	127,478	(8,354)	916,996	1,242,112	74,747	1,316,859

The above condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

APM AUTOMOTIVE HOLDINGS BERHAD

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED 30 SEPTEMBER 2020 – unaudited**

<i>In thousands of RM</i>	For the 9 months period ended 30-Sep-20	For the 9 months period ended 30-Sep-19
Cash flows from operating activities		
Profit before tax and non-controlling interests	1,038	51,914
Adjustments for non-cash items	50,458	54,632
Changes in working capital	49,577	(53,118)
Cash generated from operations	101,073	53,428
Interest/Tax/Employee benefits/provision	(3,834)	(15,450)
Net cash generated from operating activities	97,239	37,978
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	1,401	517
Acquisition of property, plant and equipment	(30,034)	(25,921)
Net (increase)/decrease in other investments	(9,468)	99,547
Additions of intangible assets	(8,599)	(3,784)
Investment in joint ventures	(18,271)	-
Net cash (used in)/generated from investing activities	(64,971)	70,359
Cash flows from financing activities		
Dividends paid to non-controlling interests	(10,001)	(8,002)
Dividends paid to owners of the Company	(9,775)	(13,694)
Net drawdown/(repayment) of loans and borrowings	14,530	(12,082)
Payment of lease liabilities	(1,887)	(1,952)
Own shares acquired	(194)	-
Net cash used in financing activities	(7,327)	(35,730)
Net increase in cash and cash equivalents	24,941	72,607
Effect of exchange rate fluctuations	(3,370)	1,813
Cash and cash equivalents at 1 January	179,772	225,789
Cash and cash equivalents at the end of period	201,343	300,209

Cash and cash equivalents at the end of period comprise the following:

Cash and bank balances	63,140	50,194
Deposits and corporate management account with licensed banks	138,203	250,015
	201,343	300,209

The above condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.

A1. BASIS OF PREPARATION

These condensed consolidated interim financial statements (Condensed Report) have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

This condensed report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the condensed report provide explanations of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the financial year ended 31 December 2019.

A2. SIGNIFICANT ACCOUNTING POLICIES

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

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

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

- Amendment to MFRS 4, *Insurance Contracts - Extension of the Temporary Exemption from Applying MFRS 9*
- 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 4, *Insurance Contracts - Interest Rate Benchmark Reform-Phase 2*
- Amendments to MFRS 7, *Financial Instruments: Disclosures - Interest Rate Benchmark Reform-Phase 2*
- Amendments to MFRS 9, *Financial Instruments - Interest Rate Benchmark Reform-Phase 2*
- Amendments to MFRS 16, *Leases - Interest Rate Benchmark Reform-Phase 2*
- Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement - Interest Rate Benchmark Reform-Phase 2*

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 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

- Amendments to MFRS 17, *Insurance contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*

A2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2021 for those amendments that are effective for annual periods beginning on or after 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 January 2022; and
- from the annual period beginning on 1 January 2023 for those amendments that are effective for annual periods beginning on or after 1 January 2023

The Group does not plan to apply Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)* and MFRS 17, *Insurance Contracts* that are effective for annual periods beginning on 1 January 2022 and 1 January 2023 respectively as they are not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

A3. AUDIT QUALIFICATIONS

There were no audit qualifications in the annual financial statements for the year ended 31 December 2019.

A4. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS

The operations of the Group were not affected by any seasonal or cyclical factors, other than the general economic environment in which the Group operates.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no unusual items that have a material effect on the assets, liabilities, equity, net income or cash flows for the quarter ended 30 September 2020.

A6. SIGNIFICANT ESTIMATES AND CHANGES IN ESTIMATES

There were no material changes in estimates of amounts reported in prior financial year.

A7. DEBT AND EQUITY SECURITIES

There were no issuances, repurchases, resale or repayment of debts and equity securities in the current interim period and financial year to date, other than the following repurchase of shares by the Company:

<u>Month</u>	<i>In thousands of RM</i>	
	<u>No. of shares repurchased</u>	<u>Total consideration</u>
Jan-20	88,200	194

A8. DIVIDENDS PAID

A final single tier dividend of 5.0 sen per ordinary share (2018: 7.0 sen per ordinary share) totalling RM9.8 million (2018: RM13.7 million) in respect of financial year ended 31 December 2019 was paid on 26 August 2020.

A9. SEGMENTAL INFORMATION

The Group's operating structure comprises the following strategic business divisions, with each offering different groups of products or activities as described below:

- *Suspension Division, Malaysia:* comprises business in products such as leaf springs, parabolic springs, coil springs, shock absorbers, Gas Springs, U-bolts and metal parts.
- *Interior & Plastics Division, Malaysia:* comprises business in products such as plastic parts; interiors; and seatings for motor vehicles, buses, auditoriums, cinemas, and rails and light rails system.
- *Electrical & Heat Exchange Division, Malaysia:* comprises business in manufacturing products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts; developing Internet of Things ("IoT") telematics platform; and manufacturing and supplying In-vehicle Infotainment ("IVI") systems.
- *Marketing Division, Malaysia:* main activity is that of trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *Non-reportable segment, Malaysia:* comprises mainly operations related to the rental of investment properties in Malaysia; casting, machining and assembly of aluminum parts and components; distribution of motor vehicles; provision of management services for companies within the Group and provision of automotive research and development services.
- *Indonesia operations:* comprises business in Indonesia.
- *All other segments:* comprises businesses in Vietnam, Australia, United States of America, Netherlands, Thailand and Myanmar.

The manufacturing and distribution of automotive products within the Group are managed by four different operating segments within the Group. These operating segments are aggregated to form a reportable segment due to the similar nature and economic characteristics of the products. The nature, production process and methods of distribution of the products for these divisions are similar. The types of customers for the products are similar for both replacement markets ("REM") and Original Equipment Manufacturer ("OEM") markets.

APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A9. SEGMENTAL INFORMATION (CONT'D)

Performance is measured based on segment revenue and profit/(loss) before tax, as included in the internal management reports that are reviewed by the Chief Operating Decision Makers. Segmental 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.

In thousands of RM

INDIVIDUAL QUARTER

	30-Sep-20		30-Sep-19	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	57,301	4,142	49,986	712
Interior & Plastics	237,994	21,190	278,606	21,885
Electrical & Heat Exchange	30,012	(238)	33,900	1,971
Marketing	70,296	1,518	60,459	1,023
Non-reportable segment	13,040	(361)	20,410	(627)
Indonesia Operations	13,068	(4,408)	14,556	(8,325)
All Other Segments	35,987	1,571	39,075	(2,673)
	457,698	23,414	496,992	13,966
Eliminations	(123,882)	39	(112,332)	(130)
	333,816	23,453	384,660	13,836

In thousands of RM

CUMULATIVE QUARTER

	30-Sep-20		30-Sep-19	
	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>	<u>Segment Revenue</u>	<u>Profit/(loss) before tax</u>
Suspension	112,956	(3,989)	150,452	229
Interior & Plastics	525,324	22,120	823,231	65,220
Electrical & Heat Exchange	60,467	(3,403)	90,705	2,743
Marketing	145,347	1,196	185,456	5,033
Non-reportable segment	39,294	(4,808)	61,519	(2,105)
Indonesia Operations	34,742	(13,218)	38,366	(14,794)
All Other Segments	107,253	2,806	98,878	(4,679)
	1,025,383	704	1,448,607	51,647
Eliminations	(260,440)	334	(337,969)	267
	764,943	1,038	1,110,638	51,914

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTIES AND RIGHT-OF-USE ASSETS

The valuation of property, plant and equipment and investment properties were brought forward without amendment from the annual audited financial statements for the year ended 31 December 2019.

APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A11. RELATED PARTY DISCLOSURES

Significant transactions with Tan Chong Motor Holdings Berhad (“TCMH Group”), Warisan TC Holdings Berhad (“WTCH Group”) and Tan Chong International Limited (“TCIL Group”), including their respective subsidiaries, being companies in which Directors of the Company namely Dato’ Tan Heng Chew and Dato’ Tan Eng Hwa, are deemed to have substantial financial interests, are as follows:

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<u>With TCMH Group</u>	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Sales	2,661	23,222	12,419	70,985
Provision of services	127	149	304	441
Purchases	8	(4,812)	(2,818)	(24,031)
Administrative and consultancy services	1	-	(220)	(18)
Insurance	33	(88)	(4,488)	(4,787)
Rental expenses	(14)	(81)	(66)	(260)
Rental income	356	386	1,124	1,175

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<u>With WTCH Group</u>	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Sales	233	109	511	415
Purchases	(37)	(393)	(72)	(516)
Administrative and consultancy services	(53)	(466)	(272)	(1,782)
Rental income	119	93	377	278
Rental expenses	(323)	(283)	(895)	(894)

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<u>With TCIL Group</u>	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Sales	28	80	81	169
Purchases	(2)	(2)	(72)	(9)
Rental expenses	(16)	(17)	(52)	(51)

The above transactions had been entered into in the ordinary course of business on normal commercial terms.

APM AUTOMOTIVE HOLDINGS BERHAD (Registration No. 199701009342 (424838-D))
PART A: EXPLANATORY NOTES PURSUANT TO MFRS 134

A11. RELATED PARTY DISCLOSURES (CONT'D)

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Corresponding	Cumulative	Corresponding
	Quarter Ended	Quarter Ended	Year To Date	Year To Date
<u>Key management personnel</u>	<u>30-Sep-20</u>	<u>30-Sep-19</u>	<u>30-Sep-20</u>	<u>30-Sep-19</u>
Director				
Rental expenses	14	14	41	41

The above transactions had been entered into in the ordinary course of business on normal commercial terms

A12. MATERIAL SUBSEQUENT EVENT

Although there were no material events subsequent to the reporting quarter, the Board wishes to reiterate the implication that COVID-19 has on the Group.

Since the outbreak of COVID-19, many countries had introduced unprecedented measures to contain the pandemic such as travel restriction and movement control.

As at the date this interim financial report is authorised for issuance, the COVID-19 infection rate in Malaysia is increasing and the Government has initiated the Conditional Movement Control Order (CMCO) in a few states. Moreover, the COVID-19 pandemic globally is still evolving and unpredictable, including countries in which the Group operates. As such, the Group does not consider it practicable to provide a quantitative estimate of the potential impact the pandemic has on the economic conditions of the Group.

Nevertheless, the Group is monitoring and taking the necessary measures to minimise any impact that may be further caused by the COVID-19 pandemic on the Group's operations.

Save for the above, there were no other material events subsequent to the end of the reporting period and up to the date of issuance of this report.

A13. CHANGES IN COMPOSITION OF THE GROUP

On 17 July 2020, APM Tinnos Sdn. Bhd. ("APMTN"), a 60%-owned subsidiary of the Company, obtained its shareholders' approval to wind up the company by way of members' voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act, 2016 ("Winding-Up").

The Winding-Up will not have any material financial or operational effects on the Group for the financial year ending 31 December 2020.

A14. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or contingent liabilities as at 30 September 2020.

A15. CAPITAL COMMITMENTS

In thousands of RM

	<u>30-Sep-20</u>	<u>30-Sep-19</u>
Contracted but not provided for	18,139	13,268

Upon adoption of MFRS 16 *Leases*, the Group recognizes the right-of-use assets and corresponding lease liabilities for those non-cancellable operating leases. As a result, the disclosure on the non-cancellable operating lease commitment is no longer required.

B1. OPERATING SEGMENTS REVIEW

Statement of Financial Position

The impact of the COVID-19 pandemic in Malaysia has evolved since its first wave as the migration towards the new normal is becoming more apparent and consistent. As the rate of infectivity decrease and the percentage of recovery increases, the government's move to initiate the Recovery Movement Control Order (RMCO) phase in the third quarter was expected. With virtually all commercial activities being permitted to operate during the RMCO, many would see business stabilization as a priority.

As far as the Group is concerned, business outlook since the RMCO has been encouraging as production has increased substantially due to increase in its order books as OEM customers look to shore up their stock to meet the anticipated growth in sales due to the Government's announcement of the PENJANA economic recovery plan which is aimed at stimulating the Malaysian economy, including the automotive sector where exemption of sales tax would be accorded for passenger cars (to the extent of 100% sales tax exemption for the purchase of locally assembled or completely knocked-down (CKD) cars and 50% sales tax exemption for the purchase of imported cars or completely built-up (CBU) cars) between 15 June and 31 December 2020 to boost new car sales.

The Group's financial position was largely insulated due to its COVID-19 management plan and remains robust notwithstanding the impact of the COVID-19 pandemic.

In this regard and as at 30 September 2020, the Group's net asset per share experienced only a slight reduction of 2.4% from RM6.51 to RM6.35, due largely to the losses registered during the 2nd quarter of 2020; coupled with unfavourable foreign currency translation differences for foreign operations amounting to RM8.2 million for the nine-month period ended 30 September 2020. This is mainly caused by the weakening of Ringgit Malaysia against other currencies especially Thai Baht and Indonesia Rupee.

The Group's financial position remains relatively healthy with shareholders' funds settling at RM1.24 billion, cash and cash equivalents together with other investments amounting to RM380.0 million and net cash position (i.e. cash and cash equivalents plus other investments and deducting bank borrowings) of RM293.8 million.

Statement of Cash Flows and Capital Expenditure

For the 9-month period ended 30 September 2020, net cash generated from operating activities of the Group stood at RM97.2 million, which increased by 156% compared to corresponding period of the previous year where the amount was at RM38.0 million. This increase was in line with the higher revenue after the plants resumed operation fully in Q3 following the end of the Movement Control Order ("MCO") and introduction of the Conditional Movement Control Order ("CMCO").

On 26 June 2020 following months of negotiations, the Group successfully embarked on a joint venture ("**Joint Venture**") with Hyundai Transys Inc. ("**TRANSYS**") to manufacture and supply automobile seats and its related parts and components ("**Products**") to its counterpart in Indonesia, namely PT Hyundai Motor Manufacturing Indonesia ("**PTHMMI**") through PT. Hyundai Transys Indonesia ("**HTI**").

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Statement of Cash Flows and Capital Expenditure (Cont'd)

As of 30 September 2020, the Group has invested RM18.3 million into the Joint Venture. In addition, the Group increased its investment in unit trust on retail fund as compared to withdrawal (mainly from the wholesale fund) in the corresponding period of the previous year. Consequently, the net cash used in investing activities was higher at RM65.0 million.

During the period under view, net cash used in financing activities was lower at RM7.3 million compared to RM35.7 million in the same period of last year mainly due to the drawdown of bank loan of RM14.5 million versus repayment of RM12.1 million.

As at 30 September 2020, the Group's capital commitment stood at RM18.1 million, mainly due to investments in tooling, machineries/equipment and development costs for supply of parts for new car models and upgrade of production facilities. The capital commitments are be funded by internally generated funds and/or bank borrowings. As part of the measures to preserve cash flow due to the pandemic, the Group had deferred many of its capital expenditure.

The Group recognizes that sufficient cash reserves are essential in the pursuit of growth and expansion. Thus, the Group's liquidity remains intact as the Islamic Commercial Papers Programme and Islamic Medium Term Notes of up to RM1.5 billion in nominal value can be utilized for future capital investment and unutilized short term banking facilities of RM40 million for working capital, as and when required.

Analysis of Performance of All Operating Segments

Q3'20 vs. Q3'19

The Group's revenue declined by 13.2 % in Q3'20 from RM384.7 million to RM333.8 million due mainly to lower demands from OEM customers of the Interior and Plastic Division, driven mainly by supply of certain parts which have reached End of Production ("EOP") in Q4 2019 and first half of 2020.

Despite a lower revenue, the Group registered a higher Profit Before Tax ("PBT") of RM23.5 million as compared to RM13.8 million in the same quarter of last year. This was mainly due to two pertinent events in Q3 2019, details of which are as follow:-

- 1) Higher losses were sustained by our associate in Indonesia. The losses of our associate were mainly due to the cost incurred for staff retrenchment and restructuring exercises, the provision of stock obsolescence, expensed-off initial engineering and development costs for new model and higher operating costs; and
- 2) The one-off imposition of import duty and penalty by the custom authority on imported raw material resulting from the incorrect application of tariff code by our Vietnam operation.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments (Cont'd)

Year-to-date 2020 (“YTD 2020”) vs Year-to-date 2019 (“YTD 2019”)

The reduction in the Group’s revenue and bottom line in Q3 2020 can also be seen and felt on a year to date basis, as the impact of the COVID-19 pandemic grew steadily from the beginning of the year and gathered pace, particularly from implementation of the MCO on 18 March 2020 but decreased gradually in line with the implementation of the CMCO and subsequently, the RMCO.

As expected, the Group’s revenue reduced by approximately 31.1% to RM764.9 million from RM1,110.6 million a year ago. The Group’s PBT also dropped substantially by 98%, from RM51.9 million to RM1.0 million for the 9-month period mainly due to lower revenue with production overheads and administrative expenses which remained relatively fixed.

Suspension Division

For the 3Q 2020, revenue for Suspension Division increased by 14.6% to RM57.3 million against RM50.0 million in 3Q 2019 which was contributed by higher export sales of leaf spring products. Higher orders or call-in from local OEMs for suspension products also contributed to this quarter’s improved revenue. Many car manufacturers in Malaysia had ramped up their production in the third quarter of the year following complete inactivity for almost 45-60 days due to the effects of the MCO. This was evidenced by the higher Total Industry Production (“TIP”) Volume. TIP in Q3’20 increased by 160% to 149,814 units from 57,605 units in the immediate preceding quarter of the year. (*Source: Malaysian Automotive Association*). PBT was higher at RM4.1 million against RM0.7 million in the corresponding quarter of prior year, boosted by the higher production volume (which resulted in higher absorption of fixed overhead costs) and lower raw material price.

On the year-to-date basis, this Segment registered lower revenue by 24.9% to RM113.0 million from RM150.5 million a year ago as there was no revenue earned during the MCO and CMCO period from 18 March to 9 June 2020. In line with a lower revenue, the Suspension Division registered LBT of RM4.0 million compared to a PBT of RM0.2 million in YTD 2019.

Interior & Plastics Division

Revenue for the Interior & Plastics Division registered a reduction of 14.6% to RM238.0 million in 3Q’2020 on the back of lower demands for OEM parts due to the end of production or EOP of certain parts towards the end of last year and 1st half of 2020. Consequently, PBT decreased by 3.2% to RM21.2 million compared to RM21.9 million in the same period of last year in line with the lower revenue.

Likewise, for the first three quarters of the year, revenue and PBT of the Division decreased significantly from RM823.2 million and RM65.2 million to RM525.3 million and RM22.1 million respectively, mainly due to no revenue being earned during the MCO and CMCO period from 18 March to 9 June 2020. In addition, unfavorable product mix that generated lower margin also contributed towards the reduction in profitability.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments (cont'd)

Electrical & Heat Exchange Division

The Electrical & Heat Exchange Division's revenue fell by 11.5% to RM30.0 million from RM33.9 million in the current quarter due to lower demand from certain OEM customers. In line with the reduction in revenue, this Division ended the quarter at a marginal LBT of RM0.2 million compared to a PBT of RM2.0 million reported in Q3'19. The weakening of Ringgit, especially against Thai Bath and provision for stock obsolescence also impacted the Division's profitability for the quarter.

Plummeting demands from certain OEM customers, coupled with complete plant closure during the MCO in the first half of the year, resulted in the YTD 2020's revenue being reduced to RM60.5 million from RM90.7 million a year ago. The Division registered a YTD LBT of RM3.4 million against the PBT of RM2.7 million in YTD 2019, mainly due to the reasons mentioned earlier.

Marketing Division

The revenue of Marketing Division increased by 16.3% year-over-year ("YoY") (3Q'20:RM70.3 million; 3Q'19:RM60.5 million) due to higher export sales of the leaf spring, especially from the growing demand from America and Australia. Many overseas customers have started to have multiple sourcing of products from various countries as the trade war between China and United States of America has been prolonged. In line with the higher revenue, the Division registered an improved PBT by 48.4% to RM1.5 million compared to RM1.0 million in the corresponding period last year.

Despite a better performance in Q3 2020, the Marketing Division recorded lower revenue and PBT resulting from the reduced economic activities domestically and globally, caused mainly by the COVID-19 pandemic during the first half of the year. Revenue and PBT of the Marketing Division for the nine months of 2020 decreased by 21.6% and 76.2% to RM145.3 million and RM1.2 million respectively

Non-reportable segment, Malaysia

This segment comprises mainly operations relating to revenue received from sources that include rental of properties in Malaysia, provision of management services, and engineering and research services for companies within the Group. Revenue from these services and sources form part of inter-segment elimination for the total Group's results (as depicted in Note A9). This segment also comprises the business of casting, machining and assembly of aluminum parts and components and distribution of motor vehicles to internal and external customers.

Non-reportable segment's revenue dropped by 36.1% to RM13.0 million on the back of lower sales of motors vehicles and inter-group billings of services. However, this segment registered lower LBT mainly due to lower staff costs as the Group implemented its austerity measures following the MCO.

On a year-to-date basis, this Segment registered lower revenue of 36.1% to RM39.3 million from RM61.5 million a year ago for the same reasons as mentioned earlier. Consistent with the lower revenue, the Segment's LBT has widened from RM2.1 million to RM4.8 million.

B1. OPERATING SEGMENTS REVIEW (CONT'D)

Analysis of Performance of All Operating Segments (Cont'd)

Indonesia Operations

Indonesia Operations refer to the manufacture of suspension products such as coil springs, shock absorber and leaf springs as well as the Group's investment and participation in joint ventures and associate in Indonesia.

Since the implementation of partial lockdown by the Indonesian Government on April 3, 2020 and the persistently high infection rate of COVID-19 cases coupled with the civil unrest associated with the Indonesian Government's purported introduction of Job Creation Bill, the Indonesia automotive industry was acutely affected and almost reduced to a standstill. Most of the Group's OEM customers had yet to resume full or normal productions. Consequently, and like many of our contemporaries, our suspension plant was adversely affected, as the main source of revenue stems from such OEM customers. Hence, our Indonesia operations reported a 10.2% drop in revenue to RM13.1 million. Despite the lower revenue, the Division LBT narrowed by almost half from RM8.3 million of the corresponding period of last year. The higher losses recorded last year was mainly caused by higher share of associate's loss due to lower sales, expenses incurred in connection with staff retrenchment and restructuring exercises, provision of stock obsolesces higher operating costs.

Likewise, for the three quarters of the year, revenue of the Division decreased from RM38.4 million to RM34.7 million and LBT lowered by 10.7% from RM14.8 million to RM13.2 million, mainly due to the reasons mentioned earlier.

All Other Segments

This business segment refers to our operations in Thailand, Vietnam, Australia, the United States of America ("USA"), Netherlands and Myanmar ("**Operations Outside of Malaysia**").

Revenue for the Operations Outside of Malaysia for the current quarter decreased by 7.9% to RM36.0 million mainly due to lower sales of coach seats in Australia as the Government announced the second lockdown in the Victoria State of Australia beginning August 2020. Nevertheless, the Division recorded PBT of RM1.6 million compared to LBT of RM2.7 million the same period of last year. The 3Q'19 loss was primarily due to the one-off imposition of import duty and penalty by the custom authority on imported raw material resulting from the incorrect application of tariff code by our Vietnam operation.

Despite slightly lower revenue in 3Q'20, revenue for the Operations Outside of Malaysia experienced an uptrend of revenue with growth of 8.5% YoY dominated by higher sales of air-conditioning products in Vietnam and coach/train seats in Australia during the first half of the year. Our Australia operations 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 the revenue for this segment

In line with the improved YoY revenue, this Division posted PBT of RM2.8 million compared to LBT of RM4.7 million in the same quarter of last year. The higher PBT was contributed by higher revenue and for reasons mentioned earlier.

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B2. MATERIAL CHANGE IN PERFORMANCE OF OPERATING SEGMENTS OF CURRENT QUARTER COMPARED WITH PRECEDING QUARTER

In Thousands of RM	Segment Revenue				Segment Profit/(Loss) Before Tax			
	30-Sep-20	30-Jun-20	Changes		30-Sep-20	30-Jun-20	Changes	
			Amount	%			Amount	%
Suspension	57,301	20,247	37,054	183.0%	4,142	(4,886)	9,028	184.8%
Interior & Plastics	237,994	89,668	148,326	165.4%	21,190	(9,945)	31,135	313.1%
Electricals & Heat Exchange	30,012	10,708	19,304	180.3%	(238)	(1,721)	1,483	86.2%
Marketing	70,296	31,901	38,395	120.4%	1,518	(648)	2,166	334.3%
Non-reportable segment	13,040	9,515	3,525	37.0%	(361)	(2,477)	2,116	85.4%
Indonesia Operations	13,068	8,288	4,780	57.7%	(4,408)	(3,951)	(457)	-11.6%
All Other Segments	35,987	36,341	(354)	-1.0%	1,571	778	793	101.9%
	457,698	206,668	251,030	121.5%	23,414	(22,850)	46,264	202.5%
Eliminations	(123,882)	(55,089)	(68,793)	-124.9%	39	131	(92)	-70.2%
	333,816	151,579	182,237	120.2%	23,453	(22,719)	46,172	203.2%

The Group's revenue increased significantly by 120.2% in Q3'20 from RM151.6 million to RM333.8 million, mainly due to the resumption of operations by OEM customers after the plant closures during the MCO/CMCO in Q2'20. In tandem with the revenue increase, the Group's bottom line surged to a profit of RM23.5 million compared to LBT of RM22.7 million reported in Q2'20.

In contrast with all other segments, Operations Outside of Malaysia registered lower revenue for reasons as explained earlier in Section B1. Despite the lower revenue, the PBT of the Operations Outside of Malaysia was higher mainly because of our Australia operation received subsidy from the Australian Government called **Job Keeper Payment Scheme** which was introduced to support businesses affected by the (COVID-19 pandemic). On the other hand, the LBT of our Indonesia Operations was higher in Q3'20 despite higher revenue. This was mainly due to weakening of Indonesia Rupiah against USD which generated net foreign exchange loss in Q3'20 compared to net foreign exchange gain in the preceding quarter.

B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS

APM is principally involved in the design, manufacturing, assembly and production of automotive and mobility components. APM's main operation is located in Malaysia but it is also present in various other jurisdictions, including United States of America, Netherlands, Australia, Thailand, Vietnam and the Republic of Indonesia.

The Group's overall performance in the fourth quarter of 2020 is expected to be challenging and may even experience a decline, particularly in view of Bank Negara's revision of Malaysia's gross domestic product (GDP) growth forecast for 2020 to between -3.5% and -5.5% from -2% and 0.5%, due mainly to changes in world growth forecasts and the unprecedented length of the MCO, CMCO and RMCO.

The Group's forecast is further compounded by the present political uncertainties locally and abroad (especially that of the United States of America) and the expected disruption to the Group's operations in light of the anticipated the second and possibly the third wave of the COVID-19 pandemic

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B3. COMMENTARY ON PROSPECTS AND TARGETS, STRATEGIES AND RISKS (CONT'D)

Nonetheless, the Group will remain vigilant and continue with its austerity measures which include, inter-alia deferring capital expenditure, maintaining salary reduction, hiring freeze, cost rationalization and participating in the Government's Prihatin program to conserve cash flows.

The Group will also continue its focus on long-term plans and strategies for business sustainability and continue to strive for greater success expeditiously through mergers, acquisitions, strategic partnerships, joint-ventures and alliances.

All in all, the Group remains cautiously optimistic in view of the progress shown towards development of the COVID-19 vaccine but do not foresee pre-pandemic performance revival to occur in the short term.

B4. INCOME TAX EXPENSE

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended <u>30-Sep-20</u>	Corresponding Quarter Ended <u>30-Sep-19</u>	Cumulative Year To Date <u>30-Sep-20</u>	Corresponding Year To Date <u>30-Sep-19</u>
<u>Current tax</u>				
- Current year	5,471	8,472	11,576	19,066
- Prior year	515	(1,332)	398	(2,601)
<u>Deferred tax</u>				
- Current year	(1,378)	(876)	(7,446)	(2,650)
- Prior year	(146)	38	206	1,590
Withholding Tax	5	8	19	26
	<u>4,467</u>	<u>6,310</u>	<u>4,753</u>	<u>15,431</u>

The Group's effective tax rate for the nine month period ended 30 September 2020 is higher than the statutory tax rate mainly due to current year losses of certain subsidiaries for which no deferred tax asset was recognized and the absence of group relief to set-off the losses.

B5. CORPORATE PROPOSAL

There was no corporate proposal announced but not completed as at the reporting date.

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B6. TRADE RECEIVABLES

<i>In thousands of RM</i>	Gross	Impairment	Net
<u>30-Sep-20</u>			
Not past due	183,055	(195)	182,860
Past due 0 - 90 days	7,178	(18)	7,160
Past due 91 - 180 days	3,463	(710)	2,753
	193,696	(923)	192,773
Credit impaired			
Past due more than 180 days	1,831	(1,308)	523
Individually impaired	3,918	(3,918)	-
	199,445	(6,149)	193,296
<u>31-Dec-19</u>			
Not past due	234,751	(57)	234,694
Past due 0 - 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 trade receivables from both related parties and non-related parties are given 30 to 90 days credit term.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realizable values. Due to the nature of the industry, a significant portion of these receivables comprises regular customers who 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 closely monitored individually.

B7. FINANCIAL INSTRUMENTS AND REALISED AND UNREALISED PROFITS

Derivatives

The outstanding forward foreign currency contracts entered as at 30 September 2020 are as follows:

In thousands of RM

Type Derivatives	Nominal Amount	Net Fair Value Assets / (Liabilities)	Maturity
Forward foreign exchange contracts	9,555	177	Less than 1 year

Derivative financial instruments entered into by the Group are similar to those disclosed in the consolidated annual financial statements as at and for the year ended 31 December 2019. There is no change to the Group's financial risk management policies in managing these derivative financial instruments and their related accounting policies.

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B8. BORROWINGS AND DEBT SECURITIES

Group borrowings as at the end of reporting period are as follows:

<i>In thousands of RM</i>		30-Sep-20	31-Dec-19
Unsecured	- Foreign currency loans	63,507	53,796
	- Revolving credit	22,719	17,900
		<u>86,226</u>	<u>71,696</u>
Amount due within the next 12 months		86,027	71,696
Amount due between two to five years		199	-

In thousands of RM

<u>Functional</u> <u>Currency</u>	<u>Denominated</u> <u>In</u>	30-Sep-20	31-Dec-19
RM	RM	22,719	17,900
EUR	EUR	3,333	1,171
AUD	AUD	25,123	22,773
IDR	IDR	31,345	26,066
IDR	USD	3,236	3,786
USD	USD	470	-
		<u>86,226</u>	<u>71,696</u>

Foreign currency loans were not hedged against Ringgit Malaysia as the drawdowns were done by overseas subsidiaries in their respective local currency.

The Group borrowings are subject to interest ranging from 0.25% to 7.40% (2019: 0.26% to 8.40%) per annum.

B9. CHANGES IN MATERIAL LITIGATION

There was no material litigation against the Group as at the reporting date.

B10. DIVIDEND

No dividend has been proposed for the current quarter ended 30 September 2020.

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B11. EARNINGS/(LOSS) PER SHARE (“(LPS)/EPS”)

The calculation of basic earnings/(loss) per share for the period is based on the net profit/(loss) attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the periods as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
Profit/(loss) attributable to the owners of the Company (RM'000)	13,799	2,385	(13,284)	20,724
Weighted average number of ordinary shares in issue ('000)	195,494	195,583	195,497	195,583
Basic EPS/(LPS) (sen)	7.06	1.22	(6.79)	10.60

The total number of ordinary shares issued of the Company as at 30 September 2020 was 195,497,129 (31 December 2019: 195,582,500).

B12. NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Profit before tax is arrived at after charging / (crediting) the following items:

<i>In thousands of RM</i>	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
	Current Quarter Ended 30-Sep-20	Corresponding Quarter Ended 30-Sep-19	Cumulative Year To Date 30-Sep-20	Corresponding Year To Date 30-Sep-19
(a) Interest income	(1,554)	(2,308)	(6,314)	(7,065)
(b) Other income including investment income	(2,036)	(954)	(4,188)	(3,803)
(c) Interest expense	1,243	1,520	3,891	4,428
(d) Depreciation and Amortization	14,665	16,792	43,180	46,017
(e) Impairment loss on trade receivables	995	253	1,381	328
(f) Write back of impairment loss on trade receivables	(262)	(133)	(1,159)	(506)
(g) Provision/(write back) for slow moving stock	968	(15)	1,041	808
(h) Gain on disposal of property, plant and equipment	(28)	(53)	(216)	(461)
(i) Inventory written off	-	657	-	657
(j) Net foreign exchange loss	662	1,270	2,477	2,745
(k) Gain on derivatives	(139)	(1,118)	(247)	(1,718)

B13. AUTHORISATION FOR ISSUE

The condensed consolidated interim financial statements have been authorized for issue by the Board of Directors in accordance with its resolution on 19 November 2020.

BY ORDER OF THE BOARD

KHOO PENG PENG
 SOO SHIOW FANG

Company Secretaries
 Kuala Lumpur
 19 November 2020