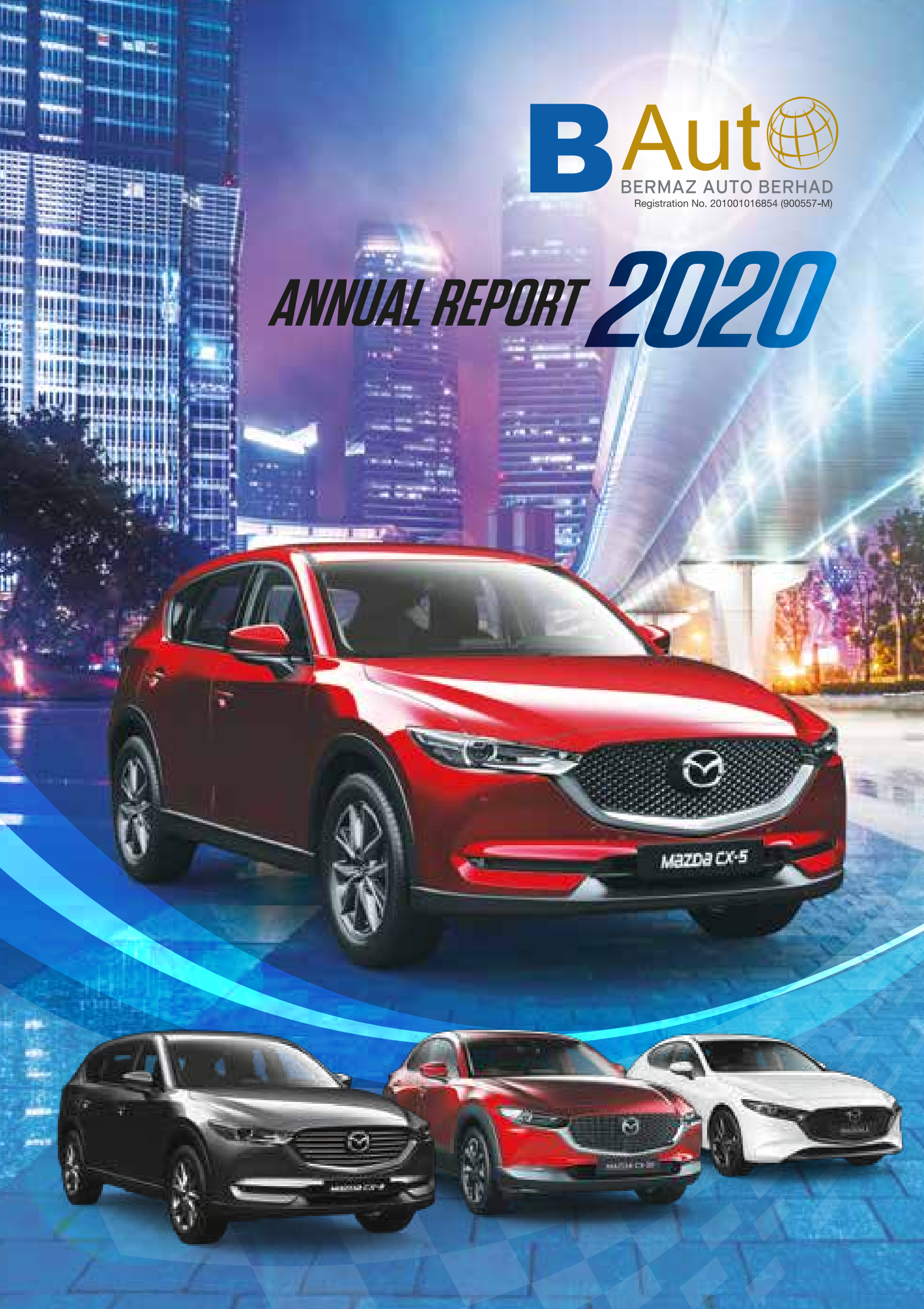

BAuto
BERMAZ AUTO BERHAD
Registration No. 201001016854 (900557-M)
ANNUAL REPORT 2020
Mazda CX-5

BERMAZ AUTO BERHAD
Registration No. 201001016854 (900557-M)

CONTENTS

Mazda CX-8

MISSION STATEMENT

THE DISTRIBUTOR OF CHOICE THROUGH OUR CORE VALUES (ETHOS)

TO BE THE DISTRIBUTOR OF CHOICE

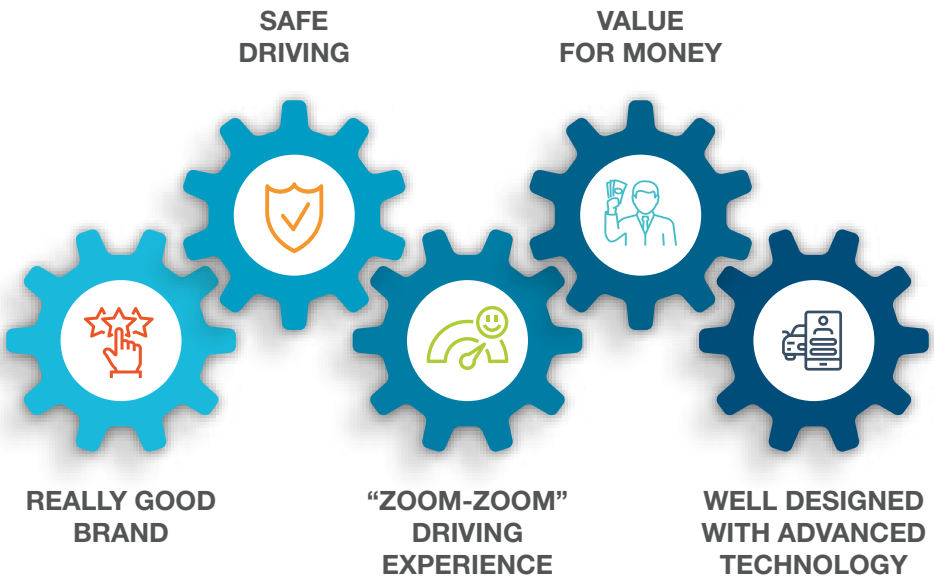
"THE DISTRIBUTOR"

Refers to the "best known, most satisfying".

"CHOICE"

Customers decide to make Mazda their choice.

FULFILLING CUSTOMERS' SATISFACTION AS WELL AS PROVIDING A RICH AND REWARDING OWNERSHIP EXPERIENCE



CORPORATE PROFILE

Mazda3

Bermaz Auto Berhad ("BAuto") was incorporated in Malaysia on 11 May 2010 as a private limited company under the name Fiscal Start Sdn Bhd. It assumed the name Berjaya Auto Sdn Bhd on 14 February 2011 and was subsequently converted into a public company on 11 July 2011. BAuto was listed on the Main Market of Bursa Malaysia Securities Berhad on 18 November 2013. On 11 October 2016, BAuto announced its change of name to the current Bermaz Auto Berhad. On 22 June 2020, BAuto has been admitted to the FTSE4Good Bursa Malaysia ("F4GBM") Index.

The Group is principally involved in the distribution and retailing of Mazda vehicles as well as provision of after-sales services for Mazda vehicles in Malaysia via Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd (collectively "Bermaz"). In the Philippines, the distribution of Mazda vehicles and spare parts is undertaken by Bermaz Auto Philippines Inc ("BAP") through appointed dealers.

Bermaz Motor Sdn Bhd commenced operations on 1 April 2008 after it entered into a Distribution Agreement with Mazda Motor Corporation ("Mazda Japan") on 28 February 2008 and was awarded the distributorship of specific models of Mazda Completely Built-Up ("CBU") vehicles, spare parts, accessories and tools in Malaysia. As at 30 April 2020, Bermaz owns 13 branches, of which 8 are 3S ("sales, spare parts and after-sales services") centres, 3 are 2S ("spare parts and after-sales services") centres, 1 is 1S ("sales") centre and 1 flagship Body & Paint Repair centre. It also has 72 dealer centres nationwide, operated by third party dealers of which 38 are 3S centres, 13 are 2S centres and 21 are 1S centres.

BAP commenced operations on 2 January 2013 after it entered into a Distribution Agreement with Mazda Japan on 12 September 2012. As at 30 April 2020, it has 20 3S centres operated by appointed third party dealers.

Mazda Malaysia Sdn Bhd ("MMSB") is a 30% associated company of Bermaz Motor Sdn Bhd, with the remaining 70% equity interest held by Mazda Japan. MMSB is principally involved in the local assembly of Mazda vehicles by a third party contract assembler, Inokom Corporation Sdn Bhd ("Inokom"), using local parts and imported Mazda supplied parts. On 1 December 2014, the Company acquired 20% equity interest in Inokom, followed by additional acquisitions of 4% and 5% equity interest on 25 February 2015 and 26 January 2016 respectively. Inokom is now a 29% owned associated company of the Group.

CORPORATE INFORMATION

Mazda CX-30

BOARD OF DIRECTORS

Executive Chairman
Dato' Sri Yeoh Choon San

Chief Executive Officer
Dato' Lee Kok Chuan

Independent Non-Executive Directors
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Dato' Abdul Manap Bin Abd Wahab
Loh Chen Peng
Datuk Syed Hisham Bin Syed Wazir
Dato' Kalsom Binti Abd. Rahman
Adibah Khairiah Binti Ismail @ Daud

AUDIT COMMITTEE

Chairman/
Independent Non-Executive Director
Loh Chen Peng

Independent Non-Executive Directors
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Dato' Abdul Manap Bin Abd Wahab
Datuk Syed Hisham Bin Syed Wazir
Adibah Khairiah Binti Ismail @ Daud

SECRETARIES

Tham Lai Heng Michelle
(MAICSA No. 7013702)
(SSM Practising Certificate No. 202008001622)
Wong Siew Guek
(MAICSA No. 7042922)
(SSM Practising Certificate No. 202008001490)

SHARE REGISTRAR

Berjaya Registration Services Sdn Bhd
Lot 10-04A & 10-04B, Level 10, West
Berjaya Times Square
No.1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2145 0533
Fax: 03-2145 9702

AUDITORS

Messrs Ernst & Young PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel: 03-7495 8000
Fax: 03-2095 5332

REGISTERED OFFICE

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel: 03-2149 1999
Fax: 03-2143 1685

PRINCIPAL BANKERS

AmBank Islamic Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
HSBC Amanah Malaysia Berhad
RHB Islamic Bank Berhad

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia
Securities Berhad

STOCK SHORT NAME

BAUTO (5248)

PLACE OF INCORPORATION AND DOMICILE

Malaysia

PROFILE OF DIRECTORS

DATO' SRI YEOH CHOON SAN

69 years of age, Malaysian, Male
Executive Chairman

He was appointed as an Executive Director of the Company on 27 July 2011 and he was later appointed as the Chief Executive Officer on 15 November 2011. Subsequently on 1 January 2019, he was redesignated as the Executive Chairman of the Company. He is also a member of the Employees' Share Scheme Committee, Sustainability Working Committee and Risk Management Committee. He became a Fellow of the Institute of Motor Industry, United Kingdom on 22 May 2007 and subsequently as the Honorary Fellow on 5 March 2014.

He graduated with a Higher National Diploma in Automotive Engineering and started his career with Cycle & Carriage Bintang Berhad, a former distributor of Mercedes Benz vehicles in Malaysia ("CCB") in 1972 as a technical executive. He left CCB and joined Borneo Motors Sdn Bhd as a Divisional Manager (Technical Services) in 1979. Subsequently, in 1983, he joined Daihatsu Malaysia Sdn Bhd as Divisional Manager until 1986. Between 1986 and 1987, he was the Management Consultant at United Segawa Automotive Industries, a 24-hour operation workshop owned by UEM Group Berhad. In 1987, he joined Perusahaan Otomobil Nasional Berhad ("Proton") as the General Manager Business Operation and International Export. During his tenure with the Proton group, he was involved in technical services, manufacturing, sales and marketing including international business development, primarily the export of Proton products to the United Kingdom, Europe, Australia and Oceania markets. He left Proton in 1996 as Executive Director/Chief Operating Officer of Proton Corporation Sdn Bhd (a wholly-owned subsidiary of Proton).

From 1996 to 2002, he was the Executive Director of Atlan Industries Bhd. In 2000, he was appointed as the Managing Director of Hyumal Motor Sdn Bhd and has been associated in Hyundai motor business operated under Hyundai-Berjaya Corporation Berhad and subsequently Hyundai-Sime Darby Corporation Berhad from 2000 to 2007. With the Hyundai franchise, he revived and modernised the Inokom plant in 2000, taking over the responsibility of managing the Inokom plant for the production of quality passenger cars. During his tenure with the Hyundai group of companies in Malaysia, he served as Chief Executive Officer/Executive Director/Managing Director/Advisor. Overall, he has over 40 years of experience in the automotive industry, encompassing the various fields of retail, distribution and manufacturing.

Currently, he is also a Director of Bermaz Motor Sdn Bhd, Bermaz Motor Trading Sdn Bhd, Bermaz Auto Philippines Inc, Mazda Malaysia Sdn Bhd and Inokom Corporation Sdn Bhd.

PROFILE OF DIRECTORS

DATO' LEE KOK CHUAN
61 years of age, Malaysian, Male
Chief Executive Officer

He was appointed to the Board on 27 July 2011 as a Non-Independent Non-Executive Director of the Company and was subsequently re-designated as an Executive Director of the Company on 1 June 2017. He was later redesignated as the Chief Executive Officer of the Company on 1 January 2019. He is a member of the Sustainability Working Committee, Employees' Share Scheme Committee and Risk Management Committee.

He graduated with a Bachelor of Economics (Accounting Major) from Monash University, Melbourne, in 1983 and is a Fellow Member of the Institute of Chartered Accountants in Australia. He has over 10 years of working experience in the fields of accounting, auditing and corporate services with major international accounting firms including Messrs Ernst & Whinney (Kuala Lumpur) (now known as Ernst & Young), Messrs Arthur Young (Melbourne) and subsequently Messrs Ernst & Young (Melbourne). He joined Berjaya Land Berhad as Senior Manager, Internal Audit in 1994 and was responsible for its internal audit functions and in 1996 was promoted to General Manager – Internal Audit of the Berjaya Group of Companies. He was an Executive Director of Berjaya Group Berhad from January 2000 to September 2001. He was appointed as the Chief Executive Officer of Berjaya Food Berhad ("BFood") in 2010 and resigned from BFood on 1 June 2017.

He is currently the Chairman of Bermaz Auto Philippines Inc. and a Director of Bermaz Motor Sdn Bhd, Bermaz Motor Trading Sdn Bhd, Mazda Malaysia Sdn Bhd and Inokom Corporation Sdn Bhd.

PROFILE OF DIRECTORS

DATO' SYED ARIFF FADZILLAH BIN SYED AWALLUDDIN

76 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 27 July 2011 as the Chairman of the Company. Subsequently on 1 January 2019, he relinquished his position as the Chairman of the Company and continues to remain as an Independent Non-Executive Director of the Company. He is a member of the Audit Committee, Sustainability Working Committee and Risk Management Committee as well as the Chairman of the Nomination Committee and Employees' Share Scheme Committee.

He obtained a Bachelor of Arts Degree in History from University Malaya in 1967, a Diploma in International Relations from University of Oslo in 1974, a Diploma in Development Administration from London School of Economics (now known as London School of Economics and Political Science) in 1973 and a Master of Arts in International Relations from New York University in 1984.

He started his career as an Assistant District Officer of Kulim, Kedah in 1967. Thereafter, he joined the Public Service Commission, Kuala Lumpur as Assistant Secretary in 1970 before being transferred to the Ministry of Foreign Affairs in 1972. He was appointed as the First Secretary in the High Commission of Malaysia in Ottawa, Canada in 1973, the Charge' d' Affaires of Malaysia in Tripoli, Libya in 1976, the Principal Assistant Secretary, Ministry of Foreign Affairs in 1979 and subsequently, the Deputy Permanent Representative of the Permanent Mission of Malaysia to the United Nations in New York in 1982. In 1986, he was appointed as the Deputy Chief of Mission in the Malaysian Embassy in Jakarta, Indonesia and from 1989 to 1991, he served as the Ambassador of Malaysia to Fiji with concurrent accreditations to Tuvalu, Tonga, Western Samoa, Kiribati and Nauru. He also served as the Undersecretary at the Ministry of Foreign Affairs in charge of Southeast Asia and South Pacific from 1991 to 1992. Prior to retiring in November 2001, he served as the Ambassador of Malaysia to the Republic of Korea with joint accreditation to Mongolia from 1992 to 1995 and as Ambassador of Malaysia to Thailand from 1996 to 2001. He had served on the boards of MNRB Holdings Berhad, MNRB Retakaful Berhad and Malaysian Reinsurance Berhad and resigned from the boards of these companies in October 2015. He was the Chairman of Ikhmas Jaya Group Berhad until his resignation in May 2020.

He is currently the Chairman of Ecofirst Consolidated Berhad.

DATO' ABDUL MANAP BIN ABD WAHAB

62 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 27 July 2011 as an Independent Non-Executive Director of the Company. He is the Chairman of the Remuneration Committee and also a member of the Audit Committee, Nomination Committee, Sustainability Working Committee and Risk Management Committee.

He graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978. In 1980, he obtained his Bachelor in Business Administration from Ohio University, United States of America. In 1993, he graduated with a Masters in Business Administration (Finance) from the University of Hull, UK.

He started his career in 1980 with Malayan Banking Berhad ("Maybank") and served in various capacities throughout his tenure. He was the Head of Group Retail Marketing of Maybank before he left in 2002. From 2003 to 2004, he was providing lecturing, training and development services as an independent consultant. In 2005, he joined Bank Muamalat Malaysia Berhad as the Chief Executive Officer and left the bank in 2008. During that same period, he was also the President of the Association of Islamic Banks Malaysia. Throughout his banking tenure, he also served as a Director in Malaysian Electronic Payment System Sdn Bhd ("MEPS") and MEPS Currency Management Sdn Bhd. He also sat on the audit committee of MEPS and served as a member of Program Development Panel in the International Centre for Education in Islamic Finance ("INCEIF").

He is currently a Director of Opensys (M) Berhad, a company listed on the ACE Market of Bursa Malaysia Securities Berhad and also holds directorships in several private limited companies.

PROFILE OF DIRECTORS

LOH CHEN PENG

66 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 27 July 2011 as an Independent Non-Executive Director of the Company. He is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of the Remuneration Committee, Nomination Committee and Sustainability Working Committee.

He started his career in 1975 when he joined an international firm of chartered accountants and articled to complete the professional examinations of the Malaysian Institute of Certified Public Accountants ("MICPA"). He completed his professional examinations in 1980 and was admitted as a member of the MICPA in 1981.

He left the accounting profession in 1980 and joined Arab-Malaysian Merchant Bank Berhad, a merchant banking group during which he held several senior management positions in the areas of corporate advisory and corporate banking. He left the bank in September 1993 and thereafter served as the Chief Operating Officer in the stockbroking firm of Inter-Pacific Securities Sdn Bhd for 4 months. In April 1994, he was involved in establishing Phileo Allied Bank Berhad, a commercial bank and served as an Executive Director until 2001. He was a Director of Tropicana Corporation Berhad until his resignation in February 2013. He had also served on the boards of AmBank (M) Berhad, AmInvestment Bank Berhad and AmIslamic Bank Berhad and resigned from the boards of these banks in July 2014.

He is now involved in some private ventures and he was re-appointed as an Independent Non-Executive Director of Tropicana Corporation Berhad on 1 August 2018.

DATUK SYED HISHAM BIN SYED WAZIR

66 years of age, Malaysian, Male
Independent Non-Executive Director

He was appointed to the Board on 19 December 2016 as an Independent Non-Executive Director of the Company. He is the Chairman of the Sustainability Working Committee. He is a member of the Audit Committee, Remuneration Committee and Risk Management Committee.

He graduated with a Bachelor of Science Degree in Mechanical Engineering from Plymouth University, United Kingdom in 1979 and obtained his Master of Business Administration from Ohio State University, United States of America in 1996.

Datuk Syed Hisham has vast exposure in the motor industry at senior management level. He started his career in the automotive field in 1983, when he joined HICOM Berhad and was later seconded to Perusahaan Otomobil Nasional Berhad ("PROTON") as Marketing Service Deputy Manager, before serving the Business Division of PROTON as Senior Manager. In 1995, he was promoted to General Manager of Proton Corporation Sdn Bhd., a subsidiary of PROTON, engaged in the distribution and marketing of PROTON cars for the domestic and overseas markets. Datuk Syed Hisham was subsequently appointed as Director of Proton Cars (UK) Pte Ltd from 1997 to 1998, and from 1998 to 2000, he served as General Manager, International Business of DRB-HICOM Export Corporations Sdn. Bhd. In 2001, he became General Manager, Marketing Division of Honda Malaysia Sdn. Bhd. before being appointed as President/ Chief Operating Officer from 2003 to 2005. In 2005, he was appointed as Managing Director of Edaran Otomobil Nasional Berhad, where he served until 2009 and from 2009 to 2010, he served as Chief Operating Officer of Naza Kia Sdn Bhd and Naza Kia Services Sdn Bhd. In October 2010, he was appointed as the President and Group Chief Executive Officer of UMW Holdings Berhad until he retired in October 2015. He was then appointed as the Managing Director of Puncak Niaga Holdings Berhad in November 2015 and resigned on 3 August 2016.

He was a Director of Sirim Berhad until his cessation in 7 August 2019 but he maintained his chairmanship and directorship in several subsidiary companies of Sirim Berhad. He was also appointed as a Chairman of MSM Malaysia Holdings Berhad with effect from 1 June 2020.

PROFILE OF DIRECTORS

DATO' KALSOM BINTI ABD. RAHMAN

72 years of age, Malaysian, Female
Independent Non-Executive Director

She was appointed to the Board on 2 April 2018 as Independent Non-Executive Director of the Company. She is a member of the Remuneration Committee and Employees' Share Scheme Committee.

She graduated with a Bachelor of Economics (Honours) from University of Malaya followed by a Master in Business Administration (Finance) from the University of Eugene, Oregon, the United States of America. In addition, she has also attended numerous seminars and training programmes on trade, industry and investments organised by international and regional agencies such as, World Trade Organization ("WTO"), United Nations Conference on Trade and Development ("UNCTAD"), United Nations Industrial Development Organization ("UNIDO"), World Intellectual Property Organization ("WIPO"), the World Bank, Asia-Pacific Economic Cooperation ("APEC"), Association of Southeast Asian Nations ("ASEAN"), including executive and management programmes at Stanford University and Harvard Business School.

She spent more than 33 years in the Ministry of International Trade and Industry ("MITI") in various capacities both at headquarters and its overseas offices as well as the Chief Executive Officer of the Small and Medium Industries Development Corporation ("SMIDEC") (now known as SME Corporation Malaysia (SME Corp.) and as Deputy Secretary General (Industry) of MITI before she retired in 2004. Subsequently, she became the Chairman of SMIDEC until October 2006. Dato' Kalsom was also the Chairman of the Executive Committee of Invest-In-Penang Berhad, a state government agency responsible for the promotion of investments, technology and business into Penang, a position she held until 2008.

Dato' Kalsom has been a nominee director of the Permodalan Nasional Berhad ("PNB") group of companies since 2004. With the reorganisation and restructuring of the PNB group, Dato' Kalsom had retired from two of its subsidiaries namely, MIDF Property Berhad and Amanah Scots Property (KL) Sdn Bhd with effect from June 2017 and had been appointed as a director of PNB Commercial Sdn Berhad in July 2017. She was also a director of Malaysian Industrial Development Finance Berhad and certain of its subsidiaries from 2001 to March 2016 and a director of MISC Berhad, a public listed company from 2004 to April 2017.

Currently, Dato' Kalsom is an Independent Non-Executive Director/Chairman of Tashin Holding Berhad.

ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD

55 years of age, Malaysian, Female
Independent Non-Executive Director

She was appointed to the Board on 8 April 2019 as an Independent Non-Executive Director of the Company. She is a member of the Audit Committee and Nomination Committee.

Puan Adibah started her career with Coopers & Lybrand in 1988, where her last position was as the Senior Auditor. She had subsequently joined Sapura Holdings Sdn Bhd in 1995 as the Internal Audit Manager and was later seconded to Sapura Motors Berhad as the Head of Internal Audit. In 2002, she joined Percon Corporation Sdn Berhad as Financial Controller cum Company Secretary. Puan Adibah resigned from Percon and joined Permodalan Nasional Berhad in 2005 and was seconded to Pelangi Berhad as the Financial Controller before being appointed as Company Secretary of Permodalan Nasional Berhad in 2006. She assumes the current position as the Group Company Secretary in 2014.

Save as disclosed, none of the Directors have:-

1. any family relationship with any directors and/or major shareholders of the Company;
2. any conflict of interest with the Company;
3 any conviction for offences within the past 5 years other than traffic offences; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

CHONG BOON KIAN

41 years of age, Malaysian, Male
Chief Financial Officer
Date of Appointment : 3 July 2017

He is a qualified accountant, graduated with a Bachelor of Accounting and Finance degree from Middlesex University, London in 2000. He is a member of the Malaysian Institute of Accountants ("MIA") and a Fellow of the Association of Chartered Certified Accountants ("FCCA"), UK. He began his career with KPMG in 2000 and subsequently joined PricewaterhouseCoopers ("PwC") in 2003. He was an Audit Executive Senior in PwC before he left in 2006 to join Cycle & Carriage Bintang Berhad ("CCB") as an Accountant. He has been with CCB for more than 10 years and was promoted to Chief Financial Officer ("CFO") before he left in October 2016. He was appointed CFO of the Company on 3 July 2017.

LEE AI HOON

54 years of age, Malaysian, Female
Head of Marketing
Date of Appointment : 1 July 2008

She graduated from Universiti Sains Malaysia, Pulau Pinang in 1991 with a Bachelor of Science (Hons) Degree majoring in Chemistry and a minor in Marketing. She has more than 25 years of experience in various automotive companies including Proton Corporation Sdn Bhd, Nusa Otomobil Corporation Sdn Bhd and Hyundai-Sime Darby Motors Sdn Bhd. She has been with Bermaz since July 2008 as the General Manager – Marketing and is in charge of the Marketing Department. She is also responsible for the setting up of the Customer Relationship Management ("CRM") programmes in Bermaz and overseeing the CRM Department as well. In May 2014, she was re-designated to the position of Head of Marketing.

CHUA VIN TECK

65 years of age, Malaysian, Male
Head of Sales
Date of Appointment : 1 July 2010

He has more than 40 years of sales experience in the automotive industry. He completed his secondary education in 1974 and started his career in 1976 with Champion Motor Sdn Bhd which was previously the distributor of Land Rover, Range Rover, Audi and Volkswagen vehicles in Malaysia. He had also worked with Land Rover Malaysia and Cycle & Carriage Group and had gained invaluable experience over the years in marketing and selling various car brands. After retiring in June 2010, he was offered an employment contract with Bermaz as the National Sales Manager on 1 July 2010. In July 2012, he was promoted to Divisional Manager – Sales before being re-designated in May 2014 to the position of Head of Sales.

SHAMSUDDIN BIN HAJI AMRAN

55 years of age, Malaysian, Male
Head of After-Sales
Date of Appointment : 1 April 2008

He graduated from the Industrial Training Institute of Kuala Lumpur in 1986 with a Certificate in Automotive Training. He also obtained his Fellowship from the Institute of the Motor Industry ("IMI") United Kingdom in April 2012. He started his career with Cycle & Carriage Malaysia Sdn Bhd as an apprentice in 1984 under the Malaysian National Apprenticeship Scheme ("NAS"). He joined Hyundai-Berjaya Corporation Berhad in 1991 as Technical Advisor where he successfully completed the comprehensive Hyundai Korea Technical Program. He joined Bermaz in April 2008 as the Senior Manager – Technical Services. He was promoted to Divisional Manager – After-Sales in May 2010 before being re-designated to the position of Head of After-Sales in May 2014 overseeing and managing the performance and operations of the overall After-Sales division.

YOON CHOOI LIANG

59 years of age, Malaysian, Female
Head of Planning & Distribution, Logistics and CBU Business
Date of Appointment : 1 April 2008

She holds a Diploma in Secretaryship from Bedford Finishing School in 1983. She has more than 30 years of experience in the automotive industry which include companies like Tan Chong & Sons Motor Company Sdn Bhd and Cycle & Carriage Bintang Berhad where she gained many years of invaluable working experience from exposure to various divisions such as sales and marketing, dealer's operations, administration and planning & distribution. She joined Bermaz in April 2008 as the Manager – Planning & Distribution and was subsequently promoted to Divisional Manager – Planning & Distribution in May 2010. In May 2014, she was re-designated to the position of Head of Planning & Distribution, Logistics and CBU Business. She is responsible for the procurement of completely built-up ("CBU") and completely knocked-down ("CKD") vehicles, distribution, costing, logistics planning, pre-delivery inspection ("PDI") operation and accessory fitment.

PROFILE OF KEY SENIOR MANAGEMENT

HIEW HOCK NGAN

52 years of age, Malaysian, Male
Head of Business Development/CKD
Date of Appointment : 1 July 2011

He is a qualified Accountant and holds a professional qualification from the Association of Chartered Certified Accountants ("ACCA") since 1996. Currently he is a Fellow member of the ACCA, member of the Malaysian Institute of Accountants ("MIA") and member of CPA Australia ("Certified Practising Accountant"). He has more than 30 years of working experience in the fields of accounting, financial management, audit, information technology and operations. He joined Berjaya Group in May 1992 and was seconded to Bermaz in 2009 responsible for the Mazda CKD operations before being permanently transferred to Bermaz in July 2011 as the General Manager – CKD Operations. In May 2014, he was re-designated to the position of Head of Business Development/CKD. He was part of the key management team that contributed to the successful listing of the Company in Bursa Malaysia Securities Berhad.

FOO CHUEN WAH

53 years of age, Malaysian, Male
Head of Information Technology and Dealer Development
Date of Appointment : 1 April 2008

He has more than 25 years of experience in the information technology ("IT") field. A qualified Company Secretary with the Institute of Chartered Secretary and Administrators ("ICSA"), UK and registered with Chartered Secretaries Malaysia ("MAICSA"). In 1993, he obtained his Master in Business Administration from Cranfield University, UK. He started his career in 1989 with various companies. In 2002, he joined Hyundai-Sime Darby Motors Sdn Bhd and was responsible for the IT and Dealer Development. In April 2008, he joined Bermaz as the Senior Manager – Information Technology and Dealer Development and was promoted to Divisional Manager – Information Technology and Dealer Development in May 2010. He was re-designated in May 2014 to the position of Head of Information Technology and Dealer Development responsible for all IT matters of Bermaz.

LOW WEN HAN

35 years of age, Malaysian, Male
Head of Human Resource
Date of Appointment : 1 April 2019

He graduated with Bachelor in Social Science (Honours) majoring in Psychology from Universiti Tunku Abdul Rahman in 2008 and subsequently attained certification by the International Labour Organization ("ILO") with Executive Diploma in Industrial Relations from Malaysian Employers Federation Academy in 2015. He was appointed as panel members of the Industrial Court of Malaysia since 2016. He has over 11 years of working experience in the fields of human resource where he started his career with JobStreet.com Sdn Bhd and subsequently moved to AIG Malaysia Insurance Berhad. He was the HR Business Partner in AXA Affin General Insurance Berhad before he joined the Group as its Human Resource Manager in November 2015 and was responsible for the overall Industrial/Employee Relations, Benefits Administration & Training matters. He was promoted to Senior Manager in April 2018 and assumed the role of Acting Head of Human Resource, managing the overall functions of the department. He was promoted as the Head of Human Resource in April 2019.

NOR ASHIKIN BINTI AKBAR

44 years of age, Malaysian, Female
Head of Corporate Affairs & Government Support
Date of Appointment : 1 July 2014

She graduated with BBA (Hons) in International Business from University of Technology Mara in 1999. In May 2005, she joined Berjaya Land Berhad as Manager – Business Development/Special Project liaising with various government departments. She was in charge of the Corporate Affairs Department of the Berjaya Group motor division. She was promoted to Deputy General Manager in 2011 and subsequently General Manager in 2013. She has been a senior member of the Berjaya Group motor division since 2005. She joined Bermaz in July 2014 as General Manager – Special Projects/Business Development, liaising and engaging with government departments/authorities on automotive matters. She was promoted to the position of Head of Corporate Affairs & Government Support in May 2019.

Save as disclosed, none of the Key Senior Management have:-

1. Any directorship in public companies and listed issuers;
2. Any family relationship with any Directors and/or major shareholders of the Company;
3. Any conflict of interest with the Company;
4. Any conviction for offences within the past 5 years other than traffic offences; and
5. Any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CHAIRMAN'S STATEMENT

Mazda3

DEAR VALUED SHAREHOLDERS,

The Board of Directors of Bermaz Auto Berhad ("BAuto" or "Company") wishes to thank you for the continuous support and confidence. It has been a very challenging year for the Group especially during the last quarter of the financial year due to the outbreak of the COVID-19 pandemic which had impacted the global economy. Through hard work and swift action by the Malaysian Government as well as cooperation from the entire Malaysian society, the outbreak of the COVID-19 pandemic in the country was contained and brought under control.

Nevertheless, for the well-being and safety of everyone, the Company's Tenth (10th) Annual General Meeting ("AGM") will be conducted entirely on a virtual basis through live streaming via online remote voting using the Remote Participation and Electronic Voting facilities as set out in the Administrative Details, which are enclosed together with the Notice of AGM and the Form of Proxy in the Annual Report 2020.

On behalf of the Board of Directors, it is my pleasure to present to you the Annual Report and Audited Financial Statements of the Group for the financial year ended 30 April 2020.

FINANCIAL RESULTS

For the financial year ended 30 April 2020, the Group reported an annual revenue of RM1.76 billion as compared to RM2.52 billion in the previous financial year. The 30.4% decrease in revenue was mainly caused by lower vehicle sales volume from the domestic operations for the financial

CHAIRMAN'S STATEMENT

year under review mainly attributed to the delay in the delivery of the new facelift CX-5 and all new CX-8 models caused by the protracted resolution of certain pricing issues as well as the closure of businesses for about one and half months in the last quarter of the financial year arising from the imposition of the Movement Control Order ("MCO") by the Malaysian Government to curb the outbreak of the COVID-19 pandemic. The previous financial year recorded significantly higher unit sales mainly due to the three-month "Tax Holiday" period from June to August 2018 arising from the change in Goods and Services Tax ("GST") from the standard rate of 6% to 0% and from the Group's promotional campaign in absorbing the Sales Tax for bookings received prior to 1 September 2018.

As a result of lower sales volume, the Group's pre-tax profit had accordingly decreased by RM208.6 million or 61.2% primarily due to lower profit contribution from the domestic operations and lower share of profit contribution from one of our associated companies, Mazda Malaysia Sdn Bhd ("MMSB").

DIVIDEND

For the financial year ended 30 April 2020, the Board had declared and paid a total dividend of 7.45 sen single-tier dividend per share as compared to 21.25 sen single-tier dividend per share in the previous financial year ended 30 April 2019. The total dividend distribution was approximately RM86.6 million, representing about 86% of the attributable profit of the Group for the financial year ended 30 April 2020.

SUSTAINABILITY

BAuto and its group of companies have a mission statement which states the desire to be "the Distributor of choice through the core values (or ETHOS) of Honesty, Integrity, Commitment, Loyalty and Humanity".

The above mission statement is one of the guiding principles of the Group for achieving sustainability in realising its business objectives. In order for the Group to remain as an important car distributor in the country, the Group shall ensure that sustainability requirements and practices continue to be an integral part of its business objectives. The Group will always uphold sustainable practices in all its undertakings; and environmental, business and social responsibilities should be at the heart of its business operations.

The Sustainability Statement, which is set out in pages 21 - 58, outlines the Group's commitment to continuously improve all aspects of sustainability considerations namely, Economic, Environmental and Social ("EES").

On behalf of the Board of Directors, it is my pleasure to inform that BAuto has been admitted to the FTSE4Good Bursa Malaysia ("F4GBM") Index on 22 June 2020. The F4GBM Index measures the performance of public listed companies which demonstrate strong Environment, Social and Governance practices.

AWARDS

During the financial year under review, Mazda vehicles continue to be among the most recognised and renowned car brands in Malaysia, the Philippines as well as internationally. Some of the prestigious awards won are as follows:

MALAYSIA

Month	Model	Award Name
May 2019	Mazda CX-3	• Cross over of the year
June 2019	Mazda3	• Best Family Cars of Malaysia
	Mazda2	• Best Compact Sedans of Malaysia; • Best Compact Hatchbacks of Malaysia
	Mazda6	• Best Executive Sedans of Malaysia
	Mazda CX-3	• Best Compact SUVs of Malaysia
	Mazda CX-5	• Best Mid-Sized SUVs of Malaysia
	Mazda MX-5	• Best Sports Cars of Malaysia
September 2019	Mazda3	• Best Mid-size Car
December 2019	Mazda3	• People's Choice Awards 2019; • Car of the Year 2019 – Family Sedan & Hatchback

THE PHILIPPINES

Month	Model	Award Name
October 2019	Mazda6	• Best Design and Best Engine Performance
November 2019	Mazda3	• Best Compact Car
	Mazda6	• Best Mid-size Car
	Mazda CX-5	• Best Compact SUV
	Mazda MX-5	• Best Sport Car

INTERNATIONAL

Month	Model	Award Name
May 2019	Mazda3	• IIHS Top Safety Pick Award 2019
November 2019	Mazda3	• Thailand Car of the Year 2019 • 2019 Women's World Car of the Year
	Mazda CX-30	• Mazda CX-30 best ever EURO 5-star NCAP crash-test rating
April 2020	Mazda3	• 2020 World Car Design of the Year
	Mazda3 and Mazda CX-30	• 2020 World Car of the Year – Top 3 Finalist
	Mazda3, Mazda CX-3, CX-5, CX-9 and CX-30	• IIHS 2020 Top Safety Pick Award

In recognition of Bermaz Auto Philippines Inc ("BAP")'s excellence in providing best sales experience to its customers, AutoDeal, an online automotive website in the Philippines, had awarded BAP the Top Online Customer Service Award for two consecutive years.

CHAIRMAN'S STATEMENT

FUTURE PROSPECTS

The COVID-19 pandemic which started in December 2019 had spread in such an alarming speed to every part of the world where millions of lives were infected and delivered a global economic shock of enormous magnitude, leading to steep recessions in many countries and causing a collapse in global activity. Various mitigation measures such as lockdowns, closure of borders, schools and non-essential businesses, and travel restrictions were imposed by most countries to curb the spread of the COVID-19 pandemic and ease the strain on health care systems. Such mitigation measures had sharply curbed consumption and investment, restricted labour supply and production as well as disrupted financial and commodity markets, global trade, supply chains, travel, and tourism.

In a recent report, the World Bank projected the global recession in 2020 to be the deepest in eight decades, despite the unprecedented policy response. Malaysia's Gross Domestic Product ("GDP") is projected to contract by 3.1% in 2020 (2019: 4.3% growth), mainly reflecting a sharp slowdown in economic activities in the first half of 2020. To mitigate the current economic situation, the Malaysian Government had introduced several initiatives and measures under its RM295 billion stimulus and recovery packages namely, Prihatin, Prihatin SME Plus and Penjana, which are aimed at protecting lives, supporting businesses, saving and creating jobs as well as stimulating the economy.

While the Malaysian automotive industry is expected to remain challenging, the economic stimulus packages introduced by the Malaysian Government will help soften the impact of the COVID-19 pandemic on the country's economy and support gradual normalisation of local economic activities while catering for the welfare of the people. Under the Penjana stimulus package announced in June 2020, a 100% sales tax exemption on completely knock-down ("CKD") models and 50% sales tax exemption on completely built-up ("CBU") models from 15 June to 31 December 2020 were given to help jump-start the automobile industry in the country. In July 2020, Bank Negara Malaysia ("BNM") had further reduced its Overnight Policy Rate ("OPR") by 25 basis points to 1.75%, which may equate to a lower hire purchase interest rate to boost consumer spending and is expected to have a positive impact on the growth of the Total Industry Volume ("TIV").

This augurs well for the automobile industry which the Group is in and will certainly assist in improving the Group's sales revenue and income.

Despite the current challenging trading conditions, the Group remains cautious but confident that it will be able to sustain its total sales volume for the financial year ending 30 April 2021. The Group will continue to consolidate its dealership network to further strengthen its brand position while simultaneously continuing to seize timely opportunities to further expand its sales dealership network in order to increase its geographical coverage as well as sales volume for both new and pre-owned cars. With an already established sales and service network, the Group will explore new range of products from non-conflicting manufacturers to further grow its sales revenue base.

As in previous years, the Group will remain focused on the sales of the Mazda CKD vehicles so as to compete effectively in the market with more affordable pricing. The Group continues to be in a strong position to exert influence on its associated companies namely, MMSB and Inokom Corporation Sdn Bhd, in the production of Mazda vehicles to cater for the demand of Mazda CKD models.

In the Philippine, despite the challenges on both the global and domestic fronts arising from the COVID-19 pandemic, the World Bank projected the Philippine economy to contract by 1.9% in 2020. The World Bank also expects the Philippine GDP growth to recover to 6.2% in 2021. BAP manages its current operations and preserves its revenue through introduction of refreshed models during the financial year and continued strengthening of its brand equity and dealer supports.

APPRECIATION

I wish to inform that the following Independent Non-Executive Directors whose tenure have exceeded a cumulative term of nine (9) years will be retiring and will not be seeking re-election at the forthcoming AGM:

1. Dato' Syed Ariff Fadzillah Bin Syed Awalluddin ("Dato' Syed Ariff"); and
2. Mr Loh Chen Peng ("Mr Loh").

On behalf of the Board of Directors, I would like to take this opportunity to thank Dato' Syed Ariff and Mr Loh for their invaluable services and contributions during their tenure and wish them the very best in their future endeavours.

I would like to thank our valued shareholders for their unwavering support and faith in our business; to our distinguished customers for their continued trust in our Mazda cars and operations; to our dealers, business associates, partners and financiers for their understanding and confidence in our business. Together, we shall overcome the current economic situation and challenges faced by the Group and look forward to greater collaboration in the future.

Last but not the least, I would also like to extend my heartfelt appreciation to my fellow members of the Board for their invaluable advice, guidance and support, and to the management team and employees, for their dedication, commitment and hard work towards the growth of the Group. I believe through synergy and dedication from everyone in the Group, we will be able to strive for greater progress and achieve new milestones in the coming years.

Dato' Sri Yeoh Choon San
Executive Chairman

6 August 2020

MANAGEMENT DISCUSSION & ANALYSIS

GROUP FINANCIAL PERFORMANCE

Financial Results		
Key Indicators	**2020**	**2019**
Vehicle Sales	**Unit**	**Unit**
- Malaysia	9,484	15,844
- Philippines	2,225	3,160
Total	**11,709**	**19,004**
	RM	**RM**
Revenue	1.76 billion	2.52 billion
Profit before tax	132.0 million	340.6 million
Profit attributable to owners of the parent	100.8 million	264.0 million
Basic Earnings per share	8.68 sen	22.75 sen
Dividend per share	7.45 sen	21.25 sen
Dividend payout as a percentage of Profit attributable to owners of the parent	86%	93%

For the financial year 2020, the Group registered a revenue and profit before tax of RM1.76 billion and RM132.0 million respectively as compared to the previous financial year which reported a revenue and profit before tax of RM2.52 billion and RM340.6 million respectively.

The decrease in Group revenue of RM765 million or about 30.4% was largely due to lower sales volume from both the domestic and the Philippine operations. The lower domestic sales volume for the financial year was mainly attributed to the delay in delivery of the new facelift CX-5 and all new CX-8 models caused by the protracted resolution of certain pricing issues as well as the closure of businesses for about one and half months during the last quarter of the financial year arising from the imposition of the Movement Control Order ("MCO") to curb the COVID-19 pandemic. The previous financial year recorded significantly higher unit sales mainly due to the three-month "Tax Holiday" period from June to August 2018 arising from the change in Goods and Services Tax ("GST") from the standard rate of 6% to 0% and also boosted by the Group's promotional campaign in absorbing the Sales Tax for bookings received prior to 1 September 2018.

Unit sales in Malaysia decreased by 40.1% from 15,844 units in the financial year 2019 to 9,484 units in the financial year 2020 whilst in the Philippines, unit sales decreased by 29.6% from 3,160 units in the financial year 2019 to 2,225 units in the financial year 2020.

As a result of lower sales volume, the Group's profit before tax decreased by RM208.6 million or 61.2% primarily due to lower profit contribution from the domestic operations and lower share of profit contribution from one of the associated companies, Mazda Malaysia Sdn Bhd ("MMSB").

The Profit attributable to owners of the parent declined by 61.8% from RM264.0 million in the financial year 2019 to RM100.8 million in the financial year 2020. The total dividend declared for the financial year 2020 was approximately RM86.6 million, representing about 86% of the attributable profit of the Group for the financial year 2020.

Financial Position and Liquidity		
Key Indicators	**2020 (RM'million)**	**2019 (RM'million)**
Non-current Assets	385.7	265.1
Current Assets	902.7	702.5
Total Assets	**1,288.4**	**967.6**
Non-current Liabilities	185.8	105.9
Current Liabilities	581.4	251.9
Total Liabilities	**767.2**	**357.8**
Net Equity Funds	470.1	564.6
Non-controlling interests	51.1	45.2
Total Equity	**521.2**	**609.8**
Net (Debt)/Cash	(37.5)	320.2
Gearing	7.2%	Nil

Non-current Assets increased by RM120.6 million or 45.5% over the last financial year mainly due to recognition of right-of-use assets arising from the implementation of MFRS 16 and share of associated companies profits during the financial year. Current Assets increased by RM200.2 million or 28.5% mainly due to the increase in inventories, particularly the new face-lift CX-5 and the all new CX-8 models, partly offset by lower cash and bank balances. Non-current Liabilities increased by RM79.9 million or 75.4% mainly due to recognition of lease liabilities arising from MFRS 16 and increase in contract liability arising from sales during the financial year. Current Liabilities increased by RM329.5 million or 130.8%, mainly due to the increase in short term borrowings and trade and other payables. The decrease in Net Equity Funds was in line with the decrease in retained earnings where the Profit attributable to owners of the parent was lower than the dividend paid during the financial year.

The Group's financial position remains strong and healthy with Net Equity Funds at RM470.1 million as compared to RM564.6 million in 2019. This is despite the cash position having deteriorated from Net Cash to Net Debt mainly due to higher inventories as there were no sales recorded during the MCO period in the last quarter of the financial year. Net debt as at 30 April 2020 was RM37.5 million representing a gearing of 7.2%.

MAZDA OPERATIONS IN MALAYSIA

The Group's wholly owned subsidiaries, Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd (collectively "Bermaz") are principally involved in the distribution and retailing of new and used Mazda vehicles and the provision

of after-sales services for Mazda vehicles. As at 30 April 2020, Bermaz owns 13 branches, of which 8 are 3S ("sales, spare parts and after-sales services") centres, 3 are 2S ("spare parts and after-sales services") centres, 1 is 1S ("sales") centre and 1 flagship Body & Paint Repair centre. It also has 72 dealer centres nationwide, operated by third parties, of which 38 are 3S centres, 13 are 2S centres and 21 are 1S centres. The Group is indirectly involved in the assembly of Mazda completely knocked-down ("CKD") vehicles through its associated companies, MMSB and Inokom Corporation Sdn Bhd ("Inokom"). MMSB owns the rights to assemble Mazda CKD vehicles through third party contract assemblers for local distribution and export to the ASEAN region, while Inokom is primarily engaged in the manufacture and assembly of light commercial and passenger vehicles, and contract assembly of Mazda and other passenger vehicles at its vehicle assembly plant in Kulim, Kedah.

Bermaz recorded a decline in revenue of 31.7% to RM1.48 billion for the financial year 2020 as compared to RM2.17 billion in the previous financial year. The decline in revenue was largely due to lower sales volume. The lower domestic sales volume for the financial year 2020 was mainly attributed to the delay in delivery of the new facelift CX-5 and all new CX-8 models caused by the protracted resolution of certain pricing issues as well as the closure of businesses for about one and half months during the last quarter of the financial year arising from the imposition of the MCO. The previous financial year recorded significantly higher sales mainly due to the three-month "Tax holiday" period from June to August 2018 arising from the change in GST from the standard rate of 6% to 0% and also boosted by the Group's promotional campaign in absorbing the Sales Tax for bookings received prior to 1 September 2018.

After-sales revenue continued to grow positively at 2.8% as the number of units in operation ("UIO") has increased significantly over the years. In the Group's continuous pursuit to enhance its value proposition for Mazda's customers in the areas of ownership experience and ownership cost, all new Mazda vehicles registered from 1 January 2019 onwards come with a 5-Year Warranty and 5-Year Free Service Maintenance (with the exception of the BT-50 model). With Mazda vehicles kept in road worthiness condition, the residual value of all Mazda vehicles will be sustainable over a longer life span. Customers' and Bermaz's mutual interest will also be sustainable through the economic cycle.

Bermaz's profit before tax decreased by 66.0% to RM94.9 million from RM279.9 million in the previous financial year due to lower sales volume. The Group's associated company, MMSB, registered a lower net profit contribution of RM22.2 million as compared to RM44.4 million in the previous financial year, representing a year-on-year decrease of 50% mainly due to lower sales volume.

Moving forward, Bermaz will continue to expand its sales and after-sales service network to provide a better ownership experience for Mazda customers. In addition, Bermaz will be working closely with Mazda Motor Corporation of Japan ("Mazda Japan") and MMSB to continuously seek ways to increase local content and reduce the cost of its CKD models. In addition, MMSB and Inokom will continue to upgrade their plant facilities to increase their production capacities as well as to improve on efficiency and quality.

In April 2020, the Malaysian Automotive Association ("MAA") revised its Total Industry Volume ("TIV") projections from 607,000 units projected in January 2020 to 400,000 units as a result of the impact from the COVID-19 pandemic. Subsequently in July 2020, MAA raised its TIV forecast to 470,000 units premised on hopes of greater spending from the economic stimulus plans implemented by the Malaysian Government. In a press release by Bank Negara Malaysia in August 2020, the Malaysian economy contracted by 17.1% in the second quarter of 2020 due to stringent measures undertaken to curb the COVID-19 outbreak. However, the Malaysian economy is expected to recover gradually in the second half of 2020 as the economy progressively re-opens and external demand improves. The Malaysian economy is therefore forecasted to grow within the range of -3.5% to -5.5% in 2020, before staging a rebound within a growth range of 5.5% to 8.0% in 2021.

The Malaysia automotive sector is expected to remain challenging in the near future. Economic stimulus packages introduced by the Government will help soften the impact of the COVID-19 pandemic on the country's economy while preserving the welfare of the people. These measures will support the gradual normalization of the economic activities in the country until the successful containment of the pandemic. The Short-Term Recovery Plan ("Penjana") introduced during the Recovery Movement Control Order ("RMCO") includes measures to help the automotive industry as a catalyst to gradually drive market demand. These measures included a 100% sales tax exemption on CKD models and 50% sales tax exemption on completely built-up ("CBU") models from 15 June to 31 December 2020. The Group took cognizance of the impact of the COVID-19 pandemic on the overall economy in the country as well as overseas. Hence, any launch of new and/or facelifts Mazda models will depend on market sentiments and economic conditions.

MAZDA OPERATIONS IN THE PHILIPPINES

Bermaz Auto Philippines Inc ("BAP") is primarily engaged in the distribution of Mazda vehicles and spare parts in the Philippines through appointed third-party dealers who act as the retailers of Mazda vehicles and the provision of after sales services for the Mazda vehicles to end customers. All of its dealer centres are 3S centres, offering full services that comprise showrooms, after-sales vehicle servicing facilities, and sale of Mazda spare parts and accessories. BAP currently has a network of 20 dealerships operated by third party dealers located nationwide.

Based on the consolidated reports from the Association of Vehicle Importers and Distributors Inc ("AVID"), vehicle sales have fallen by 34% in the first three months of 2020 amid the lockdown to curb the COVID-19 pandemic. AVID estimates that car sales may drop by around 40% for the year 2020.

MANAGEMENT DISCUSSION & ANALYSIS

For the financial year 2020, BAP reported a revenue of Php3.33 billion (about RM272.1 million) compared to Php4.50 billion (about RM348.6 million) in the previous financial year 2019. The 26.0% decrease in revenue was primarily due to the decrease in sales volume from 3,160 units sold during the previous financial year compared to 2,225 units sold in the financial year under review. Profit before tax for the financial year under review amounted to Php145.6 million (about RM 11.9 million), which was 10.1% higher compared to previous financial year's profit before tax of Php132.2 million (about RM10.2 million). The slight increase in profit before tax despite lower revenue and unit sales was mainly attributed to positive impact to margin from the strengthening of the Philippine Peso against the Japanese Yen, the additional income derived from business development fees rendered to dealers and lower marketing and promotional expenses as compared to the previous financial year.

According to International Monetary Fund's World Economic Outlook June 2020 Update report released in June 2020, the Philippines' 2020 Gross Domestic Product ("GDP") growth forecast has been downgraded from the previous projections in April 2020 of a growth of 0.6% to a contraction of 3.6% mainly due to supply disruptions related to the COVID-19 pandemic and weaker demand in the trading market. Despite the challenges from both global and domestic fronts, BAP seeks to improve its revenue and profitability through further strengthening its brand equity in tandem with sustainable dealer support.

IMPACT OF THE COVID-19 PANDEMIC

The COVID-19 pandemic has had a large impact on the operations of the Group during the last quarter of the financial year 2020, which is consistent with the impact felt by the automotive industry in Malaysia and the Philippines. The pandemic has caused unprecedented preventive measures being implemented globally such as varying degrees of population lockdown, closure of borders etc. to curb the outbreak. These preventive measures have adversely affected the global economy caused many countries to fall into recession.

In Malaysia, the Government had imposed MCO from 18 March 2020 and resulted in a 44-day closure of the Group's Malaysia operations for the last quarter of financial year 2020. During the MCO, all business operations were required to close temporarily except for those involved in the provision of essential services and products. Hence, no vehicle sales were recorded as Jabatan Pengangkutan Jalan ("JPJ") was closed during the said MCO period.

Similarly, the Group's business operations in the Philippines were also affected when the local government imposed Enhanced Community Quarantine ("ECQ") from 17 March 2020 until 15 May 2020 where most businesses were restrained from operating. As a result, no vehicle ownership certificates could be generated during the period and hence, no vehicle sales were recorded. The ECQ was then replaced by the current Modified ECQ which allows 50% of workers to work in office without the aid of public transportation.

IMPACT OF NEW GENERATION PRODUCTS

To put the future of the auto industry into perspective, the acronym of CASE, depicting Connected, Autonomous, Shared & Electrification, aptly represents the challenges that automobile players will face in the near future. Briefly, it can be envisaged as follows:-

a) **Connected** means data compilation being used to provide better services to customers and inputs for manufacturers to produce even better cars in future.

b) **Autonomous** refers to features being built into the car to enhance safety with more automated reactions to assist the driver in responding to situations with the aim of developing into fully autonomous driving one day.

c) **Shared** is pointing towards mobility solution that is changing the mindset of car ownership to short or long term lease.

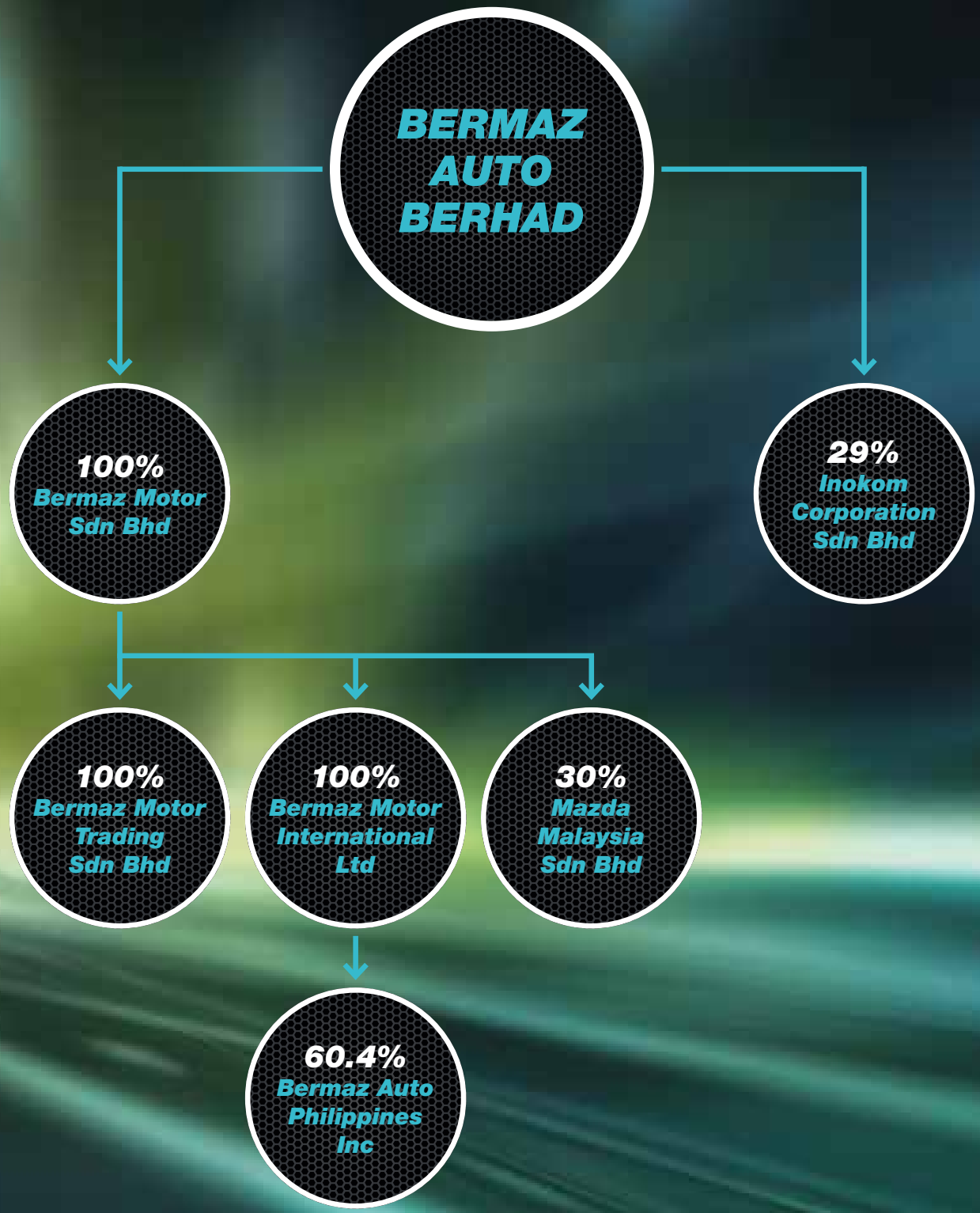
d) **Electrification** has been touted to replace internal combustion engines sooner than expected.

The above challenges compels the Group to re-strategize and prepare itself to embrace the rapidly changing environment. The Group had remapped its IT landscape needs to cater for the digitalisation of business processes as well as acknowledging the growing preference of customers wanting to connect to the world through their mobile phones. The Group took cognizance of the difference in the aftersales provision for an internal combustion engine and electrified car. Hence, the Group will re-evaluate its investment plans involving the retail network. The growing popularity of shared mobility services have changed the Group's approach in doing business and business models have been revised to remain relevant and competitive. All new generation products do have the eco friendliness theme behind their technology as Mazda Japan, the Group's principal, believes in developing a sustainable green engine to be in line with the new order demanded by the industry.

The Internet of Things in almost all businesses propels the Group to a new uncharted phase. The Group's direction to custom fit new generation products with CASE's core principles, new customers' demands as well as new industry standards shall be implemented in a timely manner into the Group's operations. This inadvertently calls for appropriate investments to equip the Group to face the forthcoming changes adequately. Unpreparedness to embrace these new standards will inevitably make the Group defenseless against these fierce new competition rules. The advent of a new era is unfolding fast and the Group is getting ready to be ahead of the pack to remain relevant in the automotive business.

CORPORATE STRUCTURE

as at 6 August 2020



GROUP FINANCIAL SUMMARY

	2020 USD'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000
Revenue	**407,760**	**1,755,406**	2,519,862	1,992,868	1,659,997	2,095,391
Profit before tax	**30,657**	**131,980**	340,565	197,067	175,158	278,257
Profit for the year	**24,173**	**104,064**	266,796	150,963	131,485	210,360
Profit attributable to shareholders	**23,424**	**100,840**	264,039	139,975	117,648	197,629
Share capital[#]	**141,422**	**608,823**	607,879	602,957	594,747	573,336
Reserves[#]	**(31,630)**	**(136,166)**	(36,768)	(121,601)	(147,158)	(39,312)
Equity funds	**109,792**	**472,657**	571,111	481,356	447,589	534,024
Treasury shares	**(604)**	**(2,602)**	(6,486)	(4,593)	(4,173)	(2,783)
Net equity funds	**109,188**	**470,055**	**564,625**	**476,763**	**443,416**	**531,241**
Non-controlling interests	**11,882**	**51,153**	45,218	47,741	48,981	31,773
Total equity	**121,070**	**521,208**	**609,843**	**524,504**	**492,397**	**563,014**
Long term liabilities	**43,148**	**185,753**	105,904	65,139	66,887	83,908
Current liabilities	**135,058**	**581,426**	251,881	262,096	396,398	301,969
Total equity and liabilities	**299,276**	**1,288,387**	**967,628**	**851,739**	**955,682**	**948,891**
Long term assets	**89,587**	**385,674**	265,092	196,818	179,879	167,858
Current assets	**209,689**	**902,713**	702,536	654,921	775,803	781,033
Total assets	**299,276**	**1,288,387**	**967,628**	**851,739**	**955,682**	**948,891**
Total number of shares with voting rights in issue ('000)	**1,162,180**	**1,162,180**	1,159,741	1,159,264	1,152,055	1,145,272
Net assets per share (US$/RM)	**0.09**	**0.40**	0.49	0.41	0.38	0.46
Net earnings per share (Cents/Sen)	**2.02**	**8.68**	22.75	12.12	10.25	17.32
Dividend per share (Cents/Sen)	**1.73**	**7.45**	21.25	10.40	11.65	16.90
Net dividend amount (US$'000/RM'000)	**20,108**	**86,564**	246,693	120,577	133,986	193,377

Notes:

Figures for 2016-2020 are for 12 months ended 30 April.

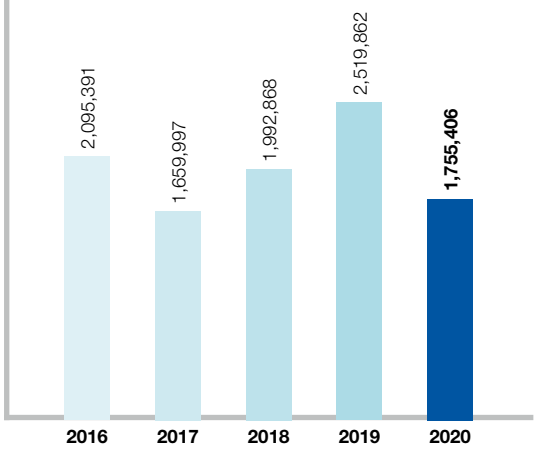
Where additional shares are issued, the earnings per share is calculated based on a weighted average number of shares in issue with voting rights.

[#] In applying the merger method of accounting, comparative figures in the consolidated financial statements are stated as if the issue of shares for the acquisition of Bermaz Motor Sdn Bhd had taken place at the earliest date presented.

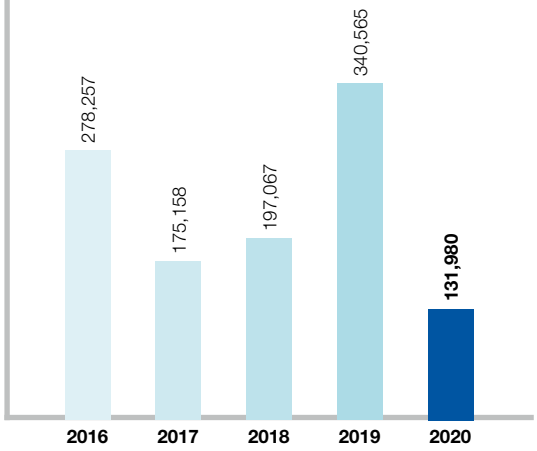
Exchange rate: US$1.00=RM4.3050

GROUP FINANCIAL HIGHLIGHTS

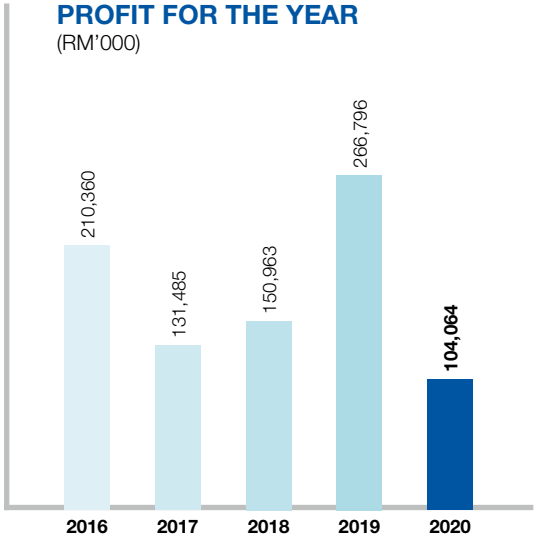
REVENUE
(RM'000)



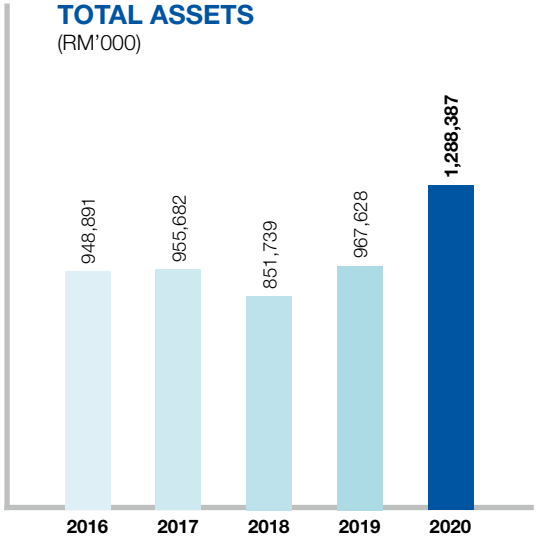
PROFIT BEFORE TAX
(RM'000)



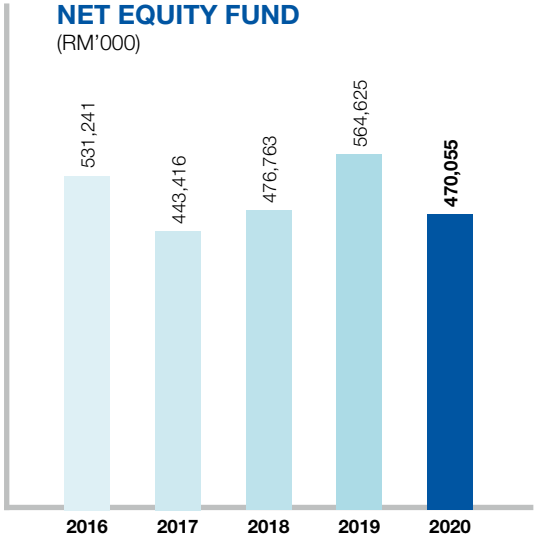
PROFIT FOR THE YEAR
(RM'000)



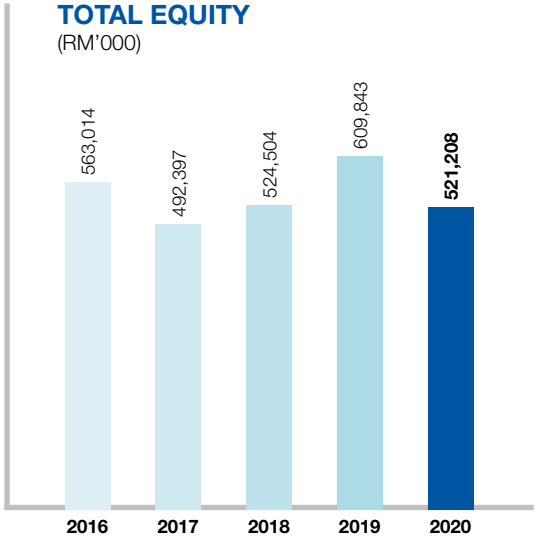
TOTAL ASSETS
(RM'000)



NET EQUITY FUND
(RM'000)



TOTAL EQUITY
(RM'000)



CONTENTS

SUSTAINABILITY STATEMENT



Mazda CX-5 Turbo

SUSTAINABILITY STATEMENT

ABOUT THIS SUSTAINABILITY STATEMENT

REPORTING PERIOD	This Sustainability Statement discloses the 12-month sustainability journey of Bermaz Auto Berhad and its subsidiaries from 1 May 2019 to 30 April 2020, corresponding with its financial year.
REPORTING CYCLE	Annual
REPORTING BOUNDARIES	This Sustainability Statement covers Bermaz Auto Berhad ("BAuto" or "Company") and its operating subsidiaries in Malaysia namely, Bermaz Motor Sdn Bhd ("BMSB") and Bermaz Motor Trading Sdn Bhd ("BMTSB") as well as its operating subsidiary in the Philippines namely, Bermaz Auto Philippines Inc ("BAP"). However, the sustainability coverage of BAP is limited in scope as its operations are much smaller than BMSB and BMTSB. Due to the nature of BAuto Group's operations, Mazda Motor Corporation of Japan ("Mazda Japan") serves as both principal and main supplier. Certain aspects of Mazda Japan's sustainability initiatives have been included if relevant to BAuto Group's operations. Certain sustainability activities of Mazda Malaysia Sdn Bhd ("MMSB") are also reported here as they are considered an integral part of the whole Mazda business in Malaysia. MMSB is a 30% associated company of BMSB, with the remaining 70% equity interest held by Mazda Japan. BMSB has significant influence over the management of MMSB and both parties work together symbiotically with Mazda Japan. BAuto also owns a 29% equity interest in Inokom Corporation Sdn Bhd ("Inokom"), a company that manufactures and assembles light commercial and passenger vehicles. Some of Inokom's employees are dedicated to MMSB's operations and many of its facilities have been designed to MMSB and Mazda Japan's specifications. Relevant sustainability statistics and initiatives of Inokom have also been included in this Sustainability Statement.
DEFINITIONS	In this Sustainability Statement, all references to "BAuto Group" or "Group" refer to BAuto, BMSB, BMTSB and BAP collectively. All references to Bermaz Group refer to BAuto, BMSB and BMTSB collectively.
REPORTING CONTENT	The contents of this Sustainability Statement are based on the results of stakeholder engagement and the requirements of the Global Reporting Initiative Standards. All material aspects included in this Sustainability Statement are important to BAuto Group's business strategy as they: • Affect the economy, environment and society; and • Are of interest to different stakeholders and the Group.
REFERENCES AND GUIDELINES	**Principal Guideline** • Global Reporting Initiative Standards **Additional Guidelines** • Bursa Malaysia Securities Berhad's Sustainability Reporting Guide • FTSE4Good Bursa Malaysia Index • International Organization for Standardization ("ISO") 26000:2010 Guidance on Social Responsibility • United Nations Sustainable Development Goals
SIGNIFICANT CHANGES DURING THE REPORTING PERIOD	There were no significant changes to BAuto Group's size, structure, leadership, ownership or supply chain during the reporting period.
DATE OF PREVIOUS REPORT	BAuto's previous Sustainability Statement was released in August 2019, for the period 1 May 2018 to 30 April 2019 and is available on the corporate website at https://www.bauto.com.my.
FEEDBACK AND ENQUIRIES	**Chief Financial Officer** No. 7, Jalan Pelukis U1/46, Temasya Industrial Park 40150 Shah Alam, Selangor Darul Ehsan Website: https://www.bauto.com.my

SUSTAINABILITY STATEMENT

SUSTAINABILITY AT BAUTO GROUP

Sustainable development ensures that the business remains viable and contributes lasting benefits to society by considering social, environmental, ethical and economic aspects. Working through complex operational issues has highlighted environmental and social performance as a critical success factor. A holistic approach, aligned with the principal's direction, has been adopted to create stakeholder value through a sustainable business philosophy.

A well-established framework of policies, dedicated committees and management systems ensure BAuto Group's principles of integrity and transparency are upheld at all times. Regular policy and process reviews, employee training and communications ensure the Group's sustainability approach is well communicated and implemented.

SUSTAINABILITY COMMITMENT

BAuto Group's sustainability activities focus on improving safety standards for consumers, climate protection, green technology via Energy Efficient Vehicles (EEVs), local content vendor development, high value-added manufacturing and promoting the exports of value-added products as outlined in the National Automotive Policy ("NAP").

Economic

- Addressing the nation's and industry's demand for competitive, clean, efficient, safe and reliable products in tandem with a lower cost of ownership and convenience
- Strengthening the brand position and expanding the sales dealership network

Environmental

- Focusing on environmentally-conscious manufacturing, production and assembly processes
- Supporting a green supply chain, recyclable packaging, environmental protection, proper waste management and other green processes

Social

- Fulfilling the Group's responsibilities as a good corporate citizen through ongoing customised socially-beneficial activities that meet the needs of local communities
- Establishing a workplace that maximises performance, encourages innovation and develops team spirit
- Delivering a safe and reliable product that elicits a rewarding ownership experience
- Transforming customers' experiences through quality products while further developing a sustainable ownership experience for Mazda owners

In striving to be sustainable, BAuto Group is committed to:

- Integrating sustainable values and practices in the strategic execution and operational decision processes.
- Safeguarding and protecting its operations by ensuring a healthy, safe and secure work environment while remaining efficient and effective.
- Supporting the professional, developmental and personal growth of its employees.
- Developing an environmental agenda and plans which are integrated into business operations.
- Formalising the sustainability management system including measures to monitor material sustainability matters.
- Instituting sustainability initiatives through effective leadership and proper stakeholder engagement.
- Promoting the use of locally sourced and sustainable products, services and other resources.

SUSTAINABILITY GOVERNANCE

As the highest governance body of the Group, BAuto's Board of Directors takes ultimate responsibility for business sustainability and plays a pivotal role in driving long-term growth.

BAuto's Sustainability Working Committee ("SWC") and members of the senior management team set the Group's overall sustainability strategy, framework and policies. It makes strategic sustainability management decisions and oversees their implementation. Particularly, it is responsible for:

- Managing sustainability matters
- Implementing appropriate measures and action
- Ensuring sustainability programmes are aligned with the Group's direction

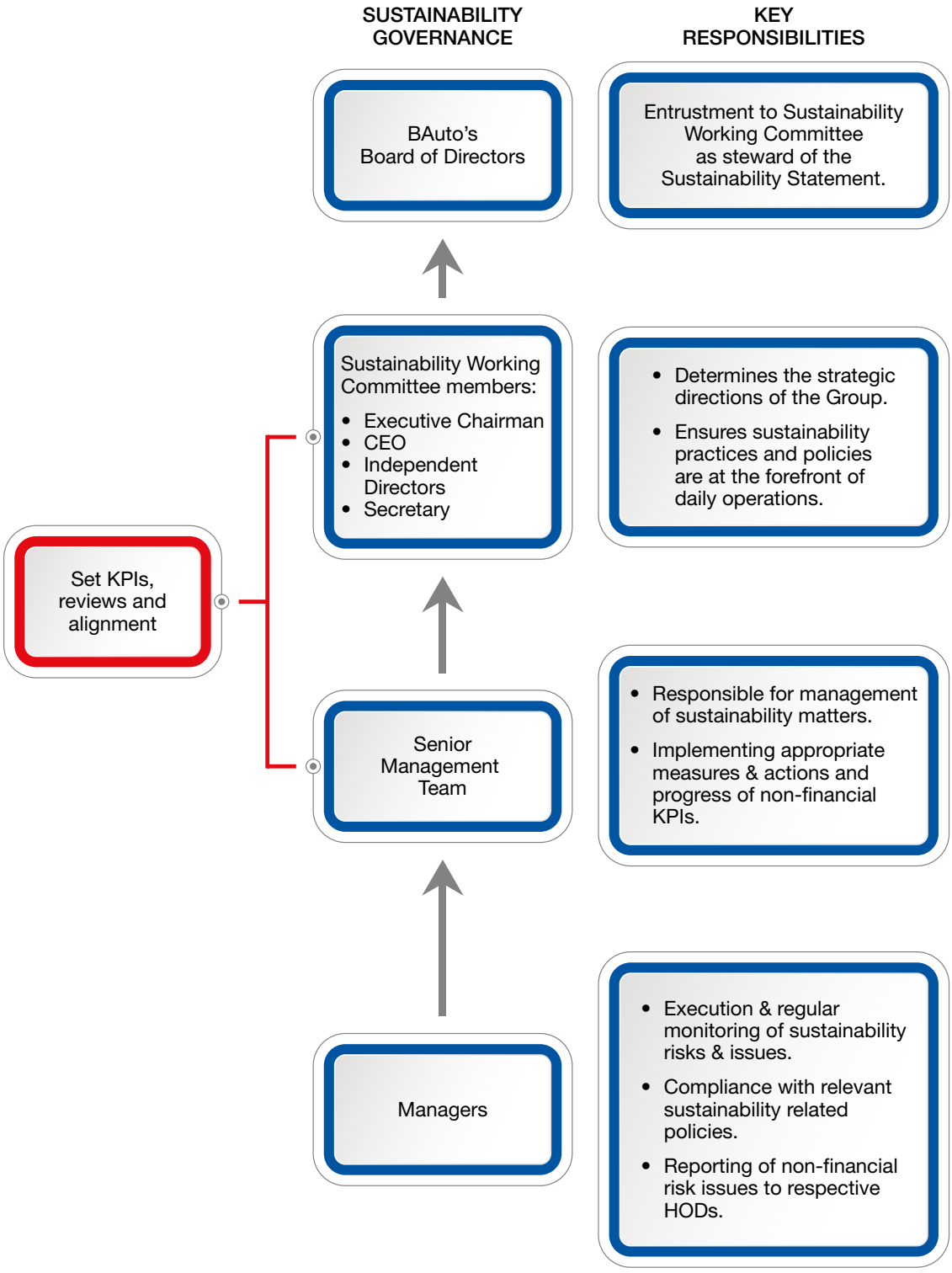
The SWC meets at least once a year and usually on the same day as the Group's Risk Management Committee meeting. Important sustainability issues are also raised for discussion during the Company's monthly management meeting as and when they arise. All these meetings are attended by BAuto's Executive Chairman and CEO.

Capacity Building

As sustainability is integrated into decision-making processes and operations, BAuto Group raises employees' sustainability awareness and knowledge through various levels of training. Employees are able to familiarise themselves with in-house sustainability governance policies and the Group works closely with its principal, Mazda Japan, on product training.

SUSTAINABILITY STATEMENT

Sustainability Governance



SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

Dialogue with stakeholders is essential for building valuable relationships that directly affect business success. Open dialogue and ongoing engagement with stakeholders help the Group understand their expectations and views of business management and operations. Various platforms are employed to encourage feedback so that stakeholders' concerns and expectations can be understood more clearly. These views are forwarded to the functionaries who are best equipped to act on them.

Stakeholders are defined as all persons or organisations that are affected by the Group's operations or practices. Internal analyses are routinely performed to identify these stakeholders. Stakeholders with whom the Group engages and the most common engagement channels are summarised in the following table.

Stakeholder Groups	Key Emphasis	Communication Channels
Employees	• Recognising and valuing the importance of human capital development and enhancing competencies to drive competitiveness to achieve business goals.	• Town-hall meetings chaired by the Executive Chairman and CEO • Continuous learning, education and training programmes • Performance Management System ("PMS") • Quality Control Circle ("QCC") • On-boarding programme • Sports and recreational activities
Customers and dealers	• Ensuring customers have a rich and rewarding ownership experience.	• Customer satisfaction index • Dealer conferences • Face-to-face interaction through service channels • Communication through the Customer Care Department • Live Chat which allows customers to communicate with customer service representatives in real time • Feedback through the corporate website, e-mail and social media
Principal manufacturer, Approved Permit ("AP") holder and local assembler	• Building mutually rewarding business partnerships by leveraging on each other's strength. • Creating maximum joint value for the Group, principal manufacturer, importer of Mazda completely built-up ("CBU") vehicles and local assembler of Mazda completely knocked-down ("CKD") vehicles.	• Meetings and business alliance events • Working closely with business partners to manage operational risks and opportunities through detailed discussions with the principal manufacturer and importer or local assembler
Shareholders	• Building a rewarding and trusting relationship with shareholders.	• Annual General Meeting • Quarterly announcements to Bursa Malaysia Securities Berhad • Annual financial reports • Local and international conferences and roadshows organised by Investment Bankers • Face-to-face meetings, telephone calls, email communications and Zoom meetings with fund managers and investment analysts • Corporate website
Government bodies and regulators	• Engaging with relevant Government agencies and regulators to ensure full compliance.	• Meetings to discuss issues related to new and updated regulations • Seminars, briefings, discussions with the regulators
Local communities	• Developing programmes aimed at strengthening local healthcare and addressing funding challenges.	• Community activities organised by the Group and through Mazda Medicare Fund ("MMF")
Media	• Informing the public and customers of the Group's policies, practices and products in a positive, consistent, transparent and credible manner.	• Media releases and interviews • Annual General Meeting • Corporate events via new car launches
Local vendors	• Providing job opportunities and efficient supply chain processes.	• Engagement with vendors • Corporate visits • Events

SUSTAINABILITY STATEMENT

MATERIALITY MATTERS

A materiality assessment identifies key issues and plays an important role in sustainability reporting. The materiality assessment and review process help shape content for BAuto's annual sustainability disclosure. Topics deemed most important to the business and stakeholders are prioritised whenever possible.

The results of the materiality assessment help guide the sustainability strategy and manage issues of concern to stakeholders and business operations. This informed decision-making demonstrates a deep commitment to responsible business leadership.

In the financial year 2019, a comprehensive materiality assessment identified a list of potential material issues through a detailed materiality survey with internal and external stakeholders. The management reviewed the process and results of this survey. The materiality assessment conducted in the financial year 2019 was still deemed relevant as key stakeholders, business operations and the Group's structure have not changed significantly. The Group is committed to conducting a materiality assessment every two years to ensure its relevance and accuracy.

Stakeholder Groups Completing the Survey as Part of the Materiality Assessment

Employees	Customers and dealers	Principal manufacturer, AP holder and local assembler	Local vendors
Shareholders	Government bodies and regulators	Local communities	Media

Areas Covered by the Materiality Assessment

Economic	• Business ethics • Corruption & fraud	• Anti-competition • Economic performance	• Industrial advancement
Environment	• Emissions & climate change • Energy & water	• Materials management • Waste management	• Environmental compliance
Social	• Employment & benefits • Discrimination • Diversity • Employee engagement & volunteerism	• Career development • Societal contributions • Labour management relations • Human rights	• Customer privacy • Customer service • Vehicle safety • Quality

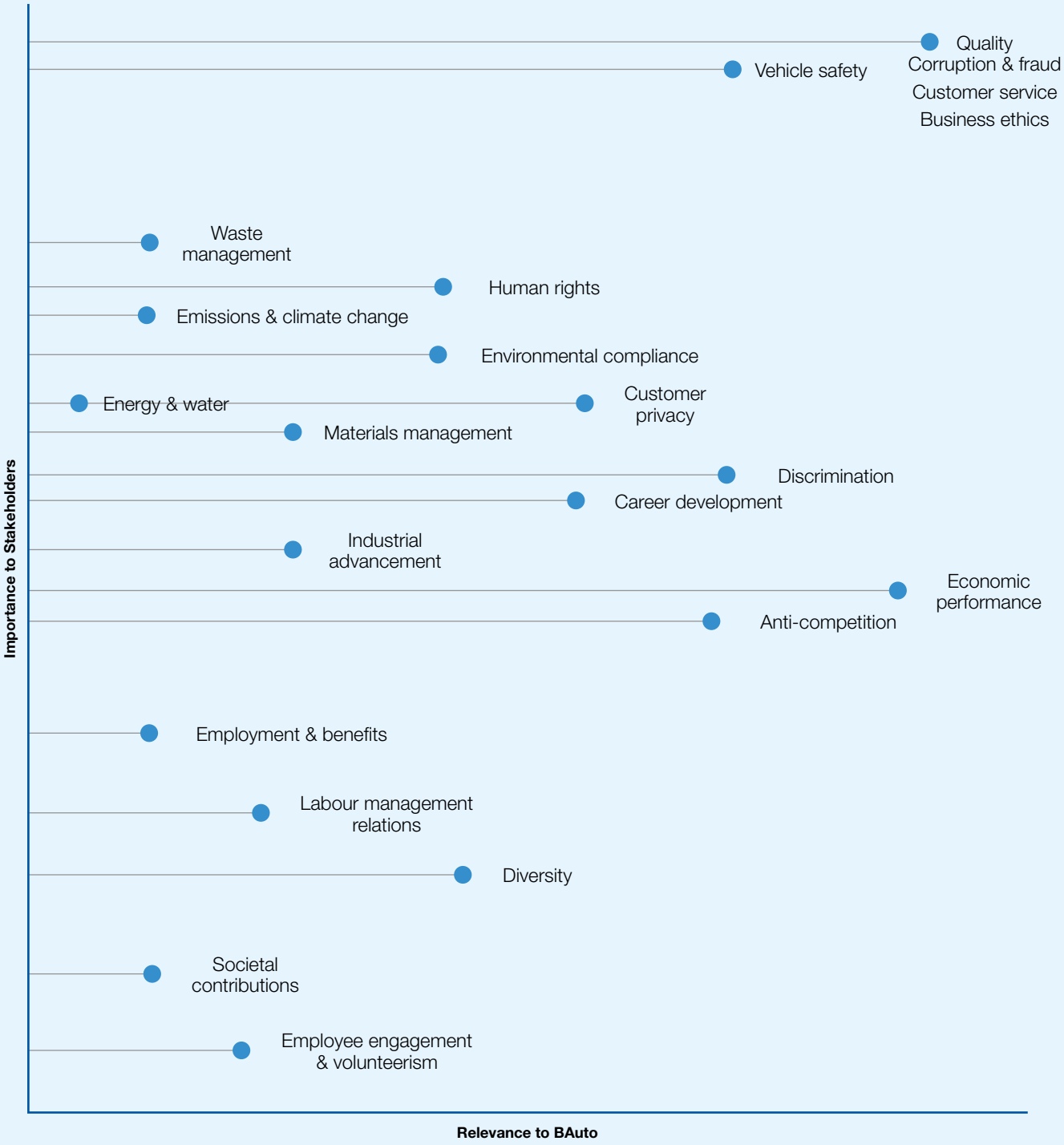
A total of 318 respondents from the materiality survey selected the criteria most important to them. An average score was calculated for all areas within each stakeholder group before an average rating from all eight stakeholder groups was obtained.

All of the Company's board of directors completed the same materiality survey and their views represented the Group's strategic perspective.

Mazda CX-30

SUSTAINABILITY STATEMENT

BAuto Group Materiality Matrix



SUSTAINABILITY STATEMENT

ECONOMIC

The automotive industry is a pillar of the global economy; it is a major driver of macroeconomic growth, stability and technological advancement in developed countries such as Japan and also other developing countries such as Malaysia.

The automotive industry has been a major contributor to Malaysia's economy since the first national car was launched in 1985. It also stimulates the development of other industrial sectors such as electrical and electronics, plastics, steel and rubber. A talented pool of designers, engineers and technicians are created that are able to work in other industrial sectors.

The core automotive industry, vehicle and parts makers support a wide range of upstream and downstream business segments along with adjacent industries.

- Chemicals
- Metals (primary and fabricated)
- Fuel
- Plastic, rubber and glass
- Electronics

- Original equipment manufacturers (OEMs)
- Component manufacturers

- Finance and insurance
- After-sales (services and auto parts)
- Car hire and rentals
- Fuel supply
- Advertising
- Transportation
- Used car market
- Warehousing
- IT

BAUTO GROUP'S CONTRIBUTION TO THE ECONOMY

Generating Revenue

For the past few years, Bermaz Group together with MMSB and Prima Merdu Sdn Bhd have contributed significant tax revenues to the government in the form of corporate tax, import duty, excise duty as well as sales and service tax. Prima Merdu Sdn Bhd is the sole authorised importer (Approved Permit or AP holder) of Mazda vehicles in Malaysia. BAP has also made similar tax revenue contributions in the Philippines.

As an automotive assembler, MMSB reaps the benefits of globalisation through exports that generate foreign exchange earnings. This is important for Malaysia's current account performance and trade balance with other economies.

Economic Development

The automotive industry is important for economic development and contributes approximately 3% of the total global GDP output. There is also a close correlation between foreign direct investment ("FDI") inflows and automotive output.

Industrial Development

Bermaz Group's operations stimulate regional development. Industrial clusters were created as Inokom's assembly plant in Kulim, Kedah is surrounded by component manufacturing facilities that create employment and lead to improved road infrastructure and housing developments.

People Development

Automobiles can improve people's quality of life through increased mobility, comfort and safety. The industry creates jobs and develops valuable skills in Research & Development ("R&D"), design, sourcing, manufacturing, supply chain, sales and marketing. BAuto Group has become a training ground for developing technical and managerial expertise that is valuable to many industries and the economy as a whole.

Fostering Innovation

BAuto Group's investment is driven by consumer demands for increased product variety, improved performance and safety, higher emission standards and lower costs. The automotive industry remains at the forefront of cutting-edge manufacturing technology with influential supply chain integration and modular sourcing. Automakers were among the first companies to transfer direct task responsibilities, such as design, engineering and purchasing, to suppliers. Focusing on core processes has improved profitability and helped serve niche markets more efficiently.

Mazda CX-8

SUSTAINABILITY STATEMENT

THE IMPACT OF THE NATIONAL AUTOMOTIVE POLICY 2020

The automotive industry plays a significant role in transforming Malaysia into an industrialised nation, which generates high-value economic activities, improved standards of living and higher-paying jobs.

The National Automotive Policy 2020 of Malaysia ("NAP2020") continues to encourage local companies to participate in the domestic and global supply chain, prioritise R&D and engineering activities, build the capability and capacity of the local workforce, support national car projects and enhance exports, investments and local production volume.

NAP2020 encourages new growth areas through the integration of technology such as Next Generation Vehicle ("NxGV"), Mobility as a Service ("MaaS") and Industrial Revolution 4.0 ("IR4.0") which are in line with the development of future technologies.

PLAYING AN INDUSTRY ROLE

BMTSB and MMSB are members of various industry organisations and participate in discussions that are important to the business and stakeholders. Typically, this engagement covers the automotive industry, import and export development as well as Malaysia's skilled and semi-skilled workers.

BAP is a member of the Chamber of Automotive Manufacturers of the Philippines Inc. (CAMPI). Monthly meetings are held to discuss and advise the Philippine Government on technical guides regarding hybrid electric, electric vehicles and other alternative fuels.

BAP's representatives have also held positions in various groups that have shaped the industry through their feedback and consultation. For example, BAP's Manager of Business Strategy, Logistics and Products holds the following positions:

- Rules and Technical working group member at CAMPI
- Vice Chairman in the CAMPI Hybrid, Electric and Alternative Fuel Committee
- Technical working group member in the Auto ASEAN Federation
- Technical working group member in the Department of Energy
- Technical working group member in the Department of Environment and Natural Resources

WORKING WITH SUPPLIERS

BAuto Group's continued support of suppliers is essential for maintaining the viability of its supply chain. The Group regularly interacts with suppliers on a range of issues through an extensive supplier development programme.

Close collaboration with suppliers is vital for the success of business operations. BAuto Group maintains a sustainable, resilient supply chain wherever business operations are located. The Group upholds the highest environmental and social standards in the suppliers' code of conduct and familiarises all suppliers with these guidelines.

A Diverse Supply Chain

BAuto Group's highly-diversified supply chain procures a significant volume and variety of products ranging from simple parts to high-tech electronic system components. Supplier diversity is key to the Group's business strategy.

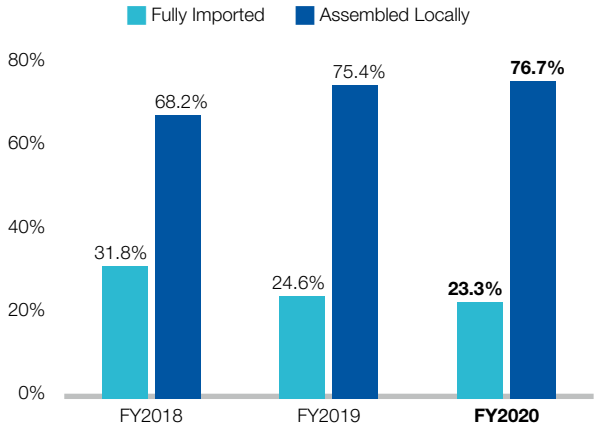
Local Sourcing and Employment

BAuto Group prioritises the purchase of local goods and services. Local suppliers and contractors are given an opportunity to participate in projects and operating requirements, generally through a competitive bidding process. The Group seeks opportunities to develop local suppliers and promote local hiring as appropriate to meet business needs.

SUSTAINABILITY STATEMENT

Promoting local and diverse sourcing and supplier capacity building is emphasised throughout procurement and suppliers are expected to do the same. BAuto Group wants to do business with qualified suppliers that share its values, regardless of whether they are minority-owned, female-owned, small business enterprises or global, local or indigenous suppliers around the world.

Number of Mazda Vehicles Sold by Bermaz Group in Malaysia



All Mazda vehicles sold in the Philippines are fully imported models as the market there currently lacks the necessary economy of scale for BAP to venture into local assembly operations.

MMSB, Malaysia's largest car exporter, creates local employment by providing opportunities for local vendors. The appointment of Inokom as MMSB's car assembler has increased local employment opportunities for the communities living in the area of Kulim, Kedah, where Inokom's plant is located.

As part of the agreement, MMSB with the assistance of Mazda Japan, trains Inokom employees on technical aspects of Mazda vehicles including:

- Mazda body shop operations
- Paint shop operations
- Mazda trim and final shop operations
- Logistics, quality and maintenance operations of production facilities and tools

Examples of Locally-Sourced Accessories in Malaysia

Supplier Expectations

In Malaysia, Bermaz Group's commitment to safety, people, integrity, responsibility, innovation and teamwork extend beyond its own activities. Suppliers also remain aligned with these values to ensure operational excellence. All major contracts require suppliers to be guided by the principles and standards stipulated in Bermaz Group's Code of Business Ethics and Conduct as well as their own ethics and conduct policies. Additional clarity has been extended to major suppliers of Bermaz Group regarding expectations in the areas of integrity, labour and human rights, health safety and environment, and supplier inclusion. Including these clear expectations and standards in contracts ensures that sustainability considerations are made in total cost of ownership evaluations, quality audits and ongoing discussions with suppliers on performance indicators and continuous improvement.

In the Philippines, BAP only transacts with capable suppliers who have integrity and are qualified to supply materials, components and services of consistent quality in compliance with local regulatory requirements.

BAuto Group is pleased to report that there have been no major non-compliance issues with regards to suppliers' conduct during this reporting year.

SUSTAINABILITY STATEMENT

Environmental sustainability

Suppliers must comply with applicable environmental laws and regulations and conduct business with respect and care for the local environment by utilising energy and natural resources efficiently and managing waste, emissions and discharges responsibly.

Labour and human rights

Business conduct is consistent with the human rights philosophy expressed in the Universal Declaration of Human Rights and the International Labour Organization Declaration on Fundamental Principles and Rights at Work. BAuto Group expects suppliers and contractors working for the Group to be guided by these principles.

Integrity

Major contracts require suppliers to be guided in their performance by the principles and standards set forth in the BAuto Group Code of Business Ethics and Conduct and their own ethics and conduct policies.

Supplier engagement

BAuto Group engages with its suppliers and contractors on sustainable development issues through regular business reviews, supplier relationship management, supplier forums and supplier performance evaluation.

Sustainable Procurement

The supply chain function contributes to BAuto Group's sustainable development commitments by integrating sustainability elements into processes and procedures. Sustainability thinking is integrated into sourcing, contracts and supply chain management programmes.

Supplier Expectations
- Integrity
- Labour and Human Rights
- Environmental Sustainability
- Social Sustainability
- Supplier Diversity

Supplier Qualification
- Pre-Qualification Questionnaire

Sustainable Sourcing
- Request for Information
- Bids/Quotations
- Risk Assessment

Contract Delivery
- Key Performance Indicators
- Supplier Assessment

Examples of Supplier Screening Criteria

Technical and quality expertise
Know-how and capabilities
Adoption of Kaizen
Effectiveness of 5S in the workplace
Materials stock control process
Production planning and control
Quality improvement programme
Inspection process and control
Customer complaint management

SUSTAINABILITY STATEMENT

Environmental, social and financial business practices are also integrated into the supply chain life cycle. Suppliers' materials selection, quality, treatment of workers and overall sustainable practices are considered along with more formal certification including:

- ISO 9001:2015 Quality Management Systems including safety requirements
- ISO/TS 16949:2009 and IATF 16949:2016 Automotive Quality Management Systems
- Safety Management Standards
- ISO 14001:2015 Environmental Management System
- OHSAS 18001:2007 Occupational Health & Safety Management System

Bermaz Group's new dealership agreements stipulate that dealers must operate their businesses in line with the sustainability requirements of Bursa Malaysia Securities Berhad and other authorities. Dealers' businesses are required to be economically, environmentally and socially sustainable at all times. BAuto Group is pleased to report that there were no incidences of non-compliance by suppliers during this reporting period.

Environmental Supply Chain

Bermaz Group is committed to its supplier sourcing assessment processes which include social and environmental elements such as energy use, climate change impact measurement including greenhouse gas emissions, water use, biodiversity impacts, pollution, waste reduction, resource use and other environmental issues.

Expectations of major suppliers and dealers are communicated through Bermaz Group's regular engagement channels such as emails and meetings.

Major suppliers shall be subjected to an environmental risk assessment to ensure their complete compliance with Bermaz Group's environmental standards. Suppliers and dealers are invited to join Bermaz Group on its green journey by encouraging them to monitor, record and report their environmental performance and impact reduction.

Social Supply Chain

Bermaz Group ensures that its major supply chain partners adhere to all social standards stipulated by Malaysian Labour Law and the International Labour Organisation ("ILO") including:

- Policies on the prevention of child labour: all suppliers must adhere to the Malaysian Labour Law on the minimum legal working age
- Policies on the prevention of forced labour
- Policies on the provision of equal opportunities and non-discrimination
- Freedom of association where everyone is free to belong to any organisation of their choice
- Right to collective bargaining and forming a union
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours
- Meeting or exceeding Malaysia's minimum wage
- A safety policy, code and practices on the provision of a safe and healthy workplace

Major suppliers of Bermaz Group are encouraged to inform workers of their social obligations in a language they can understand. New and existing major suppliers are subjected to a social risk assessment to ensure they comply with Bermaz Group's standards. Major suppliers are assessed both informally and formally, through physical inspection audits if necessary. The social conduct expected from major suppliers is communicated through Bermaz Group's purchasing policy, supplier contract and training.

Bermaz Group engages with its major suppliers in building capacity in areas that include social issues. Bermaz Group also shares best practices from other industry players for their development through these engagement sessions. During regular meet-up with suppliers, all parties support each other by sharing best practice.

ETHICS AND INTEGRITY

BAuto Group's commitment to integrity and transparency is clearly stated in its Employee Handbook and Code of Conduct. Together, these documents are the guardians of BAuto Group's integrity and outline the standards by which business is conducted. All forms of corruption are forbidden and the highest ethical standards are followed when doing business.

Corrupt Practices Outlawed at BAuto Group

SUSTAINABILITY STATEMENT

Offering, giving, requesting, accepting or receiving bribes or facilitation payments are strictly prohibited. BAuto Group has zero tolerance of corruption and ethical standards are stated in its Code of Conduct, contractual terms and other governing documents.

Employees found to be involved in bribery are subject to disciplinary action that can lead to termination. The Board of Directors oversees compliance with anti-corruption policies. Every employee is responsible for preventing and reporting instances of suspicious activity or wrongdoing that may lead to bribery using dedicated whistleblowing channels. Employees are encouraged to report any unethical behaviour and misconduct to the:

- Executive Chairman, CEO, Head of Human Resource or Head of Legal in Malaysia; and
- President/CEO or Head of Human Resource in the Philippines.

Components of BAuto Group's Comprehensive Anti-Corruption Efforts

A keen understanding of corruption risk exposure is the cornerstone of an effective anti-corruption compliance programme. Corruption risks, including bribery, are an important element in BAuto Group's risk register. BAuto Group is able to design proper mitigation strategies and strategically deploy resources to combat potential instances of bribery, corruption and fraud. This is especially important for 'high risk' operations.

BAuto Group emphasises the importance of anti-corruption and anti-bribery and its firm position is communicated to all employees. Employees receive a copy of the Employee Handbook upon joining the Group. Each must sign the acknowledgement form and return it to the Human Resource Department.

Employees will also be reminded of BAuto Group's firm opposition to corruption during regular engagement sessions and training programmes.

Bermaz Group's anti-corruption policy is also communicated to suppliers, contractors, joint venture companies and third parties with whom Bermaz Group works with. Every contractor and third party is subject to corruption and bribery risk assessments and must declare they are not involved in any misconduct or corrupt, unethical and illegal behaviour. New and existing business partners are screened for corruption and bribery as part of due diligence in the context of Bermaz Group's compliance requirements.

There have been no disciplinary cases reported for corrupt practices during the reporting period. Except for minor traffic offences, no fines and penalties were received from the authorities during the reporting period, which demonstrates the effectiveness of BAuto Group's stringent anti-corruption policies and practices.

Mazda MX-5

SUSTAINABILITY STATEMENT

ENVIRONMENT

Global vehicle ownership continues to increase. Automobile manufacturers must redouble their efforts to achieve cleaner exhaust emissions and improve fuel economy in order to reduce CO_2 emissions and the world's dependence on fossil fuels. Developing a multi-solution approach to automobile-related environmental issues is necessary to achieve this goal. Various factors must be considered such as fuel types and vehicle characteristics.

ENVIRONMENTAL POLICY

BAuto Group is committed to addressing the requirements in minimising the impact of our activities on the environment. The key points of the Group's strategy to achieve this are to:

- Minimise waste by evaluating operations and ensuring they are as efficient as possible;
- Minimise toxic emissions through the selection and efficient use of our toxic reduction equipment and the sources of our power requirements;
- Actively promote recycling both internally and amongst our suppliers;
- Source and promote products that minimise the environmental impact of all our activities;
- Meet or exceed all the environmental legislation that relates to industry; and
- Use an accredited programme to offset any toxic, greenhouse gas emissions and wastage discharge generated by the Group's activities.

The Environmental Performance Monitoring Committee and the Environmental Regulatory Compliance Monitoring Committee are responsible for monitoring compliance and the effectiveness of the policy. Both these committees are headed by a chairman who reports to BAuto's Executive Chairman.

TECHNOLOGY

Sustainable Zoom-Zoom

Mazda's Sustainable Zoom-Zoom technology is a long-term vision for technology development. Mazda is working to provide both driving pleasure and outstanding environmental and safety performance.

Earth
Through conservation initiatives, create a sustainable future in which people and cars coexist with a bountiful, beautiful earth

People
Enhance customers' mental well-being with the satisfaction that comes from protecting the earth and contributing to society with a car that offers true driving pleasure

Society
Realize cars and a society that offer safety and peace of mind, and create a system that enriches lives by offering unrestricted mobility to people everywhere

Reducing CO_2 emissions

- Well-to-wheel approach
- Efficient internal combustion engines such as SKYACTIV-X and electrification technologies

Reducing accidents, creating safer cars and offering unrestricted mobility

- i-activsense
- Driving position
- Pedal position
- Vehicle visibility
- Co-pilot concept

Enhancing mental well-being

- Cars that are fun to drive and pleasant to look at
- Kodo design
- SKYACTIV architecture

SUSTAINABILITY STATEMENT

Well-to-Wheel Perspective

Mazda examines a vehicle's entire life-cycle when working towards reducing its CO_2 emissions. Reducing CO_2 is not just approached from a conventional perspective, which evaluates emissions while driving. A well-to-wheel perspective is taken that considers CO_2 emissions from oil extraction to product manufacture and shipping.

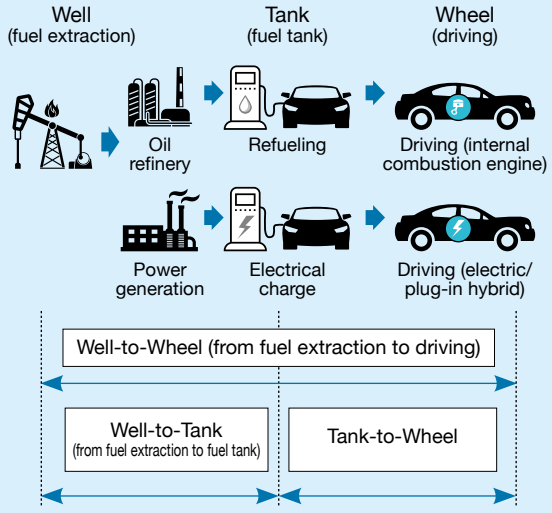
Specifically, Mazda aims to reduce its corporate average well-to-wheel CO_2 emissions to 50% of 2010 levels by 2030 with a view to achieving a 90% cut by 2050. This approach and its goals are aligned with:

- The Paris Agreement, an international agreement to combat climate change and reduce greenhouse gas emissions; and
- The Strategic Commission for the New Era of Automobiles under Japan's Ministry of Economy, Trade and Industry.

The "Well-to-Wheel" Perspective

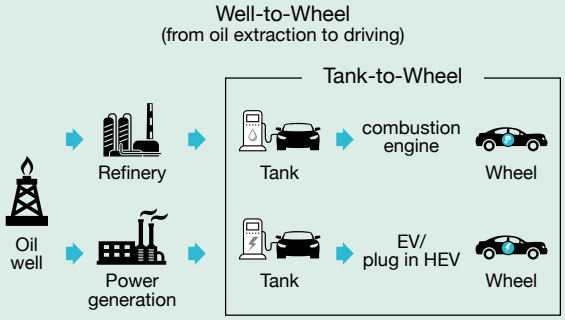
Make efforts to reduce CO_2 emmissions from the perspective of "well-to-wheel," with the aim of reducing emissions over a vehicle's entire lifecycle.

Conceptual diagram of Well-to-Wheel*



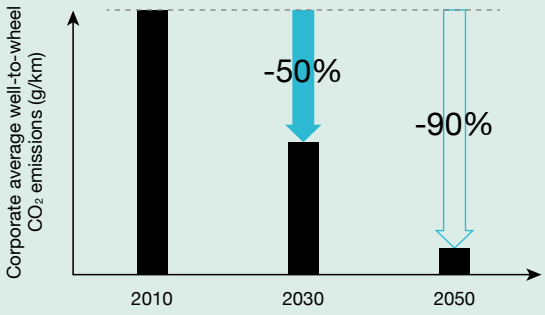
* Where fossil fuel is extracted and used to power a vehicle

CO_2 Emissions Reduction from Well-to Wheel Perspective



Target

Aim to reduce corporate average well-to-wheel CO_2 emissions to 50% of 2010 levels by 2030



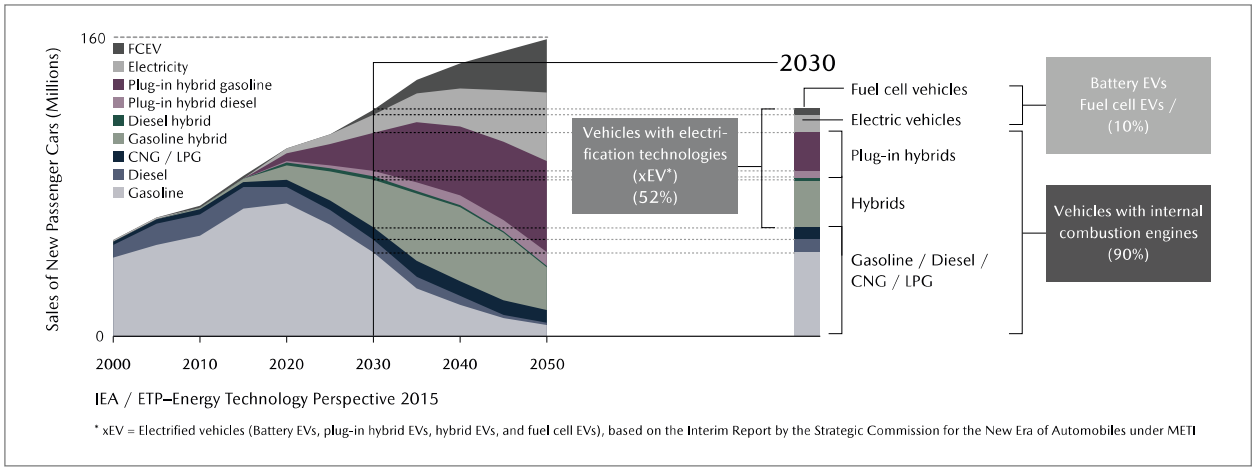
Multiple solutions are being developed that offer appropriate powertrains that consider each region's energy situation and power generation mix. Mazda will continue pursuing advances in the internal combustion engine, which are widely expected to help power the majority of cars worldwide for the foreseeable future (see the illustration above).

Mazda CX-9

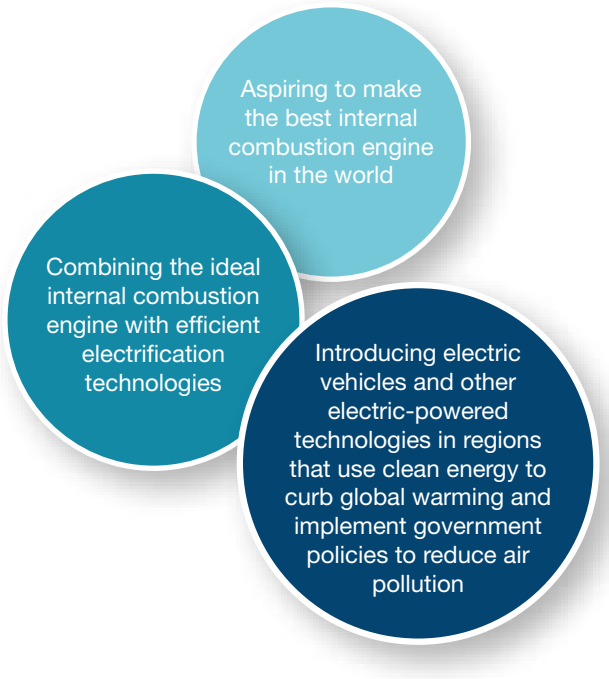
SUSTAINABILITY STATEMENT

Electrification Technology

Mazda plans to equip all combustion engine-powered cars with some form of electrification technology by 2030. Engaging and collaborating with industry experts, academia and regulatory bodies will also help raise awareness of the usage of renewable liquid fuels such as microalgae biofuels.



Minimising Greenhouse Gas Emissions in Real-World Conditions



i-stop Idling Technology

i-stop smart technology saves fuel by switching off the engine when the car stops. Idling stop systems save fuel by automatically shutting down the engine when the vehicle is static and restarting it when the vehicle returns to motion.

Mazda's i-stop substantially improves fuel economy while maintaining a natural driving feel. The latest control technologies achieve a rapid engine restart and an operational feel that is barely noticeable. The system improves fuel economy by approximately 8%.

i-Eloop Brake Energy Regeneration System

i-ELOOP recovers a vehicle's kinetic energy and converts it into electricity as the car decelerates. The electricity is stored to power the headlights, climate control, audio system or other electrical equipment. As the engine is not required to burn extra fuel to generate this electricity, fuel economy improves. Capacitors store energy as electricity rather than the chemical reaction used in batteries. Capacitors are able to charge and discharge large amounts of electricity very quickly.

COLLABORATION STUDY ON BIODIESEL PROGRAMME

The Malaysian Government recently announced the B20 Programme in the transportation sector. This programme is being implemented in phases from January 2020 until 2021 while the B30 Programme will commence in 2025. The Malaysian Palm Oil Board ("MPOB") invited Japan Automobile Manufacturers Association ("JAMA") members to participate in a B20 Euro 5 field trial in Malaysia. The Ministry of Primary Industries, MPOB, and JAMA are conducting a B20 blend study of Euro 5 technology vehicles in collaboration with automotive experts from Bermaz Group and the Malaysia Automotive, Robotics and IoT Institute.

This study comprised an impact laboratory study on a Mazda CX-5 Diesel vehicle at the Japan Automotive Research Institute ("JARI"), which was conducted from June 2019 to April 2020.

SUSTAINABILITY STATEMENT

JAMA Study Components
Exhaust gas temperature profile
Fouling and clogging
Diesel particulate filter regeneration
Oil dilution
Injector deposits

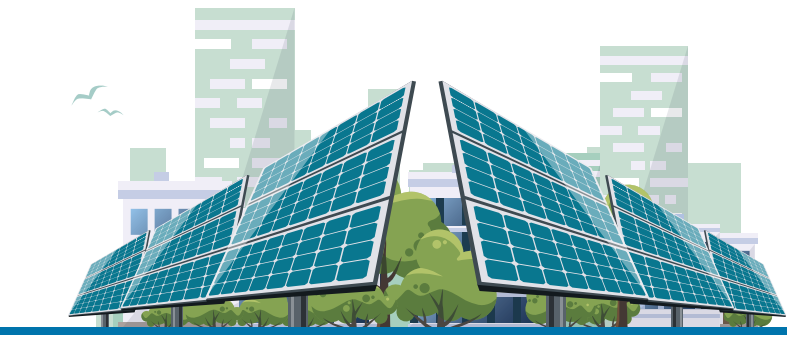
A 100,000-km on-road verification test was also conducted in Malaysia on 7 October 2019 with two Mazda CX-5 Diesel vehicles using Euro 5 B7 (baseline) and Euro 5 B20. The Euro 5 B20 road test using a Malaysia Driving Cycle aims to increase blending from B10 to B20.

The first interim report issued by MPOB shows that both Mazda CX-5 Diesel vehicles adapted well to the biodiesel Euro 5 B7 and B20 fuels and both engines are running within factory specifications.

ENERGY MANAGEMENT

The production, distribution and consumption of energy in its various forms have dire ecological effects. The depletion of limited, non-renewable natural resources such as oil, gas or coal has a hugely negative impact on ecosystems. BAuto Group is committed to conserving energy.

The Group continues to take proactive steps to devise and implement practical changes in the workplace. Employees are encouraged to contribute in any way they can to make a difference.



Solar Panel

Routine Energy-Saving Practices
Making use of natural light wherever possible
Switching off lights and equipment that are not in use
Favouring laptops over desktops
Choosing energy-efficient light bulbs and low wattage lights
Using hibernation feature on all computers
Utilising energy-saving features of all devices
Upgrading all outdated equipment
Printing only when necessary

BAP's Energy-Efficiency Commitment

BAP supports the Republic Act 11285 ("Energy Efficiency and Conservation Act" or "EEC Act"), which amongst others institutionalises energy efficiency and conservation as a national way of life. The EEC Act also ensures that energy consumption becomes sustainable and promotes renewable energy. It will be enforced in the first quarter of 2021.

BAP is confident that its products are aligned with its objectives, particularly its latest green features from the SKYACTIV-G and SKYACTIV-D engines.

BAP also established the Mazda Center of Excellence which became fully operational in early 2020. Solar panels, which save significant amounts of energy, power the entire warehouse including administration and training facilities. BAP is currently setting benchmarks and targets for electricity.

SUSTAINABILITY STATEMENT

ENVIRONMENTAL IMPACTS FROM PRODUCTS

Fun Facts	
Skyactiv-G	High Compression Ratio Engine improves fuel efficiency by 15%
Skyactiv-D	Low Compression Ratio Diesel Engine improves fuel efficiency by 20% and has clean combustion
i-stop	Idling start-stop system stops and restarts the engine while on standby and improves fuel economy by 8%
i-Eloop	Converts, stores and reuses kinetic energy when the car is stopping, which reduces fuel consumption by approximately 10%
Cylinder Deactivation	Closes two cylinders while the car is cruising to reduce fuel consumption without affecting vehicle performance

WASTE MANAGEMENT

BAuto Group complies with the regulatory requirements for scheduled waste disposal. All scheduled wastes are removed from the site within 180 days and disposed of by a licensed contractor.

The Environmental Performance Monitoring Committee branch representatives are responsible for scheduled waste disposal through the Electronic Scheduled Waste Information System according to the Environmental Quality Act 1974 (EQA 1974). Every branch service administrator monitors the movement of waste through this system.

Bermaz Group Scheduled Waste (tonnes)

Type of Waste	Waste Code	FY2018	FY2019	FY2020
Spent lubricating oil	SW305	138.10	143.13	178.66
Spent mineral oil-water emulsion	SW307	1.80	2.17	3.10
Waste oil or oily sludge	SW311	1.95	0.80	–
Oil interceptor sludge	SW312	–	–	1.40
Used thinners	SW322	–	–	1.15
Waste of thermal fluids (heat transfer) such as ethylene glycol	SW327	–	0.80	4.68
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW409	0.01	0.51	8.63
Rags, plastics, papers or filters contaminated with scheduled wastes	SW410	7.32	8.65	15.01
Total		**149.18**	**156.06**	**212.63**

SUSTAINABILITY STATEMENT

Managing Paint Sludge

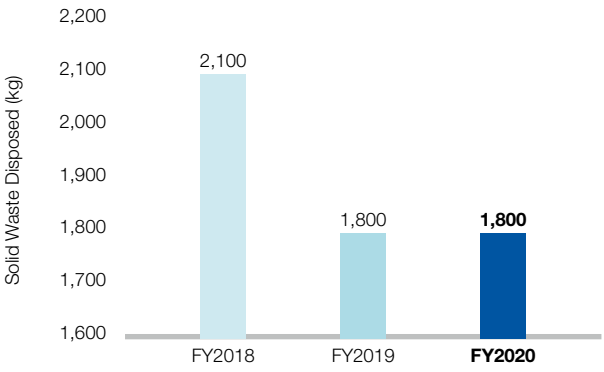
Bermaz Group's operations produce both dry and wet paint sludge, both of which are waste paint. Dry sludge, produced by the dry system, is deposited on the spray booth filters. These filters are replaced and disposed of by a licensed contractor during maintenance. Wet sludge is rare as most of the paint equipment is cleaned with thinners and disposed of as schedule waste (SW322).

Moving Towards Zero Waste in Packaging Materials

BAuto Group aims to minimise waste that is disposed of in landfill and frequently reviews its packaging requirements to realise waste reduction opportunities in each region.

Reducing waste from packaging materials is another environmental challenge, similar to CO_2 emissions reduction. The Group and MMSB work with their supply chain partners to reduce packaging waste by simplifying it, rethinking the materials used and modifying specifications. For example, using returnable racks has significantly reduced waste by streamlining production. Reusable packaging is now used to transport engines, axles, tyres, tractor hoods and other automotive components.

Solid Waste Disposed (BAP)



Promoting Resource-Saving Initiatives for Recycling

Mazda builds resource-saving initiatives into every phase of the vehicle's lifecycle according to the three Rs: reduce, reuse and recycle. Many limited resources are used to manufacture or assemble vehicles such as steel, aluminium, plastics and rare metals. The recyclability of Mazda vehicles is steadily increasing by:

- Researching vehicle design and dismantling technologies that simplify separation, allowing recyclable parts and materials to be removed more easily; and
- Using easily-recyclable plastics, which constitute the majority of Automobile Shredder Residue by weight.

RESOURCE MANAGEMENT

Water and energy consumption are actively monitored throughout business operations. BAuto Group understands the importance of water security to its business, suppliers and communities. Work continued on improving water consumption efficiency while developing water stewardship plans to reduce operational water consumption.

Electricity and Water Consumption

	FY2018	FY2019	FY2020
Electricity (kWh)	**3,521,302**	**3,823,366**	**3,749,334**
Malaysia	3,422,655	3,725,184	3,677,904
Philippines	98,647	98,182	71,430
Water (m^3)	**30,096**	**32,133**	**29,092**
Malaysia	29,595	31,443	28,723
Philippines	501	690	369

Electricity and water consumption are monitored monthly and any unusual or sudden rise in usage is investigated and rectified accordingly.

BAP's Mazda Center of Excellence practises rainwater harvesting. The recovered water is used to wash vehicles at the warehouse and those undergoing pre-delivery inspections. BAP is currently setting benchmarks and targets for water consumption.

CLIMATE CHANGE MANAGEMENT

The Group recognises the devastating effects and associated risks that climate change presents to the business in the short and long term. BAuto Group's climate change strategy includes working with employees and supply chain partners on energy-saving fuel and performing a complete climate change risk assessment.

Mazda Japan has made significant progress by balancing the risks and opportunities from innovation. Mazda vehicles are green and technologies that reduce their short- and long-term environmental impact are developed and implemented. BAuto Group aims to maintain a sustainable planet and future for human beings and automobiles. Mazda vehicles achieve efficiency gains and reduce costs through adaptation such as adopting new technology, cleaner fuels and fuel efficiency measures.

BAuto's management team, headed by the Executive Chairman and CEO, devises strategies to manage and minimise its environmental footprint. Progress reports and proposals on energy management, climate change and pollution reduction, supported by financial indicators and cost-benefit analysis, are tabled for discussion at management and/or Board meetings.

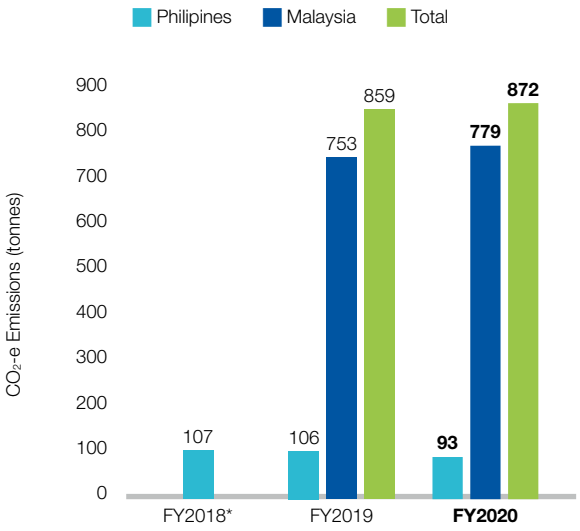
SUSTAINABILITY STATEMENT

BAuto Group is working to manage and measure its carbon emissions as part of its Carbon Management Plan. The internationally-recognised Greenhouse Gas ("GHG") Protocol established by the World Business Council for Sustainable Development ("WBCSD") and World Research Institute ("WRI") is used. Emissions accounting is based on the GHG Protocol classification of direct and indirect emissions.

Scope 1

In Malaysia, the Group's fuel volume consumed by company-owned vehicles is derived from the cost of purchase. CO_2 emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories. In the financial year 2020, 872 tonnes of CO_2 emissions were produced by the Group's company-owned vehicles.

CO_2 Emissions from Company-Owned Vehicles

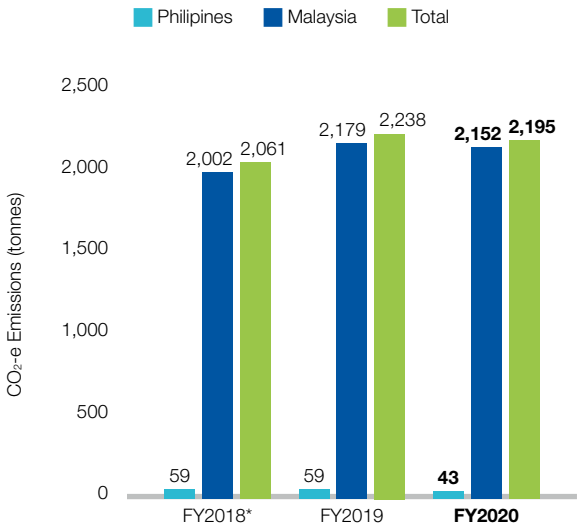


* Scope 1 emissions data is unavailable for FY2018 in Malaysia. However, BAuto Group is committed to monitoring its carbon emissions and will report three years of data for all scopes in FY2021.

Scope 2

Emissions resulting from electricity consumption are presented below. CO_2 emissions from electricity use in Malaysia were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid. CO_2 emissions from the Philippines were derived using the combined margin emission factor published by the Department of Energy for the Luzon-Visayas Grid 2015-2017.

CO_2 Emissions from Purchased Electricity

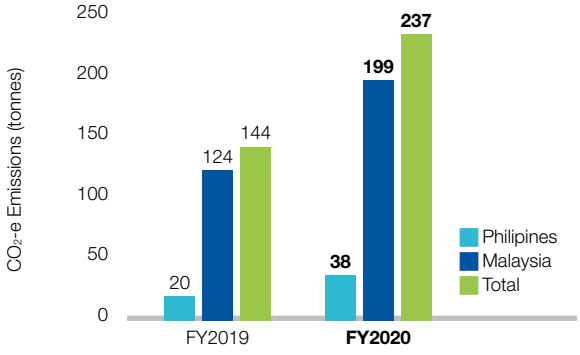


* FY2018 and FY2019 numbers for Malaysia have been restated using a new emission factor that was published in 2019 in the 2017 CDM Electricity Baseline for Malaysia by the Malaysian Green Technology Corporation. The restatement is to improve the accuracy of BAuto Group's carbon emission reporting.

Scope 3

Air travel GHG emissions were calculated point to point including the number of employees on board and distance travelled. Separate calculations were performed for business and economy class flights. Online tools derived from the WRI Greenhouse Gas Protocol have been used to calculate the CO_2 emissions from air travel.

CO_2 Emissions from Air Travel



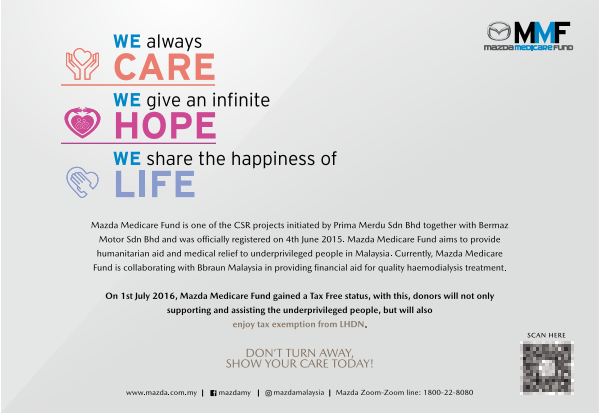
SUSTAINABILITY STATEMENT

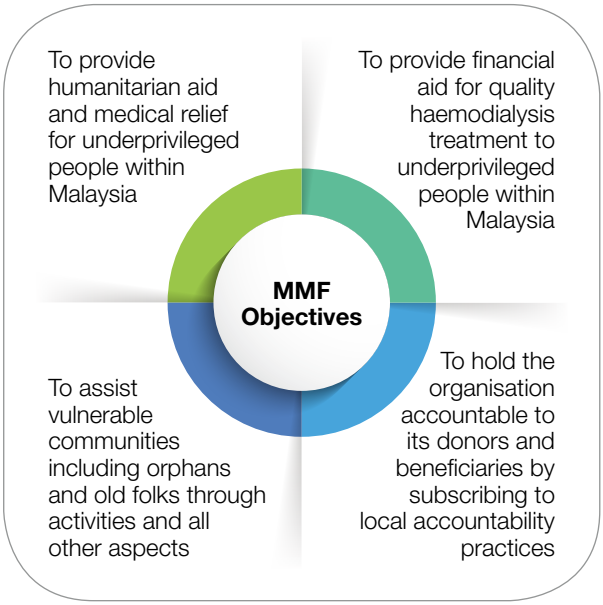
SOCIAL: SOCIETY

BAuto Group believes that partnering with the community is a good way of contributing to society. The Mazda Medicare Fund ("MMF") is a corporate social responsibility ("CSR") project to improve society and enrich the lives of those in need.

MAZDA MEDICARE FUND

Established on 4 June 2015, MMF is a community project initiated by BMTSB and Prima Merdu Sdn Bhd.





MMF provides humanitarian aid and medical relief to underprivileged people in Malaysia. Currently, MMF is collaborating with B. Braun Avitum Renal Services Sdn Bhd to subsidise quality haemodialysis treatment. Twelve B. Braun dialysis centres are operating nationwide and eligible patients can receive subsidised haemodialysis treatment.

MMF has contributed more than RM2.0 million over the past five years which has helped 181 patients in Malaysia. During the financial year 2020, contributions of RM320,000 benefited 29 patients.

MMF also actively supports charitable communities such as old folks' homes, the disabled, children with Down syndrome and orphanages through financial aid and charity events. The communities are carefully selected and vetted by the MMF team to maximise the effectiveness of the donations.

As the MMF team consists of volunteers from Bermaz Group employees, there are no additional costs involved and all donations reach those in need. The annual Mazda Charity Golf Tournament is a major fund-raising activity for MMF. During the financial year 2020, MMF has contributed a total of RM178,000 that has helped many orphans, old people, disabled people, children with Down syndrome and the seriously ill.

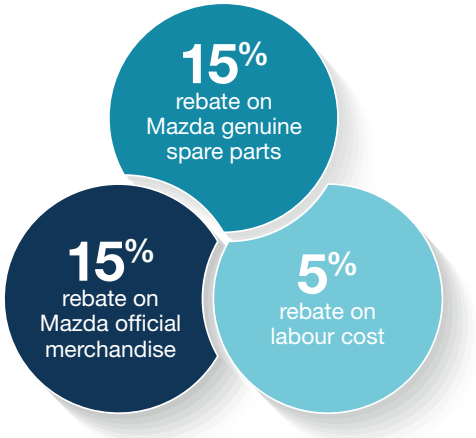
Bermaz Group is grateful for the unwavering support from its customers, business partners, donors and sponsors to the MMF initiative.

Mazda Charity Golf Tournament

The 7th Mazda Charity Golf Tournament was held for MMF on 1 December 2019. This charity event was held at the Sultan Abdul Aziz Shah Golf & Country Club in Shah Alam, Selangor. The tournament received tremendous support from 154 participants.

Mazda Privilege Card ("MPC")

BMTSB launched its MPC in the financial year 2018 as part of its ongoing efforts to improve the Mazda Peaceful Ownership Programme.



SUSTAINABILITY STATEMENT

The first of its kind in the industry, MPC rewards customers through the Mazda Peaceful Ownership Programme and helps those who are less fortunate through the MMF. A sign-up fee of RM100 is required and the card is valid for three years. The introduction of MPC has been warmly received and collected a total of RM223,000 during the financial year 2020.

How does MPC Work?

Cardholders are rewarded with rebates on after-sales services required beyond BMTSB's warranty and free service maintenance period. Any customer who has purchased a Mazda vehicle is eligible to apply for an MPC. The card's benefits are exclusive to the owner of the Mazda vehicle that it is registered to.

Currently, the card can only be applied for and used at showrooms and after-sales service centres operated by BMTSB and Prima Merdu Sdn Bhd. Bermaz Group plans to extend the MPC to include all Mazda outlets operated by third-party dealers in the near future.

BAP's Contribution to Society

In the Philippines, BAP also has good corporate social responsibility practices. BAP regularly organised charity drive programmes. For example, during the Enhanced Community Quarantine period which started on 17 March 2020, BAP employees and Mazda Club members delivered free food to healthcare workers in Makati Medical Center, St. Luke's Medical Center (Global City), Delos Santos Medical Center and Philippine General Hospital.

MAZDA-MFI SCHOLARSHIP

BAP and the MFI Foundation Inc. ("MFI"), remain committed to enriching the lives of Filipino youths through meaningful learning that assures them a productive future. MFI is a non-profit science foundation based in Metro Manila that was established primarily to help meet the industry demand for middle-level technical manpower. The partnership helps BAP develop new talent that will increase the sustainability of the automotive industry. It also allows BAP to give back to various communities and offer deserving youths opportunities that can help them and their families rise through hardship.

A BAP-sponsored studentship programme for underprivileged youths offers skills development through MFI's existing TESDA-accredited Dual Training System Automotive Servicing Technology course. The course offers academic learning and on-the-job training at various Mazda dealerships in the Philippines.

Candidates may gain employment with BAP or its dealers upon graduation with some being offered an opportunity to work in Malaysia.

The Mazda-MFI Scholarship, now in its seventh year, has produced a total of

120 graduates

as of 30 April 2020

SOCIAL: LABOUR PRACTICES AND DECENT WORK

BAUTO GROUP'S FAIR REMUNERATION – A KEY TO EFFECTIVE SOCIAL CAPITAL MANAGEMENT

Sustainability is more than climate change and conserving fragile environmental ecosystems; it concerns protecting the social fabric of which society is composed and supported. Companies must surpass the bare minimum in wage levels required by law and embrace the concept of fair wages.

BAuto Group wants to reward employees for good performance as fair remuneration motivates them to strive for excellence. Remuneration and its fairness are considered extremely important and the Group develops its policies with transparency in mind.

BAuto Group applies and complies with local labour legislation in all countries where its operations are based. Any collective bargaining agreements that specify remuneration-related matters such as minimum wages and separate supplements such as overtime pay will be honoured.

The Group's policy on labour standards is communicated to all employees in English and translated into the local language in their respective countries.

Remuneration Factors at BAuto Group

SUSTAINABILITY STATEMENT

BAuto Group has always been one of the best benefits providers in the industry. In Bermaz Group, medical coverage is extended to employees' dependents. Benefits that are rare in the industry and general market are offered, including a cost of living allowance and employee share option scheme. Congratulatory gifts are also given in celebration of employees' newborn babies. In the Philippines, BAP offers similarly attractive fringe benefits to its employees.

Inhouse Gym Facilities

Bermaz Group converted approximately 2,300 square feet of floor space at its Head Office into a fitness gym. Approximately RM420,000 was spent on purchasing gym equipment, renovations and fittings as part of the Group's initiative to promote the well-being of employees and ensure a healthy and productive workforce. Healthy employees are happier and more engaged, productive and loyal where they see the link between what their employer provides for them and improvements in their personal health and a healthier lifestyle.

Launched in September 2019, this gym is free for all employees to use on weekdays during non-working hours. Employees are encouraged to work out at the gym within the confines of their workplace. It is a great and convenient way for employees to achieve a healthy, work-life balance. They can destress without worrying about enrolment fees or the inconvenience of travelling to a fitness centre.

Latest Equipment and Facilities Installed at the Gym

Strength training	Free weights
Treadmill	Elliptical trainer
Upright bike	Recumbent bike
Multi press	Functional trainer
Showers	Washrooms

Gym facilities at Bermaz Group's headquarters.

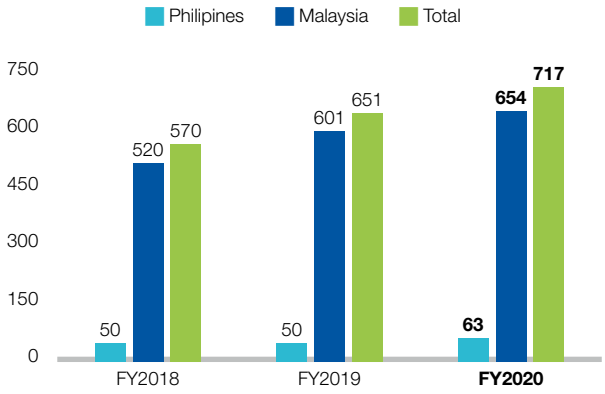
Bermaz Group engaged external professional trainers from FitWorx Malaysia at a cost of approximately RM31,000 to conduct a T-90 fitness programme that helps employees achieve a fitter body and better weight management within 90 days. The T-90 fitness programme includes fitness classes such as Zumba, Yoga, Fit Camp and Fit Starter.

DIVERSITY AND INCLUSION

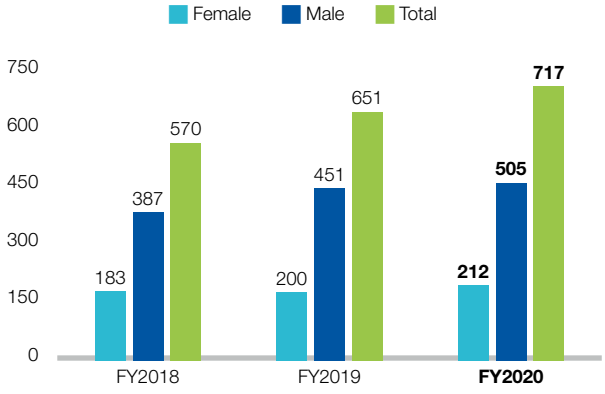
As customers' needs are becoming increasingly diverse, employees from different backgrounds must work together. Employees are the driving force behind BAuto Group's sustainable growth and a diverse body of employees is a valuable resource. Great importance is placed on establishing a truly inclusive workplace where employees can reach their full potential. The Group is fully committed to respecting and promoting diversity and inclusion.

BAuto Group reflects the diversity of its employees with a rich array of talents driving its competitiveness and ability to innovate. Diversity is part of the corporate culture and the Group requires a diverse range of ethnicities, specialities, capabilities, backgrounds and gender to succeed. BAuto Group has set a goal of increasing diversity as its 717 employees are the pillars and energy that drive the Group forward. Employees' commitments are the Group's greatest strength and asset.

Workforce Breakdown by Country

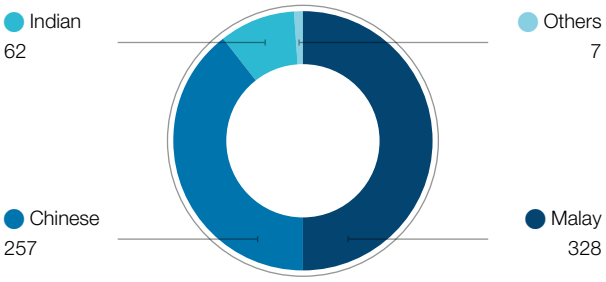


Workforce Breakdown by Gender

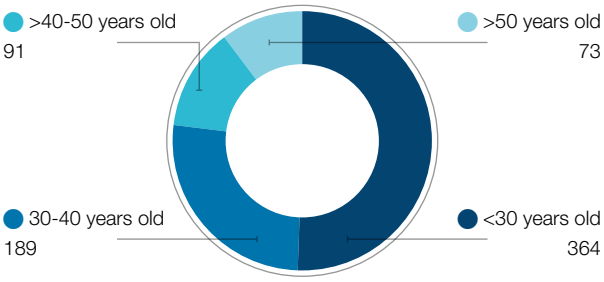


SUSTAINABILITY STATEMENT

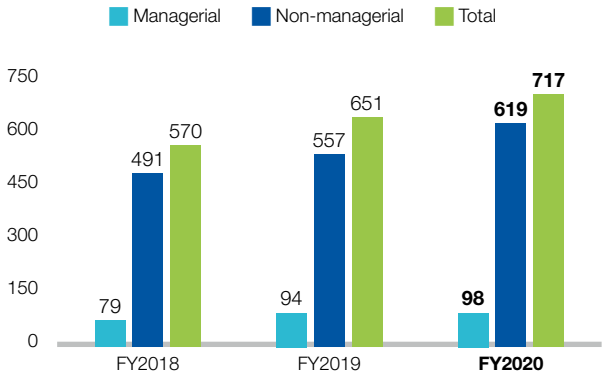
Workforce Breakdown by Ethnicity (Malaysia)



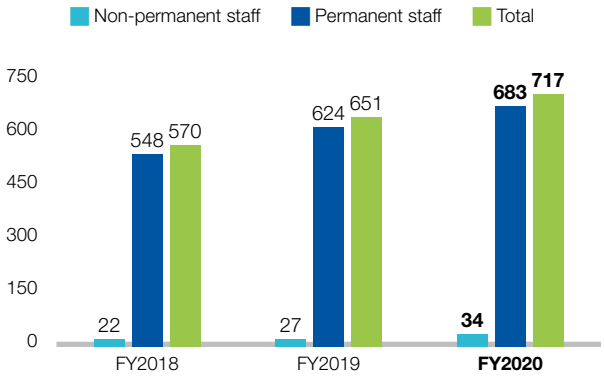
Workforce Breakdown by Age Group



Workforce Breakdown by Employment Type



Workforce Breakdown by Employment Contract



BAuto Group's employee turnover rate decreased in FY2020 compared to FY2019. This demonstrates the effectiveness of the Group's talent-retention programmes.

Employee Turnover Rate			
	FY2018	FY2019	FY2020
Employee Turnover Rates (%)			
Malaysia	11.3%	10.3%	8.3%
Philippines	10.0%	24.0%	14.3%
Employee Turnover (Number of People)			
Malaysia	59	62	54
Philippines	5	12	9

BAuto Group approaches equality holistically to ensure women are adequately represented in the workforce, particularly in management positions. Direct and indirect measures systematically promote women during recruitment and later concentrate on personal development, succession planning and management training. Structures to support work-life balance are also established such as flexible work-time models.

Women Empowerment			
	FY2018	FY2019	FY2020
% Women in Management			
Malaysia	31%	28%	28%
Philippines	36%	41%	30%
% Women in Top Management			
Malaysia	31%	31%	24%
Philippines	–	–	–

SUSTAINABILITY STATEMENT

EMPLOYEE ENGAGEMENT

BAuto Group engages with its employees through formal and informal mechanisms. Corporate engagement comprises focus groups and management, townhall, divisional and regular team meetings.

Considerable focus was given to employee engagement through various company and departmental events during the financial year.

Examples of Bermaz Group Events Held

1. IFTAR (breaking of fast by Muslims after sunset during Ramadan)
2. A Hari Raya (Eid Mubarak) open house
3. T90 Wellness Programme conducted in the head office's gym
4. Annual dinner
5. Bowling event
6. Human resource week
7. Weekly badminton sessions
8. Other festive celebrations

Seventeen departmental engagement sessions were held by Bermaz Group during the financial year involving sales, after-sales, central service and Mazda Training Centre staff.

During employee engagement sessions, Bermaz Group's Employee Relations team also holds dialogue sessions with employees to gauge their work satisfaction, happiness at work, grievances and overall workplace experience. This casual and informal setting is perfect for the management to get to know and engage with its employees.

In the Philippines, BAP organised a company trip for 50 people. Its annual year-end party was also attended by 65 participants.

NOTICE PERIOD FOR SIGNIFICANT OPERATIONAL CHANGE

Change is at times inevitable for any company that is rapidly growing in the market. BAuto Group respects employees' adjustment needs before introducing any change that may affect them.

The notice period for any significant operational change is one month on average. However, this period can vary depending on the severity, priority and impact of the change. In Malaysia, termination procedures follow the contractual offer letter of employment unless it differs, then procedures adhere to the Employment Act 1955.

GRIEVANCE MANAGEMENT

BAuto Group's grievance procedure provides a mechanism for receiving and resolving any concerns and complaints by individuals and groups who are affected by business operations.

Employees are encouraged to discuss any concerns with their immediate superiors first. Failing this, they may contact the next level of authority who is the person in the next reporting level. Ultimately, the grievance management process may be escalated to the Human Resource Department, CEO or Executive Chairman.

Mazda2

SUSTAINABILITY STATEMENT

LEARNING AND LEADERSHIP DEVELOPMENT

With a strategic focus on organic growth and innovation, BAuto Group's employees are its most important competitive advantage. Investing in learning and development is vital for keeping employees engaged, productive and successful at every stage of their careers. The Group is committed to promoting from within wherever possible while also bringing in new ideas, thoughts and insights.

Training Indicator	Unit	FY2018		FY2019		FY2020	
		Malaysia	Philippines	Malaysia	Philippines	Malaysia	Philippines
Total training time	hours	3,281	112	4,026	56	14,610	120
Average hours per employee	hours	6.3	2.2	6.7	1.1	22.3	1.9
Average days per employee^^	days	0.8	0.3	0.8	0.1	2.8	0.2

^^ based on an 8-hour working day

Mazda Apprenticeship Programme ("MAP")

Established by Bermaz Group in 2010, MAP is a two-year training programme followed by three years of employment with BMTSB or Prima Merdu Sdn Bhd. Students graduating from this course are awarded the Malaysia Skills Certificate (Level 3, K-Worker), Diploma from Institute of the Motor Industry ("IMI") in the United Kingdom and Mazda Masters Level F. The programme is sanctioned by:

- The Department of Skill Development ("DSD") under the Ministry of Human Resources Malaysia;
- IMI United Kingdom; and
- Mazda Japan as an accreditation centre for the motor vehicle mechanic training provider.

Following the Motor Vehicle Mechanic syllabus, the programme is endorsed by DSD, IMI and the Mazda Master Programme that was inspired by Mazda Japan.

The programme is automotive skills training for school leavers with an SPM (Malaysian Certificate of Education) or SVM (Malaysian Certificate of Vocational) qualification and selected candidates receive full scholarships from Prima Merdu Sdn Bhd. The trainees receive a monthly allowance throughout the programme and will gain employment as technicians in Mazda's after-sales service centres across Malaysia.

MAP inculcates a positive training culture in developing a skilled workforce to meet the growing demands of the motoring industry. The training is based on a work-process approach and actual work conditions. Hopefully, well-trained and technically skilled manpower will be developed that provides the best after-sales customer care each time they come in contact with the Mazda brand.

This technology transfer will be accelerated to meet the expanding Mazda service network and local automotive industry, which is in line with BAuto Group's natural aspiration towards industrialisation.

Mazda Mechanic Programme ("MMP")

Bermaz Group's MMP offers 18 months of learning and skills development. Graduates from this programme are awarded the Certificate Level 2 in Light Vehicle – Repair Service (National JPK–SLDN) and IMI International Level 2 Diploma in Vehicle Fitting (International IMI, UK). Throughout the duration of the programme, the trainees receive a monthly allowance.

The MMP is open to young Malaysians who have completed at least PT3 (Form Three Assessment) education and are aged between 16 and 20 years old. Only high-spirited applicants with a desire to learn about the automotive service industry are selected. The programme's objectives are to:

- Help underprivileged groups and youths who are not academically inclined; and
- Produce skilled technicians for the automotive industry.

Bermaz Group believes in creating a sustainable future for the youth by inspiring them to unlock their potential in the automotive industry and enhancing their lives with invaluable knowledge and practical skills. Trainees from this programme are offered employment upon completion of the programme.

Mazda Body and Paint Programme ("MBP")

Bermaz Group's MBP also offers 18 months of learning and skills development. Graduates from this programme are awarded the Certificate Level 2 in Automotive Spray Painting or Automotive Panel Beating (National JPK–SLDN) and IMI International Level 2 Diploma in Vehicle Accident Repair Paint or IMI International Level 2 Diploma in Vehicle Accident Body (International IMI, UK). The trainees receive a monthly allowance throughout the programme.

The MBP has the same objectives as the MMP and is also open to applicants with at least a PT3 education and are aged between 16 and 20 years old. Trainees from this programme are also offered employment upon completion of the programme.

Students and Graduates of MAP, MMP and MBP's Programmes in Malaysia

Training Programme	No. of Student Intake			No. of Students Graduated		
	FY2018	FY2019	FY2020	FY2018	FY2019	FY2020
MAP	24	20	30	27	25	24
MMP	25	36	25	29	24	35
MBP	28	30	30	27	22	30

Retail Management Training ("RMT")

RMT is a graduate training programme that rotates candidates across various departments within Bermaz Group. The students discover the fundamentals of retail management in the automotive industry. Candidates are offered employment upon completion of the programme and developed to be future leaders.

Institute of the Motor Industry ("IMI")

IMI is a professional international body for individuals working in the motor industry and an authoritative source of retail industry information, standards and qualifications. IMI plays a vital role in developing and maintaining a skilled, competent and professional workforce to keep abreast with evolving automotive technologies and rapidly changing markets.

International Diploma in Automotive Management

Employees are enrolled in this programme to upskill their qualifications and accreditations. This programme includes the IMI Diploma in Light Vehicle Fitting Level, Light Vehicle Maintenance and Repair, and Automotive Retail Management Level 4.

English Language Courses

English language classes are offered to all Bermaz Group employees with an emphasis on improving communication skills. The courses have benefited employees of all levels and divisions including technicians and management personnel.

Training for Bermaz Group Sales Personnel

Sales Consultant Training

This three-day training programme is delivered to new sales consultants employed by Bermaz Group and its dealers. The programme comprises three topics:

- Introduction to the Brand
  (Day 1: Mazda Brand Essence)
- Salesmanship Skill
  (Day 2: Mazda Salesmanship Experience)
- Product and Market Information
  (Day 3: Mazda Insights)

New Product Training

New product training is conducted for all sales consultants before any new or facelifted Mazda models are launched in the market. This training familiarises sales consultants with the unique new features and value proposition of each model.

MazdaSports Academy

MazdaSports Academy unleashes a driving experience for both sales consultants (Practical Drive) and Mazda owners (Advance Driving).

Practical Drive is a hands-on driving programme for sales consultants to understand and experience Mazda's unique driving dynamics and safety technologies. It also compares Mazda with competitors' cars.

Advance Driving is a customer engagement programme that offers Mazda owners an opportunity to experience the true spirit of Mazda's Jinba-Ittai (sense of oneness between horse and rider) philosophy. The programme also helps Mazda owners understand the various driving dynamics of their vehicles and learn safe driving to make them better road users. This experiential driving experience is also a platform to engage and create a bond with the customers so that they feel connected to the Mazda brand.

SUSTAINABILITY STATEMENT

Training Hours Recorded by Each Training Programme in FY2020

Mazda Training Centre

The Mazda Training Centres in Malaysia offer skills development programmes that equip young Malaysians with the required technical and soft skills to build a career in the automotive industry. They were established to provide Technical, Vocational Education and Training ("TVET") programmes that cater to the ever-growing demand for a skilled workforce at Mazda service networks. These programmes and courses including the MAP, MMP and MBP are either partly or wholly held in these Mazda Training Centres.

Examples of Mazda Training Centres' Other Training Courses

Mazda Master Level 1,2,3

- Engine Management System
- Introduction to the Mazda Modular Diagnostic System
- Basic Electrical System
- Advance Body Electrical System
- Engine Troubleshooting
- Parts
- Non-Technical

Mazda New Product

- Product Training – New Mazda3
- Product Training – New Mazda CX-30

The Group's Mazda Training Centres are also certified by several motor vehicle mechanic training governing bodies such as Jabatan Pembangunan Kemahiran ("JPK"), IMI, United Kingdom and Mazda Japan.

Utilising the endorsed Motor Vehicle Mechanic Syllabus and Mazda Master Programme inspired by Mazda Japan, practical training is based on Mazda's revolutionary SKYACTIV Technology combined with the latest technology and tools.

Currently, BAuto Group has six Mazda Training Centres at the following locations:

- Lot 5, Jalan Pelukis U1/46, Shah Alam
- Lot 14, Jalan Pelukis U1/46, Shah Alam
- Lot 9, Jalan 219, Petaling Jaya
- 52, Jalan Sg Tiram, Bayan Lepas, Penang
- Lot 7331 & Lot 7333 Jalan Kg Gajah, Butterworth
- 215, Jalan Gangsa, Kawasan Perusahaan Mergong, Alor Setar, Kedah

During the financial year 2020, a total of 5,565 training hours were delivered at Bermaz Group's Mazda Training Centres, which benefited 189 participants.

BAP also conducted similar training programmes in the Philippines during the financial year.

Training Conducted by BAP in FY2020

Training	Number of Attendees	Focus of Training
All New Mazda3 Product Training	230	Sales
All New CX-30 and CX-8 Product Training	220	Sales
Mazda Masters Training Level 1	7	Technical
All New Mazda3 Training	30	Technical
Level 1 Training	18	Service
Service Manager Training	20	Service

SUSTAINABILITY STATEMENT

Succession Planning

Bermaz Group's Succession Planning and Leadership Development Programme ("LDP") is a series of training modules that develop soft and leadership skills and other relevant areas such as influencing, creative thinking and negotiation.

At least three rounds of training are organised per year, with each consisting of one compulsory and at least three optional training sessions. Eighteen training sessions were conducted in the financial year 2020 and 156 potential successors have participated in the programme to date. All of these are in the second round of the LDP. Potential successors are asked to complete an assignment or quiz every two weeks to gauge their comprehension and understand their thinking patterns more clearly.

Bermaz Group employs the Leadership Point System ("LPS"), which is a database collection and recording system to monitor potential successors' participation in the LDP.

An individual development plan ("IDP") assessment is conducted one month after completing each training session to measure the effectiveness of the intervention design and identify future training needs for potential successors. The assessment objectives and identified gaps are addressed during the leadership training. The assessment goals are explained which clearly specify individual and departmental targets. All potential successors are meeting their development targets and the IDP assessment feedback is aligned with their IDP goals.

Knowledge Sharing

Potential successors present the key takeaway at the end of each LDP. This encourages the expansion of thinking and allows participants to understand others' points of view.

The sharing of ideas differentiates this training, improves rapport between potential successors and creates a respectful environment. Knowledge sharing sessions stimulate opinions, perceptions and innovation. The loss of knowledge is avoided as know-how and experience are constantly being shared.

PERFORMANCE MANAGEMENT

Bermaz Group's performance management process is two-way engagement between employees and their superiors. Feedback, areas for improvement, challenges and expectations are discussed during these sessions. Superiors also guide employees on ways to address challenges and meet their expected goals.

Business goals and the individual roles and responsibilities required to achieve these goals are explained to employees. Any performance gaps are highlighted and both parties are open to suggest any training or coaching required to improve performance.

The Performance Review Cycle

Planning
- KPI/Goal setting
- Competencies

Performing
- Informal and formal coaching
- Feedback on business targets and leadership behaviour
- Interim review

Rewards
- Salary increase decided by the management
- Distribution of salary increment
- Performance improvement plan

Reviewing
- Preparing
- Conducting
- Rating
- Action plans discussion is as important as rating assignment

The issuance of bonuses is based on performance reviews. All eligible employees receive an annual performance review at the end of each financial year.

An appraisal for staff confirmation is also conducted on a case-by-case basis to evaluate the performance of new hires during their probationary periods. Non-formal reviews are also performed between superiors and their employees for continuous performance improvement.

OCCUPATIONAL SAFETY AND HEALTH

BAuto Group continues to ensure a safe workplace is provided to all employees and those who visit its premises. The health and safety of employees and visitors are protected by identifying risks, developing solutions and encouraging participation. Employees and visitors are required to wear the appropriate personal protective equipment ("PPE") such as safety boots, eye protection goggles, masks, safety gloves, ear plugs or muffs and safety helmets before entering sites that may require such protection.

BAuto Group has implemented safety, health and environmental monitoring programmes that provide corrective and prevention procedures to deal with actual and potential nonconformities.

SUSTAINABILITY STATEMENT

Safety and Health Committee

The Group's safety and health committee is an important part of improving work conditions. The committee provides a forum for employees and management to work together to solve health and safety problems.

The Safety and Health Committee comprises a chairman, a secretary and both employer and employees representatives and meets on a monthly basis. This committee is responsible for reviewing safety and health concerns and recommends preventive and corrective measures. The chairman of the committee reports to the Executive Chairman of BAuto.

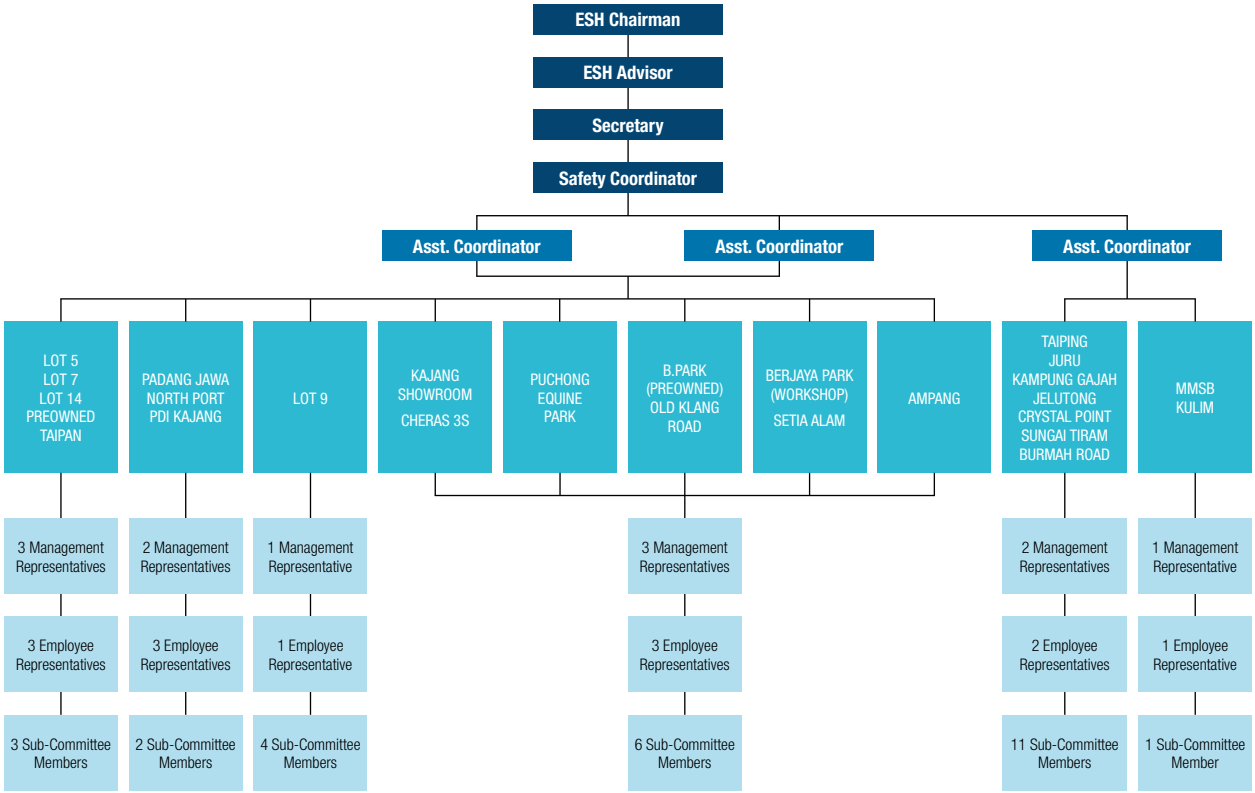
Objectives and Functions of the Safety and Health Committee

Objectives

- Foster cooperation and consultation between the management and employees to identify, evaluate and control workplace hazards
- Be an effective communication channel for exchanging ideas to solve occupational safety and health problems
- Enhance the interest and motivation of all groups of management and employees in the workplace.

Functions

- Assist in the development of safety and health rules and safe systems of work
- Review the effectiveness of the safety and health programme
- Carry out studies on the trends of accidents, near-miss accidents, dangerous occurrences and occupational diseases that occur in the workplace, report them to the management and recommend corrective action
- Review the safety and health policies at the workplace and recommend any revisions to the employer
- Inspect the workplace at least quarterly and recommend preventive and corrective measures



Safety Performance

Description	FY2018	FY2019	FY2020
Fatality Cases	–	–	–
Lost Workday Cases	–	–	–
Restricted Workday Cases	–	–	–
First Aid Cases	–	–	–
Near Miss Cases	–	–	–
Dangerous Occurrence Cases	–	–	–
Fire Cases	–	2	–
Property Damage Cases	–	–	1 (caused by a flood)
Vehicle Accident Cases	–	–	–
Number of Days Lost	–	–	–

Safety Training

Several training programmes were held to prevent or minimise accidents and create a safer workplace. Selected Bermaz Group employees from outlets around the country were asked to attend training on workplace safety and other safety-related training programmes.

Safety Programmes Held by Bermaz Group in FY2020

Safety Programme	No. of Sessions
Fire brigade training	5
Basic occupational first aid training	4
Safety inductions	12
Evacuation drills	16
ERT briefings and training	25
Safety walks	62
Handling stretchers and wheelchairs	3
“Don’t Give Fire a Chance” seminar	1

Employees are trained to be the first point of contact and how to react in the event of accidents and emergencies. Basic Emergency Response Training (“ERT”) teaches fire control, communication in emergencies and evacuation to employees. Employees also learn how to perform first aid during accidents and emergencies and operate equipment such as an automated external defibrillator. Currently, Bermaz Group has 235 employees who are members of the ERT programme.

SUSTAINABILITY STATEMENT

SOCIAL: HUMAN RIGHTS

Bermaz Group adheres to the Employment Act 1955 which is the main legislation on labour matters in Malaysia. The Employment Act 1955 provides minimum terms and conditions for paid leave and holidays, the minimum wage, sick leave, overtime pay and working hours.

Bermaz Group also adheres to all relevant laws and regulations pertaining to the hiring and treatment of workers.

Children and Young Persons (Employment) Act 1966	Employment (Restriction) Act 1968
Occupational Safety and Health Act 1994	Factories and Machinery Act 1967
Minimum Wages Order 2016	Minimum Retirement Age Act 2012
Workman's Compensation Act 1952	Elimination of excessive working hours

Periodically, Bermaz Group participates in workshops or industry/topic-specific collaboration projects that improve industry solutions for labour standards and employment rights in Malaysia. Bermaz Group's human rights practices also:

- Recognise human rights as a key management issue when conducting business
- Respect the human rights of all stakeholders including its own employees and supply chain partners
- Raise awareness of human rights
- Promote the use of a grievance mechanism including the formal whistleblowing channel to address employee concerns including incidences of bullying and harassment throughout Bermaz Group

BAuto Group's Principal and Commitment to Human Rights

Provides a safe and healthy workplace for associates	Does not use child labour
Does not use forced, prison, indentured, bonded or involuntary labour	Prohibits discrimination in hiring and employment practices including gender, race, religion, age, disability and nationality
Prohibits physical abuse and the harassment of associates as well as threats of either	Supports freedom of association and collective bargaining
Provides mechanisms that allow employee representatives to engage with company management	Ensures work-life balance by prohibiting excessive working hours and exceeding the local minimum wage

BAuto Group commits to align its human rights practices with local and international instruments including the United Nations Guiding Principles on Human Rights. The Group adheres to all applicable employment and human rights regulations where operations are based. BAuto Group's human rights policy is summarised in Bermaz Group's Code of Conduct and suppliers are expected to adhere to these high standards. Bermaz Group regularly reviews the labour standards of existing and potential business and supply chain partners as part of its risk assessment procedure. All parties are familiarised with this Code of Conduct from time to time.

BAuto Group is pleased to report that there have been no incidences of non-compliance or violations of the Group's labour standards during this financial year. No incidents or risks of child, forced or compulsory labour have been reported and there were no violations of human rights involving the rights of indigenous people at any time in BAuto Group's history.

SUSTAINABILITY STATEMENT

NO DISCRIMINATION OR HARASSMENT

BAuto Group's approach to equal treatment and non-discrimination emphasises that equal opportunities must be provided to all employees with regards to hiring, pay rates, training and development, promotions and other terms of employment.

The Group maintains a working environment in which all employees treat each other with respect. Accordingly, the Group strictly prohibits conduct that constitutes or that could lead to or contribute to harassment based on gender (whether or not of a sexual nature), race, colour, national origin, religion, age, disability, sexual orientation and gender identity.

Any acts of discrimination or harassment when dealing with employees, customers or suppliers are not tolerated. Offenders are subject to severe disciplinary action including the possible termination of employment.

Various initiatives have been introduced throughout the Group's history to improve workforce diversity, equal opportunities and reduce discrimination based on age, religion, gender, race, sexual orientation and disabilities. Examples include women empowerment programmes and support for employees with special needs.

The Group's employment and hiring practices do not discriminate against any individual differences.

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

BAuto Group respects the Industrial Relations Act 1967 and relevant local laws that protect the rights of workers to bargain collectively in the context of the International Labour Organisation ("ILO") standards. Although there is no formal union in place, employees are free to join any of their choice. The Group will support them in addressing any raised issues.

The Group's whistleblowing channel also serves as a mechanism to allow employee representatives to engage with the management.

SOCIAL: PRODUCT RESPONSIBILITY

COMMITMENT TO QUALITY

Mazda makes group-wide efforts based on three principles to deliver customers safety, trust and excitement through automotive lifestyles.

Mazda Quality Policy

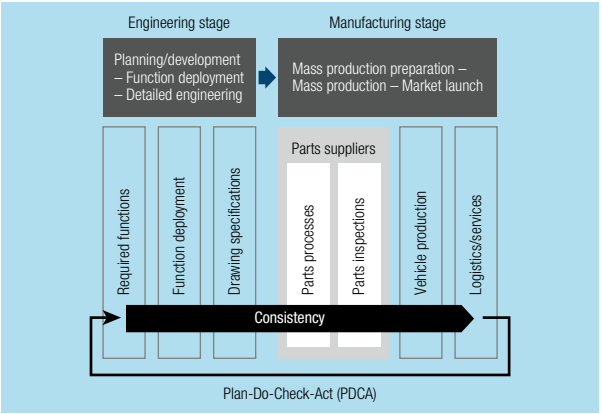
To enrich the lives of our customers by providing products and services that reflect steady and uncompromising work

BAuto Group has established a consistent quality level to be assured at all stages from planning and development to the delivery of products to customers. This approach is adopted to satisfy the diverse needs of customers and offer greater trust, joy and excitement in owning a Mazda vehicle.

Establishing Stable Quality

BAuto Group and MMSB's quality promise encompasses the whole supply chain. Both parties are committed to process assurance, which is the approach of ensuring a consistent quality level at all stages from planning and product development to vehicle assembling (purchasing, vehicle production, logistics and after-sales services). New technologies and initiatives are introduced to address the social and environmental impact of Mazda vehicles.

Consistent Process Assurance Based on Major Characteristics



SUSTAINABILITY STATEMENT

Understanding customers' needs and expectations ensures that every function contributes to the delivery of "driving pleasure". Constant efforts are made to gather market and quality-related information while sincerely listening to customer feedback and expediting the improvement of product and service quality.

Global Quality Assurance

Mazda Japan has adopted the global common concept to standardise quality across global operations. Overseas production sites achieve identical quality by employing the same indicators, operations and structures as those of Mazda Japan. BAuto Group and MMSB's quality management personnel attend training sessions organised by Mazda Japan regularly to meet this global common goal.

PEACEFUL OWNERSHIP PROMISE

Peace of Mind 5 + 5

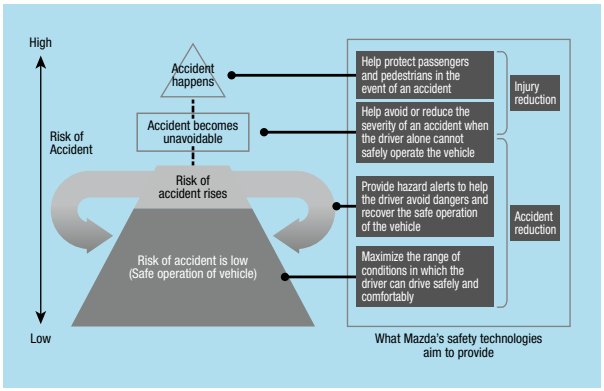
Buying a car is an emotional experience. Customers shop around based on brand perceptions that meet their basic mobility needs. Purchasing decisions also consider the ownership experience, total cost of ownership and hassle-free service delivery that make a real difference in customers' journeys

With Bermaz Group's five-year warranty plus five years of free service maintenance (applicable to all models except BT-50), customers need not worry about unexpected repair costs. Service and maintenance cost are covered for five years, unconstrained by the economic environment. The free service maintenance package provides owners with free scheduled maintenance according to Mazda's standards and is inclusive of the cost of labour, parts and lubricants. Repairs, service and maintenance needs are attended to speedily and the entire service delivery process is hassle-free and unconstrained by bureaucratic approval and payment processes.

In the Philippines, BAP offers a similar three-year warranty (or first 100,000 km, whichever comes first) plus three years of free service maintenance (or first 60,000 km, whichever comes first) for all Mazda models.

SAFETY INITIATIVES

Mazda's safety philosophy guides the research and development of safety technologies. It is based on understanding, respecting and trusting the driver. Safe driving is essential for recognizing potential hazards, exercising good judgment and operating the vehicle appropriately. Mazda vehicles support these essential functions so that drivers can drive safely and with peace of mind, despite changing driving conditions. Since drivers are fallible human beings, a range of technologies helps prevent or reduce the damage or injury resulting from an accident.



Technologies to Mitigate Injuries in an Accident

Mazda vehicles promote the continuous evolution of basic safety technologies to achieve a safer and accident-free automotive society.

Lightweight, High-Rigidity, Safer Body

Vehicle body skeletons are constructed from highly rigid ultra-high tensile steel plates so that they can securely receive any impact. Vehicle body frame structures efficiently absorb and distribute impact energy transmitted from the front, rear and both sides of the vehicle. These construction structures minimise the deformation of the cabin.

Occupant Protection

Various human characteristic-based injury protection structures have been developed and used in Mazda vehicles to reduce injuries to occupants such as:

- Increasing the rigidity of the front seat and cushion side frames to absorb collision impact force. These modifications are designed to reduce neck injuries by constraining heads upon rear-end-collision impact while suppressing the reaction of the seat back when it returns from a backward tilted to the original position.
- Reconstructing the front seatbelt so that the lap anchor can be attached to the seat. Minimising belt slacking, even after the occupant moves the seat to a longitudinal position, quickly protects the occupant in the event of a collision.

SUSTAINABILITY STATEMENT

- Installing airbags that are deployed around the driver's knees upon impact for the first time. Limiting the forward movement of the driver reduces injuries to his or her chest, belly and legs.
- Using a two-chamber type airbag system that considers the load-bearing performance of the human body. This system reduces the impact load distributed to the occupants' ribs and their neighbouring areas, which are sensitive to collision impact force.
- The upper and lower legs of the occupant are supported by the face upper and the lower stiffener, respectively. The legs are prevented from bowing, which reduces damage to the ligaments and knees in the event of a collision.

Pedestrian Protection

Mazda vehicles employ various methods to reduce injuries to pedestrians in the event of a collision such as:

- Reducing the impact force and injury to a pedestrian when his head hits the bonnet during a collision. The distance between the bonnet's inner and outer panels is optimised along with the impact absorption structure of the inner panel. This design allows the bonnet to absorb much of the energy when it first collides with the pedestrian's head. The bonnet also softly and uniformly receives the head following the collision.

i-Activsense Advanced Safety Technologies

Mazda Japan is committed to continuously evolving i-ACTIVSENSE advanced safety technologies to deliver safer, more reliable cars to a greater number of customers, from beginners to elderly drivers. i-ACTIVSENSE is an umbrella term covering a series of advanced safety technologies that are developed in line with Mazda Proactive Safety such as:

- Active safety technologies that support safer driving by helping the driver recognise potential hazards; and
- Pre-crash safety technologies that help avert collisions or reduce their severity when they are unavoidable.

SKYACTIV Technology

SKYACTIV Technology covers all of Mazda's innovative base technologies. Designed from scratch, these technologies enhance the efficiency of powertrain components such as the engine and transmission, reducing vehicle body weight and improving aerodynamics.

SKYACTIV-Vehicle Dynamics

The development of SKYACTIV-Vehicle Dynamics is an ongoing process. This series of new-generation vehicle dynamics control technologies provide integrated control of the engine, transmission, chassis and body to enhance the car's *Jinba-Ittai* driving feel.

SKYACTIV-VEHICLE DYNAMICS Improves Comfort, Handling and Stability

G-Vectoring Control Plus (GVC Plus) applies the brakes for direct yaw moment control. A light braking force is applied to the outer wheels as the driver steers out of a corner by returning the steering wheel to the centre. The stabilising action helps straighten the vehicle.

The system realizes consistently the smooth transitions between yaw, roll and pitch even under high cornering forces, improving the vehicle's ability to accurately track sudden steering inputs and crisply exit corners. In addition to improving handling in emergency collision avoidance manoeuvres, GVC Plus offers a reassuring feeling of control when changing lanes on the highway and when driving on slippery road surfaces.

Mazda3

i-Activsense Technologies

Adaptive Front-Lighting System	High-Beam Control	Adaptive LED Headlights System	Blind Spot Monitoring System
Lane Departure Warning System	Lane-Keep Assist System	Rear Cross Traffic Alert	Smart Brake Support
Advanced Smart City Brake Support	Smart City Brake Support	Driver Attention Alert	Mazda Radar Cruise Control

SUSTAINABILITY STATEMENT

SKYACTIV-Vehicle Architecture

The Mazda SKYACTIV-Vehicle Architecture with its new-generation vehicle structural technologies was developed with an intensified focus on its human-centred design philosophy to maximise the human body's inherent ability to balance itself. It offers more comfortable and less tiring driving and allows all occupants to respond quickly to environmental changes. With the human body easily able to balance itself in response to driving inputs, the new vehicle architecture provides responsive driving and the ultimate *Jinba-ittai* driving feel.

Every aspect of the car platform was reviewed from the viewpoint of comprehensive vehicle optimisation to realize these advantages.

Results of These Innovations
Redesigned seats that keep the pelvis upright to maintain the spine's natural "S" curve
A body with multi-directional ring structures to transmit inputs without delay
A chassis structure with each part interacting to smoothly control energy transfer to the sprung mass
Noise, Vibration and Harshness ("NVH") performance optimised according to vibration energy characteristics and mechanisms by which humans perceive sound

Ensuring Child Safety Through Passive Safety Technology

Mazda's promises an enjoyable ownership experience for drivers and all passengers. Using a child safety seat is the best protection you can give your child when traveling by car. The Group's most fundamental business principle is protecting children's safety throughout their journey.

Mazda's ISOFIX compliant child seat attachment point makes it easier to securely install a child seat by pushing the connector mounted underneath the child seat into the attachment point on the vehicle side.

A top tether anchorage and a pivot link structure, which mitigate impact, are incorporated to minimize the amount the child is thrown forward, offering a higher level of safety performance.

How ISOFIX Child Seat Anchor Works

With Top Tethering Anchor

Without Top Tethering Anchor

BRAND PRESENCE

Customer loyalty concerns reaching out, nurturing and retaining customers who really make the business. Connecting with customers helps create a sense of belonging and community. BAuto Group frequently shares the brand's developments, news and opinions to engage and enthuse customers so that they feel involved and have a positive brand association as engaged customers are likely to be happy and loyal.

BAuto Group introduces various initiatives in cooperation with local dealerships to build special bonds with customers to ensure they receive a Mazda brand experience throughout all stages of their car ownership.

Several methods of engagement are employed to establish an emotional connection with customers and improve the Group's image. Branding initiatives held by Bermaz Group during the financial year include the following:

- Mazda3 Media Driving Experience at Sepang International Circuit
- MX-5 Club Event at Sepang International Circuit
- Mazda CX-8 Media Drive
- Annual Mazda Charity Golf at Sultan Abdul Aziz Shah Golf & Country Club
- Customers Advance Driving Experience
- Strategic High-End Mall Roadshows
- Digital platform: online awareness campaign and social media engagement
- Media Test Drive and Brand Ambassadorship

SUSTAINABILITY STATEMENT

UNIQUE DESIGN

Since 2010, Mazda has striven to create cars that embody the dynamic beauty of life by applying its Kodo – Soul of Motion design philosophy. It has been pursuing the expression of a new elegance based on Japanese aesthetics characterized by a beauty that is subtle and restrained yet rich and abundant. This more matured form of Kodo focuses on a "less is more" aesthetic that cherishes space and eliminates non-essential elements to create simplicity of form. The challenge then is to bring the car to life via carefully honed reflections on the body surface.

Mazda is reinterpreting the very essence of Japanese aesthetics, a subdued beauty cultivated since ancient times. The goal is to create an elegant and refined look with a sense of vitality that makes Mazda cars truly come alive.

An obsession with the ultimate form of beauty differentiates Mazda vehicles from other brands. New ideas are experimented with to translate the art forms into a car's design. Mazda creates objects with different forms and explores how these forms resonate with people's hearts.

The Mazda Vision Coupe perfectly embodies the elegant and refined atmosphere that is the target of the next-generation Mazda design. Within the flowing 4-door coupe configuration, the strikingly beautiful silhouette gives stirring visual expression to the vehicle's high performance, while the sculpted athletic form is free of all fussy or unnecessary elements, a key factor in Mazda's minimalist design approach.

Strong highlights on the shoulders contrast with continuously changing reflections on the body sides to express a new sense of controlled vitality, giving rise to a uniquely Mazda sense of elegance derived from Japanese aesthetics. The Vision Coupe sets the stage for the introduction of Mazda's eye-catching, further evolved Kodo design.

List of Awards

The Group's range of Mazda vehicles has received various local and international awards and nominations in various categories. The list below is by no means exhaustive.

AWARDS - MALAYSIA

Calendar Year	Model	Award Name	Award Organisation
2019	Mazda CX-5#	Best Mid-Sized SUVs of Malaysia	Cars of Malaysia (Aurizn/EvoMalaysia.com)
2019	Mazda CX-5#	Best Affordable Mid-Size SUV	Female Car & Gadget Awards
2019	Mazda CX-5#	Carlist.my - People's Choice Awards 2019 - SUV (Silver)	Carlist.my

Mazda CX-5 is assembled in Malaysia by MMSB at Inokom's plant

AWARDS - INTERNATIONAL

Calendar Year	Model	Award Name	Award Organisation
2020	Mazda3	World Car Design of the Year	World Car Award
2016	Mazda MX-5	World Car of the Year	World Car Award
2016	Mazda MX-5	World Car Design of the Year	World Car Award

NOMINATED AS ONE OF THE TOP THREE FINALISTS - INTERNATIONAL

Calendar Year	Model	Award Name	Award Organisation
2020	Mazda CX-30	World Car of the Year	World Car Award
2020	Mazda3	World Car of the Year	World Car Award

SUSTAINABILITY STATEMENT

GOING BEYOND IN ENSURING SATISFACTION

Service The Car, Serve The Customers

BAuto Group works together with its dealers to ensure reasonable customer expectations are met while offering value-added services such as making car servicing more convenient. Good after-sales service is also key to building a lasting customer relationship.

Mazda Mobile Service

The Group's goal has always been to deliver an exceptional customer ownership experience. The Mazda Mobile Service unit in Malaysia has elevated vehicle maintenance service levels by bringing the service centre to customers' doorsteps. Mazda is the first automotive brand in Malaysia to provide home maintenance service for owners' convenience.

The Mazda Mobile Service unit is operated by well-trained mechanics and technicians that follow Mazda's standard operating procedures.

Mazda Mobile Service Unit Services

Scheduled maintenance service	Motor oil and oil filter replacement
Battery inspection	Air filter and cabin filter replacement
Coolant check	Wiper blades replacement
Brake pads and brake fluid replacement	Auto transmission fluid replacement

Monitoring Satisfaction

BAuto Group has taken new initiatives to reach high product quality standards that meet or exceed customers' expectations. Customer feedback is elicited in a number of ways such as conducting surveys on customer satisfaction and perceptions of quality. Regular engagement is conducted in which customers are asked for their frank opinions of driving comfort and product satisfaction. Customer feedback provides key learning about customer requirements and is the driving force as it compels BAuto Group to improve quality and service.

Customer Surveys Conducted in Malaysia

Financial Year	Total Surveyed	Positive Feedback[@]
2018	7,082	91.5%
2019	7,407	90.5%
2020	6,027	98.5%

[@] The percentage of positive feedback for the financial year 2018 and 2019 has been restated by excluding those customers who did not respond to the survey from the total population

BAP engaged a third-party expert last year to conduct an independent customer satisfaction survey in the Philippines. A total of 853 customers were surveyed between May 2019 and April 2020 and 89.4% of the feedback has been positive.

CUSTOMER PRIVACY

Respecting customers' privacy is essential for maintaining their trust in the business. Managing privacy risks effectively, and putting customers in control of their data, is of paramount importance.

BAuto Group's privacy policies and framework govern how customers' information is collected, used and managed. The confidentiality of their personal communications and any choices that they have made regarding the collection, use and management of their data is respected at all times. Personal data protection is one of the Group's highest priorities and is central to BAuto's Code of Conduct that all employees, suppliers and business associates are required to adhere to.

The safekeeping and recording of customers' data are guaranteed by each department. Heads of Department work with the IT team to keep such information secure at all times. In Malaysia, Bermaz Group's employees and dealers are constantly reminded of the Personal Data Protection Act 2012 and all relevant legal rules, regulations and guidelines.

During the financial year, BAP introduced a Data Privacy Disclosure Agreement to all its dealers requiring their customers to sign off all pertinent documents such as repair orders as well as service and sales invoices.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("Board") of Bermaz Auto Berhad ("the Company") recognises the importance of corporate governance towards promoting business growth, increasing financial strength and well-being and corporate accountability to protect and enhance shareholders' value as well as the interest of the Company.

The Board is committed in ensuring that the Company and its subsidiaries (collectively "the Group") carries out its business operations within the required standards of corporate governance as set out in the Malaysian Code on Corporate Governance ("MCCG").

This Corporate Governance Overview Statement ("CG Statement") provides a summary of the corporate governance practices of the Company during the financial year ended 30 April 2020 ("FYE 2020") with reference to the three key Principles of good corporate practices as set out in the MCCG. This CG Statement is prepared in compliance with Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and it is to be read together with the Company's Corporate Governance Report ("CG Report") for FYE 2020 which is available on Bursa Securities website at https://www.bursamalaysia.com.

The CG Report provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year ended 30 April 2020. The Board considers the Company to have substantially complied with the MCCG throughout FYE 2020 save for the exceptions which are fully described in the CG Report.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

BOARD RESPONSIBILITIES

The Board is responsible for the performance and affairs of the Group and to provide leadership and guidance for setting strategic direction for the Group.

The Board is led by the Executive Chairman and is supported by the Chief Executive Officer ("CEO") and other Board members with experience in wide range of expertise and they collectively play an important role in the stewardship of the direction and operations of the Group.

The Board has delegated to the CEO the day-to-day Management of the Group. The CEO manages the Group in accordance with the strategies and policies approved by the Board. He also leads the senior management of the subsidiary companies in making, implementing and managing the day-to-day decisions on the business operations, the Group's resources and the associated risks involved while pursuing the corporate objectives of the Group.

The CEO and Management meet regularly to review and monitor the performance of the Group's operations. The CEO briefs the Board on the Group's business operations and management's initiatives during board meetings.

Non-Executive Directors are not involved in the day-to-day Management of the Group but contribute their own particular expertise and experience in the development of the Group's overall business strategy. Their participation as members of the various Board Committees also contributed towards the enhancement of the corporate governance and controls of the Group.

SEPARATION OF POSITIONS OF THE EXECUTIVE CHAIRMAN AND CEO

The positions of the Executive Chairman and CEO are held by different individuals. The roles and responsibilities of the Executive Chairman and CEO are distinct and separated to ensure that there is a balance of power and authority. The Executive Chairman is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board. The CEO is responsible for overseeing the day-to-day management of the Group's businesses and implementing Board's policies and decisions. The CEO in association with the Chairman jointly oversees some of the divisional function of the Group.

BOARD COMMITTEES

The Board has established the following Board Committees ("Committees") which consist of a majority of Independent Non-Executive Directors to support the Board in discharging its oversight function and to ensure that there are appropriate checks and balances in place:-

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee ("RMC")
- Sustainability Working Committee (sub-committee of RMC)
- Employees' Share Scheme Committee

These Committees play a significant part in reviewing matters within each Committee's terms of reference and facilitating the Board's discharge of its duties and responsibilities. Each of these Committees has specific terms of reference, scope and specific authorities to review matters and report to the Board with their recommendations. The Board may also form such other committees from time to time as dictated by business imperatives and/or to promote operational efficiency. Notwithstanding the above, the ultimate responsibility for decision making still lies with the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

COMPANY SECRETARY

The Board is supported by suitably qualified, experienced and competent Company Secretaries who are members of the professional body namely, Malaysian Institute of Chartered Secretaries and Administrators and they are also qualified under the Companies Act 2016. The Company Secretaries play an advisory role to the Board in relation to the Company's Constitution and advises the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and all the statutory records of the Company are properly maintained at the Registered Office of the Company.

The Company Secretaries have also been continuously attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and regulatory requirements that are relevant to their profession and enabling them to provide the necessary advisory role to the Board.

BOARD MEETING AND MEETING MATERIALS

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Other than quarterly Board meetings, additional Board meetings may be convened as and when necessary to consider urgent proposals or matters that require the Board's expeditious review or consideration. The Board members will deliberate and in the process, assess the viability of the business and corporate proposals and the principal risks that may have significant impact on the Group's business or on its financial position and the mitigating factors. All Board approvals sought are supported with all the relevant information and explanations required for an informed decision to be made.

In the intervals between Board meetings, any matters requiring urgent Board decisions or approvals will be sought via circular resolutions of the Directors and these are supported with all the relevant information and explanations required for an informed decision to be made.

Prior to the Board and Committee Meetings, the Directors will be provided with the relevant agenda and Board papers five (5) business days' notice to enable them to have an overview of matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Board papers provide, among others, the minutes of preceding meetings of the Board and Committees, summary of dealings in shares by the directors or affected persons and directors' circular resolutions, reports on the Group's financial statements, operations, any relevant corporate developments and proposals.

Further, there is also a schedule of matters reserved for Board's deliberations and decision, including among others, to review, evaluate, adopt and approve the policies and strategic plans for the Company and the Group. This is to ensure that the strategic plan of the Company and the Group supports long term value creation including strategies on economic, environmental and social considerations underpinning sustainability, as well as to review, evaluate and approve any material acquisitions and disposals of undertakings and assets in the Group and approval of any new major ventures.

ACCESS TO INFORMATION AND ADVICE

The Directors shall have unrestricted access to the advice and services of the Company Secretaries and Senior Management staff in the Group to assist them in carrying out their duties. They may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.

BOARD CHARTER, ETHICAL STANDARDS THROUGH CODE OF ETHICS, CODE OF CONDUCT, WHISTLEBLOWING POLICY AND PROCEDURES AND ANTI-BRIBERY AND CORRUPTION POLICY

The Board has the following in place:-

(a) Board Charter

The Board has adopted a Board Charter to promote the standards of corporate governance and clarifies, among others, the roles and responsibilities of the Board, Board Committees and individual Directors.

The Board Charter is subject to review by the Board annually to ensure that it remains consistent with the Board's roles and responsibilities as well as the prevailing legislation and practices. The Board Charter is also available on the Company's website at https://www.bauto.com.my.

(b) Code of Ethics for Director

The Board has also adopted a Code of Ethics for Directors ("Code") which is incorporated in the Board Charter. The Code was formulated to enhance the standard of corporate governance and to promote ethical conduct of the Directors.

(c) Code of Conduct and Business Ethics

The Group has established and adopted a Code of Conduct covering Business Ethics, workplace safety and employees' personal conduct for all employees of the Company and all of its subsidiaries. This is to ensure that all employees and Directors maintain and enforce the highest standards of ethics and professional conduct in the performance of their duties and responsibilities throughout the organisation. All employees and Directors of the Company are required to declare that they have received, read and understood the provisions of the Code of Conduct and agreed to comply with its terms throughout their employment or tenure with the Company.

The Board will periodically review the Code of Conduct and the Code of Conduct is available on the Company's website at https://www.bauto.com.my.

(d) Whistleblowing Policy and Procedures

The Company acknowledges the importance of lawful and ethical behaviours in all its business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of its business and affairs in its workplace.

The Group has in place a Whistleblowing Policy which serves as an internal disclosing channel in relation to whistleblowing at work place to enable employees to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct at the workplace on a confidential basis and pursuant to the Malaysian Whistleblower Protection Act 2010 or other similar law prevailing in other countries where the subsidiary companies are located, without fear of any form of victimization, harassment, retribution or retaliation.

Employees also have free access to the Executive Chairman and the CEO of the Company and may raise concerns of non-compliance to them.

The Whistleblowing Policy can be accessed on the Company's website at https://www.bauto.com.my.

(e) Anti-Bribery and Corruption Policy

The Group has adopted a zero-tolerance approach against all forms of bribery and corruption in all its business dealings.

The establishment of this Anti-Bribery and Corruption Policy demonstrates the Group's commitment to the highest possible standards of openness, honesty, transparency and accountability in all the Group's business dealings.

The Anti-Bribery and Corruption Policy sets out the Group's expectations on all its employees, including Directors and the requirements relating to the prohibition, recognition, reporting and investigation of suspected bribery, corruption and other similar irregularities.

The Anti-Bribery and Corruption Policy can be accessed on the Company's website at https://www.bauto.com.my.

SUSTAINABILITY STRATEGIES

The Board views the commitment to promote sustainability strategies in the economic, environmental and social aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

The Group strives to achieve a long term sustainability balance between meeting its business goals, preserving the environment to sustain the ecosystem and improving the welfare of its employees and the communities in which it operates. The Group's efforts to promote sustainability initiatives for the communities in which it operates and its employees have been set out in the Sustainability Statement in this Annual Report.

BOARD COMPOSITION

The Board of the Company currently has eight (8) members. Six (6) of them are Independent Non-Executive Directors. The remaining are the Executive Chairman and the CEO. The profiles of the Directors are set out on pages 04 to 08 of this Annual Report.

The present composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements of Bursa Securities which requires at least one third (1/3) of the Board members of a listed issuer to be Independent Directors. In addition, the Company is categorized as a Large Cap Company. Accordingly, the present Board composition of the Company is also in compliance with the requirements under Practice 4.1 of the MCCG which states that the Board members shall comprise a majority of Independent Directors.

The current Board composition provides an adequate mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship and responsibilities.

The strong presence of a majority of Independent Non-Executive Directors provides effective checks and balances on the decision making process of the Board. The significant contributions of the Independent Directors in the decision making process is evidenced in their participation as members of the various committees of the Board. Hence, they are able to carry out their duties and provide an unfettered and unbiased independent judgement and to promote good corporate governance in their role as Independent Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARDROOM DIVERSITY

The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.

The Board also recognises that having a range of different skills, backgrounds, experience and diversity is essential to ensure a broad range of viewpoints to facilitate optimal decision making and effective governance.

The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. Thus, the Company does not set any specific target for boardroom diversity but will continuously strive to meet the targets for gender diversity requirements and will actively take the necessary measures towards promoting a corporate culture that embraces gender diversity in the boardroom.

Currently, the Board has two (2) female members and they represent about 25% ratio of the full Board.

It is noted that the Company takes diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company.

The Company is committed to maintaining an environment of respect for people regardless of their gender in all business dealings and achieving a workplace environment free of harassment and discrimination on the basis of gender, physical or mental state, ethnicity, nationality, religion or age. The same principle is applied to the selection of potential candidates for appointment to the Board.

The Board has in place its Diversity Policy for the Company and a copy of the Board Diversity Policy is available on the Company's website at https://www.bauto.com.my.

TIME COMMITMENT

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. During the financial year ended 30 April 2020, the Board met five (5) times and the attendances of the Directors at the Board meetings were as follows:-

Directors	Attendance
Dato' Sri Yeoh Choon San (Executive Chairman)	5/5
Dato' Lee Kok Chuan (CEO)	5/5
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin#	4/5
Dato' Abdul Manap Bin Abd Wahab#	4/5
Mr Loh Chen Peng#	5/5
Datuk Syed Hisham Bin Syed Wazir#	4/5
Dato' Kalsom Binti Abd. Rahman#	5/5
Puan Adibah Khairiah Binti Ismail @ Daud#	5/5

Notes:
Independent Non-Executive Director

All the Directors have remained fully committed in carrying out their duties and responsibilities and are able to give sufficient time commitment to their duties and responsibilities as reflected in their attendance at the Board meetings held during the financial year ended 30 April 2020.

All the Directors of the Company have confirmed that they do not hold more than five (5) directorships in listed issuers pursuant to paragraph 15.06 of the Main Market Listing Requirements of Bursa Securities. They are required to notify the Executive Chairman of the Board before accepting new directorships outside the Group and indicating the time that will be spent on the new directorship. Similarly, the Executive Chairman of the Board shall also do likewise before taking up any additional appointment of directorships.

DIRECTORS' TRAINING

All the Directors had attended the Mandatory Accreditation Programme as prescribed by Bursa Securities. The Board and/or the Directors individually will, on a continuous basis, evaluate and determine their respective training needs to assist them in the discharge of their duties as Directors.

The Board believes that continuous training for Directors is vital for the Board members to enhance their skills and knowledge and to enable them to discharge their duties effectively. As such, the Directors will continuously attend

the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current developments in the automotive and related industries as well as the current changes in laws and regulatory requirements.

The Board is also updated by the Company Secretaries on the relevant training programmes relating to the regulatory, governance, industry related and current issues on an on-going basis.

During the financial year, the training programmes, seminars and conferences attended by the Directors were as follows:-

Directors	Training Programmes/Seminars/Conferences
Dato' Sri Yeoh Choon San	• BFM – CEO Forum – New Malaysia, New Automobile Policy • Executive Talk on Integrity and Governance
Dato' Lee Kok Chuan	• Executive Talk on Integrity and Governance
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	• Corporate Governance and Anti-Corruption Training
Dato' Abdul Manap Bin Abd Wahab	• Audit Oversight Board Conversation with Audit Committees • ICDM International Directors Summit 2019
Mr Loh Chen Peng	• Corporate Governance • Bursa Malaysia Thought Leadership Series – Leadership Greatness in Turbulent Times: Building Corporate Longevity • Corporate Governance Advocacy Programme – Cyber Security in the Boardroom • Power Talk • ICDM International Directors Summit 2019
Datuk Syed Hisham Bin Syed Wazir	• Audit Oversight Board Conversation with Audit Committees • ICDM International Directors Summit 2019
Dato' Kalsom Binti Abd. Rahman	• ICDM : Masterclass Board Evaluation : if not why not • ICDM International Directors Summit 2019 • PNB Corporate Summit 2019
Puan Adibah Khairiah Binti Ismail @ Daud	• PNB Leadership Forum 2019 • Mandatory Accreditation Programme • CPE Workshop: Leadership in Digital World: Managing Integration of Digital Series, Technology Execution and Measurement for Leaders • ICDM International Directors Summit 2019 • PNB Corporate Summit 2019 • YTI Memorial Lecture • Capital Market Directors Programme • Section 17A Corporate Liability Training • Anti-Money Laundering Act

APPOINTMENT TO THE BOARD

The Company has a Nomination Committee, which comprises exclusively of Independent Non-Executive Directors. The members are as follows:-

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Chairman/Independent Non-Executive Director
Dato' Abdul Manap Bin Abd Wahab	Member/Independent Non-Executive Director
Mr Loh Chen Peng	Member/Independent Non-Executive Director
Puan Adibah Khairiah Binti Ismail @ Daud	Member/Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman of the Nomination Committee, Dato' Syed Ariff Fadzillah Bin Syed Awalluddin is an Independent Director and has been identified as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed.

The composition, authority as well as the duties and responsibilities of the Nomination Committee are set out under its Terms of Reference and is available on the Company's website at https://www.bauto.com.my.

The Board delegates to the Nomination Committee the responsibility of recommending the appointment of any new Director. The Nomination Committee is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits.

The process for the appointment of a new director is summarised in the sequence as follows:-

1. The candidate is identified upon the recommendation by the existing Directors, Senior Management staff, shareholders and/or other independent source such as external consultants;

2. In evaluating the suitability of candidates to the Board, the Nomination Committee considers, inter alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as Independent Non-Executive Directors, the candidate's independence;

3. Recommendation to be made by Nomination Committee to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary; and

4. Decision to be made by the Board on the proposed new appointment, including appointment to the various Board committees.

ANNUAL ASSESSMENT

The Nomination Committee reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. The evaluation involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. The criteria for the evaluation are guided by the Corporate Governance Guide issued by Bursa Securities. The evaluation process also involved a peer and self-review assessment, where Directors will assess their own performance and that of their fellow Directors. These assessments and comments by all Directors were summarised and discussed at the Nomination Committee meeting which were then reported to the Board at the Board Meeting held thereafter. All assessments and evaluations carried out by the Nomination Committee in the discharge of its duties are properly documented.

During the financial year ended 30 April 2020, the Nomination Committee had carried out the following activities:

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- recommended to the Board, the Directors who are retiring and being eligible, for re-election;
- reviewed and assessed the performance of each individual Director, independence of the Independent Directors, effectiveness of Board and Board Committees;
- reviewed the performance of the Audit Committee and its members;
- recommended to the Board, the retention of Independent Directors; and
- reviewed and assessed the financial literacy of the Audit Committee Members.

RE-ELECTIONS OF DIRECTORS

The Nomination Committee also conducted an assessment of the Directors who are subject to retirement at the forthcoming annual general meeting ("AGM") in accordance with the provisions of the Constitution of the Company and the relevant provisions of the Companies Act 2016.

The Company's Constitution provides that a Director appointed during the year is required to retire and to seek approval for re-election by shareholders at the following AGM immediately after their appointment. The Clause also requires that one-third (1/3) of the Directors shall retire by rotation and they are eligible to seek re-election at each AGM and that each Director shall submit himself/herself for re-election once every three (3) years.

The Nomination Committee is also responsible for recommending to the Board those Directors who are eligible to stand for re-election.

At the forthcoming Tenth AGM, the following Directors who are due for retirement and are eligible for re-election pursuant to Clause 117 of the Company's Constitution are as follow:-

Directors	Retiring pursuant to
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin*	Clause 117
Mr Loh Chen Peng*	Clause 117
Dato' Kalsom Binti Abd. Rahman	Clause 117

Note:
* Both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng have given notice that they do not wish to seek for re-election at the forthcoming Tenth AGM. Hence, both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng will retire from office at the conclusion of this Tenth AGM.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

TENURE OF INDEPENDENT DIRECTORS

Pursuant to Practice 4.2 of the MCCG, the tenure of an Independent Director does not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, an Independent Director may continue to serve on the board as a Non-Independent Director.

However, the retention of Independent Directors after serving a cumulative term of nine (9) years shall be subject to annual shareholders' approval in line with the best practice of the MCCG. The tenure of an Independent Director shall not exceed a cumulative term of twelve (12) years.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectivity in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

The Board is also confident that the Independent Directors themselves, after having provided all the relevant confirmations on their independence, will be able to determine if they can continue to bring independent and objective judgement during Board deliberations and decision making.

In order to be in line with the best practice of MCCG, the Company has obtained advance shareholders' approval at the previous year AGM held on 4 October 2019 for the retention of Dato' Syed Ariff Fadzillah Bin Syed Awalluddin, Mr Loh Chen Peng and Dato' Abdul Manap Bin Abd Wahab as Independent Directors prior to their tenure reaching a cumulative term of nine (9) years after 27 July 2020.

As at the date of this Statement, Dato' Syed Ariff Fadzillah Bin Syed Awalluddin, Mr Loh Chen Peng and Dato' Abdul Manap Bin Abd Wahab have served a cumulative term of nine (9) years as Independent Non-Executive Directors of the Company.

Hence, both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng have given notices that they do not wish to seek for retention as Independent Non-Executive Directors of the Company and will retire from the office immediately after the conclusion of the forthcoming Tenth AGM.

In order to be in line with Practice 4.2 of the MCCG, Dato' Abdul Manap Bin Abd Wahab shall continue to serve the Board and remain as an Independent Director of the Company until the conclusion of the forthcoming Tenth AGM. Thereafter, Dato' Abdul Manap Bin Abd Wahab will be redesignated as Non-Independent Non-Executive Director of the Company immediately after the conclusion of the forthcoming Tenth AGM.

ANNUAL ASSESSMENT OF INDEPENDENCE

The Board recognises the importance of independence and objectivity in its decision making process. The presence of the Independent Non-Executive Directors is essential in providing unbiased and impartial opinion, advice and judgment to ensure the interests of the Group, shareholders, employees, customers and other stakeholders in which the Group conducts its businesses are well represented and taken into account.

The Board, through the Nomination Committee, has assessed the Independence of its Independent Non-Executive Directors on an annual basis based on criteria set out in the Main Market Listing Requirements of Bursa Securities.

The current Independent Directors of the Company have fulfilled the criteria of "independence" as prescribed under Chapter 1 of the Main Market Listing Requirements of Bursa Securities.

REMUNERATION POLICIES AND PROCEDURES

The Company has a Remuneration Committee, which comprises exclusively Non-Executive Directors, all of whom are Independent Directors. The members are as follows:-

Dato' Abdul Manap Bin Abd Wahab	Chairman/Independent Non-Executive Director
Mr Loh Chen Peng	Member/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Independent Non-Executive Director
Dato' Kalsom Binti Abd. Rahman	Member/Independent Non-Executive Director

The composition, authority as well as the duties and responsibilities of the Remuneration Committee are set out under its Terms of Reference and is available at the Company's website at https://www.bauto.com.my.

The Board has in place a Remuneration Policy that supports the Directors and key senior management in carrying out their responsibilities and fiduciary duties in steering the Group to achieve its long-term goals and enhance shareholders' value. The Board's objective in this respect is to offer a competitive remuneration package in order to attract, motivate, retain and reward Directors and key senior management who will manage and drive the Company's success.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board has delegated to the Remuneration Committee to implement its Remuneration Policy. The Remuneration Policy is subject to regular review by the Remuneration Committee and will be amended as appropriate to align with the current market practices and requirement of the MCCG and any other new requirements. The Remuneration Policy is also available on the Company's website at https://www.bauto.com.my.

The primary function of the Remuneration Committee is to set up the policy framework and to recommend to the Board on remuneration packages and other terms of employment of the Executive Directors. The remuneration of Directors is determined at levels which enables the Company to attract and retain Directors with the relevant experience and expertise to manage the business of the Group effectively.

The remuneration of key senior management is determined at a level which enables the Company to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

Both the remuneration of Executive Directors and key senior management are structured so as to link rewards to the achievement of individual and corporate performance.

The Remuneration Committee is also responsible to review the remuneration packages of the Non-Executive Directors of the Company and thereafter recommend to the Board for their consideration with the Director concerned abstaining from deliberations and voting on decision in respect of his/her individual remuneration package. The recommended level of remuneration shall reflect the experience and the level of responsibilities undertaken by each Non-Executive Director. The Board will then recommend the yearly Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at the Annual General Meeting in accordance with Section 230(1) of the Companies Act 2016.

Details of the Directors' remuneration paid or payable to all Directors by the Company and the Group and categorized into appropriate components for the financial year ended 30 April 2020 were as follows:-

(a) Individual Director on a named basis

Company	RM					
	Fees	Salaries and Other Emoluments	Incentive	Bonus	Benefits in-kind	Total
Executive Directors						
Dato' Sri Yeoh Choon San	-	-	-	-	-	-
Dato' Lee Kok Chuan	-	-	-	-	-	-
Non-Executive Directors						
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	53,398	8,800	-	-	-	62,198
Dato' Abdul Manap Bin Abd Wahab	53,398	11,300	-	-	-	64,698
Mr Loh Chen Peng	53,398	14,300	-	-	-	67,698
Datuk Syed Hisham Bin Syed Wazir	53,398	9,200	-	-	-	62,598
Dato' Kalsom Binti Abd. Rahman	53,398	6,000	-	-	-	59,398
Puan Adibah Khairiah Binti Ismail @ Daud	53,398	8,200	-	-	-	61,598
	320,388	**57,800**	**–**	**–**	**–**	**378,188**

Group	RM					
	Fees	Salaries and Other Emoluments	Incentive	Bonus	Benefits in-kind	Total
Executive Directors						
Dato' Sri Yeoh Choon San	-	2,922,326	1,600,000	-	24,600	4,546,926
Dato' Lee Kok Chuan	-	2,456,185	-	472,410	24,600	2,953,195
Non-Executive Directors						
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	53,398	8,800	-	-	-	62,198
Dato' Abdul Manap Bin Abd Wahab	53,398	11,300	-	-	-	64,698
Mr Loh Chen Peng	53,398	14,300	-	-	-	67,698
Datuk Syed Hisham Bin Syed Wazir	53,398	9,200	-	-	-	62,598
Dato' Kalsom Binti Abd. Rahman	53,398	6,000	-	-	-	59,398
Puan Adibah Khairiah Binti Ismail @ Daud	53,398	8,200	-	-	-	61,598
	320,388	**5,436,311**	**1,600,000**	**472,410**	**49,200**	**7,878,309**

(b) the top five key executives in bands of RM50,000 on an aggregate basis

Top 5 Key Executives in Bands of RM50,000 on an Aggregate Basis	Number of Key Executives
RM650,001 to RM700,000	1
RM450,001 to RM500,000	2
RM400,001 to RM450,000	2
	5

Although the MCCG has recommended that the Company should disclose on a named basis, the detailed remuneration of the top five (5) Senior Management, the Board has opined that it is inappropriate to make such disclosure on the remuneration of Senior Management due to sensitivity of the remuneration package, privacy, security and issue of staff poaching.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

AUDIT COMMITTEE

The Audit Committee is established by the Board and comprises five (5) members, all of whom are Independent Non-Executive Directors. The members are as follows:-

Mr Loh Chen Peng	Chairman/Independent Non-Executive Director
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Member/Independent Non-Executive Director
Dato' Abdul Manap Bin Abd Wahab	Member/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Independent Non-Executive Director
Puan Adibah Khairiah Binti Ismail @ Daud	Member/Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. The composition, authority as well as the duties and responsibilities of the Audit Committee are set out under its Terms of Reference ("TOR") approved by the Board and is available on the Company's website at https://www.bauto.com.my.

The members of the Audit Committee possess a mix of skills, knowledge and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference of the Audit Committee. In addition, the Audit Committee members are financially literate and are able to understand, analyse and challenge matters under the purview of the Audit Committee including the financial reporting process.

The Board is assisted by the Audit Committee to oversee the Group's and Company's financial reporting process and the quality of financial reporting and ensuring that the financial statements comply with the provisions of the Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards in Malaysia.

In presenting the annual audited financial statements to the shareholders, the Board takes responsibility to present a balanced and meaningful assessment of the Group's and Company's financial performance and prospects and ensure that the financial statements reviewed and recommended by the Audit Committee for Board's approval are prepared in accordance with the provisions of the Companies Act 2016, the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards so as to present a true and fair view of the financial position, financial performance and cash flows of the Group and Company.

A statement by the Directors of their responsibilities in the preparation of financial statements is set out in this Annual Report.

In addition, the Audit Committee reviews the annual financial statements and quarterly financial results before they are submitted to the Board for approval.

Besides overseeing the Group's accounting and financial reporting process, Audit Committee is also responsible to assist the Board to review the nature, scope and results of the external audit, its cost effectiveness and the independence and objectivity of the External Auditors, to oversee and monitor the Group internal audit functions, risk management activities and other activities such as governance matters. A full Audit Committee Report detailing its composition and a summary of activities during the financial year is set out in pages 75 to 77 of this Annual Report.

The performance of the Audit Committee is reviewed annually by the Nomination Committee. The evaluation covered aspects such as the members' financial literacy levels, its quality and composition, skills and competencies and the conduct and administration of the Audit Committee meetings.

Based on the evaluation, the Nomination Committee concluded that the Audit Committee has been effective in its performance and has carried out its duties in accordance with its TOR during the financial year ended 30 April 2020.

ASSESSMENT OF EXTERNAL AUDITORS

The Board maintains a transparent and professional relationship with the External Auditors through the Audit Committee. Under the existing practice, the Audit Committee invites External Auditors to attend its meetings at least twice a year to discuss their audit plan and their audit findings on the Company's yearly financial statements. In addition, the Audit Committee will also have private meetings with the External Auditors without the presence of the Executive Chairman, CEO, Chief Financial Officer and Senior Management to enable exchange of views on issues requiring attention.

The Board has delegated to the Audit Committee to perform an annual assessment of the quality of audit which encompassed the performance and caliber of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standards and devising tools to obtain the relevant data. The areas of assessment include among others, the External Auditors' calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees. Assessment questionnaires were used as a tool to obtain input from the Company's personnel who had constant contact with the external audit team throughout the year.

The Audit Committee has adopted an External Auditors Policy ("EA Policy") which outlines the policies and procedures for the Audit Committee to govern the assessment and to monitor the External Auditors. The EA Policy covers, among others, the appointment of External Auditor, assessment of External Auditor, independence of External Auditor, non-audit services including the need to obtain approvals from the Chief Financial Officer/ Executive Director/ Head of Group Accounts or the Audit Committee for non-audit work up to a certain threshold and the annual reporting and rotation of the External Audit Engagement Partner. In addition, the EA policy also included a requirement for a former key audit partner to observe a cooling-off period for at least two (2) years before they can be considered for appointment as a member of the Audit Committee and/or the Board.

To support the Audit Committee's assessment of their independence, the External Auditors will provide the Audit Committee with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. The External Auditors are required to declare their independence annually to the Audit Committee as specified in the By-Laws issued by the Malaysian Institute of Accountants. The External Auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

The Audit Committee also ensures that the External Auditors are independent of the activities they audit and will review the contracts for provision of non-audit services by the External Auditors. The recurring non-audit services were in respect of tax compliance and the annual review of the Statement on Risk Management and Internal Control.

During the financial year, the amount of the statutory audit fees and non-audit fees paid/payable to the External Auditors and its affiliates by the Company and the Group respectively for the financial year ended 30 April 2020 were as follows:-

	Company		Group	
	FYE2020 RM	FYE2019 RM	FYE2020 RM	FYE2019 RM
Statutory audit fees paid/payable to:-				
- Ernst & Young PLT ("EY") Malaysia	75,000	45,000	218,000	246,000
- Affiliates of EY Malaysia	–	–	20,422	–
Total (a)	**75,000**	**45,000**	**238,422**	**246,000**
Non-audit fees paid/payable to:-				
- EY Malaysia	7,000	7,000	7,000	7,000
- Affiliates of EY Malaysia	3,900	3,600	50,010	33,969
Total (b)	**10,900**	**10,600**	**57,010**	**40,969**
% of non-audit fees (b/a)	**15%**	**24%**	**24%**	**17%**

In considering the nature and scope of non-audit fees, the Audit Committee was satisfied that they were not likely to create any conflict or impair the independence and objectivity of the External Auditors.

Upon completion of the assessment, the Audit Committee will make recommendation for re-appointment of the External Auditors to the Board. The Board will in turn recommend the proposed appointment to the shareholders for approval at the AGM.

The details on the activities and functions of the Audit Committee are set out in the Audit Committee Report on pages 75 to 77 of this Annual Report.

RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Company has a Risk Management Committee ("RMC") which comprises a majority of Independent Directors. The members are as follows:-

Mr Loh Chen Peng	Chairman/Independent Non-Executive Director
Dato' Sri Yeoh Choon San	Member/Executive Chairman
Dato' Lee Kok Chuan	Member/Chief Executive Officer
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Member/Independent Non-Executive Director
Dato' Abdul Manap Bin Abd Wahab	Member/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Independent Non-Executive Director

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board regards risk management and internal controls as integral parts of the overall management process. The following represents the key elements of the risk management and internal control structure:-

(a) An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;

(b) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;

(c) Active participation and involvement by the Executive Chairman and CEO (cum RMC member) as well as the Chief Financial Officer ("CFO") in the daily running of the business and regular discussions with the respective Heads of Department on operational issues; and

(d) Monthly financial reporting to the Executive Chairman and CEO.

The Board has tasked the RMC, the responsibility to oversee the risk management framework of the Group, reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval. This enables the Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an on-going basis, including remedial measures to be taken to address the risks. The Group continues to maintain and review its risk management and internal control procedures to ensure, as far as it is possible, the protection of its assets and its shareholders' investments.

The RMC has adopted an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks to an optimal level. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated approach entity-wide. It outlines the ERM methodology focussing on risk ownership and continuous monitoring of key risks identified.

INTERNAL AUDIT FUNCTION

The Board acknowledges its overall responsibility for the Group's system of internal control and its effectiveness as well as reviewing its adequacy and integrity to safeguard the Group's assets and the shareholders' investments.

For the financial year ended 30 April 2020, the internal audit function was outsourced to an external professional firm, Messrs PKF Advisory Sdn Bhd, based on the plan approved by the Audit Committee, to assist the Board in maintaining a sound system of internal control for the purposes of safeguarding the Group's assets and the shareholders' investment.

Details of the Group's Risk Management and Internal Control Framework are set out in its Statement on Risk Management and Internal Control on pages 72 to 74 of this Annual Report.

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

COMMUNICATION WITH STAKEHOLDERS

The Company maintains an effective channel of communication with its shareholders, institutional investors and the public at large with the objective of providing a clear and complete picture of the Group's performance and financial position. The provision of timely information is of paramount importance to assist the shareholders and investors to make an informed decision on their investments. However, whilst the Company endeavours to provide as much information as possible to its shareholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The various channels of communications are through the quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, meetings with analysts and fund managers, general meetings of shareholders and through the Company's website at https://www.bauto.com.my where shareholders can access corporate information, annual reports, press releases, financial information and Company's announcements.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CONDUCT AT GENERAL MEETINGS

The Company regards the AGM as the principal forum for dialogue and interactions with private and institutional shareholders and aims to ensure that the AGM provides an important opportunity for effective communication with and constructive feedback from the Company's shareholders. The AGM will provide an opportunity for shareholders to seek clarifications from the Board and Senior Management on issues pertaining to the Annual Report, audited financial statements and the businesses of the Group. The Executive Chairman and the CEO will respond to shareholders' questions at the AGM.

The Company despatches its notice of meeting at least twenty-eight (28) days before the AGM together with a copy of the Annual Report and an Administrative Details to the shareholders of the Company. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate in person or through corporate representatives, proxies or attorneys. More importantly, it enables the shareholders to consider the resolutions and make an informed decision in exercising their voting rights at the general meeting. Each item of special business included in the Notice of AGM is accompanied by a brief explanatory statement on the proposed resolution to facilitate a better understanding and evaluation of issues involved.

The shareholders present at the general meetings are given sufficient time and opportunity to participate in the question and answer sessions with regard to the proposed resolutions, the Group's financial performance and operations.

All Board members (including all members of the Board Committees), the CFO, Senior Management and the External Auditors of the Company attended the last AGM and provided meaningful responses to shareholders' queries during the meeting.

POLL VOTING

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Securities, the Company is required to ensure that all resolutions set out in the notice of general meetings is voted by poll.

At the Company's previous AGM held on 4 October 2019, all the resolutions passed by the shareholders at the AGM were voted by way of a poll. The shareholders were briefed on the voting procedures by the Share Registrar while the results of the poll were verified and announced by the independent scrutineer, Messrs Boardroom Corporate Services Sdn. Bhd.

The Company Secretaries will announce the poll results of the AGM with details on the number of votes cast for and against for each resolution and the respective percentage on the same day to Bursa Securities. The minutes of the AGM will also be made available on the Company's website after it has been confirmed and signed by the Chairman of the AGM.

The Company has implemented electronic voting system to expedite verification and counting of votes in the previous AGM held on 4 October 2019. Moving forward, the Company will be leveraging on the use of technology to facilitate the voting in absentia and/or remote shareholders' participation at general meetings in view of the current global COVID-19 pandemic.

This CG Overview Statement was approved by the Board of Directors of the Company on 6 August 2020.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This statement is prepared in accordance with the requirement under Paragraph 15.26(b) of Bursa Malaysia Securities Berhad ("Bursa Securities")'s Main Market Listing Requirements ("Listing Requirements") and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers" and Practice Note 9 issued by Bursa Securities.

The Board is committed to maintaining a sound system of risk management and internal controls whilst continuing to uphold and implementing a strong culture and environment for the proper conduct of the Group's business operations.

Set out below is the Board's Statement on Risk Management and Internal Control ("the Statement") for the financial year ended 30 April 2020 which outlines the nature and scope of risk management and internal control of the Group.

RESPONSIBILITY

The Board recognises that it is responsible for the Group's risk management and system of internal control and for reviewing its respective adequacy and integrity. Notwithstanding that, in view of the limitations that are inherent in any system of internal control, the Group's system can only provide reasonable assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives. Responsibility for internal control systems covers not only financial controls but also operational, organisational and compliance controls, and reviewing the adequacy and integrity of these systems.

The implementation of these control systems were taken by the management who regularly report on risks identified and action steps taken to mitigate and/or minimise the risks. The oversight of this critical area is carried out by the Audit Committee ("AC") and the Risk Management Committee ("RMC"). The AC comprises solely of Independent Non-Executive Directors whilst the RMC comprises the majority of Board Members and the Head of Risk Management and Investor Relations in the capacity of Secretary.

The Board's primary objective and direction in managing the Group's principal business risks and sustainability issues are to enhance the Group's ability to achieve its business objectives. In order to achieve these objectives, the Board has identified, evaluated and managed the significant risks and sustainability issues being faced by the Group by monitoring the Group's performance and profitability at its Board meetings. The management of the Group as a whole is assigned to the Executive Chairman ('EC") and the Chief Executive Officer ("CEO").

RISK MANAGEMENT

The RMC has been established by the Company and it has adopted an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks/sustainability issues. In line with the Group's commitment to deliver sustainable value, this framework aims to provide an integrated approach entity-wide. It outlines the ERM methodology, focussing on risk and sustainability ownership and continuous monitoring of key risks/sustainability issues identified.

The context within which the Group manages the risks/sustainability issues and key focus of accountability are as follows:

Strategic risks are primarily caused by events that are external to the Group, but have significant impact on its strategic decisions or activities. Accountability for managing strategic risks thus rests with the Board, EC and CEO. The benefit of effectively managing strategic risks is that the Group is less likely to be affected by some external events that calls for significant changes.

Operational risks are inherent within the Group. Typically, some of the risks covers foreign exchange, credit, competency, technology and recruitment. Senior management needs on-going assurance that operational risks are identified and managed. Accountability for managing operational risks rests specifically with the Head of Departments and corresponding line managers.

In this context, ERM aligns BAuto's strategy, processes, people, technology and knowledge with the purpose of evaluating and managing the risks that the Group faces as it creates value.

The RMC is supported by the Sustainability Working Committee ("SWC") which maintains the risk and sustainability oversight within the Group at the management level, as outlined in the ERM framework. At the Board level, the RMC assumes the oversight and strategic role of ERM. The Board assists these Committees in discharging its risk management responsibilities.

The SWC facilitates the risk and sustainability assessment process by providing independent enquiry on risk/sustainability identification and risk/sustainability ratings determination by the respective process owners (line managers) based on the risk/sustainability appetite set by the Board. Heads of Department are responsible for identifying, analysing and evaluating risks/sustainability issues, as well as developing, implementing and monitoring risk/sustainability action plans and reporting key risks/sustainable issues to the RMC.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board has received assurance from its EC, CEO and Chief Financial Officer that the Group's risk/sustainability management and internal control systems are operating adequately and effectively, in all material aspects.

During the financial year under review, two (2) RMC meetings were held to review the principal business risks faced by the Group and remedial measures to address the risks within the risk appetite of the Group.

ASSURANCE MECHANISM

The Board has assigned the AC with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. The AC receives assurance reports from the Internal Auditors on findings from their visits to the operating units, as well as from the External Auditors on areas for improvement identified during the course of their statutory audit. The Board reviews the minutes of the AC's meetings. The Report of the AC is set out on pages 75 to 77 of the Annual Report.

MANAGEMENT STYLE AND CONTROL CONSCIOUSNESS

The EC, CEO and management practised "close to operations" policy within the ERM framework, which encompasses various scheduled management meetings as well as conducting regular reviews of financial and operations reports. These provide the platform for timely identification of the Group's risks and systems to manage risks. The EC and CEO updates the Board on any significant matters which require the latter's attention.

At Bermaz Motor Sdn Bhd ("Bermaz") and Bermaz Motor Trading Sdn Bhd ("BMT"), the Group's principal subsidiary companies, operations are centrally managed from its Glenmarie Head Office. In Malaysia, BMT has a Northern Regional office in Penang island and this office is staffed by experienced personnel to ensure that the operations in Penang and its surrounding states are well controlled and in line with the operating procedures. Monthly visits by the Head of National Sales and periodic visits by BAuto's EC and CEO are made to ensure that the business plans and targets for the Northern Regional office are met.

Similarly, the overseas operations of its subsidiary in the Philippines, Bermaz Auto Philippines Inc., is being managed by its Chief Executive Officer ("Philippine CEO") and ably assisted by a core team of experienced personnel. Regular reporting on performance of the Philippine business is provided by the Philippine CEO to BAuto's EC and CEO, who also make regular field visits to the Philippines subsidiary for the purpose of conducting performance review meetings, thus ensuring the business plans and targets for the Philippines operations are achieved.

The Group's system of risk management and internal control does not apply to associated companies which it does not have any direct control over their operations.

INTERNAL AUDIT FUNCTION

The Board recognises that effective monitoring on a continuous basis is a vital component of a sound internal control system. In this respect, the Internal Auditors provide the AC with independent and objective reports on the state of internal controls of the operating units within the Group to assist the AC in monitoring and assessing the effectiveness of the internal control system. Observations from Internal Auditors are presented to the AC together with management's responses and proposed action plans for its review. The action plans are then followed up during subsequent internal audits with implementation status reported to the AC.

The Group has engaged an external service provider, PKF Advisory Sdn. Bhd., as Internal Auditors to carry out the internal audit function. The Internal Auditors report directly to the AC. The scope of work covered by the internal audit function is determined by the AC after careful consideration and discussion of the audit plan with the Board.

KEY FEATURES OF THE INTERNAL CONTROL SYSTEM

Some key features of the Group's system of internal control include:

- Clear organisation structure with defined reporting lines;
- Capable workforce and continuous training efforts;
- Monitoring mechanisms in the form of financial and operations reports, and scheduled management meetings;
- Formal employee appraisal system which enables appraisal of employees and rewarding employees based on performance;
- Formal operating procedures which set out the expected standards for its operations;
- Surprise checks on branch and overseas operations to ensure compliance with the Group's policies and procedures;
- Independent assurance on the system of internal control from regular internal audit visits;
- Business continuity planning; and
- Succession planning to ensure that key positions in the Group are always being held by capable employees who are well aware of the Group's risks, and operating policies and procedures.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

WHISTLEBLOWING POLICY

The Group has in place a Whistleblowing policy designed to enable all its employees (including Directors) with the appropriate mechanisms to confidentially and anonymously provide information in an independent and unbiased manner, on any genuine concerns, without fear of recrimination so as to enable prompt corrective action to be taken where appropriate. The Whistleblowing policy can be accessed on the Company's website at https://www.bauto.com.my.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have performed limited assurance procedures on the Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3 (previously Recommended Practice Guide 5 (Revised 2015)), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control ("SORMIC") included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the annual report of the Group for the year ended 30 April 2020 and reported to the Board that nothing has come to their attention that causes them to believe the Statement included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the SORMIC : Guidelines for Directors of Listed Issuers, or is not factually inaccurate.

AAPG3 does not require the External Auditors to consider whether the Directors' SORMIC covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Directors and Management thereon. The report from the External Auditors was made solely to the Board in connection with their compliance with the Listing Requirements of Bursa Malaysia and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspect of this report.

CONCLUSION

The Board remains committed towards operating a sound system of internal controls and recognises the need for the system to continuously evolve to support the type of business and size of operations of the Group. The Board, in striving for continuous improvement will put in place appropriate action plans, when necessary, to further enhance the Group's system of internal control.

The system of internal control was satisfactory and has not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's Annual Report.

AUDIT COMMITTEE REPORT

The Board of Directors of Bermaz Auto Berhad ("BAuto") is pleased to present the report of the Audit Committee for the financial year ended 30 April 2020.

MEMBERS AND MEETING ATTENDANCE

The members of the Audit Committee are as follows:-

Mr Loh Chen Peng	Chairman/Independent Non-Executive Director
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	Independent Non-Executive Director
Dato' Abdul Manap Bin Abd Wahab	Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Independent Non-Executive Director
Puan Adibah Khairiah Binti Ismail @ Daud	Independent Non-Executive Director

The Audit Committee held five (5) meetings during the financial year ended 30 April 2020. The details of attendance of the Audit Committee members are as follows:-

Directors	Attendance
Mr Loh Chen Peng	5/5
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	4/5
Dato' Abdul Manap Bin Abd Wahab	4/5
Datuk Syed Hisham Bin Syed Wazir	4/5
Puan Adibah Khairiah Binti Ismail @ Daud	5/5

The Audit Committee meetings were convened with proper notices and agenda and these were distributed to all members of the Audit Committee with sufficient notification. The minutes of each of the Audit Committee meetings were recorded and tabled for confirmation at the next Audit Committee meeting and thereafter tabled at the Board Meeting for the Directors' review and notation.

The Executive Chairman and Chief Executive Officer were invited to attend all the Audit Committee meetings to provide clarification on the audit and risk related issues and to report on the overall operations of the Group. The Chief Financial Officer and the representatives of Internal Auditors were also invited to attend the Audit Committee meetings. The External Auditors were invited to attend three (3) of these meetings.

SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

The duties and responsibilities of the Audit Committee are set out in its Terms of Reference, a copy of which is available at the Company's website at https://www.bauto.com.my.

In discharging its duties and responsibilities, the Audit Committee had undertaken the following activities and work during the financial year ended 30 April 2020:-

FINANCIAL REPORTING

(a) Reviewed the quarterly financial statements including the draft announcements pertaining thereto, and made recommendations to the Board for approval of the same as follows:-

Date of Meetings	Review of Quarterly Financial Statements
12 June 2019	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 April 2019
13 September 2019	First quarter results for financial year ended 30 April 2020
10 December 2019	Second quarter results for financial year ended 30 April 2020
16 March 2020	Third quarter results for financial year ended 30 April 2020

The above review is to ensure that the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the Malaysian Financial Reporting Standard 134 - Interim Financial Reporting Standards in Malaysia and International Accounting Standard ("IAS") 34 - Interim Financial Reporting as well as applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad.

(b) Reviewed and made recommendations to the Board in respect of the audited financial statements of the Company and the Group for the financial year ended 30 April 2019 at its meeting held on 9 August 2019 and to ensure that it presented a true and fair view of the Company's financial position and performance for the financial year and in compliance with the relevant regulatory requirements. Prior to that, the Audit Committee had reviewed the status report on the Audit Plan for the financial year ended 30 April 2019 prepared by the External Auditors at the meeting held on 12 June 2019.

AUDIT COMMITTEE REPORT

EXTERNAL AUDIT

(a) Evaluated the performance of the External Auditors for the financial year ended 30 April 2019 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence as well as the audit fees of the External Auditors. The Audit Committee, having been satisfied with the independence, suitability and performance of Messrs Ernst & Young PLT ("EY"), had recommended to the Board at its meeting held on 9 August 2019 to table and seek shareholders' approval for the re-appointment of EY as External Auditors for the ensuing financial year of 30 April 2020.

(b) Discussed and considered the significant accounting adjustments and auditing issues arising from the interim audit as well as the final audit with the External Auditors including key audit matters namely, provision for warranty which was raised in the External Auditors' Report for the financial year ended 30 April 2019.

The Audit Committee also had a private discussion with the External Auditors on 9 August 2019 without the presence of Management during the review of the audited financial statements for the year ended 30 April 2019 to discuss, inter-alia, matters arising from the final audit and the assistance provided by the employees during the audit. However, there was no major issue raised during the private session.

(c) Reviewed the audit plan for the financial year ended 30 April 2020 with the External Auditors at its meeting held on 16 March 2020, outlining the audit scope, methodology and timetable, audit materiality, areas of focus, fraud consideration and the risk of management override, internal control considerations, digital audit, important updates as well as new and revised auditors' reporting standards.

INTERNAL AUDIT

(a) Reviewed the Internal Auditors reports during the financial year on the Company's subsidiaries namely, Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd. and the audit findings, recommendations and Management's responses thereon to address any weaknesses and/or non-compliance. The Internal Auditors monitored the implementation of Management's action plan on outstanding issues through follow up reports to ensure that all key risks and control weaknesses are being properly addressed.

(b) Reviewed and approved the Internal Audit Plan for the financial year ending of 30 April 2021 to ensure that the scope and coverage of the internal audit on the BAuto Group's operations are adequate, comprehensive and risk areas are monitored and audited annually.

OTHER ACTIVITIES

(a) Reviewed and made recommendations to the Board for approval of the Audit Committee Report, Corporate Governance Overview Statement, Corporate Governance Report and Statement on Risk Management and Internal Control for inclusion in the 2019 Annual Report.

(b) Reviewed the allocation of options of the Employees' Share Scheme ("ESS") during the financial year ended 30 April 2019 to ensure compliance with the ESS's By-Laws.

(c) Reviewed and assessed the financial literacy of Audit Committee members for the financial year ended 30 April 2019.

(d) Assessed the adequacy of the scope, competency and performance of Internal Audit function and its effectiveness of the audit processes for the financial year ended 30 April 2019.

(e) Reviewed the Whistle Blowing Policy.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

PKF Advisory Sdn Bhd was engaged to undertake the internal audit function that would enable the Audit Committee to discharge its duties and responsibilities. Their role is to provide the Audit Committee with independent and objective reports on the state of internal controls of the operating unit within the Group and the extent of compliance with the Group's established policies, procedures and statutory requirements.

The Internal Auditors activities are guided by the Annual Internal Audit Plan which was derived using a risk-based approach with priority given to high risk areas. The auditable areas were proposed and approved by the Audit Committee.

For the financial year, Internal Auditors has performed review on operating units of the Group involved in distribution of Mazda vehicles, sales of spare parts and workshop services.

AUDIT COMMITTEE REPORT

The activities undertaken by the Internal Audit function during the financial year ended 30 April 2020 included the following:

1. Tabled Internal Audit Plan for the Audit Committee's review and endorsement.
2. Reviewed the existing systems, controls and governance processes of the selected operating units within the Group.
3. Conducted audit reviews and evaluated risk exposures relating to the Group's governance process and system of internal controls on reliability and integrity of financial and operational information, safeguarding of assets, efficiency of operations, compliance with established policies and procedures and statutory requirements.
4. Provided recommendations to assist the operating units and the Group in compliance to the prevalent Standard Operating Procedures and as further improvements to the control processes whenever possible.
5. Issued internal audit reports incorporating audit recommendations and Management's responses in relation to audit findings on weaknesses in the systems and controls to the Audit Committee and the respective operations management.
6. Presented internal audit reports at the Audit Committee meeting.
7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented.

The cost incurred for the Internal Audit function in respect of the financial year ended 30 April 2020 was approximately RM60,000.00.

TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The terms of reference of the Audit Committee can be viewed on the Company's website at https://www.bauto.com.my.

STATEMENT OF DIRECTORS' RESPONSIBILITY

in Respect of the Audited Financial Statements

The Directors are required by the Companies Act 2016 to prepare financial statements which give a true and fair view of the state of affairs of the Group and the Company at the end of each financial year and of their results and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable;
- ensured that applicable accounting standards have been complied with; and
- applied the going concern basis.

The Directors are responsible for ensuring that the Group and the Company keep proper accounting records, which disclose with reasonable accuracy on the financial position of the Group and of the Company, and which enable them to ensure that the financial statements comply with the provisions of the Companies Act 2016.

The Directors are responsible for taking reasonable steps to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 April 2020.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are the distribution of Mazda vehicles in Malaysia and the Philippines and investment holding.

Other information relating to the subsidiaries are disclosed in Note 5 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Profit for the year	104,064	69,082
Attributable to:		
- Owners of the parent	100,840	69,082
- Non-controlling interests	3,224	-
	104,064	69,082

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

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

DIRECTORS' REPORT

DIVIDENDS

The dividends paid by the Company since 30 April 2019 were as follows:

	RM'000
In respect of the financial year ended 30 April 2019	
Fourth interim dividend of 3.50 sen per share single-tier dividend and a special dividend of 7.00 sen per share single-tier dividend, paid on 25 July 2019	121,965
In respect of the financial year ended 30 April 2020	
First interim dividend of 3.25 sen per share single-tier dividend, paid on 25 October 2019	37,752
Second interim dividend of 2.75 sen per share single-tier dividend, paid on 17 February 2020	31,960
Third interim dividend of 1.45 sen per share single-tier dividend, paid on 28 May 2020	16,852
	86,564
Total dividends paid and payable during the financial year ended 30 April 2020	208,529

The directors do not recommend the payment of final dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Dato' Sri Yeoh Choon San *
Dato' Lee Kok Chuan *
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin
Dato' Abdul Manap Bin Abd Wahab
Loh Chen Peng
Datuk Syed Hisham Bin Syed Wazir
Dato' Kalsom Binti Abd. Rahman
Adibah Khairiah Binti Ismail @ Daud

* Directors of the Company and subsidiary companies.

DIRECTORS OF THE COMPANY'S SUBSIDIARIES

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report excluding those who are already the directors of the Company, are:

Dato' Sri Robin Tan Yeong Ching
Tan Teck Wah
Tan Eng Hwa
Paulino S. Soo

DIRECTORS' REPORT

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate, other than those arising from the shares and share options granted under the Employees' Share Scheme ("ESS").

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 25 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Company maintained a Directors' and Officers' Liability Insurance in respect of any legal action taken against the directors and officers in the discharge of their duties while holding office for the Company and the Group. The total amount of insurance premium effected for any director and officer of the Company during the financial year was RM29,450. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares and options of the Company and its related corporations during the financial year were as follows:

		Number of ordinary shares			
		At 1.5.19	Acquired	Disposed	At 30.4.20
The Company					
Dato' Sri Yeoh Choon San		1,172,000	145,600 *	-	1,317,600
	#	154,750,000	4,754,300	-	159,504,300
Dato' Lee Kok Chuan		1,440,925	83,000 *	-	1,523,925
	#	152,800,000	4,754,300	-	157,554,300
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin		54,000	-	30,000	24,000
Dato' Abdul Manap Bin Abd Wahab	^	85,000	-	-	85,000

	Number of ordinary shares under ESS			
The Company	At 1.5.19	Granted	Exercised	At 30.4.20
ESS Options				
Dato' Sri Yeoh Choon San	490,000	-	49,000	441,000
Dato' Lee Kok Chuan	365,400	-	40,600	324,800
ESS Shares				
Dato' Sri Yeoh Choon San	210,000	-	21,000	189,000
Dato' Lee Kok Chuan	174,000	-	17,400	156,600

Notes:
Indirect interest pursuant to Section 8(4) of the Companies Act 2016.
^ Indirect interest pursuant to Section 59(11)(c) of the Companies Act 2016.
* Inclusive of shares arising from the exercise of ESS options and vesting of ESS shares.

Other than as disclosed above, none of the other directors in office at the end of the financial year had any interest in shares and options of the Company or its related corporations during the financial year.

EMPLOYEES' SHARE PLAN

Employees' Share Scheme ("ESS")

At an Extraordinary General Meeting held on 3 October 2018, shareholders approved the ESS for the grant of shares and share options that are settled by delivery of the ordinary shares of the Company, to eligible directors and employees of the Group. The ESS is approved for granting to the eligible employees of the Group, including executive directors of the Company, of the following:

(i) the right to receive new and/or existing ordinary shares of the Company ("ESS Shares"); and/or

(ii) option which entitle the right to exercise and receive the new ordinary shares of the Company ("ESS Options").

The committee administering the ESS comprises Dato' Syed Ariff Fadzillah Bin Syed Awalluddin, Dato' Sri Yeoh Choon San, Dato' Lee Kok Chuan and Dato' Kalsom Binti Abd. Rahman.

The maximum number of ESS Shares (including shares in respect of ESS Options granted which have yet to be exercised) which may be made available under the ESS shall not exceed in aggregate three percent (3%) of the total issued and paid-up ordinary share capital of the Company (excluding treasury shares, if any) at any point in time throughout the duration of the ESS.

The salient features and terms of the ESS, details of ESS movements during the financial year are disclosed in Note 30 to the financial statements. No person to whom the option has been granted has any right to participate by virtue of the option in any share issue of any other company.

ISSUE OF SHARES

During the financial year, the Company increased its share capital from RM607,878,528 to RM608,822,913 by way of:

(i) the issuance of 395,300 new ordinary shares at an issue price of RM1.85 per share respectively pursuant to the exercise of the share options that were granted under the ESS; and

(ii) the inclusion of RM213,080 from employees' share plan reserves as part of the paid-up share capital upon the forfeiture of the ESS of RM33,579 and upon the exercise of ESS of RM179,501.

TREASURY SHARES

The movements in the number of treasury shares during the financial year and held in hand as at 30 April 2020 are as follows:

	Average price per share RM	Number of shares Units	Amount RM'000
Balance as at 1 May 2019	1.90	3,412,700	6,486
Sale of treasury shares	1.90	(1,654,100)	(3,144)
Reissued for the vesting of ESS shares	1.90	(389,400)	(740)
Balance as at 30 April 2020	1.90	1,369,200	2,602

As at 30 April 2020, the issued and paid-up capital of the Company with voting rights was 1,162,179,988 (2019: 1,159,741,188) ordinary shares.

During the financial year, the Company disposed of 1,654,100 treasury shares for a total consideration of RM4,104,946 or at an average price of RM2.48 per share.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION

(a) Before the statements of financial position and statements of profit or loss and other comprehensive income of the Group and of the Company were made out, the directors took reasonable steps:
   (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of impairment of receivables and satisfied themselves that there were no known bad debts and that adequate impairment had been made for receivables; and
   (ii) to ensure that any current asset which was unlikely to realise its value as shown in the accounting records in the ordinary course of business had been written down to an amount which it might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:
   (i) it necessary to write off any bad debts or the amount of impairment on receivables in the financial statements of the Group and of the Company inadequate to any substantial extent; and
   (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances 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.

(d) At the date of this report, the directors are not aware of any circumstances 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.

(e) As at the date of this report, there does not exist:
   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:
   (i) 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 will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
   (ii) 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 the operations of the Group or of the Company for the financial year in which this report is made.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The details of the significant event during the financial year are disclosed in Note 39 to the financial statements.

AUDITORS

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

The remuneration of the auditors of the Group and of the Company is disclosed in Note 24 to the financial statements.

DIRECTORS' REPORT

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT during the financial year and since the end of the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 August 2020

DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

STATEMENT BY DIRECTORS

(Pursuant to Section 251(2) of the Companies Act 2016)

We, DATO' SRI YEOH CHOON SAN and DATO' LEE KOK CHUAN, being two of the directors of BERMAZ AUTO BERHAD, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 87 to 154 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 state of affairs of the Group and of the Company as at 30 April 2020 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 6 August 2020

DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

STATUTORY DECLARATION

(Pursuant to Section 251(1)(b) of the Companies Act 2016)

I, CHONG BOON KIAN, being the officer primarily responsible for the financial management of BERMAZ AUTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 87 to 154 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed CHONG BOON KIAN at Petaling Jaya in Selangor Darul Ehsan on 6 August 2020)
)
)

CHONG BOON KIAN
MIA No: 26760

Before me:

ZULKIFLY BIN MAHMUD (B384)
Commissioner for Oaths

STATEMENTS OF FINANCIAL POSITION

as at 30 April 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	38,700	27,148	7	16
Right-of-use assets	21	70,469	-	-	-
Other investment	4	2,771	1,261	-	-
Subsidiary company	5	-	-	533,752	530,245
Associated companies	6	210,387	183,838	43,631	43,631
Deferred tax assets	7	62,847	52,345	-	-
Goodwill	8	500	500	-	-
		385,674	265,092	577,390	573,892
Current assets					
Inventories	9	684,644	283,976	-	-
Trade and other receivables	10	107,452	98,256	50,088	125,160
Tax recoverable		10,397	-	90	-
Derivative assets	11	-	138	-	-
Deposits with financial institutions	12	46,675	221,850	6,482	48,865
Cash and bank balances	13	53,545	98,316	23	9
		902,713	702,536	56,683	174,034
TOTAL ASSETS		1,288,387	967,628	634,073	747,926
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	14	608,823	607,879	608,823	607,879
Reserves	15	(136,166)	(36,768)	10,578	146,109
		472,657	571,111	619,401	753,988
Treasury shares	16	(2,602)	(6,486)	(2,602)	(6,486)
		470,055	564,625	616,799	747,502
Non-controlling interests		51,153	45,218	-	-
Total equity		521,208	609,843	616,799	747,502
Non-current liabilities					
Contract liability	17	85,104	70,840	-	-
Provisions	18	35,582	35,064	-	-
Lease liabilities	21	65,067	-	-	-
		185,753	105,904	-	-
Current liabilities					
Short term borrowings	19	137,709	-	-	-
Trade and other payables	20	349,500	169,386	17,274	331
Contract liability	17	49,931	41,617	-	-
Provisions	18	29,789	27,598	-	-
Lease liabilities	21	9,082	-	-	-
Tax payable		5,415	13,280	-	93
		581,426	251,881	17,274	424
Total liabilities		767,179	357,785	17,274	424
TOTAL EQUITY AND LIABILITIES		1,288,387	967,628	634,073	747,926

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 30 April 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Revenue	22	1,755,406	2,519,862	70,000	225,000
Cost of sales		(1,500,630)	(2,061,269)	-	-
Gross profit		254,776	458,593	70,000	225,000
Other income		31,780	19,415	741	1,949
Selling and distribution expenses		(60,570)	(73,471)	-	-
Administrative expenses		(113,890)	(113,464)	(1,487)	(1,339)
		112,096	291,073	69,254	225,610
Finance costs	23	(6,665)	(698)	-	-
Share of results of associates		26,549	50,190	-	-
Profit before tax	24	131,980	340,565	69,254	225,610
Income tax expense	26	(27,916)	(73,769)	(172)	(472)
Profit for the year		104,064	266,796	69,082	225,138
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		8,570	6,795	-	-
Total comprehensive income for the year		112,634	273,591	69,082	225,138
Profit attributable to:					
- Owners of the parent		100,840	264,039	69,082	225,138
- Non-controlling interests		3,224	2,757	-	-
		104,064	266,796	69,082	225,138
Total comprehensive income attributable to:					
- Owners of the parent		106,060	268,679	69,082	225,138
- Non-controlling interests		6,574	4,912	-	-
		112,634	273,591	69,082	225,138
Earnings per share (sen)	27				
- Basic, for the year		8.68	22.75		
- Diluted, for the year		8.66	22.64		
Dividend per share (sen)	28				
- First interim dividend				3.25	2.50
- Second interim dividend				2.75	3.75
- Third interim dividend				1.45	4.50
- Fourth interim dividend				-	3.50
- Special dividend				-	7.00

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2020

	Attributable to the equity holders of the Company									
						Distributable				
Group	Share capital RM'000	Employees' share plan reserve ^ RM'000	Exchange reserve RM'000	Consolidation reserve RM'000	Merger deficit RM'000	Retained earnings RM'000	Treasury shares RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 May 2019	607,879	2,299	(3,633)	32,981	(424,000)	355,585	(6,486)	564,625	45,218	609,843
Adjustment on adoption of MFRS 16 (Note 2.3)	-	-	-	-	-	(845)	-	(845)	(639)	(1,484)
Adjusted balance as at 1 May 2019	607,879	2,299	(3,633)	32,981	(424,000)	354,740	(6,486)	563,780	44,579	608,359
Total comprehensive income	-	-	5,220	-	-	100,840	-	106,060	6,574	112,634
Transactions with owners:										
Share-based payment under ESS	-	3,908	-	-	-	-	-	3,908	-	3,908
ESS options exercised	910	(179)	-	-	-	-	-	731	-	731
ESS options forfeited	34	(34)	-	-	-	-	-	-	-	-
Sale of treasury shares	-	-	-	-	-	961	3,144	4,105	-	4,105
Reissued for ESS shares vested	-	(822)	-	-	-	82	740	-	-	-
Dividends (Note 28)	-	-	-	-	-	(208,529)	-	(208,529)	-	(208,529)
	944	2,873	-	-	-	(207,486)	3,884	(199,785)	-	(199,785)
At 30 April 2020	608,823	5,172	1,587	32,981	(424,000)	248,094	(2,602)	470,055	51,153	521,208

Note:

^ This represents the reserve relating to the Employees' Share Option Scheme ("ESOS") and/or ESS.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2020 (continued)

	Attributable to the equity holders of the Company									
						Distributable				
Group	Share capital	Employees' share plan reserve ^	Exchange reserve	Consolidation reserve	Merger deficit	Retained earnings	Treasury shares	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2018	602,957	3,441	(8,273)	32,981	(424,000)	274,250	(4,593)	476,763	47,741	524,504
Adjustment on adoption of MFRS 9	-	-	-	-	-	(607)	-	(607)	-	(607)
Adjusted balance as at 1 May 2018	602,957	3,441	(8,273)	32,981	(424,000)	273,643	(4,593)	476,156	47,741	523,897
Total comprehensive income	-	-	4,640	-	-	264,039	-	268,679	4,912	273,591
Transactions with owners:										
Share-based payment under ESS	-	2,479	-	-	-	-	-	2,479	-	2,479
ESOS/ESS options exercised	2,279	(978)	-	-	-	-	-	1,301	-	1,301
ESOS/ESS options forfeited/expired	2,643	(2,643)	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	(6,486)	(6,486)	-	(6,486)
Sale of treasury shares	-	-	-	-	-	725	4,593	5,318	-	5,318
Dividends paid to non-controlling interests (Note 5)	-	-	-	-	-	-	-	-	(7,435)	(7,435)
Dividends (Note 28)	-	-	-	-	-	(182,822)	-	(182,822)	-	(182,822)
	4,922	(1,142)	-	-	-	(182,097)	(1,893)	(180,210)	(7,435)	(187,645)
At 30 April 2019	607,879	2,299	(3,633)	32,981	(424,000)	355,585	(6,486)	564,625	45,218	609,843

Note:
^ This represents the reserve relating to the ESOS and/or ESS.

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

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 April 2020

Company	Share capital RM'000	Employees' share plan reserve ^ RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
At 1 May 2019	607,879	2,299	143,810	(6,486)	747,502
Total comprehensive income	-	-	69,082	-	69,082
Transactions with owners:					
Share-based payment under ESS	-	3,908	-	-	3,908
ESS options exercised	910	(179)	-	-	731
ESS options forfeited	34	(34)	-	-	-
Sale of treasury shares	-	-	961	3,144	4,105
Reissued for ESS shares vested	-	(822)	82	740	-
Dividends (Note 28)	-	-	(208,529)	-	(208,529)
	944	2,873	(207,486)	3,884	(199,785)
At 30 April 2020	608,823	5,172	5,406	(2,602)	616,799

Company	Share capital RM'000	Employees' share plan reserve ^ RM'000	Distributable Retained earnings RM'000	Treasury shares RM'000	Total equity RM'000
At 1 May 2018	602,957	3,441	100,769	(4,593)	702,574
Total comprehensive income	-	-	225,138	-	225,138
Transactions with owners:					
Share-based payment under ESOS	-	2,479	-	-	2,479
ESOS/ESS options exercised	2,279	(978)	-	-	1,301
ESOS/ESS options forfeited/expired	2,643	(2,643)	-	-	-
Treasury shares acquired	-	-	-	(6,486)	(6,486)
Sale of treasury shares	-	-	725	4,593	5,318
Dividends (Note 28)	-	-	(182,822)	-	(182,822)
	4,922	(1,142)	(182,097)	(1,893)	(180,210)
At 30 April 2019	607,879	2,299	143,810	(6,486)	747,502

Note:
^ This represents the reserve relating to the ESOS and/or ESS.

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

STATEMENTS OF CASH FLOWS

for the year ended 30 April 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	1,791,124	2,540,593	-	-
Payment to suppliers and operating expenses	(1,878,932)	(2,219,848)	(955)	(1,003)
Short-term lease payments and payments for leases of low value assets	(3,491)	-	-	-
Tax refund	1,366	9,636	5	-
Payment of taxes	(57,289)	(81,511)	(360)	(372)
Net cash flow (used in)/generated from operating activities	(147,222)	248,870	(1,310)	(1,375)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of property, plant and equipment	1	1	-	-
Acquisition of property, plant and equipment (Note 3)	(15,292)	(14,606)	-	(22)
Acquisition of other investment	(1,358)	(523)	-	-
Acquisition of unit trusts	-	(10,000)	-	-
Sales of unit trusts	-	9,999	-	-
Interest received	3,817	8,808	782	1,943
Dividends received	-	-	175,000	200,000
Loan to a related company	-	-	(30,000)	(40,000)
Repayment from a related company	-	-	-	40,000
Net cash flow (used in)/generated from investing activities	(12,832)	(6,321)	145,782	201,921
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	731	1,301	731	1,301
Treasury shares acquired	-	(6,486)	-	(6,486)
Lease payments	(13,022)	-	-	-
Net movement in short term borrowings	137,709	(46,065)	-	-
Resale of treasury shares	4,105	5,318	4,105	5,318
Interest paid	(2,745)	(759)	-	-
Dividends paid to shareholders of the Company	(191,677)	(182,822)	(191,677)	(182,822)
Dividends paid to non-controlling interests	-	(7,435)	-	-
Net cash flow used in financing activities	(64,899)	(236,948)	(186,841)	(182,689)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(224,953)	5,601	(42,369)	17,857
EFFECT OF EXCHANGE RATE CHANGES	5,007	7,796	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	320,166	306,769	48,874	31,017
CASH AND CASH EQUIVALENTS CARRIED FORWARD	100,220	320,166	6,505	48,874

STATEMENTS OF CASH FLOWS

for the year ended 30 April 2020 (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
CASH AND CASH EQUIVALENTS				
The closing cash and cash equivalents comprise of the following:				
Deposits with financial institutions	46,675	221,850	6,482	48,865
Cash and bank balances	53,545	98,316	23	9
	100,220	320,166	6,505	48,874

Note:

(a) Reconciliation of liabilities arising from financing activities:

	Group	
	2020 RM'000	2019 RM'000
Short-term borrowings		
At beginning of the year	-	46,065
Drawdown of bank borrowings	456,987	68,854
Repayment of bank borrowings	(319,278)	(114,919)
At end of the year	137,709	-

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

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies are the distribution of Mazda vehicles in Malaysia and in the Philippines and investment holding.

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

The principal place of business of the Company is located at No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan.

The registered office of the Company is located at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No.1 Jalan Imbi, 55100 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 6 August 2020.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared on a historical cost basis unless otherwise indicated in the accounting policies below and comply with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards (“IFRSs”) and the requirements of the Companies Act 2016 in Malaysia. At the beginning of the year, the Group and the Company adopted new MFRSs as disclosed in Note 2.3.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (“RM’000”) except when otherwise indicated.

2.2 Summary of significant accounting policies

2.2.1 Subsidiaries and basis of consolidation

The consolidated financial statements incorporate the financial statements of the Group and all its subsidiary companies, which are prepared up to the end of the same financial year.

Subsidiary companies are those investees controlled by the Group. The Group controls an investee if and only if the Group has all the following:

(i) power over the investee (i.e existing rights that give it the current ability to direct the relevant activities of the investee);
(ii) exposure, or rights, to variable returns from its investment with the investee; and
(iii) the ability to use its power over the investee to affect its returns.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

When the Group has less than a majority of the voting rights of an investee, the Group considers the following in assessing whether or not the Group's voting rights in an investee are sufficient to give it power over the investee:

(i) the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
(ii) potential voting rights held by the Group, other vote holders or other parties;
(iii) rights arising from other contractual arrangements; and
(iv) any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Subsidiary companies are consolidated using the acquisition method of accounting except for the business combination with Bermaz Motor Sdn Bhd ("Bermaz"), which was accounted for under the pooling of interests method as the business combination of this subsidiary company involved an entity under common control.

Under the pooling of interests method of accounting, the results of the entities under common control are presented as if the entities had been combined throughout the current and previous financial years. The difference between the cost of acquisition and the nominal value of the share capital and reserves acquired are reflected within equity as merger reserve (or adjusted against any suitable reserve in the case of debit differences).

Under the acquisition method of accounting, subsidiary companies are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until that date such control ceases.

The cost of acquisition of a subsidiary company depends on whether it is a business combination, in accordance to the specifications in MFRS 3, or not. If it is not a business combination, the cost of acquisition consists of the consideration transferred ("CT"). The CT is the sum of fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree on the date of acquisition and any contingent consideration. For an acquisition that is not a business combination, the acquisition-related costs can be capitalised as part of the cost of acquisition. If it is a business combination, the cost of acquisition (or specifically, the cost of business combination) consists of CT, and the amount of any non-controlling interests in the acquiree, the fair value of the Group's previously held equity interest in the acquiree. For an acquisition that is a business combination, the acquisition-related costs are recognised in profit or loss as incurred.

When control in a business is acquired in stages, the previously held equity interests in the acquiree are re-measured to fair value at the acquisition date with any corresponding gain or loss recognised in profit or loss.

Any excess of the cost of business combination, as the case may be, over the net amount of the fair value of identifiable assets acquired and liabilities assumed is recognised as goodwill. For business combinations, provisions are made for the acquiree's contingent liabilities existing at the date of acquisition as the Group deems that it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations.

Any excess in the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed over the cost of business combination is recognised immediately in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

The contingent consideration to be transferred by the acquirer is recognised at fair value at the date of acquisition. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the date of acquisition) about the facts and circumstances that existed at the date of acquisition.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with MFRS 9: Financial Instruments or MFRS 137: Provisions, Contingent Liabilities and Contingent Assets, as appropriate with the corresponding gain or loss being recognised in profit or loss.

Uniform accounting policies are adopted in the consolidated financial statements for similar transactions and other events in similar circumstances. In the preparation of the consolidated financial statements, the financial statements of all subsidiary companies are adjusted for the material effects of dissimilar accounting policies. Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

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

Non-controlling interests represent the equity in subsidiary companies not attributable, direct or indirectly, to the Group which consist of the amount of those non-controlling interests at the date of original combination and the non-controlling interests' share of changes in the equity since the date of the combination.

Non-controlling interests are presented separately in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

Equity instruments and equity components of hybrid financial instruments issued by subsidiary companies but held by the Group will be eliminated on consolidation. Any difference between the cost of investment and the value of the equity instruments or the equity components of hybrid financial instruments will be recognised immediately in equity upon elimination.

When there is share buyback by a subsidiary company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the subsidiary company. Any differences between the consideration of the share buyback over the Group's revised interest in the net fair value of the identifiable assets acquired and liabilities assumed is recognised directly in equity attributable to owners of the parent.

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.1 Subsidiaries and basis of consolidation (continued)

When the Group loses control of a subsidiary company, a gain or loss calculated as the difference between:

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary company and any non-controlling interest;

is recognised in profit or loss. The subsidiary company's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary company at the date control is lost is regarded as the cost on initial recognition of the investment.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less impairment losses.

2.2.2 Associated companies

Associated companies are entities in which the Group has significant influence. Significant influence is the power through board representations to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Investment in associated companies are accounted for in the consolidated financial statements using the equity method of accounting based on the latest audited financial statements and supplemented by management financial statements of the associated companies made up to the Group's financial year-end. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

On acquisition of an investment in associated company, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets acquired and liabilities assumed of the investee is recognised as goodwill and included in the carrying amount of the investment and is not amortised.

Any excess of the Group's share of net fair value of the associated company's identifiable assets acquired and liabilities assumed over the cost of investment is included as income in the determination of the Group's share of associated company's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in an associated company is recognised at cost on initial recognition, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associated company after the date of acquisition, less impairment losses. The Group's share of comprehensive income of associated companies acquired or disposed of during the financial year, is included in the consolidated profit or loss from the date that significant influence effectively commences or until the date that significant influence effectively ceases, as appropriate.

Unrealised gains and losses on transactions between the Group and the associated companies are eliminated to the extent of the Group's interest in the associated companies.

When the Group's share of losses equals or exceeds its interest in an equity accounted associated company, including any long term interest, that, in substance, form part of the Group's net investment in the associated companies, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an legal and constructive obligations or has made payment on behalf of the associated companies.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.2 Associated companies (continued)

When there is share buyback by an associated company, the accretion of the Group's interest is recognised as a deemed acquisition of additional equity interest in the associated company. Any reduction of the Group's pre-acquisition reserves arising from the share buyback (i.e. Goodwill) is included in the carrying amount of the investment and is not amortised. Any increase of the Group's pre-acquisition reserves arising from the share buyback (i.e. Negative Goodwill) is included as income in the determination of the Group's share of associated company's results in the period of share buybacks.

In the Company's separate financial statements, investments in associated companies are stated at cost less impairment losses.

2.2.3 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group or the Company and the cost of the item can be measured reliably. Subsequent to recognition, when a property, plant and equipment are required to be replaced in intervals, the Group or the Company recognises such parts as individual assets with special useful lives. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated but reviewed at each reporting date to determine whether there is an indication of impairment. Capital work-in-progress are also not depreciated as these assets are not available for use.

Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	4.0%
Leasehold improvements	16.7% - 33.3%
Plant and machinery and building equipment	10.0% - 33.3%
Furniture and fittings, computers and office equipment	10.0% - 40.0%
Motor vehicles	20.0%

The residual values, useful life and depreciation method are reviewed at each financial year end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on the derecognition of the asset are included in profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.4 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost for vehicles are determined on a specific identification basis and cost for parts and accessories are determined on a weighted average basis.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs to completion and costs to be incurred in marketing, selling and distribution.

2.2.5 Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets acquired and liabilities assumed. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2.2.6 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is an indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there are indications of impairment.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit ("CGU") to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use ("VIU"). In assessing VIU, 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.

In assessing the fair value less costs to sell, fair value is obtained from valuation reports performed by independent third party valuers based on best information available. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the fair value reserve for the same asset.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.6 Impairment of non-financial assets (continued)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.2.7 Fair value measurement

The Group measures financial instruments, such as derivatives and certain non-financial assets such as other investments, at fair value at each reporting date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(i) in the principal market for the asset or liability; or
(ii) in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole as described in Note 35.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.2.8.1 Financial assets

(i) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15. (refer to the accounting policies in Note 2.2.16 Revenue from contracts with customers).

In order for a financial asset to be classified and measured at amortised cost or FVOCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

(ii) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

a. Financial assets at amortised cost (debt instruments);
b. Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); and
c. Financial assets at FVTPL.

(a) Financial assets at amortised costs (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.1 Financial assets (continued)

(ii) Subsequent measurement (continued)

(a) Financial assets at amortised costs (debt instruments) (continued)

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost include trade and other receivables (excluding other current assets), deposits with financial institutions and cash and bank balances.

(b) Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132: Financial Instruments - Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income ("OCI"). Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investment under this category.

(c) Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.1 Financial assets (continued)

(iii) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred other rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(iv) Impairment of Financial Assets

For trade receivables, the Group applies a simplified approach in calculating Expected Credit Losses ("ECLs"). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant accounting estimates and judgements in Note 2.5; and
- Trade and other receivables in Note 10.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.2 Financial liabilities

(i) Initial recognition and measurement

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definition of a financial liability.

Financial liabilities are recognised in the statements of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at FVTPL or other financial liabilities.

(ii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at FVTPL

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL.

Financial liabilities held for trading include derivatives entered into by the Group or the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair values and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

Other financial liabilities of the Group and the Company include trade and other payables, and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(iii) Derecognition

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.8 Financial instruments (continued)

2.2.8.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.2.9 Cash and cash equivalents

Cash comprises cash in hand, at bank and short-term deposits with a maturity of three months or less. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts subject to insignificant risk of changes in value, against which the bank overdrafts, if any, are deducted.

2.2.10 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.2.11 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group and Company as a lessee

The Group and the Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group and the Company recognise right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). The cost of right-of-use assets are initially recognised as the amount of lease liabilities recognised adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. Right-of-use assets are subsequently stated at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.11 Leases (continued)

(ii) Lease liabilities

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate which ranges from 4.16% to 5%. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. In addition, the carrying amount of lease liability is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

(iii) Short-term leases and leases of low-value assets

The Group and the Company apply the short-term lease recognition exemption to its short-term leases of building (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group and Company as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.2.12 Equity instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are approved for payment.

The transaction costs of an equity transaction are accounted for as a deduction from equity. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

The consideration paid, including attributable transaction costs on repurchased ordinary shares of the Company that have not been cancelled, are classified as treasury shares and presented as a deduction from equity. No gain or loss is recognised in profit or loss on the sale, re-issuance or cancellation of treasury shares. Treasury shares may be acquired and held by the Company. Consideration paid or received is recognised directly in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.13 Contract liability

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or an amount of consideration is due) from the customers. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier).

The contract liability of the Group primarily represents a part of the sale proceeds received from customers which relate to service maintenance in which the service has not been rendered. The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past experience and estimated cost required to perform the maintenance service during the free-service-period.

Contract liability is recognised as revenue when the Group performs the services under the contract.

Further details are disclosed in Note 17.

2.2.14 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group or the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and of the Company except for contingent liabilities assumed in a business combination of which the fair value can be reliably measured.

Further details are disclosed in Note 34.

2.2.15 Current and non-current classification

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:
(i) expected to be realised or intended to be sold or consumed in normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within 12 months after the reporting period; or
(iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:
(i) it is expected to be settled in normal operating cycle;
(ii) it is held primarily for the purpose of trading;
(iii) it is due to be settled within 12 months after the reporting period; or
(iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.16 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service maintenance, warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from contracts with customers is measured at its transaction price which is the amount of consideration that the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, net of applicable taxes, returns, rebates and discounts. Transaction price is allocated to each distinct performance obligation on the basis of its relative stand-alone selling price.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group also provides warranties for defects that existed at the time of sale. Provisions related to these assurance type warranties are recognised when the product is sold or the service is provided to the customer. Further details of warranty provision are disclosed in Note 2.5 (i) and Note 18.

The Group's revenue from contracts with customers are further described below:

(i) Sale of motor vehicles and spare parts

Revenue from distribution and sale of vehicles is recognised when the Group transfers the control over the vehicles and parts to customers, being when the vehicles and parts are delivered to customers. The retail sales of parts normally occur during performance of after-sales services and is recognised at point in time.

Vehicles may be sold with volume-based discounts and incentives will be given based on achieved targeted sales. Accumulated experience is used to estimate the discounts and incentives using the expected value or most likely methods depending on the type of discounts and incentives. Discounts and incentives are accounted for as a reduction of the transaction price and revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

(ii) Sale of services

The Group provides after-sales services or routine vehicle maintenance services within and/or outside of the warranty period in relation to the vehicle sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.16 Revenue recognition (continued)

(ii) Sale of services (continued)

The sales of vehicles to customers may be bundled together with free services. The free services are separate performance obligations and the transaction price is allocated to the service obligations based on their relative stand-alone selling prices. Considerations collected from customers in advance for the free services are recognised as contract liabilities and will be recognised as revenue over the period when the free services are performed respectively.

Revenue from after-sales services beyond the free service period is recognised upon the performance of services to customers.

(iii) Other income:

(a) Interest income is recognised on an accrual basis unless recoverability is in doubt;
(b) Dividend income from investments in subsidiary and associated companies is recognised when the shareholders' rights to receive payment is established;
(c) Business development fees is recognised over time as the services are rendered in accordance with the relevant agreements. This represents income arising from marketing, training and dealer development activities and services rendered to the dealers; and
(d) Other than the above, all other income are recognised on accrual basis.

2.2.17 Foreign currencies

(i) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(ii) Foreign currency transactions

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing at the dates of the transactions.

At each reporting date, monetary items denominated in foreign currencies are translated at the rates prevailing on the reporting date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of initial transaction.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operation. These are initially taken directly to the foreign currency translation reserve within equity until the disposal of the foreign operations, at which time they are recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.17 Foreign currencies (continued)

(ii) Foreign currency transactions (continued)

Exchange differences arising on monetary items that form part of the Company's net investment in foreign operation are recognised in profit or loss in the Company's financial statements or the individual financial statements of the foreign operation, as appropriate. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(iii) Foreign operations

The results and financial position of foreign operations that have a functional currency different from the presentation currency ("RM") of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate prevailing at the reporting date;
- Income and expenses for each profit or loss and other comprehensive income are translated at average exchange rates for the financial year, which approximates the exchange rates at the dates of the transactions; and
- All resulting exchange differences are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets or liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

2.2.18 Employee benefits

(i) Short term benefits

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

(ii) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the Employees Provident Fund ("EPF"). The foreign subsidiary company of the Group also makes contributions to its country's statutory pension scheme.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.18 Employee benefits (continued)

(iii) Employees' share scheme

Employees of the Group and the Company received remuneration in the form of share options as consideration for services rendered. The cost of these equity-settled transactions with employees is measured by reference to the fair value of the shares and share options at the date on which the options are granted. This cost is recognised in profit or loss, with a corresponding increase in the employee share scheme reserve over the vesting period. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's and the Company's best estimate of the number of shares and share options that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for shares and share options that do not ultimately vest, except for those where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The employee share scheme reserve is transferred to retained earnings upon expiry of the shares and share options. When the options are exercised, the employee share scheme reserve relating to the exercised options is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the reissuance of treasury shares. When the options are forfeited, the employee share option reserve relating to the forfeited options is transferred to share capital.

2.2.19 Taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiary companies and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.19 Taxes (continued)

(ii) Deferred tax (continued)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiary companies and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Summary of significant accounting policies (continued)

2.2.19 Taxes (continued)

(iii) Value Added Tax ("VAT")

Where the VAT incurred in a purchase of assets or services is not recoverable from the respective taxation authorities, it is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The net amount of VAT being the difference between output and input of VAT, payable to or receivable from the respective authorities at the reporting date, is included in trade and other payables or trade and other receivables in the statements of financial position.

(iv) Sales and Service Tax ("SST")

Revenue are recognised net of the amount of SST. The SST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

The amount of service tax payable to the taxation authority is included as part of payables in the statements of financial position.

2.2.20 Segmental reporting

For management purposes, the Group is organised into operating segments based on the geographical locations which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Group who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Revenue and expenses do not include items arising on investing or financing activities. Revenue is attributed to geographical segments based on location where the sales are transacted. Segment assets include all operating assets used by a segment and do not include items arising on investing or financing activities. Assets are allocated to a geographical segment based on location of assets. Segment liabilities comprise operating liabilities and do not include liabilities arising on investing or financing activities such as bank borrowings.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies

On 1 May 2019, the Group and the Company adopted the following new MFRSs, amendments to MFRS and IC Interpretation that have been issued by the Malaysian Accounting Standards Board ("MASB"):

Effective for financial periods beginning on or after 1 January 2019:

- Amendments to MFRS 9: Prepayments Features with Negative Compensation
- MFRS 16: Leases
- Amendments to MFRS 119: Employee Benefits – Plan Amendment, Curtailment or Settlement
- Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
- IC Interpretation 23: Uncertainty over Income Tax Treatments
- Annual Improvements to MFRS Standards 2015-2017 Cycle

The adoption of the above standards and interpretation did not have any significant financial impact to the Group and the Company, except as disclosed below:

MFRS 16: Leases

MFRS 16 will replace MFRS 117: Leases, IC Interpretation 4: Determining whether an Arrangement contains a Lease, IC Interpretation 115: Operating Lease-Incentives and IC Interpretation 127: Evaluating the Substance of Transactions Involving the Legal Form of a Lease. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 May 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised as an adjustment to the opening balance of retained earnings at the date of initial application. Accordingly, the comparative information presented for financial year 2019 is not restated - i.e. it is presented, as previously reported, under MFRS 117 and related interpretations.

The Group elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value (below USD5,000).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

MFRS 16: Leases (continued)

The effect of MFRS 16 as at 1 May 2019 is as follows:

Consolidated Statement of Financial Position	Impact of adopting MFRS 16 on opening balance as at 1 May 2019 RM '000
Assets	
Right-of-use assets	75,593
Property, plant and equipment	(57)
Deferred tax assets	(41)
Liabilities	
Lease liabilities	77,028
Provision for restoration cost	(49)
Equity	
Retained earnings	(845)
Non-controlling interests	(639)

The reconciliation between the operating lease commitments disclosed based on application of MFRS 117 at 30 April 2019 to the lease liabilities recognised at 1 May 2019 is as follows:

	RM '000
Operating lease commitment as at 30 April 2019	75,434
Less: Commitments related to short-term leases	(2,336)
Less: Commitments related to leases of low-value assets	(347)
Less: Adjustments to lease payments relating to revision of rates not included in operating lease as at 30 April 2019	(892)
Add: Extension option certain to be exercised	35,130
Net operating lease commitments as at 30 April 2019	106,989
Discounted using the incremental borrowing rates at 1 May 2019	(29,961)
Lease liabilities recognised at 1 May 2019	77,028

(i) Nature of the effect of adoption of MFRS 16

The Group has lease contracts for premises such as showrooms, service centres and warehouses. Before the adoption of MFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of MFRS 16, it eliminates the classification of leases by the lessee as either finance leases (on statement of financial position) or operating lease (off statement of financial position). The new requirements in MFRS 16 require a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies (continued)

MFRS 16: Leases (continued)

(ii) Transition

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were measured at their carrying amount as if MFRS 16 had always been applied, discounted using the lessee's incremental borrowing rate at the date of initial application. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

(iii) Significant judgement applied

The Group has applied judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. The Group uses hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group included the renewal period as part of the lease term for leases of certain premises due to the significance of these assets to its operations.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and Amendments to IC Interpretations were issued but not yet effective and have not been early adopted by the Group and the Company.

Effective for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 2: Share-based payment
- Amendments to MFRS 3: Business Combinations
- Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources
- Amendments to MFRS 7: Financial Instruments: Disclosure (Interest Rate Benchmark Reform)
- Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform)
- Amendments to MFRS 14: Regulatory Deferral Accounts
- Amendments to MFRS 101: Presentation of Financial Statements (Definition of Material)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material)
- Amendments to MFRS 134: Interim Financial Reporting
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets
- Amendments to MFRS 138: Intangible Assets
- Amendments to IC Interpretation 12: Service Concession Arrangements
- Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments
- Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine
- Amendment to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration
- Amendments to IC Interpretation 132: Intangible Assets – Web Site Costs
- COVID-19 – Related Rent Concessions (Amendments to MFRS 16 Leases)

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Standards and interpretations issued but not yet effective (continued)

Effective for financial periods beginning on or after 1 January 2021:

- MFRS 17: Insurance Contracts

Effective for financial periods beginning on or after 1 January 2022:

- Annual Improvements to MFRS Standards 2018 – 2020
- Amendments to MFRS 3: Business Combinations: Reference to Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 101 – Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract

Effective date yet to be determined:

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

The Group and the Company are expected to apply the new MFRSs, Amendments to MFRSs, Annual Improvements to MFRSs and Amendments to IC Interpretations beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned new MFRSs, Annual Improvements to MFRSs, Amendments to MFRSs and Amendments to IC Interpretations are not expected to have any material impact to the financial statements of the Group and of the Company.

2.5 Significant accounting estimates and judgements

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

No major judgements have been made by management in applying the Group's and the Company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Provision for warranty

A provision is made for expected warranty claims on vehicles sold during the period, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranty were based on sales levels, past and current information available about repairs performed during warranty periods for similar vehicle types sold.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting estimates and judgements (continued)

Key sources of estimation uncertainty (continued)

(i) Provision for warranty (continued)

The carrying amount of the Group's provision of warranty at the reporting date was RM53,430,000 (2019: RM51,298,000). Further details are as disclosed in Note 18.

(ii) Contract liability

The Group provides free maintenance service package for 3 years (limited to 60,000 kilometres) or 5 years (limited to 100,000 kilometres) on certain Mazda models.

Commencing from 1 January 2019, all completely knock-down ("CKD") and completely built-up ("CBU") models (except BT-50) sold are provided with free maintenance service for a period of 5 years or attainment of 100,000 kilometres, whichever is the earlier.

Contract liability represents a part of the sale proceeds received from customers which relates to maintenance service in which the service has not been rendered. The amount of sale proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past maintenance service performed and estimated charges to customers. Contract liability are recognised as revenue when the Group performs the service under the contract. Details of contract liability are disclosed in Note 17.

(iii) Provision for incentives

The Group provides sales incentives for car dealers who achieve cumulative sales target level. The incentive entitlement is communicated to the dealers periodically and are paid during and/or after the financial year end. The provision for sales incentive is based on the car dealers' progress towards achieving their agreed annual sales targets.

(iv) Allowance for ECL of trade receivables

The Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance on all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics. The information about the ECLs on the Group's trade receivables is disclosed in Note 10.

3. PROPERTY, PLANT AND EQUIPMENT

Group

2020 At Net Carrying Amount	Freehold Land RM'000	Building RM'000	Leasehold Improvements RM'000	Plant and Machinery and Building Equipment RM'000	Furniture and Fittings, Computers and Office Equipment RM'000	Motor Vehicles RM'000	Capital Work-in-Progress RM'000	Total RM'000
At beginning of year	6,591	2,962	1,827	1,086	5,304	225	9,153	27,148
Effect on adoption of MFRS 16 (Note 2.3)	-	-	(57)	-	-	-	-	(57)
At beginning of year (Adjusted)	6,591	2,962	1,770	1,086	5,304	225	9,153	27,091
Additions	-	266	979	137	4,628	273	9,009	15,292
Depreciation charge for the year (Note 24)	-	(353)	(1,081)	(701)	(2,129)	(104)	-	(4,368)
Exchange difference	-	640	1	-	44	-	-	685
Reclassification/Transfer ^	-	18,162	-	-	-	-	(18,162)	-
At end of year	6,591	21,677	1,669	522	7,847	394	-	38,700
2019 At Net Carrying Amount								
At beginning of year	6,591	3,163	997	1,779	3,516	3,759	-	19,805
Additions	-	-	1,990	199	3,264	-	9,153	14,606
Disposals	-	-	-	-	(2)	-	-	(2)
Depreciation charge for the year (Note 24)	-	(201)	(1,164)	(892)	(1,500)	(77)	-	(3,834)
Write off *	-	-	-	-	-	-	-	-
Exchange difference	-	-	4	-	26	-	-	30
Reclassification/Transfer	-	-	-	-	-	(3,457)	-	(3,457)
At end of year	6,591	2,962	1,827	1,086	5,304	225	9,153	27,148

Note:
^ Pertains to transfer of warehouse from capital work-in-progress to building upon completion.
* There was a write off during the prior financial year for which the cost of the asset was RM6,000 and the net book value was RM Nil.

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group

	Freehold Land	Building	Leasehold Improvements	Plant and Machinery and Building Equipment	Furniture and Fittings, Computers and Office Equipment	Motor Vehicles	Capital Work-in-Progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 30 April 2020								
Cost	6,591	23,381	21,582	6,889	20,197	962	-	79,602
Accumulated depreciation	-	(1,704)	(19,913)	(6,367)	(12,350)	(568)	-	(40,902)
Net carrying amount	6,591	21,677	1,669	522	7,847	394	-	38,700
As at 30 April 2019								
Cost	6,591	4,306	23,446	6,752	15,526	609	9,153	66,383
Accumulated depreciation	-	(1,344)	(21,619)	(5,666)	(10,222)	(384)	-	(39,235)
Net carrying amount	6,591	2,962	1,827	1,086	5,304	225	9,153	27,148

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2020	**Computers**
At Net Carrying Amount	**RM'000**
At beginning of year	16
Depreciation charge for the year (Note 24)	(9)
At end of year	7

2019	
At Net Carrying Amount	
At beginning of year	2
Additions	22
Write off *	-
Depreciation charge for the year (Note 24)	(8)
At end of year	16

As at 30 April 2020	
Cost	26
Accumulated depreciation	(19)
Net carrying amount	7

As at 30 April 2019	
Cost *	26
Accumulated depreciation	(10)
Net carrying amount	16

Note:
* There was a write off during the prior financial year for which the cost of the asset was RM6,000 and the net book value was RM Nil.

4. OTHER INVESTMENT

	Group	
	2020	**2019**
	RM'000	**RM'000**
At fair value through other comprehensive income:		
Unquoted shares outside Malaysia	2,771	1,261
At beginning of year	1,261	686
Acquisition during the year	1,358	523
Exchange differences	152	52
At end of year	2,771	1,261

4. OTHER INVESTMENT (CONTINUED)

The Group increased its investment in SsangYong Berjaya Motor Philippines Inc. and Berjaya Auto Asia Inc. by RM1,355,000 (2019: RM523,000) and RM3,000 (2019: Nil) respectively via cash payment.

In the previous financial year, the Group increased its investment in SsangYong Berjaya Motor Philippines Inc. by RM523,000 via cash payment.

5. SUBSIDIARY COMPANIES

	Company	
	2020	2019
	RM'000	RM'000
Unquoted shares in Malaysia, at cost	504,000	504,000
ESS/ESOS granted to employees of subsidiary companies	29,752	26,245
	533,752	530,245

The Group's equity interests in the subsidiary companies, their respective principal activities and country of incorporation are shown below:

			Effective interest held by			
			Group^		Non-controlling interests^	
Name	Country of incorporation	Principal activities	% 2020	% 2019	% 2020	% 2019
Subsidiary of the Company						
Bermaz Motor Sdn Bhd	Malaysia	Investment holding and distribution of Mazda vehicles under licence in Malaysia.	100.00	100.00	-	-
Subsidiaries of Bermaz Motor Sdn Bhd						
Bermaz Motor Trading Sdn Bhd	Malaysia	Distribution and retailing of new and used Mazda vehicles and the provision of after sales services in respect thereof in Malaysia.	100.00	100.00	-	-
Bermaz Motor International Ltd	Malaysia	Investment holding.	100.00	100.00	-	-
Subsidiary of Bermaz Motor International Ltd						
Bermaz Auto Philippines Inc. ("BAP")*	Philippines	Distribution of Mazda vehicles and spare parts through appointed dealers in the Philippines.	60.39	60.39	39.61	39.61

Notes:
* Audited by affiliates of Ernst & Young PLT Malaysia.
^ Equals to the proportion of voting rights held.

5. SUBSIDIARY COMPANY (CONTINUED)

Subsidiary company with material non-controlling interests

Summarised financial information of subsidiary company which has non-controlling interests that are material to the Group is set out below. The summarised financial information presented below are amounts before inter-company elimination.

	BAP	
Group	**2020**	**2019**
At 30 April	**RM'000**	**RM'000**
Non-current assets	67,447	26,857
Current assets	218,326	173,000
Non-current liabilities	(41,629)	(10,038)
Current liabilities	(111,894)	(72,972)
Net assets	132,250	116,847
Equity attributable to equity holders of the parent	81,097	71,629
Non-controlling interests	51,153	45,218
Total equity	132,250	116,847
Year ended 30 April		
Revenue	274,096	348,564
Profit for the year	8,110	6,988
Other comprehensive income	8,570	6,795
Total comprehensive income for the year	16,680	13,783
Profit attributable to:		
- Owners of the parent	4,886	4,231
- Non-controlling interests	3,224	2,757
	8,110	6,988
Total comprehensive income attributable to:		
- Owners of the parent	10,106	8,871
- Non-controlling interests	6,574	4,912
	16,680	13,783
At 30 April		
Net cash used in:		
Operating activities	(29,629)	(8,812)
Investing activities	(10,865)	(7,660)
Financing activities	(6,294)	(13,308)
Net change in cash and cash equivalents	(46,788)	(29,780)
Dividends paid to non-controlling interests	-	(7,435)

6. ASSOCIATED COMPANIES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares in Malaysia, at cost	69,131	69,131	43,631	43,631
Group's share of post-acquisition reserves	141,256	114,707	-	-
	210,387	183,838	43,631	43,631

The Group's equity interest in the associated companies, their respective principal activities and country of incorporation are shown below:

Name	Country of incorporation	Principal activities	Proportion of ownership interest (%) 2020	2019
Associated company of the Company				
Inokom Corporation Sdn Bhd ("INOKOM") *	Malaysia	Manufacturing and assembly of light commercial and passenger vehicles, and contract assembly of passenger vehicles.	29	29
Associated company of Bermaz Motor Sdn Bhd				
Mazda Malaysia Sdn Bhd ("MMSB") *	Malaysia	Local assembly of Mazda vehicles by third party contract assembler using local parts and imported Mazda supplied parts and domestic distribution through Bermaz Motor Sdn Bhd and export of Mazda vehicles assembled in Malaysia.	30	30

Note:
* Audited by other firms of chartered accountants.

The financial year end of INOKOM and MMSB are 30 June and 31 March respectively. The results of the associated companies are accounted for in the Group's financial statements under the equity method, based on the most recently available audited financial statements and supplemented by the unaudited management financial statements of the associated companies made up to the Group's financial year end.

6. ASSOCIATED COMPANIES (CONTINUED)

Summarised financial information in respect of the material associated companies is set out below. The summarised financial information represents the amounts in the financial statements of the associated companies and not the Group's share of those amounts.

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2020			
Non-current assets	169,262	172,868	342,130
Current assets	91,490	532,848	624,338
Non-current liabilities	(16,643)	(13,264)	(29,907)
Current liabilities	(50,342)	(213,350)	(263,692)
Net assets	193,767	479,102	672,869
Equity attributable to:			
Owners of the associated company	137,575	335,371	472,946
Non-controlling interests of the associated company	56,192	143,731	199,923
Total equity	193,767	479,102	672,869
Revenue	166,877	1,827,475	1,994,352
Profit for the year, representing total comprehensive income	15,147	78,144	93,291
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	10,755	55,987	66,742
- non-controlling interests of the associated company	4,392	22,157	26,549
	15,147	78,144	93,291

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2019			
Non-current assets	213,683	172,020	385,703
Current assets	77,498	483,222	560,720
Non-current liabilities	(24,114)	(5,315)	(29,429)
Current liabilities	(88,447)	(248,895)	(337,342)
Net assets	178,620	401,032	579,652
Equity attributable to:			
Owners of the associated company	126,820	280,722	407,542
Non-controlling interests of the associated company	51,800	120,310	172,110
Total equity	178,620	401,032	579,652
Revenue	261,362	2,019,631	2,280,993
Profit for the year, representing total comprehensive income	19,822	151,047	170,869
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	14,074	106,605	120,679
- non-controlling interests of the associated company	5,748	44,442	50,190
	19,822	151,047	170,869

6. ASSOCIATED COMPANIES (CONTINUED)

Reconciliation of the summarised financial information presented above to the carrying amount of the Group's interest in the associated companies:

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2020			
Attributable to the owners of associated companies:			
Net assets as at beginning of financial year	178,620	401,032	579,652
Adjustment on adoption of MFRS 16	-	(74)	(74)
Profit for the year	15,147	78,144	93,291
Net assets at end of financial year	193,767	479,102	672,869
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	56,193	140,970	197,163
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	69,417	140,970	210,387

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2019			
Attributable to the owners of associated companies:			
Net assets as at beginning of financial year	158,798	249,985	408,783
Profit for the year	19,822	151,047	170,869
Net assets at end of financial year	178,620	401,032	579,652
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	51,800	118,814	170,614
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	65,024	118,814	183,838

7. DEFERRED TAX ASSETS

	Group	
	2020	2019
	RM'000	RM'000
At beginning of year	52,345	42,180
Effect of MFRS 9	-	192
Effect of MFRS 16 (Note 2.3)	(41)	-
Recognised in profit or loss (Note 26)	9,788	9,384
Exchange differences	755	589
At end of year	62,847	52,345

Presented after appropriate offsetting as follows:

	Group	
	2020	2019
	RM'000	RM'000
Deferred tax assets	62,847	52,345

7. DEFERRED TAX ASSETS (CONTINUED)

The components and movements of deferred tax assets and liability during the financial year are as follows:

Group	Deferred revenue	Provisions and others	Total
Deferred tax assets	**RM'000**	**RM'000**	**RM'000**
2020			
At beginning of year	28,215	24,246	52,461
Recognised in profit or loss	4,441	5,345	9,786
Exchange differences	372	383	755
At end of year	33,028	29,974	63,002
Set-off against deferred tax liabilities			(155)
			62,847
2019			
At beginning of year	23,751	18,543	42,294
Effect of MFRS 9	-	192	192
Recognised in profit or loss	4,129	5,257	9,386
Exchange differences	335	254	589
At end of year	28,215	24,246	52,461
Set-off against deferred tax liabilities			(116)
			52,345

Group	Accelerated capital allowances	Others	Total
Deferred tax liabilities	**RM'000**	**RM'000**	**RM'000**
2020			
At beginning of year	(65)	(51)	(116)
Effect of MFRS 16 (Note 2.3)	(41)	-	(41)
Recognised in profit or loss	(49)	51	2
At end of year	(155)	-	(155)
Set-off against deferred tax assets			155
			-
2019			
At beginning of year	(68)	(46)	(114)
Recognised in profit or loss	3	(5)	(2)
At end of year	(65)	(51)	(116)
Set-off against deferred tax assets			116
			-

8. GOODWILL

	Group	
	2020 RM'000	2019 RM'000
At beginning/end of year	500	500

Goodwill relates to the excess of the purchase consideration over the total value of the assets and liabilities of a subsidiary, principally engaged in automotive segment in Malaysia, that was acquired in prior years.

9. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
At cost:		
Motor vehicles ready for sale	590,322	216,604
Spare parts	30,242	23,216
	620,564	239,820
At net realisable value:		
Motor vehicles ready for sale	50,317	31,513
Spare parts	13,763	12,643
	64,080	44,156
	684,644	283,976

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM1,487,625,000 (2019: RM2,032,356,000).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade receivables	71,435	82,166	-	-
Less: Allowance for expected credit loss	(5,812)	(3,104)	-	-
	65,623	79,062	-	-
Other receivables				
Deposits	4,062	4,046	-	-
Sundry receivables	14,260	6,911	26	98
Amount owing by a subsidiary	-	-	30,000	-
Amount owing by an associated company	222	444	-	-
	18,544	11,401	30,026	98
	84,167	90,463	30,026	98
Other current assets				
Prepayments	6,114	6,041	62	62
Input VAT (net)	17,171	1,752	-	-
Dividend from a subsidiary company	-	-	20,000	125,000
	23,285	7,793	20,062	125,062
Total trade and other receivables	107,452	98,256	50,088	125,160

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The Group's normal credit term ranges from 30 to 90 (2019: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of trade receivables, other than an amount of RM11,613,000 (2019: RM9,836,000) due from a trade debtor.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Neither past due nor impaired	51,249	77,238
1 to 30 days past due not impaired	9,715	920
31 to 60 days past due not impaired	2,847	383
61 to 90 days past due not impaired	832	521
91 to 120 days past due not impaired	980	-
	14,374	1,824
Expected credit loss	5,812	3,104
	71,435	82,166

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

Receivables that are past due but not impaired

The Group has trade receivables amounting to RM14,374,000 (2019: RM1,824,000) that are past due at the reporting date but not impaired. This includes mainly trade receivables past due for technical or strategic reasons and there is no concern on the credit worthiness of the counter parties and the recoverability of these debts.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Trade receivables - nominal amounts	5,812	3,104
Less: Allowance for expected credit loss	(5,812)	(3,104)
	-	-

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired

Movement in allowance accounts:

	Group	
	2020 RM'000	2019 RM'000
At beginning of year	3,104	2,461
Effect of MFRS 9	-	799
Charge/(Reversal) for the year (Note 24)	2,708	(156)
At end of year	5,812	3,104

The Group performed impairment analysis at each reporting date using a provision matrix that is based on its historical credit loss experience to measure expected credit losses.

However, in certain cases, the Group also perform impairment assessment on trade receivables individually. Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

The amount owing by a subsidiary company is non-trade in nature, unsecured, repayable on demand and bear interest at 3.75% per annum. The amount owing by an associated company is non-trade in nature, unsecured, non-interest bearing and repayable on demand. All the sundry receivables and deposits are unsecured and non-interest bearing.

The sundry receivables consist of advances to SsangYong Berjaya Motor Philippines for its working capital requirements amounting to RM11,628,000 (2019: RM3,833,000).

11. DERIVATIVE ASSETS

	Group			
	2020		2019	
	Contract amount RM'000	Derivative Assets RM'000	Contract amount RM'000	Derivative Assets RM'000
Non-hedging derivatives				
Current				
Forward currency contracts	-	-	18,981	138

The Group uses forward currency contracts to manage some of the transaction exposure. These contracts are not designated as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.

Forward currency contracts are used to hedge certain of the Group's purchases denominated in Japanese Yen for firm commitments existed at the reporting date. The fair value changes relating to those forward currency contracts outstanding at the reporting date resulted in the recognition of derivative assets for the current financial year.

11. DERIVATIVE ASSETS (CONTINUED)

	Group	
	2020 RM'000	2019 RM'000
At beginning of year	138	(292)
Fair value changes on forward currency contracts (Note 24)	(138)	430
At end of year	-	138

12. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deposits with:				
Licensed banks	46,675	221,850	6,482	48,865

The range of interest rates per annum and maturities of deposits as at reporting date were as follows:

	Group		Company	
	2020	2019	2020	2019
Interest rates per annum (%)				
Licensed banks	2.18 - 2.65	0.25 - 3.50	2.18 - 2.65	2.78 - 3.50
Maturities (days)				
Licensed banks	1 - 13	1 - 31	5 - 13	2 - 31

13. CASH AND BANK BALANCES

Certain cash at banks of the Group and the Company earn interest based on daily bank deposit rates.

14. SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	2020 '000	2019 '000	2020 RM'000	2019 RM'000
Issued and fully paid:				
At beginning of year	1,163,154	1,161,499	607,879	602,957
Employees' share options exercised	395	1,655	910	2,279
Employees' share options forfeited/expired	-	-	34	2,643
At end of year	1,163,549	1,163,154	608,823	607,879

The holders of ordinary shares (other than treasury 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. All the ordinary shares (other than treasury shares) rank equally with regard to the Company's residual assets.

15. RESERVES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Merger deficit (Note a)	(424,000)	(424,000)	-	-
Employee share plan reserve (Note b)	5,172	2,299	5,172	2,299
Consolidation reserve (Note c)	32,981	32,981	-	-
Exchange reserve (Note d)	1,587	(3,633)	-	-
	(384,260)	(392,353)	5,172	2,299
Retained earnings (Note e)	248,094	355,585	5,406	143,810
	(136,166)	(36,768)	10,578	146,109

Notes:

(a) Merger deficit

Merger deficit represents the difference between the cost of acquisition and the nominal value of the share capital and reserves of the subsidiary company acquired in prior years.

(b) Employee share plan reserve

The employee share plan reserve represents the equity-settled shares and share options granted to certain directors and employees of the Group. The employee share plan reserve is made up of the cumulative value of services received from those directors and employees recorded over the vesting period commencing from the grant date of the shares and share options and is reduced by the expiry, forfeiture or exercise of the share options.

(c) Consolidation reserve

The consolidation reserve comprises the consolidation effects of changes in the Group's equity interests in a subsidiary company which does not result in loss of control.

(d) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

(e) Retained earnings

The entire retained earnings of the Company is available for distribution as single-tier dividends.

16. TREASURY SHARES

	Group and Company Ordinary shares			
	2020 Number of shares '000	2019 Number of shares '000	2020 RM'000	2019 RM'000
At beginning of year	3,413	2,235	6,486	4,593
Shares bought back during the year	-	3,413	-	6,486
Shares sold during the year	(1,654)	(2,235)	(3,144)	(4,593)
Reissued for ESS shares vested	(390)	-	(740)	-
At end of year	1,369	3,413	2,602	6,486

Pursuant to an Annual General Meeting ("AGM") held on 4 October 2019, the Company has renewed the mandate relating to the share buyback of up to 10% of the existing share capital.

The Company did not buy back any of its shares from the open market during the financial year. In the previous financial year, the Company bought back 3,412,700 shares from the open market for approximately RM6,486,000 or at an average price of RM1.90 per share with internal generated funds. The shares bought back are held as treasury shares. During the financial year, 389,400 shares were reissued for the vesting of ESS shares.

17. CONTRACT LIABILITY

The Group provides free maintenance service package for 3 years (limited to 60,000 kilometres) or 5 years (limited to 100,000 kilometres) on certain Mazda models.

Commencing from 1 January 2019, all CKD and CBU models (except BT-50) sold are provided with a free maintenance service for a period of 5 years or attainment of 100,000 kilometres, whichever is the earlier.

Contract liability represents a part of the sale proceeds received from customers which relates to service maintenance in which the service has not been rendered. The amount of sales proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past maintenance service performed and estimated charges to customers.

	Group	
	2020 RM'000	2019 RM'000
At beginning of year	112,457	93,323
Deferred during the year	67,255	79,937
Recognised during the year	(45,918)	(61,919)
Exchange difference	1,241	1,116
At end of year	135,035	112,457

17. CONTRACT LIABILITY (CONTINUED)

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at financial year end are as follows:

	Group	
	2020	2019
	RM'000	RM'000
At end of year:		
Within a year	49,931	41,617
Later than 1 year but not later than 5 years	85,104	70,840
	135,035	112,457

Contract liability is reassessed annually based on the actual service claims from the vehicles previously sold. Any estimated apportioned service maintenance relating to contract liability exceeding the amount necessary to cover the service claims on motor vehicles sold is recognised as revenue during the year.

Set out below is the amount of revenue recognised from:

	Group	
	2020	2019
	RM'000	RM'000
Amounts included in contract liability at the beginning of the year	36,309	43,689

18. PROVISIONS

Group	Incentives RM'000	Warranty RM'000	Restoration cost RM'000	Total RM'000
2020				
At beginning of year	7,867	51,298	3,497	62,662
Effect of MFRS 16 (Note 2.3)	-	-	(49)	(49)
Additional provision	19,080	14,143	-	33,223
Reversal during the year	(2,774)	(1,139)	-	(3,913)
Utilisation of provision	(15,871)	(11,829)	-	(27,700)
Unwinding of discount (Note 23)	-	-	191	191
Exchange difference	-	957	-	957
At end of year	8,302	53,430	3,639	65,371
2020				
Current	8,302	21,291	196	29,789
Non-current	-	32,139	3,443	35,582
	8,302	53,430	3,639	65,371
2019				
At beginning of year	10,179	31,660	3,157	44,996
Additional provision	18,023	29,225	401	47,649
Reversal during the year	(675)	(312)	-	(987)
Utilisation of provision	(19,660)	(9,939)	-	(29,599)
Reversal of discount (Note 23)	-	-	(61)	(61)
Exchange difference	-	664	-	664
At end of year	7,867	51,298	3,497	62,662
2019				
Current	7,867	18,794	937	27,598
Non-current	-	32,504	2,560	35,064
	7,867	51,298	3,497	62,662

Notes:

(a) Incentives

The Group provides sales incentives for car dealers who achieve cumulative sales target level. The incentive entitlement is communicated to the dealers periodically and are paid during and/or after financial year end. The provision for sales incentive is based on the car dealers' progress towards achieving their agreed annual sales targets.

(b) Warranty

In Malaysia, the Group provides warranty periods of 3 or 5 years or attainment of 100,000 kilometres, whichever is earlier, on locally assembled vehicles and undertakes to repair or replace parts that fail to perform satisfactorily. For imported vehicles, the manufacturer gives to the Group's customers a warranty period of 3 years or attainment of 100,000 kilometres, whichever is earlier. The Group extends an additional warranty period of 2 years in addition to the 3 years provided by the manufacturer, for certain models sold in Malaysia.

In the Philippines, the Group provides free maintenance and product warranty for a period of 3 years for all types of Mazda models. The maintenance service covers parts and labour costs for every scheduled service for the first three years or 60,000 kilometres, whichever comes first. The Group gives the three-year product warranty (limited to the attainment of 100,000 kilometres).

18. PROVISIONS (CONTINUED)

Notes: (continued)

(b) Warranty (continued)

A provision is made for expected warranty claims on vehicles sold during the year, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranty were based on sales levels, past and current information available about repairs performed during warranty periods for similar type of vehicles sold.

(c) Restoration cost

A provision for restoration cost is recognised for expected costs to be incurred to restore the rented premise in accordance to the stipulation in the tenancy agreement. The Group provides for the cost to restore the premises to its original state and condition. The provision is based on the best estimate of the direct expenditure to be incurred upon the expiry of tenancy period. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

19. SHORT TERM BORROWINGS

	Group	
	2020 RM'000	2019 RM'000
Bankers' acceptance and trust receipts	137,709	-

The interest rate per annum at the reporting date for bankers' acceptance and trust receipts range from 3.74% to 5.6% (2019: Nil).

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Trade payables				
Third parties	123,466	106,997	-	-
Amount owing to an associated company	175,762	37,086	-	-
	299,228	144,083	-	-
Other payables				
Sundry payables	20,246	19,284	35	13
Refundable deposits from customers	2,716	2,476	-	-
Dividend payable	16,852	-	16,852	-
Accruals	10,458	3,543	387	318
	50,272	25,303	17,274	331
	349,500	169,386	17,274	331

(a) Trade payables

These amounts are non-interest bearing except for interest levied on late payments. Trade payables are normally settled on 30 - 90 (2019: 30 – 90) days.

20. TRADE AND OTHER PAYABLES (CONTINUED)

(b) Other payables

The refundable deposits are received from customers upon booking confirmation and will be set-off against the total invoiced amounts upon delivery of vehicles.

21. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

Group as a lessee

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year.

	Building RM '000
At Net Carrying Amount	
As at 1 May 2019	-
Effect on adoption of MFRS 16 (Note 2.3)	75,593
As at 1 May 2019 (Adjusted)	75,593
Additions	5,422
Write-off (Note 24)	(1,271)
Depreciation charge for the year (Note 24)	(11,431)
Exchange difference	2,156
As at 30 April 2020	70,469
As at 30 April 2020	
Cost	98,640
Accumulated depreciation	(28,171)
Net carrying amount	70,469

The right-of-use assets are in respect of lease contracts for buildings such as showrooms, service centres and warehouses.

Set out below are the carrying amounts of lease liabilities recognised and the movements during the year.

	Group RM '000
As at 1 May 2019	-
Effect on adoption of MFRS 16 (Note 2.3)	77,028
As at 1 May 2019 (Adjusted)	77,028
Additions	5,423
Write-off	(1,335)
Accretion of interest (Note 23)	3,729
Lease payments	(13,022)
Exchange difference	2,326
As at 30 April 2020	74,149
Disclosed as:	
- Current	9,082
- Non-current	65,067
As at 30 April 2020	74,149

21. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

The following are the amounts recognised in profit or loss:

	Group RM '000
Depreciation expenses of right-of use assets (Note 24)	11,431
Interest expense on lease liabilities (Note 23)	3,729
Expenses relating to short-term lease (Note 24)	3,340
Expenses relating to leases of low-value assets (Note 24)	151

22. REVENUE

Revenue consists of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contract with customers:				
Sale of motor vehicles	1,585,196	2,352,900	-	-
Sale of spare parts	119,401	123,395	-	-
Maintenance and fitting of motor vehicle accessories services	50,809	43,567	-	-
	1,755,406	2,519,862	-	-
Other revenue:				
Dividend income from a subsidiary	-	-	70,000	225,000
	1,755,406	2,519,862	70,000	225,000
Timing of revenue recognition:				
- at a point in time	1,709,488	2,457,943		
- over time	45,918	61,919		
	1,755,406	2,519,862		

23. FINANCE COSTS

	Group	
	2020 RM'000	2019 RM'000
Interest expense on bankers acceptances and trusts receipts	2,745	759
Interest expense on lease liabilities (MFRS 16) (Note 21)	3,729	-
Unwinding/(Reversal) of discount on provision (Note 18)	191	(61)
	6,665	698

24. PROFIT BEFORE TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax is arrived at after charging:				
Directors' remuneration (Note 25)				
- emoluments (excluding benefits-in-kind)	9,723	8,625	58	50
- fees	320	263	320	263
Auditors' remuneration				
- statutory audit fee				
- Ernst & Young	238	246	75	45
- Others	8	27	-	-
- underprovision for prior years	5	12	-	10
- fees for non audit services	57	41	11	11
Depreciation of property, plant and equipment (Note 3)	4,368	3,834	9	8
Depreciation of right-of-use assets (Note 21)	11,431	-	-	-
Loss on disposal of property, plant and equipment	-	1	-	-
Right-of-use assets written-off (Note 21)	1,271	-	-	-
Inventories written down	813	1,733	-	-
Demonstration car expenses	11,921	8,078	-	-
Allowances for expected credit loss in receivables (Note 10(a))	2,708	-	-	-
Rental expenses	-	13,096	-	-
Expenses relating to short-term lease (Note 21)	3,340	-	-	-
Expenses relating to leases of low-value assets (Note 21)	151	-	-	-
Staff costs (Note a)	54,896	63,263	-	-
Loss on disposal of unit trusts	-	1	-	-
Fair value adjustment on derivatives (Note 11)	138	-	-	-
Provision for warranty (net of reversal)	13,004	28,913	-	-
Provision for incentives (net of reversal)	16,306	17,348	-	-
Loss on foreign exchange				
- realised	1,181	853	-	-
- unrealised	765	-	-	-
and crediting:				
Gain on disposal of property, plant and equipment	(1)	-	-	-
Rental income from an associated company	(264)	(264)	-	-
Business development fees	(18,243)	-	-	-
Interest income from financial institutions	(3,776)	(8,635)	(741)	(1,949)
Income from unit trusts	-	(179)	-	-
Reversal of allowances for expected credit loss in receivables (Note 10(a))	-	(156)	-	-
Gain on foreign exchange				
- unrealised	-	(821)	-	-
Fair value adjustment on derivatives (Note 11)	-	(430)	-	-

24. PROFIT BEFORE TAX (CONTINUED)

(a) Staff costs consist of the following:

	Group	
	2020 RM'000	2019 RM'000
Wages, salaries, bonuses, allowances and other emoluments	41,976	48,140
Social security costs and employees insurance	421	377
Pension costs		
- defined contribution plans	5,596	6,213
Share-based payments under ESS/ESOS (Note b)	3,066	1,983
Other staff related expenses	3,837	6,550
	54,896	63,263

Note: Staff costs exclude remuneration of executive directors.

(b) Share-based payments under ESS/ESOS consist of the following:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Share-based payments for:				
- employees of the Group	3,066	1,983	-	-
- directors of the Company	402	237	402	237
- other directors of the Group	440	259	-	-
	3,908	2,479	402	237

25. DIRECTORS' REMUNERATION

The aggregate directors' remuneration for all directors of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Directors of the Company				
Executive				
Salaries and other emoluments	5,851	4,514	-	-
Performance incentive	1,600	2,000	-	-
Benefits-in-kind	49	31	-	-
	7,500	6,545	-	-
Non-executive				
Fees	320	263	320	263
Other emoluments	58	50	58	50
	378	313	378	313
	7,878	6,858	378	313
Other directors of the Group				
Salaries and other emoluments	1,581	1,504	-	-
Performance incentive	633	557	-	-
	2,214	2,061	-	-
Total directors' remuneration (excluding share-based payments)	10,092	8,919	378	313

26. INCOME TAX EXPENSE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Income tax:				
- Malaysian	35,560	81,027	177	472
- Foreign tax	2,723	2,593	-	-
- Withholding tax	-	2,980	-	-
	38,283	86,600	177	472
Overprovision in respect of prior years				
- Malaysian income tax	(579)	(3,447)	(5)	-
	37,704	83,153	172	472
Deferred tax (Note 7)				
- Relating to origination and reversal of temporary differences	(9,427)	(9,355)	-	-
- Overprovision in prior years	(361)	(29)	-	-
	(9,788)	(9,384)	-	-
Total income tax expense	27,916	73,769	172	472

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2019: 24%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rate prevailing in the respective jurisdictions.

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Profit before tax	131,980	340,565	69,254	225,610
Applicable tax rate (%)	24	24	24	24
Taxation at applicable tax rate	31,675	81,736	16,621	54,146
Income not subject to tax	-	(54)	(16,800)	(54,000)
Expenses not deductible under tax legislation	2,797	3,972	356	326
Effect of different tax rate in other country	756	657	-	-
Effect of withholding tax	-	2,980	-	-
Effect of share of result of associated companies	(6,372)	(12,046)	-	-
Overprovision of income tax in prior years	(579)	(3,447)	(5)	-
Overprovision of deferred tax in prior years	(361)	(29)	-	-
Income tax expense for the year	27,916	73,769	172	472

27. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares with voting rights in issue during the financial year.

	Group	
	2020	**2019**
Profit attributable to equity holders (RM'000)	100,840	264,039
Weighted average number of ordinary shares with voting rights in issue ('000)	1,161,615	1,160,373
Basic earnings per share (sen)	8.68	22.75

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year attributable to ordinary equity holders of the Company and the weighted average number of ordinary shares with voting rights in issue during the financial year, have been adjusted for the dilutive effects of the dilutive instruments of the Group.

	Group	
	2020	**2019**
Profit attributable to equity holders (RM'000)	100,840	264,039
Weighted average number of ordinary shares with voting rights in issue ('000)	1,161,615	1,160,373
Assumed shares issued from the exercise of employees' share scheme ('000)	3,416	6,084
Adjusted weighted average number of ordinary shares with voting rights ('000)	1,165,031	1,166,457
Diluted earnings per share (sen)	8.66	22.64

28. DIVIDENDS

	Company			
	2020 Dividend per share Sen	2020 Dividend RM'000	2019 Dividend per share Sen	2019 Dividend RM'000
Recognised during the year				
Single-tier dividends:				
In respect of prior year				
- Fourth interim dividend of 3.50 sen and special dividend of 7.00 sen approved in respect of financial year ended 30 April 2019 (2019: Fourth interim dividend of 2.30 sen and special dividend of 2.70 sen approved in respect of financial year ended 30 April 2018)	10.50	121,965	5.00	58,095
In respect of current year				
- First interim dividend of 3.25 sen approved in respect of financial year ended 30 April 2020 (2019: First interim dividend of 2.50 sen approved in respect of financial year ended 30 April 2019)	3.25	37,752	2.50	29,057
- Second interim dividend of 2.75 sen approved in respect of financial year ended 30 April 2020 (2019: Second interim dividend of 3.75 sen approved in respect of financial year ended 30 April 2019)	2.75	31,960	3.75	43,483
- Third interim dividend of 1.45 sen approved in respect of financial year ended 30 April 2020 (2019: Third interim dividend of 4.50 sen approved in respect of financial year ended 30 April 2019)	1.45	16,852	4.50	52,187
	17.95	208,529	15.75	182,822

29. SEGMENTAL INFORMATION

The Group operates predominantly in one business segment in Malaysia and outside Malaysia. The primary format, geographical segments, is based on the Group's management and internal reporting structure.

Unallocated assets/liabilities include items relating to investing and financing activities and items that cannot be reasonably allocated to individual segments.

Results	**2020 RM'000**	**2019 RM'000**
Malaysia	96,626	273,166
Philippines	13,684	10,453
	110,310	283,619
Unallocated corporate expenses	(1,990)	(1,359)
	108,320	282,260
Investment related income		
- Interest income	3,776	8,813
Finance costs	(6,665)	(698)
Share of results of associates	26,549	50,190
Profit before tax	131,980	340,565
Income tax expense	(27,916)	(73,769)
Profit for the year	104,064	266,796

	Revenue RM'000	**Capital expenditure RM'000**	**Assets RM'000**	**Liabilities RM'000**
2020				
Malaysia	1,481,310	3,827	730,415	501,791
Philippines	274,096	11,465	271,070	122,264
	1,755,406	15,292	1,001,485	624,055
Unallocated items	-	-	286,902	143,124
Total	1,755,406	15,292	1,288,387	767,179
2019				
Malaysia	2,168,989	4,909	542,466	261,495
Philippines	350,873	9,697	187,218	83,010
	2,519,862	14,606	729,684	344,505
Unallocated items	-	-	237,944	13,280
Total	2,519,862	14,606	967,628	357,785

30. EMPLOYEES' SHARE SCHEME

Employees' Share Option Scheme ("ESOS")

At an Extraordinary General Meeting held on 26 September 2013, shareholders approved the ESOS for the grant of options that are settled by delivery of the ordinary shares of the Company, to eligible directors and employees of the Group. The ESOS expired on 17 November 2018.

Employees' Share Scheme ("ESS")

The Company implemented an Employees' Share Scheme ("ESS" or "Scheme") which came into effect on 19 November 2018 for a period of 5 years. The ESS may be extended for a maximum period of five (5) years if so recommended by the ESS Committee and approved at the discretion of the board. The ESS was approved by the shareholders at an Extraordinary General Meeting held on 3 October 2018. The ESS is administered by a committee ("ESS Committee").

The grant date of the ESS offer was from 21 November 2018 to 4 December 2018.

The main features of the Scheme for ESS are as follows:

(a) The aggregate maximum number of ESS Shares and ESS Options that may be granted to any eligible director or employee of the Group shall be determined by the ESS Committee provided that:

  (i) the directors (including non-executive directors) and eligible employees do not participate in the deliberation and discussion of their own allocation and the allocation to any person connected with them;

  (ii) no allocation of more than seventy percent (70%) of the total of ESS Shares and ESS Options shall be made in aggregate to the directors and/or senior management of the Group; and

  (iii) no allocation of more than ten percent (10%) of the ESS Shares and ESS Options shall be made to any eligible directors or employee of the Group who, either single or collectively through persons connected with them, hold more than twenty percent (20%) of the issued and paid-up share capital of the Company (excluding treasury shares, if any).

(b) An eligible employee shall pay a sum of RM1.00 as consideration for acceptance of that offer. The ESS options shall be exercisable at a price which is the five-day weighted average market price of the shares in the Company on the date of offer, with a discount not exceeding ten per cent.

(c) The ESS Committee may in its absolute discretion and subject to compliance with the provisions of the Act and the Company's Constitution and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, decide that the ESS Shares to be satisfied by issuance of new ordinary shares of the Company, acquisition of existing issued ordinary shares of the Company from the market, payment of cash or a combination of the above.

(d) The new ordinary shares issued upon the ESS will be subject to the provisions of the Articles of Association of our Company and will, upon allotment and issuance, rank equally in all respects with the existing new ordinary shares, save and except that the new ordinary shares issued will not be entitled for any dividends, rights, allotments and/or other distributions that may be declared, made or paid to shareholders of our Company, the entitlement date of which is prior to the date of allotment and issuance of the new ordinary shares to the participants.

(e) If an ESS granted is satisfied via a transfer of existing ordinary shares, the participants will not be entitled to any entitlement attached to such ordinary shares in respect of which the entitlement date is prior to the effective date of transfer of such ordinary shares to the participants.

30. EMPLOYEES' SHARE SCHEME (CONTINUED)

Employees' Share Scheme ("ESS") (Continued)

The ESS consists of ESS options and shares as below:

(i) ESS Options

Movement of share options during the financial year

The following table illustrates the number and weighted average exercise price ("WAEP") of, and movements in, share options during the financial year:

	Company Units	WAEP RM
Outstanding at beginning of year	9,072,200	-
- Granted	-	1.85
- Forfeited	(470,400)	1.85
- Exercised	(395,300)	1.85
Outstanding at end of year	8,206,500	1.85

- The weighted average share price at the date of exercise of the options exercised during the financial year was RM1.87.
- The exercise price for options outstanding at the end of the year was RM1.85 per share. The remaining contractual life for these options is 3.54 years.

(ii) ESS Shares

Movement of shares during the financial year

The following table illustrates the number and movements in ESS shares during the financial year:

	Company Units
Outstanding at beginning of year	4,005,000
- Forfeited	(200,100)
- Vested	(389,400)
Outstanding at end of year	3,415,500

Fair value of ESS granted

The following table lists the fair values of the options granted, which were estimated at the grant dates.

	Group	
Fair value of options and shares to be vested	**ESS Options RM**	**ESS Shares RM**
On the grant date	0.53	-
1 year from the grant date	0.53	2.11
2 years from the grant date	0.52	2.11
3 years from the grant date	0.50	2.11
4 years from the grant date	0.47	2.11
5 years from the grant date	-	2.11

30. EMPLOYEES' SHARE SCHEME (CONTINUED)

Employees' Share Scheme ("ESS") (Continued)

The fair value of the shares and share options granted is estimated at the grant date using a binomial option pricing model, taking into account the terms and conditions upon which the instruments were granted.

The following table lists the inputs to the option pricing model:

	ESS Grant dates 21.11.2018 to 4.12.2018
Dividend yield (%)	6.36 - 6.45
Expected volatility (%)	32.75
Risk-free interest rate (% p.a.)	3.84 - 3.89
Expected life of options (Years)	5
Underlying share price (RM)	2.10 - 2.13

The expected life of the shares and options is based on the contractual life of the shares and options. The expected volatility reflects the assumption that the historical volatility, over a period similar to the life of the options, is indicative of future trends, which may not necessarily be the actual outcome.

31. SIGNIFICANT RELATED PARTY TRANSACTIONS

In addition to the transactions detailed elsewhere in the notes to financial statements, the Group had the following significant transactions with related parties during the financial year:

	Group	
	2020 RM'000	2019 RM'000
Transactions with MMSB* :		
Purchase of motor vehicles	926,017	1,169,417
Management fees income received	(2,264)	(2,264)
Rental income received	(264)	(264)

Note:
***** Associated company of the Group.

32. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the key management personnel, who are the directors and other senior management personnel of the Group and of the Company, are as follows:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Short-term benefits	12,417	12,296	378	313
Post-employment benefits	1,570	1,017	-	-
Share-based payments	1,375	932	402	237
	15,362	14,245	780	550

33. COMMITMENTS

	Group	
	2020 RM'000	2019 RM'000
Capital expenditure		
Property, plant and equipment		
- approved and contracted for	226	9,482

34. CONTINGENT LIABILITIES

The Company has provided corporate guarantees to banks for credit facilities granted to subsidiary companies. Included in such facilities granted to subsidiary companies is a trade financing facility, which allows third party utilisation by a supplier. As at the reporting date, the amount utilised by the supplier amounted to RM46,963,000 (2019: RM67,552,000). The Company has assessed the financial guarantee contracts and concluded that the financial impact of the guarantees is not material as the likelihood of default is remote. All financial guarantees of the Company are either due within one year or repayable on demand.

35. FAIR VALUE MEASUREMENT

The Group and the Company measure the fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1	Quoted (unadjusted) market price in active markets for identical assets or liabilities
Level 2	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial instruments that are measured at fair value

The table below analyses the financial instruments measured at fair value at the reporting date, according to the level in the fair value hierarchy:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
2020				
Financial assets				
Other investment - Unquoted shares	-	-	2,771	2,771
2019				
Financial assets				
Derivative assets	-	138	-	138
Other investment - Unquoted shares	-	-	1,261	1,261
	-	138	1,261	1,399

Forward currency contracts are valued using a valuation technique with market observable inputs. For the unquoted investment, fair value represents the enterprise value of the investment derived from the cash flows projection based on the business plan of the investee company. Fair value is determined to approximate the acquisition price of the investment.

36. FINANCIAL INSTRUMENTS

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 2.2 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised. The following table analyses the financial assets and financial liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

Group	Note	At amortised cost RM'000	FVTPL RM'000	FVOCI RM'000	Total RM'000
2020					
Financial assets					
Other investment	4	-	-	2,771	2,771
Trade and other receivables	10	84,167	-	-	84,167
Deposits with financial institutions	12	46,675	-	-	46,675
Cash and bank balances	13	53,545	-	-	53,545
		184,387	-	2,771	187,158

		At amortised cost RM'000	FVTPL RM'000	FVOCI RM'000	Total RM'000
2019					
Financial assets					
Other investment	4	-	-	1,261	1,261
Trade and other receivables	10	90,463	-	-	90,463
Derivative assets	11	-	138	-	138
Deposits with financial institutions	12	221,850	-	-	221,850
Cash and bank balances	13	98,316	-	-	98,316
		410,629	138	1,261	412,028

		At amortised cost RM'000	FVTPL RM'000	Total RM'000
2020				
Financial liabilities				
Short term borrowings	19	137,709	-	137,709
Trade and other payables	20	329,932	-	329,932
Lease liabilities	21	74,149	-	74,149
		541,790	-	541,790

		At amortised cost RM'000	FVTPL RM'000	Total RM'000
2019				
Financial liability				
Trade and other payables	20	166,910	-	166,910

36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Company	Note	2020 RM'000	2019 RM'000
Financial assets - At amortised cost			
Trade and other receivables	10	30,026	98
Deposits with financial institutions	12	6,482	48,865
Cash and bank balances	13	23	9
		36,531	48,972

		2020 RM'000	2019 RM'000
Financial liability - At amortised cost			
Trade and other payables	20	422	331

(b) Fair value

(i) Financial instruments that are measured at fair value

Information of financial instruments of the Group that are measured at fair value is disclosed in Note 35.

(ii) Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair values:

	Note
Trade and other receivables	10
Deposits with financial institutions	12
Short term borrowings	19
Trade and other payables	20
Lease liabilities	21

The carrying amounts of these financial asset and liability are reasonable approximation of fair values due to either insignificant impact of discounting from their short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The financial risk management policies of the Group seek to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its market risk (including interest rate risk and foreign currency risk), liquidity risk and credit risk. The Group operates within clearly defined guidelines and the Group's policy is not to engage in speculative transactions.

(a) Market risk

(i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The interest-bearing assets are made up of deposits with licensed financial institutions.

The Group manages the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rate obtainable, which yield better returns than cash at bank and by maintaining deposits and actively reviewing its portfolio of deposits.

The Group manages its interest risk exposure by actively reviewing its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Financial rate instruments				
Financial assets - fixed rate	46,675	221,850	6,482	48,865
Financial liabilities - floating rate	137,709	-	-	-

Sensitivity analysis of interest rate risk

As at previous reporting date, if interest rates had been 25 basis points higher or lower, with all other variables held constant, the Group's profit net of tax would have been RM262,000 lower or higher mainly as a result of higher or lower interest expense on floating rate short term borrowings.

(ii) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (where revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investment in a foreign subsidiary.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Market risk (continued)

(ii) Currency risk (continued)

The Group is exposed to transactional currency risk primarily through purchases that are denominated in a currency other than the functional currency of the Group. The currencies giving rise to risk are primarily Japanese Yen ("JPY") and United States Dollar ("USD").

The Group uses forward currency contracts to eliminate currency exposures resulting from fluctuations in foreign currency rates for which payment is anticipated more than one month after the Group has entered into a firm commitment for purchase. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the derivatives to match the terms of the payments to minimise the exposure to foreign currency risk.

Sensitivity analysis for currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in JPY and USD exchange rates against the functional currencies of the Group, with all other variables held constant:

		2020 RM'000	2019 RM'000
Group			
Increase/(Decrease) to profit net of tax			
JPY/MYR	- Strengthened by 5% (2019: 5%)	1,298	2,285
	- Weakened by 5% (2019: 5%)	(1,298)	(2,285)
USD/MYR	- Strengthened by 5% (2019: 5%)	63	181
	- Weakened by 5% (2019: 5%)	(63)	(181)

(b) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's credit risk is primarily attributable to trade receivables.

Receivables

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

New vehicles sales are still largely derived from authorised car dealers and as such, the Group has a normal credit policy in place and the exposure is monitored on an going basis. The Group also extends credit risk to spare parts dealers, selective corporate purchasers and finance companies. Bank guarantees are required on a selective basis to secure the line of credit from the Group.

Exposure to credit risk, credit quality and collateral

As at 30 April 2020, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) Credit risk (continued)

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

The Group has no significant concentration of credit risk that may arise from exposure to a single debtor or to groups of trade receivables, other than one particular trade debtor as disclosed in Note 10. An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses.

The Group has applied the simplified approach to calculate expected credit losses which uses a lifetime expected loss allowance on all trade receivables. The Group's provision matrix is based on its historical credit loss experience with trade receivables of similar credit risk characteristics.

(c) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

The Group actively manages its operating cash flows and the availability of fund so as to ensure that all funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash to meet its working capital requirements.

All financial liabilities of the Group and the Company are either due within one year or repayable on demand, except for lease liabilities as disclosed below.

Analysis of financial liability by remaining contractual maturities

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
2020				
Financial liability				
Lease liabilities	9,082	28,202	36,865	74,149

38. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy ratios in order to support its business and maximise shareholders value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by total equity. Net debt represents short term borrowings less deposits with financial institutions and cash and bank balances and exclude lease liabilities arising from MFRS 16. Total equity represents net equity attributable to the owners of the parent plus non-controlling interests.

38. CAPITAL MANAGEMENT (CONTINUED)

	Note	Group 2020 RM'000	Group 2019 RM'000
Deposits with financial institutions	12	46,675	221,850
Cash and bank balances	13	53,545	98,316
Short term borrowings	19	(137,709)	-
Net (debt)/cash		(37,489)	320,166
Equity attributable to the owners of the Company		470,055	564,625
Non-controlling interests		51,153	45,218
Total equity		521,208	609,843
Net gearing ratio (%)		7.19	N/A

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one Group/Company to another.

39. SIGNIFICANT EVENT (COVID-19 PANDEMIC)

The COVID-19 pandemic has had a large impact on the operation of the Group for the last quarter of the financial year ended 30 April 2020, which is consistent with the impact felt by the overall Malaysia automotive industry.

The financial statements have been prepared based upon conditions existing as at 30 April 2020 and have considered those events occurring subsequent to that date, that provide evidence of conditions that existed at the end of the reporting period. The outbreak of COVID-19 pandemic occurred before 30 April 2020 and its impact is considered an event that existed as at the reporting date. The impact of COVID-19 pandemic on the Group is mainly loss of revenue due to the movement restrictions which resulted in mandatory closure of its businesses in both Malaysia and the Philippines, from March 2020 to May 2020. As at the reporting date, no adjustment was required to be made to the financial statements arising from the impact of COVID-19 pandemic.

The Group took cognizance of the impact of COVID-19 pandemic and expect the Malaysia automotive sector to remain challenging in the near future. However, the new economic stimulus packages introduced by the Malaysian Government, which includes specific measures to drive demand in the automotive industry, is expected to soften the impact of COVID-19 pandemic on the country's economy and the Group as a whole. Such measures include a 100% sales tax exemption on CKD models and 50% on CBU models from 15 June to 31 December 2020. The Group also expects to implement appropriate austerity measures to mitigate the current conditions such as tightening of operational costs and overheads and introducing new marketing strategies via e-platform to cater for the “new normal".

Premise on the foregoing, the Directors anticipate that the performance of the Group to remain challenging and will continue to assess the extent to which COVID-19 pandemic may impact the Group’s financial position or results of operations, for the next financial year ending 30 April 2021.

INDEPENDENT AUDITORS' REPORT

to the members of Bermaz Auto Berhad (Company Registration No. 201001016854 (900557-M))
(Incorporated in Malaysia)

Report on the financial statements

Opinion

We have audited the financial statements of Bermaz Auto Berhad, which comprise the statements of financial position as at 30 April 2020 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 87 to 154.

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 30 April 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matter for the audit of the financial statements of the Group is described below. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For the matter below, our description of how our audit addressed the matter is provided in that content.

We have fulfilled the responsibilities described in the Auditors' responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

Provision for warranty

(Refer to Note 18 to the financial statements – Provisions)

Provision for warranty amounting to RM53.4 million, formed 7% of the total liabilities of the Group as at 30 April 2020. The Group provides various types of warranties on vehicles sold to either repair or replace parts for a specified period of time. The Group recognizes a provision for warranty when it determines that it is probable that an outflow of resources is more likely than not to occur in respect of its obligation to either repair or replace any parts of the vehicles covered under warranty.

Key audit matter (cont'd)

Provision for warranty (cont'd)

The provision for warranty represents the Group's best estimate of contractual obligations arising from the warranties provided on the vehicles sold for a specified period of time to the end customer. This estimate includes assumptions on the timing of warranty claims, the cost to either repair or replace any parts of the vehicles covered by the warranty and historical claims experience for the various models of vehicles.

Such provision by its nature involves significant estimates. The estimates of the outcome and financial effects are based on management's judgement, supplemented by previous experience on actual claims. Accordingly, we consider this area to be an area of audit focus.

Our procedures to address this area of focus include, amongst others, the following:

(a) Obtaining an understanding of the relevant internal controls of the Group over the estimation of provision for warranty process;
(b) Discussing the basis of provision and assumptions with the management to obtain an understanding of the related data (such as claims histories) used as inputs to the provision computation;
(c) Corroborating the validity of the actual claims to the approved claim forms;
(d) Assessing the adequacy of the provision for warranty by comparing the estimates made with the average historical claim rates of the respective vehicle models; and
(e) Assessing the appropriateness of discount rates used to determine the present value of the provision for warranty.

We have also evaluated the adequacy of the disclosure as presented in the Note 18 to the financial statements.

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 Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

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 on the other information that we obtained prior to the date of this auditors' report, 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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

INDEPENDENT AUDITORS' REPORT

to the members of Bermaz Auto Berhad (Company Registration No. 201001016854 (900557-M))
(Incorporated in Malaysia)

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the 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 have no realistic alternative but to do so.

Auditors' responsibilities of audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

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

- Conclude on the appropriateness of management's 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.

INDEPENDENT AUDITORS' REPORT

to the members of Bermaz Auto Berhad (Company Registration No. 201001016854 (900557-M))
(Incorporated in Malaysia)

Auditors' responsibilities of audit of the financial statements (cont'd)

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other matters

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.

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

CHONG TSE HENG
No. 03179/05/2021 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 6 August 2020

LIST OF PROPERTY

Location	Tenure	Size	Description	Estimated age of building (Years)	Date of acquisition	Net book value RM'000
Lot No. 765 Jalan Padang Jawa Section 16 40200 Shah Alam Selangor Darul Ehsan	Freehold	4.49 acres	Single storey detached factory/ warehouse with an annexed 2-storey office buidling & ancillary buildings	12	30/06/08	7,324

OTHER INFORMATION

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Neither the Company nor any of its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into, in the ordinary course of business) involving Directors' and Major Shareholders' interests since the end of the previous financial year.

NON-AUDIT FEES

The amount of non-audit fees incurred for service rendered to the Group for the financial year ended 30 April 2020 amounted to RM57,010.

EMPLOYEES' SHARE SCHEMES ("ESS")

There is one (1) ESS in existence during the financial year ended ("FYE") 30 April 2020 and brief details of the ESS are set out below.

The Company had implemented the ESS pursuant to the by-laws approved by the Company's shareholders at the Extraordinary General Meeting held on 3 October 2018. The ESS is to be in force for a period of 5 years from the effective date of 19 November 2018 and expiring on 18 November 2023. Total numbers of ESS Options and ESS Shares offered and accepted are 9,429,000 units and 4,041,000 units respectively. Information in relation to ESS are illustrated in the tables below.

	During the FYE 30 April 2020			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Total number of options/ shares granted	942,900	404,100	1,347,000	1,885,800	404,100	2,289,900
Total number of options exercised/shares awarded	395,300	389,400	784,700	668,100	389,400	1,057,500
Total number of options/ shares forfeited	86,800	14,700	101,500	95,200	14,700	109,900
Total number of options/ shares outstanding				1,122,500	0	1,122,500

Granted to Directors & Chief Executive	During the FYE 30 April 2020			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Aggregate options/shares granted	187,600	80,400	268,000	375,200	80,400	455,600
Aggregate options exercised/ shares awarded	123,200	80,400	203,600	197,400	80,400	277,800
Aggregate options/ shares outstanding				177,800	0	177,800

Granted to Directors & Senior Management	During the FYE 30 April 2020			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Aggregate maximum allocation in percentage	48.0%	48.0%	48.0%	48.0%	48.0%	48.0%
Actual percentage granted	4.9%	5.1%	4.9%	10.0%	5.1%	8.5%

STATEMENT OF DIRECTORS' SHAREHOLDINGS

as at 30 July 2020

The Company	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Yeoh Choon San	1,317,600	0.11	159,954,300	13.76
Dato' Lee Kok Chuan	1,523,925	0.13	158,004,300	13.60
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	24,000	0.00	–	–
Dato' Abdul Manap Bin Abd Wahab	–	–	85,000#	0.01

	Number of Ordinary Shares under Employees' Share Scheme ("ESS")			
	Direct Interest	%	Deemed Interest	%
ESS Options				
Dato' Sri Yeoh Choon San	441,000	0.04	–	–
Dato' Lee Kok Chuan	324,800	0.03	–	–
ESS Shares				
Dato' Sri Yeoh Choon San	189,000	0.02	–	–
Dato' Lee Kok Chuan	156,600	0.01	–	–

# Denotes Indirect Interest pursuant to Section 59(11)(c) of the Companies Act 2016.

Save as disclosed, none of the other Directors of the Company had any interest in the shares of the Company and or its related corporations as at 30 July 2020.

SUBSTANTIAL SHAREHOLDERS

as at 30 July 2020

Name	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Dynamic Milestone Sdn Bhd	158,004,300	13.60	–	–
Dato' Sri Yeoh Choon San	1,317,600	0.11	159,954,300(a)	13.76
Dato' Lee Kok Chuan	1,523,925	0.13	158,004,300(b)	13.60
Dato' Amer Hamzah Bin Ahmad	4,444,000	0.38	158,004,300(b)	13.60
Employees Provident Fund Board	215,177,375	18.51	–	–
Kumpulan Wang Persaraan (Diperbadankan)	42,424,300	3.65	28,692,560	2.47

(a) Deemed Interested by virtue of his interest in Dynamic Milestone Sdn Bhd and Podium Success Sdn Bhd.
(b) Deemed Interested by virtue of his interest in Dynamic Milestone Sdn Bhd.

ANALYSIS OF SHAREHOLDINGS

as at 30 July 2020

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
less than 100	253	2.13	6,774	0.00
100 – 1,000	4,571	38.47	1,953,804	0.17
1,001 – 10,000	5,177	43.57	21,812,696	1.88
10,001 – 100,000	1,424	11.98	42,590,982	3.66
100,001 – 58,108,998	455	3.83	873,706,737	75.18
58,108,999 and above*	2	0.02	222,108,995	19.11
Total	**11,882**	**100.00**	**1,162,179,988**	**100.0**

Note: There is only one class of shares in the paid-up capital of the Company. Each share entitles the holder to one vote.

* Denotes 5% of the total number of issued shares with voting rights in issue.

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Ordinary Shares	%
1.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	124,258,995	10.69
2.	Dynamic Milestone Sdn Bhd	97,850,000	8.42
3.	Permodalan Nasional Berhad	47,815,200	4.11
4.	Kumpulan Wang Persaraan Diperbadankan	42,424,300	3.65
5.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank For Dynamic Milestone Sdn Bhd (PBCL-0G0786)	34,600,000	2.98
6.	Amanahraya Trustees Berhad Amanah Saham Bumiputera	33,885,300	2.92
7.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Dynamic Milestone Sdn.Bhd. (Smart)	25,000,000	2.15
8.	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	22,711,100	1.95
9.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Aberdeen)	18,429,900	1.59
10.	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	16,141,620	1.39
11.	HSBC Nominees (Asing) Sdn Bhd HSBC BK PLC For Asia Ex Japan Equity Smaller Companies (LXG HGIF)	16,088,000	1.38
12.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Amundi)	15,457,000	1.33
13.	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (Diperbadankan) (Aberdeen)	14,081,100	1.21
14.	Hong Leong Assurance Berhad As Beneficial Owner (Life PAR)	14,042,500	1.21
15.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (Nomura)	13,000,000	1.12

ANALYSIS OF SHAREHOLDINGS

as at 30 July 2020

LIST OF THIRTY (30) LARGEST SHAREHOLDERS (CONT'D)

	Name of Shareholders	No. of Ordinary Shares	%
16.	Amanahraya Trustees Berhad Amanah Saham Bumiputera 2	12,608,000	1.08
17.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Hong Leong Value Fund	10,594,100	0.91
18.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Total International Stock Index Fund	10,488,901	0.90
19.	Citigroup Nominees (Tempatan) Sdn Bhd Exempt An For AIA Bhd.	9,719,800	0.84
20.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (CIMB PRIN)	9,221,780	0.79
21.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad - Kenanga Growth Fund	8,679,900	0.75
22.	HSBC Nominees (Asing) Sdn Bhd JPMCB NA For Vanguard Emerging Markets Stock Index Fund	8,565,500	0.74
23.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LPF)	8,404,300	0.72
24.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For State Street Bank & Trust Company (West CLT OD67)	8,136,300	0.70
25.	Amanahraya Trustees Berhad Amanah Saham Malaysia 2 - Wawasan	8,000,000	0.69
26.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Deutsche Trustees Malaysia Berhad For Eastspring Investments Small-Cap Fund	7,494,740	0.64
27.	Citigroup Nominees (Tempatan) Sdn Bhd Great Eastern Life Assurance (Malaysia) Berhad (LGF)	7,330,200	0.63
28.	Cartaban Nominees (Asing) Sdn Bhd Exempt An For RBC Investor Services Trust (Clients Account)	7,073,300	0.61
29.	Amanahraya Trustees Berhad Amanah Saham Nasional	6,914,400	0.59
30.	Citigroup Nominees (Asing) Sdn Bhd CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc	6,868,516	0.59
		665,884,752	**57.28**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Tenth Annual General Meeting ("AGM") of Bermaz Auto Berhad will be conducted on a fully virtual basis from the broadcast venue ("Broadcast Venue") at the Auditorium of Bermaz Auto Berhad, No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 8 October 2020 at 10.00 a.m. for the following purposes:-

AGENDA

1. To receive and adopt the audited financial statements of the Company for the financial year ended 30 April 2020 and the Directors' and Auditors' Reports thereon.

As Ordinary Business:-

2. To approve the payment of Directors' fees amounting to RM320,390.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2020. ***Ordinary Resolution 1***

3. To approve the additional payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM2,900.00 for the period from 5 October 2019 until the next Annual General Meeting of the Company to be held in 2020. ***Ordinary Resolution 2***

4. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM90,500.00 for the period from 9 October 2020 until the next Annual General Meeting of the Company to be held in 2021. ***Ordinary Resolution 3***

5. To re-elect Dato' Kalsom Binti Abd. Rahman who retires pursuant to Clause 117 of the Company's Constitution. ***Ordinary Resolution 4***

6. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Ordinary Resolution 5***

As Special Business:-

7. To consider and, if thought fit, pass the following Ordinary Resolutions:-

(i) AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT 2016

"THAT, subject always to the Companies Act 2016, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and THAT the Directors be and are also empowered to obtain the approval from Bursa Malaysia Securities Berhad for the listing and quotation for the additional shares so issued and THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." ***Ordinary Resolution 6***

(ii) PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

"THAT, subject always to the Companies Act 2016 ("Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Exchange") and the requirements of any other relevant authority, the Directors of the Company be and are hereby authorised to purchase such number of ordinary shares in the Company ("BAuto Shares") through the Exchange and to take all such steps as are necessary (including the opening and maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991) and enter

into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-

1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;

2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;

3. the authority shall commence immediately upon passing of this ordinary resolution until:-

   (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or

   (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or

   (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

   whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAuto Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BAuto Shares so purchased by the Company in the following manner:-

(a) cancel all the BAuto Shares so purchased; or

(b) retain all the BAuto Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or

(c) retain part thereof as treasury shares and subsequently cancelling the balance; or

(d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Exchange and any other relevant authority for the time being in force."

Ordinary Resolution 7

By Order of the Board

THAM LAI HENG MICHELLE
(SSM PC No. 202008001622) (MAICSA 7013702)
Secretary

Kuala Lumpur
28 August 2020

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provisions of Section 340(1)(a) of the Companies Act 2016. Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

In December 2019, the Remuneration Committee ("RC") had conducted a review of the remuneration levels of the Non-Executive Directors and in view of the increasing responsibilities of Directors, time commitment required and the heightened regulatory and compliance requirements under the various laws and regulations, the Board, upon the recommendation of the RC, has proposed an increase in Directors' Fee for each of the Non-Executive Directors of the Company from RM50,000.00 to RM60,000.00 per annum with effect from 1 January 2020.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the Companies Act 2016 provides that 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. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting ("AGM") for the payment of Directors' remuneration (excluding Directors' fees) payable to Non-Executive Directors of the Company.

Resolution 2 is to allow the payment of additional Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM2,900.00 for the period from 5 October 2019 until the next AGM of the Company to be held in 2020. The additional payment is due to the revision in the payment of meeting attendance allowances payable to the Non-Executive Directors for Board and Board Committee meetings.

Resolution 3 is to seek shareholders' approval at this AGM for the payment of Directors' remuneration (excluding Directors' Fees) payable to the Non-Executive Directors of the Company for the period from 9 October 2020 until the next AGM of the Company.

The current Directors' remuneration (excluding Directors' fees) payable to the Non-Executive Directors for the Company comprises of meeting allowances.

In determining the estimated remuneration payable to Non-Executive Directors, the Board considered various factors including the number of scheduled meetings for the Board of Directors ("Board"), Board Committees and general meetings of the Company as well as the number of Non-Executive Directors involved in these meetings. The estimated amount of remuneration also caters for unforeseen circumstances, for example, the appointment of additional Directors and additional unscheduled Board Meetings and/or Board Committee meetings.

In the event, where the payment of Directors' remuneration (excluding Directors' fees) payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

4. Re-election of Director

Pursuant to Clause 117 of the Company's Constitution, one third (1/3) of the Directors shall retire from the office at least once in every three (3) years at each Annual General Meeting ("AGM") of the Company and the retiring Directors can offer themselves for re-election.

Accordingly, Dato' Syed Ariff Fadzillah Bin Syed Awalluddin, Dato' Kalsom Binti Abd. Rahman and Mr Loh Chen Peng shall retire by rotation at this Tenth AGM. Dato' Kalsom Binti Abd. Rahman being eligible, has offered herself for re-election whilst Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng have given notice that they do not wish to seek re-election at this AGM. Hence, both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng will retire from office at the conclusion of this Tenth AGM.

5. Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

Ordinary Resolution 6 is proposed for the purpose of granting a renewed general mandate ("General Mandate") and empowering the Directors of the Company, pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot new shares in the Company from time to time at such price provided that the aggregate number of shares issued pursuant to the General Mandate does not exceed 10% of the total number of issued shares of the Company for the time being. The General Mandate, unless revoked or varied by the Company in general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the Ninth Annual General Meeting held on 4 October 2019 and which will lapse at the conclusion of the Tenth Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisitions.

6. Proposed Renewal of Authority for the Company to purchase its own shares

The proposed Ordinary Resolution 7, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out in the Statement to Shareholders dated 28 August 2020 which can be viewed and downloaded from the websites of the Company at https://www.bauto.com.my and/or Bursa Malaysia Securities Berhad at https://www.bursamalaysia.com.

7. Proxy and Entitlement of Attendance

(i) As part of the measures to curb the spread of Coronavirus Disease 2019, the AGM of the Company will be conducted on a fully virtual basis through live streaming and online remote voting via the Remote Participation and Electronic Voting facilities ("RPEV facilities") provided by Boardroom Share Registrars Sdn Bhd ("Boardroom") via its online website at https://web.lumiagm.my/. Please follow the procedures provided in the Administrative Details for the AGM of the Company in order to register, participate and vote remotely via the RPEV facilities.

(ii) The main and only venue of the Tenth AGM is the broadcast venue which is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the AGM of the Company to be present at the main venue of the AGM of the Company in Malaysia.

(iii) Shareholders/proxy(ies)/corporate representatives from the public WILL NOT BE ALLOWED TO BE PHYSICALLY PRESENT at the Broadcast Venue on the day of the AGM of the Company.

(iv) A member of the Company who is entitled to attend, participate, speak (including posing questions to the Board via real time submission of typed texts) and vote remotely at the AGM of the Company via RPEV facilities is entitled to appoint not more than two (2) proxies to exercise all or any of his/her rights to attend, participate, speak and vote in his/her stead. A proxy may but need not be a member of the Company.

(v) A member, other than an authorised nominee or an exempt authorised nominee, may appoint not more than two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy.

(vi) An authorised nominee, as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), may appoint at least one (1) proxy but not more than two (2) proxies in respect of each securities account.

(vii) An exempt authorised nominee, as defined under the SICDA, and holding ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), may appoint multiple proxies in respect of each of its omnibus account.

(viii) An individual member who appoints a proxy must sign the Form of Proxy personally or by his attorney duly authorised in writing. A corporate member who appoints a proxy must execute the Form of Proxy under seal or under the hand of its officer or attorney duly authorised.

(ix) The duly executed Form of Proxy must be deposited at the Company's Registered Office at Lot 13-01A, Level 13 (East Wing), Berjaya Times Square, No. 1, Jalan Imbi, 55100 Kuala Lumpur or via electronic means through the Boardroom Smart Investor Online Portal at https://www.boardroomlimited.my/ (please refer to the Administrative Details for further information on electronic submission) not less than forty-eight (48) hours before the time appointed for holding the meeting, i.e. latest by Tuesday, 6 October 2020 at 10.00 a.m..

(x) Only members whose names appear in the Record of Depositors as at 1 October 2020 shall be entitled to participate and/or vote at the AGM or appoint a proxy(ies) to participate and/or vote in his/her stead via RPEV facilities.

FORM OF PROXY

BERMAZ AUTO BERHAD
Registration No. 201001016854 (900557-M)

I/We _____
(Name in full)

I.C. or Company No. _____ CDS Account No. _____
(New and Old I.C. Nos.)

of _____
(Address)

being a member/members of BERMAZ AUTO BERHAD hereby appoint:

Name in full Proxy 1	NRIC/Passport No.	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of shares	%
Address			
Tel No.:	Email Address:		

And/or

Name in full Proxy 2	NRIC/Passport No.	Proportion of shareholding to be represented by the proxy/proxies:	
		No. of shares	%
Address			
Tel No.:	Email Address:		

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the Tenth Annual General Meeting of the Company to be conducted on a fully virtual basis through live streaming from the broadcast venue at the Auditorium of Bermaz Auto Berhad at No. 7, Jalan Pelukis U1/46, Temasya Industrial Park, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan ("Broadcast Venue") on Thursday, 8 October 2020 at 10.00 a.m. and at any adjournment thereof.

This proxy is to vote on the Resolutions set out in the Notice of the Meeting as indicated with an "X" in the appropriate spaces. If no specific direction as to voting is given, the proxy(s) will vote or abstain from voting at his/her discretion.

RESOLUTION		PROXY 1		PROXY 2	
		FOR	AGAINST	FOR	AGAINST
ORDINARY RESOLUTION 1	To approve payment of Directors' Fees.				
ORDINARY RESOLUTION 2	To approve the additional payment of Directors' remuneration (excluding Directors' fees) for the period from 5 October 2019 until the next Annual General Meeting of the Company.				
ORDINARY RESOLUTION 3	To approve payment of Directors' remuneration (excluding Directors' fees) for the period from 9 October 2020 until the next Annual General Meeting of the Company.				
ORDINARY RESOLUTION 4	To re-elect Dato' Kalsom Binti Abd. Rahman as Director.				
ORDINARY RESOLUTION 5	To re-appoint Auditors.				
ORDINARY RESOLUTION 6	To approve authority to issue and allot shares.				
ORDINARY RESOLUTION 7	To renew authority for the Company to purchase its own shares.				

Dated this _____ day of _____, 2020.

No. of shares held

_____
Signature(s)/Common Seal of Member(s)

Fold this flap for sealing

2nd fold here

Affix Stamp

THE COMPANY SECRETARY

BERMAZ AUTO BERHAD
LOT 13-01A, LEVEL 13 (EAST WING)
BERJAYA TIMES SQUARE
NO. 1 JALAN IMBI
55100 KUALA LUMPUR

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FORM OF PROXY

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The Company Secretary

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www.bauto.com.my