MBM Resources Berhad

Registration No. *199301029757 (284496-V)*

FUTURE FOCUSED

ANNUAL REPORT 2021

The cover for this year's Annual Report takes inspiration from the multi-arched structure that converges to the center, drawing parallels with our holistic and multi-pronged/arched approach through a continuous journey of transformation and operational efficiency to steer MBMR's "Future Focused" direction.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Y. Bhg. Datuk (Dr) Aminar Rashid bin Salleh
Chairman, Independent Non-Executive Director

Mr Low Hin Choong
Non-Independent Non-Executive Director

Mr Ng Seng Kong
Non-Independent Non-Executive Director

Y. Bhg. Dato' Anwar bin Haji @ Aji
Senior Independent Non-Executive Director

Encik Muhammad Lukman bin Musa @ Hussain
Non-Independent Non-Executive Director

Ms Wong Fay Lee
Non-Independent Non-Executive Director

CORPORATE OFFICE

23-01, Level 23, Menara MBMR
1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia
Tel: (603) 2273 8803
Fax: (603) 2273 6803
www.mbmr.com.my

COMPANY SECRETARIES

Wong Peir Chyun (MAICSA 7018710)
(SSM PC No. 202008001742)

Wong Wai Foong (MAICSA 7001358)
(SSM PC No. 202008001472)

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 5983

REGISTERED OFFICE

Unit 30-01, Level 30, Tower A
Vertical Business Suite, Avenue 3, Bangsar South
No. 8, Jalan Kerinchi, 59200 Kuala Lumpur
Wilayah Persekutuan, Malaysia
Tel: (603) 2783 9191
Fax: (603) 2783 9111

AUDITORS

Deloitte PTL (LLP0010145-LCA)
Chartered Accountants (AF 0080)

PRINCIPAL BANKERS

CIMB Bank Berhad
HSBC Malaysia Berhad
Malayan Banking Berhad
Public Bank Berhad
United Overseas Bank (Malaysia) Berhad

SHARE REGISTRAR

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
Wilayah Persekutuan,
Malaysia
Tel: (603) 2783 9299
Fax: (603) 2783 9222

FINANCIAL CALENDAR

27th Annual General Meeting:
1 June 2021

2021 RESULTS ANNOUNCEMENT

Quarter 1: 27 May 2021
Quarter 2: 25 August 2021
Quarter 3: 24 November 2021
Quarter 4: 25 February 2022

DIVIDEND PAYMENTS:

Final for 2020:
30 June 2021

First Interim for 2021:
29 September 2021

Second Interim for 2021:
30 March 2022

Special for 2021:
30 March 2022

CORPORATE PROFILE

OUR MISSION
To be the Automotive Partner of Choice to our Employees, Customers and Investors

MBM Resources Berhad ("MBMR") is an automotive group with diverse investments in distributorship and dealership of locally assembled and major international vehicle brands and automotive parts manufacturing in Malaysia.

The Group is well represented in all segments of the market from light trucks to medium and heavy-duty trucks and buses in the commercial vehicle market and, from compact entry level cars to luxury cars in the passenger vehicle market. Our automotive parts manufacturing division, consisting of wheels, airbags, seatbelts, steering wheels and noise, vibration and harshness (NVH) products, is a significant supplier to all the major brands in Malaysia.

OUR VISION
To be a Complete Automotive Group

MOTOR TRADING

DAIHATSU

HINO

PERODUA

VOLVO

AUTO PARTS MANUFACTURING

Autoliv Hirotako

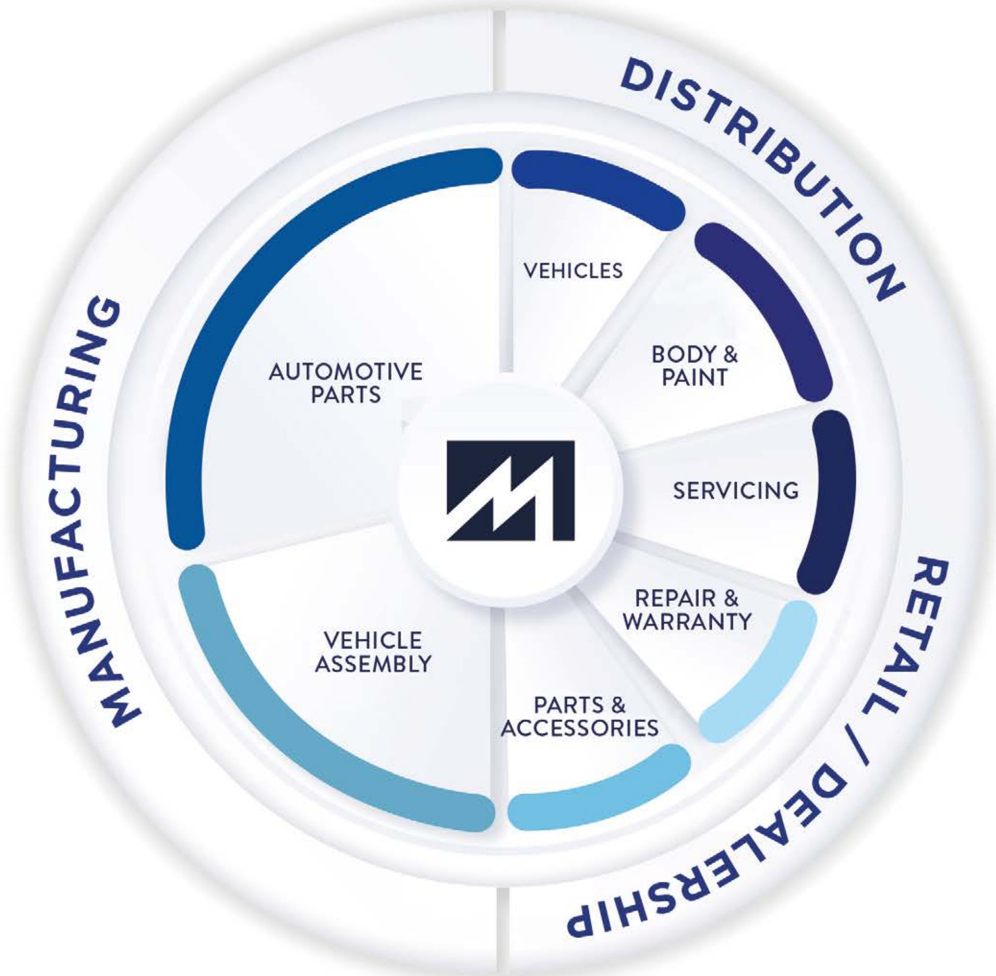
HASB HIROTAKO

OMI

CORPORATE STRUCTURE

As of 15th April 2022

THE COMPLETE AUTOMOTIVE GROUP



Motor Trading

• Daihatsu (Malaysia) Sdn. Bhd. ("DMSB")	**51.5%**
DMM Sales Sdn. Bhd. ("DMMS")	**100%**
• Federal Auto Holdings Berhad ("FAHB")	**100%**
Federal Auto Cars Sdn. Bhd. ("FAC")	**100%**
F.A. Wagen Sdn. Bhd. ("FAW")	**100%**
• Hino Motors Sales (Malaysia) Sdn. Bhd. ("HMSM")	**20%**
• Perusahaan Otomobil Kedua Sdn. Bhd. (Perodua)	**20%**

Manufacturing

• Hirotako Holdings Berhad ("HHB")	**99.9%**
Hirotako Acoustics Sdn. Bhd. ("HASB")	**100%**
• Autoliv Hirotako Sdn. Bhd. ("AHSB")	**51%**
• Teck See Plastic Sdn. Bhd. ("TPSB")	**22.1%**
• Oriental Metal Industries (M) Sdn. Bhd. ("OMI")	**100%**
• Hino Motors Manufacturing (Malaysia) Sdn. Bhd. ("HMMM")	**20%**

Property

• MBMR Properties Sdn. Bhd. ("MPSB")	**100%**

- **Subsidiary**
- **Associate**
- **Jointly Controlled**

Note: A detailed list of the companies under the Group are shown in Notes 48 to 50 of the Report of the Directors and Audited Financial Statements.

GROUP FINANCIAL PERFORMANCE: FIVE-YEAR SUMMARY

Year ended 31st December	2017	2018	2019	2020	2021
Results (RM Million)					
Revenue	1,687.9	1,882.7	2,085.2	1,793.5	**1,528.7**
Operating profit / (loss)*	(152.1)	48.2	81.5	61.1	**61.3**
Jointly controlled entity's results	9.9	14.3	11.9	12.7	**11.1**
Associates' results	119.1	183.1	190.8	146.9	**152.8**
Profit / (loss) before tax	(45.3)	228.6	268.3	206.5	**210.8**
Net profit / (loss) from continuing operations	(57.6)	213.5	257.3	190.2	**195.7**
Net loss from discontinued operation	(87.5)	(24.6)	(8.1)	(7.9)	**(0.2)**
Profit / (loss) for the year	(145.1)	188.9	249.2	182.4	**195.5**
Profit / (loss) attributable to equity holders	(138.7)	166.8	223.7	159.0	**171.2**
Basic earnings per share (sen)	(35.5)	42.7	57.2	40.7	**43.8**
Operating profit / (loss)* per share (sen)	(38.9)	12.3	20.9	15.6	**15.7**
Balance Sheets (RM Million)					
Share capital	391.7	391.7	391.7	391.7	**391.7**
Shareholders' equity	1,449.7	1,579.3	1.748.9	1,825.7	**1,918.0**
Total assets	2,091.4	2,106.1	2,193.6	2,255.9	**2,361.0**
Borrowings	283.1	145.5	35.9	7.0	**23.3**
Debt / Equity (%)	19.5	9.2	2.1	0.4	**1.2**
Net assets per share (RM)	3.7	4.0	4.5	4.7	**4.9**
Financial Ratios (%)					
Operating profit / (loss)* margin	(9.0)	2.6	3.9	3.4	**4.0**
Return on equity	(9.6)	10.6	12.8	8.7	**8.9**
Return on total assets	(6.6)	7.9	10.2	7.0	**7.3**
Vehicle Sales (Units)					
Passenger vehicles	23,665	25,428	26,331	23,674	**16,098**
Commercial vehicles	1,100	1,537	1,682	1,597	**1,457**
Total Group	24,765	26,965	28,013	25,271	**17,555**
Equity Indices					
Closing year end share price (RM)	2.2	2.2	3.9	3.4	**3.2**
Price-earnings ratio (times)	(6.2)	5.2	6.8	8.4	**7.3**

The figures from 2017 to 2018 have been restated to show OMI Alloy (M) Sdn Bhd as Discontinued Operation separately from the Continuing Operations.

**Operating profit / (loss) defined as profit / (loss) before tax excluding interest, depreciation and amortisation, jointly controlled entity's results and associates' results*

MANAGEMENT DISCUSSION AND ANALYSIS

Two years on since COVID-19 was declared a global pandemic, many of the automotive industry's biggest challenges still remain. Disruption to the supply chains caused by rising prices, a global shortage of components, particularly semiconductor chips and the severe floods experienced in the Klang Valley in December 2021 has dampened the trajectory of recovery and growth, forcing automotive players to rethink their strategies and expedite technology adoption to address new consumer behaviour and expectations.

As restrictions were gradually eased by the Government, we moved swiftly to restore the operations of our Motor Trading and Auto Parts Manufacturing Divisions to pre-pandemic levels, while maintaining Group-wide priorities to ensure the safety of our staff, partners and customers.

We continued to observe the Government and the Health Ministry's SOP directives to combat the spread of COVID-19. In 2021, we achieved an internal vaccination rate of near 100% through a combination of the Ministry of Health's nationwide vaccination programme and the Group's own vaccination initiative. In August 2021, the Group approved a Vaccination Policy which encourages all employees to be vaccinated and have put in place several measures to ensure a safe and healthy workplace, in the interest of all our employees, customers and stakeholders. COVID-19 Task Forces were established to closely manage and monitor the situation amongst our employees. Task Force representatives met regularly to update and discuss various programmes to minimise COVID-19 cases and mitigate the spread of the virus within the Group. This includes the coordination of employee testing where required and the management of clusters should any emerge. Pandemic-related policies and Standard Operating Procedures ("SOPs") was also updated and disseminated throughout the year to ensure that safety remains paramount as restrictions ease and we edge towards the resumption of a full workforce.

In 2021, we were steadfast in our focus to further optimise and fine-tune our operational efficiency. Coupled with our ongoing Transformation Plan, we have widened our digital capabilities, effectively improving our omni-channel customer experience and enhanced our business operations / strategies. This two-pronged approach forms our "Future Focused" framework and builds on the groundwork undertaken over the past few years. The improvements we have seen in efficiency, productivity and reach has allowed us to alleviate the effects of the pandemic and remain competitive.

Volkswagen Arteon

KEY HIGHLIGHTS 2021

GROUP TOTAL

	Revenue	Operating Profit
Change	▼ 14.8%	▼ 0.2%
2021	**RM1.53 billion**	**RM43.8 million***
2020	(RM1.79 billion in 2020)	(RM 43.9 million* in 2020)

MOTOR TRADING

	Revenue	Operating Profit
Change	▼ 18.2%	▲ 1.8%
2021	**RM1,319.9 million**	**RM40.4 million***
2020	(RM1,613.4 million in 2020)	(RM39.7 million* in 2020)

AUTO PARTS MANUFACTURING

	Revenue	Operating Profit
Change	▼ 15.9%	▼ 8.8%
2021	**RM206.6 million**	**RM10.4 million***
2020	(RM178.2 million in 2020)	(RM11.4 million * in 2020)

ASSOCIATES

▲ 4.0%

RM152.8 million
(RM146.9 million in 2020)

JOINT VENTURE

▼ 12.6%

RM11.1 million
(RM12.7 million in 2020)

* Operating profit before tax from continuing operations, excluding net finance income / costs

MBMR GROUP BUSINESS OVERVIEW

MBMR is an automotive group that operates through two principal business divisions, namely the Motor Trading Division and the Auto Parts Manufacturing Division.

The Motor Trading Division consists of our main subsidiaries, the Daihatsu (Malaysia) Sdn Bhd Group ("DMSB Group") and the Federal Auto Holdings Bhd Group ("FAHB Group"). These two groups have a long history of offering sales and aftersales servicing of foreign and locally assembled vehicles in Malaysia. The DMSB Group has been the exclusive distributor of Daihatsu light-duty commercial vehicles for the last 40 years. DMSB Group also holds the largest dealership for Hino commercial trucks and buses in Malaysia while its wholly-owned subsidiary DMM Sales Sdn Bhd operates the largest dealership for Perodua vehicles. The FAHB Group proudly carries the Volvo and Volkswagen brands. The Group continues to service Volvo luxury cars at our flagship 4S Centre in Glenmarie, a 3S centre in Penang and a 1S in Menara MBMR Kuala Lumpur. We are also the biggest dealer of Volkswagen vehicles with our 4S centres in Glenmarie and Johor Bahru, as well as a boutique 3S centre in Sri Hartamas, Kuala Lumpur.

Our Motor Trading Division in Numbers

TOTAL GROUP

31 SALES OUTLETS

17,555 VEHICLES SOLD

28 SERVICE OUTLETS

191,035 VEHICLES SERVICED

6 BODY & PAINT

DAIHATSU

DISTRIBUTORSHIP
By Daihatsu (Malaysia) Sdn Bhd

1,318 VEHICLES SOLD

4/19* SALES OUTLETS

8,877 VEHICLES SERVICED

5/25* SERVICE OUTLETS

*Represented by our authorised dealers

HINO

DEALERSHIP
By Daihatsu (Malaysia) Sdn Bhd

139 VEHICLES SOLD

4 SALES OUTLETS

5 SERVICE OUTLETS

11,328 VEHICLES SERVICED

1 BODY & PAINT

PERODUA

DEALERSHIP (Largest in Malaysia)
By DMM Sales Sdn Bhd

14,924 VEHICLES SOLD

17 SALES OUTLETS

13 SERVICE OUTLETS

136,035 VEHICLES SERVICED

2 BODY & PAINT

VOLKSWAGEN

DEALERSHIP
By F.A.Wagen Sdn Bhd

540 VEHICLES SOLD

3 SALES OUTLETS

3 SERVICE OUTLETS

23,671 VEHICLES SERVICED

2 BODY & PAINT

VOLVO

DEALERSHIP
By Federal Auto Cars Sdn Bhd

634 VEHICLES SOLD

3 SALES OUTLETS

2 SERVICE OUTLETS

11,124 VEHICLES SERVICED

1 BODY & PAINT

Our Auto Parts Manufacturing Division in Numbers

Our Auto Parts Manufacturing Division consists of our subsidiaries, Oriental Metal Industries (M) Sdn Bhd ("OMI") and Hirotako Acoustics Sdn Bhd ("HASB"), as well as the jointly controlled entity of Autoliv Hirotako Sdn Bhd Group ("AHSB Group"). This division is a key supplier of auto parts to all the major car brands in Malaysia. OMI is involved in the manufacturing of steel wheels and module assembly of tyres. It also offers other value-added and warehousing services. HASB supplies a wide range of Noise, Vibration and Harshness ("NVH") products that include dampening sheets, insulators and felts to the local automotive market. The AHSB Group manufactures safety restraint systems like airbags, seatbelts and also steering wheels.

Additionally, the Group has investments in commercial and passenger vehicle assembly / manufacturing and distributorships through its main associates namely Perusahaan Otomobil Kedua Sdn Bhd ("Perodua"), Hino Motors Manufacturing (Malaysia) Sdn Bhd ("HMMM") and Hino Motor Sales (Malaysia) Sdn Bhd ("HMSM").

FINANCIAL PERFORMANCE RM Million	FY 2021	FY 2020	% Change
Revenue			
Continuing operations, as reported	1,528.7	1,793.5	(14.8)
Continuing operations			
Operating profit	43.8	43.9	(0.2)
Net finance income	3.1	3.0	3.3
Share of joint venture results	11.1	12.7	(12.6)
Share of associates results	152.8	146.9	4.0
Profit before tax	**210.8**	**206.5**	**2.1**
Discontinued operation			
Operating loss	(0.2)	(0.3)	33.3
Impairment loss	-	(7.6)	N/A
Loss before tax	**(0.2)**	**(7.9)**	**97.5**

MANAGEMENT STRATEGY TO CUSHION ONGOING COVID-19 IMPACT

MBMR's management strategy in 2021 focused on improving operational efficiencies while pushing forward our transformation plans. The support of our Board of Directors and a proactive management approach played a critical role as we successfully achieved our operational targets in 2021.

As showrooms were closed during the nationwide enforcement of the Full Movement Control Order ("FMCO") from 1 June 2021 to mid-August 2021, the operational improvements we have implemented enabled us to better prepare for the resulting disruptions. Additionally, the creation of an effective omni-channel customer experience enabled us to mitigate the temporary closure of one retail channel and the business impact of the prolonged pandemic restrictions.

In recent years, we have expanded our marketing focus from traditional marketing (like television, radio and print commercials) to more targeted marketing using digital and social media channels. Through these new channels, we have been able to revamp the way we showcase our products and connect with customers including application of digital marketing tools to connect with online prospects, online service and test drive appointments and online insurance renewal services.

The Group has already seen a positive impact from these campaigns as the increased level of engagement with our customers have resulted in an encouraging percentage of related bookings coming in through online leads. Our ongoing efforts on digital and social channels will be stepped up as we seek to improve and nurture long term relationships with our customers.

The management team worked in tandem with our subsidiaries to further enhance our operational and work process efficiencies. Examples of these enhancements includes the procurement of locally-sourced materials where possible and "green" programmes such as solar energy that increases our energy efficiency, lowering our carbon footprint while also generating measurable long-term savings.

Progress was monitored closely throughout the year and measures put in place to swiftly address unanticipated events that could adversely affect our year's targets.

In 2021, margins from vehicle sales and aftersales improved as a result of our various initiatives, with additional revenue contribution from the cross-selling of accessories and an increase in insurance renewals.

The initiatives we have implemented has shaped MBMR to be fundamentally stronger and more agile in adapting to unforeseen circumstances. These improvements have also translated financially into sizeable cost savings. Alongside our transformation plans, the focus on operational efficiency will remain for the foreseeable future as we drive "Future Focused".

BUSINESS BOOST FROM EXTENSION OF INDUSTRY INCENTIVES

The Sales and Services Tax ("SST") exemption incentive originally announced by the Malaysian Government in June 2020 as part of the national Short-Term Economic Recovery Plan (PENJANA) initiative was originally slated to end on 31 December 2020 but was subsequently extended to 30 June 2021 and then to 31 December 2021 under the PEMERKASA+ package.

This incentive offers a 100% SST exemption for completely knocked down ("CKD") or locally assembled vehicles and a 50% SST exemption for completely built up ("CBD") or fully imported models. It has been effective in attracting more customers back to the physical and virtual vehicle showrooms.

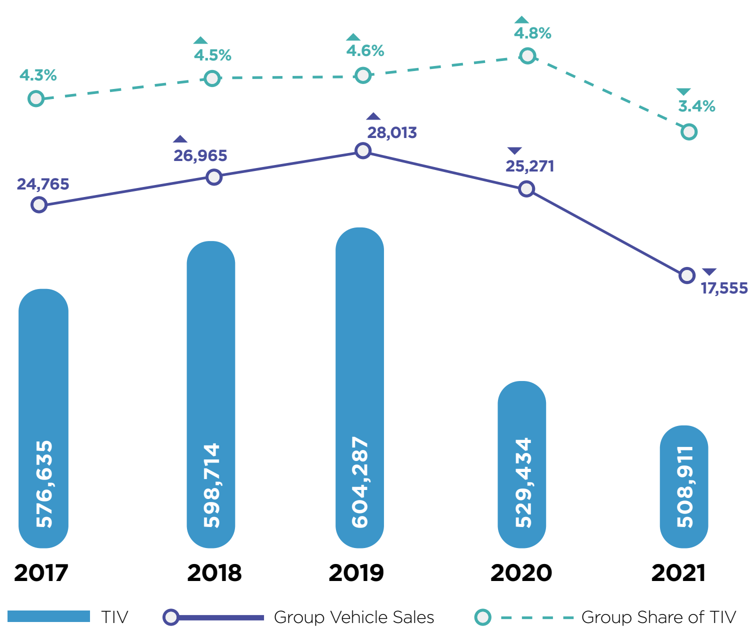
According to the Malaysian Automotive Association ("MAA"), new vehicle sales fell for the second consecutive year in 2021 with Total Industry Volume ("TIV") at 508,911 units versus 2020's 529,514 units. While this translates to a 3.9% drop, this marks a comparatively smaller contraction to the 12.4% drop experienced in 2020[1].

On the whole, this was a commendable achievement given the challenges faced by the industry. In the current year under review, only the passenger vehicles segment registered lower sales, declining by 28,308 units or 5.9%, while the commercial vehicles segment actually registered a growth of 15.9% or 7,705 units to hit 56,248 units[2]. This improvement in commercial vehicle sales in one aspect reflects the positive sentiment of companies that are investing in anticipation of an economic rebound in 2022. In particular, economic sectors with essential services such as e-commerce, healthcare and logistics were not restricted from operating and continued on an upward trend in 2021.

On the other hand, Total Industry Production ("TIP") of new vehicles in 2021 decreased by 3,535 units or 0.7%, recording a total of 481,651 units compared to 485,186 units in 2020.

Similar to TIV, this was also the second consecutive year that the TIP had declined. This drop in production volume was mainly a result of the nationwide enforcement of the FMCO from June to mid-August 2021[2]. It was also compounded by related industry supply shortages of semiconductor chips and skilled labour. The industry was also hit by the bad floods experienced in central and other parts of Malaysia in December 2021, which led to further manufacturing and supply chain disruptions. This was similar to 2020 when the industry also lost almost two months of vehicles production from 18 March 2020 to 4 May 2020 during the initial lockdowns.

Group Vehicle Sales vs. TIV Performance



LOWER REVENUE DUE TO LENGTHY LOCKDOWN AND STOCK SHORTAGE

The Group reported a lower revenue of RM1.53 billion for the financial year 2021 compared to 2020's revenue of RM1.79 billion. This reduction of 14.8% amounting to RM264.8 million was again mainly due to the longer national FMCO lockdown period where our showrooms and manufacturing plants were required to shutdown completely and our aftersales service outlets were only allowed to operate at 60% capacity. Another contributing factor for this decrease in revenue was the shortage in vehicle stocks supply particularly for Perodua vehicles in spite of good market demand.

GROUP ACHIEVED COMPARABLE OPERATING PROFIT

Despite this 14.8% drop in revenue, the collective efforts of the Group's committed workforce from both the Motor Trading and Auto Parts Manufacturing Divisions resulted in the Group achieving a comparable Operating Profit of RM43.8 million. The Operating Profit was only 0.2% lower than that reported in 2020.

The Motor Trading Division in particular was able to improve their aftersales revenue performance by 1.0% compared to 2020 despite facing tougher operating conditions. The Division was also able to improve aftersales gross margins through strategic initiatives that helped improve, among other things, the aftersales process efficiency. As a result,

Source: 1. https://www.nst.com.my/business/2022/01/764753/sales-new-vehicles-malaysia-top-600000-2022-says-maa and http://www.maa.org.my/pdf/2021/Market_Review_2021.pdf
2. http://www.maa.org.my/pdf/2021/Market_Review_2021.pdf

the gross margin contribution from the aftersales segment compared to that of vehicle sales increased by 2.7% year-on-year.

On the sales side, our Motor Trading Division benefited from the high demand for the Daihatsu Gran Max Euro 4.0 that was launched in early 2021. Customer demand and favourable margins commanded by this model helped boost the division's profits.

Operational efficiency improvements and implementation of our digital initiatives also contributed to the improvement in our profit margins.

Total production volume of the Auto Parts Manufacturing Division was also comparable to that of 2020, falling marginally by 6.5% despite the two-and-a-half month lockdown.

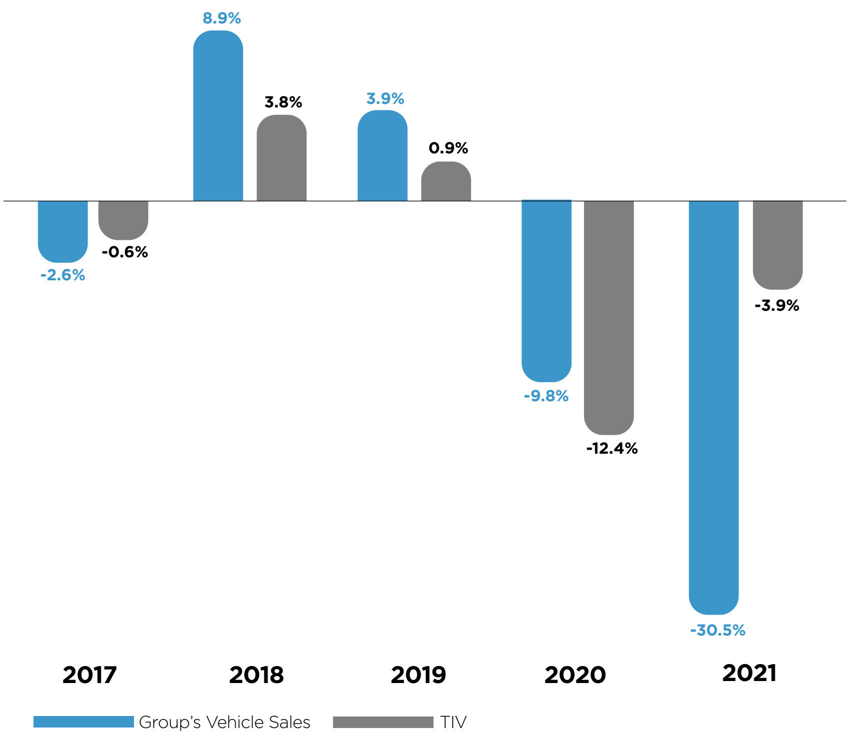
The Group's initiatives highlighted earlier were also complemented by the support from our principals and the Government through incentives and wage subsidies, enabling the Group to better manage and maintain our bottom line during this period.

FINANCIAL POSITION

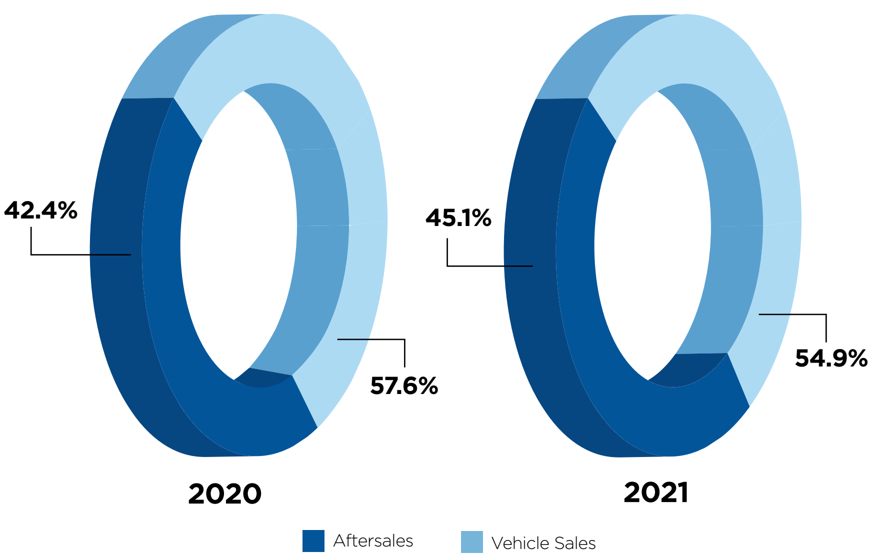
The strengthening of our financial and operational fundamentals have placed us in a stronger position at the close of the financial year 2021. Even though Group revenue decreased by 14.8%, net profit attributable to equity holders increased by RM12.2 million to RM171.2 million this year (2020: RM159.0 million).

During the year, we utilised more of our bank facilities, increasing our bank borrowings from RM7.0 million to RM23.3 million to capitalise on the current period's low interest rate regime.

Percentage Change in Group Vehicle Sales vs. TIV



Gross Margin between Vehicle Sales and Aftersales



Navigating through another challenging year, we continued to invest for the future. Our total Capital Expenditure ("Capex") for 2021, inclusive of the AHSB Group's capex was RM15.4 million. This was used to establish our subsidiary FAC's inaugural Volvo Personal Service ("VPS") and Volvo Certified Damage Repair ("VCDR") outlets in Glenmarie, upgrading existing outlets and buildings as well as toolings for various manufacturing processes. The Group also made further investments in machinery for the production of new models as well as for upgrades and modifications to our production lines.

Net assets for the Group increased by RM85.6 million from RM2,102.7 million to RM2,188.3 million. As a result, the Group's net assets per share (attributable to equity holders) increased from RM4.67 per share to RM4.90 per share.

DIVIDEND

During the year, the Group paid a total of RM78.2 million in dividends to our shareholders, a 4.75% or RM3.9 million reduction compared to the previous financial year. This translated to a 20 sen dividend payout (2020:21 sen).

For this financial year 2021, we have likewise declared and paid to-date a total of 20 sen dividend including a 10 sen special dividend (2020:11 sen), amounting to RM78.2 million. Given the strong financial position of the Group, the Board felt that it was the right time to reward our shareholders with a special dividend for their continuous support during these testing times. The Directors have also recommended a final dividend of 6 sen (2020: 9 sen) per ordinary share to be approved at the forthcoming Annual General Meeting ("AGM"), resulting in a cumulative dividend of 26 sen (2020: 20 sen) and estimated total dividends of RM101.6 million for the year 2021.

This dividend distribution represents about 59.3% of the profit attributable to equity holders of the company for the financial year ended 31 December 2021 which is higher than the 49.2% that was paid out for the previous year. Benchmarked against the Company's dividend payout policy of a minimum of 60.0% of the Company's net profit, this dividend distribution represents a robust 92.1% of the Company's net profit for the financial year ended 31 December 2021.

Based on the closing share price as at 31 December 2021 of RM3.20 and the expected cumulative 26 sen dividend for financial year 2021, our shareholders would achieve an 8.1% dividend yield (2020: 5.9% and RM3.39 closing price).

PUSHING FURTHER TRANSFORMATION

Our Transformation Journey Continues

The Group's Transformation Journey started in 2019 through our Group Transformation Office and was earlier referred to internally as "Project DRIVE" (an acronym for our Strategic Roadmap Priority Initiatives of Determination, Returns, Innovation, Values and Excellence). The mandate was to Strengthen Governance as well as to look into Talent Readiness, Organisational Transformation, Operational Excellence and Business Diversity. Since its inception, "Project DRIVE" has met a number of important Group milestones including the establishment of governance structures and policies including Group Human Capital Policies. It has also led to the implementation of a Key Performance Indicator ("KPI") based Performance Management System, strengthening of our Corporate Balanced Scorecard and a Limits of Authority review for our subsidiaries, amongst other things.

With internal governance and policies strengthened, our onward journey will be Future Focused towards business growth and expansion.

Strengthen and Recalibrate Group Businesses

To secure long-term sustainability, we plan to unlock more asset values and realise greater excellence in manufacturing.

The Group is also actively reviewing various aspects of its Motor Trading Division with a view to grow, expand and optimise business returns.

Diversify, Build New Business Capabilities and Brand Identity

As part of its larger network and product expansion plans, the Group seeks to diversify further by identifying new and complementary businesses. We expect that with greater digitalisation of our systems and processes, we will see broader base improvements across the board.

Continued Emphasis on Strong Organisational Culture and Value

With a view of being more future focused, the Group continues to place great emphasis on best-in-class competencies and behaviours through developing strong organisational culture and values.

Service Bay - Volvo Glenmarie

OPERATIONAL REVIEW

Motor Trading Division

In 2021, our Motor Trading Division achieved an overall revenue of RM1,319.9 million. This is RM293.5 million or 18.2% lower than the RM1,613.4 million recorded in the previous financial year. As mentioned earlier, this was largely attributed to the extended lockdown during the FMCO. Intermittent workplace clusters, chip shortages and the unprecedented year-end floods also aggravated the supply chain further. Our Perodua sales was particularly affected despite strong demand as we were hampered by low stock allocations. Nevertheless, Perodua witnessed a spike in sales with the launches of the all-new Ativa model in March 2021 and the 2021 Myvi (Facelift) in November 2021. The new models were met with rave reviews and good response by customers.

Given the uncertainties and concerns arising from the prolonged pandemic, many prospective customers also rationalised their big-ticket purchases. However, we continued to see strong interest in our brands. Globally, it has been a successful year for Volvo, setting an all-time sales record in 2021[3]. Our Volvo dealerships performed equally well with a robust 13.4% increase in units sold in 2021.

The higher volume was largely due to the success of Volvo's XC40 Recharge PHEV model launched in February 2021 and also other key facelift models launched in the subsequent quarters. Sufficient Volvo stocks received in Quarter 4 of 2021 also contributed significantly to the higher volume sold in 2021, compared to the stock shortage experienced in Quarters 3 and 4 of 2020.

For our Volkswagen dealerships, there was good interest in the launch of the Arteon R-Line in July 2021 that targeted the affordable premium segment. To further complement our digital initiatives to increase customer interaction and sales, fresh initiatives were also implemented in selective outlets such as YouTube marketing videos and weekly live sharing sessions on social media in collaboration with social media influencers. The Division

Volkswagen Skudai - 4S Centre

3. https://www.autocar.co.uk/car-news/business-finance-and-corporate/volvo-reports-record-revenues-and-profitability-2021

also looked into lead management tools to improve sales conversions through better tracking of leads generated.

We also saw strong demand for our light commercial star vehicle, the Daihatsu Gran Max Euro 4.0. The demand for this model started to built-up steadily since last year. The increase in e-commerce and online shopping activities in the general population resulted in an increased demand for commercial vehicles especially from couriers and forwarding companies.

Our supply of the Gran Max was slightly affected by labour shortages due to the long lockdown. Despite the hiccup, improved margins from the newly launched Gran Max Euro 4.0 and also the finetuning of sales incentives and commissions, among other things, allowed our Motor Trading Division to maintain its profitability in 2021.

The Division's overall aftersales revenue for all car brands under our stable for 2021 was RM155.7 million, compared to RM154.2 million in 2020. The revenue achieved was 1.0% higher despite the longer lockdown period and the earlier mentioned challenges. There were also marked improvements in profit margins within the aftersales segments. These can be largely attributed to process efficiency improvements, improved accessibility to and from customers, service availability and continuity of business and effective cost rationalisation initiatives in cost categories such as commissions and marketing campaigns. Among the specific actions implemented in selected outlets included pick-up and delivery services for aftersales customers, selected Sunday openings, regular service and end-of-warranty reminders to customers. Strong support from our Principals and Government also contributed to the improvements in our bottom line.

Boosted by these revenue enhancing initiatives and buoyed by the concerted

FAC AWARDS AND ACCOLADES

Top 5 Service Advisors: 1st, 2nd, 3rd and 5th place (FAC Glenmarie)

Best Dealer Customer Experience Award (FAC Glenmarie)

Top 3 Insurance Renewal: 1st place (FAC KL), 3rd place (FAC Penang)

FAW AWARDS AND ACCOLADES

Best Dealer in Category A: 1st place (FAW Glenmarie), 3rd place (FAW Skudai), 4th Place (FAW Hartamas)

DMMS AWARDS AND ACCOLADES

The Best Dealer Growth Performance 2021 from Perodua Sales Sdn Bhd (DMMS Kuching Outlet)

The Best Dealer Customer Satisfaction 2021 from Perodua Sales Sdn Bhd (DMMS Seremban 2 Outlet) efforts of our diligent and dynamic Motor Trading Division team, we were able to achieve an overall Operating Profit before Interest and Tax of RM40.4 million in 2021, which is a 1.8% improvement on our performance in 2020.

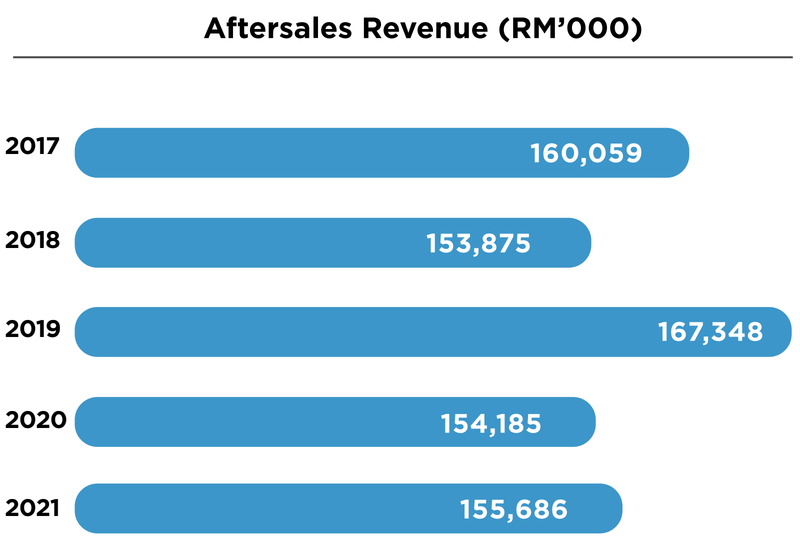
In terms of passenger vehicle market share, the Division contributed to 7.8% (2020: 10.1%) of new Perodua car registrations in 2021. As for Volvo, the Division continues to hold the largest market share (29.3%) amongst all Volvo dealers in Malaysia, and in fact saw an increase of 2.1% in their market share in 2021. The Division also maintained its largest market share position for Volkswagen cars at 24.8% (2020: 23.3%), recording a commendable 1.5% growth amidst the 5.9% contraction experienced by the overall passenger vehicle sales industry in 2021. For the commercial vehicles segment, our Daihatsu and Hino brands closed the year with a 7.5% and 1.7% decrease in sales volume respectively when compared to 2020's figures.

Auto Parts Manufacturing Division

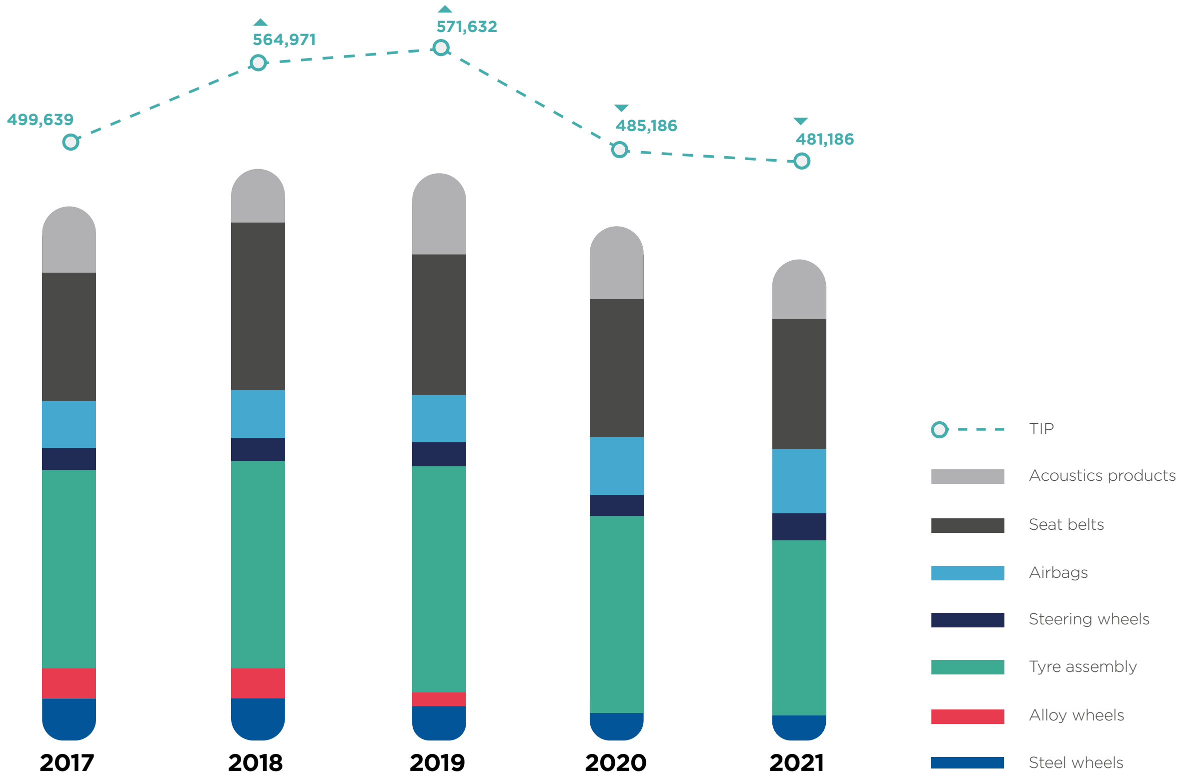
The Auto Parts Manufacturing Division recorded an overall revenue of RM206.6 million in 2021, marking a 15.9% or RM28.4 million increase from 2020's RM178.2 million. This robust increase was largely due to increase in component purchases by our customers. In terms of manufacturing volume however, except for airbags, the Division experienced a drop in manufacturing volume ranging from approximately 3% to 20% in line with the suspension of activities caused by prolonged plant lockdowns and intermittent supply chain disruptions experienced across the industry. The Division's Operating Profit before Interest and Tax also reduced slightly in 2021 by RM1.0 million or 8.8% against its performance in 2020. This reduction was a direct result of the lower manufacturing volume, but was cushioned by the Division's ongoing efforts to improve efficiency and productivity, resulting in better overall profitability.

Daihatsu Gran Max Euro 4.0

Perodua Ativa



Auto Parts Manufacturing Production Volume vs. TIP



Safety Products

Our jointly-controlled entity, the AHSB Group is a 51.0% owned joint venture with Autoliv AB, the world's leading safety restraint company with the highest global market share. AHSB is involved in the design, testing and manufacture of vehicle safety restraint products and systems. Our safety products include seat belts, airbags and steering wheels.

In 2021, AHSB achieved a 3.7% improvement in revenue. Changes in the sales mix in 2021 worked to AHSB's advantage as although there were insignificant changes in terms of the overall volume of products delivered, the increased demand from other major Original Equipment Manufacturer ("OEM") partners were able to offset the reduced demand from key customers like Perodua. However, Operating Profit before Tax and Interest deteriorated mainly due to overall increase in the cost of raw materials in 2021.

Acoustics Products

Our wholly-owned subsidiary, HASB supplies a wide range of NVH products to the automotive industry. These products are cost competitive and are used to offer better protection against heat and noise as well as promote fuel efficiency. HASB's technical partners, Autoneum and Nittoku are global leaders in vehicle acoustic and thermal management solutions. These partners continue to provide HASB with strong technological support.

For the year 2021, HASB has likewise experienced a reduction in production volume due to lower production demand from local OEM partners, although this drop in volume was fortunately compensated by higher-value product orders. Consequently, HASB closed the year with a slight increase in revenue of 0.9% for the financial year. Its performance was also enhanced by improved capacity utilisation during the operating months. HASB's Operating Profit before Tax and Interest however, decreased by 14.0% compared to the previous year, negatively impacted by fixed costs that still needed to be paid like workers' salaries and benefits during the prolonged plant shutdowns. Despite the difficult circumstances experienced during the pandemic, the Group remained committed to supporting our employees and their livelihoods.

In addition, HASB has in 2020 successfully recognised one-off income items such as the successful claim on unamortised tooling. Comparing the performance of both years after excluding such one-off income items, the Operating Profit before Tax and Interest for HASB in 2021 was comparable to that of the preceding year despite tougher working conditions.

Wheel and Tyre Assembly

Our subsidiary, OMI manufactures steel wheels and assembles wheels and tyres for key local manufacturers of passenger and commercial vehicles such as Perodua, Proton, Honda, Toyota, Mitsubishi and Hino.

In 2021, OMI achieved an increase in revenue of 18.9% compared to the previous year. This was due to the earlier mentioned increase in the supply of component products and services to our OEM partners. In terms of production volume, both the steel wheels and the tyres assembly volume were lower than the preceding year by an average of 9.4%, consistent with the other manufacturing subsidiaries' reductions due to tougher operating conditions for the year.

Despite the lower production volume, the company was able to sustain its profit performance in 2021, witnessing only a slight 2.2% decrease compared to the preceding year. This was due to OMI increasing its sales of products with higher values during the year, as well as better margins realised on competitive component purchase arrangements with some OEM partners. Furthermore, OMI has benefited from other value-added services that it started offering last year, particularly the provision of warehousing services for the storage of customers' tyres and rims. In 2021, these value-added warehousing services provided a substantial income boost to OMI, and accounted for approximately one-third of its Operating Profit.

In order to maintain its market position and profitability in 2021, OMI also continued with its efforts to rationalise costs. It realised cost savings from the installations of energy-saving solar panels at the plant, improved operational efficiency, localisation of key materials and other related cost-saving activities. These efforts were also recognised by our customers, resulting in OMI being awarded a cost savings appreciation award from Honda.

Wheel and Tyre Assembly - OMI Plant

HASB AWARDS AND ACCOLADES

Most Improved Quality Award 2021 from Honda Malaysia

OMI AWARDS AND ACCOLADES

Cost Savings Appreciation Award 2021 from Honda Malaysia

DMMS Sales Outlet

OUTLOOK

Encouraging Signs of Economic Recovery

The Group is encouraged by Bank Negara Malaysia's ("BNM") statement in February 2022 that Malaysia's economy, as measured by Gross Domestic Product ("GDP"), grew by 3.6%[4] in the fourth quarter of 2021 (third quarter of 2021: -4.5%) from a year earlier as economic activities resumed with the easing of national COVID-19 pandemic-driven containment measures. With this turnaround growth in the fourth quarter, the economy grew by 3.1%[4] for 2021 as a whole.

BNM is expecting the Malaysian economy to remain on its recovery path, buoyed by continued growth in global demand and higher private sector expenditure given improving labour market conditions and ongoing policy support. There is also encouraging progress on the national COVID-19 vaccination front. However, this recovery momentum and outlook will continue to be subjected to developments surrounding COVID-19 both globally and domestically, and also global commodity price developments amidst risks from prolonged supply-related disruptions and political uncertainties.

Capitalising on National Incentives

Our Motor Trading Division will be able to capitalise from the additional 6-month extension (for the period of 1 January 2022 to 30 June 2022)[5] of the SST exemption incentive given by the Malaysian Government for passenger vehicles in 2020 and extended in 2021. Measures have also been recently introduced in Malaysia's Budget 2022 to incentivise electric vehicle adoption.

The Motor Trading Division in particular is positioned to take advantage of these incentives with Volvo Cars Malaysia announcing its national electrification plan in early 2021, in line with its global objective to become a fully electric car company by 2030. The first model in its electric vehicle line-up, the Volvo XC40 Recharge Pure Electric launched in March 2022, was in time to ride the wave of the electric vehicle tax exemptions announced during Budget 2022. Our Volvo aftersales activities will also be boosted by plans to start our first Volvo Personal Service ("VPS") and Volvo Car Damage Repair ("VCDR") outlets in the country at our Glenmarie branch. Additionally, we hope to boost pre-owned car sales and drive new car sales by providing good trade-in options for potential customers through Volvo's Selekt and Vokswagen's Das Welt Auto platforms and collaborations with various online used car platforms.

For 2022, Perodua projects another record-breaking year in vehicle sales. Production in their manufacturing plants is expected to stabilise, with production figures anticipated to be higher than sales as the carmaker targets to replenish depleted stocks and reduce customer order waiting periods. MBMR looks forward to the fruition of these projections to fulfill our customer orders

Source: **4**. https://www.bnm.gov.my/-/4q-gdp-2021
5. https://www.nst.com.my/business/2022/02/773787/sst-exemption%C2%AO-fuel-demand-new-vehichles-hlib-research


Volvo XC40 Recharge Pure Electric

on hand. We anticipate that this increase in production will also benefit local automotive suppliers including our Auto Parts Manufacturing Division, as we are a major supplier in this area.

As we drive "Future Focused" to better our market position, improve shareholder value and to mitigate potential risks from ongoing pandemic challenges, MBMR will strategise to ensure continuous business growth and competitiveness via our earlier mentioned Transformation Programme.

We remain true to our vision of becoming a "Complete Automotive Group" and our mission to be the automotive partner of choice to our employees, customers and investors.


Volvo Personal Service "VPS" - Volvo Glenmarie

APPRECIATION

We would like to express our heartfelt appreciation for the continuous support that we have received from our valued customers, shareholders, business partners and other stakeholders. We would also like to thank all employees who have shown incredible dedication, team spirit and resilience whilst working through these tough times. The MBMR Group would not have been able to navigate through the challenges posed by yet another pandemic year without these support.

The Group has emerged stronger during these challenging times and the strengthening of our fundamentals and our strategic initiatives has helped to soften the impact of the pandemic. We could not have done this without the invaluable advice and ongoing support received from our Board members. We would like to convey our deep gratitude to the Directors for their contributions during these testing times.

SUSTAINABILITY STATEMENT

2021 has been yet another challenging year for the entire world and business continuity in particular. The shift of human behaviour, living lifestyle and even economic sanctions have created a new norm that is gradually setting the new business landscape. Our sustainability excursion in 2021 continues exploring the much-needed way to communicate our sustainability approach through information technology (IT). The pandemic has not only forced everyone to be IT literate, but it changes our normality of life from physical contact to virtual.

Although the pandemic has significantly changed our business activities, it never stops us from continuing to progress in meeting our 2021 sustainability goals. The future of our business has always been the key to our sustainability goals. This focus pushes us to accelerate further by integrating the business strategies with our sustainability goals. This includes strengthening our engagement with our shareholders and stakeholders while planning for and developing new product ranges and innovative service offerings and expanding our products' market share. In addition, we also prioritise our employees' safety and health within a secure and safe working environment.

The situation in 2021 has affected our business operations in various ways. Nevertheless, our management never failed to ensure our people are prepared with skill developments and training to be competitive in their fields. In 2021, our sustainability team reassessed our priority issues related to the group business operations. Our ongoing communications and surveys involving our stakeholders has led to the identification and prioritisation of 12 sustainability matters which are listed in the material sustainability matters section in this report.

These matters were assessed and monitored throughout the year to help us in improving our business operations and commitment to our stakeholders. These material sustainability matters will be included as key performance indicators in our sustainability performance reports once agreed and endorsed by the Board. Our sustainability reporting encompasses economic, environment and social elements. It helps to track and improve the quality of our people, including giving more opportunity for them to upgrade their skills, to create greater awareness of the social and environmental needs especially around the areas where we operate and to better serve the interests of the other stakeholders. This will indirectly help us to increase our service quality and efficiencies in supporting our sustainability objectives.

Not only does this benefit our business, but it benefits the community around us. We will continue to create better strategies in conducting our sustainability programmes and improve our sustainability reporting.

OUR SUSTAINABILITY GOVERNANCE

Towards the end of 2021, the MBMR Group took an important step towards demonstrating our commitment to our sustainability objectives and initiatives. The MBMR Board of Directors ("the Board") established the Risk Management and Sustainability Committee ("RMSC") with, inter alia, responsibilities for oversight of the Group's sustainability policies, programmes and practices. The Group also appointed a senior executive to develop, implement, monitor and report on the Group's Sustainability Framework to the RMSC and the Board. The Group's sustainability practices are guided by a governance structure that promotes accountability throughout the Group.

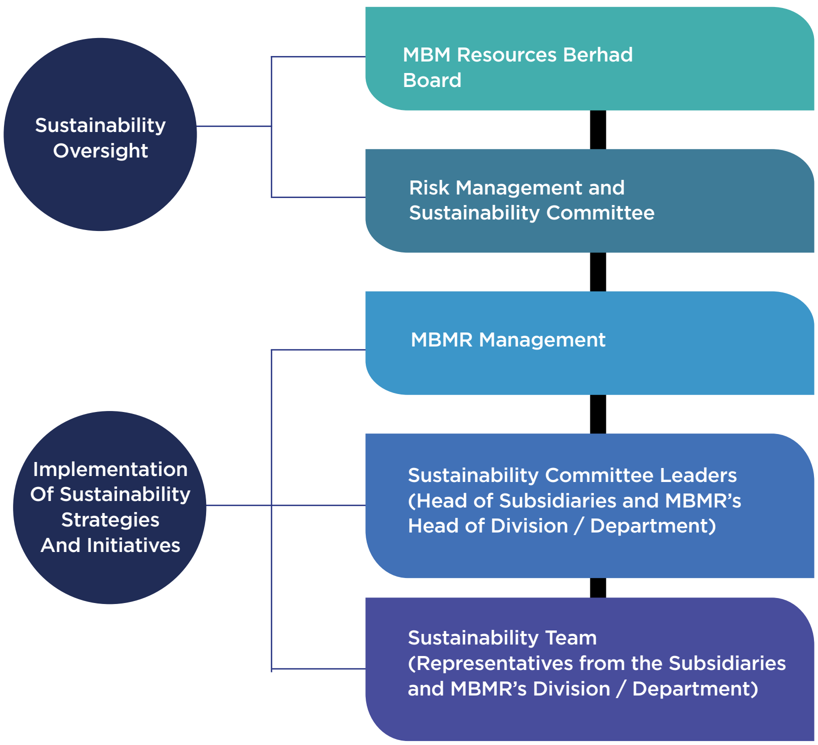
The Group's sustainability governance structure is as below:

MBMR Board of Directors: The Board has the ultimate responsibility to oversee the sustainability matters for the Group.

RMSC: The RMSC is responsible to assist the Board in providing oversight on the governance of sustainability for the Group including setting the Group's sustainability strategies, priorities and targets. In addition, the RMSC is also responsible to ensure that the Group's sustainability strategies and performance are aligned with the Group's sustainability priorities and targets.

MBMR Management: The MBMR Management led by the Group's Chief Executive Officer is responsible to lead the integration of sustainability to the Group's business and operation. The Management is also responsible to drive and manage the Group's sustainability performances in line with the Group's sustainability priorities and targets.

Sustainability Committee Leaders: The Sustainability Committee Leaders consist of the heads of subsidiaries as well as the heads of division/department. The Sustainability Committee Leaders are responsible to ensure that the implementation of sustainability initiatives and strategies is in line with the Group's sustainability targets and to ensure timely reporting of sustainability matters from the respective subsidiaries or division/ department.



Sustainability Team: The Sustainability Team consists of the representatives from the subsidiaries and division/ department. The Sustainability Team is responsible to assist in the coordination and implementation of the sustainability initiatives in their respective subsidiaries and division/department. They are also required to provide information and data on the subsidiaries or division/ department sustainability performance.

Our Leadership

The MBMR Sustainability Committee Leaders team is fully responsible for reporting directly to the CEO and leading the way in the oversight of all sustainable development activities. Members of the sustainability team are our employees at the subsidiaries, who provide the feedback and data support needed to measure and report on our progress.

We are committed to improving our approach and reporting in terms of sustainability. As such, the management annually reviews the governance structure to ensure the effectiveness of our sustainability.

ENVIRONMENTAL

At MBMR, we recognise that every one of us produces negative and positive effects as a result of our daily actions. Be it our consumption or our daily activities related to nature, energy, water or even a tiny movement that is inevitable in our daily life. In every report, we continually stress the importance of this awareness, especially among our people and our community. The environmental objectives are set centrally at MBMR, but each member of the Group is responsible for improvement measures implementation. Hence, clear communication, strong leadership and solidarity are vital to achieving our objectives.

With sustainability emerging as a defining issue of our time, the Group essentially understands the importance of the environment. We focus on balancing our business to promote economic growth and being more responsive to environmental needs. This includes improving our manufacturing process to reduce waste, alternating to recycle materials in manufacturing productions, localising resources, enhancing procurement process efficiency, and improving customer satisfaction and employee retention levels.

These are not merely operational concerns but have impacts on the Group in its efforts to reduce the Group's environmental footprints and minimise waste, especially in the manufacturing sector. Our focus has shifted from cost reduction to cost management, covering aspects from operations to decision-making.

As a Malaysian company, we have an inherent interest in supporting the nation's economy. We believe that we should support the local businesses and the community in general, which in turn will create more employment opportunities and enhance the people's skills. We encourage local businesses expansion by giving them opportunity and support the local suppliers as part of our supply chain network. By motivating and supporting the local vendors and suppliers, we believe that our contribution will bring substantial development not only to our business but also to other businesses as well. We recognise the benefits of localising our resources and materials used as far as we possibly can in meeting the needs of our businesses.

Energy Saving

On a global scale, growth in population is expected to be associated with an increase in demand for resources. As a responsible organisation, we help meet that challenge through our energy-saving initiatives. Since 2019 we have committed to reduce our energy consumption to the optimum level. Within the framework of our economic sustainability, energy consumption has always been monitored because it forms the Group's largest direct source of carbon emissions. In 2021, our energy consumption was 11,225,155 kWh, a decrease 8 per cent over the previous year.

In 2021, the Group's business operations were affected by the temporary closure of manufacturing plants which has been one of the reasons for lower energy consumption. Furthermore, our manufacturing sector, OMI, started the renewable energy project in early 2021, which also helped to reduce energy consumption.

In addition, the car showrooms and manufacturing production lines were severely affected by the lockdown in the third quarter of 2021. The business operations only resumed in September 2021. Unfortunately, the unexpected flood disaster in the fourth quarter of 2021 also affected the supply chain.

We will continue to keep up with our commitment to manage our energy consumption efficiently for the future.

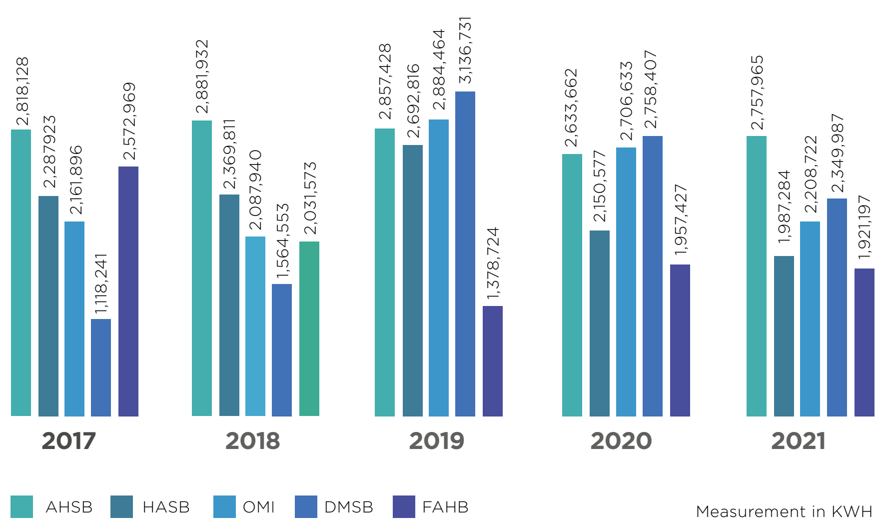
Our energy and pollution control guidelines are well supported by our teams who have worked on energy conservation initiatives all the time.

Some of the 2021 activities include:

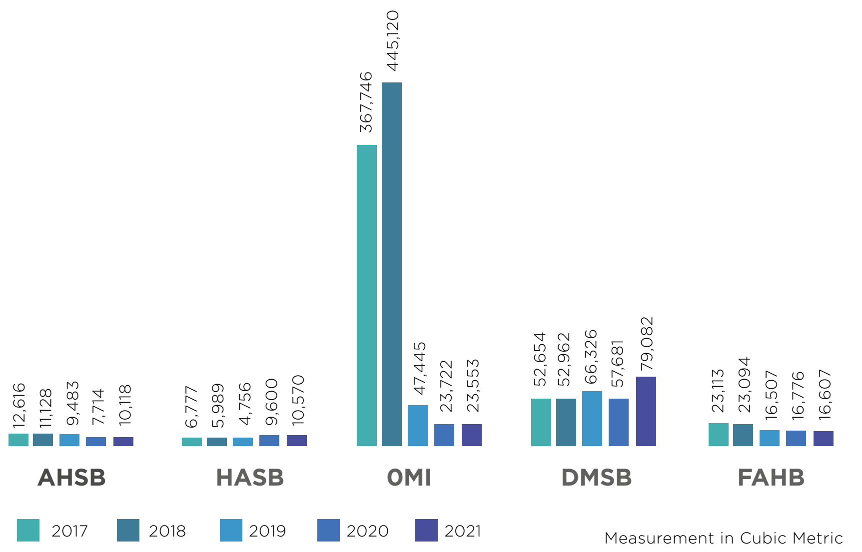
- Changing of non-LED lightings to LED by departments each year.
- Scheduled maintenance and inspection to reduce high energy consumption during start-up.
- Electricity consumption control within the company by implementing timer switches.
- Implement renewable energy/solar panels at our manufacturing plants.

As we usually do in our report, we share the total energy consumption of the entire year and compare it with previous years consumptions. Savings and utilisation are compared as a percentage and compared to the level of output to justify lower or higher consumption. Our efforts to reduce carbon footprint is to fulfil our responsibility towards our people, community and our future generation. However, energy use may also arise as a result of higher productivity levels. A higher output of

Energy Consumption 2017-2021



Water Consumption 2017 - 2021



goods may impact energy consumption, particularly in the manufacturing sector. We continue to actively explore more options and alternatives that will help safeguard the environment to be safer for all.

Water

Water is used at all stages of a product's life cycle. Although it is essential for any industry, it is invaluable to communities and individuals throughout the Group. Even with the abundance of water in Malaysia we should not dismiss it as a valuable resource. Therefore, we always view water conservation as part of the critical issues in our sustainable development.

We often hear about the disruption of water supplies in many parts of the country. In relation to this, we always ensure that our people are responsible for their daily consumption, including planning and managing their water resources. We value each resource involved in our business through efforts to support the global objective of contributing towards climate change mitigation solutions. We are determined to continue our efforts and share our knowledge to ensure that we work collaboratively to mitigate the impact of water stress.

The issue of water stress was emphasised at Board to reiterate the importance of water conservation. In 2021, the Group used 139,930 cubic meters of water throughout the year. The utilisation shows an increase of more than 21 per cent compared to the previous year. It is noticeable that the consumption was high towards the end of the year after the lock-down period. During this period, the manufacturing restarts its operation at total capacity. Meanwhile, the motor trading after-sales operations utilisation increased due to the flood, which involves cleaning the interior and exterior of the vehicles. The increase in utilisation is also related to the high operation hours and production level. Although the utilisation may not be significant compared to other industries, it is our responsibility to be aware of the importance of water efficiency.

Here are the current water conservation practices within the Group:

- Water treatment for manufacturing operations in HASB and OMI.
- Water recycling for manufacturing chiller systems in HASB and OMI.

Waste Management

Generally, our waste reduction strategy focuses more on the efficient use of raw material supplies. This not only helps us to reduce the cost of purchasing new raw material supplies and the cost of waste disposal but also reduce the landfill.

Recycling is always the first thing that comes to mind when we think of minimising waste as it is easier to manage. Office waste is often recyclable, but this will need efforts from everyone in the organisation. Our team has been practising a comprehensive office recycling strategy that can help business to send zero to landfills. Therefore, here are some of the initiatives that were implemented, monitored continuously and applied to meet this goal.

For the past years, MBMR Group has continued its efforts to minimise waste and the following are some of the continuous activities carried out in 2021:

- Ban plastics usage including disallowing bottled water/drinks to be taken into the workplace.
- Reduce scheduled waste especially chemical or oil spills at the workplace.
- Wastewater treatment.
- Recycling paper for the production of goods.
- Reinforce policies, regulations, incentives and financing structures to support the implementation.

SOCIAL

As we become increasingly aware of the challenges of fragility, persistent inequality and racial discrimination, we integrate our social sustainability by understanding how our business can impact our people and the society at large.

We ensure our diversity initiatives and social sustainability prioritise the safety and health of our people. Health is one of the greatest components of our social sustainability. We ensure that our employees have access to basic health care by providing them with medical, physical and moral support. This support includes medical screening, reimbursement of medical claims, group medical coverage, sports programmes and counselling for people in need. We remain committed to the physical and mental health of our employees as one of the key factors in contributing to the overall success of our business stability.

Based on four of our core values i.e. respect, teamwork, diversity and caring, MBMR Group considers all corporate conduct must be based on the awareness of social responsibility which forms a core component of its management approach. We expect all our subsidiary companies and business outlets under the MBMR Group to manage the governance, economic, social and environmental impact of their actions with responsibility and placing the development of society as a priority. We do not view the scope of our corporate social responsibility as limited to our commercial activities and its impact only, but also to identify the overall level of social responsibility and its priority to include what is good for society and the environment at large.

Being at the forefront of actions that protect our people, our community and the environment, the fundamental principles underlying our corporate social responsibility practices are:

- Discrimination within the Group based on race, religion, gender, age, political opinion, language, physical challenge or similar grounds shall not be tolerated. We strive to ensure that our people of different beliefs, views and opinions, work together in harmony by creating a positive and cordial work environment that enhances cooperation and prevents conflict.

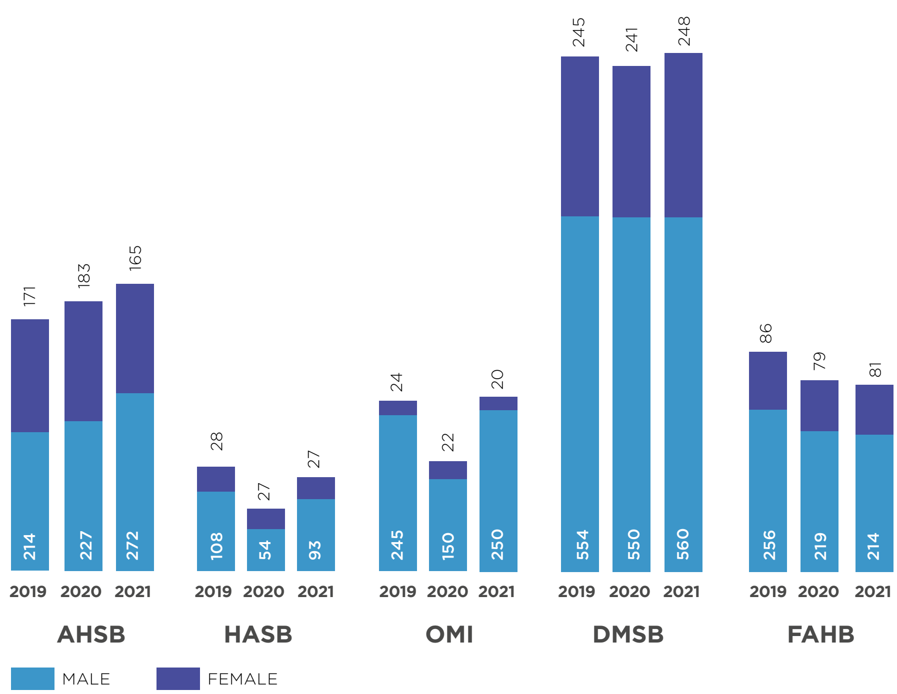
- Safety and health play a significant role in the quality of life and success of our people. At the same time, we continue to believe that everyone deserves to work in a safe and healthy work environment that respects human dignity.

- Ensure people are our greatest asset and we strive to ensure their safety as our primary focus. Human Resources leadership plays an important role in creating sustainable growth. Making sure our people are treated with honesty and fairness; we are determined to create a non-discriminatory, safe and healthy workplace. We strive to promote personal development while maintaining a balance between their private and work lives.

Diversity and Equal Opportunity

Our fair treatment to all our people stands to provide our people with a safe and pleasant working environment that is free from discrimination and harassment. Our aim is always to provide the most efficient and comfortable working environment for our people. The diversity in gender, ethnicity, religion and culture has been one of our strengths in crafting a strong workforce. With difference in knowledge, abilities, experiences and cultures, our people are more than just someone who knows about themselves but also knows about others which in turn, creates respect and sincerity in their professional relationships.

Male and Female Employees 2019 - 2021



No individual within the Group receives less favourable treatment than others. However, there must be some level of respect and understanding when it comes to human differences, religion, methodologies which may differ from one another in the Group. Hence, the role of our Human Resources leaders is crucial in aligning this goal to get people along and prosper together.

In MBMR, we always believe having men and women in top management positions serve as important role models for others, which drives further development through exchanging experiences, knowledge, and teamwork across the Group.

Healthier Workplace

Keeping everyone safe and healthy is a new challenge for the management in balancing the economic growth and the improvement in our people's safety and wellbeing. Strict Standard Operating Procedures (SOP) and health monitoring have helped us in keeping our people feeling secure and safe. The measures taken may be drastic for some of us but it protects our people's health and safety, which has always been our top priority.

Our sustainability and management team has ensured our people are well-taken care of and disciplined in following the safety guidelines during this crisis period. Below are some measures which we practice continually until today.

- Wearing of masks at all time and gloves, if needed.
- Adhering to the provided SOP.
- Pre-entry health and thermal screening.
- Ensuring social distancing at work or even during rest hours.
- Rotating workgroups to ensure workspace distancing.
- Encouraging our people to frequently and thoroughly sanitise their workstations.

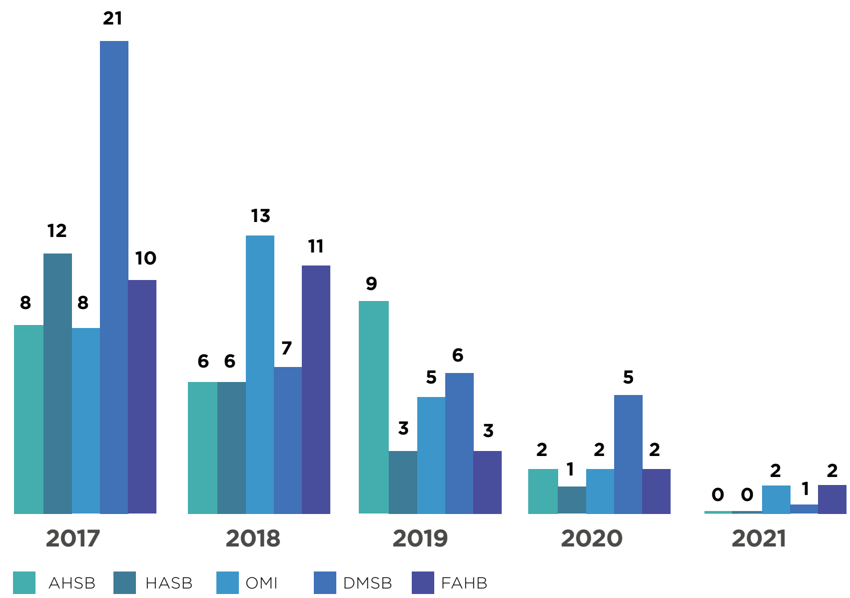
Talent Retention and Development

Since 2020, the COVID-19 pandemic has transformed world normality in a unique way. Without exception, MBMR was also disrupted by uncertainties caused by the pandemic particularly on our people's health, safety and well-being. Due to the high number of infections in our operations and living areas of our people, the management encourages remote working as much as possible and allows our people to work from home. We continue our efforts in providing safety measures at our business offices, factories, showrooms and service centres. We ensure our workplaces are as safe as possible for our people and offered self-test kits and hand sanitisers, as well as educating our people on self-quarantine or also known as "Amalan Kendiri" and other measures announced by the authorities from time to time.

Our subsidiaries also offer support to the families affected by Covid-19 by sending food supplies to their homes. Daily monitoring updates are also reported to the management to ensure our people are well monitored and supported during these difficult periods.

Our commitment in supporting our people is not just about hiring them

Reported Accidents/Incidents 2017 - 2021



as part of our family; it's also about ensuring that business opportunities are not left behind. During the pandemic, we intensified online training to ensure the continuity of our personnel training and development programmes.

Competitiveness in leadership and confidence can effectively influence the performance of our employees, beyond mere satisfaction of normal achievement. It generates job satisfaction and higher commitment, resulting in overall workforce improvement that led to a more profitable business. Management plays its part by ensuring that the training offered is aligned with the company's current trend and future skills requirements that can support the company's goals.

We also offer our people an enriching role and the opportunity to develop their skills and future careers in an exciting environment. As part of the family, it is our responsibility to ensure our people receive a competitive salary, are rewarded fairly and allowed to grow their knowledge and improve their skills, along with other attractive benefits.

In the MBMR Group, learning is a continuous process. Throughout our people's careers, we want to ensure that they have benefitted from continuing professional development and opportunities to undergo further training and development including securing professional qualifications. It is also important that our people are able to reach their full potential and thereafter considered for many career development opportunities available within the Group.

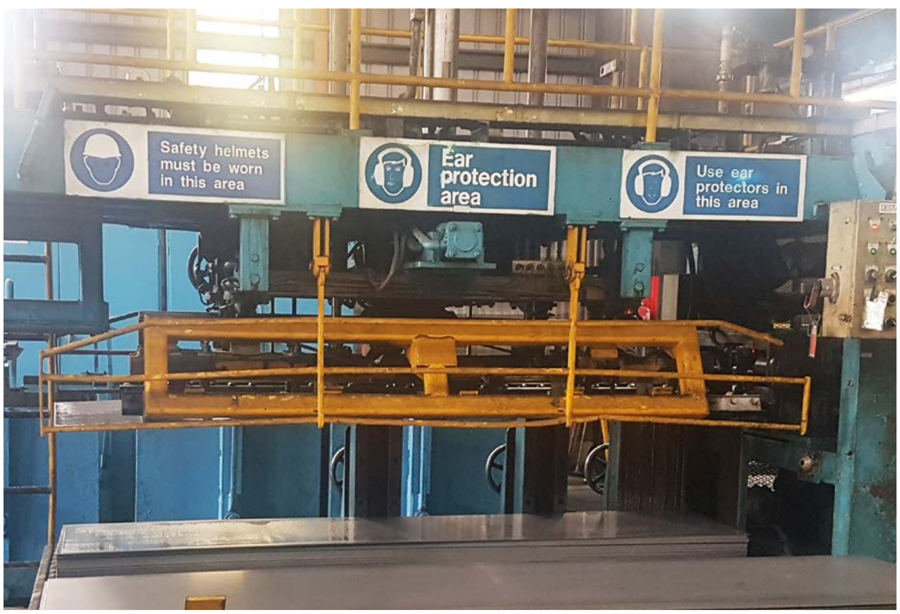
Supporting our people to expand their knowledge and education, MBMR provides exam leave for employees who need to take the day off to attend exams on weekdays. This examination leave entitlement is considered part of the employee's benefits.

Safety and Health

The safety and health standard operating procedures should be the utmost priority and treated as an important procedure to observe. It is, therefore, important that training and the latest enhancements in safety and health practices are conducted regularly across the Group.

Leadership, commitment and active involvement have been the cornerstones in improving our health, safety and sustainability performance which includes minimising injuries. Our accident rate in 2021 is lower by 58% compared to 2020. Total reported accident cases reduced from 12 cases in 2020 to 5 cases in 2021. No fatal injuries were reported during the year. Despite the lower number of accidents, the management team continues to take quick actions to address these accidents by providing training and reminders to our people including the new staff.

We continue to improve our safety standards and measures as shown by the sharp decline in injuries compared to



four years ago. We have also noted a few outstanding achievements from around our site's facilities.

As part of our safety and health objectives, we aim to minimise injuries and accidents in the workplace. The well-being of our people is of utmost importance, which is why we ensure that everyone is well educated and are aware of the need to minimise injuries.

We always remind our people to be wary of the hazards around them, in the workplace through the following activities:

- Reminders, education and awareness are scheduled in advance on an annual basis.
- Health screening and blood donation programmes.
- Distribution and supply of face masks and self-test kits to all employees.
- Ensure that all facilities are well maintained and safe to use.
- Continuous communication on safety and awareness such as group briefing, WhatsApp group, email reminders, etc.
- Chemical spillage audit.
- Monthly audit for fire equipment and first aid kit.

Our Occupational Safety and Health officer from each subsidiary will report their activities and incidents monthly to the MBMR risk management officer. This report is monitored and analysed based on the reported incidents. The management team represented by the management officer, will review factors including the company's safety and health regulation or policy, implementation of Standard Operating Procedures (SOP), supervision and quality control inspection process, maintenance procedures for machinery/ equipment, and hazard recognition and control methods.

Below are some of the programmes that have been carried out throughout 2021 to ensure our people are well guided and educated:

- Fire equipment audit.
- BOMBA pump house weekly check.
- Chemical spillage audit
- Forklift training
- ISO 45000 internal audit
- Schedule waste management
- Oil interceptor maintenance programmes

Community Engagement and Corporate Social Responsibility

Each year, our Board and Management team review our community engagement approach. It is our responsibility to give back to the communities.

Although the pandemic is now better controlled and the number of cases nationwide has decreased, our community is still struggling to return to normal life. In 2021, as part of MBMR's. Community engagement campaigns and responsibility towards our community, we have participated in the fight for hunger by contributing RM300,000 to support the community. The amount was channelled equally through five selected non-profit organisations' programs.

While we maintain our commitment to providing philanthropic support to organisations that assist in providing basic needs to the communities in which we do business, we have also identified areas for improvement and plan to conduct engagement programmes in the future. We will continue to enhance our programme with a very specific corporate social responsibility theme and this will be managed and supported by our new Corporate Social Responsibility committee. Our programmes will be aligned closely to our business which will benefit our shareholders and stakeholders.

As part of our continued efforts, we will always look for opportunities to provide the best support and safety measures to our people and community by sharing our prosperity and safety knowledge. We also need to take a more strategic approach in planning our future investment programmes which are related to all areas of our activities. In doing so, our corporate social responsibility will be to continue its focus on giving back to the community. More information of our community development activities can be found in our comprehensive sustainability report available in our website www.mbmr.com.my.

OUR STAKEHOLDERS

Our stakeholders were identified through discussions with the subsidiary's Head of Company and the management team. Each Head of the Company needs to conduct an internal discussion with all the departmental heads to identify and analyse each of their stakeholders. Their analysis should factor in all the related parties that are directly and indirectly impacted by their business operations or projects. This includes understanding the impact on the stakeholders' level of involvement in the business or project, their level of influence and interests in the business or project, and frequency of their engagement.

The following chart shows some of the stakeholders identified, their influence and if they are directly or indirectly impacted by our business and operations.

Stakeholders	Influence	Impact
Customer	Highly influential as they are the purchaser of our products and services. Their feedback on products and services improvements is important.	Direct
Shareholders / Investors	They provide funding to ensure the company is well supported to either start-up new projects or to improve certain business areas.	Direct
Business Partners and Associates	Meetings every quarter, board meetings, business plan discussion	Direct
Vendors/ Suppliers	Reliability is high on them as they provide the assurance of the materials and service quality needed by our business.	Direct
Principals	Supplying products and supporting the company with incentives that promote motivation to the employees.	Direct
Employees	Can influence the business decision but within limits. Their roles are important to make sure the operations plan runs accordingly.	Direct
Directors	Play an important role to ensure the company is appropriately managed. Approve the sustainability strategy.	Direct
Management	They make recommendations and decisions that influence the business' activity. Play an important role to ensure the company operation runs smoothly.	Direct
External Auditors	Helping the Group to audit and share their professional and independent view on financial issues. Their review or feedback can influence the management's decision on the issue discussed.	Indirect
Authorities	The government/authority may change or pass new laws.	Indirect
Worker Union	Share their opinion and advice if there is a problem at the workplace. They represent members in any negotiations and discussions with the company.	Indirect
Communities	Able to influence others by sharing their concerns over the business operations which may cause pollution or discomfort to the society around our business operations.	Indirect
Media/Analyst	News coverage of the Group's marketing activities, product launches and other press releases.	Indirect

While the above list is developing, our sustainability team will analyse it further in the process of identifying and prioritising the list. It is important for us to enhance our stakeholder list and plan on improving our system in identifying our stakeholders for better reporting in the future.

Consequently, we have been reaching out to and working with the existing stakeholders that have been identified by sharing information and gathering feedback on programmes to achieve outcomes that deliver sustainability and development.

Our operations are highly regulated and it attracts interest and scrutiny from many different stakeholders. Hence, our internal structure ensures multiple external relationships for the organisation, this includes our Sustainability team, our customer relationship, our corporate social responsibility and even our Finance team.

These teams undertake regular and proactive engagements with key stakeholders with the aim of gathering information and perspectives on our businesses and operations. Our engagement process provides us with a clear insight into the range of views. Details of our stakeholders engagement can be found in our comprehensive sustainability report available in our website www.mbmr.com.my.

At the same time, we encourage our stakeholders to reach out to us to share their concerns and feedback on our products, services, business conduct or any matters that are important to them.

MBMR is also working actively to increase stakeholder confidence in the company's performance in every area of our business operations, including market share, financial, management and sustainability.

We encourage all stakeholders who have concerns to raise them with the company through the accessible channels via our company website: www.mbmr.com.my.

Here is the platform provided to our stakeholders to ease their concerns.

Platform	Details
Websites and Email	Our website - www.mbmr.com.my provides information on the company's subsidiaries, business partners, associates and updated information on our business performance. Our website has been updated and enhanced to be more interactive and friendly for our stakeholders. Nonetheless, we will continue to improve the website to be the reference point for all shareholders and stakeholders. Our investors, suppliers, contractors and the community can communicate and reach out to us at contact@mbmr.com.my or inquiries@mbmr.com.my. Jobseekers also may submit their interest in applying for any vacant position in the Group by sending their resume to career@mbmr.com.my. Meanwhile, investors may voice their opinions, suggestions or concerns through investor.relations@mbrm.com.my. To ease our monitoring of the whistleblowing matters, we have created a new email, especially for the community that has any disclosure related to inappropriate practices within MBMR Group at whistleblowing@mbmr.com.my.

MATERIAL SUSTAINABILITY MATTERS

We assess our material sustainability matters on an annual basis through a discussion with all the heads of companies, heads of departments and supervisors on the existing materiality issues. This will help us to identify new issues to ensure that our sustainability strategy is focused on the right areas. We constantly study the best approach in identifying our material sustainability matters including identifying the economic, social and environmental issues that are most important to our businesses and stakeholders. Our new Sustainability Framework established in 2022 has fully integrated the assessment of sustainability matters into our risk management process to ensure that broader sustainability issues are factored in with the risks and opportunities being considered across the organisation.

Any matters that impact our business significantly across the Group, be it cost, risk, productivity, product quality, service, our people or any areas highlighted by our stakeholders are important to us. To date, these findings have led to the identification of 12 key issues as tabled on the next page.

Material Matters	Aspects Included	Explanation
Product Quality	• Sustainable products • Quality standards • Certifications	Consumer behaviour is changing and resources are becoming scarce. We are incorporating the questions of how the procurement, production and use of materials can reduce the disposal section in the waste management inverted pyramid. It is also important for us to ensure that our products meet the predetermined standard by the regulations.
Customer Satisfaction	• Customer relations • Service quality • Feedback	Customers are one of our most important stakeholders and we must maintain an ongoing positive interaction with them to understand their needs and thus provide the best-fitting solutions for them. Only with our customers as partners, can we create a sustainable impact across the organisation.
Policy & Governance	• Corporate governance • Business ethics and compliance • Human rights	A well-directed, administered and controlled organisation to ensure its stability and the integration of stakeholders' expectations and interests particularly in the corporate governance: independence of the BOD; the existence of specific committees; etc.
Raw Materials	• Resources management • Alternative materials	All materials are scarce and it is important to well manage their consumption. Scarce materials also mean cost efficiency. Limitation of access to get the materials will lead to the materials being more expensive. Therefore, alternative materials become crucial.
Waste Management	• Management methods • Regulators requirements	An improper solid waste management system may contribute to a worsening environmental degradation of the community. Management is to ensure procedures comply with the regulator's requirements in managing the waste
Corporate Social Responsibility	• Recognition of local communities' needs to create awareness of our products and services and ensure their positive impact.	Our production sites do not carry material risks or have adverse effects on local communities and the direct impact are low. However, engagement with the community and cooperation with them on a local level is important for us to keep our reputation as a good company to the community.
Energy	• Usage/consumption • Operation control • Cost-effectiveness	The energy-related matter is still one of the issues that need to be well monitored. Our management is committed to tackling the challenges to reduce consumption and be more cost-effective.
Staff Welfare	• Work-life balance • Health and wellbeing	A good organisation should be able to allow the employees to enjoy their freedom to learn and grow. Develop a continuous improvement culture and recognise good work or achievements. Compensate the employees by providing a healthy and happy environment.
Safety & Health	• Safe workplace	To care about our people who work for the company and to avoid any risk impacting their health and physical integrity by ensuring a culture of "Safety First", especially in the manufacturing sector.
Employee Relation	• Employee management • Training and development	The broad spectrum of functions and roles within our business requires efficiency in the human resource management process and the possibility to engage, develop and retain employees. Continuous training and skills development are mandatory to keep productivity and quality high.
Government/ Regulators	• Regulators requirements • Compliance issues	Other than taking regulatory requirements as compliance matters, it also acts as guidelines to align the business efficiency and responsibility.
Water	• Water management	Our operations are not water-intensive. Yet we need to keep monitoring the water management as it is part of the scarce resources. Sustainable water is a significant topic for society at large.

PROFILE OF DIRECTORS

Y. Bhg. Datuk (Dr.) Aminar Rashid bin Salleh
Aged 62, Male, Malaysian
Independent Non-Executive Chairman

Qualifications
- Diploma in Civil Engineering, University Technology MARA, Shah Alam
- Degree in Civil Engineering, University Technology MARA, Shah Alam
- Executive Diploma in Business Administration, University of Central Lancashire, United Kingdom.

Working Experience / Other Directorships
Present
- Group Advisor, PNA Technologies Sdn Bhd
- Group Advisor, Syarikat Metal Industries of Malaysia Sdn Bhd

Past:
- Group Advisor New Business Development, Ingress Corporation Berhad
- President & Chief Executive Officer, Perusahaan Otomobil Kedua Sdn Bhd (PERODUA) from 2013 to 2018
- Managing Director, PERODUA from 2009 to 2012
- Executive Director, Strategic Marketing Group, UMW Toyota Motor Sdn Bhd from 2007 to 2009
- Executive Director, Strategic Planning Group, UMW Toyota Motor Sdn Bhd in 2006
- Executive Director, Sales Group, UMW Toyota Motor Sdn Bhd from 2004 to 2005
- Director, Human Capital Group, UMW Toyota Motor Sdn Bhd from 2001 to 2003
- General Manager, HR and Administration, UMW Toyota Motor Sdn Bhd from 1996 to 2001
- Manager, Property and Facilities, UMW Toyota Motor Sdn Bhd from 1992 to 1996
- Property and Purchasing Manager, Utusan Melayu (M) Sdn Bhd in 1992
- Property and Maintenance Manager, Techart Sdn Bhd from 1985 to 1991
- Project Engineer, Techart Sdn Bhd from 1983 to 1985
- Board of Director Universiti Teknologi Mara (UiTM)
- Board of Director Universiti Teknologi Mara Holding (UiTMH)
- Board of Director Universiti Malaysia Pahang (UMP)

Membership of Board Committees in MBMR:
- Nominating and Remuneration Committee (Chairman)
- Audit Committee (Member)
- Group Transformation Committee* (Chairman)

Date Appointed to the Board
- 29 May 2019

Mr. Low Hin Choong
Aged 60, Male, Malaysian
Non-Independent Non-Executive Director

Qualifications
- Bachelor Degree in Business Administration and Computer Science (Hons), University of Belfast, United Kingdom

Working Experience / Other Directorships
Present:
- Director of Hirotako Holdings Berhad
- Director of Federal Auto Holdings Berhad
- Director of Oriental Metal Industries (M) Sdn Bhd
- Director of MBMR Properties Sdn Bhd
- Director of Daihatsu (Malaysia) Sdn Bhd
- Director of Perusahaan Otomobil Kedua Sdn Bhd
- Director of CathRx Ltd
- Director of Reliance Business Solutions Sdn Bhd
- Director of Rosen Sdn Bhd

Membership of Board Committees in MBMR:
- Long Term Incentive Plan Committee (Chairman)
- Group Transformation Committee* (Member)
- Risk Management and Sustainability Committee (Member)

Date Appointed to the Board
- 18 May 2001

*Dissolved on 27 January 2022

Mr. Ng Seng Kong
Aged 67, Male, Malaysian
Non-Independent Non-Executive Director

Qualifications
- Fellow Member of the Association of Chartered Certified Accountants, United Kingdom
- Fellow Member of the Chartered Institute of Management Accountants, United Kingdom
- Member of Chartered Global Management Accountant

Working Experience / Other Directorships
Present:
- Managing Director of UMS Holdings Berhad
- Managing Director of UMS Corporation Sdn Bhd
- Director of Hirotako Holdings Berhad
- Director of Federal Auto Holdings Berhad
- Director of Oriental Metal Industries (M) Sdn Bhd
- Director of Hino Motors Sales (Malaysia) Sdn Bhd
- Director of Hino Motors Manufacturing (Malaysia) Sdn Bhd
- Director of MBMR Properties Sdn Bhd
- Director of Teck See Plastic Sdn Bhd

Past:
- Financial Controller in MKS Sdn Bhd from 1980 to 1981
- Auditor of a chartered accounting firm in London from 1975 to 1979

Membership of Board Committees in MBMR:
- Long Term Incentive Plan Committee (Member)

Date Appointed to the Board
- 1 October 2015

Y. Bhg. Dato' Anwar bin Haji @ Aji
Aged 71, Male, Malaysian
Senior Independent Non-Executive Director

Qualifications
- Master of Arts, International Studies, Ohio University, United States of America
- Bachelor of Economics (Hons), University of Malaya, Malaysia

Working Experience / Other Directorships
Present:
- Chairman of Zelan Berhad

Past:
- Director of CIMB Principal Asset Management Berhad from 2007 to 2021
- Chairman of Faber Group Berhad from 2001 to 2008
- Various management positions in Khazanah Nasional Berhad from 1994 to 2004 including Managing Director position.
- Special Assistant to the Secretary General of Ministry Finance from 1993 to 1994
- Principal Assistant Secretary in the Finance Division, Federal Treasury under Ministry of Finance from 1991 to 1993
- Deputy Director of Petroleum Development Division under Prime Minister's Department from 1986 to 1991
- Principal Assistant Secretary in Foreign Investment Division, Economic Planning Unit under Prime Minister's Department from 1982 to 1984
- Attachment with Investment Division of the Malaysian Tobacco Company Berhad under the British Malaysia Industry & Trade Association training scheme from 1984 to 1985
- Principal Assistant Secretary in Economic & International Division, Federal Treasury under Ministry of Finance from 1980 to 1981
- Principal Assistant Secretary in Budget Division, Federal Treasury under Ministry of Finance from 1978 to 1980
- Assistant Director in Industries Division under Ministry of International Trade & Industry from 1973 to 1978

Membership of Board Committees in MBMR:
- Nominating and Remuneration Committee (Member)
- Audit Committee (Chairman)
- Long Term Incentive Plan Committee (Member)
- Risk Management and Sustainability Committee (Member)

Date Appointed to the Board
- 16 January 2018

Encik Muhammad Lukman bin Musa @ Hussain

Aged 46, Male, Malaysian

Non-Independent Non-Executive Director

Qualifications

- Fellow Member of the Institute of Chartered Accountants in England and Wales
- Member of the Malaysian Institute of Accountants
- Bachelor degree in Accountancy Studies, University of Portsmouth, United Kingdom

Working Experience / Other Directorships

Present:

- Chief Executive Officer of Berjaya Capital Berhad
- Non-Independent Non-Executive Director of 7-Eleven Malaysia Holdings Berhad
- Audit Committee Member of Razak School of Government

Past:

- Acting Chief Executive Officer and Chief Financial Officer of MARA Corporation Sdn Bhd from 2016 to 2019
- Chief Operating and Financial Officer of Unitar Capital Sdn Bhd from 2012 to 2016
- Advisor of ECS Solutions Sdn Bhd from 2011 to 2022
- Audit and Assurance Director of Ernst & Young from 2008 to 2011
- Manager under Banking and Capital Market Group of Ernst & Young LLP, London from 2003 to 2008
- Internal Auditor of Habib Bank AG Zurich from 2002 to 2003
- Senior Auditor of John Cumming Ross, Ltd in 2002
- Senior Auditor of Andersen & Co, Malaysia (formerly known as Arthur Andersen & Co) from 1998 to 2001

Membership of Board Committees in MBMR:

- Audit Committee (Member)
- Group Transformation Committee* (Member)

Date Appointed to the Board

- 28 January 2019

Ms. Wong Fay Lee

Aged 58, Female, Malaysian

Non-Independent Non-Executive Director

Qualifications

- Bachelors Degree in Law, University of Sydney
- Graduate Diploma in Applied Finance and Investments, Securities Institute Australia

Working Experience / Other Directorships

Present:

- Chairman of Federal Auto Holdings Berhad
- Director of Apex Investment Services Berhad
- Director of Med-Bumikar Mara Sdn Bhd
- Director of Daihatsu (Malaysia) Sdn Bhd

Past:

- Head of Group Legal, Risk & Compliance, MBM Resources Berhad from 2011 to 2018
- Managing Director, Federal Auto Holdings Bhd from 2016 to 2017
- Executive Director, MBM Resources Bhd from 2014 to 2017
- Private Equity/Director, KFH Asset Management Sdn Bhd from 2002 to 2010
- Risk Management Consultant, Clearing Division of Hong Kong Exchanges and Clearing Ltd from 2001 to 2002
- CEO, Malaysian Derivatives Clearing House Bhd from 1995 to 2000
- Manager, Law Reform and Product Development, Malaysian Securities Commission from 1993 to 1995
- Senior Associate with Mallesons Stephen Jaques (Sydney and SEA) from 1987 to 1992

Membership of Board Committees in MBMR:

- Nominating and Remuneration Committee (Member)
- Group Transformation Committee* (Member)
- Risk Management and Sustainability Committee (Chairman)

Date Appointed to the Board

29 May 2019

Notes:
1. Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholders of the Company.
2. None of the Directors has any conflict of interest with the Company.
3. Other than traffic offences, none of the Directors have been convicted of any offences within the past five years nor have been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2021.

*Dissolved on 27 January 2022

PROFILE OF SENIOR MANAGEMENT TEAM

Encik Muhammad Fateh Teh bin Abdullah
Aged 51, Male, Malaysian
Group Chief Executive Officer

Qualifications
- Bachelor of Economic, International Islamic University
- Higher Business Statistics, London Chamber of Commerce & Industry (LCCI)
- Six Sigma – Champion Training, Motorola University

Working Experience / Other Directorships
Present:
- Group Chief Executive Officer
- Director of Daihatsu (Malaysia) Sdn Bhd
- Director of Federal Auto Holdings Berhad
- Director of Autoliv Hirotako Sdn Bhd
- Director of Teck See Plastic Sdn Bhd
- Director of MBMR Properties Sdn Bhd
- Director of Oriental Metal Industries (M) Sdn Bhd
- Director of Hirotako Acoustics Sdn Bhd
- Director of Perusahaan Otomobil Kedua Sdn Bhd

Past:
- Head, Automotive Distribution Division, Hicom Holdings Berhad (HHB) – Holding company of DRB-Hicom Berhad
- Director of Mitsubishi Motors Malaysia (MMM)
- Director of Isuzu Motors Sdn Bhd (IMSB)
- Director of Edaran Otomobil Nasional (EON)
- Director of EON Auto Mart Sdn Bhd
- Director of Euromobil Sdn Bhd
- Director of Hicom Auto Sdn Bhd
- Director of AVIS Malaysia
- Director of ACM
- Director of DRB-Hicom Commercial Vehicles Sdn Bhd (DHCV)
- Director of DRB-Hicom Auto Solution Sdn Bhd
- Senior General Manager – Sales & Marketing Division, Perodua Sales Sdn Bhd
- General Manager – Sales Division, Perodua Sales Sdn Bhd
- Deputy General Manager – Sales Operations, Perodua Sales Sdn Bhd
- Senior Manager – Sales Planning Department, Perodua Sales Sdn Bhd
- Senior Manager – Distribution Department, Perodua Sales Sdn Bhd
- Coordinator, MD's Office, Perodua Sales Sdn Bhd
- Manager – Market Planning, UMW Toyota Motor Sdn Bhd
- Marketing Manager, UMW Engineering Sdn Bhd
- Strategic Planning & Business Development Manager, UMW Auto Parts Sdn Bhd
- Marketing Administration Executive, UMW Heavy Equipment Group
- Corporate Planning & Project Executive, UMW Corporation Sdn Bhd
- Economic Analyst, Federation of Malaysia Manufacturers (FMM)

Date Appointed to MBMR
- 8th February 2021

Ms. Chin Tze Fui @ Annie Chin
Aged 53, Female, Malaysian
Group Chief Financial Officer

Qualifications
- Bachelor of Science in Accounting (Honours), Oklahoma State University, United State of America.
- Member of Malaysian Institute of Accountants (MIA)

Working Experience / Other Directorships
Present:
- Group Chief Financial Officer of MBM Resources Berhad

Past:
- Group Financial Controller of MBM Resources Berhad
- Director of Daihatsu (Malaysia) Sdn Bhd
- Director of Federal Auto Holdings Berhad
- Director of Autoliv Hirotako Sdn Bhd
- Director of Teck See Plastic Sdn Bhd
- Acting President & CEO of MBM Resources Berhad
- Partner of Annbren Management & Consultancy Services
- Group Financial Controller of Scomi Group Berhad
- Regional Finance Controller of Scomi Group Berhad, Oilfield services
- Audit Manager of Ernst & Young

Date Appointed to MBMR
- 1st November 2016

Encik Ijlal Nadzir
Aged 45, Male, Malaysian
Director, Group Corporate Services

Qualifications
- B. A. (Hons) Accounting and Financial Studies, University of Exeter, UK
- Certified Training Professional, ARTDO-ITD International
- Member, Society for Human Resource Management
- Member, International Coaching Federation

Working Experience / Other Directorships
Present:
- Director, Group Corporate Services

Past:
- Director, Transformation Office of MBMR Resources Berhad
- Board of Trustees of Kelab Belia Kalsom (The Kalsom Movement)
- Director/Head, Group Human Capital of MARA Corporation Sdn Bhd
- Executive Director, UNITAR International Academy Sdn Bhd
- Director, Vice Chancellor's Office of UNITAR International University
- Head of Collaboration of Arise Asia Sdn Bhd
- Vice President, Strategic Human Capital Management of Khazanah National Berhad
- Consultant of Mercer Human Capital Consulting

Date Appointed to MBMR
- 4th February 2020

Notes:
The above management team have no family relationship with any Director and/or major shareholder of the Company, have no conflict of interest with the Company, have not been convicted of any offences, other than traffic offences, within the past five years, nor imposed any public sanctions or penalty by the relevant regulatory bodies during the financial year 2021.

MANAGEMENT COMMITTEE

Encik Muhammad Fateh Teh bin Abdullah
Aged 51, Male, Malaysian
Group Chief Executive Officer

Ms. Chin Tze Fui @ Annie Chin
Aged 53, Female, Malaysian
Group Chief Financial Officer

Encik Ijlal Nadzir
Aged 45, Male, Malaysian
Director, Group Corporate Services

Ms. Lee Lynnie
Aged 37, Female, Malaysian
Head, Group Legal & Governance

Encik Muhammad Haliff bin Khairuman
Aged 36, Male, Malaysian
Head, Group Risk Management & Compliance

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of MBMR ("**Board**") is committed to achieving high standards of corporate governance throughout the Group and to the highest level of integrity and ethical standards in all its business dealings.

This Corporate Governance Overview Statement ("**CG Overview Statement**") sets out MBMR's application of the principles and recommendations of the Malaysian Code on Corporate Governance 2021 ("**MCCG**") throughout the financial year ended 31 December 2021 and is to be read together with the MBMR Corporate Governance Report 2021 ("**CG Report**") which is available on the Company's website at www.mbmr.com.my.

This CG Overview Statement is presented based on the following three key principles of good governance as provided in the MCCG:

i. Board leadership and effectiveness;
ii. Effective audit and risk management; and
iii. Integrity in corporate reporting and meaningful relationship with stakeholders,

and highlights practices that best illustrates compliance with the MCCG, which the Board believes is the foundation of continuous and sustainable business growth and not merely to meet regulatory requirements. At the same time, departures from the prescribed practices are identified, explained and presented with alternative practices undertaken by the Company to achieve the intended outcomes as envisioned by the MCCG.

Compliance with MCCG

The Board is of the opinion that the Group has, in all material aspects, complied with the principles and practices set out in the MCCG for the financial year ended 31 December 2021, apart from departures on the following practices:-

- Practice 1.4 (The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee);
- Practice 5.2 (At least half of the Board comprises independent directors);
- Practice 5.9 (The Board comprises at least 30% women directors);
- Practice 8.2 (Disclosure of top five senior management's remuneration component on a named basis); and
- Practice 13.6 (Minutes of the general meeting circulated to shareholders no later than 30 business days after the general meeting).

Explanations on these departures are further elaborated in the CG Report which is available on MBMR's corporate website at www.mbmr.com.my.

BOARD LEADERSHIP AND EFFECTIVENESS

Roles and Responsibilities of the Board

MBMR is led by the Board, who has full and effective control over the business undertakings of the Company subject to the powers reserved for the shareholders under the Company's Constitution, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and any other applicable laws.

The Board sets the strategic direction for the Company, ensures that the necessary resources are available for the Company to achieve the strategic direction and provides consistent oversight and review on the Company's progress in meeting the direction. The Board, as guided by the Company's Board Charter, retains effective control over important policies and processes covering areas such as internal controls, risk management and remuneration of employees of the Company. The Board also ensures that the strategic plan of the Company supports long-term value creation and includes strategies on economic, environmental, and social considerations underpinning sustainability and oversees the sustainability governance of the Group including setting the Group's sustainability strategies priorities and targets as outlined in the Company's Sustainability Report.

At MBMR, there is a clear division of responsibilities between the Board and the CEO to ensure a balance of power, authority and accountability.

The Chairman of the Board, Datuk (Dr) Aminar Rashid bin Salleh is responsible to lead the Board in the effective performance of its function and act as the conduit amongst members to facilitate constructive discussions at meetings. Details of the Board meetings held in 2021 and the Board's attendances are disclosed on page 48.

The Chief Executive Officer ("CEO"), Encik Muhammad Fateh Teh Bin Abdullah on the other hand spearheads the business and the day-to-day management of the Group and implements the strategies approved and as directed by the Board.

The Senior Independent Director ("SID"), Dato' Anwar bin Haji @ Aji meanwhile acts as a sounding board to the Chairman and serves as an intermediary for other Directors and point of contact for shareholders and other stakeholders when necessary.

Detailed disclosure on the responsibilities of the Board, Chairman, SID, and CEO are provided in the Board Charter and the CG Report which are available on the Company's website at www.mbmr.com.my.

The Company Secretaries of the Company are appointed by the Board based on criteria related to the qualifications, experience and competence of the individuals concerned to carry out their duties and functions.

The Company Secretaries of the Company have the requisite credentials and are qualified to act as Company Secretaries under Section 235(2) of the Companies Act 2016.

The Company Secretaries play important roles in good corporate governance by ensuring the Board adheres to all applicable laws and requirements and advocates adoption of corporate governance best practices.

Demarcation of Responsibilities of the Board, Board Committees and Management

The Board has adopted a formal Board Charter which is available on the Company's website at www.mbmr.com.my. The Board Charter sets out matters reserved for the Board, defines the role and responsibilities of the Chairman, SID, CEO, Company Secretary, and the Board Committees. The Board Charter assists the Company's stakeholders to better understand the objectives of the Board, and the manner in which the Board exercises its authority and discharges and delegates responsibilities in managing the affairs of the Company.

The Board Charter is subject to an annual review and more frequently, if required, to ensure it remains consistent with any changes in the law, latest developments in regulations, guidelines or best practices issued or recommended by the relevant authorities, or any changes to the Company or the Group's business which may affect the Board Charter. The Board Charter was reviewed on 25 February 2021 and 15 December 2021 for financial year ended 31 December 2021.

To facilitate the Board in carrying out its duties as set out in the Board Charter, the Board is assisted by four Board Committees in 2021 to which the Board has delegated several key functions, namely the Audit and Risk Management Committee ("ARMC") (redesignated as Audit Committee on 15 December 2021), the Nominating and Remuneration Committee ("NRC"), the Long Term Incentive Plan Committee and the Group Transformation Committee ("GTC") which operate within the Terms of Reference of the respective Committees. The Terms of Reference of the Board Committees approved by the Board are in line with the Listing Requirements and the MCCG and are available on MBMR's website at www.mbmr.com.my.

On 15 December 2021, a new Board Committee, namely the Risk Management and Sustainability Committee ("RMSC") was established with the objective of strengthening the oversight of the risk management function and the Group's sustainability strategies and initiatives which include embedding sustainability best practices within the Group. The formation of the RMSC stamps the Board's approach and commitment not only towards enhancing risk management and sustainability governance of the Group, but also to allow dedicated focus by the redesignated Audit Committee ("AC") of its function.

Promoting Good Business Conduct and Maintaining a Healthy Corporate Culture that Engenders Integrity, Transparency and Fairness

The Board has adopted a formal Code of Business Conduct & Ethics ("COBCE") that applies to all Directors and employees of the Group with the objective of providing guidance on the standards of behaviour expected of Directors and employees of the Group and where applicable, third parties including counterparties and business partners.

The Board also adopts a zero-tolerance approach against all forms of bribery and corruption and takes a strong stance against such acts. With Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACCA") taking effect on 1 June 2020, the Board had approved and implemented the MBMR Group Anti-Bribery and Anti-Corruption Policy ("ABC Policy") which sets out the Group's position on avoiding bribery and corruption practices in all its forms in the Group's daily operations. The ABC Policy is developed based on the "T.R.U.S.T" Principles under the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the MACCA.

To further supplement the COBCE and the ABC Policy, the Board has established and approved a Whistleblowing Policy aimed at providing an avenue for all employees and members of the public to disclose any improper conduct or criminal offence committed or about to be committed within the Group including, inter alia, suspected and/or known fraud, corruption, and other unlawful acts. The Whistleblowing Policy sets out the processes, procedures and appropriate channels which facilitate whistleblowing, and additionally provides the assurance of protection to the whistleblower.

The COBCE, the ABC Policy and the Whistleblowing Policy are reviewed periodically by the Board to ensure adequacy and updated from time to time to reflect or incorporate any new regulatory requirements / developments. All Directors and employees are required to periodically attest and acknowledge their acceptance of the aforesaid policies and the latest versions these policies are made available on the Company's website at www.mbmr.com.my.

Board Composition

As of 31 December 2021, the Board comprised six (6) Non-Executive Directors, four (4) of whom were Non-Independent Directors and two (2) were Independent Directors. The Company complied with the requirement under Paragraph 15.02(1) of the Main Market Listing Requirements of Bursa Securities, i.e. at least two Directors or one third of the Board of Directors are Independent Directors.

Although the Board composition as at 31 December 2021 did not meet the recommendation under MCCG Practice 5.2, the Board considers that the Company's interest as a whole will be best served by the Non-Independent Non-Executive Directors forming a majority of the Board and contributing to the strategies and policy decisions of the Company from a highly invested standpoint, while the Independent Directors continue to provide a significant check and balance function to ensure that decisions are free of any conflict of interest.

Additionally, the Company considers the skillsets of the Board members to be complementary and together, they give a balance of industry-specific knowledge and commercial experience to the Company. This balance enables the Board to tap into its holistic view of the business world and make informed and independent judgement to many aspects of the Company's strategy and performance so as to ensure that it maintains the highest standards of conduct, integrity and character.

The Board's decision to appoint Datuk (Dr) Aminar Rashid who is an Independent Non-Executive Director as the Chairman of the Board and the appointment of Dato' Anwar bin Haji @ Aji as SID has served to enhance the role of Independent Directors as an effective check and balance function and oversight of the Board, and to safeguard the interests of the Company and its minority shareholders.

Further, although the Company did not adopt the recommendation under MCCG Practice 1.4 for the Chairman of the Board to not be a member of the AC or NRC, the Company remains compliant with Paragraph 15.08A(1) and Paragraph 15.09(1)(b) of the Listing Requirements of Bursa Securities wherein the AC and NRC must comprise a majority of independent directors.

The Board is of the view that the Chairman's position as an Independent Director safeguards his ability to impart objective views and decisions at the AC and NRC and outweighs any risk arising out of self-review by any Director given the fact that the Board consists entirely of Non-Executive Directors, and the directors who are not members of the AC and NRC would be present to weigh in during deliberations at the board meetings and provide objectivity where needed.

Notwithstanding the above, the NRC and the Board shall continuously assess the effectiveness of the Board Committees and the Board in line with its composition and shall make recommendations for change as and when deemed necessary.

Details of the members of the Board and Board Committees are disclosed on pages 32 to 34.

Criteria for Recruitment

The NRC is empowered to bring to the Board, recommendations with regards to the appointment of any new Executive or Non-Executive Directors. The NRC periodically reports to the Board on succession planning for the Board Chairman, Directors and key senior management personnel.

The NRC ensures that the Board has an appropriate balance of a broad range of skills, expertise, experience and competence. This reflects through its selection, interview and review processes that prior to appointment, each of the Company's Directors and the key senior management personnel have the requisite character, experience, integrity, competence and time to effectively discharge his/her role and responsibilities. Any prospective candidates for directorship who are active politicians shall not be considered to prevent doubts from being cast on the integrity and governance of the Company.

In addition to these criteria, when considering new candidates to fill a vacancy or to add to its Board, the Company will apply its Board Diversity Policy which generally advocates that the Board recognises the value of appointing individual Directors who brings diverse opinions, skills, experience and backgrounds, characteristics, and competency to its discussions and decision-making processes. As such, it is the Board's policy during the selection of new Directors to take into account the diversity of the candidate's character, gender, age and ethnicity, skills, knowledge, experience, background, competency and perspective.

As of 31 December 2021, there was one female Director on the Board of MBMR and two female members in a senior management position. The Board aspires to meet the recommendation of having at least 30% women Directors on the Board when seeking potential candidates for the Board in the near future whilst at the same time upholding its code of conduct on non-discrimination and providing equal opportunities to all based on qualification, merit and performance. The Company's Board Diversity Policy is available on the Company's website at www.mbmr.com.my.

Nomination and Election Process

The NRC regularly reviews the required qualifications, skills and attributes that would form part of a Director's profile. This profile is used to assess the qualifications and suitability as Executive or Non-Executive Directors of candidates sourced from multiple channels, including but not limited to suggestions from Board members, major shareholders, senior management and independent service providers / search firms. All new candidates will be assessed by the NRC in accordance with the steps laid out in the Company's Procedure for Appointment of New Directors and standards as set out in Paragraph 2.20A of the Listing Requirements of Bursa Securities which comprises among others, the following steps:

- Evaluation of the current Board to identify current gaps;
- Assessing the need for additional Directors;
- Assessing the suitability of the proposed candidates based on the skills, knowledge, expertise, experience, time, commitment, character, professionalism and integrity; and
- Assessing the criteria of independence as prescribed in the Listing Requirements of Bursa Securities (for Independent Directors).

On appointment, Directors take part in an induction programme where they receive a presentation package that provides them with a business and financial overview of the Company as well as latest information about the Group. This is supplemented by visits to key locations and meetings with senior executives. Directors are also advised, upon appointment, of their legal and other obligations as a Director of a public-listed company.

In accordance with the Company's Constitution, one-third of the Directors shall retire by rotation annually and all Directors shall retire from office once at least in each three years but shall be eligible for re-election. Prior to re-election, the NRC shall ensure that its recommendation shall be subject to a satisfactory performance evaluation outcome of the individual Director, with due consideration to the tenure of the Director and the extent to which the Director's expertise, skills, knowledge, and experience interplay with those of other Board members, as well as their roles as committee members. The Board will also include its statement of support in the notes accompanying the notice of general meeting together with any information shareholders may require in making an informed decision on the appointment.

Board Development

All Directors of the Company have attended the Mandatory Accreditation Programme as required by the Bursa Securities. The Directors continue to update their knowledge and enhance their skills through appropriate continuing education programmes and life-long learning. This will enable the Directors to effectively discharge duties and sustain active participation in the Board deliberations.

The Board, via the recommendations of the NRC, evaluates and determines the training needs of the Directors. In addition, individual Directors may also attend additional training courses according to the needs as a Director or a member of Board Committees on which they serve.

The Board is notified of a series of training programmes or workshop conducted by Bursa Securities for its consideration of participation and the Board receives updates of the Listing Requirements from the Company Secretaries from time to time. The external auditors and Management also briefed the Directors on any changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements. Additionally, the Board ensures that it stays abreast and understands the sustainability issues relevant to the Company by attending sustainability seminars and training from time to time.

Details of the training attended by the Directors in 2021 are listed on pages 49 to 51.

Annual Assessment

The NRC carries out an annual assessment of the effectiveness of the Board as a whole and the performance of each of the Board Committees against a set of criteria. Diverse set of skills and experience in the fields of accounting, law, business and management, marketing, risk management, information technology and finance are taken into account as well as assessing aspects of Board's and Board Committees' structure, operational conduct and its roles and responsibilities.

The assessment is conducted by way of questionnaires to review the performance and effectiveness of the Board and the Board Committees as well as to promote awareness on the criteria and obligations in which the Board and the Board Committees are required to possess and perform. The outcome of the assessment is subsequently prepared and presented to the NRC and the Board in February each year in respect of the preceding calendar year's assessment.

For the assessment of the Board's performance during the financial year ended 31 December 2021, an independent consultant was engaged by the NRC with the aim of having an objective assessment of the Board, Board Committees, and each individual director. The consultant provided a series of questionnaires to the Board and conducted one-on-one interviews with each of the directors to obtain their individual feedback in a confidential setting.

The outcome of the assessment was as follows:

Among the areas where the Board scored in the top quartile of the benchmark:

- Setting of broad parameters for Management to prepare strategic plan.
- Encouraging strong culture of organisational performance.
- Playing an active role in overseeing the growth of the organisation's leadership talent pool.
- Effective management of the CEO's overall performance.

The consultant further recommended several areas for the Board's consideration with regard to board structure and composition, succession planning, and board dynamics.

Overall, the Board considered the outcome of the assessment satisfactory in terms of its effectiveness and composition. The Board also took note of the recommendations by the consultant for further consideration.

Assessment and Tenure of Independent Directors

The independence of Directors is assessed against a list of criteria and materiality thresholds that have been incorporated into the MBMR Board Charter. Each Director, who is listed as an Independent Director complies with the relevant criteria for independence set out in the Board Charter in accordance with the Listing Requirements of Bursa Securities.

The Board Charter provides that the tenure of an Independent Directors shall not exceed a cumulative term of nine years. Nonetheless, upon completion of the nine years, the Independent Director may continue to serve the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, it shall provide justification and seek annual shareholders' approval through a two-tier voting process.

As at the date of this CG Overview Statement, there are two Independent Directors on the Board. None of them has served the Board for cumulative terms of nine years.

Remuneration of Directors and Key Senior Management Personnel

The NRC and the Board has adopted a Board Remuneration Policy which provides clear and guiding principles in determining the remuneration for the Board of Directors and key senior management personnel in order to attract, retain and motivate talented and qualified individuals and to align their interests with the interest of the shareholders and the long-term business strategies of MBMR and its subsidiaries. The Board Remuneration Policy is reviewed on an annual basis and is made available on the Company's website at www.mbmr.com.my.

The Board's remuneration is governed through a clearly defined process wherein the NRC makes recommendations to the Board on an annual basis for deliberation. Thereafter, the Board shall upon deliberation make recommendations on the Directors' remuneration as it deems appropriate, to the shareholders for approval at the Annual General Meeting ("AGM").

The remuneration packages for the Directors and key senior management personnel of the Company comprise some or all of the following elements:-

Directors' Fees, Benefits and Basic Salaries: The Board recommends fees and any benefits payable to all Directors for the approval of shareholders at the AGM. The non-executive members of the Board receive a fixed base fee as consideration for their Board duties, as well as meeting and travel allowances. In addition, the Board members receive a fixed fee for their work on Committees established by the Board. The remuneration of the Board of Directors is determined on the basis of standards in the market and reflects demands to the expected competencies and efforts in light of the scope of their work and the number of Board and Board committee meetings. In the event the proposed amount is insufficient due to enlarged Board size or increased responsibility, approval will be sought at the next AGM for the shortfall.

The NRC evaluates and recommends to the Board for approval on the total remuneration package of key senior management annually, against achievements of agreed budgets and other key performance indicators as well as the individual's skills, experience, area and level of responsibility.

Annual Incentive Plan: The Group operates a bonus scheme for all employees and the criteria for this scheme is dependent on the financial performance of the Group and achievements of the said budgets and other key performance indicators.

Retirement Plan: Contributions are made to the Employees Provident Fund ("EPF"), the national mandatory defined contribution plan.

Other Emoluments: Other benefits include car and driver allowances as well as medical insurance coverage.

To facilitate the NRC in proposing a fair and competitive remuneration for its Directors and key senior management personnel, a market and/or industry benchmark study against similar organisations in the industry, size and geographies which MBMR operates in will be conducted every three (3) years.

The details of the remuneration of Directors of the Company for the financial year ended 31 December 2021 are as follows:

All figures in RM'000	Company			Subsidiaries	Group
	Fees	Benefits	Board Committee Fees	Benefits	Total
Non-Executive Directors					
Datuk (Dr) Aminar Rashid bin Salleh	105	64	25	-	194
Ng Seng Kong	70	37	-	109	216
Low Hin Choong	70	94[1]	-	87	251
Dato' Anwar bin Haji @ Aji	70	52	28	-	150
Muhammad Lukman bin Musa @ Hussain	70	62	15	-	147
Wong Fay Lee	70	88	8	43	209

[1] **Includes IT Allowance from MBMR amounting to RM12,500.**

Whilst the Board advocates transparency to all stakeholders of the Company, it is of the view that a detailed remuneration disclosure of the Company's top senior management personnel is sensitive information and may open up possibilities for other companies to take advantage of such information.

As an alternative to the prescribed MCCG practice, the Company would like to disclose that the aggregate remuneration (salary plus benefits) for the members of the senior management team for the financial year ended 31 December 2021 is RM2,021,923 whose remuneration falls in each successive band of RM50,000 as per the table below.

RM'000	150-200	250-300	401-450	601-650
Top 5 Senior Management Personnel	1	1	1	2

The following is a summary of the key activities undertaken by the NRC during the financial year ended 31 December 2021:

Nomination Function

- Reviewed the Board composition and recommended to the Board on the appointment of Non-Independent and Independent Non-Executive Directors.
- Evaluated the effectiveness of the Board and the Board Committees.
- Reviewed and assessed the independence of the Directors.
- Confirmed the Directors retiring by rotation at the 27th AGM.
- Reviewed the organisation structure of the Company and its subsidiaries and the succession planning of the key senior management personnel.

Remuneration Function

- Considered, reviewed and recommended to the Board, a new Board Remuneration Policy presented by the Transformation Office which provides clear and guiding principles in determining the remuneration for Directors.
- Reviewed and recommended to the Board the proposed director's fees, benefits and meeting attendance allowance for shareholder's approval at the 27th AGM.

- Evaluated the performance of the key senior management personnel and made recommendations on the remuneration, benefits, bonus and increments for the year.
- Reviewed the Group's performance evaluation and compensation framework and made recommendations on various performance measure changes to the Board.

Other Functions

- Reviewed the Terms of Reference of the NRC.

EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee Independence and Effectiveness

The Board's AC is chaired by the SID, Dato' Anwar bin Haji @ Aji, and is complemented by another Independent Director and a Non-Independent Director. The majority participation of Independent Directors in the AC is crucial to ensure objectivity and independence of the AC.

The Non-Independent Director, Encik Muhammad Lukman bin Musa @ Hussain's presence in the AC is due to his professional experience and vast financial and audit background in both local and international business environment.

The Board's AC consists of members with a mixture of requisite financial literacy, business experience and specialised knowledge that prepares them to carry out their duties and responsibilities to the standard required, as detailed in the Directors' profile on pages 32 to 34 of this Annual Report.

For the financial year ended 31 December 2021, the Company does not have any former partner of the external audit firm of the Company that has been appointed to the AC. The Terms of Reference of the ARMC provides that any former partner of the Company's external audit firm or its affiliates, must have observed a cooling-off period of at least 3 years before one is eligible for appointment as AC member.

AC Roles and Responsibilities

The roles and responsibilities of the AC is detailed in the AC Terms of Reference, which is made available in the Company's website at www.mbmr.com.my. For this CG Overview Statement, a summary of the AC's main responsibilities is highlighted as follows:

To ensure the integrity of the Company's financial reporting and the operation of the financial reporting process

The processes are aimed at ensuring all interim and year-end financial statements along with related notes are complete, in accordance with the applicable approved accounting standards and other legal and regulatory requirements, and give a true and fair view of the Company's financial position. During its review of the year-end financial statements, the AC meets at least once with the external auditors in the absence of Management.

The AC members also participate in training and educational programmes as detailed in the Summary of Directors' Training for 2021 on pages 49 to 51 of this Annual Report in order to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

To be the point of reference in relation to the appointment of the external auditors

The AC reviews the appointment, the terms of engagement and the performance of the external auditors prior to making recommendations to the Board on its appointment. The AC has a policy of assessing the suitability, objectivity and independence of its external auditor every year and is done by filling up an assessment form. The AC was satisfied with the results of the assessment carried out during the financial year on the suitability, objectivity and independence of the Company's external auditors.

The AC has also obtained written assurance from the external auditors confirming that they are in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of Malaysian Institute of Accountants throughout the conduct of the audit engagement.

Further details on the AC's policies and procedures in relation to engagement with the external auditor is detailed in the AC's Terms of Reference, which is available on the Company's website at www.mbmr.com.my.

To engage and monitor the performance of the internal audit function

Since the beginning of the financial year 2021, the Group's Internal Audit function has been outsourced to a professional service firm, Tricor Axcelasia Sdn Bhd ("TASB"), who reports directly to the AC. The AC is tasked with reviewing the terms of engagement and the performance and effectiveness of the activities of the internal audit function. The AC evaluates the effectiveness of the internal audit in relation to their responsibilities and review the internal audit plan for each year. The Company's internal audit function carries out the reviews based on the approved internal audit plan and coverage by the AC. Through independent reviews and assessment, the internal audit function is able to provide an objective assurance to the AC and the business units on the state of internal control environment of the operation and whether the control is operating effectively and in compliance with applicable laws, regulations, policies and Standard Operating Procedures.

Further commentary of the internal audit function of the Company and activities during 2021 is provided in the Statement on Risk Management and Internal Control on pages 52 to 57 and Report on Audit Committee on pages 58 to 62, and further provided in the CG Report which is available on the Company's website at www.mbmr.com.my.

Risk Management and Internal Control

The Board is responsible in overseeing the establishment and implementation of the risk management and internal control system for the Group. While the Board remains responsible for the risk management and internal control oversight as a whole, it has delegated to the Risk Management and Sustainability Committee ("RMSC") the responsibility to review the Group's risk management and internal control system and to oversee the development, implementation and execution of the Group's risk management processes.

The Board has established the Enterprise Risk Management ("ERM") Policy and Framework to ensure that risks are effectively managed to achieve the Group's business objectives. The ERM Framework is aligned with ISO 31000:2018 Risk Management Guideline which provides a standard and consistent approach in the implementation of ERM across the Group. The ERM Framework incorporates the process of identifying, analysing, evaluating and treating risks to safeguard the Group from potential losses and to support the Group in achieving its business objectives.

The Group, through the Group Risk Management and Compliance Department, maintains detailed risk registers which are reviewed and updated on quarterly basis. The significant risks and the mitigation plans are reported and deliberated at the RMSC meetings.

Further commentary on Risk Management and Internal Control is provided in the Statement on Risk Management and Internal Control on pages 52 to 57.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

Continuous Dialogue between the Company and Shareholders/Investors

As part of the Board's responsibility in developing and implementing an investor relations programme, formal and informal dialogues were held between senior management and analysts/fund managers throughout the year. Permissible disclosures are made to explain the Group's performance and major development programmes.

The Company is in compliance with the disclosure requirements as set out in the Listing Requirements of Bursa Securities such as nature of information that can be released so as to avoid instances of disseminating unpublished price-sensitive information. The CEO along with senior management personnel conduct briefings with the analysts and fund managers at least twice yearly.

Annual General Meetings

The AGM is the principal forum for dialogue with shareholders. The Company makes every effort to encourage maximum participation of shareholders at the AGM and Extraordinary General Meetings. Notice of the AGM is sent out to shareholders at least 28 days before the date of meeting in compliance with the MCCG, Companies Act 2016 and the Listing Requirements of Bursa Securities.

With the exception of emergencies or unforeseen circumstances, all Directors and senior management team will attend all meetings with shareholders. Attendance is recorded by the Company Secretaries and recorded in the minutes of the meetings. Besides the ordinary agenda items for the AGM, the Board provides opportunities for shareholders to raise questions pertaining to the business activities of the Group. All Directors and senior management are available to provide meaningful responses to questions from the shareholders during these meetings.

For re-election of Directors, the Board ensures that necessary information is disclosed through the notice of meeting regarding Directors who are standing for re-election. The notice of a general meeting to consider special business are accompanied by explanatory notes which contain the necessary information to enable the shareholders to make an informed decision. Such explanatory notes include the details and effects of any proposed resolution in respect of such business.

The Company's 27th AGM was held on 1 June 2021 fully virtual through the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia ("TIIH"), the Company's Share Registrar via TIIH Online website at https://tiih.online and shareholders participated (including posing questions to the Board via real time submission of typed texts) and voted remotely using the remote participation and voting ("RPV") facilities provided by the TIIH. This is in line with the Revised Guidance Note on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which was effective 1 June 2021.

Shareholders who were unable to participate in the AGM are allowed to appoint proxy(ies) to participate, speak and vote on his/her behalf via the RPV facilities.

Integrated Reporting

MBMR is not a Large Company as defined by Bursa Securities. Nevertheless, the Company strives towards achieving the highest compliance standards as prescribed by the MCCG. Currently, the Company does not implement an integrated reporting system but is taking steps to educate its respective key executives on this system with a view to adopt it in the near future.

FUTURE PRIORITIES IN CORPORATE GOVERNANCE PRACTICES

The Board continues to actively develop, refine and implement various governance policies, processes and procedures within the Group and has identified key areas of enhancement under its Corporate Governance Implementation Plan to continuously strengthen and improve the standards of corporate governance within the Group in providing assurance and accountability to its stakeholders.

This CG Overview Statement was approved by the Board on 15 April 2022.

ATTENDANCE AT BOARD OF DIRECTORS' MEETINGS, BOARD COMMITTEE MEETINGS AND GENERAL MEETING

	BODM	ARMCM	NRCM	LTIPCM	GTCM	AGM
Independent Non-Executive Directors						
Datuk (Dr) Aminar Rashid bin Salleh	8/8	5/5	6/6		12/12	1/1
Dato' Anwar bin Haji @ Aji	8/8	5/5	6/6	1/1		1/1
Non-Independent Non-Executive Directors						
Mr Low Hin Choong	8/8			1/1	12/12	1/1
Mr Ng Seng Kong	8/8			1/1		1/1
Encik Muhammad Lukman bin Musa @ Hussain	8/8	5/5			12/12	1/1
Ms Wong Fay Lee	8/8		6/6		12/12	1/1
Total Number of Meetings for 2021	**8**	**5**	**6**	**1**	**12**	**1**

Chairman
Member
Non Member

BODM : Board of Directors' Meeting
ARMCM : Audit and Risk Management Committee Meeting
NRCM : Nominating and Remuneration Committee Meeting
LTIPCM : Long Term Incentive Plan Committee Meeting
GTCM : Group Transformation Committee Meeting
AGM : Annual General Meeting

Notes:

The Audit and Risk Management Committee was re-designated as the Audit Committee on 15 December 2021.

SUMMARY OF DIRECTORS' TRAINING FOR 2021

Director's Name	Training Name	Venue	Organiser	Date of Training
Datuk (Dr.) Aminar Rashid bin Salleh	The Malaysian Code on Corporate Governance – Updated 28 April 2021	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Malaysia Investor Relations Association (MIRA)	19th July 2021
	Introduction to Sustainability	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Thoughts In Gear (TIG)	21st December 2021
Dato' Anwar bin Haji @ Aji	The Malaysian Code on Corporate Governance – Updated 28 April 2021	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Malaysia Investor Relations Association (MIRA)	19th July 2021
	Introduction To Sustainability	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Thoughts In Gear (TIG)	21st December 2021
Mr. Low Hin Choong	Implementing Amendments in the Malaysian Code on Corporate Governance	Online	Asia School of Business / Iclif Executive Education Center	14th June 2021
	Corporate Board Leadership Symposium 2021	Online	Malaysian Institute of Accountants (MIA)	22nd and 23rd June 2021
	The Malaysian Code on Corporate Governance – Updated 28 April 2021	Online	Malaysia Investor Relations Association (MIRA)	13th July 2021
	Protecting Your Business and Organization from Malicious Cyber Attacks	Online	Malaysian Institute of Accountants (MIA)	19th August 2021
	Introduction to Sustainability	Online	Thoughts In Gear (TIG)	21st December 2021
Ms. Wong Fay Lee	Corporate Board Leadership Symposium	Virtual	Malaysian Institute of Accountants (MIA)	22nd – 23rd June 2021
	Overview of Corporate Liability Provision: Section 17A of Malaysian Anti-Corruption Commission (Amendment) Act 2018	Virtual	Tricor Training Academy	15th July 2021
	The Malaysian Code on Corporate Governance – Updated 28 April 2021	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Malaysia Investor Relations Association (MIRA)	19th July 2021
	AMLA 2001: Risk, Challenges, Governance & Transparency in Managing Business & Compliance	Virtual	Vijayaraj R Kanniah	28th August 2021
	Introduction to Sustainability	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Thoughts In Gear (TIG)	21st December 2021

Director's Name	Training Name	Venue	Organiser	Date of Training
Encik Muhammad Lukman bin Musa @Hussain	Malaysian Institute of Accountants (MIA) – MIA Conference 2021 *"Navigating a Sustainable Future with Agility and Resilience"*	Virtual Conference	Malaysian Institute of Accountants (MIA)	8th -10th June 2021
	The Malaysian Code on Corporate Governance – Updated 28 April 2021	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Malaysia Investor Relations Association (MIRA)	19th July 2021
	Introduction To Sustainability	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Thoughts In Gear (TIG)	21st December 2021
Mr. Ng Seng Kong (Billy Ng)	Are We in a Bubble?	Webinar	Standard Chartered	13th March 2021
	What Does the Current Stock Markets Pullback Mean?	Webinar	Standard Chartered/ JP Morgan Asset Management	20th March 2021
	Power X: Building the Mindsets of Tomorrow	Webinar	Institute of Corporate Directors Malaysia (IDCM)	23rd March 2021
	Protect Your Net Worth: Tax Insights with Soh Lian Seng, Executive Director and Head of Tax Dispute Resolution, KPMG Malaysia	Webinar	HSBC Malaysia/ KPMG	24th March 2021
	Taxand Asia Updates	Webinar	Tricor Webinar Series	25th March 2021
	Environment, Social and Governance (ESG) What Matters to You	Webinar	Tricor Axcelasia	26th March 2021
	Demystifying Malaysian Withholding Tax – Remote Online Learning Series	Online	KPMG	30th & 31st March 2021
	Global Market Outlook – The Rise of Asia Technology	Webinar	HSBC/JP Morgan Asset Management	31st March 2021
	Protect Your Tax Interest – Income Tax Talk with KPMG	Webinar	Standard Chartered/ KPMG	3rd April 2021
	Global Market Outlook Q2 21 – A Wave of Rotations	Webinar	Standard Chartered/ Franklin Templeton/ Schroders HK, BNP Paribas, HK	17th April 2021

Director's Name	Training Name	Venue	Organiser	Date of Training
	Bursa Sustainability Reporting Workshop: Scope and Materiality in Sustainability Reporting	Online Workshop	Shemsi Sdn Bhd	26th April 2021
	Being Responsible Can be Profitable (Sustainable Development and Investing)	Webinar	Standard Chartered	3rd July 2021
	Alliance Investment Seminar 2021 – Investing in Megatrends That are Reshaping Our World	Webinar	HSBC	5th July 2021
	General Understanding of Section 17A of Malaysian Anti-Corruption Commission Act 2009	Webinar	Tricor Training Academy	15th July 2021
	How Integrating ESG Drives Returns	Webinar	Standard Chartered	17th July 2021
	The Malaysian Code on Corporate Governance – Updated 28 April 2021	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Malaysia Investor Relations Association (MIRA)	19th July 2021
	What's Going on in China – Again?	Webinar	Standard Chartered	25th September 2021
	Accounting for Business Combinations	Webinar	CAS Academy	22nd October 2021
	Budget 2022 and Latest Tax Development	Webinar	PCCO Tax	8th December 2021
	How Will the Impending Foreign-Sourced Income Tax Impact Your Investments?	Webinar	Standard Chartered/ Ernest and Young, Principal Asset Management, Affin Hwang Asset Management	18th December 2021
	Introduction to Sustainability	Unit 23A-01, Level 23A, Menara MBMR, 1 Jalan Syed Putra, 58000 KL	Thoughts In Gear (TIG)	21st December 2021

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement on Risk Management and Internal Control is made in accordance with the requirement under Paragraph 15.26 (b) of Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This is also in line with Practice Note 9 issued by Bursa Securities. This Statement outlines the scope and implementation of the risk management and internal control systems within the Group during the year under review.

BOARD'S RESPONSIBILITIES

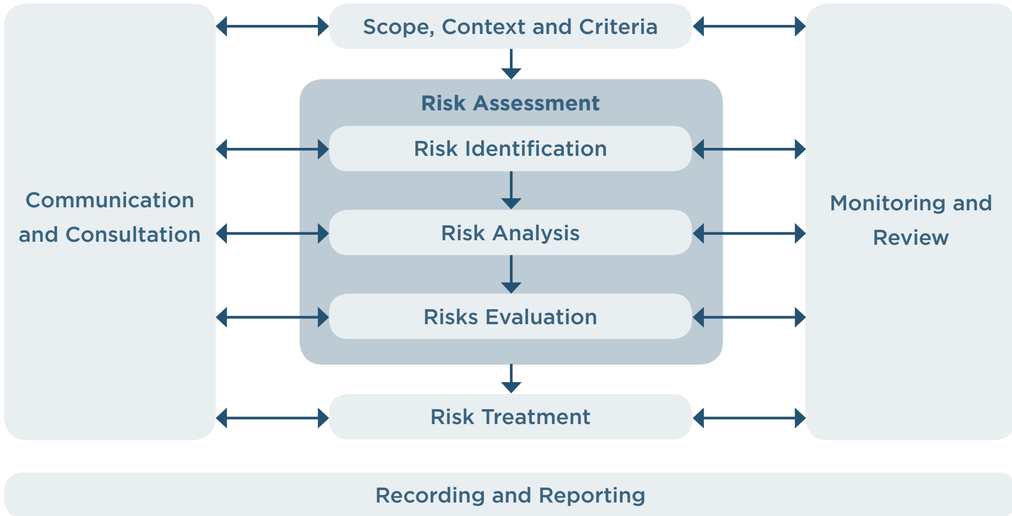
The Board is responsible in overseeing the establishment and implementation of the risk management and internal control system for the Group. While the Board remains responsible on the risk management and internal control oversight, it has delegated to the Risk Management and Sustainability Committee ("RMSC") the responsibility to oversee the development and implementation of the Group's risk management framework and internal control system. In addition, the RMSC is also responsible to review the Group's risk management framework, processes and responsibilities in assessing if they provide reasonable assurance that the Group's risks are being managed within the approved risk appetite and tolerance.

The Chief Executive Officer ("CEO") and the MBMR Management support the RMSC in the integration of risk management practise to the day-to-day management of the Group's business operations. The CEO and the MBMR Management are accountable to ensure that the risks are managed according to the risk appetite determined by the Board.

The Board recognises that these systems are designed to manage and mitigate, rather than eliminate the risk of failure to achieve the Group's business and corporate objectives. Given the limitations in any risk management and internal control systems, the Board is aware that these systems can only provide reasonable and not absolute assurance against the risk of material loss or occurrence of unforeseeable circumstances.

ENTERPRISE RISK MANAGEMENT FRAMEWORK

The Group has established an Enterprise Risk Management ("ERM") Framework that is aligned with ISO 31000:2018 Risk Management Guideline. The ERM Framework provides a standard and consistent approach in implementing ERM across the Group. The ERM Framework incorporates the process relating to the identification, analysis, evaluation, treatment, monitoring, review, recording, reporting, communication and consultation of the Group's risks and controls. The elements of the Group's risk management process are as follows:

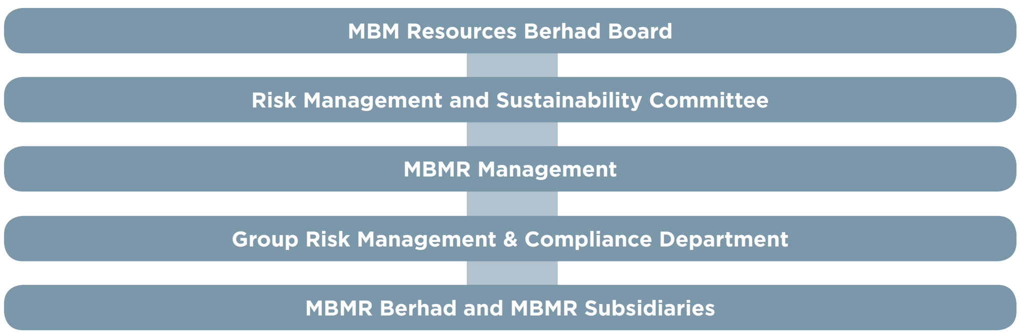


Based on the ERM Framework, the risk assessment process of identifying, analysing, evaluating and treating risks are established to safeguard the Group from potential losses and support the Group in achieving its business objectives. The ERM Framework also defines the measurement used in determining the risk rating based on the likelihood parameters of the risk occurring and the impact parameters if the risk occurs.

As part of risk management best practices to instil a proactive risk management practise, the Group Risk Management and Compliance Department continuously communicate and engage with the subsidiaries and departments through the conducting of risk reviews. The objective of these exercises is to evaluate and validate the risk assessments, to highlight any potential or emerging risks and to review the status of action plans undertaken by the subsidiaries and departments.

RISK REPORTING STRUCTURE

The Group's risk reporting structure facilitates the risk escalation process as well as providing assurance to the Board. The overview of the Group's reporting structure is as below:



The subsidiaries will provide its respective risk reports which entails the risk assessments and mitigation plan updates to the Group Risk Management and Compliance Department every quarter. The Business Head of the subsidiaries are required to identify and assess the risks of their respective company and to ensure that appropriate controls and mitigation plans are in place to manage the risks.

The Group Risk Management and Compliance Department would deliberate the risk reports with MBMR Management summarising the risk profile of each subsidiary and actions taken in addressing the significant risks. The risk reports are subsequently tabled to the RMSC for review and recommendations. The Board notes the report on the risks of the Group and actions taken by the Management to mitigate the risks.

SIGNIFICANT RISKS

The Group continuously assess the risks of its operating environment including the impact of COVID-19 pandemic to the business during the year to ensure any disruption to the business is minimised. The table below outlines the key risks and mitigations identified for the Group:

Categories	Key Risks	Mitigation Actions
Business and Strategic	• Stiff competition in the automotive industry • Changes in the market condition	• Implementation of marketing initiatives such as digital marketing, lead generation advertisements, roadshows and showroom events • Regular and close communication with customers and principals • Explore potential new market to improve the revenue stream • Regular reviews of business plans and budgets to address deviations • Explore lower cost raw materials without compromising the quality
Operational Risk	• COVID-19 Pandemic • Potential equipment breakdown • Increase in raw materials price	• Implementation of COVID-19 Standard Operating Procedure at business premises • Working from home / work rotation and implementation of the Group's vaccination policy • Cost reduction measures to reduce financial impact of business interruption from COVID-19 pandemic • Implementation of Total Productive Maintenance • Continuously source for competitively priced raw materials • Continuously enhance the operation processes to increase efficiency
Human Resource Risk	• Manpower shortage at manufacturing companies	• Recruitment of workers to meet the production's demand • Overtime planning to meet the production's demand

INTERNAL CONTROL SYSTEM

The key elements of internal control system that provides reasonable assurance against the occurrence of events that could prevent the achievement of the Group's business objectives are as follows:

Board of Directors

The Board, in discharging its duties, has established the Audit Committee ("AC"), the Nomination and Remuneration Committee ("NRC") and the RMSC. The Board Committees operate within the defined terms of reference approved by the Board. These terms of reference are reviewed to ensure that they are relevant and effective. The Board and Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Committees as and when required.

Policies and Procedures

The Group's internal control policies and procedures are documented to ensure compliance with the business requirements and the relevant regulations. The Group's policies and procedures are reviewed and updated on a continuous basis to ensure that any gaps in controls are addressed.

Internal Audit Function

The AC evaluates the effectiveness of the internal auditors in relation to their defined responsibilities and the internal audit plans approved for each year. The independent internal audit function reports directly to the AC and carries out the internal audit reviews based on their internal audit plans approved by the AC and consequently, the Board of Directors. The internal audit plans are developed with inputs from Management and includes the profiling and rating of risks which exist in the business units and various areas of operations. The results of the audits are presented to the AC at their quarterly meetings.

Follow up reviews are carried out to assess the status of implementation of management action plans, which are based on internal audit recommendations. The results of these follow up reviews are also highlighted to the AC at their quarterly meetings.

Since the beginning of the financial year 2021, the Group's Internal Audit function has been outsourced to a professional service firm, Tricor Axcelasia Sdn Bhd ("TASB"), who reports directly to the AC and has direct access to the Board Chairman and Chairman of the AC to discuss any major issues of concern.

Summary of the works carried out by the internal auditors during the financial year under review are set out on pages 58 to 62 of the Annual Report.

Limits of Authorities

The Group has established Limits of Authority (LOA) which defines the appropriate approving authority limits to govern its business decision process. The LOA sets out a clear line of accountability and responsibility which serves as a reference in identifying the approving authority for various transactions including matters that require Board's approval.

Business Plan and Budget

There is a comprehensive budgeting and forecasting system in place that is governed by the policies and guidelines of the Group. The financial results of the companies of the Group are reported monthly in the management reports where variances are analysed against respective budgets and acted on in a timely manner. Where necessary, budgets are revised at mid-year, taking into account any changes in business and economic conditions.

Joint Ventures and Associates

The Group's interests in joint ventures and associates are safeguarded through having Board representations in the respective joint ventures and associated companies. Such representation also provides the Board with information for timely decision-making on the continuity of the Group's investments based on the performance of the associated companies and joint ventures. In addition, information on the financial performance of the joint ventures and associated companies is provided regularly to the MBMR Management, and ultimately to the MBMR Board.

Whistleblowing

The Board has established and approved the Group's Whistleblowing Policy on 19 August 2020 aimed at providing an avenue for all employees and members of the public to disclose any improper conduct or criminal offence committed or about to be committed within the Group including, inter alia, suspected and/or known fraud, corruption, and other unlawful acts. The Whistleblowing Policy sets out the processes, procedures and appropriate channels which facilitate whistleblowing and provides the assurance of protection to the whistleblower.

Anti-Bribery and Anti-Corruption

The Board has approved and adopted the Group's Anti-Bribery and Anti-Corruption Policy ("ABC Policy") on 20 May 2020. The ABC Policy sets out the Group's position on avoiding bribery and corruption practices in all its forms in the Group's daily operations. The ABC Policy is developed based on the "T.R.U.S.T" Principles under the Guidelines on Adequate Procedures issued pursuant to Section 17A (5) of the Malaysian Anti-Corruption Commission Act 2009.

Code of Business Conduct and Ethics

The Board has approved and adopted the Group's Code of Business Conduct and Ethics Policy on 19 August 2020. The Group's Code of Business Conduct and Ethics provide guidance on the standards of behaviour expected of directors and employees of the Group and where applicable, third parties, which include, but not limited to counterparties and business partners.

MONITORING AND REVIEW OF THE ADEQUACY AND EFFECTIVENESS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

The effectiveness of the Group's risk management and internal control systems are monitored through the following:

a) The Group Risk Management and Compliance Department presents the risk report to the RMSC every quarter to provide an overview of the Group's significant risks and mitigation plan for RMSC review and recommendations;

b) Review of the Group's compliance and incident reporting to monitor the Group's legal and regulatory compliance status;

c) Review of the Group's actual financial and operational performance against the planned budget and other key financial and operational performance indicators;

d) Internal Audit conducts independent audits on the Group's risk management and internal control systems. It also submits quarterly reports on internal control reviews to the AC.

CONCLUSION

The Board is of the view that the current risk management and internal control systems in place throughout the Group is sufficient to safeguard the Group's interests. There was no major internal control weakness that require disclosure in this statement.

In making this statement, the Board had received assurance from the CEO and Chief Financial Officer that the risk management and internal control processes are operating adequately and effectively, in all material aspects for the reporting period.

The effectiveness of the Group's risk management and internal control systems will continue to be reviewed and updated by the Board through the RMSC in line with the changes in the operating environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement on Risk Management and Internal Control, in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3") issued by the Malaysian Institute of Accountants. AAPG 3 does not require them to consider whether this Statement covers all risks and controls, or to form an opinion on the effectiveness of the Group's risk. In accordance with the external auditors' report issued to the Board, nothing has come to their attention that resulted in them believing that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the internal control and risk management systems of the Group.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 15 April 2022.

REPORT ON AUDIT COMMITTEE

MEMBERSHIP OF THE AUDIT COMMITTEE ("AC") AND ATTENDANCE

The AC comprised three members and the composition of the AC is as follows:-

Chairman
Dato' Anwar bin Haji @ Aji
(Senior Independent Non-Executive Director)

Members
Datuk (Dr) Aminar Rashid bin Salleh
(Independent Non-Executive Director)

Muhammad Lukman bin Musa @ Hussain
(Non-Independent Non-Executive Director)

The AC meets the requirements of Paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities").

All the AC members are financially literate with one of the members, Encik Muhammad Lukman bin Musa @ Hussain being a member of the Malaysian Institute of Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c)(i) of the Listing Requirements.

The performance of the AC was also reviewed during the year and it was agreed that the AC members possess an appropriate mix of knowledge and skills as well as business background to discharge their duties effectively.

The AC met five (5) times during the financial year 2021, i.e. on 22 February, 1 April, 24 May, 18 August, and 18 November 2021 and recorded full attendance by all members in office.

Committee Members	Number of AC meetings held during members' tenure in office	Number of meetings attended by members
Dato' Anwar bin Haji @ Aji	5	5
Datuk (Dr) Aminar Rashid bin Salleh	5	5
Muhammad Lukman bin Musa @ Hussain	5	5

The Senior Management Team and the internal auditors were invited to the meetings to brief the AC on the activities involving their areas of responsibilities. At the appropriate instances, the external auditors and other members of Management were also invited to attend the AC meetings.

TERMS OF REFERENCE

The full content of the Terms of Reference is available on the Company's website at www.mbmr.com.my.

SUMMARY OF ACTIVITIES DURING THE YEAR

In 2021, the AC discharged its duties and responsibilities in accordance to its Terms of Reference.

The Committee undertook the following activities during the financial year 2021:

1. Financial Reporting

- Reviewed the financial statements and the quarterly announcements to Bursa Securities with emphasis on significant changes to accounting policies and practices, compliance with accounting standards and other legal requirements, significant judgement made by the Management, significant or unusual events or transactions, material adjustments arising from audits, before presentation of these financial statements and announcements to the Board of Directors for their approval, and subsequent release of the quarterly announcements and annual financial reports to Bursa Securities.

- Informed the Directors on any new Malaysian Financial Reporting Standards that would be adopted into the quarterly and annual financial reports of the Group.

2. Internal Control and Reviews of Statements contained in the Annual Report

- Provided oversight of the Company's programme to review and benchmark the Group's business processes and improve the Group's Standard Operating Procedures.

- Reviewed the Group's Corporate Governance Overview Statement and Report, Statement on Risk Management and Internal Control, and Report of the AC for inclusion in the Company's Annual Report.

- Reviewed with Management the quarterly risk management reports received from the Risk Management Unit and deliberated on actions taken in response to reported risk incidents relating to the operations of the Group and reported to the Board on the quarterly reviews.

- Reviewed the reports of Management and the reports and recommendations of the internal and external auditors on areas of concern relating to the internal control system of the Group and made the appropriate recommendations to the Board of Directors.

- Reviewed the Group's anti-bribery and anti-corruption policy, procedures and processes and monitored its implementation to ensure adequate measures are taken in accordance with relevant guidelines and recommendations.

- Reviewed various other Group policies and made appropriate recommendations to the Board.

3. Internal Audit

- Reviewed and approved the Group Internal Audit Plan ("IA Plan") covering the activities and processes of the subsidiaries.

- Discussed with internal auditors on their scope of work, adequacy of resources, management and employee cooperation and co-ordination with external auditors.

- Reviewed the internal audit reports prepared by the internal auditors on the audit findings and state of internal control and any matters arising therefrom to ensure that appropriate actions in line with the audit recommendations have or will be taken to address any risks and weaknesses identified.

- Received updates from the internal auditors on the follow-up audits and ensured all audit findings and remedial actions recommended in the internal audit reports have been properly addressed. The AC emphasised on the immediate resolution of any critical internal control lapses that could result in the loss of the Group's assets.

- Reviewed the performance of the Internal Auditor function against the approved Group IA Plan; assessed the Internal Audit function's resources and the best options to ensure continue efficiency in the operation of the Group's Internal Audit function moving forward.

- Assessed the independence and suitability of the outsourced Internal Auditor and evaluate the fee, scope of work before deciding on the continuous appointment of the outsourced Internal Auditor for the financial year ending 2022.

4. Related Party Transactions

- Reviewed related party transactions entered into by the Group and its subsidiaries to ensure that they were transacted in accordance with best practices and comply with Listing Requirements of Bursa Securities and relevant accounting and financial reporting standards.

- Reviewed and approved the proposed Circular to Shareholders for approval of the Group's recurrent related party transactions and reports on related party transactions entered into by the Group with related parties within and outside of the shareholders' mandate.

5. External Auditors

- Reviewed with the external auditors the Group's Statement on Risk Management and Internal Control before recommending the same for inclusion in the Company's Annual Report.

- Reviewed the financial statements together with external auditors' management letter and management's responses, before recommending approval of the financial statements and reporting the external audit findings to the Board of Directors.

- Reviewed and discussed with external auditors their audit plan and scope of work for the year as well as the audit procedures to be carried out.

- Reviewed the external audit findings and recommendations, focusing on the steps taken and assurances given by employees of the Group and to ensure that all appropriate steps have been taken.

- Reviewed the external audit findings on the general Information technology controls system of a subsidiary, including the identified risks and recommendations to ensure all appropriate actions have been taken.

- Reviewed the suitability, independence, objectivity and the performance of the external auditors.

- Obtained the written assurance from the external auditors to the AC that they are in compliance with the independence requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants throughout the conduct of the audit engagement.

- A private session was held on 1 April 2021 between the AC and the external auditors without the presence of the Management Team. The AC enquired about the Management and staff's cooperation and responsiveness to the external auditors, the efficiency, adequacy of resources and the governance process at the respective subsidiaries.

6. Risk Management

- Oversaw the risk management framework, risk control system and the risk management process.

- Reviewed and deliberated on the Risk Management Quarterly Reports to assess the risks involved in the Group's businesses and how they are controlled and monitored by Management.

- Reviewed and discussed on the Management's action plans relating to the Group's Risk Profile and risk management initiatives as well as the implementation of all mitigation strategies for significant risks.

- Reviewed the effectiveness of the risk management function and adequacy of the function's resources.

7. Others

- Reviewed the Terms of Reference of the AC.

- Reviewed the Group's whistleblowing policy. There were no whistleblowing incidents reported through the Group whistleblowing channel in 2021.

- Reviewed the Group's Safety and Health Reports and the effectiveness of safety measures undertaken by the Group.

- Reviewed the Group's Legal and Compliance Incidents report to ensure appropriate measures have been taken.

- The AC regularly engaged with the Senior Management Team and the internal auditors in order to be kept informed of matters with regards to the Group and the Company's affairs in a timely manner.

INTERNAL AUDIT FUNCTION

Since the beginning of the financial year 2021, the Group's Internal Audit function has been outsourced to an independent professional service firm, Tricor Axcelasia Sdn Bhd ("TASB"), who reports directly to the AC.

The TASB's Engagement Partner in charge of the Group's internal audit has over 20 years of professional experiences in internal auditing, risk management, business process improvements, etc. She is a Certified Internal Auditor. The Engagement team is led by an Associate Director with a team of professional staff that is assigned on need basis.

The primary role of the Group's Internal Audit function is to provide findings to the AC on risk management, control and governance, by assessing and evaluating the adequacy and effectiveness of the controls and systems implemented. The scope of work of the Group's internal auditors is determined and approved annually by the AC, and takes into consideration of feedback from the Management.

The Group's Internal Audit function as guided by the International Professional Practices Framework ("IPPF"), provides risk-based objective assurance to Management on systems of control that the Management is responsible for and assist Management by providing improvement recommendations to the systems of control. The risk management, control and governance processes comprise of the policies and procedures established to ensure:

- the achievement of business objectives;
- the appropriate assessment of risk and mitigation factors;

- the reliability of internal and external reporting, and accountability processes;
- compliance with the policies and procedures set by the Company; and
- compliance with applicable guidelines, laws and regulation.

The cost incurred for the internal audit function in the financial year 2021 was RM235,384.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDITORS DURING 2021

During the financial year ended 31 December 2021, the Group's Internal Audit function's activities were as follows: -

- Presented the risk-based Group IA Plan and internal audit fees to the AC.

- Conducted 5 audit assignments based on the approved IA Plan including the implementation and management of the anti-bribery & anti-corruption policy for the Group; sales and aftersales operations, inventory management and collection process in Motor Trading Division; and production, procurement, supply chain and financial management in one of the subsidiaries in Auto Parts Manufacturing Division. The results of the audit findings have been highlighted and discussed with Management and AC for appropriate action plans and process improvements.

- Conducted follow-up reviews to determine the status of implementation of agreed management action plans.

- Reviewed and provided further recommendations on the Group's policies and procedures to ensure adequate controls are in place.

- Participated in stocktakes as observer.

OTHER INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

1. EMPLOYEE SHARE SCHEME

The Company had on 26 September 2016 implemented a Long-Term Incentive Plan ("LTIP") for eligible employees and Executive Directors of the Group. The LTIP was approved by shareholders at the Company's EGM held on 19 November 2014 and is comprised of two types of share plans, namely the Restricted Share Plan ("RSP") and Performance Share Plan ("PSP"). The total number of shares which may be granted under the LTIP shall not exceed in aggregate 10% of the issued share capital of the Company. Since the commencement of the LTIP, 0.3% of the issued ordinary share capital of the Company had been granted to eligible employees and Executive Directors of the Group.

During the financial year, there were no outstanding grants in existence, nor any outstanding aggregate number of shares granted to the key management personnel.

Further, no shares were granted to the Executive and Non-Executive Directors, and Chief Executive Officer pursuant to the LTIP in respect of the financial year ended 31 December 2021.

2. UTILISATION OF PROCEEDS

There were no proceeds raised nor any outstanding proceeds unutilised by the Company.

3. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees paid or payable to the external auditors of the Company and its Subsidiaries are as follows:

Fees paid/payable	Group (RM'000)	Company (RM'000)
Audit	562	92
Non-Audit	181	24

4. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and its subsidiaries involving the interest of the Directors, Chief Executives who is not a director or Major Shareholders, either subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of previous financial year.

5. RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE NATURE ("RRPT")

The Company had at the 27th Annual General Meeting of the Company held on 1 June 2021 obtained shareholders' mandate for the Group to enter into RRPT, which are necessary for its day-to-day operations and are in the ordinary course of business with related parties. The shareholders' mandate shall lapse at the conclusion of the Company's forthcoming AGM. The Company intends to seek shareholders' mandate in respect of the RRPT of the group at the forthcoming AGM of the Company.

The breakdown of the aggregate value of the mandated RRPT transacted during the financial year 2021 are as follows:-

Transacting Subsidiary	Transacting Related Parties	Interested Major Shareholders of Subsidiary and Person Connected to Them	Nature & Description of Transaction	Actual Value Transacted During the Financial Year (RM)
DMSB	HMSM	Hino Motor Ltd ("HML"), whose interest can be illustrated as follows: ➢ MBMR, which holds 51.5% of the shares in DMSB, has a 20% shareholding in HMSM. ➢ Toyota Motor Corporation ("TMC") has a 50.3% shareholding in HML, which holds 80% of the shares in HMSM. ➢ TMC also holds 100% shareholdings in DMC which in turn has 18.5% shareholding in DMSB. None of the representatives of HML, TMC and HMSM sits in the Board of DMSB.	Purchase of vehicle stocks and spare parts from HMSM	22,099,000
DMMS	Perodua Sales Sdn Bhd ("PSSB")	DMC and Mitsui & Co., Ltd. ("Mitsui") has interest in PSSB as follows: ➢ PSSB is a wholly owned subsidiary of Perodua Otomobil Kedua Sdn Bhd ("POSB") in which MBMR, DMSB and major shareholders of DMSB, namely Mitsui and DMC, hold shares in POSB as follows:- - MBMR – 20% - DMSB – 5% - Mitsui – 7% - DMC – 20% The Interested Directors are as follows: a. Masanori Takahashi (representative of DMC) b. Takahsi Shirai (representative of DMC) c. Takuro Hoshika (representative of Mitsui) d. Katsumi Ohori (representative of Mitsui)	Purchase of vehicle stocks and spare parts from PSSB	751,665,000
DMSB	Daihatsu Motor Co., Ltd ("DMC")	DMC is a Major Shareholder of DMSB, holding 18.5% shareholding in DMSB. The Interested Directors, who are the representatives of DMC are as follows: a. Masanori Takahashi b. Takashi Shirai	Purchase of spare parts from DMC	1,323,000

DIRECTORS' RESPONSIBILITY STATEMENT IN RELATION TO THE FINANCIAL STATEMENTS

This statement is prepared as required by the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company as at the end of each financial year, and of the results and cash flows of the Group and of the Company for that year then ended.

The Directors consider that in preparing the financial statements:

- the Group and the Company have used appropriate accounting policies and are consistently applied;
- reasonable and prudent judgements and estimates were made; and
- all applicable approved accounting standards in Malaysia have been adhered to.

The Directors are responsible for ensuring that the Company maintains accounting records that disclose with reasonable accuracy the financial position of the Group and of the Company, and that the financial statements comply with the requirements of the Companies Act 2016.

The Directors have general responsibilities for taking such steps that are reasonably available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

LIST OF PROPERTIES

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Date of Acquisition	Book Value as at 31.12.2021 (RM'000)
Proprietor: Daihatsu (Malaysia) Sdn Bhd						
Lot 1, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	11,325 (4,860)	Industrial land with building used as showroom, workshop and office	33	Leasehold (expiring on 12-Jan-2086)	18-Jul-1988	5,195
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	442	Commercial land with building used as showroom	29	Leasehold (expiring on 12-Jan-2086)	29-Aug-1992	302
Lot 2A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	14,302 (4,608)	Industrial land with building used as workshop and store	31	Leasehold (expiring on 26-Jan-2087)	8-Nov-1990	3,743
Lot 2B, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	9,822	Industrial land with building used as workshop	30	Leasehold (expiring on 26-Jan-2087)	24-Sep-1991	6,228
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	29	Leasehold (expiring on 13-Mar-2074)	3-May-1993	1,171
Lot 68-G, 68-1, Lot 69-G, 69-1 Selayang Baru Selangor Darul Ehsan	(944)	2 units of Ground & 1st Floor of shop office building	28	Leasehold (expiring in year 2092)	28-Jul-1993	880
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2-storey terrace factory used as workshop	28	Leasehold (expiring in year 2092)	28-Jul-1993	899
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	26	Freehold	10-Jul-1995	1,567
Lot 48 & 57, Bukit Beruntung Industrial Park Selangor Darul Ehsan	19,536	Industrial land	26	Freehold	10-Oct-1995	3,464
Lot 2, Jalan Gergaji 15/14 Section 15 40000 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	26	Leasehold (expiring in year 2094)	10-Oct-1995	3,466
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (617)	Land with double-storey building used as showroom and workshop	32	Freehold	20-Sep-1989	1,650
32, Jalan Tun Abdul Razak 80200 Johor Bahru Johor Darul Takzim	4,806 (939)	Land with building used as showroom and workshop	31	Leasehold (expiring on 21-Dec-2030)	19-Aug-1990	702

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Date of Acquisition	Book Value as at 31.12.2021 (RM'000)
111, Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	31	Freehold	10-Dec-1990	1,551
20, Jalan 54 Desa Jaya, Kepong 52100 Kuala Lumpur	271 (1,080)	4-storey shop lot used as showroom and workshop	30	Leasehold (expiring on 8-Mar-2081)	11-Sep-1991	524
1, Jalan Memanda 7/1 Ampang Triangle Off Jalan Ampang 68000 Kuala Lumpur	304 (1,331)	Corner 4 1/2-storey shop lot used as showroom	30	Freehold	12-Sep-1991	872
3/G10 Ground & First Floor Api-Api Centre 88000 Kota Kinabalu, Sabah	250	Showroom	29	Leasehold (expiring on 6-Feb-2094)	16-Mar-1992	515
5/G8 Ground & First Floor Api-Api Centre 88000 Kota Kinabalu, Sabah	250	Showroom	26	Leasehold (expiring on 6-Feb-2094)	8-Feb-1995	651
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	32	Freehold	19-Feb-1990	68
Apartment 401 Block 2, Jalan SS18/47 40000 Shah Alam Selangor Darul Ehsan	(65)	3-bedroom apartment used as accommodation for employees when attending training	31	Leasehold (expiring on 29-Jul-2096)	21-Sep-1990	28
Lot 2702, Palm Spring Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	27	Freehold	29-Jun-1995	188
Units 3, 4, 7 and 8 Level 4 and 5, Block K Bandar Bukit Beruntung Apartments Selangor Darul Ehsan	(653)	4 units apartments	26	Freehold	2-Nov-1995	85
Section 93, Sg. Besi Bandar Kuala Lumpur	502	Commercial land with building used as showroom	26	Leasehold (expiring on 12-Jan-2067)	17-Apr-1995	6,685
Block SA-01 The Boulevard Mid Valley City Lingkaran Syed Putra 59200 Kuala Lumpur	(3,063)	11-storey office, commercial building	24	Leasehold (expiring in year 2098)	21-Jul-1997	9,403

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Date of Acquisition	Book Value as at 31.12.2021 (RM'000)
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	372	Land with 4-storey corner shophouse	24	Freehold	14-Aug-1997	1,605
1, Jalan 7/3 Kawasan Perindustrian Sri Kembangan 43300 Sri Kembangan	2,530	Industrial land with 2 1/2 semi detached factory	19	Leasehold (expiring on 7-Apr-2088)	17-Jan-2003	1,913
120, Lot 65, Section 22 Jalan Tun Abang Haji Openg 93000 Kuching	3,173	Industrial land with building used as showroom and workshop	18	Leasehold (expiring on 31-Dec-2090)	18-Jul-2003	2,047
5 1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu, Sabah	10,360	Industrial land with building used as showroom, workshop and office	18	Leasehold	26-May-2004	12,846
57, Jalan BRP 1/4 Bukit Rahman Putra 47000 Sg. Buloh Selangor Darul Ehsan	353	Corner 3 1/2-storey shop lot used as showroom	17	Freehold	23-Nov-2004	1,291
29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan	181	3 1/2-storey shop lot	15	Leasehold (expiring in 16-Jun-2095)	2-Apr-2007	853
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Detached open sided factory	13	Leasehold (expiring in 27-Apr-2068)	2-Jun-2008	14,861
First Floor, Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(741)	Showroom	7	Freehold	13-Jul-2018	6,904
Proprietor: DMM Sales Sdn Bhd						
1262, Jalan Baru 13700 Perai, Pulau Pinang	1,001	Industrial land with building	22	Freehold	28-Aug-1999	991
1 & 3, Jalan Damai Utama Taman Industri Damaiplus 83000 Batu Pahat, Johor	631	Industrial land with building	21	Freehold	22-Apr-2000	912
Lot No. D070 Bandar Seremban Utama, Seremban Negeri Sembilan Darul Khusus	1,740	Industrial Land	9	Freehold	19-Jul-2012	968
Proprietor: Federal Auto Holdings Berhad						
1103TS 910 NED Penang 89-A Sungei Pinang Road, Penang	1,874	Industrial land with building used as showroom, workshop and office	39	Freehold	6-Sep-1983	2,599

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Date of Acquisition	Book Value as at 31.12.2021 (RM'000)
Lot 4297 Mukim of Kuala Kinta District of Kinta 127, Jalan Kuala Kangsar Ipoh, Perak	8,465	Industrial land with building used as showroom, workshop and office	39	Freehold	4-Aug-1983	3,592
Lot No. 420 Mukim of Tebrau District of Johor Bahru Johor Darul Takzim	10,652	Industrial land with building used as showroom, workshop and office	37	Freehold	20-Jul-1984	10,773
Lot 43, Jalan Pelukis U/46 Seksyen U1 40150 Shah Alam Selangor Darul Ehsan	7,657	Industrial land with building used as showroom, workshop and office	15	Freehold	1-Oct-2007	28,944
Ground Floor Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(591)	Showroom	7	Freehold	1-Oct-2015	5,808
19-02, 19-3A Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(500)	2 units commercial office lots	7	Freehold	1-Oct-2015	3,967
Proprietor: F.A. Serve Sdn Bhd						
Lot No. PT 13270 Mukim of Batu, District of Kuala Lumpur	2,608	Petrol station	20	Freehold	31-Oct-2003	1,953
Proprietor: KMA Marketing Sdn Bhd						
Units Nos. 2-1-14B and 2-1-15 Level 1, Ground Floor Wawasan Plaza Kota Kinabalu, Sabah	333	Level One (Ground Floor) shop units for rent	23	Leasehold (expiring on 31-Dec-2086)	2-Feb-1999	1,833
Proprietor: Hirotako Acoustics Sdn Bhd						
No.18 Persiaran Sabak Bernam Section 26, 40400 Shah Alam Selangor Darul Ehsan	24,212	Industrial land with building used as manufacturing plant and office	16	Freehold	5-Dec-2005	16,454
Lot 308 & 316 Block 26 Lot 604 Block 30, and Lot 308 & Lot 313 Block 39 Jalan Selayang Satu 27/27A Taman Bunga Negara Section 27, 40400 Shah Alam Selangor Darul Ehsan	(344)	5 units of apartment	25	Freehold	1-Feb-2009 & 31-May-2011	349

Location	Land Area (Built-up Area) Sq Metre	Description of Property and Existing Use	Approx. Age of Building	Tenure	Date of Acquisition	Book Value as at 31.12.2021 (RM'000)
Proprietor: Oriental Metal Industries (M) Sdn Bhd						
Lot 51, Jalan Utas 15/7 40200 Shah Alam Selangor Darul Ehsan	26,756	Industrial land with building used as manufacturing plant and office	37	Leasehold (expiring on 4-May-2074)	30-Jan-2003	14,095
Lot 15017, Seksyen 20 Mukim Serendah Daerah Hulu Selangor	79,920	Industrial land with building used as manufacturing plant and office	13	Leasehold (expiring on 25-Oct-2098)	13-Jul-2006	29,249
Proprietor: MBMR Properties Sdn Bhd						
3-02, 3A-01, 9-02, 10-3A 16-01, 16-02, 16-03, 16-3A, 17-02, 17-03, 17-3A, 20-01, 20-02, 20-03, 20-3A, 21-01, 21-02, 21-03, 21-3A, 22-01, 22-03, 23-01, 23A-01 Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(5,480)	23 units commercial office lots	7	Freehold	11-Nov-2010, 28-Feb-2015 & 24-Sep-2018	50,005
LG1,LG2,LG3 & LG5, Carpark 1&2 B-G-1, B-G-2, B1-1, B-1-2 The Signature, Jalan 22/70A Desa Sri Hartamas 50480 Kuala Lumpur	(3,791)	8 units commercial lots	7	Freehold	16-Feb-2012	23,621
PT 6389 to PT6392 Bandar Sri Sendayan District of Seremban Negeri Sembilan Darul Khusus	82,005	Vacant land	-	Freehold	31-Mar-2013	20,128
Plot 19, 20 & 21 Desa Lang Indah Jalan Lang Indah 30010 Ipoh, Perak	12,685	Vacant land	-	Freehold	16-May-2013	7,040

ANALYSIS OF SHAREHOLDINGS

ANALYSIS OF SHAREHOLDINGS

As at 31 March 2022

Total Number of Issued Shares	:	390,887,653
Class of Shares	:	Ordinary Shares
Number of Shareholders	:	5,831
Voting Rights	:	One (1) vote per ordinary share

SIZE OF SHAREHOLDINGS

As at 31 March 2022

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	580	9.95	11,160	0.01
100 - 1,000	1,350	23.15	903,707	0.23
1,001 - 10,000	3,046	52.24	11,742,027	3.00
10,001 - 100,000	705	12.09	21,688,133	5.55
100,001 - 19,544,381 (*)	146	2.50	148,675,186	38.03
19,544,382 and above (**)	4	0.07	207,867,440	53.18
TOTAL	**5,831**	**100.00**	**390,887,653**	**100.00**

Remark: * - Less than 5% of issued shares
**- 5% and above of issued shares

SUBSTANTIAL SHAREHOLDINGS

As at 31 March 2022

Name of Shareholders	Direct Interest		Indirect Interest	
	No. of Shares Held	%	No. of Shares Held	%
1. Med-Bumikar Mara Sdn. Bhd.	193,504,349	49.50	2,213,402 [1]	0.57
2. Employees Provident Fund Board	36,955,191	9.45	-	-
3. Lembaga Tabung Haji	20,294,800	5.19	-	-

Note: [1] Deemed interest by virtue of its shareholding in Central Shore Sdn. Bhd.

DIRECTORS' SHAREHOLDINGS

As at 31 March 2022

Name of Directors	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%	Total No. of Shares Held	%
1. Datuk (Dr) Aminar Rashid bin Salleh	-	-	-	-	-	-
2. Dato' Anwar bin Haji @ Aji	-	-	-	-	-	-
3. Mr Low Hin Choong	32,000	0.01	1,200,056 [1]	0.31	1,232,056	0.32
4. Mr Ng Seng Kong	160,000	0.04	-	-	160,000	0.04
5. Encik Muhammad Lukman bin Musa @ Hussain	-	-	-	-	-	-
6. Ms Wong Fay Lee	33,100	0.01	-	-	33,100	0.01

[1] Deemed interest by virtue of shares held by close family members

GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

As at 31 March 2022

Name	Direct Interest No. of Shares Held	%	Indirect Interest No. of Shares Held	%	Total No. of Shares Held	%
1. Encik Muhammad Fateh Teh bin Abdullah	-	-	-	-	-	-

LIST OF TOP 30 SHAREHOLDERS

As at 31 March 2022

No.	Names	Holdings No. of Shares	%
1	MED-BUMIKAR MARA SDN BHD	92,704,349	23.72
2	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (SAM)	46,500,000	11.90
3	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (PIVB)	35,800,000	9.16
4	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	32,863,091	8.41
5	LEMBAGA TABUNG HAJI	18,818,600	4.81
6	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (CBD-GR6)	18,500,000	4.73
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	6,980,000	1.79
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	6,555,620	1.68
9	LEMBAGA TABUNG ANGKATAN TENTERA	4,466,200	1.14
10	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DR)	4,307,700	1.10
11	YAP LIM SEN	3,647,200	0.93
12	FEDERAL REALTY COMPANY SDN BHD	3,596,788	0.92
13	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT SHARIAH PROGRESS FUND	3,204,000	0.82
14	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	2,843,500	0.73
15	ONG CHOO BOO & SONS SDN BERHAD	2,756,233	0.71
16	AMANAHRAYA TRUSTEES BERHAD ASN UMBRELLA FOR ASN IMBANG (MIXED ASSET BALANCED) 2	2,682,000	0.69
17	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	2,317,600	0.59
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD MTRUSTEE BHD FOR AIIMAN TNB RBTF (EQ) (433139)	2,256,800	0.58
19	CENTRAL SHORE SDN BHD	2,213,402	0.57
20	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	1,712,400	0.44

LIST OF TOP 30 SHAREHOLDERS

As at 31 March 2022

No.	Names	Holdings No. of Shares	%
21	AMANAH RAYA BERHAD KUMPULAN WANG BERSAMA SYARIAH	1,600,000	0.41
22	CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (MIDF ABSR EQ)	1,581,800	0.40
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (F TEMPLETON)	1,458,100	0.37
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT PROGRESS FUND (4082)	1,427,800	0.37
25	ZAHARAH BINTI NORDIN	1,379,000	0.35
26	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD.	1,377,200	0.35
27	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC ALPHA-40 GROWTH FUND	1,353,200	0.35
28	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN TAKAFUL BERHAD (MEKAR)	1,304,500	0.33
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LGF)	1,293,500	0.33
30	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MANULIFE INVESTMENT AL-FAUZAN (5170)	1,279,500	0.33
	TOTAL	**308,780,083**	**79.01**

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2021
(in Ringgit Malaysia)

DIRECTORS' REPORT

The directors of **MBM RESOURCES BERHAD** have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The information on name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary, joint venture and associate are disclosed in Notes 48, 49 and 50 to the financial statements respectively.

RESULTS

The results of the Group and of the Company for the financial year are as follows:

	The Group RM'000	The Company RM'000
Profit before tax	210,832	110,929
Income tax expense	(15,181)	(660)
Profit for the year from continuing operations	195,651	110,269
Loss for the year from discontinued operation	(160)	-
Profit for the year	195,491	110,269
Attributable to:		
Equity holders of the Company		
Continuing operations	171,383	110,269
Discontinued operation	(160)	-
	171,223	110,269
Non-controlling interests		
Continuing operations	24,268	-
	195,491	110,269

In the opinion of the directors, the results of the Group and of the Company during the financial year have not been substantially affected by an item, transaction or event of a material and unusual nature.

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2021 are as follows:

	RM'000
In respect of the financial year ended 31 December 2020:	
Second single tier interim dividend of 6 sen per ordinary share, declared on 25 February 2021 and paid on 30 March 2021	23,453
Single tier final dividend of 9 sen per ordinary share, proposed on 8 April 2021, approved by the shareholders at the last Annual General Meeting on 1 June 2021 and paid on 30 June 2021	35,181
In respect of the financial year ended 31 December 2021:	
First single tier interim dividend of 5 sen per ordinary share, declared on 25 August 2021 and paid on 29 September 2021	19,544
	78,178

On 25 February 2022, the directors declared a second interim single tier dividend of 5 sen per ordinary share amounting to RM19,544,000 and a special single tier dividend of 10 sen per ordinary share amounting to RM39,089,000 in respect of the current financial year ended 31 December 2021 which was paid on 30 March 2022. The financial statements for the current year do not reflect the second interim single tier dividend and special single tier dividend paid and will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2022.

The directors propose a final single tier dividend of 6 sen per ordinary share amounting to RM23,453,000 in respect of the current financial year ended 31 December 2021. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2022.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the financial year to take up unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of any option to take up unissued shares of the Company. As at the end of the financial year, there were no unissued shares of the Company under options.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company had been written down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

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

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

(a) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability 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 when they fall due.

In the opinion of the directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of operations of the Group and of the Company in the financial year in which this report is made.

DIRECTORS

The directors of the Company in office during the financial year and during the period from the end of the financial year to the date of this report are:

Datuk (Dr) Aminar Rashid bin Salleh
Dato' Anwar bin Haji @ Aji
Low Hin Choong #
Ng Seng Kong #
Muhammad Lukman bin Musa @ Hussain
Wong Fay Lee #

are also the directors of subsidiaries.

The directors of the subsidiaries in office during the financial year and during the period from the end of the financial year to the date of this report are (excluding directors who are also directors of the Company):

Ahmid bin Idris
Aqil bin Tan Sri Dato' Haji Ahmad Azizuddin
Masanori Takahashi
Mohd Radzi bin Kassim
Noor Aman Putra bin Mohd Madi
Dr. Tan Chor Par
Timothy Liew Thau Ee
Wong Wei Khin
Katsumi Ohori (appointed on 29 January 2021)
Takashi Shirai (appointed on 26 February 2021)
Muhammad Fateh Teh bin Abdullah (appointed on 3 March 2021)
Isako Yomamoto (appointed on 21 June 2021)
Ngeow Zoo Gin (resigned on 1 January 2021)
Makoto Ogawa (resigned on 29 January 2021)
Kunihiro Morimoto (resigned on 26 February 2021)
Chin Tze Fui @ Annie Chin (resigned on 3 March 2021)
Gemel @ Jebith bin Maliki (resigned on 4 May 2021)
Takuro Hoshika (resigned on 21 June 2021)
Loh Ling Howe (resigned on 21 December 2021)

DIRECTORS' INTERESTS

The interests in shares in the Company and in a related corporation of those who were directors at the end of the financial year according to the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act, 2016 are as follows:

	Number of ordinary shares			
	As of 1.1.2021	Bought	Sold	As of 31.12.2021
Shares in the Company				
Direct interest				
Low Hin Choong	32,000	-	-	32,000
Ng Seng Kong	160,000	-	-	160,000
Wong Fay Lee	33,100	-	-	33,100
Indirect interest				
Low Hin Choong	1,200,056	-	-	1,200,056
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Ng Seng Kong	446,548	-	-	446,548
Indirect interest				
Low Hin Choong	8,225,223	-	-	8,225,223

None of the other directors in office at the end of the financial year held shares or had beneficial interest in the shares of the Company or its related corporation during or at the beginning and end of the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the directors of the Company has received or become entitled to receive any benefit (other than the benefit included in the aggregate amount of emoluments received or due and receivable by directors or being fixed salary of a full-time employee of the Company as disclosed in Note 11 to the financial statements) 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.

During and at the end of the financial year, no arrangement subsisted to which the Company was a party whereby directors of the Company might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS, OFFICERS AND AUDITORS

The Company maintains directors' and officers' liability insurance for purposes of Section 289 of the Companies Act, 2016, throughout the year, which provides appropriate insurance cover for the directors and officers of the Company. The amount of insurance premium paid during the year amounted to RM19,461.

There were no indemnities given to or insurance effected for the auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

HOLDING COMPANY

The immediate and ultimate holding company of the Company is Med-Bumikar Mara Sdn. Bhd., a company incorporated in Malaysia.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

Details of significant events during the financial year and subsequent event are disclosed in Note 45 to the financial statements.

AUDITORS

The auditors, Deloitte PLT, have indicated their willingness to continue in office.

AUDITORS' REMUNERATION

The amount payable as remuneration of the auditors for the financial year ended 31 December 2021 is as disclosed in Note 9 to the financial statements.

Signed on behalf of the Board, as approved by the Board
in accordance with a resolution of the Directors,

DATUK (DR) AMINAR RASHID BIN SALLEH

DATO' ANWAR BIN HAJI @ AJI

Kuala Lumpur
15 April 2022

STATEMENT BY DIRECTORS

The directors of **MBM RESOURCES BERHAD** state that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of the financial performance and the cash flows of the Group and of the Company for the year ended on that date.

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

DATUK (DR) AMINAR RASHID BIN SALLEH

DATO' ANWAR BIN HAJI @ AJI

Kuala Lumpur
15 April 2022

MBM RESOURCES BERHAD
(Incorporated in Malaysia)

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

I, **CHIN TZE FUI @ ANNIE CHIN (MIA number: 9387)**, the officer primarily responsible for the financial management of **MBM RESOURCES BERHAD**, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act, 1960.

CHIN TZE FUI @ ANNIE CHIN

Subscribed and solemnly declared by the abovenamed
CHIN TZE FUI @ ANNIE CHIN at **KUALA LUMPUR** on
this 15th April 2022.

Before me,

COMMISSIONER FOR OATHS

MBM RESOURCES BERHAD
(Incorporated in Malaysia)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD
(INCORPORATED IN MALAYSIA)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MBM RESOURCES BERHAD**, which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, 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 89 to 172.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and 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 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.

(Forward)

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 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.

Key audit matter	*How the scope of our audit responded to the key audit matter*
Valuation of carrying value of assets held for sale The Group ceased its alloy wheel manufacturing operation during the financial year ended 31 December 2019. As a result of the cessation, property, plant and equipment related to the alloy wheel manufacturing plant ("related PPE") has been classified as assets held for sale. The Group had performed impairment assessments on the carrying amounts of the related PPE and recognised a cumulative impairment loss of RM70,020,000 in the previous financial years. The recoverable amount of the related PPE classified as assets held for sale was determined by the management based on their fair value less cost to sell. The fair value was determined with reference made to the scrap prices or agreed selling prices, adjusted for certain assumptions made by the management. The key bases and assumptions used in the estimation of the recoverable amounts involve a significant degree of management judgement. Refer to key bases and assumptions used as disclosed in Note 32.	Our audit procedures, among others, included: • Assessed and evaluated management's assessment for indicators of impairment or reversal of impairment of the carrying value of assets held for sale based on the available internal and external information; • Verified the methodology and assumptions used by the management for the fair value assessment based on our understanding of the related PPE and current macroeconomic climate; • Verified the mathematical accuracy of the input data used in fair value assessment prepared by the management; • Challenged the reasonableness of the key bases and assumptions underpinning the model, including the estimated scrap prices and the estimated weight of the plant and machineries; and • Compared the fair values assessed by the management to publicly available independent sources and quotations from potential buyers/scrap dealers to assess the reasonableness of the assumptions made to the market prices by the management.

We have determined that there is no key audit matter in the audit of the separate financial statements of the Company to communicate in our auditors' report.

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.

(Forward)

Our opinion on the financial statements of the Group and of the Company does not cover the other information 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 other information and, in doing so, consider whether the other information 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 this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 Group's and the Company's ability 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 has no realistic alternative but to do so.

Auditors' Responsibility 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:

(a) 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.

(Forward)

(b) 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 Group's and of the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

(d) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability 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.

(e) 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 achieves fair presentation.

(f) 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 the matter that was of most significance in the audit of the financial statements of the Group and of the Company for the current year and is therefore the key audit matter. 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 48 to the financial statements.

(Forward)

Other Matter

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.

DELOITTE PLT (LLP0010145-LCA)
Chartered Accountants (AF 0080)

TEO SWEE CHUA
Partner - 02846/01/2024 J
Chartered Accountant

15 April 2022

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the Year Ended 31 December 2021

	Note	The Group 2021	The Group 2020	The Company 2021	The Company 2020
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue	5	1,528,664	1,793,499	103,002	74,165
Cost of sales	6	(1,392,276)	(1,648,792)	-	-
Gross profit		136,388	144,707	103,002	74,165
Other income		37,176	43,192	10,028	-
Administrative and other expenses		(82,613)	(85,141)	(6,026)	(12,286)
Selling and marketing expenses		(47,153)	(58,800)	-	-
Finance costs	7	(537)	(1,177)	(27)	(44)
Interest income	8	3,684	4,207	3,952	5,458
Share of results of a joint venture, net of tax	21	11,096	12,669	-	-
Share of results of associates, net of tax	22	152,791	146,850	-	-
Profit before tax	9	210,832	206,507	110,929	67,293
Income tax expense	12	(15,181)	(16,273)	(660)	(941)
Profit for the year from continuing operations		195,651	190,234	110,269	66,352
Loss for the year from discontinued operation, net of tax	13	(160)	(7,876)	-	-
Profit for the year		195,491	182,358	110,269	66,352
Other comprehensive income/(loss), net of tax					
Items that may be reclassified subsequently to profit or loss:					
Share of revaluation surplus from fair value adjustments of assets in an associate		20	216	-	-
Share of foreign currency translation reserve of foreign operations of associates		(823)	(229)	-	-
Net gain/(loss) on cash flow hedges of an associate		47	(12)	-	-
Other comprehensive loss for the year, net of tax		(756)	(25)	-	-
Total comprehensive income for the year		194,735	182,333	110,269	66,352

(Forward)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit for the year attributable to:				
Equity holders of the Company				
Continuing operations	171,383	166,839	110,269	66,352
Discontinued operation	(160)	(7,876)	-	-
	171,223	158,963	110,269	66,352
Non-controlling interests				
Continuing operations	24,268	23,395	-	-
	195,491	182,358	110,269	66,352
Total comprehensive income attributable to:				
Equity holders of the Company				
Continuing operations	170,620	166,783	110,269	66,352
Discontinued operation	(160)	(7,876)	-	-
	170,460	158,907	110,269	66,352
Non-controlling interests				
Continuing operations	24,275	23,426	-	-
	194,735	182,333	110,269	66,352

	Note	The Group	
		2021 Sen	2020 Sen
Earnings/(Loss) per share	14		
Basic from:			
Continuing operations		43.8	42.7
Discontinued operation		(0.0)	(2.0)
		43.8	40.7
Diluted from:			
Continuing operations		43.8	42.7
Discontinued operation		(0.0)	(2.0)
		43.8	40.7
Net dividend per ordinary share	15	20.0	21.0

The accompanying Notes form an integral part of the financial statements.

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

As of 31 December 2021

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	16	181,269	214,179	41	8
Right-of-use assets	17	2,165	3,869	333	666
Investment properties	18	91,483	64,684	-	-
Prepaid land lease payments	19	30,735	31,210	-	-
Investment in subsidiaries	20	-	-	300,890	300,899
Investment in a joint venture	21	82,387	71,291	-	-
Investment in associates	22	1,416,521	1,335,574	179,468	179,468
Other investments	24	2,280	1,862	-	-
Deferred tax assets	25	1,878	2,356	-	-
Goodwill on consolidation	26	1,104	1,104	-	-
Total Non-Current Assets		1,809,822	1,726,129	480,732	481,041
Current Assets					
Inventories	27	93,548	56,143	-	-
Trade receivables	28	138,886	138,322	-	-
Other receivables, deposits and prepaid expenses	29	21,712	19,559	142	128
Amount owing by subsidiaries	30	-	-	156,081	146,742
Amount owing by a joint venture	21	-	10,200	-	-
Tax recoverable		5,484	3,922	-	-
Cash, bank balances and short-term fund investments	31	260,940	271,028	87,808	65,028
		520,570	499,174	244,031	211,898
Assets classified as held for sale	32	30,645	30,645	-	-
Total Current Assets		551,215	529,819	244,031	211,898
Total Assets		2,361,037	2,255,948	724,763	692,939

(Forward)

STATEMENTS OF FINANCIAL POSITION
As of 31 December 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	33	391,651	391,651	391,651	391,651
Reserves	34	1,526,338	1,434,056	329,700	297,609
Equity attributable to owners of the Company		1,917,989	1,825,707	721,351	689,260
Non-controlling interests	20	270,273	276,986	-	-
Total Equity		2,188,262	2,102,693	721,351	689,260
Non-Current Liabilities					
Long-term borrowings	35	-	134	-	-
Deferred tax liabilities	25	5,046	4,578	-	-
Retirement benefits obligation	36	2,609	2,794	1,400	1,400
Lease liabilities	37	709	1,766	-	358
Total Non-Current Liabilities		8,364	9,272	1,400	1,758
Current Liabilities					
Provision for claims	38	-	-	-	-
Short-term borrowings	35	23,326	6,863	-	-
Trade payables	39	90,001	88,695	-	-
Other payables and accrued expenses	40	47,985	44,100	944	779
Amount owing to a subsidiary company	41	-	-	635	643
Amount owing to holding company	41	61	36	61	36
Lease liabilities	37	1,456	2,156	359	342
Tax liabilities		1,582	2,133	13	121
Total Current Liabilities		164,411	143,983	2,012	1,921
Total Liabilities		172,775	153,255	3,412	3,679
Total Equity and Liabilities		2,361,037	2,255,948	724,763	692,939

The accompanying Notes form an integral part of the financial statements.

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY

For the Year Ended 31 December 2021

The Group	Note	Share capital RM'000	← Non-distributable reserve → Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 January 2021		391,651	2,977	(42)	765	1,430,356	1,825,707	276,986	2,102,693
Dividends distributed to owners of the Company	15	-	-	-	-	(78,178)	(78,178)	-	(78,178)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	(30,988)	(30,988)
Profit for the year		-	-	-	-	171,223	171,223	24,268	195,491
Other comprehensive income/(loss)		-	18	42	(823)	-	(763)	7	(756)
Total comprehensive income/(loss) for the year		-	18	42	(823)	171,223	170,460	24,275	194,735
As of 31 December 2021		391,651	2,995	-	(58)	1,523,401	1,917,989	270,273	2,188,262

(Forward)

STATEMENTS OF CHANGES IN EQUITY
For The Year Ended 31 December 2021

The Group	Note	Share capital RM'000	← Non-distributable reserve → Fair value reserve RM'000	Hedging reserve RM'000	Foreign currency translation reserve RM'000	Distributable reserve - Retained earnings RM'000	Attributable to the equity holders of the Company RM'000	Non-controlling interests RM'000	Total equity RM'000
As of 1 January 2020		391,651	3,569	(31)	996	1,352,701	1,748,886	263,709	2,012,595
Dividends distributed to owners of the Company	15	-	-	-	-	(82,086)	(82,086)	-	(82,086)
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	-	(10,149)	(10,149)
Profit for the year		-	-	-	-	158,963	158,963	23,395	182,358
Other comprehensive income/(loss)		-	186	(11)	(231)	-	(56)	31	(25)
Total comprehensive income/(loss) for the year		-	186	(11)	(231)	158,963	158,907	23,426	182,333
Transfer upon the disposal of assets designated at FVOCI in an associate		-	(778)	-	-	778	-	-	-
As of 31 December 2020		391,651	2,977	(42)	765	1,430,356	1,825,707	276,986	2,102,693

The Company	Note	Share capital RM'000	Distributable reserve - Retained earnings RM'000	Total equity RM'000
As of 1 January 2021		391,651	297,609	689,260
Dividends	15	-	(78,178)	(78,178)
Total comprehensive income for the year		-	110,269	110,269
As of 31 December 2021		391,651	329,700	721,351
As of 1 January 2020		391,651	313,343	704,994
Dividends	15	-	(82,086)	(82,086)
Total comprehensive income for the year		-	66,352	66,352
As of 31 December 2020		391,651	297,609	689,260

The accompanying Notes form an integral part of the financial statements.

MBM RESOURCES BERHAD
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

STATEMENTS OF CASH FLOWS

For the Year Ended 31 December 2021

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
Profit/(Loss) before tax				
Continuing operations	210,832	206,507	110,929	67,293
Discontinued operation	(154)	(7,876)	-	-
	210,678	198,631	110,929	67,293
Adjustments for:				
Depreciation of:				
Property, plant and equipment	13,114	12,532	11	3
Right-of-use assets	2,119	2,447	333	333
Investment properties	1,757	1,702	-	-
Property, plant and equipment written off	116	84	-	-
Amortisation of prepaid land lease payments	475	475	-	-
Impairment losses on:				
Investment in subsidiaries	-	-	9	48,030
Assets classified as held for sale	-	7,570	-	-
Fair value gain on other investment	(418)	-	-	-
Allowance for slow-moving inventories	533	869	-	-
Allowance for slow-moving inventories no longer required	(1,063)	(222)	-	-
Inventories written off	-	218	-	-
Allowance for expected credit losses	263	528	-	-
Allowance for expected credit losses no longer required	(43)	(651)	-	-
Bad debts written off	-	2	-	-
Allowance for expected credit losses on amount owing by subsidiaries	-	-	-	6,038
Allowance for expected credit losses on amount owing by subsidiaries no longer required	-	-	(10,034)	(48,000)
Provisions for claims no longer required	-	(268)	-	-
Pension costs - defined benefit plans	1,147	1,260	-	-
Dividend income	-	-	(102,778)	(73,742)
Finance costs	537	1,177	27	44
Interest income on:				
Bank deposits	(3,639)	(4,211)	(1,112)	(1,833)
Amount owing by subsidiaries	-	-	(2,840)	(3,625)
Others	(51)	-	-	-

(Forward)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Share of results of a joint venture	(11,096)	(12,669)	-	-
Share of results of associates	(152,791)	(146,850)	-	-
Rental rebate	(46)	(98)	-	-
Gain on termination of lease	-	(10)	-	-
Gain on disposal of:				
Property, plant and equipment	(35)	(143)	-	-
Assets classified as held for sale	-	(3)	-	-
Operating Profit/(Loss) Before Working Capital Changes	61,557	62,370	(5,455)	(5,459)
Movements in working capital:				
Decrease/(Increase) in:				
Receivables	(2,886)	(17,428)	(14)	20
Inventories	(36,875)	50,746	-	-
Net changes in related company balances	25	-	3,552	(17,497)
Increase/(Decrease) in:				
Payables	5,191	(182)	165	(273)
Cash Generated From/(Used In) Operations	27,012	95,506	(1,752)	(23,209)
Contributions paid under retirement benefit schemes	(1,332)	(1,098)	-	-
Income tax refunded	2,280	30	-	-
Income tax paid	(18,634)	(14,561)	(768)	(1,100)
Net Cash From/(Used In) Operating Activities	9,326	79,877	(2,520)	(24,309)
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	47,573	47,521
Associates	71,088	34,865	55,205	26,221
Joint venture	10,200	15,300	-	-
Interest received	3,639	4,211	1,112	1,833
Proceeds from disposal of:				
Property, plant and equipment	125	422	-	-
Assets classified as held for sales	-	83	-	-
Purchase of property, plant and equipment	(8,956)	(4,653)	(44)	(4)
Purchase of investment properties	(10)	-	-	-
Increase in deposits with maturities in excess of three months	(11,310)	-	-	-
Net Cash From Investing Activities	64,776	50,228	103,846	75,571

(Forward)

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES					
Net increase/(decrease) of other borrowings		18,864	(4,251)	-	-
Repayment of term loans		(803)	(23,971)	-	-
Finance costs paid		(537)	(1,177)	(27)	(44)
Payment of lease liabilities		(2,126)	(2,360)	(341)	(324)
Dividends paid to non-controlling interests of subsidiaries		(30,988)	(10,149)	-	-
Dividends paid		(78,178)	(82,086)	(78,178)	(82,086)
Net Cash Used in Financing Activities		(93,768)	(123,994)	(78,546)	(82,454)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(19,666)	6,111	22,780	(31,192)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		264,906	258,795	65,028	96,220
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	31	245,240	264,906	87,808	65,028

Cash outflows for leases - as lessee

	Note	The Group		The Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	17	436	55	12	14
Payment relating to leases of low-value assets	17	200	180	3	5
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	37	147	154	27	44
Payment of lease liabilities	37	2,126	2,360	341	324
Total cash outflows from leases		2,909	2,749	383	387

The accompanying Notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 31 December 2021

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal activity of the Company is investment holding.

The information on name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary, joint venture and associate are disclosed in Notes 48, 49 and 50 respectively.

There have been no significant changes in the nature of the principal activities of the Group and of the Company during the financial year.

The financial statements are presented in Ringgit Malaysia ("RM"). All values are recorded to the nearest thousand ("RM'000") except where otherwise indicated.

The registered office of the Company is located at Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No.8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia and the principal place of business of the Company is located at No. 23-01, Level 23, Menara MBMR, 1, Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia.

The financial statements of the Group and of the Company were authorised by the Board of Directors for issuance in accordance with a resolution of the directors on 15 April 2022.

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The financial statements of the Group and of 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.

Application of Amendments to Malaysian Financial Reporting Standard

In the current financial year, the Group and the Company have adopted all the amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2021. The Group and the Company have early adopted amendments to MFRS 16 *COVID-19 Related Rent Concessions beyond 30 June 2021* for the year ended 31 December 2021.

Amendments to:	
MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2
MFRS 16	COVID-19 Related Rent Concessions beyond 30 June 2021

The adoption of these amendments to MFRSs did not result in significant changes in the accounting policies of the Group and of the Company and has no significant effect on the financial performance or position of the Group and of the Company.

Standards and Amendments in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the new MFRSs and amendments to MFRSs which were in issue but not yet effective and not early adopted by the Group and the Company are as listed below:

MFRS 17	Insurance Contracts[2]
Amendments to:	
MFRSs	Annual Improvements to MFRS Standards 2018 - 2020[1]
MFRS 3	Reference to Conceptual Framework[1]
MFRS 116	Property, Plant and Equipment - Proceeds before Intended Use[1]
MFRS 137	Onerous Contracts - Costs of Fulfilling a Contract[1]
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9[2]
MFRS 17	Insurance Contracts[2]
MFRS 101	Classification of Liabilities as Current or Non-current[2]
MFRS 101	Disclosure of Accounting Policies[2]
MFRS 108	Definition of Accounting Estimates[2]
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[2]
MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information[2]
MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2022, with earlier application permitted.

2 Effective for annual periods beginning on or after 1 January 2023, with earlier application permitted.

3 Effective date deferred to a date to be announced by MASB.

The directors anticipate that the abovementioned Standards and Amendments will be adopted in the annual financial statements of the Group and the Company when they become effective and that the adoption of these Standards and Amendments will have no material impact on the financial statements of the Group and the Company in the period of initial application.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The consolidated financial statements of the Group have been prepared under the historical cost convention unless otherwise indicated in this summary of accounting policies. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of MFRS 2 *Share-based Payment*, leasing transaction that are within the scope of MFRS 16 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in MFRS 102 *Inventories* or value-in-use in MFRS 136 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The principal accounting policies are set out below:

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets.

The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Changes in the Group's ownership interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interest in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable MFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate.

Subsidiaries

Investments in subsidiaries which are eliminated on consolidation, are stated at cost less impairment losses, if any, in the Company's separate financial statements.

Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under MFRS 3 *Business Combinations* are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with MFRS 112 *Income Taxes* and MFRS 119 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with MFRS 2 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with MFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year.

Investment in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with MFRS 5.

Under the equity method, investment in associate and joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of MFRS 136 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with MFRS 136 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with MFRS 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with MFRS 9. The difference between the carrying amount of the associate or a joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or a joint venture is included in the determination of the gain or loss on disposal of the associate or a joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or a joint venture on the same basis as would be required if that associate or a joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or a joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent that the Group's interest in the associate or joint venture is not related to the Group.

Goodwill on Consolidation

Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Company's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Impairment of Goodwill

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Revenue Recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract or implied in the Group's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange of transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as sales taxes or goods and services taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which they will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling price of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred over time and revenue is recognised over time if:

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

Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services.

(i) **Sales of Goods - Motor Vehicles**

The Group's primary activity is marketing and sales of motor vehicles. Revenue is recognised when the control of the goods has transferred, being when the vehicle is registered in the name of the customer, delivered to the customer or invoice acknowledged by customer. Following the registration, delivery or acknowledgement, the customer has full discretion over the manner of the uses of the vehicle and the Group is entitled to the payment of the vehicle.

(ii) **Sales of Goods - Manufactured Auto Parts**

The Group manufactures and sells auto parts and components.

For the sale of manufactured auto parts, revenue is recognised by the Group at a point in time when control of the goods underlying the performance obligation is transferred to the customers.

(iii) **Sales of Services**

The Group provides aftersales services including vehicle repairs and maintenance, provision for insurance services and property management and maintenance services. Revenue from these services are recognised when the services are performed.

(iv) **Dividend Income**

Dividend income is recognised when the Group's and the Company's right to receive payment is established.

(v) **Interest Income**

Interest income is recognised when it is probable that the economic benefits will flow to the Group and the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(vi) **Rental Income**

Rental income is recognised on a straight-line basis over the term of the lease. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

Foreign Currencies

(i) **Functional and Presentation Currencies**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates (the "functional currency"). For the purposes of the consolidated financial statements, the results and the financial position of each group entity are expressed in Ringgit Malaysia ("RM") which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

(ii) **Foreign Currency Transactions**

In preparing the financial statements of the Group, transactions in foreign currencies other than the entity's functional currency (i.e. foreign currencies) are recorded at the rates prevailing at the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss in the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss in the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

(iii) **Foreign Currency Translation Reserve**

Foreign currency translation reserve arises on conversion of the assets and liabilities of the Group's foreign associates to RM using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve (attributable to non-controlling interests as appropriate). Such exchange differences are recognised in profit or loss in the period in which the foreign associate is disposed of.

Employee Benefits

(i) **Short-term Employee Benefits**

Wages, salaries, paid annual leave, bonuses and social contributions are recognised in the year in which the associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by the employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) **Defined Contribution Plan**

The Group makes statutory contributions to the Employees Provident Fund ("EPF") and the contributions are charged to profit or loss for the period. The EPF is a defined contribution plan. Once the contributions have been paid, there are no further payment obligations.

(iii) **Retirement Benefits**

The Company operates an unfunded scheme for its eligible employees based on certain terms of the employment contract. The Company's net obligations in respect of the plan are calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. Contributions relating to the plan are charged to profit or loss when incurred.

Daihatsu (Malaysia) Sdn. Bhd. and its subsidiaries ("Daihatsu Group") operate a funded, defined Retirement Benefit Scheme ("Scheme") for their eligible employees. Daihatsu Group's obligation under the Scheme is calculated using the Projected Unit Credit Method, with actuarial valuations being carried out every three years. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

The amounts recognised in the statements of financial position represent the present value of the defined benefit obligations, which are reduced by the fair value of plan assets.

Borrowing Costs

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 added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

(i) **Current Tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the statements of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

(ii) **Deferred Tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associate, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(iii) **Current and Deferred Tax for the Period**

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised outside profit or loss (whether in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Repair and maintenance costs are recognised in profit or loss as incurred.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset, and is recognised in the profit or loss.

Capital work-in-progress represents assets under construction and is stated at cost.

Freehold land and capital work-in-progress are not depreciated. Depreciation of other property, plant and equipment is computed on the straight-line method to write down the cost of the various property, plant and equipment to their residual values over their estimated useful lives at the following annual rates:

Buildings	1% - 5%
Plant and machinery	5% - 33 1/3%
Renovations and leasehold improvements	10% - 33 1/3%
Furniture, fixtures, fittings, equipment and tools and implements	5% - 33 1/3%
Motor vehicles	20% - 25%

The residual values, useful lives and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate.

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any, and the carrying amount is included in profit or loss.

Investment Properties

Investment properties, comprising certain freehold lands and buildings, are held for long-term rental yields or for capital appreciation or both, and are not occupied by the Group.

Investment properties are stated at cost less accumulated depreciation and any impairment losses.

Investment properties are derecognised when either they are sold or when they are permanently withdrawn from use and no future economic benefit is expected. Any gains or losses on the retirement or disposal of investment properties (calculated as the difference between the net disposal proceeds and the net carrying amount of the asset) are recognised in the profit or loss in the year in which they arise.

Freehold land is not depreciated. Buildings are depreciated on the straight-line method at an annual rates of 1% to 5%.

Impairment of Non-financial Assets Excluding Goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Leases

The Group and the Company as lessee

The Group and the Company assess whether a contract is or contains a lease, at inception of the contract. The Group and the Company recognise a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low-value assets. For these leases, the Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use its incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statements of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and make a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Group and the Company incur an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group and the Company expect to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statements of financial position.

The Group and the Company apply MFRS 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'impairment of non-financial assets excluding goodwill' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line 'administrative and other expenses' in the statements of profit or loss.

The Group and the Company as lessor

The Group and the Company enter into lease agreement with respect of investment properties. Leases for which the Group and the Company are a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risk and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's and the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's and the Company's net investment outstanding in respect of the leases.

Inventories

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

Cost is determined using the first in, first out method for vehicles and weighted average method for parts and consumables. The cost of raw materials comprises cost of purchase plus the cost of bringing the inventories to their present location. The costs of finished goods and work-in-progress comprise costs of raw materials, direct labour, other direct costs and appropriate proportion of 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.

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets and its sale must be highly probable.

The sale is expected to qualify for recognition as a completed sale within one (1) year from the date of classification. However, an extension of the period required to complete the sale does not preclude the assets from being classified as held for sale if the delay is caused by events or circumstances beyond the control of the Group and there is sufficient evidence that the Group remains committed to its plan to sell the assets.

Immediately before the initial classification as held for sale, the carrying amounts of the non-current assets are measured in accordance with applicable MFRSs. On initial classification as held for sale, non-current assets (other than investment properties, deferred tax assets, employee benefits assets, and financial assets carried at fair value) are measured at the lower of carrying amount before the initial classification as held for sale and fair value less costs to sell. The differences, if any, are recognised in profit or loss as impairment loss.

Non-current assets held for sale are classified separately on the face of the statements of financial position and are stated at the lower of carrying amount immediately before initial classification and fair value less costs to sell and are not depreciated. Any cumulative income or expense recognised directly in equity relating to the non-current asset classified as held for sale is presented separately.

If the Group has classified an asset as held for sale but subsequently the criteria for classification is no longer met, the Group ceases to classify the asset as held for sale. The Group measures a non-current asset that ceases to be classified as held for sale at the lower of:

(a) its carrying amount before the asset was classified as held for sale, adjusted for any depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale; and

(b) its recoverable amount at the date of the subsequent decision not to sell.

Discontinued Operation

A discontinued operation is a separate major line of business of the Group that can be distinguished operationally and for financial reporting purposes, which is disposed of in its entirety or piecemeal, or terminated through abandonment. Post-tax profit or loss of the discontinued operation is presented as a single amount on the face of the statement of comprehensive income.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount of the obligation can be made. Provisions are measured at the directors' best estimate of the amount required to settle the obligation by the end of the reporting period, and are discounted to present value where the effect is material.

Provisions for estimated expenses related to policy and product warranties are made at the time products are sold. These estimates are established using historical information on the nature, frequency, and average cost of claims. Revision to the provisions for estimated policy and products warranties is made when necessary, based on changes in these factors. The Group actively studies trends of claims and takes action to improve product quality and minimise claims.

At the end of each reporting period, provisions are reviewed by the directors and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that the Group will be required to settle the obligation.

Segment Reporting

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

Contingent Liabilities

The Group does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation or a sufficiently reliable estimate of the amount of the obligation cannot be made.

Financial Instruments

Financial assets and financial liabilities are recognised when the Group and the Company become a party to the contractual provision of the instrument.

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit or loss are immediately recognised in the statement of profit or loss. Where the fair value of a financial asset at initial recognition is different from its transaction price, the difference between the fair value and the transaction price is recognised as a gain or loss in the statement of profit or loss. However, trade receivables that do not contain a significant financing component are measured at transaction price.

(a) **Financial Assets**

Financial assets measured at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets measured at fair value through other comprehensive income (“FVTOCI”)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value through profit or loss (“FVTPL”)

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through profit or loss. Fair value changes are recognised in the statements of profit or loss at each reporting period. The Group in respect of equity investments (other than in subsidiaries, associates and joint ventures) which are not held for trading has been classified as financial instrument through profit and loss and any subsequent changes in fair value to be charged to statements of profit and loss. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through other comprehensive income. The Group and the Company recognise life time expected credit losses for all trade receivables that do not constitute a financing transaction. For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition. The impairment losses and reversals are recognised in the statement of profit or loss.

Derecognition of financial assets

The Group and the Company derecognise a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group and the Company neither transfer nor retain substantially all the risks and rewards of ownership and continue to control the transferred asset, the Group and the Company recognise the retained interest in the asset and an associated liability for amounts it may have to pay. If the Group and the Company retain substantially all the risks and rewards of ownership of a transferred financial asset, the Group and the Company continue to recognise the financial asset and also recognise a collateralised borrowing for the proceeds received. On derecognition of a financial asset (except for financial assets measured at FVTOCI), the difference between the carrying amount and the consideration received is recognised in the statements of profit or loss.

(b) **Financial Liabilities and Equity Instruments**

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group and the Company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit or loss.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The differences between the carrying amount of the financial liability derecognised and the consideration paid is recognised in the statement of profit or loss.

Financial guarantee contract liabilities

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contract liabilities are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- The amount of the impairment loss determined in accordance with MFRS 9; and
- The amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies set out above.

Statements of Cash Flows

The Group and the Company adopt the indirect method in the preparation of the statements of cash flows.

Cash equivalents are short-term, highly liquid investments with maturities of three months or less from the date of acquisition and are readily convertible to cash with insignificant risk of changes in value.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

(i) Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, which are described in Note 3 above, the directors are of the opinion that there are no instances of application of judgement which are expected to have significant effect on the amounts recognised in the financial statements except as disclosed below:

(a) **Classification between investment properties and property, plant and equipment**

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

(b) **Classification of assets held for sale beyond one year**

The Group has classified certain property, plant and equipment of its alloy wheel operation as assets held for sale based on MFRS 5 *Non-current Assets Held for Sale and Discontinued Operation* in 2019. As of 31 December 2021, the disposal of a part of these assets is still ongoing due to unexpected delay that was caused by events or circumstances beyond the Group's control. An extension of the period required to complete a sale beyond one year does not preclude an asset from being classified as held for sale if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset. The Group has referred to the criteria based on MFRS 5 in making judgement whether the delay in disposal was beyond the control of the Group and the assets are continued to be classified as held for sale. Further details are disclosed in Note 32.

(ii) Key sources of estimation uncertainty

The directors believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year except as disclosed below:

(a) **Allowance for expected credit losses**

Allowance for expected credit loss is made by an allowance matrix to measure expected credit losses ("ECLs") of receivables. A considerable amount of judgement is required in assessing the loss rates, which are based on actual credit loss experience. The Group also considers differences between (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. If the financial conditions of the customers with which the Group deals were to deteriorate, resulting in an impairment of their ability to make payments, additional allowance may be required. Details are disclosed in Notes 28, 29 and 30.

(b) **Impairment of investment in subsidiaries**

The Company reviews the carrying amount of investment in subsidiaries. The Company assesses impairment indicator for the investment in subsidiaries and if there is any indicator of further impairment or reversal of impairment, the management will compute the recoverable amount of the investment in subsidiaries based on the value in use. The carrying amount of investment in subsidiaries as of 31 December 2021 is RM300,890,000 (2020: RM300,899,000) and an impairment loss amounting to RM9,000 (2020: RM48,030,000) has been recognised in the profit or loss during the current year. Further details are disclosed in Note 20.

(c) **Impairment of investment in a joint venture**

The Group reviews the carrying amount of investment in a joint venture. The Group assesses impairment indicator for the investment in joint venture and if there is any indicator of further impairment or reversal of impairment, the management will compute the recoverable amount of the investment in joint venture based on the value in use. The carrying amount of investment in a joint venture as of 31 December 2021 is RM82,387,000 (2020: RM71,291,000) and an accumulated impairment loss of RM31,030,000 (2020: RM31,030,000) has been recognised.

(d) **Deferred tax assets**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details are disclosed in Note 25.

(e) **Allowance for slow-moving inventories and write down of inventories to net realisable value**

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. Management analyses the current market and economic trends and also the aging when assessing the allowance for slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. Details are as disclosed in Note 27.

(f) **Impairment of property, plant and equipment**

The Group carries out the impairment test based on a variety of estimation including the fair value less costs to sell and value-in-use of the property, plant and equipment. Estimating the value-in-use requires the Group to make an estimate of the expected future cash flows from these assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Estimating the fair value less costs to sell requires the Group to make a reference to market prices of the property, plant and equipment that are publicly available adjusted with certain assumptions made by management. As of 31 December 2021, the Group has recognised an accumulated impairment loss in respect of its property, plant and equipment amounting to RM3,319,000 (2020: RM3,319,000). The carrying amounts of property, plant and equipment of the Group as of 31 December 2021 are disclosed in Note 16.

(g) **Assets classified as held for sale**

The Group measures the assets classified as held for sale at lower of carrying amount before the initial classification as held for sale and fair value less cost to sale. Estimating the fair value less cost to sell requires the Group to make a reference to the market prices of the underlying assets held for sale that are publicly available adjusted with certain assumptions made by the management. In prior year, the Group recognised an impairment loss of RM7,570,000, being the difference between the carrying amount and fair value less cost to sale, resulting in a cumulative impairment loss of RM70,020,000. Details are disclosed in Note 32.

5. REVENUE

Revenue of the Group and of the Company consists of the following:

	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
Continuing operations				
Revenue from contracts with customers:				
Sale of goods and services:				
Motor trading	1,319,859	1,613,350	-	-
Auto parts manufacturing	206,611	178,234	-	-
Management fee receivable from subsidiaries [Note 42(a)]	-	-	224	423
	1,526,470	1,791,584	224	423
Revenue from other sources:				
Property rental income	2,194	1,915	-	-
Dividends from:				
Subsidiaries [Note 42(a)]	-	-	47,573	47,521
Associates [Note 42(a)]	-	-	55,205	26,221
	2,194	1,915	102,778	73,742
	1,528,664	1,793,499	103,002	74,165

Timing of revenue recognition:

	The Group 2021 RM'000	The Group 2020 RM'000	The Company 2021 RM'000	The Company 2020 RM'000
Continuing operations				
Revenue from contracts with customers:				
Point in time	1,526,470	1,791,584	-	-
Over time	-	-	224	423
	1,526,470	1,791,584	224	423

6. COST OF SALES

Cost of sales of the Group represents cost of goods sold and services rendered during the financial year.

7. FINANCE COSTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Interest expense on:				
Borrowings	390	1,023	-	-
Lease liabilities (Note 37)	147	154	27	44
	537	1,177	27	44

8. INTEREST INCOME

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Interest income on:				
Bank deposits	3,633	4,207	1,112	1,833
Amount owing by subsidiaries [Note 42(a)]	-	-	2,840	3,625
Others	51	-	-	-
	3,684	4,207	3,952	5,458

9. PROFIT BEFORE TAX

Profit before tax of continuing operations is arrived at after the following charges/(credits):

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Employee benefits expense (Note 10)	73,535	74,266	3,555	2,783
Directors' remuneration (Note 11)	2,203	2,998	929	965
Depreciation of:				
Property, plant and equipment (Note 16)	13,114	12,532	11	3
Right-of-use assets (Note 17)	2,119	2,447	333	333
Investment properties (Note 18)	1,757	1,702	-	-
Property, plant and equipment written off (Note 16)	116	84	-	-
Amortisation of prepaid land lease payments (Note 19)	475	475	-	-
Impairment losses on investment in subsidiaries (Note 20)	-	-	9	48,030
Fair value gain on other investment (Note 24)	(418)	-	-	-
Allowance for slow-moving inventories (Note 27)	533	869	-	-
Allowance for slow-moving inventories no longer required (Note 27)	(1,063)	(222)	-	-
Inventories written off (Note 27)	-	218	-	-
Allowance for expected credit losses on:				
Hire purchase receivables (Note 23)	-	9	-	-
Trade receivables (Note 28)	263	519	-	-
Amount owing by subsidiaries (Note 30)	-	-	-	6,038
Allowance for expected credit losses no longer required:				
Trade receivables (Note 28)	(43)	(651)	-	-
Amount owing by subsidiaries (Note 30)	-	-	(10,034)	(48,000)
Bad debts written off	-	2	-	-
Auditors' remuneration:				
Auditors of the Company	473	478	92	92
Other auditors	74	78	-	-
Rental expenses	636	235	15	19
Royalty expenses	564	583	-	-
Rental rebate (Note 37)	(46)	(98)	-	-
Gain on early termination of lease (Note 17)	-	(10)	-	-
Provision for claim no longer required (Note 38)	-	(268)	-	-
Realised loss/(gain) on foreign exchange	52	(38)	-	-
Rental income from land and buildings	(4,632)	(2,796)	-	-
Gain on disposal of property, plant and equipment	(35)	(143)	-	-

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Wages and salaries	58,310	59,034	3,144	2,441
Pension costs:				
Defined contribution plans	9,428	9,610	351	302
Defined benefit plans (Note 36)	1,147	1,260	-	-
Social security costs	889	865	15	17
Other benefits	3,761	3,497	45	23
	73,535	74,266	3,555	2,783

Wages and salaries of the Group include wage subsidy received from government under the Wage Subsidy Programme amounting to RM3,202,000 (2020: RM2,986,000).

11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Continuing operations				
Directors of the Company				
Non-executive:				
Salaries and other emoluments	530	610	398	434
Fees	531	531	531	531
	1,061	1,141	929	965
Directors of subsidiaries				
Executive [Note 42(b)]:				
Salaries and other emoluments	1,077	1,792	-	-
Non-executive:				
Fees	65	65	-	-
	1,142	1,857	-	-
	2,203	2,998	929	965

The number of directors of the Company whose total remuneration during the financial year fall within the following bands is as follows:

	Number of directors 2021	2020
Non-executive directors:		
Less than RM50,000	-	-
RM50,001 - RM100,000	1	-
RM100,001 - RM150,000	2	1
RM150,001 - RM200,000	2	4
RM200,001 - RM250,000	1	1

12. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax expense:				
Current year	14,845	16,415	735	971
(Over)/Under provision in prior years	(610)	332	(75)	(30)
	14,235	16,747	660	941
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	319	(204)	-	-
Under/(Over) provision in prior years	627	(270)	-	-
	946	(474)	-	-
Total tax expense relating to continuing operations	15,181	16,273	660	941
Total tax expense relating to discontinued operations (Note 13)	6	-	-	-
	15,187	16,273	660	941

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax:				
Continuing operations	210,832	206,507	110,929	67,293
Discontinued operation (Note 13)	(154)	(7,876)	-	-
	210,678	198,631	110,929	67,293
Tax expense at statutory tax rate of 24%	50,563	47,672	26,623	16,150
Tax effects on share of results of a joint venture	(2,663)	(3,041)	-	-
Tax effects on share of results of associates	(36,670)	(35,244)	-	-
Tax effects of:				
Non-deductible expenses	6,601	6,600	1,452	2,959
Non-taxable income	(1,813)	(254)	(27,340)	(18,138)
Utilisation of green investment allowances	(233)	-	-	-
Deferred tax assets not recognised	3	518	-	-
Realisation of deferred tax assets previously not recognised	(618)	(40)	-	-
(Over)/Under provision in prior years:				
Current tax	(610)	332	(75)	(30)
Deferred tax	627	(270)	-	-
	15,187	16,273	660	941

13. DISCONTINUED OPERATION

On 31 May 2019, OMI Alloy (M) Sdn. Bhd. ("OMIA"), a wholly-owned indirect subsidiary of the Company ceased the operation of its alloy wheel manufacturing plant.

(a) Analysis of loss for the year from discontinued operation:

The results of the discontinued operation included in the profit or loss for the year are set out below.

	The Group	
	2021 RM'000	2020 RM'000
Revenue	-	-
Other income	24	165
Administrative and other expenses	(184)	(8,045)
Interest income	6	4
Loss before tax	(154)	(7,876)
Income tax expense (Note 12)	(6)	-
Loss for the year	(160)	(7,876)
Loss attributable to:		
Equity holders of the Company	(160)	(7,876)
Non-controlling interests	-	-
	(160)	(7,876)

(b) Cash flows used in discontinued operation:

	The Group	
	2021 RM'000	2020 RM'000
Net cash flows (used in)/from operating activities	(226)	48
Net cash flows from investing activities	6	87
	(220)	135

(c) The following amounts have been included in arriving at loss before tax of the discontinued operation:

	The Group	
	2021 RM'000	2020 RM'000
Employee benefits expense (Note)	-	212
Impairment losses on assets held for sale (Note 32)	-	7,570
Realised gain on foreign exchange	(1)	(2)
Auditors' remuneration	15	15
Gain on disposal of assets classified as held for sale	-	(3)
Rental income	-	(15)

Note
Employee benefits expense:

	The Group	
	2021 RM'000	2020 RM'000
Wages and salaries	-	191
Pension costs:		
Defined contribution plans	-	20
Social security costs	-	1
	-	212

14. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share

Basic and diluted earnings/(loss) per share is calculated by dividing the profit/(loss) for the year attributable to owners of the Company by the number of ordinary shares in issue during the financial year.

	The Group	
	2021 RM'000	2020 RM'000
Profit/(Loss) for the year attributable to owners of the Company:		
Continuing operations	171,383	166,839
Discontinued operation	(160)	(7,876)
	171,223	158,963

	2021 '000	2020 '000
Number of ordinary shares in issue	390,887	390,887

	2021	2020
Basic and diluted earnings/(loss) per share (sen)		
Continuing operations	43.8	42.7
Discontinued operation	(0.0)	(2.0)
	43.8	40.7

The basic and diluted earnings/(loss) per share are the same as the Company has no dilutive ordinary shares.

15. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividend per Ordinary Share	
	2021 RM'000	2020 RM'000	2021 Sen	2020 Sen
In respect of the financial year ended 31 December 2019:				
Second interim single tier dividend	-	27,362	-	7.0
Final single tier dividend	-	35,180	-	9.0
In respect of the financial year ended 31 December 2020:				
First interim single tier dividend	-	19,544	-	5.0
Second interim single tier dividend	23,453	-	6.0	-
Final single tier dividend	35,181	-	9.0	-
In respect of the financial year ended 31 December 2021:				
First interim single tier dividend	19,544	-	5.0	-
	78,178	82,086	20.0	21.0

On 25 February 2022, the directors declared a second interim single tier dividend of 5 sen per ordinary share amounting to RM19,544,000 and a special single tier dividend of 10 sen per ordinary share amounting to RM39,089,000 in respect of the current financial year ended 31 December 2021 which was paid on 30 March 2022. The financial statements for the current year do not reflect the second interim single tier dividend and special single tier dividend paid and will be accounted for in equity as an appropriation of retained earnings in the year ending 31 December 2022.

The directors propose a final single tier dividend of 6 sen per ordinary share amounting to RM23,453,000 in respect of the current financial year ended 31 December 2021. The proposed final dividend is subject to the approval by the shareholders at the forthcoming Annual General Meeting of the Company and has not been included as liability in the financial statements. Upon approval by the shareholders, the dividend payment will be accounted for in equity as an appropriation of retained earnings during the financial year ending 31 December 2022.

16. PROPERTY, PLANT AND EQUIPMENT

The Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings equipment and tools and implements RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost								
At 1 January 2021	60,809	138,108	119,630	65,197	58,734	3,550	-	446,028
Additions	-	814	3,169	764	1,912	-	2,297	8,956
Disposals	-	-	(260)	-	(352)	(179)	-	(791)
Write-offs	-	-	(78)	(180)	(205)	(48)	-	(511)
Transfer to investment properties (Note 18)	(27,168)	(1,760)	-	-	-	-	-	(28,928)
At 31 December 2021	33,641	137,162	122,461	65,781	60,089	3,323	2,297	424,754
Accumulated depreciation								
At 1 January 2021	-	35,143	108,534	31,649	49,845	3,359	-	228,530
Depreciation charge for the year	-	2,668	3,954	4,404	1,949	139	-	13,114
Disposals	-	-	(260)	-	(314)	(127)	-	(701)
Write-offs	-	-	(78)	(93)	(176)	(48)	-	(395)
Transfer to investment properties (Note 18)	-	(382)	-	-	-	-	-	(382)
At 31 December 2021	-	37,429	112,150	35,960	51,304	3,323	-	240,166
Accumulated impairment loss								
At 1 January 2021/ 31 December 2021	-	2,446	-	-	873	-	-	3,319
Net book value								
At 31 December 2021	33,641	97,287	10,311	29,821	7,912	-	2,297	181,269

The Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Renovations and leasehold improvements RM'000	Furniture, fixtures, fittings equipment and tools and implements RM'000	Motor vehicles RM'000	Total RM'000
Cost							
At 1 January 2020	60,809	147,712	119,262	68,303	58,005	4,391	458,482
Additions	-	239	1,384	1,752	1,236	42	4,653
Disposals	-	-	(448)	(71)	(250)	(883)	(1,652)
Write-offs	-	(1,586)	(568)	(250)	(257)	-	(2,661)
Transfer to investment properties (Note 18)	-	(8,257)	-	(4,537)	-	-	(12,794)
At 31 December 2020	60,809	138,108	119,630	65,197	58,734	3,550	446,028
Accumulated depreciation							
At 1 January 2020	-	35,063	105,635	28,536	48,160	3,900	221,294
Depreciation charge for the year	-	2,498	3,915	3,912	1,971	236	12,532
Disposals	-	-	(448)	(71)	(77)	(777)	(1,373)
Write-offs	-	(262)	(568)	(216)	(209)	-	(1,255)
Transfer to investment properties (Note 18)	-	(2,156)	-	(512)	-	-	(2,668)
At 31 December 2020	-	35,143	108,534	31,649	49,845	3,359	228,530
Accumulated impairment loss							
At 1 January 2020	-	3,768	-	-	873	-	4,641
Write-offs	-	(1,322)	-	-	-	-	(1,322)
At 31 December 2020	-	2,446	-	-	873	-	3,319
Net book value							
At 31 December 2020	60,809	100,519	11,096	33,548	8,016	191	214,179

The Company	Furniture, fittings and equipment RM'000
Cost	
At 1 January 2020	223
Addition	4
31 December 2020/1 January 2021	227
Addition	44
At 31 December 2021	271
Accumulated depreciation	
At 1 January 2020	216
Depreciation charge for the year	3
At 31 December 2020/1 January 2021	219
Depreciation charge for the year	11
At 31 December 2021	230
Net book value	
At 31 December 2021	41
At 31 December 2020	8

(a) The net book values of property, plant and equipment charged for borrowings, as disclosed in Notes 35 are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Freehold land	21,594	21,594
Buildings	34,703	35,869
	56,297	57,463

(b) The Group determined that certain assets with net carrying amount of RM28,546,000 (2020: RM10,126,000) no longer met the criteria based on MFRS 116 to qualify as property, plant and equipment and has transferred the said assets to investment properties.

17. RIGHT-OF-USE ASSETS

The Group	Freehold land RM'000	Buildings RM'000	Furniture, fittings and equipment RM'000	Total RM'000
Cost				
At 1 January 2020	2,827	2,843	180	5,850
Additions	1,845	982	613	3,440
Disposal[1]	(437)	(833)	-	(1,270)
Write-offs[2]	-	(740)	(61)	(801)
At 31 December 2020/1 January 2021	4,235	2,252	732	7,219
Additions	-	43	375	418
Disposal[1]	(1,315)	(41)	-	(1,356)
Write-offs[2]	-	-	(77)	(77)
At 31 December 2021	2,920	2,254	1,030	6,204
Accumulated depreciation				
At 1 January 2020	1,468	1,130	52	2,650
Depreciation charge for the year	1,422	920	105	2,447
Disposal[1]	(437)	(833)	-	(1,270)
Write-offs[2]	-	(460)	(17)	(477)
At 31 December 2020/ 1 January 2021	2,453	757	140	3,350
Depreciation charge for the year	1,213	704	202	2,119
Disposal[1]	(1,315)	(41)	-	(1,356)
Write-offs[2]	-	-	(74)	(74)
At 31 December 2021	2,351	1,420	268	4,039
Net book value				
At 31 December 2021	569	834	762	2,165
At 31 December 2020	1,782	1,495	592	3,869

[1] Relates to derecognition of right-of-use assets in accordance with MFRS 16 *Leases* following the expiry of the lease agreements.
[2] Relates to write-offs of right-of-use assets due to early termination of lease agreements.

The Company	Buildings RM'000
Cost	
At 1 January 2020/31 December 2020/1 January 2021/31 December 2021	1,332
Accumulated depreciation	
At 1 January 2020	333
Depreciation charge for the year	333
At 31 December 2020/1 January 2021	666
Depreciation charge for the year	333
At 31 December 2021	999
Net book value	
At 31 December 2021	333
At 31 December 2020	666

(a) The Group leases several assets including freehold land, buildings, furniture, fittings and equipment. The average lease term of the Group and the Company is 2 to 5 years and 4 years respectively.

(b) Amounts recognised in profit and loss are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Amounts recognised in profit and loss				
Depreciation of right-of-use assets (Note 9)	2,119	2,447	333	333
Interest expense on lease liabilities (Note 7)	147	154	27	44
Expenses relating to short-term leases	436	55	12	14
Expenses relating to leases of low-value assets	200	180	3	5
Gain on termination of lease (Note 9)	-	(10)	-	-

18. INVESTMENT PROPERTIES

The Group	RM'000
Cost	
At 1 January 2020	66,745
Transfer from property, plant and equipment (Note 16)	12,794
At 31 December 2020/1 January 2021	79,539
Addition	10
Transfer from property, plant and equipment (Note 16)	28,928
At 31 December 2021	108,477
Accumulated depreciation	
At 1 January 2020	10,485
Depreciation charge for the year	1,702
Transfer from property, plant and equipment (Note 16)	2,668
At 31 December 2020/1 January 2021	14,855
Depreciation charge for the year	1,757
Transfer from property, plant and equipment (Note 16)	382
At 31 December 2021	16,994
Net book value	
At 31 December 2021	91,483
At 31 December 2020	64,684

	The Group	
	2021 RM'000	2020 RM'000
Carrying Amounts	91,483	64,684
Representing:		
Investment properties		
Freehold land	29,937	2,769
Buildings	61,546	61,915
	91,483	64,684

(a) Amount recognised in profit or loss are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Rental income from operating leases	4,320	4,726
Direct operating expenses from property that generated rental income	993	1,021
Direct operating expenses from property that did not generate rental income	566	341

(b) Fair value of the investment properties of the Group as of 31 December 2021 is estimated at RM207,524,000 (2020: RM156,276,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

The fair value of the Group's investment properties is categorised into Level 3 of the fair value hierarchy.

The fair value of investment properties at Level 3 is determined by reference to previous sales of similar properties in the vicinity on a price per square feet basis. Any changes in the price per square feet would result in a higher or lower fair value of the investment properties.

19. PREPAID LAND LEASE PAYMENTS

	The Group	
	2021 RM'000	2020 RM'000
At 1 January	31,210	31,685
Amortisation for the year (Note 9)	(475)	(475)
At 31 December	30,735	31,210

At the end of the reporting period, the unexpired lease periods are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Within 1 to 30 years	14,254	14,254
Within 31 to 60 years	13,277	13,422
Within 61 to 99 years	3,204	3,534
	30,735	31,210

20. INVESTMENT IN SUBSIDIARIES

	The Company	
	2021 RM'000	2020 RM'000
At cost:		
Unquoted shares in Malaysia	696,453	696,453
Less: Accumulated impairment losses	(395,563)	(395,554)
Net	300,890	300,899
Movement in impairment losses		
At 1 January	395,554	347,524
Amount recognised during the year (Note 9)	9	48,030
At 31 December	395,563	395,554

Details of the subsidiaries are disclosed in Note 48.

The carrying amount of the investment in subsidiaries is assessed for impairment during the financial year and the recoverable amount of the investment in subsidiaries is determined based on the value in use of the subsidiaries. An impairment loss is recognised immediately in profit or loss if the recoverable amount is less than carrying amount. As a result, the Company recognised an impairment loss of RM9,000 (2020: RM48,030,000) during the financial year.

Details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiaries	Country of incorporation	Proportion of ownership interest and voting rights held by non-controlling interests	(Loss)/Profit allocated to non-controlling interests	Dividend paid to non-controlling interests	Accumulated non-controlling interests
2021					
Daihatsu (Malaysia) Sdn. Bhd. ("DMSB")	Malaysia	48.5%	30,954	(37,604)	268,579
Individually immaterial subsidiaries with non-controlling interests					1,694
					270,273
2020					
Daihatsu (Malaysia) Sdn. Bhd. ("DMSB")	Malaysia	48.5%	26,597	(13,254)	275,229
Individually immaterial subsidiaries with non-controlling interests					1,757
					276,986

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	DMSB	
	2021 RM'000	**2020 RM'000**
Statement of financial position as of 31 December		
Current assets	210,875	236,830
Non-current assets	117,726	123,047
Current liabilities	46,047	45,704
Non-current liabilities	2,191	3,540
Equity attributable to owners of the Company	280,363	310,633
Statement of profit or loss and other comprehensive income for the year ended 31 December		
Revenue	955,526	1,234,895
Profit/Total comprehensive income for the year	33,591	25,411
Statement of cash flows as of 31 December		
Net cash from operating activities	11,702	33,860
Net cash from investing activities	2,813	5,869
Net cash used in financing activities	(65,443)	(22,588)
Net (decrease)/increase in cash and cash equivalents	(50,928)	17,141

21. INVESTMENT IN A JOINT VENTURE

	The Group	
	2021 RM'000	**2020 RM'000**
In Malaysia:		
Unquoted shares, at cost	36,180	36,180
Share of post-acquisition reserves	46,207	35,111
	82,387	71,291

Details of the joint venture are disclosed in Note 49.

In 2020, amount owing by a joint venture relates to dividend receivable which was subsequently received after the year end.

The financial year end of the joint venture is coterminous with the financial year end of the Group. For the purpose of applying the equity method of accounting, the share of results of the joint venture is arrived at based on the audited financial statements.

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with MFRSs:

The Group	2021 RM'000	2020 RM'000
Assets and liabilities		
Non-current assets	55,133	51,531
Current assets	121,557	121,550
Total assets	176,690	173,081
Non-current liabilities	3,878	2,691
Current liabilities	56,168	75,503
Total liabilities	60,046	78,194

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	35,658	43,878
Current financial liabilities (excluding trade and other payables and provisions)	200	20,000
Results		
Revenue	209,469	201,975
Profit/Total comprehensive income for the year	21,757	24,841
Group's share of results of joint venture	11,096	12,669

The above profit for the year include the following (expenses)/income:

Depreciation and amortisation	(9,315)	(8,018)
Interest income	305	788
Interest expense	(20)	(15)
Income tax expense	(7,028)	(7,717)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements are as follows:

	2021 RM'000	2020 RM'000
Goodwill	22,899	22,899
Group's share of net assets	59,488	48,392
Group's carrying amount of interest in the joint venture	82,387	71,291

22. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
In Malaysia:				
Unquoted shares, at cost	226,468	226,468	179,468	179,468
Share of post-acquisition reserves	1,190,053	1,109,106	-	-
	1,416,521	1,335,574	179,468	179,468

Details of the associates are disclosed in Note 50.

The summarised financial information of the associates is as follows:

The Group	2021 RM'000	2020 RM'000
Assets and liabilities		
Non-current assets	4,201,274	4,049,494
Current assets	2,696,652	2,528,864
Total assets	6,897,926	6,578,358
Non-current liabilities	60,531	59,333
Current liabilities	914,652	1,009,057
Total liabilities	975,183	1,068,390
Results		
Revenue	11,193,805	11,497,459
Profit for the year	612,433	586,825
Group's share of results of associates	152,791	146,850

The financial year ends of the associates are coterminous with the financial year end of the Group, except for Hino Motors Sales (Malaysia) Sdn. Bhd. ("HMSM") and Hino Motors Manufacturing (Malaysia) Sdn. Bhd. ("HMM") which have a financial year end of 31 March. For the purpose of applying the equity method of accounting, the share of results of associates are arrived at based on the latest management financial statements as of 31 December 2021.

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's latest management financial statements prepared in accordance with MFRSs:

Perusahaan Otomobil Kedua Sdn. Bhd.	2021 RM'000	2020 RM'000
The Group		
Assets and liabilities		
Non-current assets	3,897,038	3,731,966
Current assets	1,931,444	1,925,318
Total assets	5,828,482	5,657,284
Non-current liabilities	55,834	53,463
Current liabilities	465,470	627,805
Total liabilities	521,304	681,268

The above amounts of assets and liabilities include the following:

Cash and cash equivalents	1,553,874	1,553,936
Results		
Revenue	9,992,974	10,607,766
Profit for the year	604,326	587,329
Total comprehensive income for the year	604,582	588,622
Group's share of results of associate	151,082	146,832

The above profit for the year include the following (expenses)/income:

Depreciation and amortisation	(57,574)	(65,544)
Interest income	29,690	34,276
Interest expense	(3,988)	(4,408)
Income tax expense	(86,350)	(82,459)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the material associate recognised in the consolidated financial statements are as follows:

	2021 RM'000	2020 RM'000
Goodwill	6,022	6,022
Group's share of net assets	1,326,795	1,244,004
Group's carrying amount of interest in the material associate	1,332,817	1,250,026

23. HIRE PURCHASE RECEIVABLES

	The Group	
	2021 RM'000	2020 RM'000
Minimum hire-purchase receivables	1,022	1,022
Less: Allowance for expected credit losses	(1,022)	(1,022)
Net	-	-

The hire purchase receivables disclosed above are measured at amortised cost.

Interest is charged on hire purchase receivables on the overdue outstanding balance. The Group has recognised an allowance for expected credit losses of RM1,022,000 (2020: RM1,022,000) against hire purchase receivables based on historical experience and assessment of recoverability of the receivables.

The movements in the allowance for expected credit losses of hire-purchase receivables during the financial year are as follows:

	The Group	
	2021 RM'000	2020 RM'000
At 1 January	1,022	1,075
Impairment loss recognised (Note 9)	-	9
Impairment loss written off	-	(62)
At 31 December	1,022	1,022

The Group has not accepted any new customer during the year since the Group ceased its provision of hire-purchase financing in prior years.

24. OTHER INVESTMENTS

	The Group	
	2021 RM'000	2020 RM'000
Unquoted shares	2,240	1,822
Club membership	40	40
	2,280	1,862

Investment in unquoted shares represent the 5.2% equity interest in Nagoya Automobile Malaysia Holding Sdn. Bhd., a company incorporated in Malaysia. During the year, the Group has recognised fair value gain of RM418,000 in respect of investment in unquoted shares.

25. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2021 RM'000	2020 RM'000
At 1 January	(2,222)	(2,696)
Recognised in profit or loss (Note 12):		
Unused tax losses	(86)	(1,330)
Property, plant and equipment	(536)	1,508
Inventories	(192)	(6)
Trade receivables	41	10
Provision for retirement benefits	(49)	41
Provisions	(147)	255
Others	23	(4)
	(946)	474
At 31 December	(3,168)	(2,222)

Certain deferred tax assets and liabilities have been offset in accordance with the Group's accounting policy. The following is the analysis of the deferred tax balances (after offset) for the statements of financial position purposes:

	The Group	
	2021 RM'000	2020 RM'000
Deferred tax assets	1,878	2,356
Deferred tax liabilities	(5,046)	(4,578)
	(3,168)	(2,222)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2021 RM'000	2020 RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	61	306
Inventories	378	570
Trade receivables	172	131
Provisions	2,680	2,827
Provision for retirement benefits	291	340
Others	263	240
Unused tax losses	-	86
	3,845	4,500
Offsetting	(1,967)	(2,144)
Deferred tax assets (after offsetting)	1,878	2,356
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	(7,013)	(6,722)
Offsetting	1,967	2,144
Deferred tax liabilities (after offsetting)	(5,046)	(4,578)

As mentioned in Note 3, the tax effects of deductible temporary differences, unused tax losses and unabsorbed capital allowances which would give rise to net deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances can be utilised. As of 31 December 2021, the estimated amount of deductible temporary differences, unused tax losses and unabsorbed capital allowances, for which the net deferred tax assets is not recognised in the financial statements of the Group due to uncertainty of realisation, is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Unused tax losses	237,174	237,184
Unabsorbed capital allowances	96,667	96,653
Other temporary differences	2,173	4,738
	336,014	338,575

The comparative figures have been restated to reflect the revised unused tax losses, unused capital allowances and other temporary differences available to the Group.

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the Group's unused tax losses are imposed with a time limit of utilisation. Any accumulated unused tax losses brought forward from assessment year 2018 can be carried forward for another 7 consecutive years of assessment.

The Malaysia Finance Bill 2021 gazetted on 31 December 2021 stated that the time frame to carry forward unutilised tax losses for year of assessment 2019 and subsequent years of assessment be extended from 7 to 10 consecutive years of assessment. Unutilised tax losses accumulated up to year of assessment 2018 can now be carried forward for 10 consecutive years of assessment until year of assessment 2028.

The unused tax losses of the Group will expire as follows:

	The Group	
	2021 RM'000	2020 RM'000
Financial year ending 31 December		
2026	-	230,537
2027	-	6,417
2028	-	230
2029	230,504	-
2030	6,417	-
2031	230	-
2032	23	-
	237,174	237,184

The unabsorbed capital allowances and other temporary differences do not expire under the current tax legislation.

26. GOODWILL ON CONSOLIDATION

	The Group	
	2021 RM'000	2020 RM'000
At beginning and end of year	1,104	1,104

Impairment test for goodwill

Goodwill has been allocated to the Group's cash generating units ("CGUs") identified according to the particular business segment as follows:

	The Group	
	2021 RM'000	2020 RM'000
Manufacturing of automotive parts and components	436	436
Trading of motor vehicles, spare parts and other related activities	668	668
	1,104	1,104

The Group has concluded that no impairment of the above goodwill is needed in the current financial year as the operations have not deviated materially from that achieved in the previous financial year and any write down in goodwill, if necessary, to its recoverable amount is unlikely to be material to the Group's financial statements.

27. INVENTORIES

	The Group	
	2021 RM'000	2020 RM'000
Completed vehicles	67,187	33,971
Raw materials	13,781	8,873
Work in progress	858	745
Parts and consumables	9,741	12,690
Finished goods	3,572	2,664
	95,139	58,943
Less: Allowance for slow-moving inventories	(1,591)	(2,800)
	93,548	56,143

Movement in allowance for slow-moving inventories:

	2021 RM'000	2020 RM'000
At 1 January	2,800	2,842
Amount recognised during the year (Note 9)	533	869
Amount no longer required (Note 9)	(1,063)	(222)
Written off	(679)	(689)
At 31 December	1,591	2,800

Cost of inventories recognised as cost of sales of the Group amounted to RM1,335,169,000 (2020: RM1,597,957,000).

During the financial year, the write down in inventories of the Group to net realisable value amounted to RMNil (2020: RM218,000) and has been recognised as an expense in profit or loss as disclosed in Note 9.

28. TRADE RECEIVABLES

	The Group	
	2021 RM'000	2020 RM'000
Trade receivables	141,498	141,069
Less: Allowance for expected credit losses	(2,612)	(2,747)
Net	138,886	138,322

Trade receivables disclosed above are classified as financial assets recognised at amortised cost.

The normal credit periods granted on sales of goods and completed properties range from 14 days to 120 days (2020: 14 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (ECL). The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate, an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Included in trade receivables of the Group is an amount of RM2,799,000 (2020: RM3,499,000) due from the associates of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

Trade receivables disclosed above include amounts (see below for aged analysis) that are past due at the end of the financial year but against which the Group has not recognised an allowance for expected credit losses because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the Group to the counterparty.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group Trade receivables – days past due						
	Not past due RM'000	< 30 RM'000	31 - 60 RM'000	61 - 90 RM'000	91 - 120 RM'000	> 120 RM'000	Total RM'000
2021							
Carrying amount	132,539	3,074	2,204	1,204	375	2,102	141,498
Lifetime ECL							(2,612)
							138,886
2020							
Carrying amount	134,898	775	2,459	456	94	2,387	141,069
Lifetime ECL							(2,747)
							138,322

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	The Group 2021 RM'000	 2020 RM'000
Lifetime ECL (simplified approach):		
At 1 January	2,747	2,896
Impairment loss recognised during the year (Note 9)	263	519
Impairment loss written off	(355)	(17)
Impairment loss no longer required (Note 9)	(43)	(651)
At 31 December	2,612	2,747

In determining the recoverability of a trade receivable, the Group also considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the customer base being large and unrelated.

29. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits and advances paid	7,165	5,684	126	115
Prepaid expenses	3,793	3,350	16	13
Sundry receivables	10,791	10,562	37	37
	21,749	19,596	179	165
Less: Allowance for expected credit losses	(37)	(37)	(37)	(37)
	21,712	19,559	142	128

Included in sundry receivables of the Group is an amount of RM648,000 (2020: RM1,014,000) due from associate of Perusahaan Otomobil Kedua Sdn. Bhd., an associate of the Group.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors.

30. AMOUNT OWING BY SUBSIDIARIES

	The Company	
	2021 RM'000	2020 RM'000
Interest free	67,823	68,058
Bearing interest at 3.5% (2020: 3.5% - 5%) per annum	90,358	90,818
	158,181	158,876
Less: Allowance for expected credit losses	(2,100)	(12,134)
	156,081	146,742

Movement in allowance for expected credit losses

	The Company	
	2021 RM'000	2020 RM'000
At 1 January	12,134	54,096
Amount recognised during the year (Note 9)	-	6,038
Allowance no longer required (Note 9)	(10,034)	(48,000)
At 31 December	2,100	12,134

The amount owing by subsidiaries, which arose from non-trade transactions, is unsecured and repayable on demand.

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	104,789	74,926	23,212	2,544
Deposits with licensed banks	71,362	133,618	-	-
Short-term fund investments (redeemable upon 3 to 7 days notice)	84,789	62,484	64,596	62,484
Cash, bank balances and short-term fund investments	260,940	271,028	87,808	65,028
Less:				
Bank overdrafts (Note 35)	(4,338)	(6,070)	-	-
Deposits with maturities in excess of three months	(11,362)	(52)	-	-
Cash and cash equivalents	245,240	264,906	87,808	65,028

The effective interest rates of deposits with licensed banks and short-term fund investments of the Group and of the Company at the end of the reporting period range from 0.85% to 3.40% (2020: 0.85% to 3.40%) per annum and 0.29% to 2.40% (2020: 0.25% to 2.30%) per annum respectively.

The average maturities of deposits with licensed banks and short-term fund investments of the Group and of the Company at the end of the reporting period range from 1 day to 365 days (2020: 1 day to 180 days) and 3 days to 7 days (2020: 3 days to 7 days) respectively.

Analysis of currency profile of cash and bank balances and short-term fund investments is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	260,869	270,913	87.808	65,028
United States Dollar	66	110	-	-
Japanese Yen	1	1	-	-
Euro	4	4	-	-
	260,940	271,028	87,808	65,028

32. ASSETS CLASSIFIED AS HELD FOR SALE

On 31 May 2019, OMI Alloy (M) Sdn. Bhd. ("OMIA"), an indirect subsidiary of the Company, ceased its operation in the manufacturing and trading of alloy wheels. With the closure of the operation, OMIA and its immediate holding company, Oriental Metal Industries (M) Sdn. Bhd. ("OMI") resolved to dispose its alloy wheel plant, related machineries and equipment, land and building. The Group had since commenced negotiations with several interested parties. Accordingly, the said assets had been reclassified as held for sale in 2019.

On 17 December 2021, the Group entered into a Sale and Purchase Agreement with Perodua Sales Sdn. Bhd., a subsidiary of the Group's associate, to dispose the leasehold land and factory building as disclosed in Note 45(i)(a).

As of 31 December 2021, the disposal of the alloy wheel plant, related machineries and equipment are still ongoing due to unexpected delay that was caused by events or circumstances beyond the Group's control. The Group remains committed to sell the assets and actively negotiating with the potential buyers.

The breakdown of the assets held for sale is as follows:

		The Group 2021 RM'000	The Group 2020 RM'000
At 1 January		30,645	38,295
Disposal		-	(80)
Impairment loss [Note 13(c)]		-	(7,570)
At 31 December		30,645	30,645
Assets classified as held for sale			
Prepaid land lease payments	(a)	3,389	3,389
Property, plant and equipment:			
Factory building	(a)	26,237	26,237
Plant and related equipment	(b)	1,019	1,019
		30,645	30,645

(a) The fair value less cost to sale is expected to substantially exceed the carrying amount of the land and building and accordingly no impairment loss has been recognised.

(b) The plant and its related equipment had been carried at the lower of carrying amounts or fair value less costs to sell. Prior to the classification as held for sale, the Group had performed impairment assessment on the carrying amounts of the plant and its related equipment and recognised an impairment loss of RM62,450,000 in the previous financial years. A further impairment loss amounting to RM7,570,000 had been recognised during the financial year 2020 as a result of the change in the basis of measuring the fair value less costs to sell as explained below.

In determining the fair value less costs to sell of the plant and its related equipment, the Group has used level 3 inputs. The major inputs used for the purpose of determining the fair value are as follows:

(i) **Special fabricated machineries**

For special fabricated machineries and related equipment - value has been determined based on metal scrap value multiplied by the weight of the related machineries. The value of scrap at RM1.05/kg (2020: RM1.05/kg) has been considered based on inputs from scrap dealers for similar metal and quantities.

(ii) **Standard machineries**

Given the challenging economic condition caused by the pandemic and the prolonged closure of the national borders to control the spread of Covid-19 virus which has restricted the ability of the potential buyers to carry out a physical inspection of the machineries, the sale of the standard machineries has been delayed. Considering the uncertainties, management has changed the basis of valuation of the standard machineries in 2020 and the fair value less cost to sell is based on scrap value at RM1.05/kg (2020: RM1.05/kg).

33. SHARE CAPITAL

	The Group and The Company	
	Number of Shares '000	Amount RM'000
Issued and fully paid up shares with no par value classified as equity instrument:		
As of 1 January 2020/31 December 2020/1 January 2021/31 December 2021	390,887	391,651

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. Ordinary shares of the Company have no par value.

34. RESERVES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Non-distributable:				
Fair value reserve	2,995	2,977	-	-
Hedging reserve	-	(42)	-	-
Foreign currency translation reserve	(58)	765	-	-
Distributable:				
Retained earnings	1,523,401	1,430,356	329,700	297,609
	1,526,338	1,434,056	329,700	297,609

(a) **Fair value reserve**

The fair value reserve represents fair value change of equity investment designated at fair value through other comprehensive income in an associate.

(b) **Hedging reserve**

The hedging reserve represents the cumulative portion of losses on hedging instruments deemed effective in cash flow hedges of an associate.

(c) **Foreign currency translation reserve**

Foreign currency translation reserve represents exchange difference arising from the translation of the financial statements of the Group's foreign associates whose functional currencies are different from that of the Group's presentation currency.

(d) **Retained earnings**

At the end of the reporting period, the entire retained earnings of the Company is available for distribution as dividends under the single-tier income tax system.

35. BORROWINGS

	The Group	
	2021 RM'000	2020 RM'000
Current - at amortised cost		
Secured:		
Term loans	124	793
Bankers' acceptances and trust receipt	18,864	-
Bank overdrafts (Note 31)	4,338	6,070
	23,326	6,863
Non-current - at amortised cost		
Secured:		
Term loans	-	134
Total borrowings		
Term loans	124	927
Bankers' acceptances and trust receipt	18,864	-
Bank overdrafts	4,338	6,070
	23,326	6,997

The borrowings are repayable as follows:

	The Group	
	2021 RM'000	2020 RM'000
Current	23,326	6,863
Non-current:		
More than 1 year and less than 2 years	-	134
	23,326	6,997

(a) The secured bank borrowings are secured by the following:

(i) first legal charge on freehold land and buildings of certain subsidiaries as disclosed in Note 16;

(ii) a deed of assignment over freehold land owned by a subsidiary as disclosed in Note 16; and

(iii) corporate guarantees by a subsidiary.

(b) The average effective interest rates per annum of the borrowings are as follows:

	The Group	
	2021 %	2020 %
Term loans	3.5	3.5
Bankers' acceptances and trust receipt	2.0	-
Bank overdrafts	3.2	3.2

(c) Reconciliation of liabilities arising from financing activities

The table below details the changes in the Group's and the Company's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's and the Company's statements of cash flows as cash flows from financing activities.

	Borrowings (excluding bank overdrafts) RM'000	Lease liabilities (Note 37) RM'000
2021		
The Group		
At beginning of year	927	3,922
Non-cash changes	-	369
Finance costs	390	147
Financing cash flows^	17,671	(2,273)
At end of year	18,988	2,165

	Borrowings (excluding bank overdrafts) RM'000	Lease liabilities (Note 37) RM'000
2020		
The Group		
At beginning of year	29,149	3,274
Non-cash changes	-	3,008
Finance costs	1,023	154
Financing cash flows^	(29,245)	(2,514)
At end of year	927	3,922

^ The cash flows from borrowings and lease liabilities make up the net amount of proceeds from borrowings and repayments of borrowings, lease liabilities and finance costs paid in the statements of cash flows.

	Lease liabilities (Note 37) RM'000
2021	
The Company	
At beginning of year	700
Finance cost	27
Financing cash flows^	(368)
At end of year	359
2020	
The Company	
At beginning of year	1,024
Finance cost	44
Financing cash flows^	(368)
At end of year	700

^ The cash flows from borrowings and lease liabilities make up the net amount of proceeds from borrowings and repayments of borrowings, lease liabilities and finance costs paid in the statements of cash flows.

36. RETIREMENT BENEFITS OBLIGATION

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	2,794	2,632	1,400	1,400
Defined benefit plans (Note 10)	1,147	1,260	-	-
Contribution paid during the year	(1,332)	(1,098)	-	-
At 31 December	2,609	2,794	1,400	1,400

Daihatsu Group operates a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administered fund. The Company operates an unfunded scheme for the eligible employees and directors. Under both Schemes, eligible employees are entitled to retirement benefits of final salary on attainment of the retirement age of 55.

Provision for retirement benefits is made based on an actuarial valuation carried out periodically using the Projected Unit Credit Method. The latest actuarial valuation was undertaken on 26 March 2019.

The amounts recognised in the statements of financial position are determined as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Provision for unfunded retirement gratuity	1,400	1,400	1,400	1,400
Present value of funded defined benefit obligations	10,130	9,095	-	-
Fair value of plan assets	(8,921)	(7,701)	-	-
	1,209	1,394	-	-
Total	2,609	2,794	1,400	1,400

The amounts recognised in the profit or loss are as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Defined benefit plans				
Current service cost	1,075	1,196	-	-
Net interest cost	72	64	-	-
Total, included in employee benefits expense (Note 10)	1,147	1,260	-	-

The principal actuarial assumptions used are as follows:

	The Group	
	2021 %	2020 %
Discount rate	5.20	5.20
Average salary increase	5.00	5.00

37. LEASE LIABILITIES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
As at 1 January	3,922	3,274	700	1,024
Addition	418	3,440	-	-
Finance costs (Note 7)	147	154	27	44
Derecognition	(3)	(334)	-	-
Rental rebate (Note 9)	(46)	(98)	-	-
Payment of lease rental	(2,273)	(2,514)	(368)	(368)
As at 31 December	2,165	3,922	359	700

The minimum lease payments for the lease liabilities are payable as follows:

	Future minimum lease payments RM'000	Interest RM'000	Present value of minimum lease payments RM'000
2021			
The Group			
Less than one year	1,518	(62)	1,456
Between one and two years	444	(25)	419
Between two and five years	306	(16)	290
	2,268	(103)	2,165
The Company			
Less than one year	368	(9)	359
2020			
The Group			
Less than one year	2,287	(131)	2,156
Between one and two years	1,440	(54)	1,386
Between two and five years	392	(12)	380
	4,119	(197)	3,922
The Company			
Less than one year	368	(26)	342
Between one and two years	368	(10)	358
	736	(36)	700

38. PROVISION FOR CLAIMS

	The Group	
	2021 RM'000	2020 RM'000
Claim for compensation		
At 1 January	-	268
Provision no longer required (Note 9)	-	(268)
At 31 December	-	-

The provision for claims for compensation was made in previous years based on the estimated liability for industrial relations and civil cases and the likelihood of such claims crystallising. As no liability exists on account of claims for compensation, the provision has been reversed to profit or loss in previous year.

39. TRADE PAYABLES

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (2020: 2 days to 90 days).

Included in trade payables of the Group are amounts of RM3,725,000 (2020: RM3,974,000) and RM4,145,000 (2020: RM1,372,000) due to a subsidiary of Perusahaan Otomobil Kedua Sdn. Bhd. and Hino Motors Sales (Malaysia) Sdn. Bhd. respectively, associates of the Group.

Analysis of currency exposure profile of trade payables is as follows:

	The Group	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	89,379	87,863
United States Dollar	622	832
	90,001	88,695

40. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sundry payables	13,612	14,925	20	15
Accruals	17,698	18,437	924	764
Accruals for dealers and salesmen incentives	6,668	5,565	-	-
Deposits received from customers	10,007	5,173	-	-
	47,985	44,100	944	779

41. AMOUNT OWING TO A SUBSIDIARY AND HOLDING COMPANY

The amount owing to a subsidiary arose mainly from payment made on behalf which is unsecured, interest-free and repayable on demand.

The amount owing to holding company arose mainly from payment made on behalf which is unsecured, interest-free and repayable on demand.

42. RELATED PARTY TRANSACTIONS

The immediate and ultimate holding company of the Company is Med-Bumikar Mara Sdn. Bhd., a company incorporated in Malaysia.

Related parties and the relationships are described as follows:

Related Parties	Nature of Relationship
Perusahaan Otomobil Kedua Sdn. Bhd. ("Perodua")	Perodua is an associate of the Company
Hino Motors Sales (Malaysia) Sdn. Bhd. ("HMS")	HMS is an associate of the Company
Hino Motors Manufacturing (Malaysia) Sdn. Bhd. ("HMM")	HMM is an associate of the Company
Mitsui & Co Ltd. ("Mitsui")	Mitsui is a corporate shareholder of a subsidiary of the Company
Daihatsu Motor Co Ltd. ("DMC")	DMC is a corporate shareholder of a subsidiary of the Company

(a) In addition to the transactions detailed elsewhere in the financial statements, the Group and the Company have the following transactions with related parties during the financial year, which were determined based on negotiated terms agreed between the parties:

	The Group	
	2021 RM'000	2020 RM'000
Purchases from a subsidiary of Perodua	751,665	1,022,586
Purchases from HMS	22,099	19,088
Purchases from DMC	1,323	1,603
Freight charges payable to DMC	85	23
Royalty fees payable to DMC	11	11
Sales to Perodua, its subsidiaries and associates	(25,169)	(28,307)
Sales to HMM	(825)	(583)

	The Company	
	2021 RM'000	2020 RM'000
Dividends from:		
Subsidiaries (Note 5)	(47,573)	(47,521)
Associates (Note 5)	(55,205)	(26,221)
Management fee receivable from subsidiaries (Note 5)	(224)	(423)
Interest income on advances to subsidiaries (Note 8)	(2,840)	(3,625)

(b) Compensation of key management personnel is as follows:

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term employee benefits	3,087	3,046	1,785	1,340
Employees Provident Fund	274	240	274	154
Total compensation of key management personnel	3,361	3,286	2,059	1,494
Consists of amount paid to:				
Executive directors of subsidiaries (Note 11)	1,077	1,792	-	-
	1,077	1,792	-	-

43. CAPITAL COMMITMENTS

As of 31 December 2021, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2021 RM'000	2020 RM'000
Approved and contracted for	9,502	2,610
Approved but not contracted for	22,549	2,359

44. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments - as lessor

	The Group	
	2021 RM'000	2020 RM'000
Future minimum rentals receivable		
Not later than 1 year	897	1,490
More than 1 year and less than 2 years	212	594
More than 2 years and less than 5 years	30	36
	1,139	2,120

45. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR AND SUBSEQUENT EVENT

(i) In respect of assets classified as held for sale:

(a) On 17 December 2021, the Group entered into a Sale and Purchase Agreement with Perodua Sales Sdn. Bhd., a subsidiary of the Group's associate, for the disposal of a piece of leasehold land with factory building located at Bandar Serendah, Selangor for a total consideration of RM61,000,000. As of 31 December 2021, the condition precedent has not been satisfied as consent to transfer was pending from the State Authority.

Subsequent to the year end, the approval from the State Authority was obtained on 14 January 2022 and the disposal of the land and building was completed on 28 February 2022. The gain of disposal of the land and building after considering Real Property Gains Tax and the incidental costs is approximately RM27,578,000.

(b) Subsequent to year end, certain machineries classified as held for sale with a carrying amount of RM209,000 have been sold at a price of RM4,452,000 on 30 March 2022. This sale was negotiated and finalised subsequent to the year end.

(ii) On 22 December 2021, the Group entered into a Sale and Purchase Agreement with UMW Development Sdn Bhd ("Developer") for the purchase of a piece of leasehold industrial land located at Bandar Serendah, Selangor for a total consideration of RM8,712,000. A deposit of RM871,200 has been paid to the Developer upon execution of the agreement.

(iii) On 28 February 2022, MBMR Properties Sdn. Bhd. ("MPSB"), a wholly owned subsidiary of the Company issued 65,000,000 Redeemable Convertible Preference Shares ("RCPS") at an issue price of RM1.00 each by way of offsetting an equivalent amount owing by MPSB to the Company. These RCPS were fully subscribed by the Company.

(iv) On 31 March 2022, OMI Alloy (M) Sdn. Bhd. ("OMIA"), an indirect subsidiary of the Company issued 79,000,000 RCPS at an issue price of RM1.00 each by way of offsetting an equivalent amount owing by OMIA to the Company. These RCPS were fully subscribed by the Company.

46. SEGMENT INFORMATION

The information reported to the Group's chief operating decision makers for the purposes of resource allocation and assessment of segment performance is specifically focused on the business segments as follows:

(i) Motor trading: Marketing and distribution of motor vehicles, spare parts and provision of related services.

(ii) Auto parts manufacturing: Manufacturing of automotive parts and components, steel and alloy wheels and discs, noise, vibration and harshness ("NVH") products and provision of tyre assembly services.

(iii) All others: Investment holding, corporate headquarters and other dormant companies.

Information regarding the Group's reportable segments is presented below.

2021	Motor trading RM'000	Auto parts manufacturing Continuing RM'000	Auto parts manufacturing Discontinued RM'000	All others RM'000	The Group RM'000
Revenue from external customers	1,319,859	206,611	-	2,194	1,528,664
Operating profit/(loss) for reportable segments	40,405	10,412	(160)	(7,019)	43,638
Share of results of a joint venture	-	11,096	-	-	11,096
Share of results of associates	150,481	2,310	-	-	152,791
Finance costs	(271)	(266)	-	-	(537)
Interest income	2,188	317	6	1,179	3,690
Income tax expense	(11,702)	(2,530)	(6)	(949)	(15,187)
Depreciation and amortisation	(10,198)	(4,912)	-	(2,355)	(17,465)
Other significant non-cash items:					
Fair value gain on other investment	418	-	-	-	418
Property, plant and equipment written off	(116)	-	-	-	(116)
Allowance for expected credit losses	(263)	-	-	-	(263)
Allowance for expected credit losses no longer required	43	-	-	-	43
Allowance for slow-moving inventories	(405)	(128)	-	-	(533)
Allowance for slow-moving inventories no longer required	1,063	-	-	-	1,063
Capital expenditure	5,690	3,231	-	45	8,966
Segment assets	520,063	164,160	2,277	175,629	862,129
Investment in a joint venture	-	59,488	-	22,899	82,387
Investment in associates	1,354,657	61,864	-	-	1,416,521
Segment liabilities	(112,028)	(53,874)	(51)	(6,822)	(172,775)

2020	Motor trading RM'000	Auto parts manufacturing Continuing RM'000	Auto parts manufacturing Discontinued RM'000	All others RM'000	The Group RM'000
Revenue from external customers	1,613,350	178,234	-	1,915	1,793,499
Operating profit/(loss) for reportable segments	39,736	11,352	(7,880)	(7,130)	36,078
Share of results of a joint venture	-	12,669	-	-	12,669
Share of results of associates	146,154	696	-	-	146,850
Finance costs	(254)	(328)	-	(595)	(1,177)
Interest income	2,044	310	4	1,853	4,211
Income tax expense	(12,860)	(2,094)	-	(1,319)	(16,273)
Depreciation and amortisation	(10,507)	(4,134)	-	(2,515)	(17,156)
Other significant non-cash items:					
Impairment loss on assets classified as held for sale	-	-	(7,570)	-	(7,570)
Property, plant and equipment written off	(82)	(2)	-	-	(84)
Allowance for expected credit losses	(528)	-	-	-	(528)
Allowance for expected credit losses no longer required	651	-	-	-	651
Allowance for slow-moving inventories	(869)	-	-	-	(869)
Allowance for slow-moving inventories no longer required	211	11	-	-	222
Inventories written down	(218)	-	-	-	(218)
Capital expenditure	2,854	1,795	-	4	4,653
Segment assets	527,289	147,618	19,879	154,297	849,083
Investment in a joint venture	-	48,392	-	22,899	71,291
Investment in associates	1,272,467	63,107	-	-	1,335,574
Segment liabilities	(99,098)	(46,919)	(48)	(7,190)	(153,255)

Reconciliations of reportable operating segment revenue, profit or loss, assets and liabilities are as follows:

	The Group	
	2021 RM'000	2020 RM'000
Revenue		
Total revenue for the Group's reportable segments	1,526,470	1,791,584
All others	2,194	1,915
Revenue from continuing operations, as reported	1,528,664	1,793,499
Profit or loss		
Total profit for the Group's reportable segments, including finance costs and interest income	52,631	44,984
All others	(5,840)	(5,872)
Share of results of a joint venture	11,096	12,669
Share of results of associates	152,791	146,850
Elimination of loss from discontinued operation	154	7,876
Profit before tax from continuing operations, as reported	210,832	206,507
Assets		
Total assets for the Group's reportable segments	686,500	694,786
All others	175,629	154,297
Investment in a joint venture	82,387	71,291
Investment in associates	1,416,521	1,335,574
Total assets, as reported	2,361,037	2,255,948
Liabilities		
Total liabilities for the Group's reportable segments	165,953	146,065
All others	6,822	7,190
Total liabilities, as reported	172,775	153,255

No analysis of geographical segments is presented as the Group operates principally in Malaysia.

Segment assets and liabilities: Segment assets include all operating assets used by a segment and consist principally of operating receivables, inventories and property, plant and equipment, net of allowances and provisions. Capital additions include the total cost incurred to acquire property, plant and equipment directly attributable to the segment. Segment liabilities include all operating liabilities and consist principally of account payables and accruals.

Investment in associates and a joint venture: Income from associates and joint venture are allocated as they are specifically attributable to business segments, and correspondingly investment in associates is included as segment assets of the Group.

47. FINANCIAL RISK MANAGEMENT

Capital Risk Management

The objective of the Group's capital management is to safeguard the Group's ability to continue as a going concern while maximising the return to shareholders through the optimisation of debt and equity balance. The Group's overall strategy remains unchanged since 2020.

The capital structure of the Group consists of debts and equity.

The Group reviews the capital structure on a regular basis. As part of this review, the Group considers the cost of capital and the risks associated with each class of capital.

Gearing Ratio

The gearing ratio at end of the reporting period was as follows.

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Debts	25,491	10,919	359	700
Equity	2,188,262	2,102,693	721,351	689,260
Debt to equity ratio	1.16%	0.52%	0.05%	0.10%

Debts are defined as borrowings and lease liabilities as disclosed in Notes 35 and 37 respectively.

Equity includes capital, reserves and non-controlling interests.

Significant Accounting Policies

Details of the significant accounting policies and methods adopted (including the criteria for recognition, the bases of measurement, and the bases for recognition of income and expenses), for each class of financial assets, financial liabilities and equity instruments are disclosed in Note 3.

Classes and Categories of Financial Instruments

2021	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated RM'000	Amortised cost RM'000	Amortised cost RM'000	Total RM'000	1 RM'000	2 RM'000	3 RM'000
Group							
Other investments	2,280	-	-	2,280	-	-	2,280*
Trade receivables	-	138,886	-	138,886			
Other receivables	-	17,919	-	17,919			
Cash, bank balances and short-term fund investments	84,789	176,151	-	260,940	84,789	-	-
Trade payables	-	-	90,001	90,001			
Other payables and accrued expenses	-	-	37,978	37,978			
Borrowings	-	-	23,326	23,326			
Lease liabilities	-	-	2,165	2,165			
Amount owing to holding company	-	-	61	61			

* Cost of investment in unquoted equity shares has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

2020	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated RM'000	Amortised cost RM'000	Amortised cost RM'000	Total RM'000	1 RM'000	2 RM'000	3 RM'000
Group							
Other investments	1,862	-	-	1,862	-	-	1,862*
Trade receivables	-	138,322	-	138,322			
Other receivables	-	16,209	-	16,209			
Amount owing by a joint venture	-	10,200	-	10,200			
Cash, bank balances and short-term fund investments	62,484	208,544	-	271,028	62,484	-	-
Trade payables	-	-	88,695	88,695			
Other payables and accrued expenses	-	-	38,927	38,927			
Borrowings	-	-	6,997	6,997			
Lease liabilities	-	-	3,922	3,922			
Amount owing to holding company	-	-	36	36			

* Cost of investment in unquoted equity shares has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

2021	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated RM'000	Amortised cost RM'000	Amortised cost RM'000	Total RM'000	1 RM'000	2 RM'000	3 RM'000
Company							
Other receivables	-	126	-	126			
Amount owing by subsidiaries	-	156,081	-	156,081			
Cash, bank balances and short-term fund investments	64,596	23,212	-	87,808	64,596	-	-
Other payables and accrued expenses	-	-	944	944			
Lease liabilities	-	-	359	359			
Amount owing to a subsidiary company	-	-	635	635			
Amount owing to holding company	-	-	61	61			

2020	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated RM'000	Amortised cost RM'000	Amortised cost RM'000	Total RM'000	1 RM'000	2 RM'000	3 RM'000
Company							
Other receivables	-	115	-	115			
Amount owing by subsidiaries	-	146,742	-	146,742			
Cash, bank balances and short-term fund investments	62,484	2,544	-	65,028	62,484	-	-
Other payables and accrued expenses	-	-	779	779			
Lease liabilities	-	-	700	700			
Amount owing to a subsidiary company	-	-	643	643			
Amount owing to holding company	-	-	36	36			

Financial Risk Management Objectives and Policies

The operations of the Group are subject to a variety of financial risks, including foreign exchange risk, interest rate risk, credit risk and liquidity risk. The Group's principal objective in managing financial risk management is to minimise the Group's exposure to these risks below a risk tolerance level approved by the Board and/or costs associated with the financing, investing and operating activities.

Various risk management policies are formulated and approved by the Board of Directors for observation in the day-to-day operations for controlling and managing the risks associated with financial instruments.

Foreign Exchange Risk Management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuation arise.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are disclosed in the respective notes.

Foreign currency sensitivity analysis

The Group is mainly exposed to the United States dollar.

The following table details the Group's sensitivity to a 10% increase and decrease in the Ringgit Malaysia against the relevant foreign currency. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number below indicates a gain in the profit or loss where the Ringgit Malaysia strengthens 10% against the relevant currency. For a 10% weakening of the Ringgit Malaysia against the relevant currency, there would be a comparable impact on the profit or loss, the balances below would be negative.

	The Group	
	2021 RM'000	2020 RM'000
United States dollar	56	72

The Group's sensitivity to foreign currency is mainly attributable to the exposure of cash and bank balances and outstanding payables, which are denominated in foreign currencies at the end of the reporting period.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the year end exposure does not reflect the exposure during the financial year.

Credit Risk Management

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group is exposed to credit risk mainly from trade receivables and other receivables.

The Group extends credit to its customers based upon careful evaluation of the customers' financial condition and credit history. The Group also ensures as far as practicable a large number of customers so as to limit high credit concentration in a customer or customers from a particular market.

The Group's exposure to credit risk in relation to its trade and other receivables, should all its customers fail to perform their obligations as of 31 December 2021, is the carrying amount of these receivables as disclosed in statements of financial position.

The Group places its short-term deposits with credit worthy institutions. The carrying amount of financial assets in the financial statements, net of any provision of losses, represents the Group's maximum exposure to credit risk without taking into account the value of any collateral or other security obtained.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics at the end of the reporting period. The Group defines counterparties having similar characteristics if they are related entities.

Interest Rate Risk Management

The Group is exposed to interest rate risk through the impact of rate changes on interest-bearing fixed deposits, short-term and long-term borrowings. The Group has in place prudent investment policies whereby excess funds are only invested in repurchase agreements or placed as fixed deposits with reputable commercial banks. The Group does not at anytime make placements in non-guaranteed, fluctuating, commercial papers and the like.

The Group's exposures to interest rates on financial liabilities are detailed below. The sensitivity analyses below have been determined based on the exposure to interest rates for financial liabilities at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liabilities at the end of the reporting period will remain unchanged for the whole year. A 100 basis point increase or decrease in the interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would be decreased/increased by the following amounts:

	The Group	
	2021 RM'000	**2020 RM'000**
Decrease/Increase in interest income on bank deposits	1,301	1,522
Decrease/Increase in interest expense on:		
Term loans	12	128
Bankers' acceptances	5	2
Bank overdrafts	78	132
	95	262
	1,206	1,260

Liquidity Risk Management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the Group's short-term, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the liquidity analysis for its financial liabilities based on the contractual maturity of these financial instruments. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest contractual date on which the Group can be required to pay.

When the amount payable is not fixed, the amount disclosed has been determined by reference to the fair value as of the end of the reporting period.

The Group	Weighted average rate per annum %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	More than 5 years RM'000	Total RM'000
2021						
Financial liabilities						
Non-interest bearing:						
Trade payables		90,001	-	-	-	90,001
Other payables and accrued expenses		37,978	-	-	-	37,978
Amount owing to holding company		61	-	-	-	61
		128,040	-	-	-	128,040
Interest bearing:						
Term loans	3.5	124	-	-	-	124
Bankers' acceptances and trust receipt	2.0	19,238	-	-	-	19,238
Bank overdrafts	3.2	4,476	-	-	-	4,476
Lease liabilities	4.8 - 5.0	1,518	444	306	-	2,268
		25,356	444	306	-	26,106
		153,396	444	306	-	154,146
Financial guarantee contracts		-	-	-	-	-
2020						
Financial liabilities						
Non-interest bearing:						
Trade payables		88,695	-	-	-	88,695
Other payables and accrued expenses		38,927	-	-	-	38,927
Amount owing to holding company		36	-	-	-	36
		127,658	-	-	-	127,658
Interest bearing:						
Term loans	3.5	793	134	-	-	927
Bank overdrafts	3.2	6,264	-	-	-	6,264
Lease liabilities	4.8 - 5.0	2,287	1,440	392	-	4,119
		9,344	1,574	392	-	11,310
		137,002	1,574	392	-	138,968
Financial guarantee contracts		-	-	-	-	-

The Company	Weighted average rate per annum %	Less than 1 year RM'000	1 to 2 years RM'000	2 to 5 years RM'000	Total RM'000
2021					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		944	-	-	944
Amount owing to a subsidiary company		635	-	-	635
Amount owing to holding company		61	-	-	61
		1,640	-	-	1,640
Interest bearing:					
Lease liabilities	5.0	368	-	-	368
		2,008	-	-	2,008
Financial guarantee contracts		655	-	-	655
2020					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		779	-	-	779
Amount owing to a subsidiary company		643	-	-	643
Amount owing to holding company		36	-	-	36
		1,458	-	-	1,458
Interest bearing:					
Lease liabilities	5.0	368	368	-	736
		1,826	368	-	2,194
Financial guarantee contracts		-	-	-	-

Financial Guarantee Contracts

Corporate guarantees are provided by the Group and the Company to a financial institution and a supplier for a joint venture and a subsidiary respectively. The directors are of the opinion that the corporate guarantees are not likely to be called upon and regard the value of the credit enhancement provided by the corporate guarantees as minimal.

The maximum exposure of the Group and the Company to credit risk in relation to the financial corporate guarantees given amount to RMNil (2020: RMNil) and RM655,000 (2020: RMNil) respectively as at the end of the reporting period representing the outstanding banking facility of the joint venture and payable balance to a supplier of the subsidiary as at the end of financial year.

Fair Values

The directors consider that the carrying amounts of the current financial assets and financial liabilities of the Group and the Company at the end of the reporting period approximate their fair values due to the relatively short-term maturities of these financial instruments.

The fair value of long-term liabilities is estimated by discounting the expected future cash flows using the current interest rates for borrowing with similar risk profiles. There is no material difference between the carrying amounts and the estimated fair values of term loans.

Other investment includes investment in unquoted equity shares. The cost of these equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range.

48. SUBSIDIARIES

Direct Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights		Principal Activities
		2021 %	2020 %	
Daihatsu (Malaysia) Sdn. Bhd.	Malaysia	51.5	51.5	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services
Galaxy Waves Sdn. Bhd.	Malaysia	100	100	Investment holding
Summit Vehicles Body Works Sdn. Bhd.	Malaysia	100	100	Non-operating
Oriental Extrusions Sdn. Bhd.	Malaysia	100	100	Investment holding
MBMR Properties Sdn. Bhd.	Malaysia	100	100	Investment holding
Inai Benua Sdn. Bhd.	Malaysia	70	70	Property development
Menara MBMR Holdings Sdn. Bhd.* @	Malaysia	70	70	Property management and maintenance of Menara MBMR
Hirotako Holdings Berhad*	Malaysia	99.9	99.9	Investment holding and the provision of management services
F.A. Trucks Sdn. Bhd.	Malaysia	100	100	Marketing and distribution of motor vehicles, spare parts and provision of related motor repair services. Ceased operation in 2019

Indirect Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights 2021 %	2020 %	Principal Activities
DMM Engineering Sdn. Bhd.	Malaysia	51.5	51.5	Repair and touching-up, construction of vehicles body parts for sale, providing handling and accessories installation services to its related companies, distribution of spare parts and provision of insurance services
DMM Sales Sdn. Bhd.	Malaysia	51.5	51.5	Marketing and distribution of motor vehicles, related spare parts and other related activities
DMM Credit Sdn. Bhd.	Malaysia	51.5	51.5	Provision of hire purchase financing. Inactive as of year end
DMM Assembly Services Sdn. Bhd.	Malaysia	51.5	51.5	Provision of insurance services
Federal Auto Holdings Berhad	Malaysia	100	100	Investment holding, letting, maintenance and management of properties and provision of management services
Federal Auto Cars Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Wagen Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services
F.A. Automobiles (Ipoh) Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicles and spare parts and providing ancillary services. Ceased operation in 2019
FAST Sdn. Bhd.	Malaysia	100	100	Trading of motor vehicle accessories
Kinabalu Motor Assembly Sendirian Berhad	Malaysia	70	70	Trading of motor vehicles. In 2017, the Company ceased its operation
KMA Marketing Sdn. Bhd.	Malaysia	70	70	Trading of motor vehicles and spare parts and providing ancillary services. In 2017, the Company ceased its operation
F.A. Serve Sdn. Bhd.	Malaysia	100	100	Operating petrol station and providing workshop services
F.A. Leasing and Credit Sdn. Bhd.	Malaysia	100	100	Non-operating
F.A. Autoprima Sdn. Bhd.	Malaysia	100	100	Providing lease financing and provision of insurance services
F.A. Autosoft Sdn. Bhd.	Malaysia	100	100	Non-operating

Indirect Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights 2021 %	2020 %	Principal Activities
Oriental Metal Industries (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of steel wheel rims for motor vehicles and related activities
OMI Alloy (M) Sdn. Bhd.	Malaysia	100	100	Manufacturing of alloy wheels for motor vehicles and related activities. In 2019, the Company ceased its operation
Hirotako Acoustics Sdn. Bhd.*	Malaysia	99.9	99.9	Manufacture and sale of noise and heat reduction material as well as insulator parts for motor vehicles
PC Ventures Sdn. Bhd.*	Malaysia	99.9	99.9	Investment holding
Hirotako Technologies Sdn. Bhd.*#	Malaysia	99.9	99.9	Dormant

* Audited by a firm other than Deloitte PLT.
\# In the process of member's voluntary liquidation.
@ Menara MBMR Holdings Sdn. Bhd. had been dissolved by Members' Voluntary Winding-up on 11 April 2022.

49. JOINT VENTURES

Name of Company	Country of Incorporation	Proportion of ownership interest and voting rights 2021 %	2020 %	Principal Activities
Autoliv Hirotako Sdn. Bhd.*	Malaysia	51	51	Investment holding
Autoliv Hirotako Safety Sdn. Bhd.*	Malaysia	51	51	Manufacture and sale of seat belts for motor vehicles
Autoliv Hirotako SRS Sdn. Bhd.*	Malaysia	51	51	Manufacture and sale of car airbag modules and steering wheels
Autobelt Sdn. Bhd.*#	Malaysia	-	-	Dormant

* Audited by a firm other than Deloitte PLT.
\# Autobelt Sdn. Bhd. had been voluntarily wound-up on 29 March 2021 pursuant to the Section 439 of the Companies Act, 2016.

50. ASSOCIATES

Name of Company	Country of Incorporation	Proportion of ownership interest and voting rights 2021 %	2020 %	Principal Activities
Perusahaan Otomobil Kedua Sdn. Bhd.*	Malaysia	22.6	22.6	Investment holding, provision for management and administration services, marketing and distribution of motor vehicles and related spare parts
Hino Motors Sales (Malaysia) Sdn. Bhd.*	Malaysia	20	20	Marketing and servicing of commercial vehicles and related spare parts
Hino Motors Manufacturing (Malaysia) Sdn. Bhd.*	Malaysia	20	20	Assemble, manufacturing and distribution trucks and buses of Hino Motors brand
Teck See Plastic Sdn. Bhd.*	Malaysia	22.1	22.1	Manufacture and distribution of plastic articles and products

* Audited by a firm other than Deloitte PLT.

MBM RESOURCES BERHAD
(199301029757) (284496-V)
(Incorporated in Malaysia)

NOTICE OF TWENTY-EIGHTH (28TH) ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Twenty-Eighth (28th) Annual General Meeting of the Company will be conducted entirely through live streaming from the broadcast venue at 23-01, Level 23, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur ("Broadcast Venue") on Wednesday, 1 June 2022 at 2.00 p.m. to transact the following businesses:-

AGENDA

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Notes 1**
2. To re-elect Ng Seng Kong who retires pursuant to Clause 76(3) of the Company's Constitution as Director of the Company. **(Resolution 1)**
3. To declare a single tier final dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2021. **(Resolution 2)**
4. To approve the payment of Directors' fees up to an amount of RM700,000 and benefits payable to Directors up to an amount of RM500,000 for the period from this 28th Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 3)**
5. To approve the payment of meeting attendance allowance of RM1,500 per meeting for each Non-Executive Director for the period from this 28th Annual General Meeting until the next Annual General Meeting of the Company. **(Resolution 4)**
6. To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors of the Company to fix their remuneration. **(Resolution 5)**

Special Business

To consider and if thought fit, to pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

7. **ORDINARY RESOLUTION** **(Resolution 6)**
PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE AUTHORITY TO THE COMPANY TO PURCHASE ITS OWN SHARES OF UP TO TEN PER CENTUM (10%) OF THE TOTAL NUMBER OF ISSUED SHARES

"THAT subject always to the Companies Act 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and all other applicable laws, guidelines, rules and regulations, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such number of issued shares in the Company 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 issued shares in the Company ("Shares") purchased ("Purchased Shares") and/or held as treasury shares pursuant to this ordinary resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at point of purchase; and

ii. the maximum funds to be allocated by the Company for the purpose of purchasing the shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of the purchase,

("Proposed Share Buy-Back").

AND THAT the authority to facilitate the Proposed Share Buy-Back will commence immediately upon passing of this ordinary resolution and will continue to be in force until:-

a. the conclusion of the next Annual General Meeting ("AGM") of the Company following the general meeting at which such resolution is passed, at which time the authority shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions;

b. the expiration of the period within which the next AGM of the Company is required by law to be held; or

c. revoked or varied by ordinary resolution passed by the shareholders of the Company at a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company of its own Shares before the aforesaid expiry date and, in any event, in accordance with the Listing Requirements and any applicable laws, rules, regulations, orders, guidelines and requirements issued by any relevant authorities.

AND THAT the Directors of the Company be and are hereby authorised, at their discretion, to deal with the Purchased Shares until all the Purchased Shares have been dealt with by the Directors in the following manner as may be permitted by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force:-

i. To cancel all or part of the Purchased Shares;

ii. To retain all or part of the Purchased Shares as treasury shares as defined in Section 127 of the Act;

iii. To distribute all or part of the treasury shares as dividends to the shareholders of the Company;

iv. To resell all or part of the treasury shares;

v. To transfer all or part of the treasury shares for the purposes of or under the employees' share scheme established by the Company and/or its subsidiaries;

vi. To transfer all or part of the treasury shares as purchase consideration;

vii. To sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with responsibility for companies may by order prescribe; and/or

viii. To deal with the treasury shares in any other manners as allowed by the Act, Listing Requirements, applicable laws, rules, regulations, guidelines, requirements and/or orders of any relevant authorities for the time being in force.

AND THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient (including without limitation, the opening and maintaining of central depository account(s) under Securities Industry (Central Depositories) Act, 1991, and the entering into all other agreements, arrangements and guarantee with any party or parties) to implement, finalise and give full effect to the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments (if any) as may be imposed by the relevant authorities."

8. **ORDINARY RESOLUTION** **(Resolution 7)**

PROPOSED RENEWAL OF SHAREHOLDERS' MANDATE FOR THE COMPANY AND/OR ITS SUBSIDIARIES TO ENTER INTO RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE WITH RELATED PARTIES

"THAT subject to the provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Company and/or its subsidiary companies ("the Group") be and are hereby authorised to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as set out in Section 1.3 of Part B of the Statement/Circular to Shareholders dated 29 April 2022 ("the Related Parties") provided that such transactions are:-

(a) necessary for the day-to-day operations;

(b) undertaken in the ordinary course of business and at arm's length basis and on normal commercial terms and transaction prices which are not more favourable to the Related Parties than those generally available to the public; and

(c) are not to the detriment of the minority shareholders of the Company,

("Proposed Renewal of RRPT Mandate").

THAT such approval shall continue to be in force until:-

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company following this AGM at which the Proposed Renewal of RRPT Mandate is passed, at which time it will lapse, unless by a resolution passed at such AGM whereby the authority is renewed; or

(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("the Act") but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act; or

(c) revoked or varied by resolution passed by the shareholders of the Company at a general meeting,

whichever is the earlier.

AND THAT the Directors of the Company be hereby 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 Renewal of RRPT Mandate."

9. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

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NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 28th Annual General Meeting to be held on 1 June 2022, a single tier final dividend of 6.0 sen per ordinary share in respect of the financial year ended 31 December 2021 will be paid on 30 June 2022 to shareholders whose names appear in the Record of Depositors on 16 June 2022.

A depositor shall qualify for entitlement to the dividend only in respect of:-

a) shares transferred to the depositor's securities account before 4.30 p.m. on 16 June 2022 in respect of transfers; and

b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board
WONG PEIR CHYUN (MAICSA 7018710)
(SSM PC No. 202008001742)
WONG WAI FOONG (MAICSA 7001358)
(SSM PC No. 202008001472)
Company Secretaries
Kuala Lumpur
29 April 2022

Notes:-

I. IMPORTANT NOTICE

The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend this 28th Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this 28th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.

Please read these Notes carefully and follow the procedures in the Administrative Details for 28th AGM in order to participate remotely via RPV facilities.

II. Notes on Appointment of Proxy

(1) For the purpose of determining who shall be entitled to participate in this 28th AGM via RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a **Record of Depositors as at 24 May 2022.** Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 28th AGM via RPV facilities.

(2) A member who is entitled to participate in this AGM via RPV facilities is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.

(3) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the general meeting.

(4) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

(5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of Section 25A(1) of the Central Depositories Act.

(7) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

(8) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV facilities **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for 28th AGM.

(9) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this 28th AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Details for 28th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

(10) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

(11) Last date and time for lodging this proxy form is Monday, 30 May 2022 at 2.00 p.m.

(12) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

(13) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Explanatory Notes on Ordinary Business

(1) **Agenda item 1 – Audited Financial Statements for the financial year ended 31 December 2021**

Agenda item 1 is meant for discussion only as the provisions of Section 340(1)(a) of the Companies Act 2016 do not require a formal approval of shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

(2) **Retirement of Muhammad Lukman Bin Musa @ Hussain**

En Muhammad Lukman Bin Musa @ Hussain who will be retiring pursuant to Clause 76(3) of the Company's Constitution, has indicated to the Company that he would not seek re-election at this 28th Annual General Meeting ("AGM") of the Company. Therefore, En Muhammad Lukman Bin Musa @ Hussain shall retire as Director of the Company at the conclusion of this 28th AGM.

(3) **Resolution 1– Re-election of Director**

Mr Ng Seng Kong is standing for re-election as Director of the Company and being eligible, has offered himself for re-election at the 28th AGM.

Please refer to Statement Accompanying Notice of the 28th AGM for further information.

(4) **Resolution 2 – Declaration of a Single Tier Final Dividend**

Pursuant to Paragraph 8.26(2) of the MMLR, the single tier final dividend, if approved, will be paid on 30 June 2022.

(5) **Resolutions 3 and 4 – Proposed Payment of Directors' Fees and Benefits**

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors shall be approved at a general meeting.

Resolution 3 is to seek shareholders' approval to allow the Company to pay Directors' fees and benefits (e.g. excluded meeting attendance allowance) from this 28th AGM until the next AGM of the Company. The said Directors' fees and benefits are calculated based on the current Board size. In the event the proposed amount is insufficient (e.g. due to enlarged Board size or increased responsibility), approval will be sought at the next AGM for the shortfall.

Resolution 4 is to seek shareholders' approval for the payment of meeting attendance allowance to Non-Executive Directors of the Company. If Resolution 4 is passed, the meeting attendance allowance will be payable for the period from this 28th AGM until the next AGM of the Company at the quantum specified.

(6) **Resolution 5 – Re-appointment of Auditors**

The Board had through the Audit Committee ("AC"), assessed the suitability and independence of the External Auditors, Messrs Deloitte PLT and considered the re-appointment of Messrs Deloitte PLT as Auditors of the Company. The Board and the AC collectively agreed and satisfied that Messrs Deloitte PLT has the relevant criteria prescribed by Paragraph 15.21 of the MMLR. The Board approved the AC's recommendation to seek the shareholders' approval for the re-appointment of Messrs Deloitte PLT as auditors of the Company.

Explanatory Notes on Special Business

(7) **Resolution 6 – Proposed Renewal of Share Buy-Back**

This resolution, if passed, will empower the Directors to purchase up to ten per centum (10%) of the total number of issued shares of the Company through Bursa Malaysia Securities Berhad. Please refer to the Statement/Circular to Shareholders dated 29 April 2022 for further information.

(8) **Resolution 7 – Proposed Renewal of Recurrent Related Party Transactions Mandate**

This resolution, if passed, will authorise the Company and each of its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature in the ordinary course of business. For further information on the recurrent related party transactions, please refer to the Statement/Circular to Shareholders dated 29 April 2022.

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STATEMENT ACCOMPANYING NOTICE OF THE 28TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.29(2) of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad)

DIRECTORS STANDING FOR ELECTION/RE-ELECTION

As of the date of this notice, there are no individuals who are standing for election or appointment as Directors at this 28th Annual General Meeting ("28th AGM").

The Director who is standing for re-election at the 28th AGM is Mr Ng Seng Kong. The profile of Mr Ng Seng Kong is set out in page 33 of the Annual Report 2021 and details of his interest in securities of the Company can be found on page 72.

The Board through its Nominating and Remuneration Committee ("NRC") had considered the assessment of the performance and contribution of the retiring Director from the Board Effectiveness Evaluation conducted for the financial year ended 31 December 2021.

Based on the outcome of the assessment, the Board and the NRC concluded that the Mr Ng Seng Kong meets the criteria as prescribed by Paragraph 2.20A of the MMLR on character, experience, integrity, competence and time to effectively discharge his role as Director, having also taken into consideration the fit and proper criteria as provided in the Company's Directors' Fit and Proper Policy.

The Board (save for Mr Ng Seng Kong, who has abstained from deliberation on discussions relating to his own re-election at the Board meeting) approves and supports the re-election of Mr Ng Seng Kong as Director as the Board believes that Mr Ng Seng Kong has discharged his duties and responsibilities effectively, demonstrated commitment to his role, and will continue to make a strong contribution to the work of the Board and to the long-term sustainable success of the Company.

ADMINISTRATIVE DETAILS FOR THE TWENTY-EIGHTH ANNUAL GENERAL MEETING ("28TH AGM") OF MBM RESOURCES BERHAD

Date	:	**Wednesday, 1 June 2022**
Time	:	**2.00 p.m.**
Broadcast Venue	:	**23-01, Level 23, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur, Malaysia.**

MODE OF MEETING

- Pursuant to the revised Guidance and FAQs on the Conduct of General Meetings for Listed Issuers ("SC Guidance Note") issued by Securities Commission Malaysia ("SC") on 7 April 2022, the Company's 28th AGM will be conducted entirely through live streaming from the Broadcast Venue.

- The **Broadcast Venue** of the 28th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be present at the main venue of the meeting together with the essential individuals as indicated in the SC Guidance Note. No shareholders/proxy(ies) from the public will be allowed to be physically present at the Broadcast Venue on the day of the meeting.

SHAREHOLDERS' PARTICIPATION AT THE 28TH AGM VIA REMOTE PARTICIPATION AND VOTING ("RPV") FACILITIES

- Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 28th AGM using RPV facilities provided by Tricor Investor & Issuing House Services Sdn Bhd ("Tricor").

- The RPV facilities are available on Tricor's **TIIH Online** website at https://tiih.online.

- We **strongly encourage** you to participate the 28th AGM via the RPV facilities. You may also consider appointing the Chairman of the Meeting as your proxy to attend and vote on your behalf at the 28th AGM.

- Kindly refer to Procedures for RPV as set out below for the requirements and procedures.

PROCEDURES TO RPV VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 28th AGM using the RPV facilities:

Procedure	Action
BEFORE THE 28TH AGM DAY	
i. Register as a user with TIIH Online	• Using your computer, access to website at https://tiih.online. Register as a user under the "**e-Services**" select "**Create Account by Individual Holder**". Refer to the tutorial guide posted on the homepage for assistance. • Registration as a user will be approved within one (1) working day and you will be notified via e-mail. • If you are already a user with TIIH Online, you are not required to register again. You will receive an e-mail to notify you that the remote participation is available for registration at TIIH Online.

ii.	Submit your request to attend 28th AGM remotely	• Registration is open from 10.00 a.m. Friday, 29 April 2022 until the day of 28th AGM on Wednesday, 1 June 2022. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 28th AGM to ascertain their eligibility to participate the 28th AGM using the RPV. • Login with your user ID (i.e. e-mail address) and password and select the corporate event: "**(Registration) MBM Resources Berhad 28th AGM**". • Read and agree to the Terms & Conditions and confirm the Declaration. • Select "Register for Remote Participation and Voting". • Review your registration and proceed to register. • System will send an **e-mail to notify** that your registration for remote participation is received and will be verified. • After verification of your registration against the Record of Depositors as at 24 May 2022, the system will send you an **e-mail after 30 May 2022 to approve or reject** your registration for remote participation. *(Note: Please allow sufficient time for approval of new user of TIIH Online and registration for the RPV) .*
ON THE 28TH AGM DAY		
i	Login to TIIH Online	• Login with your user ID and password for remote participation at the 28th AGM at any time from 1.30 p.m. i.e. 30 minutes before the commencement of meeting at 2.00 p.m. on Wednesday, 1 June 2022.
ii	Participate through Live Streaming	• Select the corporate event: "**(Live Stream Meeting) MBM Resources Berhad 28th AGM**" to engage in the proceedings of the 28th AGM remotely. If you have any question for the Chairman/Board, you may use the query box to transmit your question. The Chairman/Board will try to respond to questions submitted by remote participants during the 28th AGM. If there is time constraint, the responses will be e-mailed to you at the earliest possible, after the meeting.
iii	Online remote voting	• Voting session commences from 2:00 p.m. on Wednesday, 1 June 2022 until a time when the Chairman announces the end of the session. • Select the corporate event: "**(Remote Voting) MBM Resources Berhad 28th AGM**" or if you are on the live stream meeting page, you can select "**GO TO REMOTE VOTING PAGE**" button below the Query Box. • Read and agree to the Terms & Conditions and confirm the Declaration. • Select the CDS account that represents your shareholdings. • Indicate your votes for the resolutions that are tabled for voting. • Confirm and submit your votes.
iv	End of remote participation	• Upon the announcement by the Chairman on the conclusion of the 28th AGM, the Live Streaming will end.

NOTE TO USERS OF THE RPV FACILITIES:

(i) Should your registration for RPV be approved, we will make available to you the rights to join the live stream meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.

(ii) The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet at your location and the device you use.

(iii) In the event you encounter any issues with logging-in, connection to the live stream meeting or online voting on the meeting day, kindly call Tricor Help Line at 011-40805616 / 011-40803168 / 011-40803169 / 011-40803170 for assistance or e-mail to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND APPOINTMENT OF PROXY

- Only members whose names appear on the Record of Depositors as at **24 May 2022** shall be eligible to participate in the 28th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

- In view that the 28th AGM will be conducted on a virtual basis, a member can appoint the Chairman of the Meeting as his/her proxy and indicate the voting instruction in the Form of Proxy.

- If you wish to participate in the 28th AGM yourself, please do not submit any Form of Proxy for the 28th AGM. You will not be allowed to participate in the 28th AGM together with a proxy appointed by you.

- Accordingly, proxy forms and/or documents relating to the appointment of proxy/corporate representative/attorney for the 28th AGM whether in hard copy or by electronic means shall be deposited or submitted in the following manner not later than **Monday, 30 May 2022** at **2.00 p.m.**:

  (i) In Hard copy:

  a) By hand or post to the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur;

  b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

  (ii) By Electronic form:

  All shareholders can have the option to submit proxy forms electronically via TIIH Online and the steps to submit are summarised below:

Procedure	Action
I. Steps for Individual Shareholders	
Register as a User with TIIH Online	• Using your computer, please access the website at https://tiih.online. Register as a user under the "e-Services". Please refer to the tutorial guide posted on the homepage for assistance. • If you are already a user with TIIH Online, you are not required to register again.
Proceed with submission of form of proxy	• After the release of the Notice of Meeting by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "**MBM Resources Berhad 28th AGM - Submission of Proxy Form**". • Read and agree to the Terms and Conditions and confirm the Declaration. • Insert your CDS account number and indicate the number of shares for your proxy(s) to vote on your behalf. • Indicate your voting instructions – FOR or AGAINST, otherwise your proxy will decide on your votes. • Review and confirm your proxy(s) appointment. • Print the form of proxy for your record.

II. Steps for Corporation or Institutional Shareholders	
Register as a User with TIIH Online	• Access TIIH Online at https://tiih.online. • Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects "**Create Account by Representative of Corporate Holder**". • Complete the registration form and upload the required documents. • Registration will be verified, and you will be notified by email within one (1) to two (2) working days. • Proceed to activate your account with the temporary password given in the email and re-set your own password. Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.
Proceed with submission of form of proxy	• Login to TIIH Online at https://tiih.online. • Select the corporate exercise name: "**MBM Resources Berhad: Submission of Proxy Form**" • Agree to the Terms & Conditions and Declaration. • Proceed to download the file format for "Submission of Proxy Form" in accordance with the Guidance Note set therein. • Prepare the file for the appointment of proxies by inserting the required data. • Proceed to upload the duly completed proxy appointment file. • Select "Submit" to complete your submission. • Print the confirmation report of your submission for your record.

VOTING AT MEETING

- The voting at the 28th AGM will be conducted on a poll pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"). The Company has appointed Tricor to conduct the poll voting electronically ("e-voting") via Tricor e-Vote application ("Tricor e-Vote App") and Asia Securities Sdn Berhad as Independent Scrutineers to verify the poll results.

- Shareholders can proceed to vote on the resolutions before the end of the voting session which will be announced by the Chairman of the Meeting and submit your votes at any time from the commencement of the 28th AGM at 2.00 p.m. Kindly refer to "Procedures to Remote Participation and Voting via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

RESULTS OF THE VOTING

- The resolutions proposed at the 28th AGM and the results of the voting will be announced at the 28th AGM and subsequently via an announcement made by the Company through Bursa Malaysia at www.bursamalaysia.com.

PRE-MEETING SUBMISSION OF QUESTIONS TO THE BOARD OF DIRECTORS

- The Board recognises that the 28th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 28th AGM, shareholders may in advance, before the 28th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at https://tiih.online, by selecting "e-Services" to login, post your questions and submit it electronically no later than Monday, 30 May 2022. The Board of Directors will endeavor to address the questions received at the 28th AGM.

ANNUAL REPORT

- The Annual Report is available on the Company's website at www.mbmr.com.my and Bursa Malaysia's website at www.bursamalaysia.com under Company's announcements.

- You may request for a printed copy of the Annual Report at https://tiih.online by selecting "**Request for Annual Report / Circular**" under the "**Investor Services**".

- Kindly consider the environment before you decide to request for the printed copy of the Annual Report. The environmental concerns like global warming, deforestation, climate change and many more affect every human, animal and nation on this planet.

ENQUIRY

- If you have any enquiry prior to the meeting, please call our Share Registrar, Tricor at +603-2783 9299 during office hours i.e. from 8.30 a.m. to 5.30 p.m. (Monday to Friday).

- Due to the constant evolving COVID-19 situation in Malaysia, we may be required to change the arrangements of our 28th AGM at short notice. Kindly check the Company's website or announcements for the latest updates on the status of the 28th AGM.

- The Company will continue to observe the guidelines issued by the Ministry of Health and will take all relevant precautionary measures as advised.

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PROXY FORM

MBM RESOURCES BERHAD
(199301029757) (284496-V)
(Incorporated in Malaysia)

No of shares held	CDS Account No.

I/We ______________________________ Tel: ______________

[Full name in Block, NRIC/Passport/Company No.]

of ____

[Full address]

____

being a member(s) of **MBM Resources Berhad**, hereby appoint:-

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

^and/or

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairman of the Meeting as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 28th Annual General Meeting ("AGM") of the Company, which will be conducted entirely through live streaming from the broadcast venue at 23-01, Level 23, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur ("Broadcast Venue") on Wednesday, 1 June 2022 at 2.00 p.m. or any adjournment thereof, and to vote as indicated below:-

Resolution	Description of Resolution	For	Against
1.	Re-election of Ng Seng Kong as Director.		
2.	Declaration of single tier final dividend of 6.0 sen per ordinary share for the financial year ended 31 December 2021.		
3.	Approval of Directors' fees up to an amount of RM700,000 and benefits payable to the Directors up to an amount of RM500,000 for the period from this 28th Annual General Meeting until next Annual General Meeting of the Company.		
4.	Approval of meeting attendance allowance of RM1,500 per meeting for each Non-Executive Director for the period from this 28th Annual General Meeting until next Annual General Meeting of the Company.		
5.	Re-appointment of Messrs Deloitte PLT as Auditors and authorise the Directors to fix their remuneration.		
6.	Proposed Renewal of Share Buy-Back.		
7.	Proposed Renewal of Recurrent Related Party Transactions Mandate.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this .... day of 2022

....

Signature*
Member

^ Delete whichever is inapplicable

* Manner of execution:-

(a) If you are an individual member, please sign where indicated.

(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.

(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (If any) and executed by:-

(i) at least two (2) authorised officers, of whom one shall be a director; or

(ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Please read the accompanying Notes on page 187.

Fold this flap for sealing

AFFIX
STAMP

MBM RESOURCES BERHAD

The Share Registrar
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

1st fold line

2nd fold line

Notes:-

I. IMPORTANT NOTICE

*The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairman of the meeting to be present at the main venue of the meeting.*

*Shareholders **WILL NOT BE ALLOWED** to attend this 28th Annual General Meeting ("AGM") in person at the Broadcast Venue on the day of the meeting.*

*Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this 28th AGM via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. via its **TIIH Online** website at https://tiih.online.*

Please read these Notes carefully and follow the procedures in the Administrative Details for 28th AGM in order to participate remotely via RPV facilities.

II. Notes on Appointment of Proxy

(1) For the purpose of determining who shall be entitled to participate in this 28th AGM via RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company, a Record of Depositors as at 24 May 2022. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 28th AGM via RPV facilities.

(2) A member who is entitled to participate in this AGM via RPV facilities is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company.

(3) A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the general meeting.

(4) If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR").

(5) Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

(6) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of Section 25A(1) of the Central Depositories Act.

(7) Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

*(8) A member who has appointed a proxy or attorney or authorised representative to participate at the AGM via RPV facilities **must request his/her proxy or attorney or authorised representative to register himself/herself for RPV** via TIIH Online website at https://tiih.online. Procedures for RPV can be found in the Administrative Details for 28th AGM.*

(9) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding this 28th AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:

(i) In hard copy form

In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.

(ii) By electronic means

The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online. Please refer to the Administrative Details for 28th AGM on the procedures for electronic lodgement of proxy form via TIIH Online.

(10) Please ensure ALL the particulars as required in this proxy form are completed, signed and dated accordingly.

(11) Last date and time for lodging this proxy form is Monday, 30 May 2022 at 2.00 p.m.

(12) Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Services Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

*(13) For a corporate member who has appointed an authorised representative, please deposit the **ORIGINAL** certificate of appointment of authorised representative with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur. The certificate of appointment of authorised representative should be executed in the following manner:*

(i) If the corporate member has a common seal, the certificate of appointment of authorised representative should be executed under seal in accordance with the constitution of the corporate member.

(ii) If the corporate member does not have a common seal, the certificate of appointment of authorised representative should be affixed with the rubber stamp of the corporate member (if any) and executed by:

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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MBM Resources Berhad
Registration No. *199301029757 (284496-V)*

23-01, Level 23, Menara MBMR,
1, Jalan Syed Putra, 58000 Kuala Lumpur.
T: +603 2273 8803 F: +603 2273 6803

www.mbmr.com.my