



MBM RESOURCES BERHAD

REGISTRATION NO. 199301029757 (284496-V)

BUILDING ON SUCCESS

ANNUAL REPORT 2023



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Cover Rationale

BUILDING ON SUCCESS

We aim to convey a message of progress and resilience to our stakeholders. The imagery reflects the upward trajectory of our journey, symbolizing our firm footing and continual advancement within the automotive industry. It embodies our unwavering commitment to excellence and the relentless pursuit of growth.

Strategically placed, the tagline "Building on Success" underscores our dedication to leveraging past achievements as catalysts for future endeavors. The design exudes modern sophistication, reflecting our ethos of innovation and progress. Through bold typography and dynamic visuals, we invite our stakeholders to join us on this journey of success, envisioning MBMR's continued leadership and growth in the automotive sector.



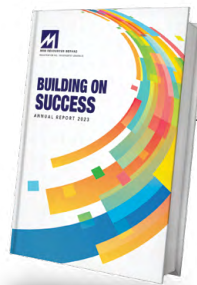
This report is available online at:
<https://mbmr.com.my/investors/annual-report/>



Our Reporting Suite

The Annual Report 2023 and Sustainability Report 2023 are our primary reports.

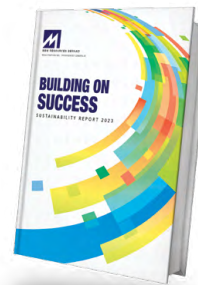
Supplementary information are available on our website: <https://mbmr.com.my/>



Annual Report 2023



Scan QR Code to read the online report



Sustainability Report 2023



Scan QR Code to read the online report

CORPORATE INFORMATION

BOARD OF DIRECTORS

Encik Aqil bin Ahmad Azizuddin

Chairman, Non-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

Ms Wong Fay Lee

Non-Independent Non-Executive Director

Y. Bhg. Dato' Zulfikri bin Osman

Non-Independent Non-Executive Director

Puan Nik Fazila binti Nik Mohamed Shihabuddin

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)

Ng Seng Hoo (MAICSA 7068810)
(SSM PC No. 202008004089)

STOCK EXCHANGE LISTING

Main Market
Bursa Malaysia Securities Berhad
Stock Code: 5983

AUDITORS

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

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
E-mail: info@my.tricorglobal.com

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
E-mail: is.enquiry@my.tricorglobal.com

PRINCIPAL BANKERS

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

FINANCIAL CALENDAR

29th Annual General Meeting: 1 June 2023

2023 RESULTS ANNOUNCEMENT

Quarter 1: 25 May 2023
Quarter 2: 23 August 2023
Quarter 3: 24 November 2023
Quarter 4: 28 February 2024

DIVIDEND PAYMENTS

Final for 2022:
30 June 2023
First Interim for 2023:
22 September 2023
Special for 2023:
22 September 2023
Second Interim for 2023:
22 December 2023
Special for 2023:
22 December 2023

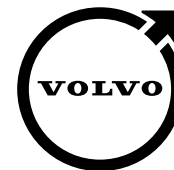
CORPORATE PROFILE

MBM Resources Berhad (“MBMR”) is an automotive group with diverse investments in distributorship and dealership of 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. Its 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.



MOTOR TRADING



AUTO PARTS MANUFACTURING



CORPORATE STRUCTURE

AS OF 19TH APRIL 2024

THE COMPLETE AUTOMOTIVE GROUP



CORPORATE STRUCTURE

AS OF 19TH APRIL 2024

DISTRIBUTORSHIP/DEALERSHIP

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

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

PROPERTY

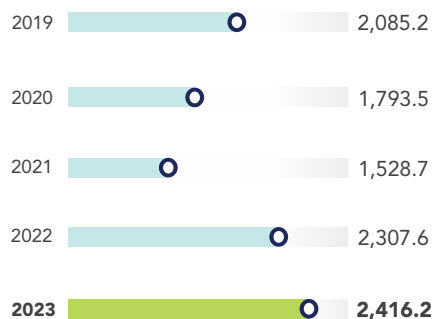
MBMR Properties Sdn. Bhd. ("MPSB")	100%
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● Subsidiary ● Joint Venture ● Associate

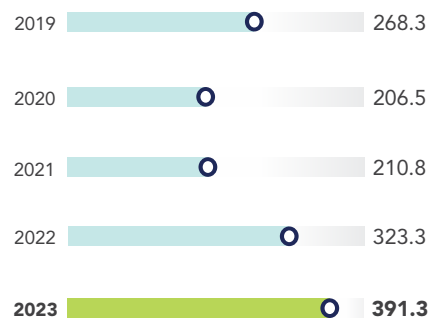
Note: A detailed list of the companies under the Group are shown in Notes 47 to 49 of the Report of the Directors and Audited Financial Statements.

GROUP FINANCIAL PERFORMANCE FIVE-YEAR SUMMARY

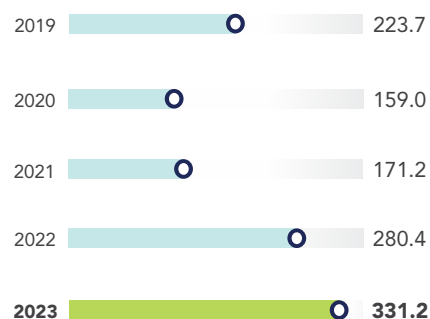
Revenue (RM Million)



Profit Before Tax (RM Million)



Profit attributable to equity holders (RM Million)



Results (RM Million)

Revenue
 Profit before tax
 Net profit from continuing operations
 Net profit / (loss) from discontinued operation
 Profit for the year
 Profit attributable to equity holders
 Basic earnings per share (sen)

Balance Sheets (RM Million)

Share capital
 Shareholders' equity
 Total assets
 Borrowings
 Debt / Equity (%)
 Net assets per share (RM)

Financial Ratios (%)

Return on equity
 Return on total assets

Vehicle Sales (Units)

Passenger vehicles
 Commercial vehicles
 Total Group

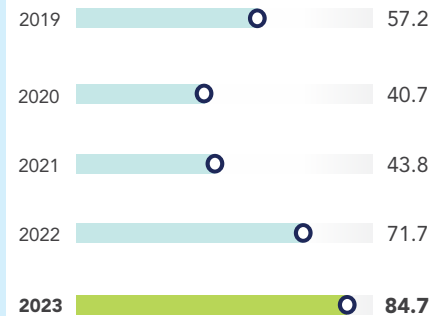
Equity Indices

Closing year end share price (RM)
 Price-earnings ratio (times)

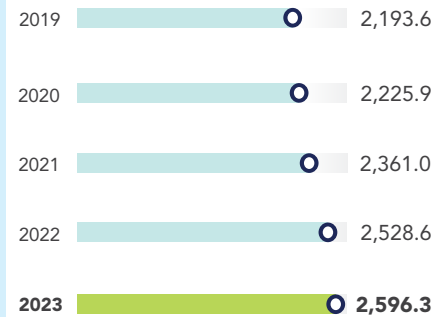
GROUP FINANCIAL PERFORMANCE FIVE-YEAR SUMMARY

	2019	2020	2021	2022	2023
	2,085.2	1,793.5	1,528.7	2,307.6	2,416.2
	268.3	206.5	210.8	323.3	391.3
	257.3	190.2	195.7	297.1	368.3
	(8.1)	(7.9)	(0.2)	13.0	-
	249.2	182.4	195.5	310.1	368.3
	223.7	159.0	171.2	280.4	331.2
	57.2	40.7	43.8	71.7	84.7
	391.7	391.7	391.7	391.7	391.7
	1,748.9	1,825.7	1,918.0	2,054.5	2,128.1
	2,193.6	2,255.9	2,361.0	2,528.6	2,596.3
	35.9	7.0	23.3	-	16.4
	2.1	0.4	1.2	-	0.8
	4.5	4.7	4.9	5.3	5.4
	12.8	8.7	8.9	13.6	15.6
	10.2	7.0	7.3	11.1	12.8
	26,331	23,674	16,098	24,796	27,928
	1,682	1,597	1,457	1,491	1,114
	28,013	25,271	17,555	26,287	29,042
	3.9	3.4	3.2	3.3	4.2
	6.8	8.4	7.3	4.6	5.0

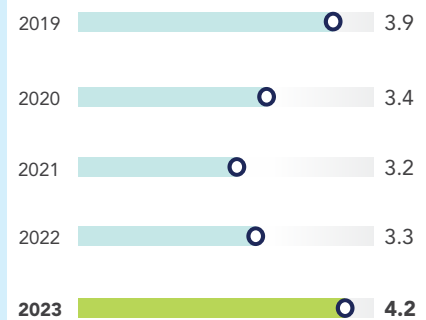
Basic Earnings Per Share (sen)



Total Assets (RM Million)



Closing year end share price (RM)



MANAGEMENT DISCUSSION AND ANALYSIS

We are pleased to report robust numbers across our businesses, as our subsidiaries, joint venture, and associates continued to chart strong performance in the year under review.

ECONOMIC OVERVIEW

Malaysia's economic growth normalised to 3.7% after the strong growth registered in 2022 of 8.7%. The moderation in growth came primarily on the back of slower international trade, the global tech downcycle, geopolitical tensions, as well as tighter monetary policies. On the local front, growth was supported by the continued recovery in economic activity and labour market conditions.

Revenue

RM2.42 billion

(RM2.31 billion in 2022)

Operating Profit*:

RM391.3* million

(RM323.3* billion in 2022)

Revenue

RM2.10 billion

(RM1.99 billion in 2022)

Operating Profit

RM54.9 million

(RM64.4 million in 2022)

* Operating Profit refers to Profit Before Tax from continuing operations including non-operating gains for 2023 of RM28.4 million (2022: RM30.4 million non-operating gains).



MANAGEMENT DISCUSSION AND ANALYSIS

AUTO PARTS MANUFACTURING

Revenue

RM316.1 million

(RM316.1 million in 2022)

Operating Profit

RM22.9 million

(RM49.6** million in 2022)

JOINT VENTURE

Share of results of
joint venture

**RM24.2
million**

(RM16.0 million in 2022)

ASSOCIATES

Share of results of associates

**RM264.7
million**

(RM198.3 million in 2022)



** Operating Profit in 2022 is inclusive of RM30.4 million non-operating gains.

MANAGEMENT DISCUSSION AND ANALYSIS

AUTOMOTIVE INDUSTRY IN 2023

Drilling down to the automotive industry, the Malaysian Automotive Association (“MAA”) reported a TIV growth of 10.9% from 721,177 units in 2022 to 799,731 units in 2023, a new all-time high. This marked the second annual increase since the pandemic-driven downturn in 2020-2021, and the second successive year of the TIV breaching the 700,000-unit level.



Total registrations in the new passenger vehicle category rose by 77,003 units or 12.0% to 719,160 units in 2023, from 642,157 units in 2022. The commercial vehicle segment also grew, albeit at a lower rate of 2.0% or 1,551 units to reach 80,571 units.

MAA attributes the automotive industry’s stellar performance to several factors, including the fulfilment of tax-free car bookings, a greatly stabilised socio-political landscape following the Unity Government’s formation after the 15th General Elections, new model launches including electric vehicles at competitive prices, a resilient domestic economy, as well as improvements to the industry’s supply chain conditions.

The Total Industry Production (“TIP”) of new vehicles in 2023 rose by 72,325 units or 10% to hit 774,600 units, compared with 702,275 units in 2022. Just like it was for TIV, this was an all-time-high result and the second successive year the volume surpassed the 700,000-unit mark. This significant rise in production volume came on the back of higher overall vehicle sales in the preceding year.

FINANCIAL PERFORMANCE

RESILIENT GROWTH

Following a record year in 2022, we achieved another new record high in 2023 with revenue for our group grew by 4.7% to RM2.42 billion from RM2.31 billion in 2022, with strong performances from both our Motor Trading and Auto Parts Manufacturing Divisions, and significant contributions from our associates and joint venture entity. The Group therefore closed the year with a record-breaking Operating Profit before tax of RM391.3 million, including a non-operating gain of RM28.4 million. This achievement is RM68.0 million or 21.0% higher than the Operating Profit for 2022. Excluding the non-operating gain of RM28.4 million, the Operating Profit Before Tax for the Group was RM362.9 million for the financial year 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

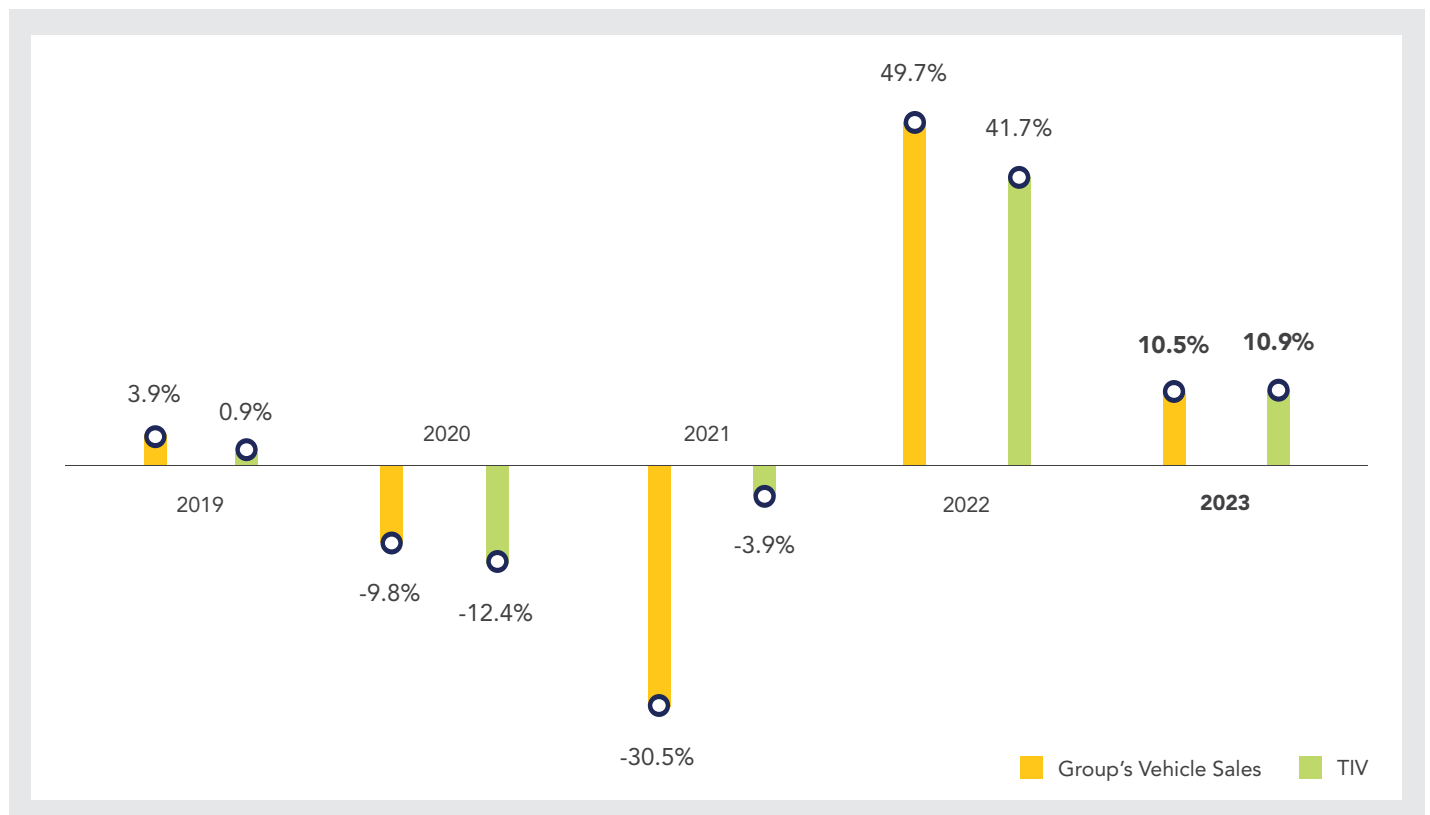
FINANCIAL PERFORMANCE

RM Million	2023	2022	% Change
Revenue			
Continuing operations, as reported	2,416.2	2,307.6	4.7
Continuing operations			
Operating profit	74.0	78.6	(5.9)
One-off gains from disposals*	28.4	30.4	(6.6)
Share of joint venture results	24.2	16.0	51.3
Share of associates results	264.7	198.3	33.5
Profit before tax	391.3	323.3	21.0
Discontinued operation			
Operating profit	-	0.9	-
One-off gains from disposals*	-	12.1	-
Profit before tax	-	13.0	-

* The one-off gains from disposals are net of incidental costs.

Our **Motor Trading Division's** sales volume rose by 10.5% on a year-on-year basis, almost apace with the TIV growth of 10.9%. This growth was due to, among others, healthy demand in the passenger-car subsegment against the backdrop of domestic economic resilience, better supply chain conditions and a stable socio-political environment. Unwavering demand especially for the ever-popular Perodua models such as the Perodua Bezza, Myvi and Axia helped sustain our sales volumes in 2023.

Percentage Change in Group Vehicle Sales v.s. TIV



MANAGEMENT DISCUSSION AND ANALYSIS

Aftersales revenue maintained its upward trajectory, reaching a record high of RM222.2 million. This represented a 15.1% increase from the previous year's RM193.0 million. These results testify to the reputation of our trained service personnel in providing quality aftersales service.

The Division's Operating Profit however still experienced a slight softening against 2022 by 14.8% mainly due to reduced demand in the premium segment following the end of the sales tax exempted bookings in the first quarter of 2023.

Our **Auto Parts Manufacturing Division** saw sustained strength in production volumes as supply chain conditions further normalised. In 2023, the division produced 9.1 million units, an 18.5% rise from the 7.7 million units in 2022. Our continued investments into production assets and raising operational efficiencies enabled us to realise this outcome, whilst also giving us headroom for further growth in our production activities.

With the substantial increase in production demand, operating profit for the Division therefore reflected the higher sales volume and reported an increase of 19.9% against the preceding year's Operating Profit.

OUR ASSOCIATES

The Group carries significant investments in commercial and passenger vehicle assembly / manufacturing and distributorships through its associates, namely Perodua Otomobil Kedua

Sdn Bhd ("Perodua"), Hino Motors Manufacturing (Malaysia) Sdn. Bhd. ("HMMM"), Hino Motor Sales (Malaysia) Sdn. Bhd. ("HMSM") and Teck See Plastic Sdn Bhd ("TSP"). The performance and profit contribution from these associates equally achieved new heights in 2023 given the aforementioned overall high sales and production volumes for the industry.

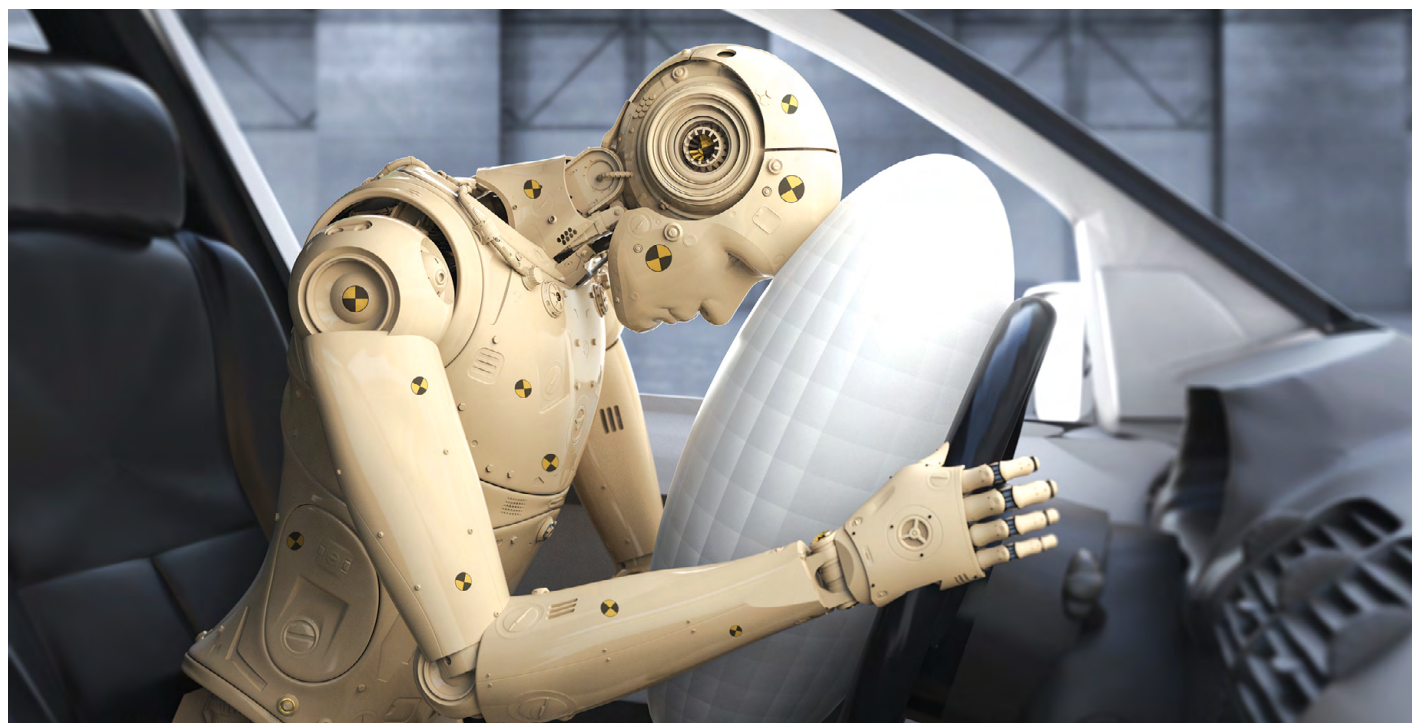
Perodua, Malaysia's foremost car brand, continued to register strong sales with 330,325 units sold, up 17.1% from 282,019 units registered in 2022. This gave the automaker a solid 41.3% share of the local automotive market, an increase from the 39.1% recorded in 2022.

Our share of associates' profits therefore increased substantially to RM264.7 million, an increase of RM66.4 million or 33.5% against the preceding year.

During the year, the Group disposed of a piece of vacant land in Bandar Sri Sendayan, Negeri Sembilan for RM49.4 million, realizing a gain of RM28.4 million. The sale was intended to realise the value of this unused property, thereby delivering tangible benefits to our shareholders through a higher special dividend announced and paid during the year.

FINANCIAL POSITION

Our strong focus on quality, effective cost management and continuous process improvements helped to further strengthen our position in the ever-evolving automotive industry in 2023.



MANAGEMENT DISCUSSION AND ANALYSIS

As of 31 December 2023, the Group's net profit attributable to equity holders rose further to RM331.2 million from RM280.4 million in 2022, marking the third consecutive year of strong growth. In the same vein, net assets per share (attributable to equity holders) increased by RM0.10 per share to RM5.40 per share, sustaining its upward trajectory since 2017 despite our payment of RM152.4 million (RM0.39 per share) for the first and second interim dividends for the financial year 2023.

The Group's debt-to-equity ratio remained minimal at 0.8% (0.0% in 2022) as we have utilised RM16.4 million in our banking facilities in the year under review. During the year, we invested a total of RM34.4 million in capital expenditure ("CAPEX") together with AHSB, including investment in our new tire assembly plant located in the Mukim of Serendah. The plant has been in operation since February 2024.

DIVIDEND

We remained steadfast in enhancing value for our shareholders. This commitment is reflected in our consistent performance and regular dividend payouts, guided by our policy of distributing at least 60% of the Company's net profit each year to reward our shareholders for their continuous support.

In 2023, the Group declared and paid to-date dividends of 39 sen per share (2022: 37 sen) or RM152.4 million to our shareholders, comprising 12 sen ordinary dividend and 27 sen special dividend. In view of the strong performance for 2023, the Board is also recommending a final dividend of 15 sen per share or RM58.6 million, which, if approved by shareholders at the forthcoming Annual General Meeting ("AGM"), will result in a cumulative dividend payout of 54 sen per share (2022: 43 sen), an increase of 11 sen from 2022, amounting to an estimated RM211.1 million for the financial year 2023. This expected total dividend payout for the financial year 2023 will represent the highest-ever dividend payout in the Group's history.

Based on our closing share price of RM4.25 as at 31 December 2023, this would translate to a dividend yield of 12.7%. In addition, this dividend payout ratio is 125.0% (2022: 108.2%) of the Company's profit after tax, well above our 60% dividend payout policy. The payout also represents 63.7% of the attributable profit of the Group, exceeded the 60.0% payout for 2022.

DRIVING FORWARD

In 2023, the Group continued to execute our Drive 24 initiatives. In the Group's 2022 annual report, we mentioned the transition into the three-stage Drive 24 from its predecessor Project DRIVE. This marked our entry into the next chapter of our strategic goals.

Having reviewed our existing assets in Drive 24's first stage, we have strengthened the Group's operations and maximised our value and production efficiencies. This entailed scaling up of the Group's facilities to improve the provision of our product offerings.

Notably, the transforming of our Perodua 1S outlet in Sungai Buloh to a new 3S outlet at Desa Coalfields, Sungai Buloh, has commenced construction in October 2023. Further, the plans to upgrade our Kota Kinabalu Perodua outlet to a new 4S centre in Inanam, Kota Kinabalu and a brand new Perodua 3S centre in Pasir Mas, Kelantan are both well underway. The upcoming Perodua 3S centre in Pasir Mas sets a new milestone as the Group's first representation in the East Coast of Peninsular Malaysia.

At DMSB, we are also in the midst of upgrading a Daihatsu 2S dealer in Johor to 3S status, whilst a new 3S dealership is being established in Temerloh.

Going forward, we recognise that the industry is undergoing momentous change and facing a set of challenges which requires industry players to adapt. However, the shifting landscape will also offer opportunities for us to capitalise on in order to create value for our stakeholders. We will continue to explore and evaluate these opportunities as they become available to us.

MANAGEMENT DISCUSSION AND ANALYSIS

▶ MBMR GROUP BUSINESS OVERVIEW 2023

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







MOTOR TRADING DIVISION

Our Motor Trading Division comprises two main subsidiary groups, i.e. the Daihatsu (Malaysia) Sdn. Bhd. Group (“DMSB Group”) and the Federal Auto Holdings Berhad Group (“FAHB Group”). These two groups are established brand names in the sales and aftersales servicing of foreign and locally assembled vehicles in Malaysia and are market leaders in their respective sectors.

The DMSB Group has been the exclusive distributor of Daihatsu’s light-duty commercial vehicles for over four decades, and the largest dealership for Hino commercial trucks and buses in Malaysia. Its wholly owned subsidiary, DMM Sales Sdn. Bhd., operates the largest dealership for Perodua vehicles.

The FAHB Group’s wholly owned subsidiaries, Federal Auto Cars Sdn. Bhd. (“FAC”) and F.A. Wagen Sdn. Bhd. (“FAW”), are distinguished dealers of Volvo and Volkswagen vehicles in Malaysia, respectively. FAC is presently the largest dealer group for Volvo, with service facilities for the brand’s luxury cars in Glenmarie, Shah Alam (our flagship 4S Centre), Penang (3S Centre) and Kuala Lumpur (1S Centre). Similarly, FAW is the largest dealer group in Malaysia servicing Volkswagen vehicles at 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

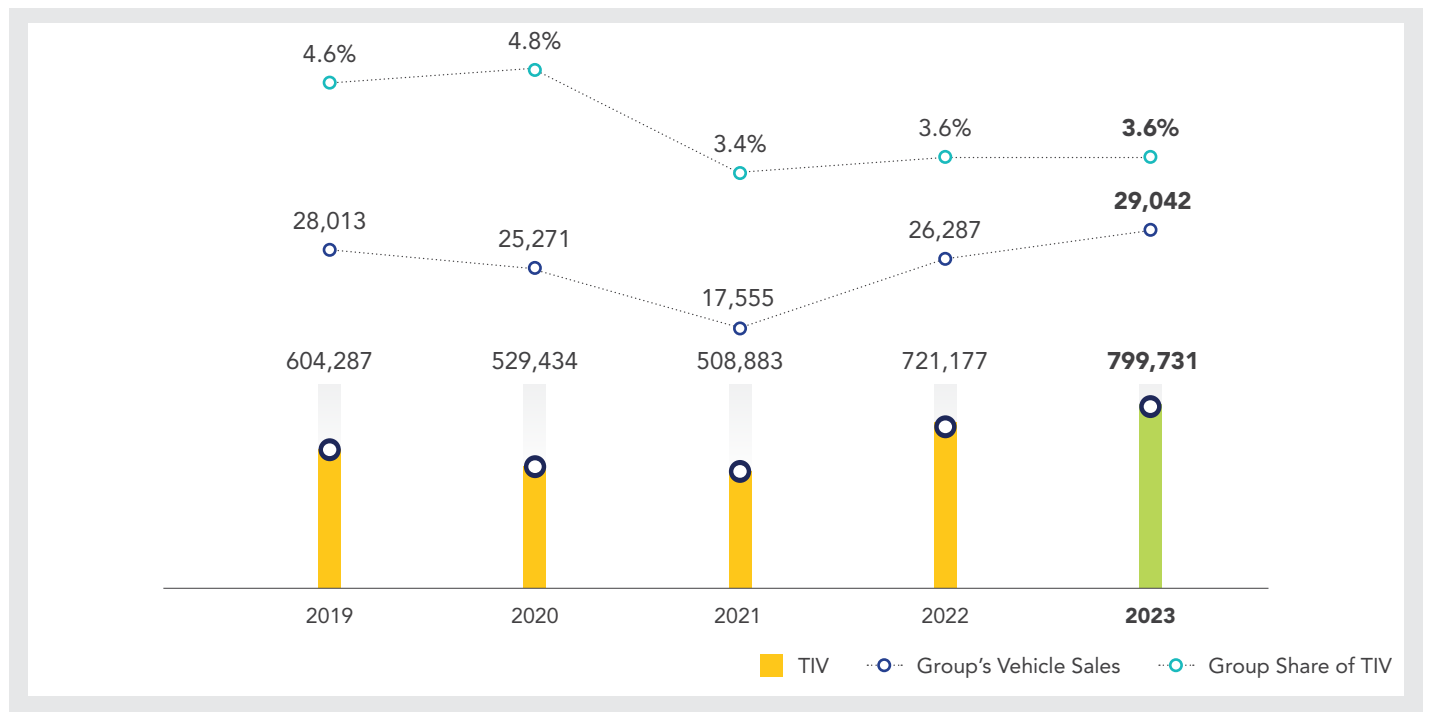
 <p>31 SALES OUTLETS</p> <p>Total Group</p> <p>29,042 VEHICLES SOLD</p> <p>258,137 VEHICLES SERVICED</p>	<p>31 SALES OUTLETS</p> <p>28 SERVICE OUTLETS</p> <p>5 BODY & PAINT</p>	 <p>DISTRIBUTORSHIP By Daihatsu (Malaysia) Sdn. Bhd.</p>	 <p>DEALERSHIP By Daihatsu (Malaysia) Sdn. Bhd.</p>
		<p>831 VEHICLES SOLD</p> <p>7,140 VEHICLES SERVICED</p>	<p>4/22* SALES OUTLETS</p> <p>5/26* SERVICE OUTLETS</p>
<p>* Represented by our authorised dealers</p>			
 <p>DEALERSHIP By DMM Sales Sdn. Bhd.</p>	 <p>DEALERSHIP By F.A. Wagen Sdn. Bhd.</p>	 <p>DEALERSHIP By Federal Auto Cars Sdn. Bhd.</p>	
<p>26,561 VEHICLES SOLD</p> <p>199,457 VEHICLES SERVICED</p>	<p>17 SALES OUTLETS</p> <p>13 SERVICE OUTLETS</p> <p>2 BODY & PAINTS</p>	<p>728 VEHICLES SOLD</p> <p>23,638 VEHICLES SERVICED</p>	<p>3 SALES OUTLETS</p> <p>3 SERVICE OUTLETS</p> <p>2 BODY & PAINTS</p>
		<p>639 VEHICLES SOLD</p> <p>14,159 VEHICLES SERVICED</p>	<p>3 SALES OUTLETS</p> <p>2 SERVICE OUTLETS</p> <p>1 BODY & PAINTS</p>

MANAGEMENT DISCUSSION AND ANALYSIS

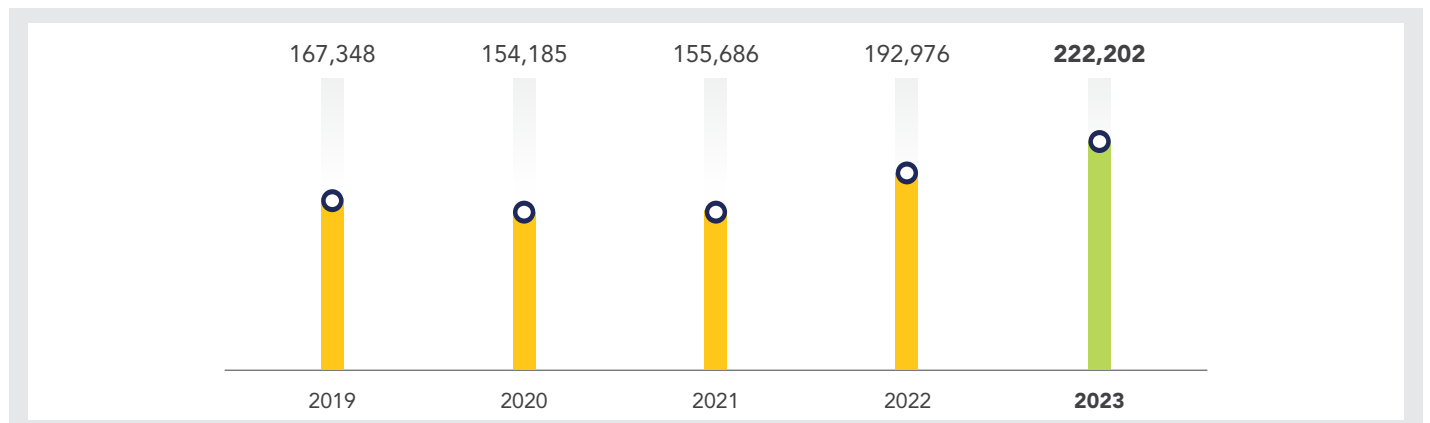
Our operating environment in 2023 was made largely favourable by factors like improved supply chain conditions, a stabilised socio-political landscape and a resilient domestic economy. Car financing remained available in 2023 with stable credit growth. These positive factors and our longstanding approach of maintaining vigilance and adapting our strategies accordingly to prevailing business conditions stood us in good stead to capitalise on these tailwinds in the year under review. Our strong profitability also testifies to the effectiveness of our ongoing efforts to maximise operational and cost efficiencies.

In 2023, the Group sold a total of 29,042 vehicles – a 10.5% increase over the 26,287 vehicles sold in 2022, while maintaining the Group's market share of 3.6% of the TIV, on par with 2022's level. Our Motor Trading Division's aftersales revenue grew 15.1% to RM222.2 million from RM193.0 million in the preceding year.

Group Vehicle Sales v.s. TIV Performance



Aftersales Revenue (RM'000)



MANAGEMENT DISCUSSION AND ANALYSIS

▶ MBMR GROUP BUSINESS OVERVIEW 2023

Perodua, Daihatsu and Hino

Our Perodua branches under DMMS sold 26,561 vehicles in 2023, a 16.0% increase from 22,901 vehicles in the preceding year. This healthy sales performance was driven by robust demand for popular models like the Bezza, Myvi, Axia and Alza. Further drawing customers into our dealerships was the all-new Perodua Axia 2023. Launched in February 2023, the model boasted a larger footprint, a new powertrain combo, and a stylish interior. It is the third model to sit on the latest Daihatsu New Global Architecture (“DNGA”) platform, which aims to offer class-beating stability and comfort whilst maximising safety with increased chassis rigidity. Demand aside, the improved Perodua stock supply also helped significantly in boosting the sales volume during the year.

Aftersales volume likewise rose by 14.2% in 2023. This translates to 199,457 units serviced, exceeded the 174,602 units serviced in 2022. Contributing to these results were, among others, the continuous increase in aftersales efficiency and introduction of value-added services to complement customers’ routine maintenance services.

Commercial vehicle sales proved to be more challenging in 2023 with more companies turning cautious given the uncertainties in the economic direction and geo-political tensions. In response, DMSB extended the Daihatsu Gran Max’s warranty coverage terms from 3 years to 5 years to provide greater assurance to customers.

Hino also launched their new Hino 200 Series in March 2023, adding to the automaker’s line-up of light commercial vehicles. The Hino 200 Series delivers advanced performance and is equipped with features for easy access to smaller or narrow roads. It is the first in the overall Hino line-up that comes with a powerful yet Euro 4-compliant turbocharged intercooled engine and B20 diesel compatibility.



The Myvi Sepang 1,000km (S1K) Race Car was launched at the International Automodified (IAM) and Malaysia International Motor Expo, featuring upgrades by DMM Performance’s racing team DMM 204 Speedster. This is the only local production model to race in S1K 2023, earning it the interest and support of the local and international motorsport community.

MANAGEMENT DISCUSSION AND ANALYSIS

Volvo and Volkswagen

2022 was a year with exceptional sales in our premium car segment boosted by the sales tax exemption, and we saw the demand reduced in 2023 after the sales tax exemption bookings have been fulfilled. Our sales volume in 2023 declined by 28.9% to 639 units from 899 units in 2022, exacerbated by intense competition in the premium car space, with competitor model launches diluting the value proposition of Volvo cars. Despite the challenges, we continued to hold the largest market share among Volvo dealers in Malaysia with market share of around 24.5% (29% in 2022).

During the year, Volvo also made minor updates to all its models for Model Year 2024, in keeping with its philosophy of undertaking continuous improvement to its processes and products to maximise customer satisfaction.

In the aftersales business, we continued to undertake measures to maximise our capacity intake for appointments whilst minimising customer waiting times. Consequently, the number of vehicles we serviced grew 10.8% to 14,159 vehicles in 2023 (12,775 vehicles in 2022) with improved value per throughput and better margins.

We are encouraged that our commitment to achieving excellence in the work that we do has been recognised by our industry leaders, with our branches receiving the following awards for 2023:



Similar to Volvo, Volkswagen had in the year under review performed updates to all its models to include IQ.Drive, an advanced driver-assistance technology that offers innovative features designed for convenience and peace of mind. The system alerts drivers to oncoming obstacles and on select models, includes hands-on semi-autonomous capabilities for a more comfortable driving experience.

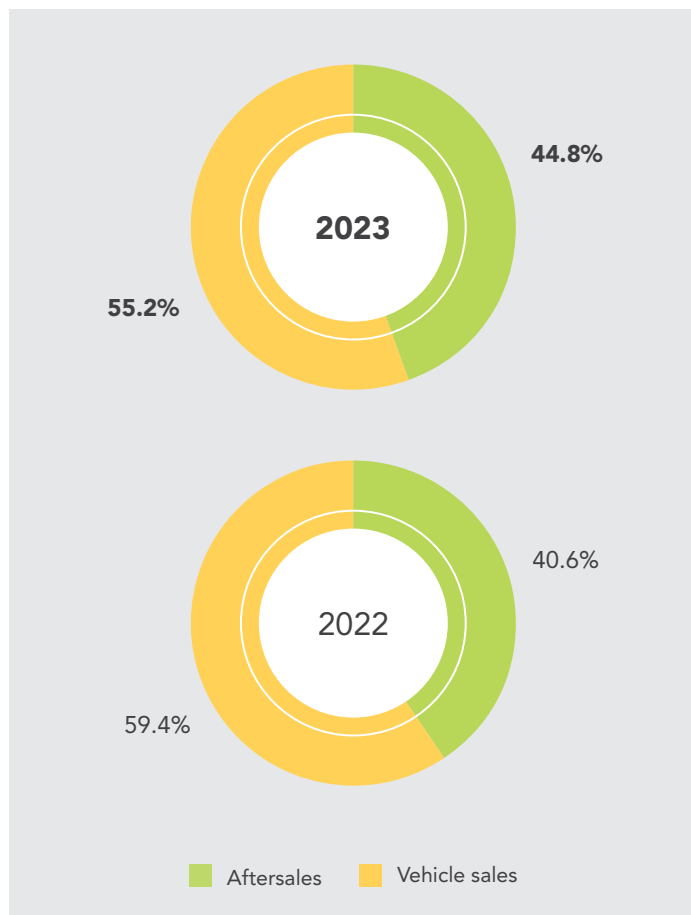
Sales of our Volkswagen cars came in at 728 units in 2023, a 26.9% decrease from 996 units in 2022 given the challenging market conditions for the premium segment and limited models. Nevertheless, our market share grew by 1.4% in 2023 to 27.6%, enabling us to maintain our position as the group with the largest market share in the country.

Our aftersales business saw a slight decline of 4% in the number of vehicles sent for servicing at our branches given the declining Units in Operation for Malaysia, although similar to our Volvo aftersales, both the value per throughput and margins have improved in 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

▶ MBMR GROUP BUSINESS OVERVIEW 2023

Gross Margin between Vehicle Sales and Aftersales



Marketing and Branding

Our Motor Trading Division remained steadfast in our marketing efforts to further improve engagement with our customer base. During the year, we focused on strengthening our database capitalisation processes at our branches and continued to optimise our sales, test-drive and service appointment booking process on our website and social media. At FAHB Group, we increased digital marketing activities and organised more on-the-ground events in collaboration with the principal and major banks to increase customer engagements and excitement. We also embarked on sustainability branding to give our business a greater purpose that will tighten our rapport with customers and differentiate us from the competition.

For DMSB, we have also conducted fully integrated marketing campaigns on a quarterly basis to raise awareness of our products and services, thereby providing support to our dealers and branches. In addition, we built brand equity with our support of the Malaysian Government’s AUTO RAHMAH initiative and sponsorship of Persatuan Luncur Ombak Malaysia, the surfing contingent that flew our Malaysian flag high at the 2023 Asian Surfing Championship in Maldives.

Our Motor Trading Division will continue to optimise our marketing activities on both traditional and digital mediums to leverage on the reach and opportunities afforded by both.

AUTO PARTS MANUFACTURING DIVISION

The Group’s Auto Parts Manufacturing Division is comprised of our subsidiaries, Oriental Metal Industries (M) Sdn. Bhd. (“OMI”) and Hirotako Acoustics Sdn. Bhd. (“HASB”), as well as Autoliv Hirotako Sdn. Bhd. Group (“AHSB Group”), a jointly controlled entity. This division is a key automotive component supplier for all major car brands in Malaysia.

OMI manufactures steel wheels and undertakes the module assembly of tyres. It also provides warehousing service and other related value-added services. HASB supplies the local automotive market with a comprehensive range of Noise, Vibration and Harshness (“NVH”) solutions, including dampening sheets, insulators and felt. While the AHSB Group manufactures safety restraint systems such as airbags and seatbelts, as well as steering wheels.

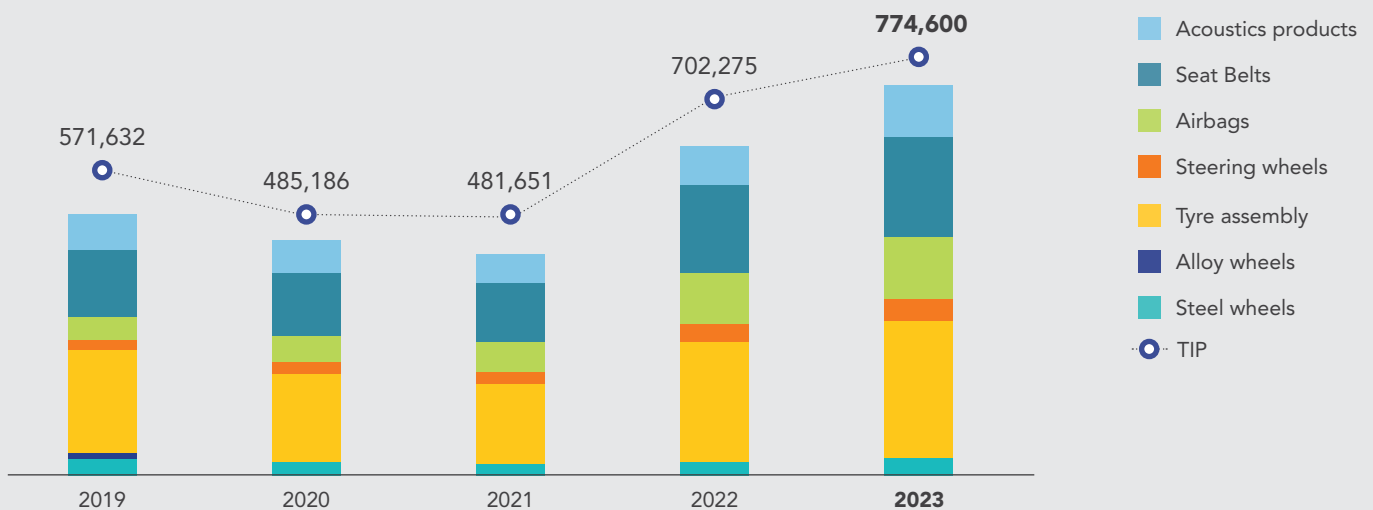
Against the backdrop of robust vehicle sales, a vastly improved industry supply chain environment and a significant backlog of tax-free car bookings, local OEMs had a considerably fruitful year of meeting orders.

MANAGEMENT DISCUSSION AND ANALYSIS

Our Auto Parts Manufacturing Division in Numbers



Auto Parts Manufacturing Production Volume vs TIP



MANAGEMENT DISCUSSION AND ANALYSIS

▶ MBMR GROUP BUSINESS OVERVIEW 2023

Safety Products

The AHSB Group is our jointly controlled entity formed via a 51%-owned joint venture with Autoliv AB, a leader in car safety restraint systems and one of the largest Tier-1 automotive suppliers in the world. AHSB Group designs, tests and manufactures vehicle safety restraint products and systems. Their safety products range from seat belts and airbags to steering wheels.

In 2022, we reported that AHSB achieved their highest revenue in history. In 2023, AHSB outperformed that record with revenue growth of 31.7% from the preceding year. Profit before tax, likewise, surged by 51.3% as products delivered rose by 24.5% from 2022 to hit 4.51 million in 2023.

The theme of growth extended to the overall market share for AHSB’s products, which was estimated to be at 61% in 2023. This is a heartening expansion from the previous year’s estimate of 54%, further cementing their position as the market leader for seat belts, airbags and steering wheels in the country. This accomplishment is a testament to AHSB’s ability to speedily optimise its resources to meet robust orders from OEMs, many of which saw strong demand for their new and existing car models within the year under review.

Amid the high production and growth, environmental focus was not left out. Towards end of last year, AHSB Group also completed the installation of solar panels system in their plant with 132kWh capacity to support the Malaysian Government’s initiatives to generate more power from renewable energy sources.



Solar panels installed at AHSB plant

Acoustic Products

HASB, our wholly-owned subsidiary, is an established name in the supply of a wide range of cost-effective acoustic products to counter the noise, vibration and harshness (“NVH”) present in an automotive environment. HASB’s technical partner, Autoneum is the global leader in vehicle acoustic and thermal management solutions. In 2023, Autoneum continued to provide HASB with strong technical support.

Similar to AHSB, HASB had in the year under review grew from strength to strength given the improvements to market and supply chain conditions. New contracts added during the year were models like the Toyota Vios, Perodua Axia, Honda WR-V and so on.

As a result, production of our NVH products rose further, expanding by 7.5% from 917,000 units in 2022 to 986,000 units in 2023. Given the product and model mix, revenue achieved for the year was on par with the preceding year, while profit before tax rose by 26.1% from the previous year mainly coming from the higher volume sold, strong customer support and continuous cost-optimisation initiatives such as local sourcing and material recycle initiatives.

We are pleased to have received the Quality Appreciation Award 2022/23 from Honda Malaysia in 2023. This is a valuable affirmation for our teams as we continuously strive for excellence in product quality and delivery whilst optimising our production and labour costs.

Wheel and Tyre Assembly

Our subsidiary, OMI, is a manufacturer of steel wheels. OMI also assembles wheels and tyres for major manufacturers of passenger and commercial vehicles such as Perodua, Proton, Honda, Toyota, Mitsubishi and Hino, besides offering other value-added and warehousing services.

Compared with the previous year, OMI also achieved strong growth in 2023 in its production of steel wheels (+22.7%) and tyre assembly (+13.9%). Although sales volume increased during the year, revenue was almost comparable to the preceding year mainly due to reduction in component purchase arrangement with certain customers. Profit before tax however improved by 15.3% on account of the expanded supply to our OEMs as well as our cost-optimisation initiatives. With this strong set of results, OMI retained its dominant market share of 82% in 2023.

Over the course of the year, several initiatives have been taken to enhance productivity and quality. At both our Shah Alam and Serendah plants, we installed auto balancing machines that helped to reduce labour requirements, increase productivity and consistency in product quality. We have also completed the construction of a new tyre assembly module plant and have commenced operation since February 2024.



OMI new tyre assembly plant in Mukim Serendah

MANAGEMENT DISCUSSION AND ANALYSIS

In line with the Group's commitment towards sustainability practice, we have in the year under review installed a 330KWp solar panel system at our Shah Alam steel wheel plants, bringing our total combined capacity to 690KWp. This move helps to reduce our demand for energy from the national grid.

We are pleased that our work to preserve the environment was recognised by Honda, which accorded us the Environment Appreciation Award in 2023.

OUTLOOK

In 2024, Bank Negara Malaysia anticipates that Malaysia's economy will continue to be propelled by resilient domestic consumption as well as a rebound in global trade growth and tourism arrivals. At its Monetary Policy Committee meeting on 7 March 2024, the central bank kept the Overnight Policy Rate at 3.0%, citing stable domestic headline and core inflation figures and solid gross domestic product growth outlook of around 4.5%-5.0% for 2024.

In terms of vehicle sales, the Malaysian Automotive Association expects TIV to decline from its record high in 2023 of 799,731 units to 740,000 units in 2024, as consumers may be cautious about spending on big-ticket items in view of high living costs, higher service tax rates for some services including motor vehicle repair and maintenance, as well as the government's potential implementation of its plans for targeted subsidy rationalisation and the High Value Goods Tax. Buying interest could however be sustained by ongoing new model launches, including many new electrified vehicles at affordable and competitive prices as the government continues to promote automotive electrification.

To mitigate the impact of intensifying competition on our profitability, our Motor Trading Division will continue to look for opportunities to compete whilst preserving our margins and maximising incentive income. We will organise activities as necessary to further improve engagement with our customers, principal and major banks. In addition, we will conduct targeted marketing activities that leverage on customer referrals and will establish collaborations with more automotive bloggers to generate higher reach and leads in the online space.

On the shift to online direct sales of Volvo's electric vehicles, we have been in continuous communication with our principal to understand and mitigate the potential impacts, and are keeping a close eye on online direct sales developments both in Malaysia and in other countries.



In line with Volvo's electrification plan for Malaysia, Volvo Cars Malaysia will be launching the EX30, a small SUV in 2024. To support Volvo's electrification ambitions, we have plans to install DC fast chargers in two more of our outlets in Penang and Kuala Lumpur. We will also leverage the space on our buildings in Glenmarie to install solar panels that will reduce our carbon footprint and electricity cost.



As for Volkswagen, the facelifted third-generation Volkswagen Touareg R-Line has been launched in March 2024. The flagship SUV is sold in CKD locally assembled 3.0 TSI V6 form, sitting atop Volkswagen's lineup. Volkswagen plans to also reintroduce the base variant Golf R-line to capture more of their target market.

With regard to our Auto Parts Manufacturing Division, the initiatives of manufacturing excellence under our Drive 24 strategy will continue, we are also putting in place plans for alternative sourcing and increase the reuse or recycling of raw materials in our production processes. Work efficiency improvement will continue, taking into account quality, cost and delivery considerations. To ride the electrification wave, we will also aggressively engage with our partners to discuss new electrification technology and procure information on new products that we do not currently supply.

The Group's strong emphasis on delivering quality while maintaining operational efficiency has been the philosophy that underpins the way we define, develop and deliver our value propositions. Overall, we are confident that our strategies and robust fundamentals will give us the requisite agility to respond effectively and efficiently to the coming changes in our operating landscape, ensuring that we continue to be the torchbearer that lights the way forward.

SUSTAINABILITY STATEMENT

OUR APPROACH TO SUSTAINABILITY

At MBMR, our commitment to sustainability is deeply ingrained in our corporate ethos. We understand that delivering sustainable performance and returns to our investors goes hand in hand with our responsibility to contribute to social development and environmental protection.



SUSTAINABILITY STATEMENT



In 2022, we took significant strides to fortify our sustainability efforts by establishing a robust sustainability governance structure alongside our Sustainability Policy and Framework. This foundational framework not only delineated our overarching sustainability goals but also provided the necessary infrastructure for effective monitoring and implementation. Within this framework, specific sustainability targets were outlined as key performance indicators to guide our progress.

To ensure accountability and oversight, we implemented quarterly sustainability performance and reporting mechanisms. These assessments enable us to meticulously track our progress, identify areas for improvement, and adapt our strategies accordingly. The year under review marked a significant milestone in our sustainability journey, characterised by notable advancements in our initiatives. We organised a Sustainability Leadership Series, engaging with esteemed speakers on topics ranging from Environment, Social and Governance (“ESG”) trends to sustainability policies. Additionally, we conducted a comprehensive materiality assessment, identifying our most pressing sustainability matters and aligning our strategies accordingly. The materiality assessment serves as the cornerstone of our sustainability management and ESG reporting practices. By aligning internal insights, stakeholder perspectives, and trend analysis, we address the most pertinent challenges and strive to generate enduring value for our stakeholders. This assessment facilitates the integration of sustainability considerations into our overarching business strategy.

Our sustainability practices are guided by a governance structure that emphasises accountability. Oversight is provided by the Board through the Risk Management and Sustainability Committee, with support from management. MBMR Management plays a proactive role in driving and integrating sustainability into our day-to-day operations across various business functions. Additionally, our Group Risk Management and Compliance Department provides on-the-ground oversight to ensure alignment with our sustainability objectives. In our dedication to continuously upholding the integrity of our content, we have provided an independent limited assurance on the selected sustainability indicators in our 2023 Sustainability Report disclosure.

Details of the Group Sustainability Governance Structure, Materiality Assessment and Statement of Assurance are provided in the 2023 Sustainability Report.

SUSTAINABILITY STATEMENT

Environment



We recognise the importance of safeguarding our environment and are committed to exploring avenues for enhancing the efficient utilisation of natural resources, including water, land, and energy, which are essential to our operations.

Given the nature of our activities, particularly our significant consumption of water and energy, our sustainability endeavours are primarily directed towards addressing material concerns related to energy and water consumption, as well as waste management. Energy efficiency is paramount for us, not only for trimming running costs but also for curbing carbon emissions and conserving natural resources.



SUSTAINABILITY STATEMENT

To realise our energy efficiency goals, we've implemented various initiatives, such as transitioning to energy-efficient lighting and investing in renewable energy solutions like solar panels. In 2023, our commitment was further underscored by the installation of an additional 330 kilowatts peak ("kWp") of solar panels at OMI's steel wheel plant, supplementing previous installations. These expansions align with our unwavering pursuit of a low-carbon environment.

Efficient water management is equally essential for us, considering the significant volume of water used by some of our subsidiaries in their operations. By focusing on water sustainability and implementing conservation measures, we aim to reduce costs and contribute significantly to preserving water ecosystems. Furthermore, initiatives like upgrading water taps to water-saving systems at our facilities demonstrate our ongoing commitment to water conservation.

Waste management is another integral aspect of our sustainability strategy. We're dedicated to minimising waste across our operations and handling scheduled waste in strict accordance with regulatory guidelines. Practical strategies focused on waste reduction, reuse, recycling, and responsible disposal are implemented across our diverse sectors.

Integral to our environmental stewardship is our adherence to ISO 14001:2015 Environmental Management System certification and Malaysian Environmental Quality Act regulations. This ensures that our manufacturing facilities meet stringent environmental standards, with regular monitoring and reporting of effluent discharge and air emissions.

SUMMARY OF THE GROUP'S ENVIRONMENT PERFORMANCE

Energy


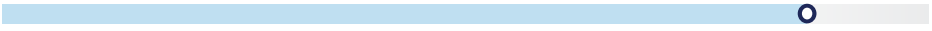

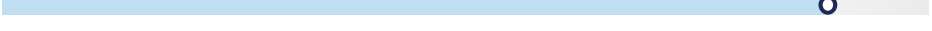


Electricity Consumption Intensity Comparison 2021 - 2023

Group Electricity Consumption Intensity <i>Measured by kilowatt-hour ("kWh") Electricity Consumption Intensity Per Unit</i>	2021	2022	2023
	1.35	1.19	1.01

Electricity Consumption from Energy Producer Comparison 2021 – 2023

Group Electricity Consumption

Measured in kWh and Megajoule ("Mj")

2021	kWh		11,730,943
	Mj		42,231,395
2022	kWh		14,851,012
	Mj		53,463,643
2023	kWh		15,041,845
	Mj		54,150,642

Other Energy (Diesel, Petrol and Gas) 2023

Group Other Energy Consumption	Diesel (litre)	Petrol (litre)	Gas (sm ³)
	82,344	55,885	726,882

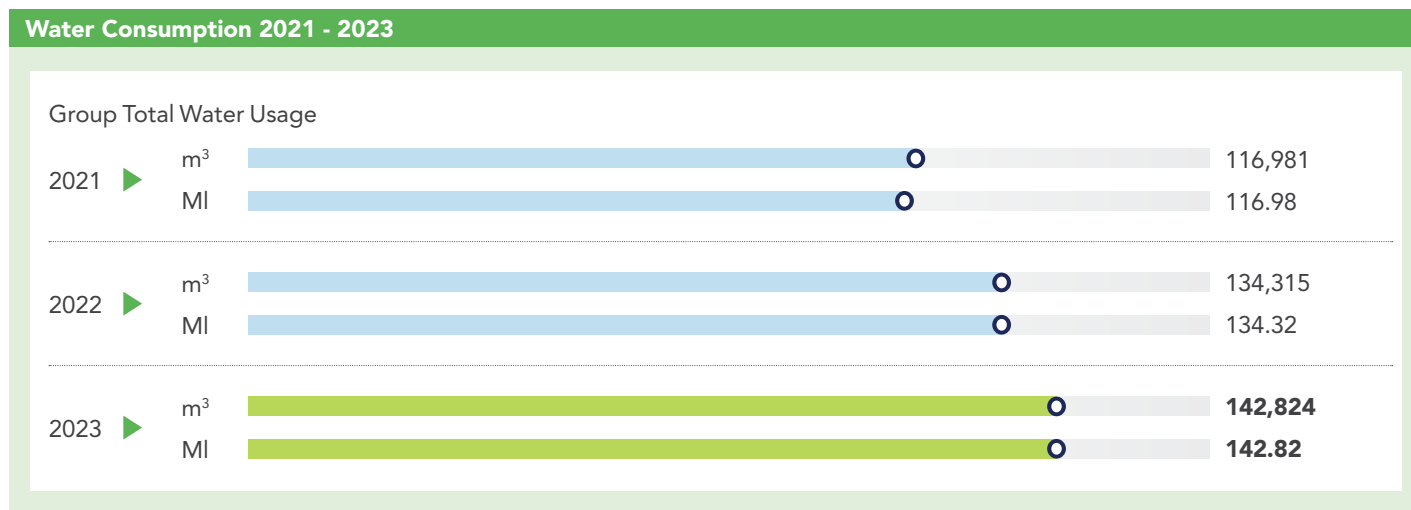
SUSTAINABILITY STATEMENT

Carbon Emission 2023

Group	Unit	Quantity
Scope 1	tonnes CO ₂ e	1,717
Scope 2		9,612
Total	tonnes CO ₂ e	11,329
Intensity	tCO ₂ e per output	0.0008

- data for Scope 1 carbon emission does not include its courtesy vehicle from the motor trading companies. The carbon emission from courtesy vehicle will be included in 2024 reporting
- Scope 1: Carbon Emission is based on the emission factor published by the Intergovernmental Panel on Climate Change (“IPCC”) Guidelines for National Greenhouse Gas Inventories
- Scope 2: Carbon Emission is based on Malaysia Green Technology and Climate Change Corporation Electricity emission factor for Peninsular Malaysia Grid

Water



Details of the Group’s Environment Performance and Approach are provided in the 2023 Sustainability Report.

SUSTAINABILITY STATEMENT

Social



We understand the significant influence our business practices can have on employees, customers, and local communities. Our commitment to sustainability and continued growth is deeply rooted in the strength of our relationships and engagement with stakeholders. To navigate these impacts adeptly, we've identified six critical factors that shape these connections: diversity and equal opportunity, health and safety, staff welfare, labour and working standards, customer satisfaction and loyalty, and community engagement. These factors form the basis of our social sustainability endeavours, which are aligned with advancing the United Nations Sustainable Development Goals ("UNSDGs") 3, 4, 5, 8, 10, 11, and 16.



SUSTAINABILITY STATEMENT

Central to our values is the creation of an inclusive workplace where every employee feels engaged, empowered and recognised. We appreciate and celebrate the diverse backgrounds of both our employees and customers, reflecting the vibrant multi-racial society of Malaysia. Our goal is to foster an environment where individuals can thrive authentically, contributing to both personal and corporate success.

To uphold this vision, we’ve implemented a Code of Business Conduct and Ethics (“COBCE”), which sets clear standards of behaviour for all employees and third-party partners. Annual attestation on the COBCE is conducted to ensure adherence to these principles, alongside a transparent performance management system rolled out across the Group. We firmly oppose all forms of discrimination and ensure that employment decisions are strictly guided by qualifications, merit, and performance.

Ensuring the well-being of our employees is paramount to our operations. Our manufacturing companies are accredited in ISO 45001:2018, a globally recognised occupational health and

safety management system. The Group also ensures adherence with Malaysian statutory requirements, including the Employment Act 2022 and Act 446 on Employees’ Minimum Standards of Housing, Accommodations, and Amenities Regulations 2021. Our commitment to employee well-being extends beyond compliance, with robust employment policies emphasising equality and the eradication of exploitation. We’ve established an Employee Grievances procedure to address work-related issues promptly, ensuring favourable working conditions and the elimination of workplace violence and harassment.

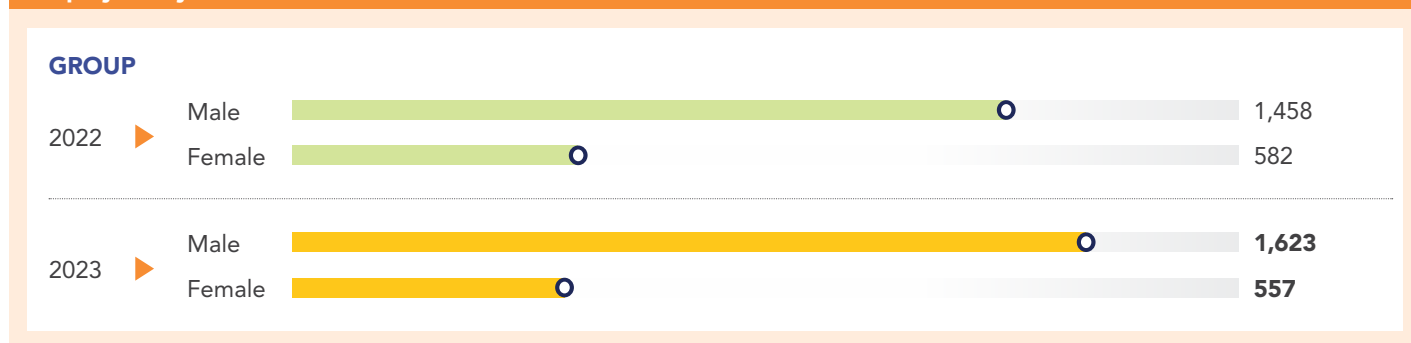
At the core of our business lies a dedication to customer satisfaction and loyalty. We’re dedicated to enhancing the overall customer experience through initiatives aimed at responsiveness, innovation, and operational optimisation. Furthermore, through Corporate Social Responsibility (“CSR”) initiatives, we actively contribute to local charitable and community projects, including the MBMR Scholarship Programme. Looking ahead, we remain committed to identifying new opportunities to bolster our community and cultivate additional engagement programmes.

SUMMARY OF THE GROUP’S SOCIAL PERFORMANCE

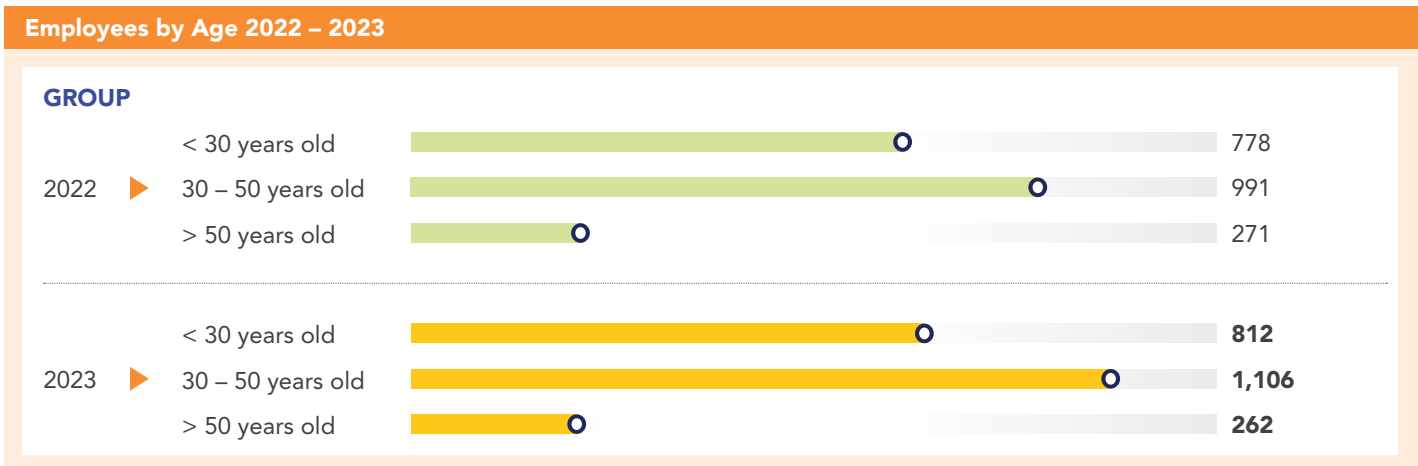
Health and Safety

Group	2021		2022		2023	
	Workplace Incidents	Work Related Fatalities	Workplace Incidents	Work Related Fatalities	Workplace Incidents	Work Related Fatalities
	5	0	9	0	9	0

Employees by Gender 2022 – 2023



SUSTAINABILITY STATEMENT



Turnover by Level

GROUP	Turnover No	2023		
		Total Employee by Level	% of Turnover	% Turnover (all employees)
Management	5	43	11.6%	0.2%
Middle Management	19	126	15.1%	0.9%
Executive	39	346	11.3%	1.8%
Non-Executive	71	694	10.2%	3.3%
Non-Executive (Foreign Workers)	310	605	51.2%	14.2%
Sales Advisor / Consultant	50	366	13.7%	2.3%
Total	494	2,180	22.7%	22.7%

Details of the Group's Social Performance and Approach are provided in the 2023 Sustainability Report.

SUSTAINABILITY STATEMENT

Economic



The Group is committed to supporting the growth of local suppliers within its supply chain ecosystem. Whenever possible, we prioritise sourcing from local suppliers to enhance the socio-economic standing of companies operating within the community. Furthermore, we uphold a dedication to maintaining fair and transparent procurement practices across the Group. All suppliers engaging with us must adhere to our Anti-Bribery and Anti-Corruption Policy. In 2023, we implemented Anti-Bribery and Anti-Corruption Due Diligence for new suppliers, ensuring that integrity and transparency remain central to our business relationships.



SUSTAINABILITY STATEMENT

We are fully committed to driving innovation and digitalisation initiatives to continually enhance our operations, products, and services. We have achieved significant milestones, including the establishment of digital platforms and a robust social media presence.

Within our motor trading companies, we have actively embraced the digital space by implementing fully integrated marketing campaigns. These endeavours have proven successful in engaging customers and facilitating bookings for test drives and service appointments through digital and social media platforms. Furthermore, we have invested in an integrated digital tool tailored to support our sales advisors in expanding lead generation and outreach efforts.

In our manufacturing companies, we are dedicated to investing in innovations, automation, and interconnectivity for our production lines to improve operational efficiency. Additional operating systems have been installed to monitor live data of line operation performance and digitalise the product tracking process for enhanced efficiency.

SUMMARY OF THE GROUP'S ECONOMIC PERFORMANCE

Proportion of Spending on Local Suppliers



Details of the Group's Economic Performance and Approach are provided in the 2023 Sustainability Report.

SUSTAINABILITY STATEMENT

Governance



The Board acknowledges corporate governance as fundamental for sustained and responsible business growth, ensuring the Group's long-term success and sustainability. Upholding good corporate governance practices fosters trust among stakeholders and reflects our commitment to integrity, accountability, fairness, and transparency in all business dealings.



SUSTAINABILITY STATEMENT

To this end, we maintain a commitment to upholding the highest standards of corporate governance across the Group, following the principles outlined in the Malaysian Code on Corporate Governance 2021 (“MCCG”). Through our Board Committees and management oversight, we ensure diligent implementation and review of corporate governance measures, guided by the MCCG. In 2023, MBMR initiated the implementation of the Group Governance Framework aimed at cultivating good corporate governance practices within the Group’s organisational culture and business processes. The Group Governance Framework reinforces the ongoing implementation of the Group-wide policies across the Group setting the tone for leadership towards alignment of the Group’s strategies and priorities.

Additionally, the Group maintains a strict zero-tolerance stance against bribery, corruption, and unethical practices. In compliance with the Malaysian Anti-Corruption Commission Act 2009, we’ve implemented the Anti-Bribery and Anti-Corruption Policy (“ABAC Policy”). Aligned with our Code of Business Conduct and Ethics, these values are integrated into all our operations and activities, extending to our suppliers and business associates. We conduct Anti-Bribery and Anti-Corruption due diligence for new suppliers and vendors and

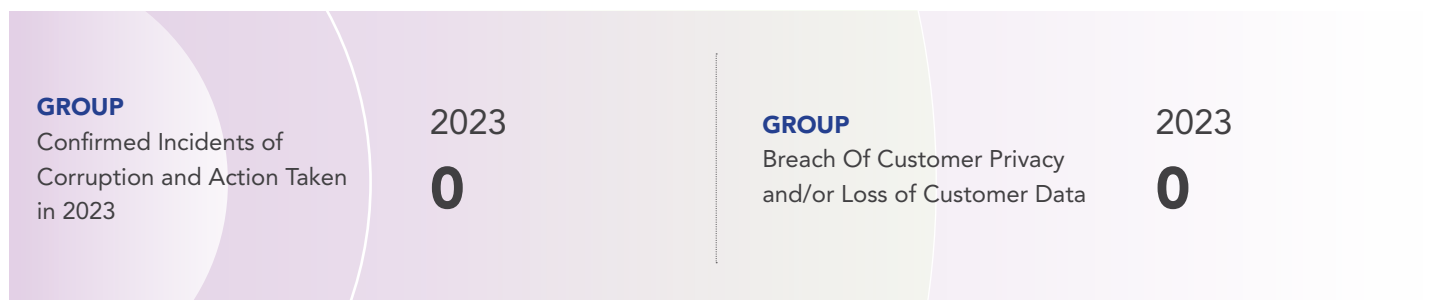
provide annual refresher training to Directors and employees on the ABAC Policy.

Moreover, in addressing the growing concerns of information security and cyber threats, we are committed to establishing robust cybersecurity systems. Our objective is to safeguard personal and sensitive data from unauthorised access, alteration, or deletion.

Through Cyber Security Awareness and Assessment and Training programmes, we enhance cybersecurity awareness among employees and continuously monitor network security systems. We also strengthened our Information Technology (“IT”) policies and regularly install and configure firewalls with updated security policies.

Initiatives such as the deployment of cyber defence tools, development of an IT Disaster Recovery Plan (“DRP”), and interval security review demonstrate our proactive approach to cybersecurity. We strictly adhere to the Personal Data Protection Act (“PDPA”) to safeguard customer data and continually upgrade our IT infrastructure to maintain optimal performance and security.

SUMMARY OF THE GROUP’S GOVERNANCE PERFORMANCE



Details of the Group’s Governance Performance and Approach are provided in the 2023 Sustainability Report.

BURSA ESG REPORT

Indicator	Measurement Unit	2023
Bursa (Anti-corruption)		
Bursa C1(a) Percentage of employees who have received training on anti-corruption by employee category		
Management	Percentage	100.00
Middle management	Percentage	100.00
Executive	Percentage	100.00
Non-executive	Percentage	100.00
Non-executive (Foreign worker)	Percentage	100.00
Sales Advisor / Consultant	Percentage	100.00
Bursa C1(b) Percentage of operations assessed for corruption-related risks	Percentage	100.00
Bursa C1(c) Confirmed incidents of corruption and action taken	Number	0
Bursa (Data privacy and security)		
Bursa C8(a) Number of substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0
Bursa (Health and safety)		
Bursa C5(a) Number of work-related fatalities	Number	0
Bursa C5(b) Lost time incident rate ("LTIR")	Rate	0.30
Bursa C5(c) Number of employees trained on health and safety standards	Number	1,100
Incident Frequency Rate (IFR)	Rate	1.49
Bursa (Labour practices and standards)		
Bursa C6(a) Total hours of training by employee category		
Management	Hours	2,036
Middle management	Hours	8,495
Executive	Hours	8,285
Non-executive	Hours	4,734
Non-executive (Foreign worker)	Hours	2,193
Sales Advisor / Consultant	Hours	4,543
Bursa C6(b) Percentage of employees that are contractors or temporary staff	Percentage	29.00
Bursa C6(c) Total number of employee turnover by employee category		
Management	Number	5
Middle management	Number	19
Executive	Number	39
Non-executive	Number	71
Non-executive (Foreign worker)	Number	310
Sales Advisor / Consultant	Number	50
Bursa C6(d) Number of substantiated complaints concerning human rights violations	Number	0
Bursa (Supply chain management)		
Bursa C7(a) Proportion of spending on local suppliers	Percentage	57.00
Bursa (Energy management)		
Bursa C4(a) Total energy consumption	Megawatt	2.86
Total energy consumption	Megajoules	57,052,791.00
Total energy consumption (Petrol, Diesel, Gas)	Gigajoules	32,729.30
Bursa (Diversity)		
Bursa C3(a) Percentage of employees by gender and age group, for each employee category		
Age Group by Employee Category		
Management Under 30	Percentage	0.00
Management Between 30 - 50	Percentage	56.00
Management Above 50	Percentage	44.00
Middle management Under 30	Percentage	1.00
Middle management Between 30 - 50	Percentage	71.00
Middle management Above 50	Percentage	28.00

BURSA ESG REPORT


Indicator	Measurement Unit	2023
Bursa (Diversity)		
Executive Under 30	Percentage	25.00
Executive Between 30 - 50	Percentage	62.00
Executive Above 50	Percentage	12.00
Non-executive Under 30	Percentage	31.00
Non-executive Between 30 - 50	Percentage	56.00
Non-executive Above 50	Percentage	13.00
Non-executive (Foreign worker) Under 30	Percentage	71.00
Non-executive (Foreign worker) Between 30 - 50	Percentage	29.00
Non-executive (Foreign worker) Above 50	Percentage	0.17
Sales Advisor / Consultant Under 30	Percentage	21.00
Sales Advisor / Consultant Between 30 - 50	Percentage	58.00
Sales Advisor / Consultant Above 50	Percentage	21.00
Gender Group by Employee Category		
Management Male	Percentage	77.00
Management Female	Percentage	23.00
Middle management Male	Percentage	79.00
Middle management Female	Percentage	21.00
Executive Male	Percentage	40.00
Executive Female	Percentage	60.00
Non-executive Male	Percentage	76.00
Non-executive Female	Percentage	24.00
Non-executive (Foreign worker) Male	Percentage	88.00
Non-executive (Foreign worker) Female	Percentage	12.00
Sales Advisor / Consultant Male	Percentage	79.00
Sales Advisor / Consultant Female	Percentage	21.00
Bursa C3(b) Percentage of directors by gender and age group		
Male	Percentage	71.00
Female	Percentage	29.00
Between 30 - 50	Percentage	0.00
Between 50 - 60	Percentage	43.00
More than 60	Percentage	57.00
Bursa (Water)		
Bursa C9(a) Total volume of water used	Megalitres	142.824000
Bursa (Community/Society)		
Bursa C2(a) Total amount invested in the community where the target beneficiaries are external to the listed issuer	MYR	112,513.22
Bursa C2(b) Total number of beneficiaries of the investment in communities	Number	26

Internal assurance External assurance No assurance

(*)Restated

PROFILE OF DIRECTORS

ENCIK AQIL BIN AHMAD AZIZUDDIN			Y. BHG. DATO' ANWAR BIN HAJI @ AJI		
Male	65	Malaysian	Male	73	Malaysian

<p><i>Chairman, Non-Independent Non-Executive Director</i></p> <p>Date of Appointment 26 January 2023</p> <p>Length of Tenure 1 year 3 months</p>		<p><i>Senior Independent Non-Executive Director</i></p> <p>Date of Appointment 16 January 2018</p> <p>Length of Tenure 6 years 3 months</p>
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Encik Aqil bin Ahmad Azizuddin was appointed to the Board on 26 January 2023 and designated as Chairman on 31 January 2023 but is no stranger to the MBMR Group. He was previously on the Board of MBMR from 2001 until 2017.

Encik Aqil has more than 30 years of experience in the automotive industry having built his career with Daihatsu (Malaysia) Sdn Bhd since 1991, holding various senior level positions including Managing Director between 2000 and 2008 and is presently the Chairman of the Board. He had also served on the Boards of several subsidiaries within the MBMR group in the past, including as Chairman of Federal Auto Holdings Berhad, Hirotako Acoustics Sdn Bhd, Hino Motors Sales (Malaysia) Sdn Bhd and Director of Autoliv Hirotako Sdn Bhd.

He is currently also the Chairman of Med-Bumikar MARA Sdn Bhd and sits on the Board of Perusahaan Otomobil Kedua Sdn Bhd (POSB) and its subsidiary, Perodua Sales Sdn Bhd. He also serves as the Chairman of the Nomination and Remuneration Committee of POSB.

He holds a Bachelor of Science Degree in Business Economics from Southern Illinois University, United States of America.

Y.Bhg. Dato' Anwar bin Haji @ Aji has been on the Board since 16 January 2018. He is currently the Chairman of the Nominating and Remuneration Committee and a member of the Audit Committee, Risk Management and Sustainability Committee and Long Term Incentive Plan Committee.

Dato' Anwar graduated with a Bachelor of Economics (Honours) from University of Malaya, Malaysia. He further obtained a Master of Arts in International Studies from Ohio University, United States of America.

Dato' Anwar joined the Malaysian public service in 1973 as Assistant Director in the Industries Division under the Ministry of International Trade and Industry. He continued his career in the Malaysian Government until 1994, where he held various senior positions in the Ministry of Finance and the Prime Minister's Department. In 1994, Dato' Anwar joined Khazanah Nasional Berhad and held various management positions including as Managing Director prior to his departure in 2004.

Dato' Anwar was appointed Chairman of Faber Group Berhad from 2001 to 2008 and he was on the Board of CIMB Principal Asset Management Berhad from 2007 to 2021.

He is currently the Chairman of Zelan Berhad.

PROFILE OF DIRECTORS

MR. LOW HIN CHOONG		
Male	63	Malaysian

Non-Independent Non-Executive Director

Date of Appointment

18 May 2001

Length of Tenure

22 years 11 months



MR. NG SENG KONG		
Male	69	Malaysian

Non-Independent Non-Executive Director

Date of Appointment

1 October 2015

Length of Tenure

8 years 6 months



Mr. Low Hin Choong was appointed to the Board on 18 May 2001. He is currently the Chairman of the Long Term Incentive Plan Committee and a member of the Risk Management and Sustainability Committee. During the period between 24 August 2023 to 2 January 2024, Mr. Low also served as a member of the Executive Committee of MBMR which was temporarily set up to assume the roles and responsibilities of the Group Chief Executive Officer upon his departure.

He holds a Bachelor of Science (Honours) Degree in Business Administration and Computer Science from Queen's University Belfast, United Kingdom.

Mr. Low has over 30 years of experience in the IT industry. He is the founding director of his own successful software applications company. Mr. Low has since retired but remains a director and advisor to the company.

Mr. Low is presently a Director of Perusahaan Otomobil Kedua Sdn Bhd and an alternate Director at Med-Bumikar MARA Sdn Bhd. He also holds directorships in Reliance Business Solutions Sdn Bhd, Rosen Sdn Bhd, and RBS Technology Sdn Bhd.

His current directorships in other companies within the MBMR Group include Hirotako Holdings Berhad, Hirotako Acoustics Sdn Bhd, Autoliv Hirotako Sdn Bhd, Federal Auto Holdings Berhad, Oriental Metal Industries (M) Sdn Bhd, Daihatsu (Malaysia) Sdn Bhd and MBMR Properties Sdn Bhd.

Mr. Ng Seng Kong has been on the Board since 1 October 2015. He is currently a member of the Audit Committee.

Mr. Ng is a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom and a Fellow Member of the Chartered Institute of Management Accountants, United Kingdom. He is also a member of Chartered Global Management Accountant.

Mr. Ng started his career as an auditor at a chartered accounting firm in London from 1975 to 1979. Upon returning to Malaysia, he joined MKS Sdn Bhd as a Financial Controller from 1980 to 1981. Presently, Mr. Ng serves as Managing Director of UMS Holdings Berhad and UMS Corporation Sdn Bhd.

Mr. Ng also currently holds directorships in several companies within the MBMR Group namely, Hirotako Holdings Berhad, Hirotako Acoustics Sdn Bhd, Autoliv Hirotako Sdn Bhd, Federal Auto Holdings Berhad, Oriental Metal Industries (M) Sdn Bhd, MBMR Properties Sdn Bhd, Teck See Plastic Sdn Bhd, Hino Motors Sales (Malaysia) Sdn Bhd and Hino Motors Manufacturing (Malaysia) Sdn Bhd. He is also a Director on the Board of Med-Bumikar MARA Sdn Bhd.

PROFILE OF DIRECTORS

MS. WONG FAY LEE			Y. BHG. DATO' ZULFIKRI BIN OSMAN		
Female	60	Malaysian	Male	57	Malaysian

*Non-Independent
Non-Executive Director*


Date of Appointment
29 May 2019

Length of Tenure
4 years 11 months

*Non-Independent
Non-Executive Director*

Date of Appointment
26 January 2023

Length of Tenure
1 year 3 months

Ms. Wong Fay Lee was appointed to the Board as a Non-Executive Director on 29 May 2019. She is currently the Chairman of the Risk Management and Sustainability Committee and a member of the Nominating and Remuneration Committee.

Ms. Wong graduated from the University of Sydney with a Bachelor's Degree in Law. She also holds a Graduate Diploma in Applied Finance and Investments from Securities Institute Australia.

She started her career in 1987 as a corporate finance lawyer with Mallesons Stephen Jaques in Sydney, Australia and later as a Senior Associate in Mallesons' South East Asian practice. She then joined the Malaysian Securities Commission as Manager of Product Development from 1993 to 1995.

Her past leadership positions include serving as Chief Executive Officer at Malaysian Derivatives Clearing House Bhd (now known as Bursa Malaysia Derivatives Berhad) from 1995 to 2000, Adviser to the Clearing Division of Hong Kong Exchanges and Clearing Limited from 2001 to 2002 and she was also an Independent Director at KFH Asset Management Sdn Bhd from 2002 to 2010.

Ms Wong was previously appointed as an Executive Director in MBMR from 2014 to 2017 while concurrently serving as the Head of Governance, Legal Risk & Compliance from 2011 until 2018. She was also appointed as Managing Director of Federal Auto Holdings Bhd from 2016 to 2017.

She is currently the Chairman of Federal Auto Holdings Berhad and a Director at Daihatsu (Malaysia) Sdn Bhd, Med-Bumikar MARA Sdn Bhd, and Astute Fund Management Berhad (formerly Apex Investment Services Berhad).

Y. Bhg. Dato' Zulfikri bin Osman was appointed to the Board on 26 January 2023. During the period between 24 August 2023 to 2 January 2024, Dato' Zulfikri also served as a member of the Executive Committee of MBMR which was temporarily set up to assume the role and responsibilities of the Group Chief Executive Officer upon his departure.

Dato' Zulfikri is the Deputy Director-General of Majlis Amanah Rakyat (MARA). He has more than 30 years of experience in entrepreneurship, education and investment in both the public and private sectors. His position has led to key directorship appointments within the organisation namely Pelaburan MARA Berhad, Asia Aero Technic Sdn. Bhd., PMB Tijari Sdn. Bhd. and also Med-Bumikar MARA Sdn. Bhd.

He was also a member of the Board of Directors for Malaysia Industry-Government Group for High Technology (MIGHT), PMB Investment Berhad, MARA Inc. (London) Limited, and a member of the Malaysia Aerospace Council.

Currently he is on the Industry Advisory Panel of University Tenaga Nasional (UNITEN) and is an adjunct Professor of Universiti Kuala Lumpur (UNIKL). He once served as an Attaché at the Malaysian High Commission, London.

Dato' Zulfikri holds a Master of Science in Management from Universiti Utara Malaysia and has attended several Executive Development Programmes in prestigious institutions like Harvard Kennedy School and INSEAD Business School to name a few.

PROFILE OF DIRECTORS

PUAN NIK FAZILA BINTI NIK MOHAMED SHIHABUDDIN		
Female	57	Malaysian

*Independent
Non-Executive Director*

Date of Appointment
31 January 2023

Length of Tenure
1 year 3 months



Puan Nik Fazila was appointed to the Board on 31 January 2023. She is currently the Chairman of the Audit Committee and a member of the Nominating and Remuneration Committee.

Puan Nik Fazila holds a Bachelor of Economics (Accounting) from Flinders University of South Australia. She is a qualified Chartered Accountant from the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA).

She has more than 30 years of experience in the field of accounting, finance, business assurance and corporate transactions.

She started her career in 1988 at Price Waterhouse (now known as PricewaterhouseCoopers) in audit and business advisory services. After 10 years with Price Waterhouse, she joined Sapura Telecommunications Bhd from 1998 until 2000 as a General Manager of the Corporate Audit Division. Between 2001 to 2012, Puan Nik Fazila held various senior roles which included Group General Manager (Finance) at KUB Malaysia Berhad, Chief Financial Officer at UDA Holding Berhad and Chief Financial Officer at Biotropics Malaysia Berhad, a Khazanah Nasional Berhad investee company. In 2012, she joined Chemical Company of Malaysia Berhad as Group Chief Financial Officer and went on to become the company's Group Managing Director in 2017 until 2021.

She is presently on the Boards of FGV Holdings Berhad and MSM Malaysia Holdings Berhad.

Note:

- (1) Save as disclosed in this Annual Report,
 - (a) none of the Directors have any family relationship with any Director and/or major shareholder of the Company;
 - (b) none of the directors have any conflict of interest with the Company;
- (2) 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 sanctions or penalties by the relevant regulatory bodies during the financial year ended 31 December 2023.

PROFILE OF MANAGEMENT COMMITTEE



1

ENCIK RIZAL BIN MOHD ZIN		
Group Chief Executive Officer		
Male	48	Malaysian

Encik Rizal bin Mohd Zin was appointed as the Group Chief Executive Officer of MBMR on 2 January 2024.

En. Rizal currently serves as director on the Boards of several companies in the MBMR Group. These companies include Daihatsu (Malaysia) Sdn Bhd, Federal Auto Holdings Berhad, Autoliv Hirotao Sdn Bhd, Oriental Metal Industries (Malaysia) Sdn Bhd, Hirotao Acoustics Sdn Bhd and MBMR Properties Sdn Bhd.

He is also a director on the Boards of MBMR’s associates, Perusahaan Otomobil Kedua Sdn Bhd and Teck See Plastic Sdn Bhd.

En. Rizal holds a Bachelor of Arts in Engineering and a Master’s in Engineering from the University of Cambridge, UK. He also completed the High Potentials Leadership Program by Harvard Business School Executive Education which focuses on leading under pressure, championing change, building teams and developing talent in an organisation.

En. Rizal has over 20 years of experience in the fields of corporate strategy planning and execution, transformation, performance management, mergers and acquisitions (M&A) and investment management.

En. Rizal previously served as a Director of Investments at Ekuiti Nasional Berhad, a government-linked private equity firm from 2009 to 2019. During his time there he was involved in numerous acquisitions and divestments in various sectors such as private education and FMCG. He also contributed to value-creation for its portfolio companies through initiatives such as market expansion and strengthening their management bench. Prior to joining MBMR, he was the Group Chief Strategy Officer of MNRB Holdings Berhad and a director of Labuan Reinsurance (L) Limited.

PROFILE OF MANAGEMENT COMMITTEE

2

MS. CHIN TZE FUI @ ANNIE CHIN**Group Chief Financial Officer**

Female	55	Malaysian
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Ms. Chin Tze Fui @ Annie Chin was appointed as the Group Chief Financial Officer on 29 September 2020. She first joined MBMR on 1st November 2016 as the Group Financial Controller and briefly served as the Acting President and Chief Executive Officer of MBMR from October 2020 to February 2021.

Annie has also previously served on the Board of a number of companies under the MBMR Group, namely Daihatsu (Malaysia) Sdn Bhd, Federal Auto Holdings Berhad, Autoliv Hirotako Sdn Bhd and Teck See Plastic Sdn Bhd during her tenure as the Acting President & CEO.

Annie graduated with a Bachelor of Science in Accounting (Honours) from Oklahoma State University, United States of America and she is a member of Malaysian Institute of Accountants (MIA).

Annie has over 30 years of experience in the fields of financial management practices covering various aspects of accounting, finance, business assurance and corporate transactions. She served as an Audit Manager at Ernst & Young Malaysia early in her career and proceeded to join Scomi Group Berhad. During her years with Scomi Group Berhad, Annie held several senior positions including Group and Regional Financial Controller. She later became a Partner at Annbren Management & Consultancy Services from 2011 to 2016 prior to joining MBMR.

3

MS. LEE LYNNIE**Head, Group Legal and Governance**

Female	39	Malaysian
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Ms. Lee Lynnie was designated as the Head of Group Legal and Governance in January 2022 and is responsible for the legal, governance and corporate secretarial portfolios within the Group.

She holds a Bachelor of Laws (LL.B) from the University of London and brings with her more than 15 years of in-house legal counsel and corporate governance experience.

Ms. Lee started her career at Rockwills Trustee Berhad as a Legal Advisor and thereafter rose the ranks to Assistant Manager before taking on her next role as Assistant Legal Manager for the Tropicana Corporation Berhad Group.

Subsequently, she joined MBMR and held the position of Manager in the Governance, Legal, Risk and Compliance Department. She left briefly to serve as a Legal Specialist of Microvalue Equity Sdn Bhd before rejoining the MBMR Group as the Legal & Governance Lead of the Transformation Office in March 2020, where she was instrumental in the transformation of the legal and governance framework for the MBMR Group and acted as the Secretariat for the Board's Group Transformation Committee. She was later redesignated as the Head of Group Legal and Governance after the completion of the Group Transformation Programme.

4

ENCIK MUHAMMAD HALIFF BIN KHAIRUMAN**Head, Group Risk Management & Compliance**

Male	38	Malaysian
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En. Haliff was appointed as Head of Group Risk Management & Compliance of MBMR in November 2021. He is responsible for overseeing the risk management, compliance and sustainability portfolios within the Group.

He specialises in risk management and has forged his career within public listed companies. Prior to joining the Group, En. Haliff held various positions including Senior Manager of Risk Management at Top Glove Corporation Berhad and Risk Manager at Malakoff Corporation Berhad. He has also served at Deleum Berhad and Pernec Corporation Berhad.

En. Haliff holds a Bachelor's Degree in International Business Management from Universiti Utara Malaysia. He also holds an International Certificate in Risk Management from the Institute of Risk Management, UK.

Notes:

Unless otherwise stated herein, all members of the Management Committee,

- 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 been imposed any public sanctions or penalties by the relevant regulatory bodies during the financial year ended 31 December 2023.

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 2023 and is to be read together with the MBMR Corporate Governance Report 2023 (“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 (3) key principles of good corporate governance as provided in the MCCG:



The CG Overview Statement highlights practices that best illustrates the Company’s compliance with the MCCG, which the Board believes is the foundation of continuous and sustainable business growth and not merely for the purpose of meeting 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 2023, apart from departures on the following practices:-

- Practice 5.2 (At least half of the Board comprises independent directors);
- Practice 5.9 (The Board comprises at least 30% women directors); and
- Practice 8.2 (Disclosure of top five senior management’s remuneration component on a named basis).

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

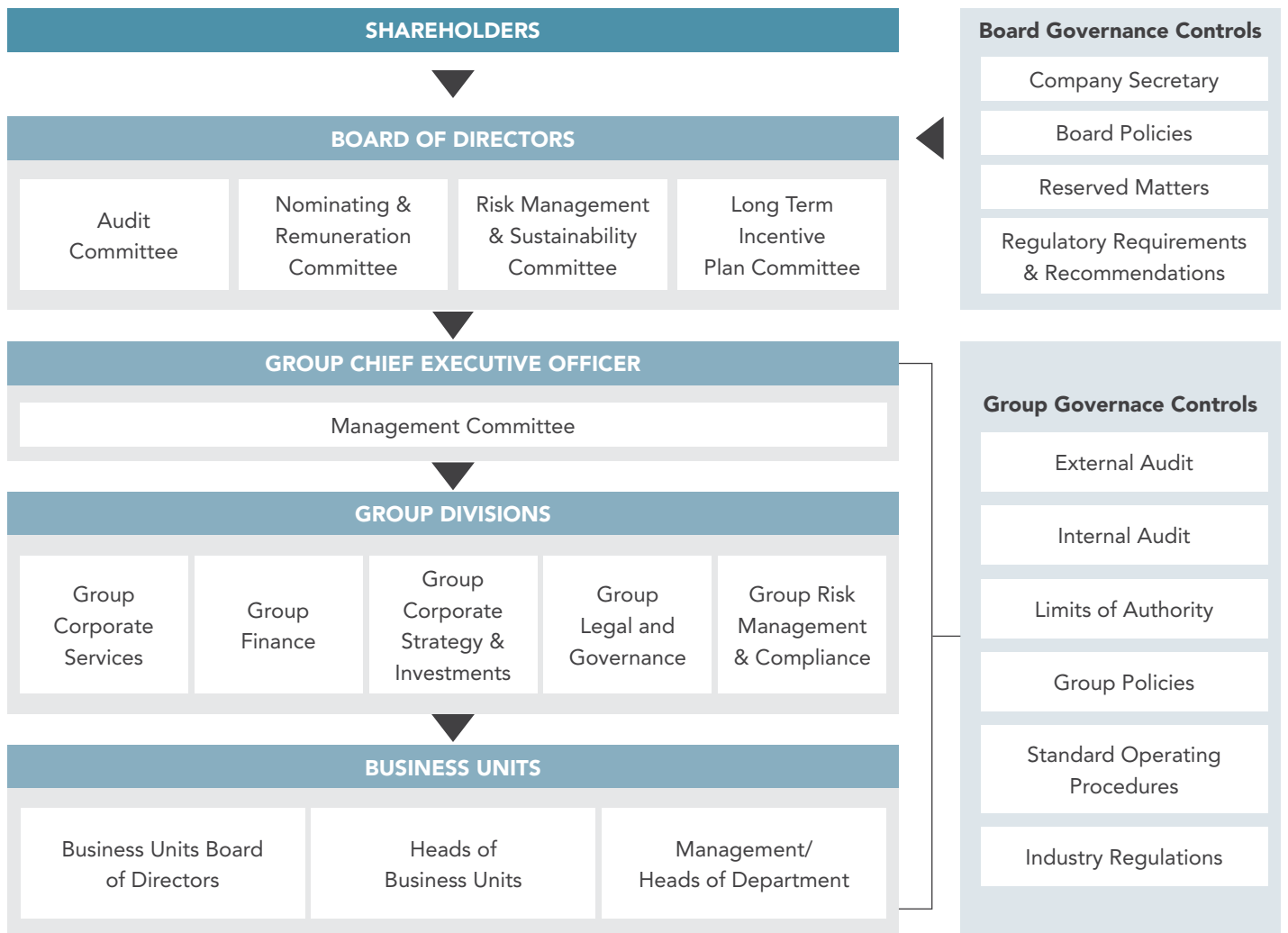
CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS

THE MBMR GROUP GOVERNANCE FRAMEWORK

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 provides the overall governing oversight through its Board Committees and the Group Chief Executive Officer (“GCEO”) who is supported by the MBMR Management Committee and Heads of Business Units.

The MBMR Group Governance Framework is illustrated as follows:



CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Roles and Responsibilities of the Board

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 GCEO to ensure a balance of power, authority and accountability.

The Chairman of the Board, Encik Aqil bin Ahmad Azizuddin 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 2023 and the Board members' respective attendances are disclosed on page 54.

The GCEO 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. Encik Muhammad Fateh Teh bin Abdullah ceased as MBMR's GCEO on 24 August 2023 and Encik Rizal bin Mohd Zin was appointed as the new GCEO on 2 January 2024. During the interim period prior to his appointment, a temporary Board Executive Committee comprising of Dato' Zulfikri bin Osman and Mr. Low Hin Choong was formed.

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 GCEO 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, GCEO, 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 last reviewed on 28 February 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

To facilitate the Board in carrying out its duties as set out in the Board Charter, the Board is assisted by four Board Committees to which the Board has delegated several key functions, namely the Audit Committee ("AC"), the Nominating and Remuneration Committee ("NRC"), the Risk Management and Sustainability Committee ("RMSC") and the Long Term Incentive Plan Committee which operate within the Terms of Reference of the respective Board 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.

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 and 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

The Board comprises seven (7) Directors, five (5) of whom are Non-Independent Non-Executive Directors and two (2) are Independent Non-Executive Directors, which is in compliance with the requirement under Paragraph 15.02(1) of the Listing Requirements of Bursa Securities, i.e. at least two Directors or one third of the Board of Directors are Independent Directors.

Although the current Board composition does 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.

Furthermore, the Company has adopted the recommendation under Practice 1.4 wherein the Chairman, Encik Aqil bin Ahmad Azizuddin is not a member of the AC and/or the NRC. Encik Aqil bin Ahmad Azizuddin is also not a member of any Board Committee of MBMR.

Details of the members of the Board and Board Committees as of the date of this CG Overview Statement are disclosed in pages 36 to 39.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

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 Senior Management.

The NRC ensures that the Board has an appropriate balance of a broad range of skills, expertise, experience and competence. This is reflected through its selection, interview and review processes whereby prior to appointment, each of the Company's Directors and/or Senior Management are assessed whether he/she has 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.

During the financial year ended 31 December 2023, the Company had improved on its women representation in that there are two women Directors on the Board (representing 28.6% of the Board) and two women in senior management positions (representing 40% of Senior Management). 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 taking into account the following factors prior to its recommendation to the Board:

Skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity of the candidate (including the requirement that the candidate is not an active politician) against the Board Skills and Diversity Matrix;

Fit and proper criteria as guided by the Company's Directors' Fit and Proper Policy which is made available on the Company's website at www.mbmr.com.my;

Disclosures of any interest, position or relationship that may result in a conflict of interest or might influence, or reasonably be perceived to influence in a material respect the capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole;

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Further, 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 (which includes a fit and proper assessment in accordance with the Company's Directors' Fit and Proper Policy), 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 their respective needs as a director or a member of Board Committees on which they serve.

The Board is notified regularly on training programmes or workshops conducted by various recognised / accredited training providers for its consideration of participation. The Board also receives updates to the Listing Requirements from the Company Secretaries from time to time. The external auditors and the Group Chief Financial Officer also brief 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.

Details of the training attended by the Directors in 2023 are listed on pages 55 and 56.

Annual Assessment

The NRC carries out an annual assessment of the effectiveness of the Board as a whole, the performance of each of the Board Committees and each individual director against a set of criteria (collectively referred to as the "Board Effectiveness Assessment" or "BEA") and is conducted by way of questionnaires completed by the Directors on a confidential basis.

The BEA comprises the following areas:

	BOARD	BOARD COMMITTEES	INDIVIDUAL DIRECTORS
1	Board Structure, Mix and Composition	Terms of Reference	Contribution and Performance
2	Quality of Information and Decision Making	Experience and Expertise	Calibre and Personality
3	Board's Role and Responsibilities	Quality of Recommendations	Fit and Proper
4	Sustainability		

The assessment not only identifies areas of development for the board and individual directors but also promotes awareness on the criteria and obligations in which the Board, Board Committees and individual directors are required to possess and perform.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

The outcome of the BEA is subsequently prepared and presented to the NRC and the Board in February each year in respect of the preceding calendar year’s assessment.

The outcome of the BEA for the financial year ended 31 December 2023 was as follows:

Among the areas where the Board scored the highest were:

- Clear definitions of the role and responsibilities of the Board and individual directors;
- Clear definitions of matters reserved for the Board in the Board Charter and Limits of Authority;
- Continuing programmes are made available for directors to stay updated with latest developments in the market and regulatory environment;
- Directors who have conflict of interest abstain from deliberation and decision making

Although the Board, Board Committees and individual directors generally scored higher than average on its ratings, several key areas for improvement together with their corresponding action plans for the Board and Senior Management were also identified and agreed upon namely:



Overall, the Board considered the outcome of the BEA satisfactory in terms of its effectiveness and will continue to monitor and review its agreed measures towards further improving its effectiveness.

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

Remuneration of Directors and Senior Management

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 Senior Management 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 (including any benefits payable) as it deems appropriate to the shareholders for approval at the Annual General Meeting (“AGM”).

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

For Executive Directors (where applicable) and Senior Management, the Board shall decide on the appropriate remuneration package which is structured in a manner that it is competitive with variable components that are linked to overall Company performance, as recommended by the NRC.

The remuneration packages for the Directors and Senior Management of the Company comprise the following elements:-

Non-Executive Directors		
Director's Fee Fixed based fee which reflects the level of experience and responsibility	Allowances and Benefits-in-Kind Meeting, Representative, Travel and Medical	Short-Term and/or Long-Term Incentive Plans Not entitled to any short-term and/or long-term incentive plans
Executive Directors and Senior Management		
Monthly Base Salary Reflective of the individual's skills, experience, area and level of responsibility	Statutory and Regulatory Contributions According to prevailing statutory rates while additional Employee Provident Fund contribution is based on years of service	
Allowances and Benefits-in-Kind As approved by the Board based on the individual's area of responsibility	Short-Term and/or Long-Term Incentive Plans Linked to Key Performance Indicators and Company performance	

To facilitate the NRC in proposing a fair and competitive remuneration for the Directors and Senior Management, 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 2023 is set out in the Company's Corporate Governance Report 2023 which is available on the Company's website.

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 would not be in the best interest of the Group given the competitive human resource environment which may result in talent retention issues.

As an alternative to the prescribed MCCG practice, the Company discloses the aggregate remuneration of its top five (5) Senior Management for the financial year ended 31 December 2023 amounting to RM3,046,974 in bands of RM50,000 as per the table below.

RM'000	251 – 300	351 – 400	601 – 650	751 – 800	951 – 1,000
Top 5 Senior Management	1	1	1	1	1

CORPORATE GOVERNANCE OVERVIEW STATEMENT

1 BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

The following is a summary of the key activities undertaken by the NRC during the financial year ended 31 December 2023:

Nomination function

- Reviewed the Board composition and diversity and recommended to the Board the appointment of Non-Independent and Independent Non-Executive Directors.
- Considered, reviewed and recommended to the Board the nomination and appointment of the Group Chief Executive Officer including his remuneration and benefits.
- Evaluated the effectiveness of the Board, Board Committees and individual directors and recommended to the Board key areas of improvement for the Board.
- Reviewed the Board Diversity Policy and the Board Skills and Diversity Matrix.
- Reviewed the composition of the Board Committees and recommended the re-designation of the Chairpersons for the AC and NRC.
- Confirmed the Directors retiring by rotation at the 29th AGM and assessed suitability for re-election of the directors upon taking into account the fit and proper criteria pursuant to the Directors' Fit and Proper Policy.
- Reviewed and assessed the independence of the Directors.
- Reviewed the organisation structure of the Company and its subsidiaries and the succession planning of the Senior Management.
- Reviewed the Director's Training and Development Programme for the financial year ended 31 December 2023.
- Reviewed the renewal of Executive Contracts of Senior Management of MBMR and its subsidiaries.

Remuneration Function

- Reviewed the Board Remuneration Policy.
- Reviewed and recommended to the Board the proposed director's fees, benefits and meeting attendance allowance for shareholder's approval at the 29th AGM.
- Evaluated the performance of the Senior Management and made recommendations on the remuneration, benefits, bonus and increments for the year.
- Reviewed and recommended to the Board the balanced scorecard and key performance indicators of the Company for the financial year ended 31 December 2023.
- Reviewed the Group's performance against targets in evaluating the robustness and effectiveness of the performance evaluation and compensation framework in arriving at the overall performance bonus quantum.

Other Functions

- Reviewed the Terms of Reference of the NRC.
- Reviewed the Group Human Capital Policies.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2 EFFECTIVE AUDIT AND RISK MANAGEMENT

Audit Committee Independence and Effectiveness

The Board's AC is chaired by Puan Nik Fazila binti Nik Mohamed Shihabuddin who is not the Chairman of the Board, and is complemented by the Senior Independent Director and another Non-Independent Director. The majority participation of Independent Non-Executive Directors in the AC is crucial to ensure objectivity and independence of the AC.

Puan Nik Fazila binti Nik Mohamed Shihabuddin who was appointed to the Board and AC on 31 January 2023 is a qualified Chartered Accountant from the Malaysian Institute of Certified Public Accountants (MICPA) and the Malaysian Institute of Accountants (MIA), following the resignation of Datuk (Dr) Aminar Rashid bin Salleh on the same date. She was then re-designated as the Chairman of the AC on 7 June 2023 given her extensive experience in the fields of accounting, finance and business assurance. Her appointment as Chairman of the AC adopts Practice 9.1 of the MCCG 2021 as she is not the Chairman of the Board.

The Non-Independent Director, Mr. Ng Seng Kong on the other hand is also member of the relevant institutions / associations of accountants in compliance with Paragraph 15.09(c) of the Listing Requirements of Bursa Securities.

The Board's AC consists of members with a mixture of requisite financial literacy, business experience and specialised knowledge to carry out their duties and responsibilities under the AC's Terms of Reference. The qualification and experience of each current AC member is detailed in the Board of Directors' Profile on pages 36 to 39 of this Annual Report.

For the financial year ended 31 December 2023, 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 AC 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 are detailed in the AC Terms of Reference, which is made available on 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:

- (1) To ensure the integrity of the Company's financial statements and disclosures as well as the related accounting and financial reporting processes

The AC ensures reviews all quarterly announcements and financial statements along with related notes to ensure that they 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 to facilitate a frank discussion on audit challenges or concerns, if any.

The AC members also participated in training and educational programmes as detailed in the Summary of Directors' Training for 2023 on pages 55 and 56 of this Annual Report in order to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

- (2) 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 assesses the suitability, objectivity and independence of its external auditor annually by way of an assessment form.

During the financial year ended 31 December 2023, the AC was satisfied with the outcome of the assessment on the suitability, objectivity and independence of the Company's external auditors. The AC 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 as well as through Deloitte's 2023 Transparency Report.

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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2 EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

(3) To engage and monitor the performance of the internal audit function

The Group's Internal Audit function for the financial year 2023 was outsourced to a professional service firm, BDO Governance Advisory Sdn Bhd ("BDO"), who reported directly to the AC. BDO carried out the reviews based on the internal audit plan and scope approved by the AC.

The AC is tasked with reviewing the terms of engagement and the performance of the internal audit function. The AC evaluates the adequacy of the scope, functions, competencies, resources and effectiveness of BDO in its capacity of carrying out the Group's internal audit function

Through independent reviews and assessment, BDO was able to provide objective assurances to the AC on the state of internal control systems within the Group's operations.

(4) To review related party transactions, conflict of interest situations and related procedures

The AC is tasked with the review of related party transactions, conflict of interest situations and related procedures to ensure transactions carried out are not prejudicial to the interests of the Company or its non-major/substantial shareholders.

During the financial year ended 2023, the AC reviewed the circular to shareholders for the purpose of seeking mandate for the RRPTs at the 29th AGM in 2023 and the quarterly reports on the recurrent related party transactions ("RRPTs") of the Group. The AC took note that the RRPTs were well within the mandate from the shareholders.

The AC also reviewed the declarations by the Board and Senior Management in relation to any conflicts of interest which arose during the financial year ended 31 December 2023 and was satisfied that the measures taken to resolve, eliminate or mitigate such conflicts were appropriate and sufficient.

Further commentary of the internal audit function of the Company and other activities of the AC during the financial year ended 31 December 2023 are provided in the Statement on Risk Management and Internal Control on pages 57 to 61 and Report on Audit Committee on pages 62 to 65, and the CG Report which is available on the Company's website at www.mbmr.com.my.

Risk Management and Internal Control Systems

The Board is responsible in overseeing the establishment and implementation of the risk management and internal control systems 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 systems and 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 Policy and Framework is aligned with ISO 31000:2018 Risk Management Guidelines which provides a comprehensive guidance and consistent approach in the implementation of risk management across the Group. The ERM Policy and Framework incorporates the processes 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 corresponding mitigation plans are reported, reviewed and deliberated at the RMSC meetings.

Further commentary on risk management and internal control systems of the Group is provided in the Statement on Risk Management and Internal Control on page 57 to 61.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

3 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 GCEO along with the Group Chief Financial Officer 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 MCGG, Companies Act 2016 and the Listing Requirements of Bursa Securities.

With the exception of emergencies or unforeseen circumstances, all Directors and Senior Management 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 is 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 29th AGM on 1 June 2023 was held virtually through live streaming from the broadcast venue using the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia ("TIH"), the Company's Share Registrar via TIH Online website at <https://tiah.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 TIH. This is in line with the Revised Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia which was effective 7 April 2022.

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 MCGG. 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 19 April 2024.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

	BODM	ACM	NRCM	RMSCM	LTIPCM	ECM	AGM
Independent Non-Executive Directors							
Dato' Anwar bin Haji @ Aji ¹	11/11	6/6	9/9	5/5	N/A		1/1
Puan Nik Fazila binti Nik Mohamed Shihabuddin (appointed on 31.01.23) ²	9/9	5/5	8/8				1/1
Datuk (Dr) Aminar Rashid bin Salleh (resigned on 31.01.23) ³	2/2	1/1	1/1				
Non-Independent Non-Executive Directors							
Encik Aqil bin Ahmad Azizuddin (appointed on 26.01.23) ⁴	9/10						1/1
Mr Ng Seng Kong	11/11	6/6			N/A		1/1
Ms Wong Fay Lee	11/11		9/9	5/5			1/1
Non-Independent Executive Directors							
Mr Low Hin Choong ⁵	10/11			5/5	N/A	4/4	1/1
Dato' Zulfikri bin Osman (appointed on 26.01.23) ⁶	10/10					4/4	1/1
Total Number of Meetings for 2023	11	6	9	5	N/A	4	1

 Chairman	BODM	: Board of Directors' Meeting
	ACM	: Audit Committee Meeting
 Member	NRCM	: Nominating and Remuneration Committee Meeting
	RMSCM	: Risk Management and Sustainability Committee Meeting
 Non-Member	ECM	: Executive Committee Meeting
	AGM	: Annual General Meeting

Notes

- Dato' Anwar bin Haji @ Aji was redesignated as Chairman of the Nominating and Remuneration Committee and Member of the Audit Committee on 7 June 2023.
- Puan Nik Fazila binti Nik Mohamed Shihabuddin was appointed as Independent Non-Executive Director on 31 January 2023.
Puan Nik Fazila binti Nik Mohamed Shihabuddin was also appointed as Chairman of the Nominating and Remuneration Committee and Member of the Audit Committee on 31 January 2023.
Puan Nik Fazila binti Nik Mohamed Shihabuddin was redesignated as Member of the Nominating and Remuneration Committee and Chairman of the Audit Committee on 7 June 2023.
- Datuk (Dr) Aminar Rashid bin Salleh resigned as Independent Non-Executive Director on 31 January 2023.
- Encik Aqil bin Ahmad Azizuddin was appointed as Non-Independent Non-Executive Director on 26 January 2023 and redesignated as Chairman of the Board on 31 January 2023.
- Low Hin Choong was temporarily redesignated as Non-Independent Executive Director on 14 June 2023.
Low Hin Choong was also appointed as a Member of the Board Executive Committee on 24 August 2023.
- Dato' Zulfikri bin Osman was appointed as Non-Independent Non-Executive Director on 26 January 2023 and was temporarily redesignated as Non-Independent Executive Director on 24 August 2023.
Dato' Zulfikri bin Osman was also appointed as a member of the Board Executive Committee on 24 August 2023.

N/A There was no LTIPCM held in 2023.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

2023 DIRECTORS' TRAINING ATTENDANCE

Name	Date	Training Program Title	Venue	Organizer/ Speaker
Aqil bin Ahmad Azizuddin	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	6 September 2023	MBMR ESG Thought Leadership Series #2	KLGCC	Sorga Innovation Sdn Bhd
	11 October 2023	MBMR ESG Thought Leadership Series #3	Sheraton Hotel, Petaling Jaya	Sorga Innovation Sdn Bhd
Dato Anwar bin Haji @ Aji	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	6 September 2023	MBMR ESG Thought Leadership Series #2	KLGCC	Sorga Innovation Sdn Bhd
Wong Fay Lee	22 June 2023	Risk Appetite Framework for Board of Directors	Online	Malaysian Institute of Accountants
	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	11 October 2023	MBMR ESG Thought Leadership Series #3	Sheraton Hotel, Petaling Jaya	Sorga Innovation Sdn Bhd
	16 - 17 October 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Online	Institute of Corporate Directors Malaysia (ICDM)
Ng Seng Kong	2 - 3 February 2023	Project 100M Workshop	Bangi Resort Hotel	Dynamic Team Holdings Sdn Bhd
	14 March 2023	The Matrix of Investment Holdings Company	Online	CAS Academy Sdn Bhd
	14 April 2023	Accounting Standards Make Simple Workshop Series – Part 1	Online	CAS Academy Sdn Bhd
	22 June 2023	A.I. Leadership	The Majestic Hotel, Kuala Lumpur	Asia Pacific Institute for Strategy (APIFS)
	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	21 July 2023	What to Expect in the 2023 Income Tax (Transfer Pricing) Rules?	Online	Moore Advent Tax Consultants Sdn Bhd
	6 September 2023	MBMR ESG Thought Leadership Series #2	KLGCC	Sorga Innovation Sdn Bhd
	13 September	Beyond the Ledger: Elevating Accountants as Strategic Decision-Makers	Online	ACCA Malaysia
	11 October 2023	MBMR ESG Thought Leadership Series #3	Sheraton Hotel, Petaling Jaya	Sorga Innovation Sdn Bhd
	11 October 2023	ESGMatters@ACCA: Integrating Sustainability Into Financial Planning and Decision-Making	Online	ACCA Malaysia
	13 December 2023	Budget Proposal 2024	UMS Holdings Berhad	PCCO Tax Services Sdn Bhd

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Date	Training Program Title	Venue	Organizer/ Speaker
Low Hin Choong	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	6 September 2023	MBMR ESG Thought Leadership Series #2	KLGCC	Sorga Innovation Sdn Bhd
Dato' Zulfikri bin Osman	5 January 2023	Seminar Business Growth The World of Capital	Sunway Putra Hotel	Majlis Amanah Rakyat
	11 April 2023	Knowledge Sharing - The Essence of Leadership	MARA HQ	Majlis Amanah Rakyat
	11 - 12 May 2023	Mandatory Accreditation Programme Part I	Online	Institute of Corporate Directors Malaysia (ICDM)
	15 - 17 May 2023	Leadership Presence	MARA Klang	Majlis Amanah Rakyat
	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	6 September 2023	MBMR ESG Thought Leadership Series #2	KLGCC	Sorga Innovation Sdn Bhd
	11 October 2023	MBMR ESG Thought Leadership Series #3	Sheraton Hotel, Petaling Jaya	Sorga Innovation Sdn Bhd
Nik Fazila binti Nik Mohamed Shihabuddin	12 June 2023	Modernising Data Governance – What Boards should focus on	Online	Institute of Corporate Directors Malaysia (ICDM)
	13 - 14 June 2023	MIA International Accountants Conference 2023 - Future fit profession: charting for a better tomorrow	Online	Malaysian Institute of Accountants (MIA)
	22 June 2023	Risk Appetite Framework for Board of Directors	Online	Malaysian Institute of Accountants (MIA)
	12 July 2023	MBMR ESG Thought Leadership Series #1	Sheraton Hotel, Kuala Lumpur	Sorga Innovation Sdn Bhd
	2 August 2023	Bridging the Gap: Metaverse, Board of Directors, Net Zero & NFT	Online	Institute of Corporate Directors Malaysia (ICDM)
	4 September 2023	Upholding Integrity, Guiding Governance: Excellence in Action	M Resort & Hotel, K.Lumpur	Prolintas and MACC
	14 September 2023	Audit Committee Conference 2023	Connexion Conference & Event Centre	MIA and Institute Internal Auditors (IIA)
	2 - 3 October 2023	Khazanah Megatrends Forum 2023	Online	Khazanah Nasional Berhad
	4 December 2023	PROLINTAS Anti Sexual Harassment Training	Renaissance Kuala Lumpur Hotel & Convention Centre	Prolintas
	6 - 7 December 2023	Mandatory Accreditation Programme Part II: Leading for Impact (LIP)	Online	Institute of Corporate Directors Malaysia (ICDM)

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

This Statement on Risk Management and Internal Control is made in accordance with 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

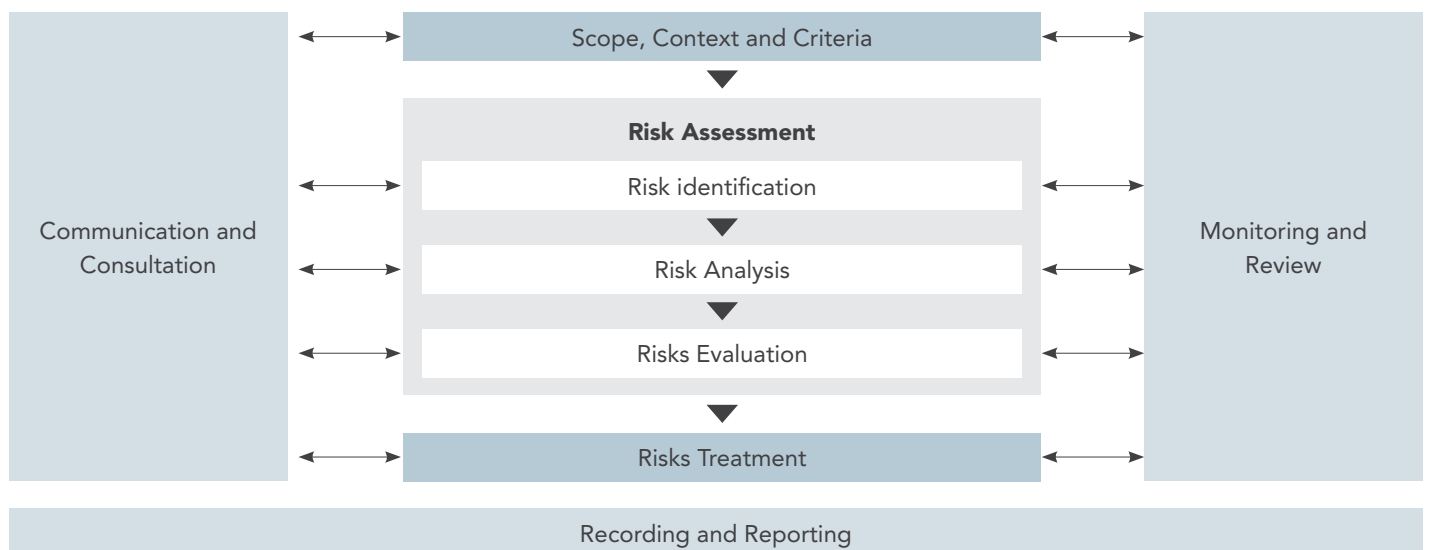
The Board is responsible in overseeing the establishment and implementation of the risk management and internal control systems for the Group. While the Board remains responsible on the risk management and internal control oversight, the Board has delegated to the Risk Management and Sustainability Committee ("RMSC") and the Audit Committee ("AC"), the responsibility to oversee the development and implementation of the Group's risk management framework and internal control systems. 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 Group Chief Executive Officer ("GCEO") and the MBMR Management support the RMSC in the integration of risk management practice to the day-to-day management of the Group's business and operations. The GCEO is also responsible 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 Enterprise Risk Management ("ERM") Policy and Framework has been established by the Board in accordance with ISO 31000:2018 Risk Management Guidelines which provides a comprehensive guidance and consistent approach in the implementation of risk management across the Group. The ERM Policy and 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:



STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Based on the ERM Policy and Framework, the risk assessment process of identifying, analysing, evaluating and treating risks are established to safeguard the Group from potential losses and to support the Group in achieving its business objectives. The ERM Policy and 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.

In order to instil a proactive risk management practice, the Group Risk Management and Compliance Department continuously communicates and engages with the subsidiaries and departments through risk review sessions. The objective of these exercises is to evaluate and validate the risk assessments, to highlight any new 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 plans to the Group Risk Management and Compliance Department every quarter. The 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 to mitigate the risks.

SIGNIFICANT RISKS

The Group continuously assess the risks to the business during the year to ensure any potential threat and disruption to the business are being mitigated. The table below outlines the key risks and mitigations identified for the Group:

Categories	Key Risks	Key Mitigation Actions
Business and Strategic Risk	<ul style="list-style-type: none"> • Competition in the automotive industry • Changes in the market condition 	<ul style="list-style-type: none"> • Implement and monitor the efficiency of marketing initiatives such as digital marketing, lead generation advertisements, roadshows and showroom events • Constant communication with customers and principals to enhance the sales volume and recruit new dealers to strengthen the dealership network • Explore the potential of expanding the business in new market segments and geographic locations to increase the revenue stream • Explore lower cost raw materials without compromising the product’s quality

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Categories	Key Risks	Key Mitigation Actions
Operational Risk	<ul style="list-style-type: none"> Potential equipment breakdown 	<ul style="list-style-type: none"> Implementation of Total Productive Maintenance Continuously enhance the operation processes to increase efficiency Availability of back-up machinery for critical equipment
	<ul style="list-style-type: none"> Increase in raw materials price 	<ul style="list-style-type: none"> Continuously source for competitively priced raw materials
	<ul style="list-style-type: none"> Supply Chain Disruption 	<ul style="list-style-type: none"> Maintain buffer stocks and continuously monitor minimum stock level Monitor supplier performance and resolve any issues that may disrupt the supply chain
Information Technology ("IT") Risk	<ul style="list-style-type: none"> Cyber Security risk from any potential breach to the Group's IT systems 	<ul style="list-style-type: none"> Continuously update and upgrade the firewall and antivirus system Implementation of cyber security awareness programmes for employees Implementation of Disaster Recovery Plan and Data Backup activities Assess the Group's cybersecurity posture to evaluate any potential vulnerabilities in the Group's IT systems and implement action plans to address those vulnerabilities.
Human Resource Risk	<ul style="list-style-type: none"> Manpower shortage at manufacturing companies 	<ul style="list-style-type: none"> Automation of the manufacturing process to reduce the dependency of manual labour Recruitment of workers to meet the production's demand Overtime planning to meet the production's demand
	<ul style="list-style-type: none"> Loss of key personnel 	<ul style="list-style-type: none"> Establishment of succession planning for critical positions Development of the identified successors to ensure readiness for succession
Sustainability Risk	<ul style="list-style-type: none"> Shift in customers' demand to lower carbon products and services Potential changes to the regulations and requirements on matters pertaining to the release of carbon emission from the Group's business and operations 	<ul style="list-style-type: none"> Availability of Electric Vehicle ("EV") in the Group's product lineup, specifically from its Volvo's vehicle sales Volvo Certified Damage Repair ("VCDR") Centre spray booths use electricity to heat the air during the drying process, as opposed to fuel, which is more efficient and reduces the emission of greenhouse gases Adoption of renewable energy within the Group such as the installation of solar panels to reduce the Group's carbon emission Continuous monitoring of the rules and standards governing carbon emission release
	<ul style="list-style-type: none"> Exposure to climate changes which could result in frequent natural disasters such as flood that could cause operational disruption and property damage 	<ul style="list-style-type: none"> Implementation of Business Continuity Plan Insurance coverage for climate related incident such as flood

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTERNAL CONTROL SYSTEMS

The key elements of internal control systems 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 Nominating and Remuneration Committee ("NRC") and the RMSC (collectively known as "Board Committees"). The Board Committees operate within the defined terms of reference approved by the Board. These terms of reference are reviewed annually 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 independent Internal Audit function reports directly to the AC and carries out the internal audit reviews based on the internal audit plan approved by the AC. The outcome 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 findings from these follow up reviews are also highlighted to the AC at their quarterly meetings.

For the financial year ended 31 December 2023, the Group's Internal Audit function was outsourced to BDO Governance Advisory Sdn Bhd ("BDO"), an independent professional service firm, who reports directly to the AC. Through independent reviews and assessment, BDO was able to provide objective assurance to the AC on the state and effectiveness of internal control systems within the Group's operations.

Summary of the work carried out by the Internal Audit function during the financial year under review are set out on page 65 of the Annual Report.

Limits of Authority

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 reference in identifying the approving authority for various transactions including matters that require Board 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 by having Board representations in the respective joint ventures and associated companies. Such representations also provide 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.

Whistleblowing

The Board has established and approved the Group's 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 provides the assurance of protection to the whistle blower.

Anti-Bribery and Anti-Corruption

The Board has approved and adopted the Group's Anti-Bribery and Anti-Corruption Policy ("ABAC Policy") that sets out the Group's position on avoiding all forms of bribery and corruption practices 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.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Code of Business Conduct and Ethics

The Board has approved and adopted the Group's Code of Business Conduct and Ethics Policy that provides 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.

Conflict of Interest

As of the date of this Statement, the Board has approved and adopted the Group's Conflict of Interest Policy that provides guidance on identifying, reviewing and managing any actual, potential and/or perceived conflicts of interest which may arise within the Group.

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

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

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 their respective mitigation plans for RMSC's review and recommendations prior to it being updated to the Board;

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. The recommendations from the internal control reviews are implemented by the Management as an improvement to the internal control systems.

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

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

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. The disclosures in this statement do not include the risk management practices and internal control systems in the Group's associates.

In making this statement, the Board had received assurance from the GCEO 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 approved by the Board of Directors on 19 April 2024.

REPORT ON AUDIT COMMITTEE

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

For the financial year ended 31 December 2023, the AC consists of three members who are all Non-Executive Directors with a majority of them being Independent Directors as follows:-

Chairman

Puan Nik Fazila binti Nik Mohamed Shihabuddin
(Independent Non-Executive Director)
(Appointed as Member on 31 January 2023, and redesignated as Chairman on 7 June 2023)

Members

Dato' Anwar bin Haji @ Aji
(Senior Independent Non-Executive Director)
(Redesignated as Member on 7 June 2023)

Mr. Ng Seng Kong
(Non-Independent Non-Executive Director)

Datuk (Dr) Aminar Rashid bin Salleh
(Independent Non-Executive Director)
(Resigned on 31 January 2023)

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

All the Audit Committee members are financially literate. Puan Nik Fazila binti Nik Mohamed Shihabuddin is a qualified Chartered Accountant from the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants, while Mr. Ng Seng Kong is a fellow member of the Association of Chartered Certified Accountants and the Chartered Institute of Management Accountants. Accordingly, the Company complies with Paragraph 15.09(1)(c) of the Listing Requirements.

On 31 January 2023, Datuk (Dr) Aminar Rashid bin Salleh has resigned as Chairman/Director and accordingly ceased to be a member of the AC.

The performance of the AC was assessed during the year as part of the Board Effectiveness Assessment wherein the outcome demonstrates that the AC members possess sufficient, recent, and relevant expertise to discharge their duties effectively.

The AC met six (6) times during the financial year 2023, i.e. on 30 January, 16 February, 06 April, 17 May, 17 August, and 16 November 2023 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
Puan Nik Fazila binti Nik Mohamed Shihabuddin <i>(Appointed on 31 January 2023)</i>	5	5
Dato' Anwar bin Haji @ Aji	6	6
Mr. Ng Seng Kong	6	6
Datuk (Dr) Aminar Rashid bin Salleh <i>(Resigned on 31 January 2023)</i>	1	1

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

REPORT ON AUDIT COMMITTEE

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 2023, the AC discharged its duties and responsibilities in accordance with its Terms of Reference.

The Committee undertook the following activities during the financial year 2023:

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.
- Updated the Directors on any new Malaysian Financial Reporting Standards that may 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 Statement on Risk Management and Internal Control and Report of the AC for inclusion in the Company's Annual Report.
- 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 systems of the Group and made the appropriate recommendations to the Board of Directors.

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 systems 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 auditors against the approved Group IA Plan; assessed the internal audit function's resources and the best options to ensure continued efficiency in the operation of the Group's internal audit function moving forward.
- Assessed the independence and suitability of the outsourced internal auditors and evaluate the fee and scope of work before deciding on the re-appointment of the outsourced internal auditor for the financial year ended 2023.

4. Related Party Transactions and Conflicts of Interest

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

REPORT ON AUDIT COMMITTEE

- Reviewed and approved the Circular to Shareholders seeking approval of the Group's recurrent related party transactions ("RRPTs") and reviewed reports on the recurrent related party transactions entered into by the Group with related parties within and outside of the shareholders' mandate and took note that the RRPTs were within the mandate from the shareholders.

5. External Audit

- Reviewed and discussed with external auditors on their audit plan and scope of work for the year as well as the audit procedures to be carried out.
- Reviewed the financial statements together with external auditors' management letter and management's responses, before recommending approval of the audited financial statements and reporting the external audit findings to the Board of Directors.
- 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.
- Received the external auditor's Transparency report for 2023.
- Reviewed the Policy on External Auditor including the review and approval process on the provision of non-audit services and recommended the same to the Board for approval.
- Considered in consultation with the Management, the Group's audit fees and provision of non-audit services by the external auditors for 2023 for recommendation to the Board for approval.
- Obtained written assurance from the external auditors 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.

- Reviewed the suitability, independence, objectivity, and the performance of the external auditors prior to recommending for reappointment of the external auditors to the Board for approval.
- A private session was held on 06 April 2023 between the AC and the external auditors without the presence of the Management. The AC enquired about the Management and staff's cooperation, responsiveness to the external auditors, competency, adequacy of resources and the governance process at the respective subsidiaries.

6. Others

- Reviewed the Terms of Reference of the AC.
- The AC regularly engaged with Senior Management 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

For the financial year 2023, the Group's Internal Audit function was outsourced to an independent professional service firm, BDO Governance Advisory Sdn Bhd ("BDO"), who reported directly to the AC.

The BDO's Executive Director who was in charge of the Group's internal audit for the financial year 2023, Mr. Karthigayan Supramaniam, has over 18 years' experience in internal audit and risk management in various industries including manufacturing, trading, construction, property development, aviation, and oil and gas. Mr. Karthigayan Supramaniam is a Certified Internal Auditor and Information Systems Auditor. The Engagement team is led by an Associate Director with a team of professional staff that is assigned on need basis according to the scope of work required for a particular audit cycle.

REPORT ON AUDIT COMMITTEE

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

The Group's Internal Audit function as guided by the International Professional Practices Framework ("IPPF"), provides objective assurances to the AC on the state and effectiveness of internal control systems within the Group's operations together with corresponding improvement recommendations. The risk management, internal 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 2023 was RM340,317.

SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION IN 2023

During the financial year ended 31 December 2023, the activities of the Group's internal audit function were as follows: -

- Presented the risk-based IA Plan and internal audit fees to the AC.
- Conducted 7 audit assignments based on the approved IA Plan including:
 - Vehicle sales, invoicing, cancellation and collection, aftersales service, inventory management, and warranty claims processing for selected entities or outlets in the Motor Trading Division; and
 - Foreign workers management, rejects and scraps management for all major entities in the Auto Parts Manufacturing Division.
- The results of the audit findings have been highlighted and discussed with relevant key management personnel within the Group and the 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.

OTHER INFORMATION REQUIRED BY THE MAIN MARKET 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 comprises 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 2023.

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 follow:

Fees paid/payable	Group RM'000	Company RM'000
Audit	603	107
Non-Audit	192	27

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 2023 or entered into since the end of previous financial year.

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

The Company had at the 29th Annual General Meeting of the Company held on 1 June 2023 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 the renewal of shareholders’ mandate in respect of the RRPT of the group at the forthcoming AGM of the Company.

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

The breakdown of the aggregate value of the mandated RRPT transacted during the financial year 2023 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'000
DMSB	HMSM	<p>Hino Motor Ltd ("HML"), whose interest can be illustrated as follows:</p> <ul style="list-style-type: none"> • 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. <p>None of the representatives of HML, TMC and HMSM sits in the Board of DMSB.</p>	Purchase of vehicle stocks and spare parts from HMSM	42,123
DMMS	Perodua Sales Sdn Bhd ("PSSB")	<p>DMC and Mitsui & Co., Ltd. ("Mitsui") has interest in PSSB as follows:</p> <ul style="list-style-type: none"> • 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:- <ul style="list-style-type: none"> - MBMR – 20% - DMSB – 5% - Mitsui – 7% - DMC – 20% <p>The Interested Directors are as follows:</p> <ol style="list-style-type: none"> a. Hirotaka Yanagi (representative of DMC) b. Yuko Mochida (representative of DMC) c. Isako Yamamoto (representative of Mitsui) d. Katsumi Ohori (representative of Mitsui) 	Purchase of vehicle stocks and spare parts from PSSB	1,415,151
DMSB	Daihatsu Motor Co., Ltd ("DMC")	<p>DMC is a Major Shareholder of DMSB, holding 18.5% shareholding in DMSB.</p> <p>The Interested Directors, who are the representatives of DMC are as follows:</p> <ol style="list-style-type: none"> a. Hirotaka Yanagi b. Yuko Mochida 	Purchase of spare parts from DMC	2,141

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 necessary available to them to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities.

REPORT OF THE DIRECTORS AND AUDITED FINANCIAL STATEMENTS

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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 2023.

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 47, 48 and 49 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	391,285	169,162
Income tax expense	(23,004)	(117)
Profit for the year	368,281	169,045
Attributable to:		
Equity holders of the Company	331,228	169,045
Non-controlling interests	37,053	-
	368,281	169,045

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 any item, transaction or event of a material and unusual nature, other than an one-off gain on disposal of assets classified as held for sale of the Group amounting to RM29,303,000 as disclosed in Note 9 of the financial statement.

DIRECTORS' REPORT

DIVIDENDS

The amounts of dividends paid by the Company since 1 January 2023 are as follows:

	RM'000
<u>In respect of the financial year ended 31 December 2022:</u>	
Second interim single tier dividend of 6 sen per ordinary share, declared on 20 February 2023 and paid on 21 March 2023	23,453
Special single tier dividend of 15 sen, declared on 20 February 2023 and paid on 21 March 2023	58,633
Final single tier dividend of 6 sen per ordinary share, proposed on 27 April 2023, approved by the shareholders at the last Annual General Meeting on 1 June 2023 and paid on 30 June 2023	23,453
<u>In respect of the financial year ended 31 December 2023:</u>	
First interim single tier dividend of 6 sen per ordinary share, declared on 23 August 2023 and paid on 22 September 2023	23,453
Special single tier dividend of 20 sen, declared on 23 August 2023 and paid on 22 September 2023	78,179
Second interim single tier dividend of 6 sen per ordinary share, declared on 24 November 2023 and paid on 22 December 2023	23,453
Special single tier dividend of 7 sen, declared on 24 November 2023 and paid on 22 December 2023	27,362
	257,986

The directors proposed a final single tier dividend of 15 sen per ordinary share amounting to RM58,633,000 in respect of the current financial year ended 31 December 2023. 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 2024.

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.

DIRECTORS' REPORT

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 as bad debts or the amount of allowance for doubtful debts in the financial statements 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.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONTINUED)

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:

Dato' Anwar bin Haji @ Aji
 Low Hin Choong #
 Ng Seng Kong #
 Wong Fay Lee #
 Aqil bin Ahmad Azizuddin # (appointed on 26.01.2023)
 Dato' Zulfikri bin Osman (appointed on 26.01.2023)
 Nik Fazila binti Nik Mohamed Shihabuddin (appointed on 31.01.2023)
 Datuk (Dr) Aminar Rashid bin Salleh (resigned on 31.01.2023)

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):

Chong Mung Wooi
 Isako Yomamoto
 Katsumi Ohori
 Noor Aman Putra bin Mohd Madi
 Dr. Tan Chor Par
 Timothy Liew Thau Ee
 Wong Wei Khin
 Jahabarnisa binti Haja Mohideen (appointed on 07.02.2023)
 Hirotaka Yanagi (appointed on 30.05.2023)
 Yuko Mochida (appointed on 30.05.2023)
 Rizal bin Mohd Zin (appointed on 28.02.2024)
 Wong Wei Seng (resigned on 07.02.2023)
 Masanori Takahashi (resigned on 30.05.2023)
 Yasutoshi Sugimoto (resigned on 30.05.2023)
 Muhammad Fateh Teh bin Abdullah (resigned on 24.08.2023)
 Ahmid bin Idris (resigned on 31.12.2023)

DIRECTORS' REPORT

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 31.12.2023
	As of date of appointment/ 1.1.2023	Bought	Sold	
Shares in the Company				
Direct interest				
Aqil bin Ahmad Azizuddin	764,187	-	-	764,187
Low Hin Choong	32,000	-	-	32,000
Ng Seng Kong	160,000	-	-	160,000
Wong Fay Lee	33,100	-	-	33,100
Indirect interest				
Aqil bin Ahmad Azizuddin	273,331	-	-	273,331
Low Hin Choong	1,200,056	-	-	1,200,056
Shares in the holding company, Med-Bumikar Mara Sdn. Bhd.				
Direct interest				
Aqil bin Ahmad Azizuddin	1,309,506	-	-	1,309,506
Ng Seng Kong	446,548	-	-	446,548
Indirect interest				
Aqil bin Ahmad Azizuddin	8,116,536	-	-	8,116,536
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' REPORT

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 below) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

	The Group RM'000	The Company RM'000
Directors:		
Fees	650	620
Salaries and other emoluments	2,123	556
	2,773	1,176

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 EVENT DURING THE FINANCIAL YEAR

Details of significant event during the financial year are disclosed in Note 44 to the financial statements.

DIRECTORS' REPORT

AUDITORS

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

AUDITORS' REMUNERATION

The amount paid/payable as remuneration of the auditors of the Group and the Company for the financial year ended 31 December 2023 amounting to RM603,000 and RM107,000, respectively.

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

AQIL BIN AHMAD AZIZUDDIN

NIK FAZILA BINTI NIK MOHAMED SHIHABUDDIN

Kuala Lumpur
19 April 2024

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 2023 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,

AQIL BIN AHMAD AZIZUDDIN

NIK FAZILA BINTI NIK MOHAMED SHIHABUDDIN

Kuala Lumpur
19 April 2024

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 19th April 2024.

Before me,

COMMISSIONER FOR OATHS

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 2023, 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 material accounting policy information, as set out on pages 84 to 163.

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 2023, 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)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD

(INCORPORATED IN MALAYSIA)

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
<p><u>Revenue recognition</u></p> <p>Revenue is recognised at an amount that reflects the consideration in the contracts to which the Group expected to be entitled in exchange for promised goods or services to the customer as and when the Group satisfied its performance obligation by transferring promised goods or services to the customers, which is when the customers obtain control of the goods or services at a point of time.</p> <p>We focused on this area as there is presumed significant risk with regards to revenue recognition of distribution of motor vehicles, and automotive parts and components sales not recorded in the appropriate accounting period and revenue represents the most significant item on the Group's financial statements. Revenue being one of the key driver of the financial performance of the Group and large volume of transactions increase the inherent risk that revenue may not be recognised in the appropriate accounting period.</p>	<p>Our audit procedures, among others, included:</p> <ul style="list-style-type: none"> • Obtained an understanding of the relevant controls over the revenue recognition; • Evaluated the design and implementation of the relevant controls and tested their operating effectiveness; • Performed procedures to corroborate the timing of revenue recognition based on completion of performance obligations, and control of the related goods is transferred to the customer.

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.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD

(INCORPORATED IN MALAYSIA)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the 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.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD

(INCORPORATED IN MALAYSIA)

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.
- (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.

(Forward)

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBM RESOURCES BERHAD

(INCORPORATED IN MALAYSIA)

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 47 to the financial statements.

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)

SUDHANYA SAHOO
Partner - 03669/06/2024 J
Chartered Accountant

19 April 2024

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations					
Revenue	5	2,416,188	2,307,613	169,550	133,743
Cost of sales	6	(2,215,743)	(2,117,439)	-	-
Gross profit		200,445	190,174	169,550	133,743
Other income		77,053	81,314	5,136	26,887
Administrative and other expenses		(104,910)	(98,705)	(6,855)	(6,917)
Selling and marketing expenses		(75,385)	(67,811)	-	-
Finance costs	7	(929)	(667)	(54)	(10)
Interest income	8	6,066	4,742	1,385	1,880
Share of results of a joint venture, net of tax	21	24,234	15,978	-	-
Share of results of associates, net of tax	22	264,711	198,323	-	-
Profit before tax	9	391,285	323,348	169,162	155,583
Income tax expense	12	(23,004)	(26,245)	(117)	(186)
Profit for the year from continuing operations		368,281	297,103	169,045	155,397
Profit for the year from discontinued operation, net of tax	13	-	12,966	-	-
Profit for the year		368,281	310,069	169,045	155,397
Other comprehensive income, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Share of revaluation surplus from fair value adjustments of assets in an associate		-	842	-	-
Share of foreign currency translation reserve of foreign operations of associates		288	57	-	-
Other comprehensive income for the year, net of tax		288	899	-	-
Total comprehensive income for the year		368,569	310,968	169,045	155,397

(Forward)

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit for the year attributable to:				
Equity holders of the Company				
Continuing operations	331,228	267,385	169,045	155,397
Discontinued operation	-	12,966	-	-
	331,228	280,351	169,045	155,397
Non-controlling interests				
Continuing operations	37,053	29,718	-	-
	368,281	310,069	169,045	155,397
Total comprehensive income attributable to:				
Equity holders of the Company				
Continuing operations	331,515	268,209	169,045	155,397
Discontinued operation	-	12,966	-	-
	331,515	281,175	169,045	155,397
Non-controlling interests				
Continuing operations	37,054	29,793	-	-
	368,569	310,968	169,045	155,397

	Note	The Group	
		2023 Sen	2022 Sen
Earnings per share	14		
Basic from:			
Continuing operations		84.7	68.4
Discontinued operation		-	3.3
		84.7	71.7
Diluted from:			
Continuing operations		84.7	68.4
Discontinued operation		-	3.3
		84.7	71.7
Net dividend per ordinary share	15	66.0	37.0

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

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	16	186,606	174,481	43	36
Right-of-use assets	17	3,951	3,797	1,009	1,346
Investment properties	18	69,309	69,539	-	-
Prepaid land lease payments	19	38,330	38,905	-	-
Investment in subsidiaries	20	-	-	420,658	462,898
Investment in a joint venture	21	92,000	88,165	-	-
Investment in associates	22	1,651,993	1,525,596	179,468	179,468
Other investments	24	2,340	2,280	-	-
Deferred tax assets	25	4,850	3,169	-	-
Goodwill on consolidation	26	1,104	1,104	-	-
Total Non-Current Assets		2,050,483	1,907,036	601,178	643,748
Current Assets					
Inventories	27	161,035	115,649	-	-
Trade receivables	28	165,562	178,641	-	-
Other receivables, deposits and prepaid expenses	29	20,287	20,358	119	164
Amount owing by subsidiaries	30	-	-	408	1,245
Tax recoverable		1,673	2,015	127	58
Cash, bank balances and short-term fund investments	31	197,245	284,764	45,764	92,076
		545,802	601,427	46,418	93,543
Assets classified as held for sale	32	-	20,128	-	-
Total Current Assets		545,802	621,555	46,418	93,543
Total Assets		2,596,285	2,528,591	647,596	737,291

(Forward)

STATEMENTS OF FINANCIAL POSITION

AS OF 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	33	391,651	391,651	391,651	391,651
Reserves	34	1,736,414	1,662,885	251,528	340,469
Equity attributable to owners of the Company		2,128,065	2,054,536	643,179	732,120
Non-controlling interests	20	297,895	287,194	-	-
Total Equity		2,425,960	2,341,730	643,179	732,120
Non-Current Liabilities					
Deferred tax liabilities	25	2,896	3,900	-	-
Retirement benefits obligation	36	1,891	2,112	1,400	1,400
Lease liabilities	37	1,661	1,339	703	1,005
Total Non-Current Liabilities		6,448	7,351	2,103	2,405
Current Liabilities					
Short-term borrowings	35	16,367	-	-	-
Trade payables	38	89,517	116,369	-	-
Other payables and accrued expenses	39	52,597	54,866	1,266	1,741
Amount owing to a subsidiary company	40	-	-	656	649
Amount owing to holding company	40	63	34	63	34
Lease liabilities	37	2,404	2,396	329	342
Tax liabilities		2,929	5,845	-	-
Total Current Liabilities		163,877	179,510	2,314	2,766
Total Liabilities		170,325	186,861	4,417	5,171
Total Equity and Liabilities		2,596,285	2,528,591	647,596	737,291

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

The Group	Note	Non-distributable reserve				Attributable to the equity holders of the Company		Non-controlling interests	Total equity
		Share capital	Fair value reserve	Foreign currency translation reserve	Distributable reserve - Retained earnings	Company			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
As of 1 January 2023		391,651	3,762	(1)	1,659,124	2,054,536	287,194	2,341,730	
Dividends distributed to owners of the Company	15	-	-	-	(257,986)	(257,986)	-	(257,986)	
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	(26,353)	(26,353)	
Profit for the year		-	-	-	331,228	331,228	37,053	368,281	
Other comprehensive income		-	-	287	-	287	1	288	
Total comprehensive income for the year		-	-	287	331,228	331,515	37,054	368,569	
Reclassification of fair value reserve of an associate		-	(3,762)	-	3,762	-	-	-	
As of 31 December 2023		391,651	-	286	1,736,128	2,128,065	297,895	2,425,960	

(Forward)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Non-distributable reserve				Attributable to the equity holders of the Company			Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Fair value reserve RM'000	Foreign currency translation reserve RM'000	Distributable reserve - Retained earnings RM'000	Company RM'000	Company RM'000	Company RM'000		
The Group										
As of 1 January 2022		391,651	2,995	(58)	1,523,401	1,917,989	270,273	2,188,262		
Dividends distributed to owners of the Company	15	-	-	-	(144,628)	(144,628)	-	(144,628)		
Dividends paid to non-controlling interests of subsidiaries		-	-	-	-	-	(12,857)	(12,857)		
Profit for the year		-	-	-	280,351	280,351	29,718	310,069		
Other comprehensive income		-	767	57	-	824	75	899		
Total comprehensive income for the year		-	767	57	280,351	281,175	29,793	310,968		
Capital distribution to non-controlling interest of a subsidiary		-	-	-	-	-	(15)	(15)		
As of 31 December 2022		391,651	3,762	(1)	1,659,124	2,054,536	287,194	2,341,730		

(Forward)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2023

The Company	Note	Share capital RM'000	Distributable reserve- Retained earnings RM'000	Total Equity RM'000
As of 1 January 2023		391,651	340,469	732,120
Dividends	15	-	(257,986)	(257,986)
Total comprehensive income for the year		-	169,045	169,045
As of 31 December 2023		391,651	251,528	643,179
As of 1 January 2022		391,651	329,700	721,351
Dividends	15	-	(144,628)	(144,628)
Total comprehensive income for the year		-	155,397	155,397
As of 31 December 2022		391,651	340,469	732,120

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

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS (USED IN)/FROM OPERATING ACTIVITIES				
Profit before tax				
Continuing operations	391,285	323,348	169,162	155,583
Discontinued operation	-	12,970	-	-
	391,285	336,318	169,162	155,583
Adjustments for:				
Depreciation of:				
Property, plant and equipment	13,149	12,980	24	19
Right-of-use assets	4,094	3,410	337	333
Investment properties	1,789	1,773	-	-
Property, plant and equipment written off	23	28	-	-
Amortisation of prepaid land lease payments	575	542	-	-
Impairment losses on investment in subsidiaries	-	-	100	69,700
Impairment losses on investment in subsidiaries no longer required	-	-	(3,860)	(95,844)
Fair value gain on other investment	(60)	-	-	-
Allowance for slow-moving inventories	487	618	-	-
Allowance for slow-moving inventories no longer required	(175)	(427)	-	-
Allowance for expected credit losses on:				
Trade receivables	283	140	-	-
Other receivables	68	45	-	-
Allowance for expected credit losses on trade receivables no longer required	(108)	(475)	-	-
Allowance for expected credit losses on amount owing by subsidiaries no longer required	-	-	(300)	(100)
Pension costs - defined benefit plans	961	889	-	-

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Dividend income	-	-	(169,341)	(133,508)
Finance costs	929	667	54	10
Interest income on:				
Bank deposits	(5,442)	(4,000)	(1,385)	(1,190)
Amount owing by subsidiaries	-	-	-	(690)
Others	(624)	(776)	-	-
Share of results of a joint venture	(24,234)	(15,978)	-	-
Share of results of associates	(264,711)	(198,323)	-	-
Waiver of trade payable	(47)	(143)	-	-
Gain on disposal of:				
Property, plant and equipment	(196)	(324)	-	-
Investment properties	-	(3)	-	-
Assets classified as held for sale	(29,303)	(44,771)	-	-
Operating Profit/(Loss) Before Working Capital Changes	88,743	92,190	(5,209)	(5,687)
Movements in working capital:				
Decrease/(Increase):				
Receivables	12,907	(38,078)	45	(22)
Inventories	(45,698)	(22,292)	-	-
Net changes in related company balances	29	(27)	1,173	11,513
(Decrease)/Increase in:				
Payables	(29,074)	37,662	(475)	797
Cash Generated From/(Used In) Operations	26,907	69,455	(4,466)	6,601
Contributions paid under retirement benefit schemes	(1,182)	(1,386)	-	-
Income tax refunded	744	1,172	-	-
Income tax paid [Note (i)]	(27,448)	(20,296)	(109)	(257)
Net Cash (Used In)/From Operating Activities	(979)	48,945	(4,575)	6,344

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Dividends received from:				
Subsidiaries	-	-	59,125	62,703
Associates	138,602	90,147	110,216	70,805
Joint venture	20,399	10,200	-	-
Interest received	5,990	4,743	1,308	1,190
Proceeds from disposal of:				
Property, plant and equipment	229	413	-	-
Investment properties	-	46	-	-
Assets classified as held for sales [Note (i)]	47,948	69,316	-	-
Purchase of:				
Property, plant and equipment	(26,826)	(6,309)	(31)	(14)
Investment properties	(63)	-	-	-
Addition to prepaid land lease payments	-	(8,712)	-	-
(Increase)/Decrease in deposits with maturities in excess of three months	(490)	11,300	-	-
Final cash distribution from a subsidiary	-	-	-	36
Proceeds from redemption of redeemable convertible preference shares of a direct/an indirect subsidiary	-	-	46,000	8,200
Net Cash From Investing Activities	185,789	171,144	216,618	142,920

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
CASH FLOWS USED IN FINANCING ACTIVITIES					
Net increase/(decrease) of other borrowings		16,367	(18,864)	-	-
Repayment of term loans		-	(124)	-	-
Finance costs paid		(929)	(667)	(54)	(10)
Payment of lease liabilities		(3,918)	(3,472)	(315)	(358)
Capital distribution to non-controlling interest of a subsidiary		-	(15)	-	-
Dividends paid to non-controlling interests of subsidiaries		(26,353)	(12,857)	-	-
Dividends paid		(257,986)	(144,628)	(257,986)	(144,628)
Net Cash Used In Financing Activities		(272,819)	(180,627)	(258,355)	(144,996)
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		(88,009)	39,462	(46,312)	4,268
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR		284,702	245,240	92,076	87,808
CASH AND CASH EQUIVALENTS AT THE END OF YEAR	31	196,693	284,702	45,764	92,076

(Forward)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2023

Note

- (i) During the year, the Group has disposed the assets held for sale for a total consideration of RM49,431,000 of which RM1,483,000 was a portion of real property gain tax withheld by the Purchaser. Accordingly, the cash receipts on account of disposal of assets held for sale during the year was RM47,948,000.
- (ii) **Cash outflows for leases - as lessee**

	Note	The Group		The Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Included in net cash from operating activities:					
Payment relating to short-term leases	17	550	307	12	12
Payment relating to leases of low-value assets	17	138	151	-	-
Included in net cash from financing activities:					
Interest paid in relation to lease liabilities	37	289	198	54	10
Payment of lease liabilities	37	3,918	3,472	315	358
Total cash outflows from leases		4,895	4,128	381	380

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

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 47, 48 and 49 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 19 April 2024.

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 Standard and Amendments to Malaysian Financial Reporting Standard

In the current financial year, the Group and the Company have adopted all the Standard and Amendments to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are effective for annual periods beginning on or after 1 January 2023.

MFRS 17	Insurance Contracts
Amendments to:	
MFRS 4	Extension of the Temporary Exemption from Applying MFRS 9
MFRS 17	Insurance Contracts
MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information
MFRS 101	Disclosure of Accounting Policies
MFRS 108	Definition of Accounting Estimates
MFRS 112	International Tax Reform - Pillar Two Model Rules
MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of these standard and 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.

NOTES TO FINANCIAL STATEMENTS

2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Amendments to MFRS 101 *Disclosure of Accounting Policies*

The Group and the Company have adopted Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS Practice Statement 2 - *Disclosure of Accounting Policies* from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

Although the amendments did not result in any changes to the Group's and the Company's accounting policies, it impacted the accounting policy information disclosed in the financial statements. The material accounting policy information is disclosed in Note 3.

Amendments to MFRS 112 *International Tax Reform – Pillar Two Model Rules*

The Amendments to MFRS 112 apply to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development ("OECD"), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as 'Pillar Two legislation' and 'Pillar Two income taxes'.

The Group and the Company have applied the temporary exception from accounting for deferred taxes arising from Pillar Two model rules, as provided in the International Tax Reform – Pillar Two Model Rules (Amendments to MFRS 112 *Income Taxes*) issued on 2 June 2023. Accordingly, neither the Group nor the Company recognises nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

Amendments to MFRSs in Issue But Not Yet Effective

At the date of authorisation for issue of these financial statements, the 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:

Amendments to:

MFRS 16	Lease Liability in a Sale and Leaseback ¹
MFRS 101	Classification of Liabilities as Current or Non-current ¹
MFRS 101	Non-current Liabilities with Covenants ¹
MFRS 107 and MFRS 7	Supplier Finance Arrangements ¹
MFRS 121	Lack of Exchangeability 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 2024, with earlier application permitted.

² Effective for annual periods beginning on or after 1 January 2025, with earlier application permitted.

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

The directors anticipate that the abovementioned 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 Amendments will have no material impact on the financial statements of the Group and the Company in the period of initial application.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL 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 material 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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Basis of Consolidation (continued)

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.

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.

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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Investment in Associates and Joint Ventures (continued)

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.

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.

Revenue Recognition

Revenue from contracts with customers

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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Revenue from contracts with customers (continued)

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 as agent and property management and maintenance services. Revenue from these services are recognised when the services are performed.

When the Group acts in the capacity of an agent rather than as principal in a transaction, the revenue recognised is the net amount of commission earned by the Group.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Other Revenue

(i) Dividend Income

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

(ii) 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.

(iii) 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.

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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Measurement category	Criteria	Financial assets
Financial assets 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.	Trade receivables (Note 28) Other receivables and deposits (Note 29) Amount owing by subsidiaries (Note 30) Cash, bank balances and short-term fund investments (Note 31)
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.	Other investments (Note 24) Cash, bank balances and short-term fund investments (Note 31)

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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

(a) Financial Assets (continued)

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.

NOTES TO FINANCIAL STATEMENTS

3. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial Instruments (continued)

(b) Financial Liabilities and Equity Instruments

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.

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, 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.

NOTES TO FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

(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 2023 is RM420,658,000 (2022: RM462,898,000). Impairment loss and impairment loss no longer required amounting to RM100,000 (2022: RM69,700,000) and RM3,860,000 (2022: RM95,844,000) have 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 2023 is RM92,000,000 (2022: RM88,165,000) and an accumulated impairment loss of RM31,030,000 (2022: RM31,030,000) has been recognised.

(d) 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.

NOTES TO FINANCIAL STATEMENTS

5. REVENUE

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Revenue from contracts with customers:				
Sale of goods and services:				
Motor trading	2,097,314	1,989,059	-	-
Auto parts manufacturing	316,082	316,108	-	-
Management fee receivable from subsidiaries [Note 41(a)]	-	-	209	235
	2,413,396	2,305,167	209	235
Revenue from other sources:				
Property rental income	2,792	2,446	-	-
Dividends from:				
Subsidiaries [Note 41(a)]	-	-	59,125	62,703
Associates [Note 41(a)]	-	-	110,216	70,805
	2,792	2,446	169,341	133,508
	2,416,188	2,307,613	169,550	133,743
Timing of revenue recognition:				
Continuing operations				
Revenue from contracts with customers:				
Point in time	2,413,396	2,305,167	-	-
Over time	-	-	209	235
	2,413,396	2,305,167	209	235

6. COST OF SALES

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

NOTES TO FINANCIAL STATEMENTS

7. FINANCE COSTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Interest expense on:				
Borrowings	640	469	-	-
Lease liabilities (Note 37)	289	198	54	10
	929	667	54	10

8. INTEREST INCOME

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Interest income on:				
Bank deposits	5,442	3,966	1,385	1,190
Amount owing by subsidiaries [Note 41(a)]	-	-	-	690
Others	624	776	-	-
	6,066	4,742	1,385	1,880

NOTES TO FINANCIAL STATEMENTS

9. PROFIT BEFORE TAX

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Employee benefits expense (Note 10)	96,939	96,256	4,188	4,974
Directors' remuneration (Note 11)	2,773	2,148	1,176	830
Depreciation of:				
Property, plant and equipment (Note 16)	13,149	12,980	24	19
Right-of-use assets (Note 17)	4,094	3,410	337	333
Investment properties (Note 18)	1,789	1,773	-	-
Property, plant and equipment written off (Note 16)	23	28	-	-
Amortisation of prepaid land lease payments (Note 19)	575	542	-	-
Impairment losses on investment in subsidiaries (Note 20)	-	-	100	69,700
Impairment losses on investment in subsidiaries no longer required (Note 20)	-	-	(3,860)	(95,844)
Fair value gain on other investment (Note 24)	(60)	-	-	-
Allowance for slow-moving inventories (Note 27)	487	618	-	-
Allowance for slow-moving inventories no longer required (Note 27)	(175)	(427)	-	-
Allowance for expected credit losses on:				
Trade receivables (Note 28)	283	140	-	-
Other receivables (Note 29)	68	45	-	-

NOTES TO FINANCIAL STATEMENTS

9. PROFIT BEFORE TAX (CONTINUED)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Allowance for expected credit losses no longer required on:				
Trade receivables (Note 28)	(108)	(475)	-	-
Amount owing by subsidiaries (Note 30)	-	-	(300)	(100)
Auditors' remuneration:				
Auditors of the Company	601	592	107	106
Other auditors	2	2	-	-
Rental expenses	688	458	12	12
Royalty expenses	843	828	-	-
Realised loss on foreign exchange	95	51	-	-
Rental income from land and buildings	(5,143)	(5,479)	-	-
Waiver of trade payable	(47)	(143)	-	-
Gain on disposal of:				
Property, plant and equipment	(196)	(324)	-	-
Investment properties	-	(3)	-	-
Assets classified as held for sale	(29,303)	(31,374)	-	-

10. EMPLOYEE BENEFITS EXPENSE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Wages and salaries	75,455	75,608	3,576	4,454
Pension costs:				
Defined contribution plans	13,164	11,815	481	438
Defined benefit plans (Note 36)	961	889	-	-
Social security costs	1,267	1,067	18	17
Other benefits	6,092	6,877	113	65
	96,939	96,256	4,188	4,974

Wages and salaries of the Group include wage subsidy received from government under the Wage Subsidy Programme amounting to RMNil (2022: RM853,000).

NOTES TO FINANCIAL STATEMENTS

11. DIRECTORS' REMUNERATION

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Continuing operations				
Directors of the Company				
Executive: [Note 41(b)]:				
Salaries and other emoluments	132	-	132	-
Non-executive:				
Salaries and other emoluments	788	571	424	313
Fees	620	517	620	517
	1,540	1,088	1,176	830
Directors of subsidiaries				
Executive [Note 41(b)]:				
Salaries and other emoluments	1,203	952	-	-
Non-executive:				
Salaries and other emoluments	-	43	-	-
Fees	30	65	-	-
	1,233	1,060	-	-
	2,773	2,148	1,176	830

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	
	2023	2022
Non-executive directors:		
Less than RM50,000	1	-
RM50,001 – RM100,000	-	1
RM100,001 – RM150,000	1	-
RM150,001 – RM200,000	2	2
RM200,001 – RM250,000	2	3
RM250,001 – RM300,000	1	-
RM300,001 – RM350,000	1	-

NOTES TO FINANCIAL STATEMENTS

12. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax expense:				
Current year	22,406	25,628	115	222
Under/(Over) provision in prior years	433	226	2	(36)
Effect of real property gain tax	2,850	2,828	-	-
	25,689	28,682	117	186
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	(1,906)	(1,930)	-	-
Over provision in prior years	(779)	(507)	-	-
	(2,685)	(2,437)	-	-
Total tax expense relating to continuing operations	23,004	26,235	117	186
Total tax expense relating to discontinued operation (Note 13)	-	4	-	-
	23,004	26,249	117	186

NOTES TO FINANCIAL STATEMENTS

12. INCOME TAX EXPENSE (CONTINUED)

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax:				
Continuing operations	391,285	323,348	169,162	155,583
Discontinued operation (Note 13)	-	12,970	-	-
	391,285	336,318	169,162	155,583
Tax expense at statutory tax rate of 24%	93,908	80,716	40,599	37,340
Tax effects on share of results of a joint venture	(5,816)	(3,835)	-	-
Tax effects on share of results of associates	(63,530)	(47,598)	-	-
Tax effects of:				
Non-deductible expenses	4,667	7,082	1,719	1,663
Non-taxable income	(7,770)	(13,575)	(42,203)	(38,781)
Utilisation of reinvestment allowances	(58)	-	-	-
Deferred tax assets not recognised	43	962	-	-
Realisation of deferred tax assets previously not recognised	(944)	(50)	-	-
Effects of income subject to real property gain tax	2,850	2,828	-	-
Under/(Over) provision in prior years:				
Current tax	433	226	2	(36)
Deferred tax	(779)	(507)	-	-
	23,004	26,249	117	186

NOTES TO FINANCIAL STATEMENTS

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 profit 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
	2022
	RM'000
Revenue	-
Other income	14,104
Administrative and other expenses	(1,168)
Interest income	34
Profit before tax	12,970
Income tax expense (Note 12)	(4)
Profit for the year	12,966

- (b) Cash flows from discontinued operation:

	The Group
	2022
	RM'000
Net cash used in operating activities	(676)
Net cash from investing activities	14,687
	14,011

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

	The Group
	2022
	RM'000
Realised gain on foreign exchange	(576)
Auditors' remuneration	10
Gain on disposal of assets classified as held for sale	(13,397)

NOTES TO FINANCIAL STATEMENTS

14. EARNINGS PER SHARE

Basic and diluted earnings per share

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

	The Group	
	2023 RM'000	2022 RM'000
Profit for the year attributable to owners of the Company:		
Continuing operations	331,228	267,385
Discontinued operation	-	12,966
	331,228	280,351

	2023 '000	2022 '000
Number of ordinary shares in issue	390,887	390,887

	2023	2022
Basic and diluted earnings per share (sen)		
Continuing operations	84.7	68.4
Discontinued operation	-	3.3
	84.7	71.7

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

NOTES TO FINANCIAL STATEMENTS

15. DIVIDENDS

	The Group and The Company			
	Amount		Net Dividend per Ordinary Share	
	2023	2022	2023	2022
	RM'000	RM'000	Sen	Sen
<u>In respect of the financial year ended 31 December 2021:</u>				
Second interim single tier dividend	-	19,544	-	5.0
Special single tier dividend	-	39,089	-	10.0
Final single tier dividend	-	23,453	-	6.0
<u>In respect of the financial year ended 31 December 2022:</u>				
First interim single tier dividend	-	23,453	-	6.0
Special single tier dividend	-	39,089	-	10.0
Second interim single tier dividend	23,453	-	6.0	-
Special single tier dividend	58,633	-	15.0	-
Final single tier dividend	23,453	-	6.0	-
<u>In respect of the financial year ended 31 December 2023:</u>				
First interim single tier dividend	23,453	-	6.0	-
Special single tier dividend	78,179	-	20.0	-
Second interim single tier dividend	23,453	-	6.0	-
Special single tier dividend	27,362	-	7.0	-
	257,986	144,628	66.0	37.0

The directors proposed a final single tier dividend of 15 sen per ordinary share amounting to RM58,633,000 in respect of the current financial year ended 31 December 2023. 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 2024.

NOTES TO FINANCIAL STATEMENTS

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 implements RM'000	Motor vehicles RM'000	Capital work in progress RM'000	Total RM'000
Cost								
At 1 January 2023	33,641	138,102	122,640	66,488	58,899	2,481	-	422,251
Additions	-	422	3,449	993	4,169	133	17,660	26,826
Disposals	-	(42)	(159)	-	(180)	(50)	-	(431)
Write-offs	-	(2)	(136)	-	(267)	-	-	(405)
Transfer to investment properties (Note 18)	(1,047)	(782)	-	-	-	-	-	(1,829)
At 31 December 2023	32,594	137,698	125,794	67,481	62,621	2,564	17,660	446,412
Accumulated depreciation								
At 1 January 2023	-	39,611	113,527	40,119	49,630	2,437	-	245,324
Depreciation charge for the year	-	2,184	4,379	3,895	2,630	61	-	13,149
Disposals	-	(14)	(157)	-	(177)	(50)	-	(398)
Write-offs	-	-	(131)	-	(251)	-	-	(382)
Transfer to investment properties (Note 18)	-	(333)	-	-	-	-	-	(333)
At 31 December 2023	-	41,448	117,618	44,014	51,832	2,448	-	257,360
Accumulated impairment loss								
At 1 January 2023/ 31 December 2023	-	2,446	-	-	-	-	-	2,446
Net book value								
At 31 December 2023	32,594	93,804	8,176	23,467	10,789	116	17,660	186,606

NOTES TO FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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 2022	33,641	137,162	122,461	65,781	60,089	3,323	2,297	424,754
Additions	-	940	3,152	314	1,785	118	-	6,309
Disposals	-	-	(2,390)	-	(111)	(960)	-	(3,461)
Write-offs	-	-	(583)	(1)	(4,767)	-	-	(5,351)
Transfer from capital work in progress	-	-	-	394	1,903	-	(2,297)	-
At 31 December 2022	33,641	138,102	122,640	66,488	58,899	2,481	-	422,251
Accumulated depreciation								
At 1 January 2022	-	37,429	112,150	35,960	51,304	3,323	-	240,166
Depreciation charge for the year	-	2,182	4,350	4,160	2,214	74	-	12,980
Disposals	-	-	(2,390)	-	(22)	(960)	-	(3,372)
Write-offs	-	-	(583)	(1)	(3,866)	-	-	(4,450)
At 31 December 2022	-	39,611	113,527	40,119	49,630	2,437	-	245,324
Accumulated impairment loss								
At 1 January 2022	-	2,446	-	-	873	-	-	3,319
Write-offs	-	-	-	-	(873)	-	-	(873)
At 31 December 2022	-	2,446	-	-	-	-	-	2,446
Net book value								
At 31 December 2022	33,641	96,045	9,113	26,369	9,269	44	-	174,481

NOTES TO FINANCIAL STATEMENTS

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Company	Furniture, fittings and equipment RM'000	Motor Vehicles RM'000	Total RM'000
Cost			
At 1 January 2022	271	-	271
Addition	14	-	14
Write-off	(36)	-	(36)
At 31 December 2022/1 January 2023	249	-	249
Addition	25	6	31
At 31 December 2023	274	6	280
Accumulated depreciation			
At 1 January 2022	230	-	230
Depreciation charge for the year	19	-	19
Write-off	(36)	-	(36)
At 31 December 2022/1 January 2023	213	-	213
Depreciation charge for the year	24	-	24
At 31 December 2023	237	-	237
Net book value			
At 31 December 2023	37	6	43
At 31 December 2022	36	-	36

- (a) In 2023, the Group determined that certain assets with net carrying amount of RM1,496,000 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.
- (b) 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:

	The Group and the Company	
	2023	2022
Buildings	1% - 5%	1% - 5%
Plant and machinery	5% - 33 1/3%	5% - 33 1/3%
Renovations and leasehold improvements	10% - 33 1/3%	10% - 33 1/3%
Furniture, fixtures, fittings, equipment and tools and implements	5% - 33 1/3%	5% - 33 1/3%
Motor vehicles	20% - 25%	20% - 25%

NOTES TO FINANCIAL STATEMENTS

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 2022	2,920	2,254	1,030	6,204
Additions	1,672	3,171	199	5,042
Disposal ¹	(1,102)	(324)	-	(1,426)
At 31 December 2022/1 January 2023	3,490	5,101	1,229	9,820
Additions	3,674	456	118	4,248
Disposal ¹	(3,593)	(1,477)	(326)	(5,396)
At 31 December 2023	3,571	4,080	1,021	8,672
Accumulated depreciation				
At 1 January 2022	2,351	1,420	268	4,039
Depreciation charge for the year	1,574	1,538	298	3,410
Disposal ¹	(1,102)	(324)	-	(1,426)
At 31 December 2022/1 January 2023	2,823	2,634	566	6,023
Depreciation charge for the year	1,749	2,044	301	4,094
Disposal ¹	(3,593)	(1,477)	(326)	(5,396)
At 31 December 2023	979	3,201	541	4,721
Net book value				
At 31 December 2023	2,592	879	480	3,951
At 31 December 2022	667	2,467	663	3,797

NOTES TO FINANCIAL STATEMENTS

17. RIGHT-OF-USE ASSETS (CONTINUED)

The Company	Buildings RM'000
Cost	
At 1 January 2022	1,332
Addition	1,346
At 31 December 2022/1 January 2023	2,678
Disposal ¹	(1,332)
31 December 2023	1,346
Accumulated depreciation	
At 1 January 2022	999
Depreciation charge for the year	333
At 31 December 2022/1 January 2023	1,332
Depreciation charge for the year	337
Disposal ¹	(1,332)
At 31 December 2023	337
Net book value	
At 31 December 2023	1,009
At 31 December 2022	1,346

¹ Relates to derecognition of right-of-use assets in accordance with MFRS 16 *Leases* following the expiry of the lease agreements.

(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 (2022: 2 to 5 years) and 4 years (2022: 4 years) respectively.

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amounts recognised in profit and loss				
Depreciation of right-of-use assets (Note 9)	4,094	3,410	337	333
Interest expense on lease liabilities (Note 7)	289	198	54	10
Expenses relating to short-term leases	550	307	12	12
Expenses relating to leases of low-value assets	138	151	-	-

NOTES TO FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES

The Group	RM'000
Cost	
At 1 January 2022	108,477
Disposal	(66)
Transfer to assets classified as held for sale (Note 32)	(20,128)
At 31 December 2022/1 January 2023	88,283
Addition	63
Transfer from property, plant and equipment (Note 16)	1,829
At 31 December 2023	90,175
Accumulated Depreciation	
At 1 January 2022	16,994
Depreciation charge for the year	1,773
Disposal	(23)
At 31 December 2022/1 January 2023	18,744
Depreciation charge for the year	1,789
Transfer from property, plant and equipment (Note 16)	333
At 31 December 2023	20,866
Net Book Value	
At 31 December 2023	69,309
At 31 December 2022	69,539

	The Group	
	2023 RM'000	2022 RM'000
Carrying Amounts	69,309	69,539
Representing:		
Investment properties		
Freehold land	10,856	9,809
Buildings	58,453	59,730
	69,309	69,539

NOTES TO FINANCIAL STATEMENTS

18. INVESTMENT PROPERTIES (CONTINUED)

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

	The Group	
	2023 RM'000	2022 RM'000
Rental income from operating leases	5,320	4,695
Direct operating expenses from property that generated rental income	1,339	1,179
Direct operating expenses from property that did not generate rental income	140	269

- b) Fair value of the investment properties of the Group as of 31 December 2023 is estimated at RM197,593,000 (2022: RM184,247,000) 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.

- c) Investment properties are carried at cost less accumulated depreciation and any impairment losses. Freehold land is not depreciated. Buildings are depreciated on the straight-line method at annual rates of 1% to 5%.

19. PREPAID LAND LEASE PAYMENTS

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	38,905	30,735
Addition	-	8,712
Amortisation for the year (Note 9)	(575)	(542)
At 31 December	38,330	38,905

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

	The Group	
	2023 RM'000	2022 RM'000
Within 1 to 30 years	16,252	16,252
Within 31 to 60 years	19,535	19,779
Within 61 to 99 years	2,543	2,874
	38,330	38,905

NOTES TO FINANCIAL STATEMENTS

20. INVESTMENT IN SUBSIDIARIES

	The Company	
	2023 RM'000	2022 RM'000
At cost, in Malaysia:		
Unquoted ordinary shares	696,483	696,483
Unquoted preference shares in a direct subsidiary	20,000	65,000
Unquoted preference shares in an indirect subsidiary	69,800	70,800
	786,283	832,382
Less: Accumulated impairment losses	(365,625)	(369,385)
Net	420,658	462,898
<u>Movement in impairment losses</u>		
At 1 January	369,385	395,563
Amount recognised during the year (Note 9)	100	69,700
Amount no longer required during the year (Note 9)	(3,860)	(95,844)
Derecognised on liquidation of a subsidiary	-	(34)
At 31 December	365,625	369,385

Details of the subsidiaries are disclosed in Note 47.

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. An earlier provided impairment loss is reversed when recoverable amount is more than the carrying amount less accumulated impairment loss.

During the financial year,

- (a) On 22 March 2023, OMI Alloy (M) Sdn. Bhd. ("OMIA"), an indirect subsidiary of the Company, has made a redemption of 1,000,000 RCPS at the redemption price of RM1.00 each.
- (b) On 29 August 2023, MBMR Properties Sdn. Bhd. ("MPSB"), a wholly owned subsidiary of the Company, has made a redemption of 45,000,000 RCPS at the redemption price of RM1.00 each.

NOTES TO FINANCIAL STATEMENTS

20. INVESTMENT IN SUBSIDIARIES (CONTINUED)

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	Profit allocated to non-controlling interests	Dividend paid to non-controlling interests	Accumulated non-controlling interests
2023					
Daihatsu (Malaysia) Sdn. Bhd. ("DMSB")	Malaysia	48.5%	36,958	(26,338)	296,202
Individually immaterial subsidiaries with non-controlling interests					1,693
					297,895
2022					
Daihatsu (Malaysia) Sdn. Bhd. ("DMSB")	Malaysia	48.5%	29,844	(12,841)	285,582
Individually immaterial subsidiaries with non-controlling interests					1,612
					287,194

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	
	2023 RM'000	2022 RM'000
Statement of financial position as of 31 December		
Current assets	246,876	240,948
Non-current assets	111,892	114,633
Current liabilities	64,988	58,622
Non-current liabilities	1,341	1,974
Equity attributable to owners of the Company	292,439	294,985
Statement of profit or loss and other comprehensive income for the year ended 31 December		
Revenue	1,653,326	1,418,165
Profit/Total comprehensive income for the year	51,755	41,099
Statement of cash flows as of 31 December		
Net cash from/(used in) operating activities	900	(17,709)
Net cash from investing activities	26,220	28,690
Net cash used in financing activities	(56,300)	(28,133)
Net decrease in cash and cash equivalents	(29,180)	(17,152)

NOTES TO FINANCIAL STATEMENTS

21. INVESTMENT IN A JOINT VENTURE

	The Group	
	2023 RM'000	2022 RM'000
In Malaysia:		
Unquoted shares, at cost	36,180	36,180
Share of post-acquisition reserves	55,820	51,985
	92,000	88,165

Details of the joint venture are disclosed in Note 48.

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	
	2023 RM'000	2022 RM'000
Assets and liabilities		
Non-current assets	64,699	61,941
Current assets	171,604	148,021
Total assets	236,303	209,962
Non-current liabilities	3,870	4,948
Current liabilities	96,941	77,041
Total liabilities	100,811	81,989
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	62,403	46,074
Current financial liabilities (excluding trade and other payables and provisions)	471	252
Results		
Revenue	437,534	332,136
Profit/Total comprehensive income for the year	47,518	31,330
Group's share of results of joint venture	24,234	15,978
The above profit for the year include the following (expenses)/income:		
Depreciation and amortisation	(10,528)	(8,820)
Interest income	1,498	639
Interest expense	(29)	(20)
Income tax expense	(14,753)	(9,810)

NOTES TO FINANCIAL STATEMENTS

21. INVESTMENT IN A JOINT VENTURE (CONTINUED)

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:

	2023 RM'000	2022 RM'000
Goodwill	22,899	22,899
Group's share of net assets	69,101	65,266
Group's carrying amount of interest in the joint venture	92,000	88,165

22. INVESTMENT IN ASSOCIATES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
In Malaysia:				
Unquoted shares, at cost	226,468	226,468	179,468	179,468
Share of post-acquisition reserves	1,425,525	1,299,128	-	-
	1,651,993	1,525,596	179,468	179,468

Details of the associates are disclosed in Note 49.

The summarised financial information of the associates is as follows:

	The Group	
	2023 RM'000	2022 RM'000
Assets and liabilities		
Non-current assets	5,108,819	4,595,183
Current assets	3,268,313	2,854,602
Total assets	8,377,132	7,449,785
Non-current liabilities	130,591	79,459
Current liabilities	1,418,254	1,093,435
Total liabilities	1,548,845	1,172,894
Results		
Revenue	19,847,903	16,888,977
Profit for the year	1,068,508	805,351
Group's share of results of associates	264,711	198,323

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. ("HMS") 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 2023.

NOTES TO FINANCIAL STATEMENTS

22. INVESTMENT IN ASSOCIATES (CONTINUED)

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 financial statements prepared in accordance with MFRSs:

Perusahaan Otomobil Kedua Sdn. Bhd.	The Group	
	2023 RM'000	2022 RM'000
Assets and liabilities		
Non-current assets	4,807,226	4,287,442
Current assets	2,369,645	2,153,031
Total assets	7,176,871	6,440,473
Non-current liabilities	126,587	75,257
Current liabilities	806,982	649,298
Total liabilities	933,569	724,555
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	1,596,073	1,619,629
Results		
Revenue	18,428,280	15,241,254
Profit for the year	1,012,312	748,193
Total comprehensive income for the year	1,012,372	751,320
Group's share of results of associate	253,078	187,048
The above profit for the year include the following (expenses)/income:		
Depreciation and amortisation	(73,641)	(70,357)
Interest income	64,476	41,268
Interest expense	5,209	(4,670)
Income tax expense	(153,063)	(155,932)

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 follow:

	2023 RM'000	2022 RM'000
Goodwill	6,022	6,022
Group's share of net assets	1,551,205	1,428,980
Group's carrying amount of interest in the material associate	1,557,227	1,435,002

NOTES TO FINANCIAL STATEMENTS

23. HIRE PURCHASE RECEIVABLES

	The Group	
	2023 RM'000	2022 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.

The Group has recognised an allowance for expected credit losses of RM1,022,000 (2022: RM1,022,000) against hire purchase receivables based on historical experience and assessment of recoverability of the receivables.

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	
	2023 RM'000	2022 RM'000
Unquoted shares	2,300	2,240
Club membership	40	40
	2,340	2,280

Investment in unquoted shares represent the 5.2% equity interest in Nagoya Automobile Malaysia Holding Sdn. Bhd., a company incorporated in Malaysia. During the financial year, the Group has recognised fair value gain of RM60,000 in respect of investment in unquoted shares.

NOTES TO FINANCIAL STATEMENTS

25. DEFERRED TAX ASSETS/(LIABILITIES)

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	(731)	(3,168)
Recognised in profit or loss (Note 12):		
Property, plant and equipment	269	838
Inventories	704	(173)
Trade receivables	59	(88)
Provision for retirement benefits	(34)	(139)
Provisions	853	1,702
Others	834	297
	2,685	2,437
At 31 December	1,954	(731)

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. The following is the analysis of the deferred tax balances (after offset) for the statements of financial position purposes:

	The Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	4,850	3,169
Deferred tax liabilities	(2,896)	(3,900)
	1,954	(731)

NOTES TO FINANCIAL STATEMENTS

25. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

Deferred tax assets/(liabilities) provided in the financial statements are in respect of the tax effects of the following:

	The Group	
	2023 RM'000	2022 RM'000
Deferred tax assets		
Temporary differences arising from:		
Property, plant and equipment	-	196
Inventories	909	205
Trade receivables	143	84
Provisions	5,235	4,382
Provision for retirement benefits	118	152
Others	1,394	560
	7,799	5,579
Offsetting	(2,949)	(2,410)
Deferred tax assets (after offsetting)	4,850	3,169
Deferred tax liabilities		
Temporary differences arising from:		
Property, plant and equipment	(5,845)	(6,310)
Offsetting	2,949	2,410
Deferred tax liabilities (after offsetting)	(2,896)	(3,900)

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 2023, 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	
	2023 RM'000	2022 RM'000
Unused tax losses	237,481	237,290
Unabsorbed capital allowances	96,309	96,348
Other temporary differences	2,595	6,501
	336,385	340,139

The comparative figures have been restated to reflect the revised unused tax losses, unused capital allowances and other temporary differences available to the Group.

NOTES TO FINANCIAL STATEMENTS

25. DEFERRED TAX ASSETS/(LIABILITIES) (CONTINUED)

The unused tax losses of the Group will expire as follows:

	The Group	
	2023 RM'000	2022 RM'000
Financial year ending 31 December		
2029	230,403	230,403
2030	6,482	6,482
2031	297	297
2032	56	56
2033	52	52
2034	191	-
	237,481	237,290

The unabsorbed capital allowances and other temporary differences do not expire under the current tax legislation.

26. GOODWILL ON CONSOLIDATION

	The Group	
	2023 RM'000	2022 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	
	2023 RM'000	2022 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.

NOTES TO FINANCIAL STATEMENTS

27. INVENTORIES

	The Group	
	2023 RM'000	2022 RM'000
Completed vehicles	130,804	89,111
Raw materials	13,652	9,776
Work in progress	921	919
Parts and consumables	12,334	13,380
Finished goods	4,278	3,518
	161,989	116,704
Less: Allowance for slow-moving inventories	(954)	(1,055)
	161,035	115,649
<u>Movement in allowance for slow-moving inventories:</u>		
At 1 January	1,055	1,591
Amount recognised during the year (Note 9)	487	618
Amount no longer required (Note 9)	(175)	(427)
Written off	(413)	(727)
At 31 December	954	1,055

Cost of inventories recognised as cost of sales of the Group amounted to RM2,121,331,000 (2022: RM2,035,515,000).

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

Cost is determined using the specific identification 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.

NOTES TO FINANCIAL STATEMENTS

28. TRADE RECEIVABLES

	The Group	
	2023 RM'000	2022 RM'000
Trade receivables	166,196	180,918
Less: Allowance for expected credit losses	(634)	(2,277)
Net	165,562	178,641

Trade receivables disclosed above are classified as financial assets recognised at amortised cost.

The normal credit periods granted on sales of goods and services range from 14 days to 120 days (2022: 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 RM3,827,000 (2022: RM3,919,000) 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.

NOTES TO FINANCIAL STATEMENTS

28. TRADE RECEIVABLES (CONTINUED)

The table below is an analysis of trade receivables at the end of the reporting period:

	The Group						
	Not past due RM'000	Trade receivables – days past due					Total RM'000
	< 30 RM'000	31 – 60 RM'000	61 – 90 RM'000	91 – 120 RM'000	> 120 RM'000		
2023							
Carrying amount	153,718	388	9,075	2,167	375	473	166,196
Lifetime ECL							(634)
							165,562
2022							
Carrying amount	168,420	3,078	5,635	1,325	255	2,205	180,918
Lifetime ECL							(2,277)
							178,641

The movements in the allowance for impairment losses of trade receivables during the financial year are as follows:

	The Group	
	2023 RM'000	2022 RM'000
Lifetime ECL (simplified approach):		
At 1 January	2,277	2,612
Impairment loss recognised during the year (Note 9)	283	140
Impairment loss no longer required (Note 9)	(108)	(475)
Impairment loss written off	(1,818)	-
At 31 December	634	2,277

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.

NOTES TO FINANCIAL STATEMENTS

29. OTHER RECEIVABLES, DEPOSITS AND PREPAID EXPENSES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits and advances paid	5,427	5,217	109	132
Prepaid expenses	3,460	4,791	10	15
Sundry receivables	11,550	10,432	37	54
	20,437	20,440	156	201
Less: Allowance for expected credit losses	(150)	(82)	(37)	(37)
	20,287	20,358	119	164
<u>Movement in allowance for expected credit losses</u>				
At 1 January	82	37	37	37
Impairment loss recognised during the year (Note 9)	68	45	-	-
	150	82	37	37

Included in sundry receivables of the Group is an amount of RM3,675,000 (2022: RM4,349,000) 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	
	2023 RM'000	2022 RM'000
Interest free	2,108	3,245
Less: Allowance for expected credit losses	(1,700)	(2,000)
	408	1,245
<u>Movement in allowance for expected credit losses</u>		
At 1 January	2,000	2,100
Allowance no longer required (Note 9)	(300)	(100)
At 31 December	1,700	2,000

The amount owing by subsidiaries, which arose from non-trade transactions, is unsecured and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

31. CASH AND CASH EQUIVALENTS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash on hand and at banks	93,846	90,179	2,066	3,157
Deposits with licensed banks	42,058	84,837	-	-
Short-term fund investments (redeemable upon 3 to 7 days notice)	61,341	109,748	43,698	88,919
Cash, bank balances and short-term fund investments	197,245	284,764	45,764	92,076
Less:				
Deposits with maturities in excess of three months	(552)	(62)	-	-
Cash and cash equivalents	196,693	284,702	45,764	92,076

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.

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 1.47% to 4.41% (2022: 1.47% to 3.93%) per annum and 1.47% to 3.59% (2022: 1.47% to 3.59%) 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 (2022: 1 day to 365 days) and 3 days to 7 days (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Ringgit Malaysia	196,990	284,591	45,764	92,076
United States Dollar	254	158	-	-
Japanese Yen	1	15	-	-
	197,245	284,764	45,764	92,076

NOTES TO FINANCIAL STATEMENTS

32. ASSETS CLASSIFIED AS HELD FOR SALE

In 2022, the Group has completed the disposal of its alloy wheel plants, related machineries and equipment, land and building which were earlier classified as assets held for sales, for a total consideration of RM75,416,000.

During the year, the Group has completed the disposal of its the freehold land which was classified as assets held for sale for a total consideration of RM49,431,000.

The breakdown of the assets held for sale is as follows:

	The Group	
	2023 RM'000	2022 RM'000
At 1 January	20,128	30,645
Disposal	(20,128)	(30,645)
Transfer from investment properties (Note 18)	-	20,128
At 31 December	-	20,128
Assets classified as held for sale		
Freehold land	-	20,128

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 2022/31 December 2022/1 January 2023/31 December 2023	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.

NOTES TO FINANCIAL STATEMENTS

34. RESERVES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable:				
Fair value reserve	-	3,762	-	-
Foreign currency translation reserve	286	(1)	-	-
Distributable:				
Retained earnings	1,736,128	1,659,124	251,528	340,469
	1,736,414	1,662,885	251,528	340,469

(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) 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.

(c) 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	
	2023 RM'000	2022 RM'000
Current - at amortised cost		
Secured:		
Bankers' acceptances	16,367	-
	16,367	-

(a) The bank borrowings are secured by corporate guarantee from Federal Auto Holdings Berhad, a wholly owned subsidiary of the Company.

(b) The average effective interest rates per annum of the borrowings are as follows:

	The Group	
	2023 %	2022 %
Bankers' acceptances	3.6	2.0

NOTES TO FINANCIAL STATEMENTS

35. BORROWINGS (CONTINUED)

(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 RM'000	Lease liabilities (Note 37) RM'000
2023		
The Group		
At beginning of year	-	3,735
Non-cash changes	-	4,248
Finance costs	448	289
Financing cash flows [^]	15,919	(4,207)
At end of year	16,367	4,065

2022		
The Group		
At beginning of year	18,988	2,165
Non-cash changes	-	5,042
Finance costs	469	198
Financing cash flows [^]	(19,457)	(3,670)
At end of year	-	3,735

	Lease liabilities (Note 37) RM'000
2023	
The Company	
At beginning of year	1,347
Non-cash changes	-
Finance cost	54
Financing cash flows [^]	(369)
At end of year	1,032

2022	
The Company	
At beginning of year	359
Non-cash changes	1,346
Finance cost	10
Financing cash flows [^]	(368)
At end of year	1,347

[^] 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.

NOTES TO FINANCIAL STATEMENTS

36. RETIREMENT BENEFITS OBLIGATION

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 January	2,112	2,609	1,400	1,400
Defined benefit plans (Note 10)	961	889	-	-
Contribution paid during the year	(1,182)	(1,386)	-	-
At 31 December	1,891	2,112	1,400	1,400

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.

Daihatsu (Malaysia) Sdn. Bhd. ("DMSB"), a subsidiary of the Company, and DMSB's subsidiaries operate a funded, defined Retirement Benefit Scheme ("Scheme") for its eligible employees. Contributions to the Scheme are made to a separately administrated fund. Under the Scheme, eligible employees are entitled to retirement benefits of final salary on attainment of and up to 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 January 2023.

The amounts recognised in the statements of financial position are determined as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Provision for unfunded retirement gratuity	1,400	1,400	1,400	1,400
Present value of funded defined benefit obligations	12,375	11,346	-	-
Fair value of plan assets	(11,884)	(10,634)	-	-
	491	712	-	-
Total	1,891	2,112	1,400	1,400

NOTES TO FINANCIAL STATEMENTS

36. RETIREMENT BENEFITS OBLIGATION (CONTINUED)

The amounts recognised in the profit or loss are as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Defined benefit plans				
Current service cost	924	826	-	-
Net interest cost	37	63	-	-
Total, included in employee benefits expense (Note 10)	961	889	-	-

The principal actuarial assumptions used are as follows:

	The Group	
	2023 %	2022 %
Discount rate	5.20	5.20
Average salary increase	5.00	5.00

37. LEASE LIABILITIES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
As at 1 January	3,735	2,165	1,347	359
Addition	4,248	5,042	-	1,346
Finance costs (Note 7)	289	198	54	10
Payment of lease rental	(4,207)	(3,670)	(369)	(368)
As at 31 December	4,065	3,735	1,032	1,347

	The Group		The Company	
	2023 %	2022 %	2023 %	2022 %
Incremental borrowing rate	4.8 – 5.0	4.5 – 5.0	5.0	4.5

NOTES TO FINANCIAL STATEMENTS

37. LEASE LIABILITIES (CONTINUED)

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
2023			
The Group			
Less than one year	2,505	(101)	2,404
Between one and two years	1,607	(50)	1,557
Between two and five years	108	(4)	104
	4,221	(156)	4,065
The Company			
Less than one year	369	(40)	329
Between one and two years	369	(25)	344
Between two and five years	368	(9)	359
	1,106	(74)	1,032
2022			
The Group			
Less than one year	2,513	(117)	2,396
Between one and two years	1,221	(37)	1,184
Between two and five years	161	(6)	155
	3,895	(160)	3,735
The Company			
Less than one year	396	(54)	342
Between one and two years	370	(40)	330
Between two and five years	708	(33)	675
	1,474	(127)	1,347

NOTES TO FINANCIAL STATEMENTS

38. TRADE PAYABLES

The normal trade credit terms granted to the Group by trade payables ranges from 2 days to 90 days (2022: 2 days to 90 days).

Included in trade payables of the Group are amounts of RM15,661,000 (2022: RM7,154,000) and RM3,499,000 (2022: RM4,547,000) 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	
	2023 RM'000	2022 RM'000
Ringgit Malaysia	89,282	115,528
United States Dollar	139	841
Japanese Yen	73	-
Euro	23	-
	89,517	116,369

39. OTHER PAYABLES AND ACCRUED EXPENSES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Sundry payables	12,988	13,727	12	4
Accruals	26,592	28,373	1,254	1,737
Accruals for dealers and salesmen incentives	9,143	7,925	-	-
Deposits received from customers	3,874	4,841	-	-
	52,597	54,866	1,266	1,741

40. 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.

NOTES TO FINANCIAL STATEMENTS

41. 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	
	2023 RM'000	2022 RM'000
Purchases from a subsidiary of Perodua	1,415,151	1,188,717
Purchases from HMS	42,123	36,605
Purchases from DMC	2,141	2,033
Freight charges payables to DMC	-	46
Royalty fees payable to DMC	9	8
Sales to Perodua, its subsidiaries and associates	(46,188)	(37,353)
Sales of land and factory building to a subsidiary of Perodua	-	(61,000)
Sales to HMM	(1,192)	(1,237)

	The Company	
	2023 RM'000	2022 RM'000
Dividends from:		
Subsidiaries (Note 5)	(59,125)	(62,703)
Associates (Note 5)	(110,216)	(70,805)
Management fee receivable from subsidiaries (Note 5)	(209)	(235)
Interest income on advances to subsidiaries (Note 8)	-	(690)

NOTES TO FINANCIAL STATEMENTS

41. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Compensation of key management personnel is as follows:

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term employee benefits	4,901	3,830	2,687	2,275
Employees Provident Fund	580	432	360	289
Total compensation of key management personnel	5,481	4,262	3,047	2,564
Consists of amount paid to:				
Executive directors (Note 11)	1,203	952	132	-
	1,203	952	132	-

42. CAPITAL COMMITMENTS

As of 31 December 2023, the Group has the following capital commitments in respect of the acquisition of property, plant and equipment:

	The Group	
	2023 RM'000	2022 RM'000
Approved and contracted for	11,444	16,581
Approved but not contracted for	9,297	17,449

NOTES TO FINANCIAL STATEMENTS

43. OPERATING LEASE COMMITMENTS

Non-cancellable operating lease commitments – as lessor

	The Group	
	2023 RM'000	2022 RM'000
Future minimum rentals receivable		
Not later than 1 year	2,080	1,280
More than 1 year and less than 2 years	793	1,292
More than 2 years and less than 5 years	40	-
	2,913	2,572

44. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

In respect of assets classified as held for sale, the disposal of a piece of freehold land located at Bandar Sri Sendayan, Negeri Sembilan has been completed on 26 July 2023 for a total consideration of RM49,431,000. The Group's gain on disposal of the land is RM29,303,000.

45. 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.

NOTES TO FINANCIAL STATEMENTS

45. SEGMENT INFORMATION (CONTINUED)

Information regarding the Group's reportable segments is presented below.

2023	Motor trading RM'000	Auto parts manufacturing RM'000	All others RM'000	The Group RM'000
Revenue from external customers	2,097,579	316,082	2,527	2,416,188
Operating profit/(loss) for reportable segments	52,827	21,513	22,863	97,203
Share of results of a joint venture	-	24,234	-	24,234
Share of results of associates	257,690	7,021	-	264,711
Finance costs	(753)	(176)	-	(929)
Interest income	2,787	1,558	1,721	6,066
Income tax expense	(13,901)	(5,562)	(3,541)	(23,004)
Depreciation and amortisation	(10,953)	(6,949)	(1,705)	(19,607)
Other significant non-cash items:				
Fair value gain on other investment	60	-	-	60
Property, plant and equipment written off	(17)	(6)	-	(23)
Allowance for slow-moving inventories	(388)	(99)	-	(487)
Allowance for slow-moving inventories no longer required	70	105	-	175
Allowance for expected credit losses	(283)	-	(68)	(351)
Allowance for expected credit losses no longer required	108	-	-	108
Capital expenditure	3,356	23,502	31	26,889
Segment assets	541,097	198,313	112,882	852,292
Investment in a joint venture	-	69,101	22,899	92,000
Investment in associates	1,583,302	68,691	-	1,651,993
Segment liabilities	(113,478)	(50,012)	(6,835)	(170,325)

NOTES TO FINANCIAL STATEMENTS

45. SEGMENT INFORMATION (CONTINUED)

2022	Motor trading	Auto parts manufacturing		All others	The Group
	RM'000	Continuing RM'000	Discontinued RM'000	RM'000	RM'000
Revenue from external customers	1,989,264	316,108	-	2,241	2,307,613
Operating profit/(loss) for reportable segments	62,348	48,739	12,936	(6,115)	117,908
Share of results of a joint venture	-	15,978	-	-	15,978
Share of results of associates	190,707	7,616	-	-	198,323
Finance costs	(367)	(300)	-	-	(667)
Interest income	2,390	1,108	34	1,244	4,776
Income tax expense	(18,938)	(6,497)	(4)	(810)	(26,249)
Depreciation and amortisation	(10,574)	(6,432)	-	(1,699)	(18,705)
Other significant non-cash items:					
Property, plant and equipment written off	(28)	-	-	-	(28)
Allowance for slow-moving inventories	(347)	(271)	-	-	(618)
Allowance for slow-moving inventories no longer required	427	-	-	-	427
Allowance for expected credit losses	(140)	-	-	(45)	(185)
Allowance for expected credit losses no longer required	475	-	-	-	475
Capital expenditure	1,770	13,238	-	13	15,021
Segment assets	544,365	190,991	1,278	178,196	914,830
Investment in a joint venture	-	65,266	-	22,899	88,165
Investment in associates	1,459,583	66,013	-	-	1,525,596
Segment liabilities	(119,338)	(61,678)	(78)	(5,767)	(186,861)

NOTES TO FINANCIAL STATEMENTS

45. SEGMENT INFORMATION (CONTINUED)

Reconciliations of reportable operating segment revenue, profit or loss, assets and liabilities are as follows:

	The Group	
	2023 RM'000	2022 RM'000
Revenue		
Total revenue for the Group's reportable segments	2,413,661	2,305,372
All others	2,527	2,241
Revenue from continuing operations, as reported	2,416,188	2,307,613
Profit or loss		
Total profit for the Group's reportable segments, including finance costs and interest income	77,756	126,888
All others	24,584	(4,871)
Share of results of a joint venture	24,234	15,978
Share of results of associates	264,711	198,323
Elimination of (profit)/loss from discontinued operation	-	(12,970)
Profit before tax from continuing operations, as reported	391,285	323,348
Assets		
Total assets for the Group's reportable segments	739,410	736,634
All others	112,882	178,196
Investment in a joint venture	92,000	88,165
Investment in associates	1,651,993	1,525,596
Total assets, as reported	2,596,285	2,528,591
Liabilities		
Total liabilities for the Group's reportable segments	163,490	181,094
All others	6,835	5,767
Total liabilities, as reported	170,325	186,861

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 and joint venture is included as segment assets of the Group.

NOTES TO FINANCIAL STATEMENTS

46. 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 2022.

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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Debts	20,432	3,735	1,032	1,347
Equity	2,425,960	2,341,730	643,179	732,120
Debt to equity ratio	0.84%	0.16%	0.16%	0.18%

Debts are defined as borrowings and lease liabilities as disclosed in Notes 35 and 37 respectively.

Equity includes capital, reserves and non-controlling interests.

Material accounting policies

Details of the material 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.

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

Classes and categories of financial instruments

	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated	Amortised cost	Amortised cost	Total	1	2	3
2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Other investments	2,340	-	-	2,340			2,340
Trade receivables	-	165,562	-	165,562			
Other receivables	-	16,827	-	16,827			
Cash, bank balances and short-term fund investments	61,341	135,904	-	197,245	61,341		
Trade payables	-	-	89,517	89,517			
Other payables and accrued expenses	-	-	48,723	48,723			
Lease liabilities	-	-	4,065	4,065			
Borrowings	-	-	16,367	16,367			
Amount owing to holding company	-	-	63	63			

	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated	Amortised cost	Amortised cost	Total	1	2	3
2022	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Other investments	2,280	-	-	2,280			2,280
Trade receivables	-	178,641	-	178,641			
Other receivables	-	15,567	-	15,567			
Cash, bank balances and short-term fund investments	109,748	175,016	-	284,764	109,784		
Trade payables	-	-	116,369	116,369			
Other payables and accrued expenses	-	-	50,025	50,025			
Lease liabilities	-	-	3,735	3,735			
Amount owing to holding company	-	-	34	34			

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

Classes and categories of financial instruments (continued)

	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated	Amortised cost	Amortised cost	Total	1	2	3
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2023							
Company							
Other receivables	-	109	-	109			
Amount owing by subsidiaries	-	408	-	408			
Cash, bank balances and short-term fund investments	43,698	2,066	-	45,764	43,698		
Other payables and accrued expenses	-	1,266	-	1,266			
Lease liabilities	-	1,032	-	1,032			
Amount owing to a subsidiary company	-	656	-	656			
Amount owing to holding company	-	63	-	63			

	Carrying amount				Fair value		
	Financial assets		Financial liabilities		Level		
	FVTPL designated	Amortised cost	Amortised cost	Total	1	2	3
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2022							
Company							
Other receivables	-	149	-	149			
Amount owing by subsidiaries	-	1,245	-	1,245			
Cash, bank balances and short-term fund investments	88,919	3,157	-	92,076	88,919		
Other payables and accrued expenses	-	-	1,741	1,741			
Lease liabilities	-	-	1,347	1,347			
Amount owing to a subsidiary company	-	-	649	649			
Amount owing to holding company	-	-	34	34			

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)**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	
	2023 RM'000	2022 RM'000
United States dollar	12	68

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 2023, 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 and short-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.

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 assets and 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 2023 would be increased/decreased by the following amounts:

	The Group	
	2023 RM'000	2022 RM'000
Increase/Decrease in interest income on bank deposits	1,407	1,126
Increase/Decrease in interest expense on:		
Bankers' acceptances	104	70
	1,303	1,056

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.

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

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
2023						
Financial liabilities						
Non-interest bearing:						
Trade payables		89,517	-	-	-	89,517
Other payables and accrued expenses		48,723	-	-	-	48,723
Amount owing to holding company		63	-	-	-	63
		138,303	-	-	-	138,303
Interest bearing:						
Borrowings	3.6	16,956	-	-	-	16,956
Lease liabilities	4.8 - 5.0	2,505	1,607	108	-	4,220
		19,461	1,607	108	-	21,176
		157,764	1,607	108	-	159,479
Financial guarantee contracts		437	-	-	-	437
2022						
Financial liabilities						
Non-interest bearing:						
Trade payables		116,369	-	-	-	116,369
Other payables and accrued expenses		50,025	-	-	-	50,025
Amount owing to holding company		34	-	-	-	34
		166,428	-	-	-	166,428
Interest bearing:						
Lease liabilities	4.5 - 5.0	2,513	1,221	161	-	3,895
		168,941	1,221	161	-	170,323
Financial guarantee contracts		-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

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
2023					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		1,266	-	-	1,266
Amount owing to a subsidiary company		656	-	-	656
Amount owing to holding company		63	-	-	63
		1,985	-	-	1,985
Interest bearing:					
Lease liabilities	5.0	369	369	368	1,106
		2,354	369	368	3,091
Financial guarantee contracts		-	-	-	-
2022					
Financial liabilities					
Non-interest bearing:					
Other payables and accrued expenses		1,741	-	-	1,741
Amount owing to a subsidiary company		649	-	-	649
Amount owing to holding company		34	-	-	34
		2,424	-	-	2,424
Interest bearing:					
Lease liabilities	4.5	396	370	708	1,474
		2,820	370	708	3,898
Financial guarantee contracts		-	-	-	-

NOTES TO FINANCIAL STATEMENTS

46. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 RM437,000 (2022: RMNil) and RMNil (2022: RMNil) respectively as at the end of the reporting period representing the outstanding banking facility and the payable balance to a supplier of the joint venture 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 long-term liabilities.

47. SUBSIDIARIES

Direct Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights		Principal Activities
		2023 %	2022 %	
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
Hirota Holdings Berhad	Malaysia	99.9	99.9	Investment holding and the provision of management services

NOTES TO FINANCIAL STATEMENTS

47. SUBSIDIARIES (CONTINUED)

Direct Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights		Principal Activities
		2023 %	2022 %	
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				
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

NOTES TO FINANCIAL STATEMENTS

47. SUBSIDIARIES (CONTINUED)

Indirect Subsidiaries	Country of Incorporation	Proportion of ownership interest and voting rights		Principal Activities
		2023 %	2022 %	
FA Sino Premium Sdn. Bhd. (Formerly known as 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
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
Hirotao 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

* Audited by a firm other than Deloitte PLT.

In the process of member's voluntary liquidation.

NOTES TO FINANCIAL STATEMENTS

48. JOINT VENTURES

Name of Company	Country of Incorporation	Proportion of ownership interest and voting rights		Principal Activities
		2023 %	2022 %	
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

49. ASSOCIATES

Name of Company	Country of Incorporation	Proportion of ownership interest and voting rights		Principal Activities
		2023 %	2022 %	
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.

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 31.12.2023 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	35	Leasehold (expiring on 12-Jan-2086)	18-Jul-1988	5,035
Lot 1A, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	442	Commercial land with building used as showroom	31	Leasehold (expiring on 12-Jan-2086)	29-Aug-1992	293
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	33	Leasehold (expiring on 26-Jan-2087)	8-Nov-1990	3,620
Lot 2B, Jalan Keluli, Section 15 40000 Shah Alam Selangor Darul Ehsan	9,822	Industrial land with building used as workshop	32	Leasehold (expiring on 26-Jan-2087)	24-Sep-1991	6,083
Lot 1, Lorong 51A/227C 46100 Petaling Jaya Selangor Darul Ehsan	1,677 (674)	Industrial land building used as workshop	31	Leasehold (expiring on 13-Mar-2074)	3-May-1993	1,138
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	30	Leasehold (expiring in year 2092)	28-Jul-1993	855
Lot 27, 28 and 29 Selayang Baru Selangor Darul Ehsan	(1,131)	3 units of 1 1/2-storey terrace factory used as workshop	30	Leasehold (expiring in year 2092)	28-Jul-1993	874
Lot 6165A Bukit Beruntung Industrial Park Selangor Darul Ehsan	5,681	Industrial land with building	28	Freehold	10-Oct-1995	1,500
Lot 48 & 57, Bukit Beruntung Industrial Park Selangor Darul Ehsan	19,536	Industrial land	28	Freehold	10-Oct-1995	3,397
Lot 2, Jalan Gergaji 15/14 Section 15 40000 Shah Alam Selangor Darul Ehsan	12,070	Industrial land with building	28	Leasehold (expiring in year 2094)	10-Oct-1995	3,372
47, Jalan Tun Abdul Razak 30100 Ipoh Perak Darul Ridzuan	3,728 (617)	Land with double-storey building used as showroom and workshop	34	Freehold	20-Sep-1989	1,619
32, Jalan Tun Abdul Razak 80200 Johor Bahru Johor Darul Takzim	4,806 (939)	Land with building used as showroom and workshop	33	Leasehold (expiring on 21-Dec-2030)	19-Aug-1990	586
111 Jalan Laksamana Cheng Ho 75000 Melaka	5,263 (814)	Land with double-storey building used as showroom and workshop	33	Freehold	10-Dec-1990	1,521
20, Jalan 54 Desa Jaya, Kepong 52100 Kuala Lumpur	271 (1,080)	4-storey shop lot used as showroom and workshop	32	Leasehold (expiring on 8-Mar-2081)	11-Sep-1991	509

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 31.12.2023 RM'000
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	32	Freehold	12-Sep-1991	780
3/G10 Ground & First Floor Api-Api Centre 88000 Kota Kinabalu, Sabah	250	Showroom	28	Leasehold (expiring on 6-Feb-2094)	8-Feb-1995	500
5/G8 Ground & First Floor Api-Api Centre 88000 Kota Kinabalu, Sabah	250	Showroom	28	Leasehold (expiring on 6-Feb-2094)	8-Feb-1995	633
B-317, Blue Lagoon Port Dickson Negeri Sembilan Darul Khusus	(78)	2-bedroom condominium used for leisure and recreation	32	Freehold	12-Sep-1991	61
Lot 2702, Palm Spring Port Dickson Negeri Sembilan Darul Khusus	834	Bungalow lot	29	Freehold	29-Jun-1995	188
Units 3, 4, 7, 8, Level 4 Units 4, 7, 8 Level 5, Block K Bandar Bukit Beruntung Apartments Selangor Darul Ehsan	(573)	7 units apartments	28	Freehold	2-Nov-1995	98
Section 93, Sg. Besi Bandar Kuala Lumpur	502	Commercial land with building used as showroom	29	Leasehold (expiring on 12-Jan-2067)	17-Apr-1995	6,502
Block SA-01, The Boulevard Mid Valley City Lingkar Syed Putra 59200 Kuala Lumpur	(3,063)	11-storey office, commercial building	26	Leasehold (expiring in year 2098)	21-Jul-1997	9,165
2, Jalan 19/36 45300 Petaling Jaya Selangor Darul Ehsan	372	Land with 4-storey corner shophouse	26	Freehold	14-Aug-1997	1,477
1, Jalan 7/3 Kawasan Perindustrian Sri Kembangan 43300 Sri Kembangan	2,530	Industrial land with 2 1/2 semi detached factory	21	Leasehold (expiring on 7-Apr-2088)	17-Jan-2003	1,865
120, Lot 65, Section 22 Jalan Tun Abang Haji Openg 93000 Kuching	3,173	Industrial land with building used as showroom and workshop	20	Leasehold (expiring on 31-Dec-2090)	18-Jul-2003	1,997
5 1/2 Miles, Jalan Tuaran PO Box 22432 Kota Kinabalu, Sabah	10,360	Industrial land with building used as showroom, workshop and office	20	Leasehold	26-May-2004	12,549
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	19	Freehold	23-Nov-2004	1,212

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 31.12.2023 RM'000
29, Jalan SR 1/9 Taman Serdang Raya 43300 Seri Kembangan	181	3 1/2-storey shop lot	17	Leasehold (expiring in 16-Jun-2095)	4-May-2007	833
Lot 12, Jalan Dua Off Jalan Chan Sow Lin 55200 Kuala Lumpur	5,364	Detached open sided factory	15	Leasehold (expiring in 27-Apr-2068)	30-Apr-2008	14,529
First Floor, Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(741)	Showroom	9	Freehold	13-Jul-2018	6,607
Proprietor: DMM Sales Sdn Bhd						
1262, Jalan Baru 13700 Perai, Pulau Pinang	1,001	Industrial land with building	24	Freehold	28-Aug-1999	918
1 & 3, Jalan Damai Utama Taman Industri Damaipulus 83000 Batu Pahat, Johor	631	Industrial land with building	23	Freehold	22-Apr-2000	847
Lot No. D070 Bandar Seremban Utama Seremban Negeri Sembilan Darul Khusus	1,740	Industrial Land	11	Freehold	19-Jul-2012	968
Proprietor: Federal Auto Holdings Berhad						
1103TS 910 NED Penang 89-A Jalan Sungai Pinang 10150 George Town Pulau Pinang	1,874	Industrial land with building used as showroom, workshop and office	41	Freehold	6-Sep-1983	2,520
Lot 4297, Mukim of Kuala Kinta District of Kinta 127, Jalan Kuala Kangsar 30010 Ipoh, Perak	8,465	Industrial land with building used as showroom, workshop and office	41	Freehold	4-Aug-1983	3,451
Lot No. 420 Mukim of Tebrau District of Johor Bahru, Johor	10,652	Industrial land with building used as showroom, workshop and office	39	Freehold	20-Jul-1984	10,290
Lot 43, Jalan Pelukis U1/46 Section U1 40150 Shah Alam Selangor Darul Ehsan	7,657	Industrial land with building used as showroom, workshop and office	17	Freehold	1-Oct-2007	27,996
Ground Floor, Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(591)	Showroom	9	Freehold	1-Oct-2015	5,542
19-02, 19-3A, Menara MBMR 1 Jalan Syed Putra 58000 Kuala Lumpur	(500)	2 units commercial office lots	9	Freehold	1-Oct-2015	3,786
Proprietor: F.A. Serve Sdn Bhd						
Lot No. PT 13270 Mukim of Batu, District of Kuala Lumpur	2,608	Industrial land with building	22	Freehold	31-Oct-2003	1,922

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 31.12.2023 RM'000
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	25	Leasehold (expiring on 31-Dec-2086)	2-Feb-1999	1,699
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	18	Freehold	5-Dec-2005	17,280
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	27	Freehold	1-Feb-2009 & 31-May-2011	331
Proprietor: Oriental Metal Industries (M) Sdn Bhd						
Lot 51 Jalan Utas 15/7 Section 15, 40200 Shah Alam Selangor Darul Ehsan	26,756	Industrial land with building used as manufacturing plant and office	39	Leasehold (expiring on 4-May-2074)	30-Jan-2003	13,396
PT 18114, Jalan Platinum 2 Seksyen 20, Mukim Serendah 48200 Serendah Selangor Darul Ehsan	20,236	Industrial land	-	Leasehold (expiring on 7-Jul-2109)	1-May-2022	8,545
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	9	Freehold	11-Nov-2010, 28-Feb-2015 & 24-Sep-2018	47,744
LG1, LG2, LG3 & LG5, Carpark 1&2 B-G-1, B-G-2, B1-1, B1-2 The Signature, Jalan 22/70A Desa Sri Hartamas 50480 Kuala Lumpur	(3,791)	8 units commercial lots	9	Freehold	16-Feb-2012	22,523
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

As At 29 March 2024

Total Number of Issued Shares	: 390,887,653
Class of Shares	: Ordinary Shares
Number of Shareholders	: 7,528
Voting Rights	: One (1) vote per ordinary share

SIZE OF SHAREHOLDINGS

As At 29 March 2024

Size of Holdings	No. of Holders	%	No. of Shares	%
1 - 99	890	11.82	11,503	0.01
100 - 1,000	1,812	24.07	1,165,399	0.30
1,001 - 10,000	3,700	49.15	14,424,017	3.69
10,001 - 100,000	928	12.33	28,949,632	7.40
100,001 - 19,544,381 (*)	195	2.59	171,332,753	43.83
19,544,382 and above (**)	3	0.04	175,004,349	44.77
TOTAL	7,528	100.00	390,887,653	100.00

Remark: * - Less than 5% of issued shares

** - 5% and above of issued shares

SUBSTANTIAL SHAREHOLDINGS

As At 29 March 2024

Name of Shareholder	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

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

ANALYSIS OF SHAREHOLDINGS

As At 29 March 2024

DIRECTORS' SHAREHOLDINGS

As At 29 March 2024

Name of Directors	Direct Interest		Indirect Interest		Total	
	No. of Shares Held	%	No. of Shares Held	%	No. of Shares Held	%
1. Encik Aqil bin Ahmad Azizuddin	764,187	0.20	277,331 ^[1]	0.07	1,041,518	0.27
2. Mr Low Hin Choong	32,000	0.01	1,200,056 ^[2]	0.31	1,232,056	0.32
3. Mr Ng Seng Kong	160,000	0.04	-	-	160,000	0.04
4. Dato' Anwar bin Haji @ Aji	-	-	-	-	-	-
5. Ms Wong Fay Lee	33,100	0.01	-	-	33,100	0.01
6. Dato' Zulfikri bin Osman	-	-	-	-	-	-
7. Puan Nik Fazila binti Nik Mohamed Shihabuddin	-	-	-	-	-	-

[1] Deemed interest by virtue of shares held by related company

[2] Deemed interest by virtue of shares held by close family member

GROUP CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

As At 29 March 2024

Name	Direct Interest		Indirect Interest		Total	
	No. of Shares Held	%	No. of Shares Held	%	No. of Shares Held	%
1. Encik Rizal bin Mohd Zin	-	-	-	-	-	-

ANALYSIS OF SHAREHOLDINGS

As At 29 March 2024

LIST OF TOP 30 SHAREHOLDERS

As At 29 March 2024

No.	Name	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	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR MED-BUMIKAR MARA SDN BHD (CBD-GR6)	18,500,000	4.73
5	LEMBAGA TABUNG HAJI	18,118,600	4.63
6	CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	11,200,000	2.86
7	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA BHD.	11,024,600	2.82
8	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC OPPORTUNITIES FUND	9,749,020	2.49
9	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	7,916,811	2.02
10	YAP LIM SEN	3,647,200	0.93
11	FEDERAL REALTY COMPANY SDN BHD	3,596,788	0.92
12	AMANAHRAYA TRUSTEES BERHAD PUBLIC SMALLCAP FUND	2,843,500	0.73
13	ONG CHOO BOO & SONS SDN BERHAD	2,758,233	0.71
14	AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	2,424,000	0.62
15	CENTRAL SHORE SDN BHD	2,213,402	0.57
16	IFAST NOMINEES (TEMPATAN) SDN BHD GLOBAL SUCCESS NETWORK SDN BHD	2,075,000	0.53
17	TAN AIK CHOON	2,039,500	0.52
18	TAN AIK YONG	1,933,200	0.49
19	CITIGROUP NOMINEES (TEMPATAN) SDN BHD URUSHARTA JAMAAH SDN. BHD. (MAYBANK 2)	1,761,300	0.45
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD NATIONAL TRUST FUND (IFM MAYBANK) (412183)	1,751,100	0.45

ANALYSIS OF SHAREHOLDINGS

As At 29 March 2024

LIST OF TOP 30 SHAREHOLDERS (CONTINUED)

As At 29 March 2024

No.	Name	Holdings	
		No. of Shares	%
21	LEMBAGA TABUNG ANGKATAN TENTERA	1,557,400	0.40
22	AMANAHRAYA TRUSTEES BERHAD PUBLIC ISLAMIC ALPHA-40 GROWTH FUND	1,511,700	0.39
23	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR AIA PUBLIC TAKAFUL BHD.	1,432,800	0.37
24	HSBC NOMINEES (TEMPATAN) SDN BHD HSBC (M) TRUSTEE BHD FOR MAYBANK MALAYSIA VALUE FUND	1,353,000	0.35
25	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (DG)	1,341,600	0.34
26	CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND ARP7 FOR ARROWSTREET CAPITAL GLOBAL EQUITY ALPHA EXTENSION FUND LIMITED	1,251,400	0.32
27	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (SHF)	1,246,000	0.32
28	YAP SIEW CHIN	1,200,056	0.31
29	CITIGROUP NOMINEES (TEMPATAN) SDN BHD GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD (LPF)	1,197,300	0.31
30	CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ISLAMIC)	1,177,300	0.30
TOTAL		291,825,159	74.66

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE IS GIVEN that the Thirtieth (30th) Annual General Meeting (“AGM”) of the Company will be held virtually through live streaming from the broadcast venue at 23-01, Level 23, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur (“Broadcast Venue”) on Thursday, 30 May 2024 at 2.00 p.m. to transact the following businesses:-

Ordinary Business

- | | | |
|----|--|--------------------------------|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2023 together with the Reports of the Directors and Auditors thereon. | [Please refer to Note III (1)] |
| 2. | To re-elect Mr Ng Seng Kong, who retires pursuant to Clause 76(3) of the Company’s Constitution as Director of the Company. | (Resolution 1) |
| 3. | To re-elect Ms Wong Fay Lee, who retires pursuant to Clause 76(3) of the Company’s Constitution as Director of the Company. | (Resolution 2) |
| 4. | To declare a single tier final dividend of 15.0 sen per ordinary share for the financial year ended 31 December 2023. | (Resolution 3) |
| 5. | To approve the payment of Directors’ fees of up to RM850,000 and Directors’ benefits of up to RM750,000 for the period from this 30 th Annual General Meeting until the next Annual General Meeting of the Company. | (Resolution 4) |
| 6. | To approve the payment of meeting allowance of RM1,500 per meeting attended for each Non-Executive Director for the period from this 30 th Annual General Meeting until the next Annual General Meeting of the Company. | (Resolution 5) |
| 7. | To re-appoint Messrs Deloitte PLT as Auditors of the Company for the financial year 2024 and to authorise the Directors of the Company to fix their remuneration. | (Resolution 6) |

Special Business

To consider and if thought fit, pass the following resolutions, with or without modifications, as Ordinary Resolutions of the Company:-

- | | | |
|-----------|---|----------------|
| 8. | ORDINARY RESOLUTION
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 | (Resolution 7) |
|-----------|---|----------------|

“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:-

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

- 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.

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

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.”

9. ORDINARY RESOLUTION

(Resolution 8)

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 30 April 2024 (“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.”

- 10. To consider any other business of which due notice shall be given in accordance with the Companies Act 2016.

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the 30th Annual General Meeting to be held on 30 May 2024, a single tier final dividend of 15.0 sen per ordinary share in respect of the financial year ended 31 December 2023 will be paid on 28 June 2024 to shareholders whose names appear in the Record of Depositors on 18 June 2024.

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 18 June 2024 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)

NG SENG HOO (MAICSA 7068810)

(SSM PC No. 202008004089)

Company Secretaries

Kuala Lumpur

30 April 2024

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 30th AGM in person at the Broadcast Venue on the day of the meeting.

Shareholders are to attend, speak (in the form of posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at this 30th 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 30th AGM 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 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 23 May 2024**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this 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").

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

- (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://tjih.online>. Procedures for RPV can be found in the Administrative Details for 30th AGM.
- (9) The appointment of a proxy may be made via hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:
 - (i) Hard copy form
In the case of an appointment made via 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://tjih.online>. Please refer to the Administrative Details for 30th 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 Tuesday, 28 May 2024 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.

NOTICE OF THIRTIETH ANNUAL GENERAL MEETING

III. Explanatory Notes on Ordinary Business

(1) **Agenda item 1 – Audited Financial Statements for the financial year ended 31 December 2023**

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) **Resolutions 1 and 2 – Re-election of Directors**

Mr. Ng Seng Kong and Ms. Wong Fay Lee are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 30th AGM.

Please refer to Statement Accompanying Notice of the 30th AGM for further details.

(3) **Resolution 3 – Declaration of a Single Tier Final Dividend**

Pursuant to Paragraph 8.26(2) of the Main Market Listing Requirements, the single tier final dividend, if approved, will be paid on 28 June 2024.

(4) **Resolutions 4 and 5 – Proposed Payment of Directors' Fees and Benefits and Meeting Allowance**

Pursuant to Section 230(1) of the Companies Act, 2016, the fees of the Directors and any benefits payable to the Directors of a listed company and its subsidiaries shall be approved at a general meeting.

Resolution 4 is to seek shareholders' approval to allow the Company to pay Directors' fees and benefits (excluding meeting allowances) from this 30th 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.

The fee structure for the Non-Executive Directors including for any specific positions held as Chairman (Board and Board Committees) and members of the Board Committees remains the same for the period from this 30th AGM to the next AGM.

Resolution 5 is to seek shareholders' approval for the payment of meeting allowance to Non-Executive Directors of the Company for each Board and/or Board Committee meeting attended. If Resolution 5 is passed, the meeting allowance will be payable for the period from this 30th AGM until the next AGM of the Company at the quantum specified.

(5) **Resolution 6 – 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 was 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.

IV. Explanatory Notes on Special Business

(1) **Resolution 7 – Proposed Renewal of Share Buy-Back Mandate**

This resolution, if passed, will authorise 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 30 April 2024 for further information.

(2) **Resolution 8 – 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 30 April 2024.

STATEMENT ACCOMPANYING NOTICE OF THIRTIETH (30TH) ANNUAL GENERAL MEETING

STATEMENT ACCOMPANYING NOTICE OF 30TH ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.29(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

DIRECTORS STANDING FOR RE-ELECTION **(RESOLUTIONS 1 AND 2)**

There are no individuals who are standing for election or appointment as Directors at this 30th Annual General Meeting ("30th AGM").

The Directors who are standing for re-election at this 30th AGM are as follows:

Name	Directorship	Date of Appointment to MBMR
Mr. Ng Seng Kong	Non-Independent Non-Executive Director	• 01 October 2015
Ms. Wong Fay Lee	Non-Independent Non-Executive Director	• 29 May 2019

(Collectively referred to as the "Retiring Directors")

The Retiring Directors being eligible, have offered themselves for re-election at the 30th AGM. The full profiles of the Retiring Directors can be found on pages 37 and 38 of the Annual Report 2023 while details of their interest in securities of the Company, if any can be found on page 74.

The Board through its Nominating and Remuneration Committee ("NRC") had considered the following:

- (a) Fit and proper criteria as guided by the MBMR Directors' Fit and Proper Policy and the Director's Declaration Form executed by each of the Retiring Directors;
- (b) Skills, knowledge, expertise and experience, time, commitment, character, professionalism and integrity (including that the Retiring Directors are not active politicians);
- (c) Outcome of the Board and Individual Director Effectiveness Evaluation conducted for the financial year ended 31 December 2023; and
- (d) Disclosures of any interest, position or relationship that may result in a conflict of interest or might influence, or reasonably be perceived to influence in a material respect the capacity to bring independent judgment to bear on issues before the Board and to act in the best interests of the Company as a whole.

Based on the above, the Board and the NRC was satisfied that the Retiring Directors met the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time to effectively discharge their roles as Directors and that they met the criteria prescribed by the MBMR Directors' Fit and Proper Policy.

The Board (save for the Retiring Directors, who abstained from deliberation on discussions relating to their own re-election at the Board meeting) supports and recommends the re-election of the Retiring Directors to the shareholders for approval as the Board believes that the Retiring Directors have discharged their duties and responsibilities effectively, demonstrated commitment to their role, and will continue to make a strong contribution to the Board and to the long-term sustainable success of the Company.

ADMINISTRATIVE DETAILS FOR THE THIRTIETH ANNUAL GENERAL MEETING (“30TH AGM”) OF MBM RESOURCES BERHAD

Date	: Thursday, 30 th May 2024
Time	: 2.00 p.m.
Broadcast Venue	: 23-01, Level 23, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur

MODE OF MEETING

- The Company’s 30th AGM will be held virtually **through live streaming from the Broadcast Venue**.
- The **Broadcast Venue** of the 30th 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. **Shareholder(s)/proxy(ies) are NOT allowed to be physically present or attend the 30th AGM in person at the Broadcast Venue on the day of the meeting.**

SHAREHOLDERS’ PARTICIPATION AT THE 30TH 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 30th 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 in the 30th 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 30th AGM.
- Kindly refer below for the requirements and procedures to participate via RPV facilities.

PROCEDURES TO PARTICIPATE VIA RPV FACILITIES

- Please read and follow the procedures below to engage in remote participation through live streaming and online remote voting at the 30th AGM using the RPV facilities:

Procedure	Action
BEFORE THE 30TH AGM DAY	
i. Register as a user with TIIH Online	<ul style="list-style-type: none"> • 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.

ADMINISTRATIVE DETAILS FOR THE THIRTIETH ANNUAL GENERAL MEETING (“30TH AGM”) OF MBM RESOURCES BERHAD

- ii. Submit your request to attend 30th AGM remotely
- Registration is open from 10.00 a.m. Tuesday, 30th April 2024 until the day of 30th AGM on Thursday, 30th May 2024. Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 30th AGM to ascertain their eligibility to participate the 30th 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 30th 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 of 23rd May 2024, the system will send you an **e-mail after 28th May 2024 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 30TH AGM DAY

- i. Login to TIIH Online
- Login with your user ID and password for remote participation at the 30th AGM at any time from 1.00 p.m. onwards i.e. 1 hour before the commencement of meeting at 2.00 p.m. on Thursday, 30th May 2024.
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- ii. Participate through Live Streaming
- Select the corporate event: “**(Live Stream Meeting) MBM Resources Berhad 30th AGM**” to participate in the proceedings of the 30th 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 30th 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 Thursday, 30th May 2024 until a time when the Chairman announces the end of the session.
 - Select the corporate event: “**(Remote Voting) MBM Resources Berhad 30th 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.
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- iv. End of remote participation
- Upon the announcement by the Chairman on the conclusion of the 30th 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 of **23rd May 2024** shall be eligible to participate in the 30th AGM or appoint a proxy(ies) and/or the Chairman of the Meeting to attend and vote on his/her behalf.

ADMINISTRATIVE DETAILS FOR THE THIRTIETH ANNUAL GENERAL MEETING ("30TH AGM") OF MBM RESOURCES BERHAD

- In view that the 30th AGM will be conducted virtually, 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 30th AGM yourself, please do not submit any Form of Proxy for the 30th AGM. You will not be allowed to participate in the 30th 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 30th AGM whether via hard copy form or by electronic means shall be deposited or submitted in the following manner no later than Tuesday, 28th May 2024 at 2.00 p.m.:

(i) Hard copy form:

- 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 means:

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	<ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • After the release of the Notice of 30th AGM by the Company, login with your user name (i.e. email address) and password. • Select the corporate event: "MBM Resources Berhad 30th 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	<ul style="list-style-type: none"> • 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. <p><i>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.</i></p>

ADMINISTRATIVE DETAILS FOR THE THIRTIETH ANNUAL GENERAL MEETING ("30TH AGM") OF MBM RESOURCES BERHAD

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| Proceed with submission of form of proxy | <ul style="list-style-type: none"> • Login to TIIH Online at https://tiah.online • Select the corporate exercise name: "MBM Resources Berhad 30th AGM - 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. |
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VOTING AT MEETING

- The voting at the 30th AGM will be conducted by poll in accordance with 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 30th AGM at 2.00 p.m. Kindly refer to "Procedures to Participate via RPV Facilities" provided above for guidance on how to vote remotely via TIIH Online.

RESULTS OF THE VOTING

- The resolutions proposed at the 30th AGM and the results of the voting will be announced at the 30th 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 30th AGM is a valuable opportunity for the Board to engage with shareholders. In order to enhance the efficiency of the proceedings of the 30th AGM, shareholders may in advance, before the 30th AGM, submit questions to the Board of Directors via Tricor's TIIH Online website at <https://tiah.online>, by selecting "e-Services" to login, post your questions and submit it electronically no later than Tuesday, 28th May 2024. The Board of Directors will endeavour to address the questions received at the 30th 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://tiah.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.

ENQUIRY

- If you have any enquiries 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. (Mondays to Fridays).

PROXY FORM



MBM RESOURCES BERHAD
 [Registration No. 199301029757 (284496-V)]
 (Incorporated in Malaysia)

Number of shares held	CDS Account No.

I/We _____ Tel: _____
 [Full name in Block, NRIC/Passport/Company No.]

of _____
 [Full address]

being 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 30th Annual General Meeting (“AGM”) of the Company, which will be held virtually through live streaming from the broadcast venue at 23-01, Level 23, Menara MBMR, 1 Jalan Syed Putra, 58000 Kuala Lumpur (“Broadcast Venue”) on Thursday, 30 May 2024 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 Mr Ng Seng Kong as Director pursuant to Clause 76(3) of the Company's Constitution.		
2.	Re-election of Ms Wong Fay Lee as Director pursuant to Clause 76(3) of the Company's Constitution.		
3.	Declaration of single tier final dividend of 15.0 sen per ordinary share for the financial year ended 31 December 2023.		
4.	Approval of Directors' fees of up to RM850,000 and Directors' benefits of up to RM750,000 for the period from this 30 th Annual General Meeting until next Annual General Meeting of the Company.		
5.	Approval of meeting allowance of RM1,500 per meeting attended for each Non-Executive Director for the period from this 30 th Annual General Meeting until next Annual General Meeting of the Company.		
6.	Re-appointment of Messrs. Deloitte PLT as Auditors and authorisation for the Directors to fix their remuneration.		
7.	Proposed Renewal of Share Buy-Back Mandate.		
8.	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 2024

 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.

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

PROXY FORM

Notes:-

I. IMPORTANT NOTICE

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- (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 30th AGM.
- (9) The appointment of a proxy may be made via hard copy form or by electronic means 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 30th AGM or adjourned general meeting at which the persons named in the appointment proposes to vote:

PROXY FORM

(i) Hard copy form

In the case of an appointment made via 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 30th 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 Tuesday, 28 May 2024 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.



MBM RESOURCES BERHAD

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