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

ANNUAL REPORT 2021

CONTENTS

MISSION STATEMENT

THE DISTRIBUTOR OF CHOICE THROUGH OUR CORE VALUES (ETHOS)

CORE VALUES

HONESTY | INTEGRITY | COMMITMENT | LOYALTY | HUMANITY

TO BE THE DISTRIBUTOR OF CHOICE

"THE DISTRIBUTOR"

Refers to the "best known, most satisfying".

"CHOICE"

To make Bermaz Auto the "Choice Distributor" for customers.

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

Reputable Brands

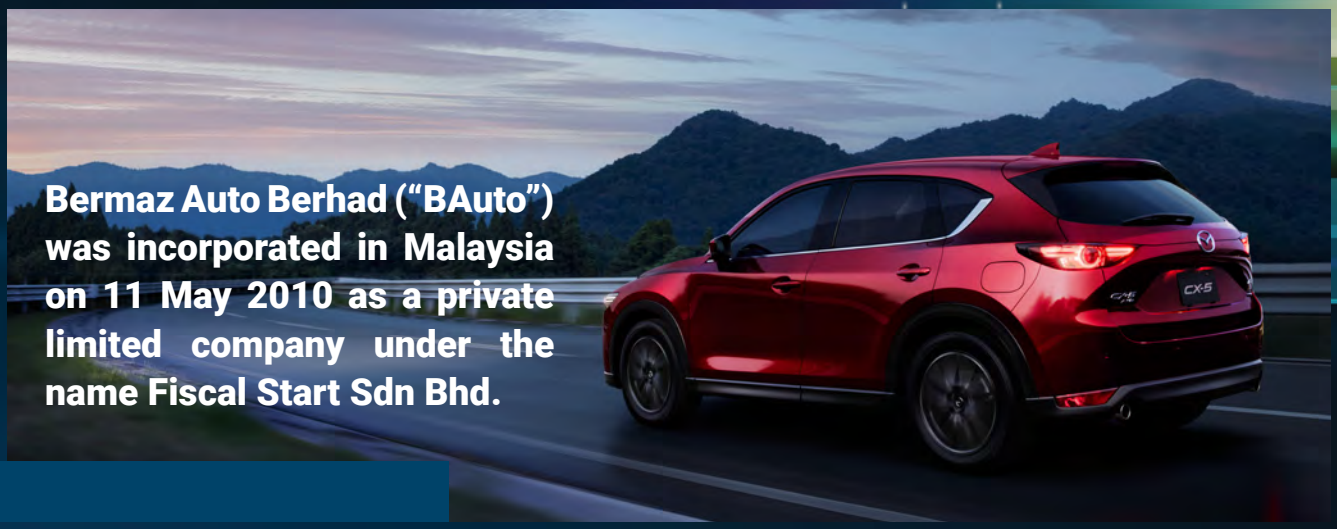
Safe Driving

Emotional Driving Experience

Value For Money

Well Designed With Advanced Technology

CORPORATE PROFILE



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 Bermaz Auto Berhad. On 22 June 2020, BAuto was admitted to the FTSE4Good Bursa Malaysia ("F4GBM") Index and remains a constituent of F4GBM Index. BAuto was also included as a constituent of the FTSE4Good Bursa Malaysia Shariah Index when it was launched by Bursa Malaysia in July 2021.

For Financial Year 2021, 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 2021, 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 70 dealer centres nationwide, operated by third party dealers of which 39 are 3S centres, 10 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 2021, it has 18 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.

On 1 December 2020, Bermaz Auto Alliance Sdn Bhd ("BAASB") (formerly known as "Berjaya Auto Alliance Sdn Bhd"), which was then a 20% associated company of BAuto, was awarded the sole distributorship of new vehicles under the Peugeot marque and the rights of after-sales and spare parts distribution for vehicles under Peugeot, Citroen and DS marque vehicles in Malaysia by France's Groupe PSA, SA (now known as Stellantis N.V.). On 8 June 2021, BAuto acquired a further 35% equity interest in BAASB from one of its existing shareholders which resulted in BAASB becoming a 55% owned subsidiary of BAuto.

On 11 March 2021, BAuto ventured into the wholesale and retail of automotive spare parts and provision of after-sales services in Malaysia by subscribing for a 51% equity interest in the enlarged issued share capital of Bermaz Auto Parts Sdn Bhd ("BAPSB").

On 1 April 2021, BAuto entered into a joint venture with Kia Motors Corporation, Korea ("Kia Corp") to undertake the production and/or assembly of completely knocked-down vehicles ("CKD") under the Kia marque in Malaysia via Kia Malaysia Sdn Bhd, which was incorporated on 13 April 2021 whereby BAuto holds a 33.33% stake whilst Kia Corp holds the balance 66.67%.

BAuto had also on 1 April 2021 subscribed for a 65% equity interest in the enlarged issued share capital of Dinamikjaya Motors Sdn Bhd ("DJMSB"), which is the distributor of new vehicles and provider of parts and after-sales service of Kia marque vehicles in Malaysia.

BOARD OF DIRECTORS

Dato' Sri Yeoh Choon San
Executive Chairman

Dato' Lee Kok Chuan
Chief Executive Officer

Dato' Abdul Manap Bin Abd Wahab
Non-Independent Non-Executive Director

Datuk Syed Hisham Bin Syed Wazir
Independent Non-Executive Director

Dato' Kalsom Binti Abd. Rahman
Independent Non-Executive Director

Puan Adibah Khairiah Binti Ismail @ Daud
Independent Non-Executive Director

Mr Martin Giles Manen
Independent Non-Executive Director

CORPORATE INFORMATION

AUDIT COMMITTEE
Chairman/
Independent Non-Executive Director
Mr Martin Giles Manen

Independent Non-Executive Directors
Datuk Syed Hisham Bin Syed Wazir
Puan Adibah Khairiah Binti Ismail @ Daud

SECRETARIES
Tham Lai Heng Michelle
(MAICSA No. 7013702)
(SSM Practicing Certificate No. 202008001622)
Wong Siew Guek
(MAICSA No. 7042922)
(SSM Practicing 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
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 (M) Berhad
AmBank Islamic Berhad
CIMB Bank Berhad
OCBC Bank (Malaysia) Berhad
OCBC Al-Amin Bank Berhad
HSBC Amanah Malaysia Berhad
RHB Islamic Bank Berhad
Hong Leong Investment 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

Executive Chairman

***Malaysian** | 70 | Male*

He was appointed as an Executive Director of the Company on 27 July 2011 and 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 Committee and Risk Management Committee.

He has an automotive engineering background and 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 has over 40 years of experience in the automotive industry, encompassing the various fields of retail, distribution and manufacturing with various automotive companies namely, Cycle & Carriage Bintang Berhad, Borneo Motors Sdn Bhd, Daihatsu Malaysia Sdn Bhd, United Segawa Automotive Industries, Perusahaan Otomobil National Berhad and Atlan Industries Berhad.

He was previously 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 had served in various roles such as the Chief Executive Officer, the Executive Director, the Managing Director and the Advisor.

Currently, he is also the Managing Director of Bermaz Motor Sdn Bhd and a Director of Bermaz Motor Trading Sdn Bhd, Dinamikjaya Motors Sdn Bhd, Bermaz Auto Parts Sdn Bhd, Bermaz Auto Philippines Inc, Mazda Malaysia Sdn Bhd, Inokom Corporation Sdn Bhd, Kia Malaysia Sdn Bhd and Bermaz Auto Alliance Sdn Bhd (formerly known as Berjaya Auto Alliance Sdn Bhd).

Profile Of Directors

DATO' LEE KOK CHUAN

Chief Executive Officer

Malaysian *| 62 | Male*

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 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, Dinamikjaya Motors Sdn Bhd, Bermaz Auto Parts Sdn Bhd, Mazda Malaysia Sdn Bhd, Inokom Corporation Sdn Bhd, Kia Malaysia Sdn Bhd and Bermaz Auto Alliance Sdn Bhd (formerly known as Berjaya Auto Alliance Sdn Bhd).

Profile Of Directors

DATO' ABDUL MANAP BIN ABD WAHAB

Non-Independent
Non-Executive Director
***Malaysian** | 63 | Male*

He was appointed to the Board on 27 July 2011 as an Independent Non-Executive Director of the Company and was subsequently re-designated as Non-Independent Non-Executive Director of the Company on 8 October 2020.

He is the Chairman of the Remuneration Committee and also a member of the Nomination Committee and Employees' Share Scheme 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 Master in Business Administration (Finance) from the University of Hull, United Kingdom.

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 gave lectures, 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.

DATUK SYED HISHAM BIN SYED WAZIR

Independent
Non-Executive Director
***Malaysian** | 67 | Male*

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 Nomination Committee and Sustainability 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 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

Independent
Non-Executive Director
***Malaysian** | 73 | Female*

She was appointed to the Board on 2 April 2018 as an Independent Non-Executive Director of the Company. She is the Chairman of Employees' Share Scheme Committee and is a member of the Remuneration Committee and Risk Management 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 was appointed as a director of PNB Commercial Sdn Berhad from July 2017 to November 2020. She was also a director of Malaysian Industrial Development Finance Berhad and some 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

Independent
Non-Executive Director
***Malaysian** | 56 | Female*

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, Nomination Committee and Sustainability Committee.

She graduated with a Bachelor of Commerce from Australian National University, Australia and is a member of the Malaysian Institute of Accountants.

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 her current position as the Group Company Secretary of Permodalan Nasional Berhad's group in 2014.

Profile Of Directors

MARTIN GILES MANEN

Independent
Non-Executive Director
***Malaysian** | 66 | Male*

He was appointed to the Board on 11 November 2020 as an Independent Non-Executive Director ("INED") of the Company. He is the Chairman of the Audit Committee and Risk Management Committee. He is also a member of the Sustainability Committee.

Mr Martin Giles Manen is a Chartered Accountant and a member of the Malaysian Institute of Accountants ("MIA") and Malaysian Institute of Certified Public Accountants ("MICPA").

He started his career at KPMG with whom he served 11 years in Malaysia and United Kingdom, undertaking audit, tax and business advisory assignments.

Thereafter, Mr Martin joined Sime Darby Group in 1986 and had served more than 21 years, holding various senior positions including Group Tax Controller, Group Company Secretary, Group Finance Director and Divisional Director of the Allied Products & Services Division. After leaving Sime Darby Group in 2007, he served as a Chief Executive Officer of a public relations and communications consultancy firm until May 2009.

In 2008, he was appointed as an INED in Transmile Group Berhad where he served the Board until 2011. In July 2009, he was appointed as an INED of Unisem (M) Berhad until 2018. From 2009 to 2012, he served as an INED of Promilia Berhad (formerly known as Hong Leong Investment Bank Berhad) and from 2012 to 2019, he served as an INED of Hong Leong Investment Bank Berhad (formerly known as MIMB Investment Bank Berhad). Mr Martin was an INED of Heineken Malaysia Berhad from 29 August 2008 to 21 May 2021.

Mr Martin has served as a member of the Malaysian Accounting Standards Board, the Executive Committee of the International Fiscal Association (Malaysia Branch), the Task Force on the formation of an Audit Oversight Board chaired by the Securities Commission ("SC") and the Accounting Technical Panel of the SC.

Currently, Mr Martin is an INED of Hong Leong MSIG Takaful Berhad, BOS Wealth Management Malaysia Berhad (formerly known as Pacific Mutual Fund Berhad) and Channel Micron Holdings Company Limited, a company listed on the Stock Exchange of Hong Kong.

Notes to the Board of Directors' Profile:

1. *Family Relationship*
   None of the Directors has any family relationship with any other Director and/or major shareholder of the Company.
2. *Conflict of Interest*
   None of the Directors has any conflict of interest with the Company.
3. *Conviction of Offenses*
   None of the Directors has been convicted of any offences within the past five (5) years, other than traffic offenses (if any) and no public sanctions or penalties were imposed on them by the relevant regulatory bodies during the financial year ended 30 April 2021.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' WONG KIN FOO

Director of Group Operations

Malaysian | 54 years of age | Male
Date of Appointment : 1 March 2018

He is a qualified accountant, with professional qualification from the Chartered Institute of Management Accountant ("CIMA"), United Kingdom. He is presently an associate member of CIMA and a member of the Malaysian Institute of Accountants.

He began his career in 1986 as an internal auditor with Cold Storage (Malaysia) Berhad, which subsequently became part of Singapore's Jardine Cycle & Carriage Ltd ("JCC") group in 1989. As part of his career progression, he moved into operations in 1996 and served in several senior management positions such as the General Manager of Corporate Services and the Head of Corporate Planning in Cycle & Carriage Bintang Bhd ("CCB"), a subsidiary of JCC.

In 1997, he attended a training programme organised by Mercedes Benz Marketing Academy in Stuttgart, Germany and completed the Harvard Business School Senior Management Program under the sponsorship of CCB in the following year.

He was instrumental in securing the vehicle marque distributorship for Peugeot in 2002. After assuming the position of Business Development Director in 2004, he further secured the vehicle marque distributorship for Sinotruk in 2006 and continued to oversees the distributorship of three vehicle marques namely, Peugeot, Sinotruk and Mazda in CCB. Following the joint venture between CCB and Daimler Chrysler AG in 2003, he was appointed the Retail Operations Director and was subsequently promoted to Chief Operating Officer of CCB in 2008 to oversee the operations of Mercedes Benz as well.

He sat on the board of Mercedes Benz Malaysia Sdn Bhd since 2008 and was appointed as the Chief Executive Officer of CCB in 2010.

He left CCB in 2016 and joined Bermaz as the Director of Group Operations in 2018. He is also currently a Director of Dinamikjaya Motors Sdn Bhd.

CHONG BOON KIAN

Chief Financial Officer

Malaysian | 42 years of age | Male
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"), United Kingdom. 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.

SHAMSUDDIN BIN HAJI AMRAN

Head of After-Sales

Malaysian | 56 years of age | Male
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.

Profile Of Key Senior Management

LEE AI HOON

Head of Marketing and Customer Relationship Management

Malaysian | 55 years of age | Female
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

Head of Sales

Malaysian | 66 years of age | Male
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.

YOON CHOOI LIANG

Head of Planning & Distribution, Logistics and CBU Business

Malaysian | 60 years of age | Female
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 operation and accessory fitment.

HIEW HOCK NGAN

Head of Business Development/CKD

Malaysian | 53 years of age | Male
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, a member of the Malaysian Institute of Accountants ("MIA") and a 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 Berhad in May 1992 and was seconded to Bermaz in 2009 to oversee 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 on Bursa Malaysia Securities Berhad.

Profile Of Key Senior Management

LOW WEN HAN

Head of Human Resource

Malaysian | 36 years of age | Male
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 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

Head of Corporate Affairs & Government Support

Malaysian | 45 years of age | Female
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 was a senior member of the Berjaya Group Berhad 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.

FOO CHUEN WAH

Head of Information Technology and Dealer Development

Malaysian | 54 years of age | Male
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, UK and registered with Chartered Secretaries Malaysia. In 1993, he obtained his Master in Business Administration from Cranfield University, United Kingdom. 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.

ZULKIFLI BIN DZIN

Head of Admin & General / Government Affairs

Malaysian | 52 years of age | Male
Date of Appointment : 1 October 2008

He graduated from Universiti Putra Malaysia, Selangor in 1993 with a Bachelor of Science in Human Development and had worked in several multi-national companies such as ROHM-Wako Electronics (Malaysia) Sdn Bhd, MIDF Berhad, NEC Semiconductors (Malaysia) Sdn Bhd and Aluminium Company of Malaysia Bhd mainly in the field of Human Resource and Organizational Development. He did his post graduate studies in Business Administration from De-Montfort University, United Kingdom and graduated in 2005. He joined Berjaya Land Berhad in early 2005 to oversee property projects in Islamabad, Lahore & Karachi, Pakistan. The following year, he was seconded to Berjaya Group Berhad's motor division to lead the Human Resource & Administration Department in Quasar Carriage Sdn Bhd and Nusa Otomobil Corporation Sdn Bhd and thereafter in Bermaz Motor Sdn Bhd in 2008 before assuming his present role as the Head of Administration & General / Government Affairs in 2013.

None of the Key Senior Management has:-
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

DEAR VALUED SHAREHOLDERS,

First and foremost, the Board of Directors of Bermaz Auto Berhad ("BAuto" or "Company") wishes to express its heartfelt gratitude and appreciation to all the healthcare workers working in the Ministry of Health Malaysia, related ministries and private healthcare facilities in Malaysia.

Although the COVID-19 pandemic ("pandemic") is challenging and has placed significant pressure on the healthcare system, the healthcare workers have nevertheless continued to devote their time and energy to help contain this pandemic. We are humbled by their immense sacrifices, invaluable dedication, commitment and unwavering efforts in managing the pandemic, oftentimes risking their own lives, for the benefit of the nation. I believe we should also do our part to help contain this pandemic by minimising close contact (through social distancing), wearing facial masks in public places at all times, refraining from going out unless necessary and to go for vaccination as soon as possible.

Mazda CX-30

In 2020, the Malaysian economy contracted by 5.6% due to the imposition of various containment measures to curb the pandemic such as lockdowns, closure of borders, schools and non-essential businesses, and travel restrictions. Despite the pandemic, the Group still managed to register encouraging results for the financial year ended 30 April 2021 mainly due to its aggressive promotional campaigns (e.g. 6 years warranty and free maintenance), introduction of online sales, virtual showrooms and from Government incentives such as the Short-Term Recovery Plan ("Penjana") economic stimulus package introduced in June 2020 which provides 100% sales tax exemption on completely knocked-down ("CKD") vehicles and 50% sales tax exemption on completely built-up ("CBU") vehicles for the period from 15 June 2020 to 31 December 2020, which was subsequently extended to 30 June 2021 and thereafter to 31 December 2021 under the Program Strategik Memperkasa Rakyat Dan Ekonomi Tambahan ("PEMERKASA Plus").

For the well-being and safety of everyone, the Company's Eleventh (11th) Annual General Meeting ("AGM") will be conducted entirely on a fully 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 2021.

On behalf of the Board of Directors, I would like to thank you for the continuous support and confidence in the Group. 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 2021.

FINANCIAL RESULTS

For the financial year ended 30 April 2021, the Group reported an annual revenue of RM2.29 billion as compared to RM1.76 billion in the previous financial year. The 30% increase in revenue was mainly due to higher vehicle sales volume from the domestic operations, partly offset by lower vehicles sales volume from the Philippines operations.

Higher domestic sales volume for the financial year mainly attributed to the improved sales volume in the second, third and fourth quarters as a result of the positive impact from the introduction of economic stimulus package under Penjana as well as from the aggressive promotional campaign introduced by the Group as mentioned above. Revenue in the preceding financial year was negatively affected during the fourth quarter due to the Movement Control Order ("MCO 1.0") lock down by the Malaysian Government, which had resulted in a 44-day closure of

Chairman's Statement

Kia Carnival

the business operations in Malaysia. Sales volume for the Philippines operations however remains low due to the impact of the pandemic where consumer sentiment had softened and stricter financing processing by the Philippines' financial institutions.

As a result of higher sales volume, the Group's pre-tax profit had accordingly increased by RM36.9 million or 28% from RM132.0 million in the previous financial year to RM168.9 million during the financial year, primarily due to higher profit contribution from the domestic operations but was partly offset by lower share of profit contribution from one of the associated companies, Mazda Malaysia Sdn Bhd ("MMSB") and lower contribution from the Philippines operations.

DIVIDEND

For the financial year ended 30 April 2021, the Board had declared and paid a total dividend of 6.50 sen single-tier dividend per share as compared to 7.45 sen single-tier dividend per share in the previous financial year ended 30 April 2020. The total dividend distribution was approximately RM75.5 million, representing about 56% of the attributable profit of the Group for the financial year ended 30 April 2021.

SUSTAINABILITY

Core values (or Ethos) are extremely important for any organisation. Regardless of their size, they (Ethos) form the foundations on which a business is built. To be effective, the core values need to be implemented, understood and practised by all employees in an organisation and to inspire them to work together as a company. Having a set of core values ensure everyone are on the same path, working towards a shared end goal.

The Group's Mission Statement is to be "**The Distributor of Choice** through the core values/ethos of Honesty, Integrity, Commitment, Loyalty and Humanity" and form part 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 continues to uphold sustainable practices in all its undertakings and ensures that Environmental, Social responsibilities and Governance ("ESG") shall always be at the heart of its business operations.

The Sustainability Statement, as set out on pages 24 to 64, underlines the Group's commitment towards sustainability and outlines its endeavours to continuously improve across Economic, Environmental and Social aspects of sustainability whilst the Governance aspect of the Group is set out on pages 65 to 89.

The FTSE4Good Bursa Malaysia ("F4GBM") Index measures the performance of public listed companies ("PLCs") which demonstrate strong ESG practices. In recognition of the Company achieving the globally recognised standards, BAuto was admitted to the F4GBM Index on 22 June 2020 and remains a constituent of F4GBM Index. BAuto was also included as a constituent of the FTSE4Good Bursa Malaysia Shariah ("F4GBMS") Index when it was launched by Bursa Malaysia in July 2021. F4GBMS Index is designed to track constituents in the F4GBM Index that are Shariah-compliant, according to the Securities Commission Malaysia Shariah

Chairman's Statement

Advisory Council ("SAC") screening methodology. The Company is ranked top 25% by ESG Ratings of PLCs in FTSE Bursa Malaysia EMAS Index.

AWARDS

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

Malaysia

Month	Model	Award Name
July 2020	Mazda CX-30	Crossover of the Year 2020
December 2020	Mazda3	Mid-range Hatch of the Year (GOLD)
	Mazda6	Executive Sedan of the Year (GOLD)
	Mazda CX-30	Crossover of the Year (GOLD)
	Mazda CX-5	SUV of the Year (SILVER)

Philippines

Month	Model	Award Name
November 2020	Mazda MX-5	Best Sport Car
	Mazda CX-8	Best Compact SUV
	Mazda2	Best Sub-compact Car
April 2021	Mazda CX-30	Car of the Year
	Mazda3 Sportback	Hatchback of the Year
	BT-50 Pangolin Edition	Love The Planet Award

International

Month	Model	Award Name
November 2020	Mazda CX-30	2020-2021 Japan Automobile Hall of Fame ("JAHFA") Car Design of the Year
	Mazda CX-5	Car and Driver 10Best winner
	Mazda Marque	U.S. News & World Report Best Car Brand for 6th Consecutive Year; Ranked No.1 in Consumer Reports' 2020 Auto Reliability Surveys
December 2020	Mazda CX-30	Highest Insurance Institute for Highway Safety ("IIHS") "Top Safety Pick+" Award
February 2021	Mazda3 Sedan, Mazda3 Hatchback, Mazda6, Mazda CX-3, Mazda CX-30 (post September 2020 model), Mazda CX-5 and Mazda CX-9	2021 IIHS "Top Safety Pick+" Award
April 2021	Mazda MX-30	World Car Design of the Year - Top 3 Finalist

MAJOR CORPORATE DEVELOPMENTS

During the financial year under review, the Company had undertaken several major corporate developments as follow:

1. On 1 December 2020, it was announced that Bermaz Auto Alliance Sdn Bhd (formerly known as Berjaya Auto Alliance Sdn Bhd), which was then a 20% associated company of BAuto, was awarded the sole distributorship of new vehicles under the PEUGEOT marque and the rights of aftersales and spare parts distribution for the PEUGEOT, CITROEN and DS marque vehicles in Malaysia by Groupe PSA, SA (now known as Stellantis N.V.);

2. On 18 December 2020, based on the Shariah Principle of Wakalah Bi Al-Istithmar, BAuto had issued RM100 million in nominal value of Islamic 7-year Commercial Papers with a tenure of six (6) months and RM100 million in nominal value of Islamic Perpetual Medium-Term Notes with a tenure of three (3) years. The proceeds raised were used, among others, to refinance existing debt obligations, for working capital and investments purposes of the BAuto Group;

3. On 1 April 2021, BAuto had entered into a joint venture with Kia Motors Corporation, Korea ("Kia Corp") to undertake the production and/or assembly of CKD vehicles under the Kia marque in Malaysia via a newly incorporated company, Kia Malaysia Sdn Bhd ("KMSB"), wherein BAuto had subscribed for a 33.33% equity stake whilst the balance 66.67% was subscribed by Kia Corp; and

4. On 1 April 2021, BAuto had subscribed for a 65% equity stake in the enlarged issued share capital of Dinamikjaya Motors Sdn Bhd to undertake the distribution and provision of parts and after-sales service of Kia marque vehicles in Malaysia.

Chairman's Statement

Peugeot 3008

FUTURE PROSPECTS

Bank Negara Malaysia recently reported that the global economy has showed signs of recovery for major economies but the pace may vary across countries. Ongoing roll-out of vaccination programmes and sizeable fiscal stimulus measures as well as policy support in the major economies will further facilitate an improvement in domestic demand. However, the recovery trajectory may be disrupted by the re-tightening of containment measures to curb COVID-19 resurgences. Hence, the downside risks to growth remains mainly due to uncertainty over the path of the pandemic and potential risks of heightened financial market volatility.

The Group managed to register encouraging results for last financial year despite the pandemic mainly due to its aggressive promotional campaigns, introduction of online sales and the sales tax exemptions. To broaden its revenue base, the Group has ventured into the distribution and provision of aftersales and services of two new vehicle marques namely, Peugeot and Kia as well as in the assembly of Kia marque vehicles in Malaysia.

The holder of Peugeot marque vehicles, Stellantis N.V., is a multinational automaker from Europe and has several renown automotive brands under its umbrella besides Peugeot such as Chrysler, Maserati, Alfa Romeo, Citroen and Vauxhall; whilst the holder of Kia marque vehicles, Kia Corp, is South Korea's second-largest automobile manufacturer after its parent company Hyundai Motor Company and the fifth largest automobile manufacturer in the world.

European marque vehicles are well-known for their driving comfort, smooth handling, modern designs, durability and with state-of-the-art technology while Korean marque vehicles are known for their stylish looks, packed with smart features, frequent facelifts and new launches that keep prospective buyers excited over its products. These new marques will complement BAuto's existing Mazda marque vehicles and will provide a wider range of products to cater to different market segments and preference of the consumers.

The Group had also ventured into the wholesale and retailing of automotive spare parts which are undertaken by its 51% owned subsidiary, Bermaz Auto Parts Sdn Bhd ("BAPSB"). The escalating cost of original spare parts in post warranty period is a major concern for vehicle owners which had prompted many to opt for alternative cheaper source of spare parts from original equipment manufacturer ("OEM") suppliers. Hence, BAPSB will provide a wide variety of vehicle parts of varying qualities and prices for a range of vehicle makes and models and help to keep these vehicles on the road by providing vehicle owners a choice of where they want their vehicles serviced, maintained, or customised at affordable prices.

The aforementioned business ventures are in their infant stages and are not expected to have a major impact on the financial results of the Group for the financial year 2022.

The unpredictable course of the pandemic globally and domestically continues to be a major concern for all and will have an impact on the overall growth of the country's economy as well as stronger precautionary behaviour by

Chairman's Statement

the consumers. The surged in daily COVID-19 cases in May 2021 had prompted the Government to impose total lockdown or Full Movement Control Order under Phase 1 of the National Recovery Plan ("NRP") in June 2021 on the entire nation. Certain states such as Perak, Pahang and Kelantan were subsequently moved to Phase 2 of the NRP, which is less restrictive compared to Phase 1 of the NRP. States such as Selangor and Kuala Lumpur are however still under Phase 1 of the NRP in view of the high number of daily COVID-19 cases.

The extension of the sales tax exemptions to 31 December 2021 under the PEMERKASA Plus augurs well and helps to ameliorate the current automotive market conditions. The Group is nevertheless cautious and expects the automotive sector to remain challenging for the financial year 2022. Although there are plans to introduce new and/or new facelifts models under the Mazda, Peugeot and/or Kia marques by end of the year or early next year, it is still very much dependent on the market sentiments and economic conditions then.

The Group will remain focused on the sales of the Mazda vehicles so as to compete effectively in the market with more affordable pricing and to improve on the Mazda dealership as well as aftersales network to strengthen its brand position. As for the two new marques, Peugeot and Kia, the Group will seize timely opportunities to expand their sales and aftersales network as well as to increase their geographical coverage.

The Group continues to be in a strong position to exert influence on its associated companies namely, MMSB and Inokom Corporation Sdn Bhd ("Inokom"), in the production of Mazda vehicles to cater for the demand of Mazda CKD models. As for KMSB, the Group is working closely with Kia Corp on the setting-up of the assembly plant and production schedules for its Kia CKD models in Inokom.

The Philippine economy suffered a deep recession in 2020 due to the impact of the pandemic but is expected to show a positive growth rebound in 2021 from the expansionary fiscal programme and accommodative monetary policy introduced by the Philippine government coupled with the gradual recovery of the global economy. However, the recent resurgence of new COVID-19 cases had forced the reimposition of strict pandemic control measures on several affected provinces. This is expected to constrain the pace of the Philippine economic recovery in the near term.

ACKNOWLEDGEMENT AND APPRECIATION

On behalf of the Board of Directors and the management, I would like to extend my warmest welcome to Mr Martin Giles Manen who has joined the Company as an Independent Non-Executive Director on 11 November 2020. Mr Martin brings with him considerable experience and knowledge and we look forward to his invaluable contribution to the Group.

I also wish to inform that the Non-Independent Non-Executive Director, Dato' Abdul Manap bin Abd Wahab, whose tenure has exceeded a cumulative term of nine (9) years will be retiring and will not be seeking re-election at the forthcoming AGM.

On behalf of the Board of Directors, I would like to take this opportunity to thank Dato' Manap for his invaluable service and contribution during his tenure and wish him the very best in his future endeavours.

I would like to express my gratitude to the stakeholders namely, the valued shareholders, customers, dealers, business partners and financiers for their unwavering support, faith and trust in the business.

Last but not the least, I wish to extend my heartfelt appreciation to my fellow Board members for their expertise, support and guidance, and to the management team and employees, for their loyalty, dedication, commitment and hard work during these challenging times. Your continued cooperation and professional work ethics will be integral towards the future growth of the Group.

Let us navigate through the current pandemic situation, overcome the challenges and stay focused on the long-term prospects of the Group.

These are unsettling times and COVID-19 has directly and/or indirectly impacted our personal and professional lives, and those that we love. Please take care, stay positive. It is challenging operating under the current restrictions; however, I believe we will get through this, together and I wish everyone a safe passage through this difficult period.

Dato' Sri Yeoh Choon San
Executive Chairman

9 August 2021

MANAGEMENT DISCUSSION & ANALYSIS

GROUP FINANCIAL PERFORMANCE

Financial Results		
Key indicators	**2021**	**2020**
Vehicle Sales	Unit	Unit
- Malaysia	13,440	9,484
- Philippines	1,245	2,227
Total	**14,685**	**11,711**
	RM	**RM**
Revenue	2.29 billion	1.76 billion
Profit before tax	168.9 million	132.0 million
Profit attributable to owners of the parent	133.8 million	100.8 million
Basic Earnings per share	11.52 sen	8.68 sen
Dividend per share	6.50 sen	7.45 sen
Dividend payout as a percentage of Profit attributable to owners of the parent	56.4%	85.8%

For the financial year 2021, the Group registered a revenue and profit before tax of RM2.29 billion and RM168.9 million respectively as compared to the previous financial year which reported a revenue and profit before tax of RM1.76 billion and RM132.0 million respectively.

The increase in Group revenue of RM532.5 million or about 30.3% was largely due to higher sales volume derived from the domestic operations, but was partly offset by lower sales volume from the Philippines operations. The higher domestic sales volume for the financial year was mainly attributed to the improved sales volume in the second, third and fourth quarters as a result of the positive impact from the introduction of economic stimulus package under the Short-Term Recovery Plan ("Penjana") by the Government as well as from the aggressive promotional campaign introduced by the Group. Revenue in the preceding financial year was negatively affected during the fourth quarter because of the MCO 1.0 lockdown, which resulted in a 44-day closure of the business operations in Malaysia. Sales volume for the Philippines operations however remains low due to the impact of COVID-19 pandemic where consumer sentiment has softened and stricter financing processing by the Philippines' financial institutions.

Unit sales in Malaysia increased by 41.7% from 9,484 units in financial year 2020 to 13,440 units in financial year 2021 whilst in the Philippines, unit sales decreased by 44.1% from 2,227 units in financial year 2020 to 1,245 units in financial year 2021.

In line with the increase in revenue, the Group's profit before tax also increased by RM36.9 million or 28.0%, largely due to higher profit contribution from the domestic operations, but was partly offset by lower share of profit contribution from one of its associated companies, Mazda Malaysia Sdn Bhd ("MMSB"), and lower contribution from the Philippines operations.

The Profit attributable to owners of the parent increased by RM33.0 million or 32.7% from RM100.8 million in financial year 2020 to RM133.8 million in financial year 2021. Total dividend declared for the financial year 2021 was approximately RM75.5 million, representing about 56.4% of the attributable profit of the Group for the financial year 2021.

Financial Position and Liquidity		
Key indicators	**2021 (RM'million)**	**2020 (RM'million)**
Non-current Assets	409.6	385.7
Current Assets	992.2	902.7
Total Assets	**1,401.8**	**1,288.4**
Non-current Liabilities	338.5	185.8
Current Liabilities	451.2	581.4
Total Liabilities	**789.7**	**767.2**
Net Equity Funds	565.4	470.1
Non-controlling interests	46.7	51.1
Total Equity	**612.1**	**521.2**
Net Cash/(Debt)	357.9	(37.5)
Gearing	-	7.2%

Non-current Assets increased by RM23.9 million or 6.2% over the last financial year mainly due to share of associated companies' profits during the financial year and investment in associated company, Bermaz Auto Alliance Sdn Bhd ("BAASB") (formerly known as Berjaya Auto Alliance Sdn Bhd). Current Assets increased by RM89.5 million or 9.9% mainly due to increase in cash and cash equivalents, trade and other receivables, offset by lower inventories. Non-current Liabilities increased

Management Discussion & Analysis

Mazda CX-5

by RM152.7 million or 82.2% mainly due to long term borrowings draw down under the Islamic Perpetual Medium-Term Notes with a tenure of 3 years and increase in contract liability. Current Liabilities decreased by RM130.2 million or 22.4% mainly due to the decrease in trade and other payables and short term borrowings. The increase in Net Equity Funds by RM95.3 million or 20.3% was in line with the increase in retained earnings where the Profit attributable to owners of the parent was higher than the dividend paid during the financial year.

The Group's financial position is strong and healthy with the improvement in the Net Equity Funds at RM565.4 million as at the end of the financial year 2021 compared to RM470.1 million as at the end of the previous financial year. Cash position have improved drastically from Net Debt to Net Cash mainly due to improvement in working capital, profit from operations, and lower dividend payout. Net cash as at 30 April 2021 was RM357.9 million instead of a net debt as at 30 April 2020 of RM37.5 million which resulted in a gearing of approximately 7.2% in the previous financial year.

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 2021, 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 70 dealer centres nationwide, operated by third parties, of which 39 are 3S centres, 10 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 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 an improvement in revenue of 43.2% to RM2.12 billion for the financial year 2021 as compared to RM1.48 billion in the previous financial year. The improvement in revenue was largely due to higher sales volume. The improvement in sales volume for the domestic operations was mainly attributed to the positive impact from the Penjana programme introduced by the Government in June 2020 which provides 100% sales tax exemption on CKD vehicles and 50% sales tax exemption on CBU vehicles for the period from 15 June 2020 to 31 December 2020 ("SST Exemption"). The expiry date for the SST Exemption was first extended to 30 June 2021 and was subsequently extended to 31 December 2021 under the Program Strategik Memperkasa Rakyat Dan Ekonomi Tambahan ("PEMERKASA Plus"). The previous financial year recorded a lower domestic sales volume mainly attributed to 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 1.0.

After-sales revenue continued to grow positively at 7.5% as the number of units in operation ("UIO") has increased significantly over the years. In the Group's continuous pursuit to enhance 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, comes 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 conditions, 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 increased by 66.7% to RM158.2 million from RM94.9 million in the previous financial year due to higher sales volume. The Group's associated company, MMSB, registered a lower net profit contribution of RM13.5 million as compared to RM22.2 million in the previous financial year, representing a year-on-year decrease of 39.2% mainly due to lower sales volume for both the domestic and export market.

Management Discussion & Analysis

Kia Grand Carnival

Going 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.

Despite the continued improvements in Malaysia's economic activity in the first four months to April 2021, the recent resurgence and spike in the number of daily COVID-19 cases had forced the Government to impose full lock down or Full Movement Control Order ("FMCO") on the entire nation in June 2021 under Phase 1 of the National Recovery Plan ("NRP"), which is similar to MCO 1.0, where only selected essential economic sectors are allowed to operate. Most states in the country are still under Phase 1 of the NRP till today. As a result, the country's gross domestic product ("GDP") outlook of 6% - 7.5% for 2021 is expected to be revised downwards.

In July 2021, the Malaysian Automotive Association ("MAA") had revised its Total Industry Volume ("TIV") forecast for 2021 to reduce by 70,000 units to 500,000 units after taking into account the current lock down under Phase 1 of the NRP and on the assumption that automotive manufacturers are allowed to resume their operations in August 2021. In the event, Phase 1 of the NRP is extended beyond August 2021, there may be further revisions by MAA on the TIV for 2021.

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 18 dealerships operated by third party dealers located nationwide.

For the financial year 2021, BAP reported revenue of Php1.99 billion (about RM169.9 million) compared to Php3.36 billion (about RM274.1 million) in the previous financial year 2020. The 40.6% decrease in revenue was primarily due to decrease in sales volume from 2,227 units sold during the last financial year compared to 1,245 units sold during the financial year under review as a result of the impact of COVID-19 pandemic in Philippines where consumer sentiment has softened coupled with stricter financing processing requirement by the financial institution. Loss before tax for the financial year under review amounted to Php122.9 million (about RM10.5 million), which was 184.4% lower compared to last financial year's profit before tax of Php145.6 million (about RM11.9 million) mainly due to lower unit sales as explained earlier and the recognition of impairment loss for its advances to Ssangyong Berjaya Motors Philippines Inc ("SBMP") in view of the uncertainties in the future business outlook of SBMP as its vehicles manufacturer,

Management Discussion & Analysis

(From left) Peugeot 2008, Peugeot 3008 and Peugeot 5008

Ssangyong Korea, is currently undergoing rehabilitation (liquidation) process in South Korea.

The Philippine economy suffered a deep recession in 2020 due to the impact of COVID-19 pandemic but is expected to show a positive growth rebound in 2021 from the expansionary fiscal programme and accommodative monetary policy introduced by the Philippine government coupled with the gradual recovery of the global economy. The near-term outlook however was impacted by a surge of new COVID-19 cases since mid-March 2021. As a result, strict pandemic control measures were imposed in Metro Manila and several surrounding provinces badly impacted by the latest surge in pandemic cases. This is expected to slow down the pace of the Philippine economic recovery in the near term.

IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic had resulted in unprecedented preventive measures of varying degrees of global population lockdown to curb the outbreak. The lockdown has caused the temporary closure of almost all businesses in many countries. In Malaysia, due to the resurgence of COVID-19 cases, a second MCO ("MCO 2.0") and third MCO ("MCO 3.0") were imposed in January and May 2021 respectively. In June 2021, a full lockdown was imposed under Phase 1 of the NRP throughout the country. In addition, Enhanced Movement Control Orders ("EMCOs"), which have stricter restrictions compared to Phase 1 of the NRP, were imposed in specific areas or localities to curb the sudden surge in COVID-19 cases.

PHILIPPINES

As for the Philippines, the Philippine government has placed Metro Manila under General Community Quarantine ("GCQ") subject to heightened restrictions from 30 July 2021 to 5 August 2021. Beginning 6 August 2021 until 20 August 2021, the classification of Metro Manila, is escalated to Enhanced Community Quarantine ("ECQ") due to the more transmissible nature of the COVID-19 Delta variant on which local transmission was confirmed in July 2021. ECQ means only essential establishments and industries are allowed to operate. The Philippines is considered as one of the longest lockdowns in the world which started in March 2020. As such, volume of business transactions has been impacted since then.

NEW VENTURES BY THE GROUP DURING THE FINANCIAL YEAR

As mentioned in other sections of the Annual Report, the Group had ventured into the distributions and provisions of after-sales and spare parts of two new vehicle marques namely, Peugeot and Kia as well as in the wholesaling and retailing of automotive spare parts during the financial year 2021.

Bermaz Auto Alliance Sdn Bhd (formerly known as "Berjaya Auto Alliance Sdn Bhd") ("BAASB"), which was then a 20% associated company of the Group, was awarded the sole distributorship of new vehicles under the Peugeot marque and the rights of after-sales and spare parts distribution for vehicles under Peugeot, Citroen and DS marque vehicles in Malaysia. Subsequent to the financial year, the Group acquired a further 35% stake in BAASB from one of its existing shareholders and BAASB is now a 55% owned subsidiary of the Group.

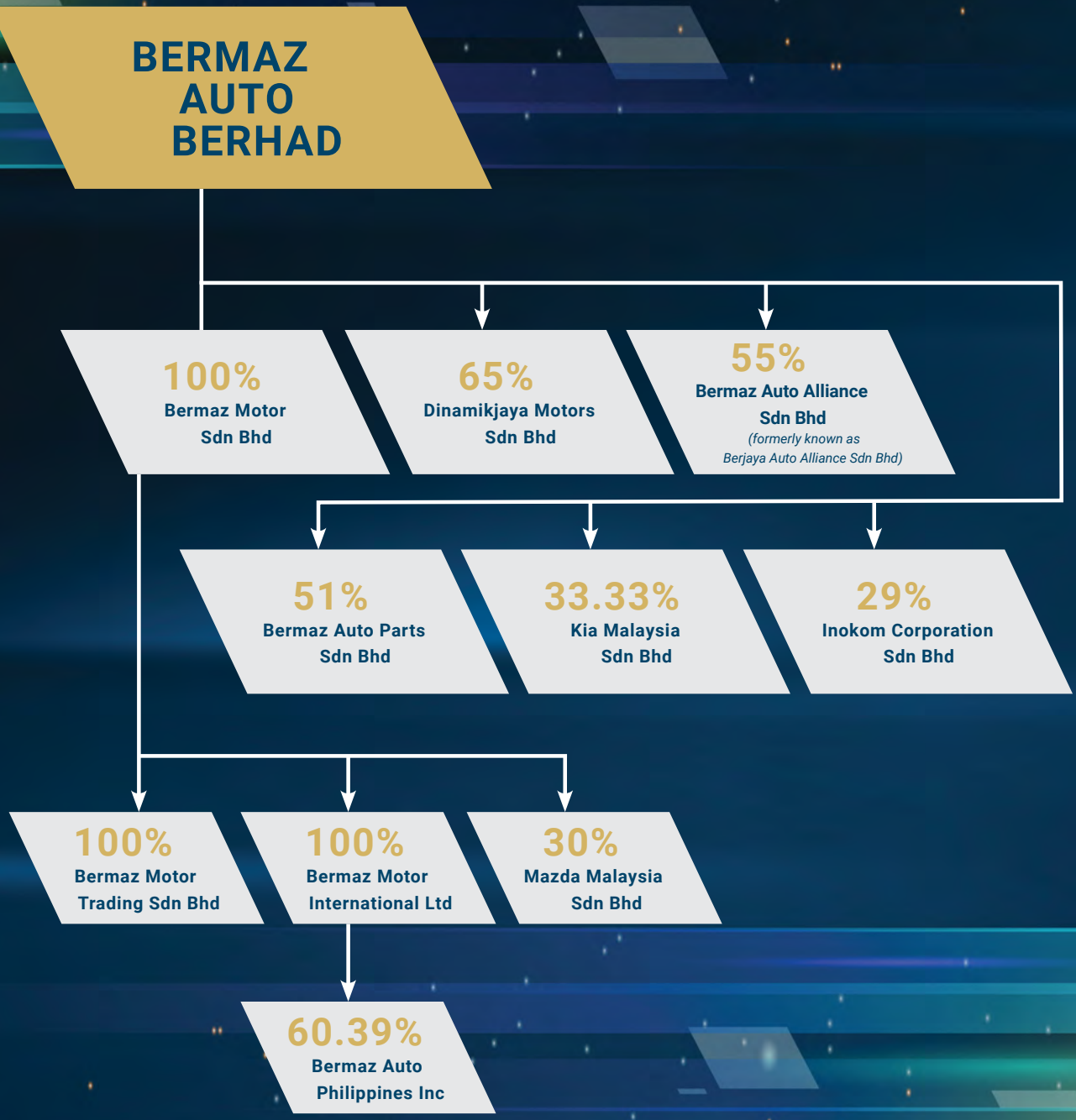
The Group has formed a joint venture with Kia Corporation, Korea for the assembly of Kia CKD vehicles in Malaysia as well as formed a 65% owned subsidiary called Dinamikjaya Motors Sdn Bhd to undertake the sole distribution and provider of parts and after-sales service of Kia marque vehicles in Malaysia.

The Group has also formed a 51% owned subsidiary called Bermaz Auto Parts Sdn Bhd to distribute and retail of automotive spare parts of multi brands and provision of after-sales service in Malaysia.

The aforementioned business ventures are in their infant stages with minimal contribution to the financial results of the Group for the financial year 2021.

CORPORATE STRUCTURE

as at 9 August 2021



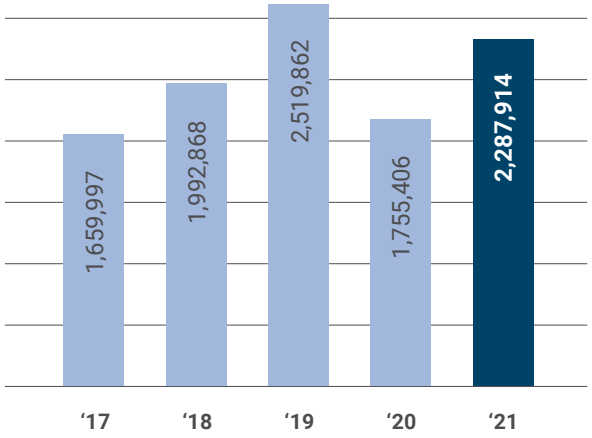
GROUP FINANCIAL SUMMARY

	2021 USD'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Revenue	**558,368**	**2,287,914**	1,755,406	2,519,862	1,992,868	1,659,997
Profit before tax	**41,232**	**168,949**	131,980	340,565	197,067	175,158
Profit for the year	**31,478**	**128,980**	104,064	266,796	150,963	131,485
Profit attributable to shareholders	**32,664**	**133,842**	100,840	264,039	139,975	117,648
Share capital	**148,710**	**609,341**	608,823	607,879	602,957	594,747
Reserves	**(9,760)**	**(39,990)**	(136,166)	(36,768)	(121,601)	(147,158)
Equity funds	**138,950**	**569,351**	472,657	571,111	481,356	447,589
Treasury shares	**(960)**	**(3,934)**	(2,602)	(6,486)	(4,593)	(4,173)
Net equity funds	**137,990**	**565,417**	**470,055**	**564,625**	**476,763**	**443,416**
Non-controlling interests	**11,387**	**46,657**	51,153	45,218	47,741	48,981
Total equity	**149,377**	**612,074**	**521,208**	**609,843**	**524,504**	**492,397**
Long term liabilities	**82,621**	**338,541**	185,753	105,904	65,139	66,887
Current liabilities	**110,103**	**451,146**	581,426	251,881	262,096	396,398
Total equity and liabilities	**342,101**	**1,401,761**	**1,288,387**	**967,628**	**851,739**	**955,682**
Long term assets	**99,963**	**409,599**	385,674	265,092	196,818	179,879
Current assets	**242,138**	**992,162**	902,713	702,536	654,921	775,803
Total assets	**342,101**	**1,401,761**	**1,288,387**	**967,628**	**851,739**	**955,682**
Total number of shares with voting rights in issue ('000)	**1,161,428**	**1,161,428**	1,162,180	1,159,741	1,159,264	1,152,055
Net assets per share (USD/RM)	**0.12**	**0.49**	0.40	0.49	0.41	0.38
Net earnings per share (Cents/Sen)	**2.81**	**11.52**	8.68	22.75	12.12	10.25
Dividend per share (Cents/Sen)	**1.59**	**6.50**	7.45	21.25	10.40	11.65
Net dividend amount (USD'000/ RM'000)	**18,425**	**75,495**	86,564	246,693	120,577	133,986

GROUP FINANCIAL HIGHLIGHTS

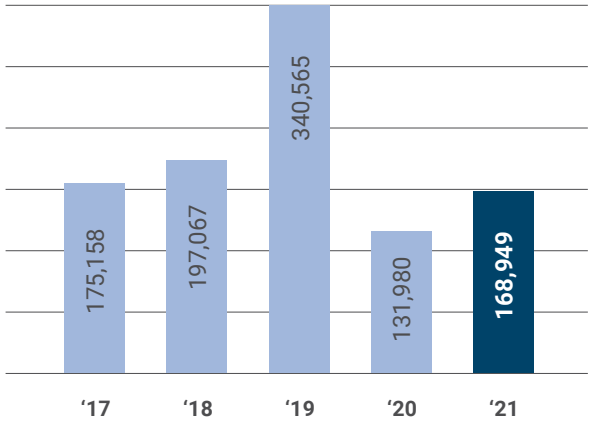
REVENUE

(RM'000)



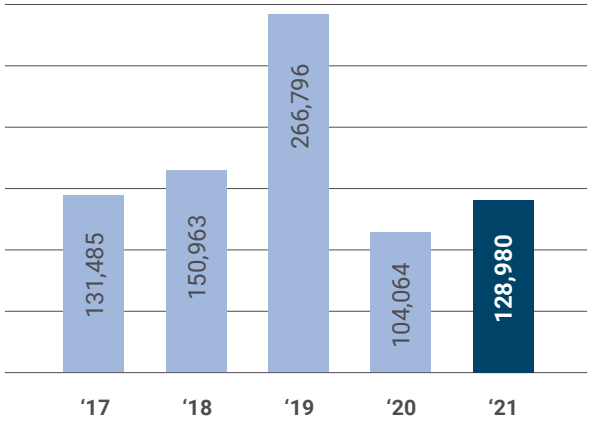
PROFIT BEFORE TAX

(RM'000)



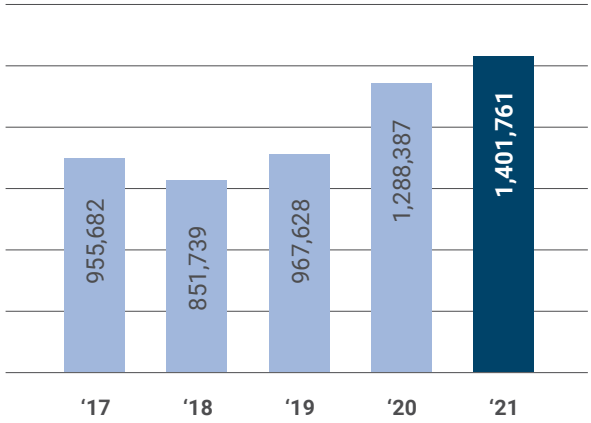
PROFIT FOR THE YEAR

(RM'000)



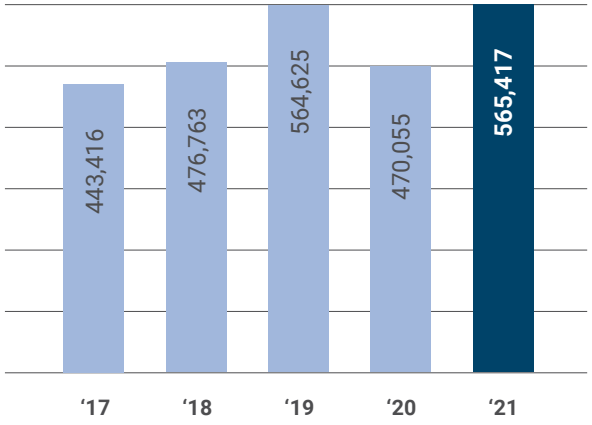
TOTAL ASSETS

(RM'000)



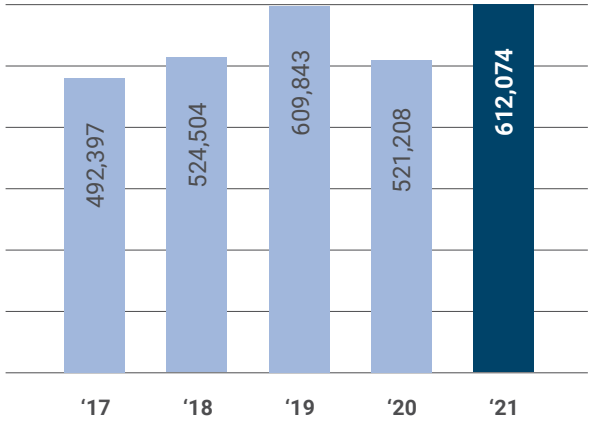
NET EQUITY FUND

(RM'000)



TOTAL EQUITY

(RM'000)



SUSTAINABILITY STATEMENT 2021 – EXECUTIVE SUMMARY

Sustainability is the process of integrating four key pillars namely, **E**conomic, **E**nvironmental, **S**ocial and **G**overnance ("**EESG**") into the business strategy and leveraging sustainability to enhance risk management, secure capital, promote innovation and improve productivity. It has become an integral aspect of business operations. Sustainable development is a core value and part of BAuto's values and principles.

Embracing transparency with stakeholders is critical. Together, BAuto's Sustainability Statement and Corporate Governance Overview Statement presents the Group's sustainability journey, governance and progress in key strategic focus areas. Various specific concerns are covered in each EESG category as follows:

ECONOMIC

- Automotive industry is a vital contributor to the Malaysian economy
- Jobs & business opportunities provided for upstream & downstream activities
- 100% of employees and suppliers are local
- Mazda Malaysia Sdn Bhd is Malaysia's largest car exporter
- Membership & participation in various automotive associations & workshops
- Strong synergistic relationships with suppliers
- ISO 9001:2015; ISO 14001:2015 & OHSAS 18001:2007 certifications achieved

ENVIRONMENTAL

- Waste disposal & toxic emissions minimised
- Renewable energy promoted – assessing viability of installing solar energy system in HQ & its 3S centres
- Recycling promoted internally & amongst suppliers
- Sale of energy efficient & lower CO_2 emission products
- SKYACTIV engine, idling stop (i-STOP) & brake energy regeneration (i-ELOOP)
- Mazda Aqua-Tech: environmentally-friendly & low volatile organic compounds
- Three-layer Wet Paint system dries three layers of paint in one process while wet
- Introducing Hybrid & Fully Electric Vehicles in the future being considered

SOCIAL

- Mazda Medicare Fund ("MMF") dialysis programme channelled 100% funds to charity
- MMF contributed RM100k to the Ministry of Health to combat the pandemic
- COVID-19 initiatives: BAuto spent approximately RM640k on PPE & PCR tests etc
- No retrenchments or pay cuts and paid one extra month of salary to help employees
- Approximately 1:1 pay ratio of female to male employees
- MAP, MMP & MBP reskilling & upskilling programmes for employees

GOVERNANCE

- Compliance with MCCG & Bursa Listing Requirements
- Executive Chairman & CEO posts held by different persons
- Board & board committees consist of a majority of independent directors
- Boardroom diversity - skills, experience, age, gender, nationality & ethnicity
- Board Charter & Code of Ethics, Whistleblowing, Anti-Bribery & Corruption policies

Each of these four key pillars is discussed in greater detail in the following Sustainability Statement and Corporate Governance Overview Statement. A strong EESG proposition links to value creation in many ways. Searching beyond financial profitability, BAuto balances EESG considerations when making sound and sustainable business decisions. These EESG considerations are guided by BAuto's Sustainability Commitment and Governance as set out in the ensuing sections of the Sustainability Statement.

CONTENTS

SUSTAINABILITY STATEMENT

Sustainability Statement

ABOUT THIS SUSTAINABILITY STATEMENT

Bermaz Auto Berhad ("BAuto" or "Company") is committed to publicly reporting on a range of economic, environmental, social and governance ("EESG") topics each year. Sustainability progress is largely due to the high standards that have been set. Disclosure is balanced and transparent, ensuring all business operations improve their performance and conduct business in the most responsible manner possible.

This annual sustainability disclosure helps BAuto manage and measure its sustainability progress and familiarises internal and external stakeholders with the business.

REPORTING SCOPE

This Sustainability Statement covers BAuto and its operating subsidiaries in Malaysia namely, Bermaz Motor Sdn Bhd ("BMSB") and Bermaz Motor Trading Sdn Bhd ("BMTSB"). It also covers 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 where 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 Mazda business operations in Malaysia. MMSB is a 30% associated company of BMSB, with the remaining 70% equity interest is 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.

During FY2021, BAuto had subscribed into the following companies:

- 20% equity interest in Bermaz Auto Alliance Sdn Bhd (formerly known as Berjaya Auto Alliance Sdn Bhd) ("BAASB"), the sole distributor of Peugeot marque vehicles and the provision of aftersales and sale of parts for Peugeot, Citroen and DS marque vehicles in Malaysia;
- 51% equity interest in Bermaz Auto Parts Sdn Bhd to undertake the wholesaling and retailing of automotive spare parts and provision of aftersales services in Malaysia;
- 33.33% equity interest in Kia Malaysia Sdn Bhd, to undertake the production and/or assembly of Kia marque vehicles in Malaysia; and
- 65% equity interest in Dinamikjaya Motors Sdn Bhd, the distributorship and sale of parts and provision of after-sales service of Kia marque vehicles in Malaysia.

The above four new operations have been excluded from this report as they are currently in the start-up stages. However, BAuto aims to include disclosure of all operations of which it has managerial control in FY2022.

REPORTING COVERAGE

Our previous report covered Financial Year 2020 and was published in August 2020. The editorial content of this report generally covers subject matter for Financial Year 2021 ("FY2021") from 1 May 2020 to 30 April 2021.

There were no significant changes to BAuto Group's leadership, ownership or supply chain during the reporting period.

REPORTING CONTENT

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.

In some instances, data has been included for operations in which BAuto's interest is through a certain degree of influence, such as its dealers. Such data is noted in this report. All metrics related to BAuto, including workforce and environmental data, refer to FY2021. Unless otherwise indicated, information in this report relates to BAuto's continuing operations.

Sustainability Statement

REPORTING FRAMEWORKS

This report has been prepared according to the Global Reporting Initiatives ("GRI") Standards: Comprehensive Option and other additional guidelines including:

- The Bursa Malaysia Securities Berhad's Sustainability Reporting Guide;
- The International Organisation for Standardization ("ISO") 26000:2010 Guidance on Social Responsibility; and
- Local and international sustainability indices such as the FTSE4Good Bursa Malaysia Sustainability Index.

BAuto also supports goals and initiatives by the United Nations Global Compact and the United Nations Sustainable Development Goals ("UNSDGs").

RELIABILITY AND RELEVANCE OF INFORMATION DISCLOSED

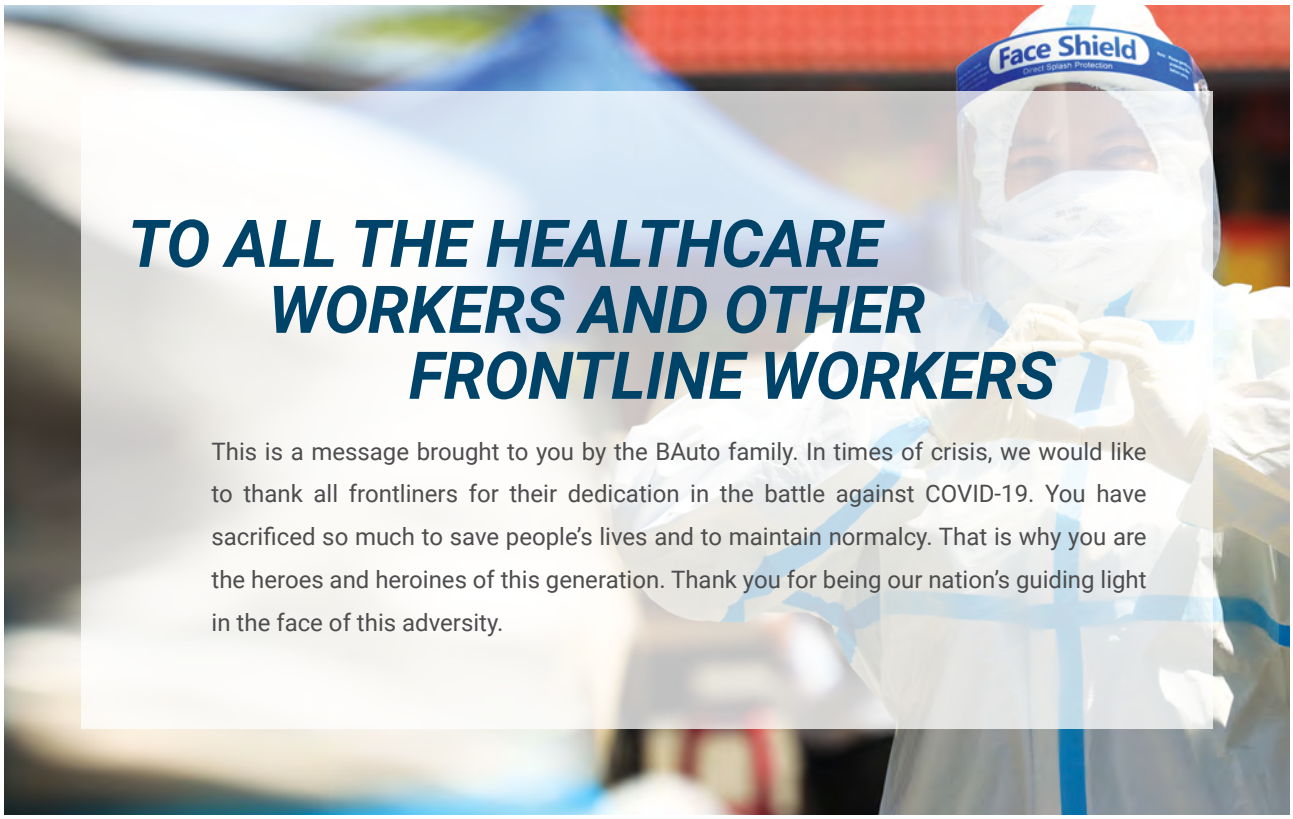
A formal materiality assessment has been employed to identify the salient sustainability issues affecting the value chain. Materiality has also helped ensure that issues of the most interest to stakeholders have been disclosed. This materiality assessment is reviewed each year to ensure it reflects changes in the business and external environment.

During FY2021, the materiality assessment was refreshed and aligned with the UN Sustainable Development goals, especially those that have the greatest impact.

FEEDBACK

BAuto welcomes your feedback on enhancing its reporting and broader sustainability efforts. Please send your comments (if any) to:

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 IS NO LONGER OPTIONAL

Sustainability management aims to create integrated value. Economic value is generated by maximising profits and shareholder value while taking on a stronger responsibility as a global citizen to create social value.

BAUTO'S SUSTAINABILITY VISION

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 process
- 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

BAUTO'S SUSTAINABILITY MISSION

- Integrating sustainable values and principles in the strategic execution and operational decision-making processes
- Safeguarding and protecting operations by ensuring a healthy, safe and secure work environment while remaining efficient and effective
- Supporting the professional, developmental and personal growth of 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

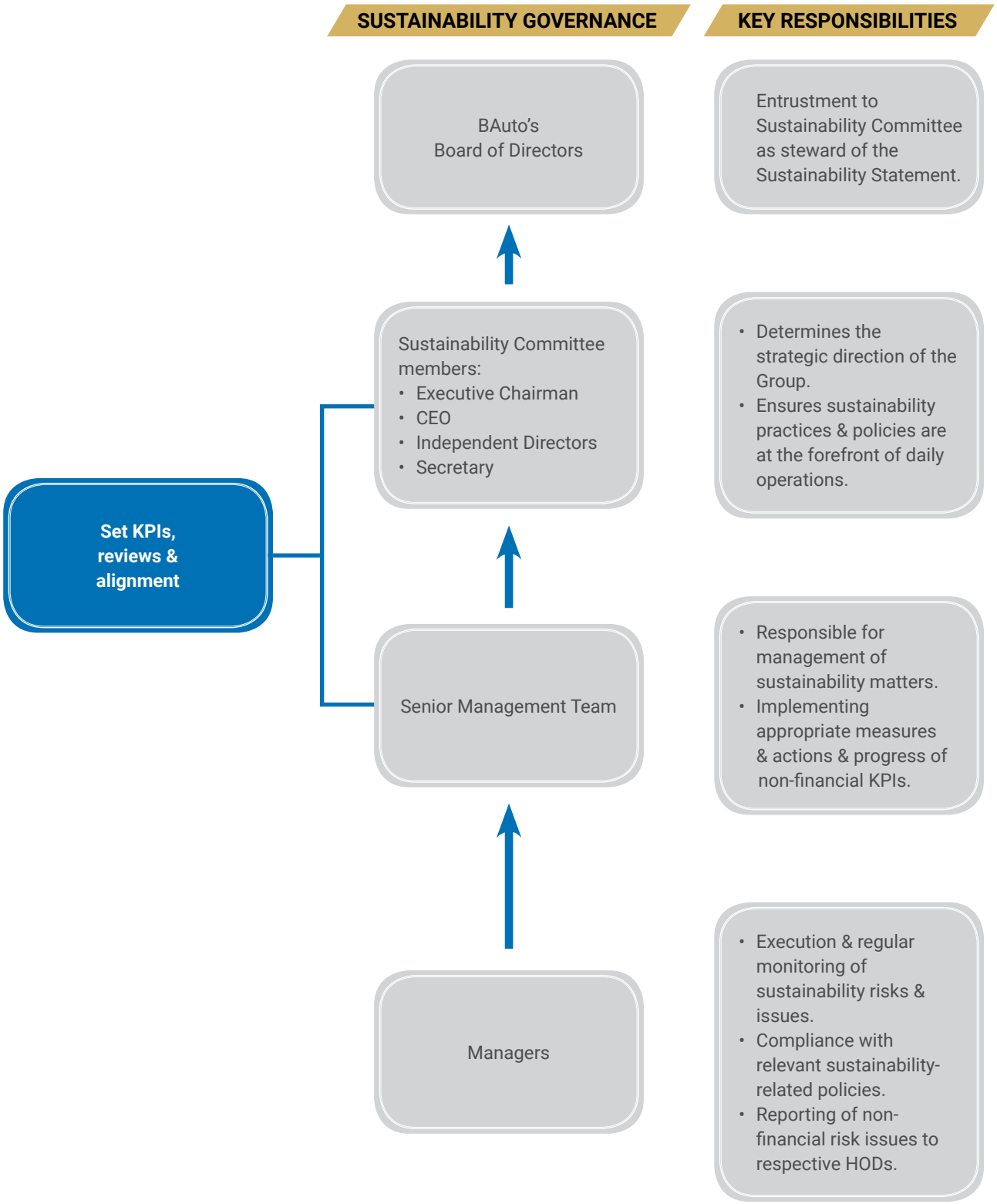
BAUTO'S SUSTAINABILITY GOVERNANCE

BAuto's Board of Directors ("Board") ensures that sustainability is integrated into all key business decisions regarding the overall direction of the Company. Sustainability is incorporated into the annual target-setting process. Business functions must set and meet concrete sustainability targets to ensure that the overall direction set by the Board is implemented systematically. The Board is also responsible for ensuring compliance with all provisions of the law and internal regulations while providing adequate risk management and control.

Internal business functions are responsible for leading progress on sustainability-related decisions made by the Board. This process is steered and monitored by the Sustainability Committee ("SC") and the senior management team.

The SC meets at least once a year. Important sustainability issues are also raised for discussion during BAuto's weekly management meetings as and when they arise. BAuto's Executive Chairman and CEO attend all these meetings.

Sustainability Statement



Sustainability Statement

STAKEHOLDER ENGAGEMENT

COLLABORATING TO MOVE FORWARD

BAuto's success depends on internal and external relationships. This core value drives engagement with stakeholders including customers; shareholders, investors and analysts; employees, both current and potential new talent; suppliers and local vendors; dealers and dealer councils; principal manufacturers, approved permit ("AP") holders and local assemblers; communities in which BAuto operates; government bodies and regulators at national, state and local level; the media; and environmental and social non-governmental organisations ("NGOs").

Various stakeholder engagement methods are employed to share information and influence business decisions with meaningful dialogue. Brand marketing, investor relations, purchasing, human resources and government relations are examples of functions that engage with stakeholders regularly. Stakeholder engagement helps BAuto to understand and address concerns as well as advance social and environmental goals. Stakeholders with whom the Group engages, the most common engagement channels and the frequency of engagement are summarised in the following table.

Stakeholder Group	Key Emphasis	Communication Channel	Frequency
Employees	• Recognising and valuing the importance of human capital development and enhancing competencies topics 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") • Onboarding programme including staff orientation • Sports and recreational activities • Materiality surveys	• As required • Regularly • Annually • Regularly • Upon joining • Regularly • Biennially
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 and Virtual Showrooms which allow customers to communicate with customer service representatives in real time • Feedback through the corporate website, email and social media • Materiality surveys	• Annually • Regularly • Regularly • Regularly • As required • Regularly • Biennially
Principal manufacturers, Approved Permit ("AP") holders and local assemblers	• Building mutually rewarding business partnerships by leveraging each other's strengths. • Creating maximum joint value for the Group, principal manufacturers, importers of Mazda, Kia and Peugeot completely built-up ("CBU") vehicles and local assemblers of Mazda and Kia for 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 manufacturers and importers or local assemblers • Materiality surveys	• Regularly • Regularly • Biennially

Sustainability Statement

Stakeholder Group	Key Emphasis	Communication Channel	Frequency
Shareholders	• Building a rewarding and trusting relationship with shareholders.	• Annual General Meetings —BAuto convened its first virtual annual general meeting in October 2020 at the Company's head office auditorium • 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 video conferencing with fund managers and investment analysts • Corporate website • Materiality surveys	• Annually • Quarterly • Annually • Ad hoc • Regularly • Regularly • Biennially
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 • Materiality surveys	• Regularly • As required • Biennially
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") • Materiality surveys	• Regularly • Biennially
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 • Materiality surveys	• As required • Annually • As required • Biennially
Local vendors	• Providing job opportunities and efficient supply chain processes.	• Engagement with vendors • Corporate visits • Events • Materiality surveys	• As required • As required • Regularly • Biennially

ESG INTEREST FROM INVESTORS

Increasingly, investors are becoming interested in non-financial matters as these issues and positive societal and environmental contributions can affect long-term performance. BAuto is now engaging with investors more regularly with the financial and non-financial performance being evaluated together.

The Investor Relations Team has engaged with external sustainability stakeholders including fund managers, investors, sustainability rating agencies and certification bodies for several years. The management team, including the CEO, CFO, corporate secretary and Head of Investor Relations, conducts regular briefings with some of BAuto's largest shareholders. Topics of interest include corporate governance, company values, the workplace, vehicle safety, diversity and inclusion.

PRIORITISING KEY ISSUES

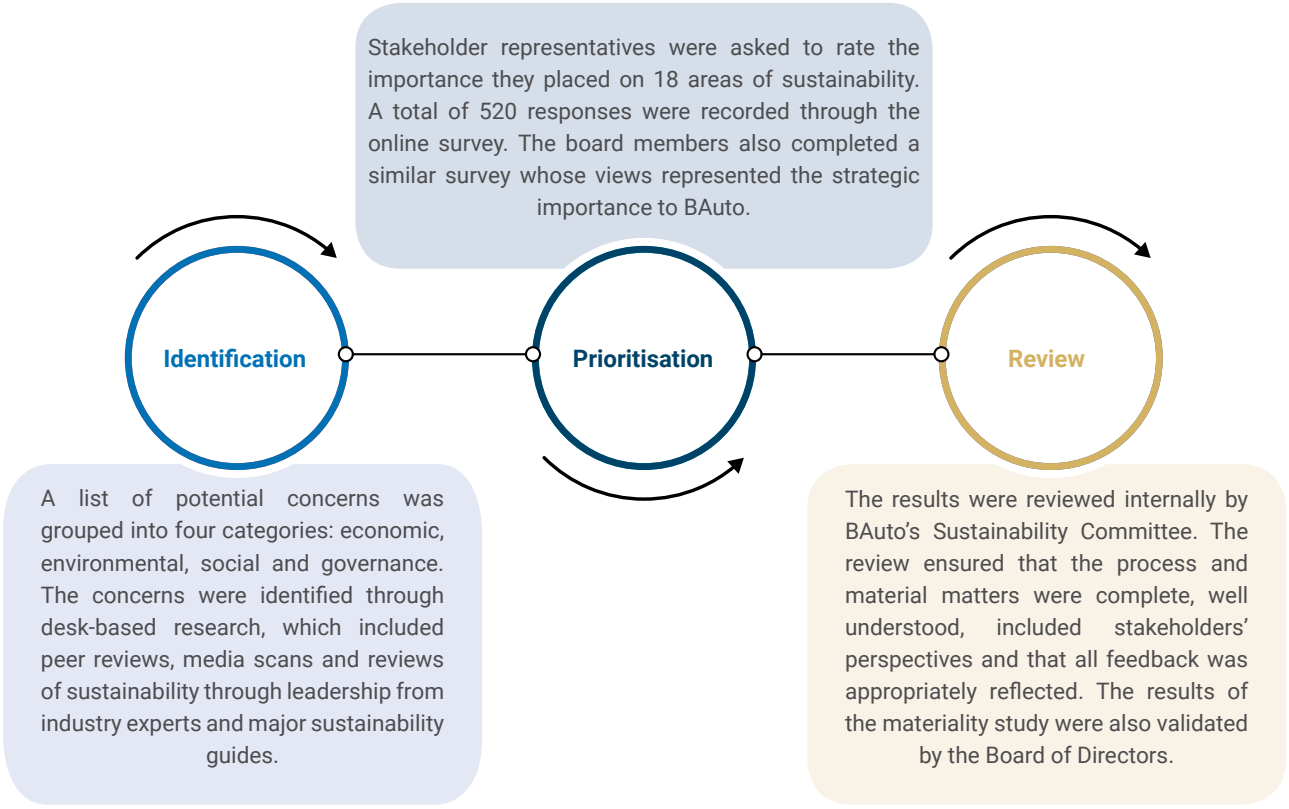
Conducting a formal materiality process allows BAuto to define the reporting priorities, identify emerging sustainability issues, shape the sustainability strategy, set goals and allocate resources effectively. The topics are presented in a materiality matrix that graphically shows the relative importance of sustainability issues to the business and stakeholders.

Sustainability Statement

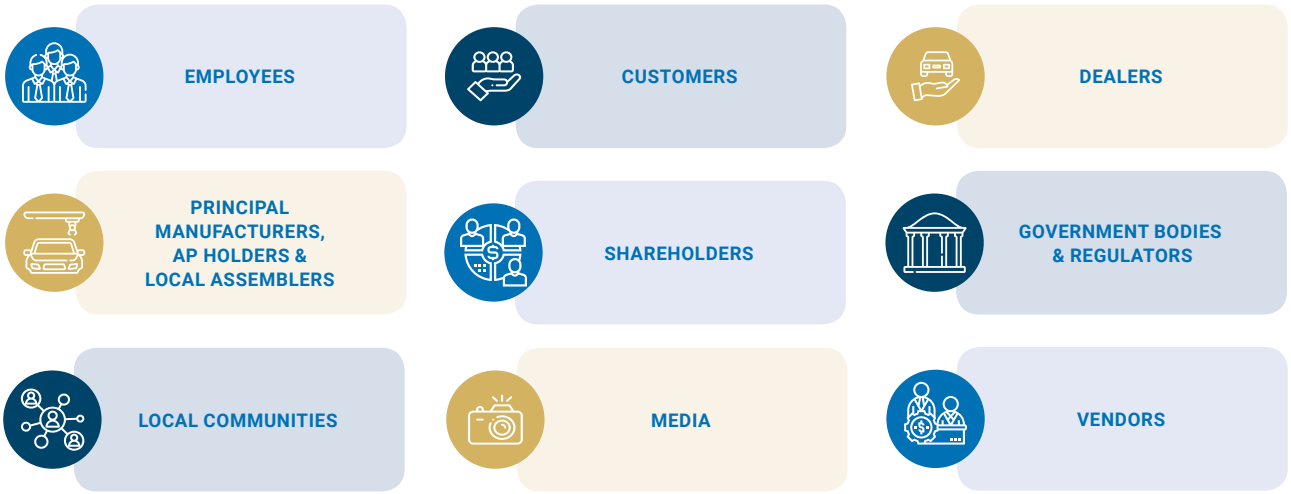
THE DEFINITION OF MATERIALITY

BAuto considers material information in the context of this report to be that of the greatest interest to stakeholders, potentially affect their perception and allow them to make informed decisions and judgements about the Group's commitment to economic, environmental, social and governance progress.

OUR MATERIALITY PROCESS



Stakeholder Groups Completing the Survey as Part of the Materiality Assessment



Sustainability Statement

Areas Covered by the Materiality Assessment

Materiality Issue	Description	Related GRI Topic	Related UNSDGs
Economic			
Industrial advancement	Developing the automotive industry through local and regional trade	• Indirect economic impacts	
Corruption and fraud	Reporting BAuto's management approach to corruption and fraud including risk assessments, training, non-compliance and monitoring processes	• Anti-corruption	
Environment			
Energy & water	Managing energy and water effectively with a view to reducing it whenever possible	• Energy • Water and effluents	
Emissions & climate change	Managing greenhouse gases, ozone-depleting substances and other harmful emissions	• Emissions	
Waste management	Disclosing effluent discharges and the disposal of wastes	• Water and effluents • Waste	
Social			
Employment and benefits	Addressing all employment aspects and benefits to boost morale and reduce turnover	• Employment	
Diversity, equal opportunity & non-discrimination	Promoting diversity and equal opportunities and eliminating all forms of discrimination in the workplace	• Diversity and equal opportunity • Non-discrimination	

Sustainability Statement

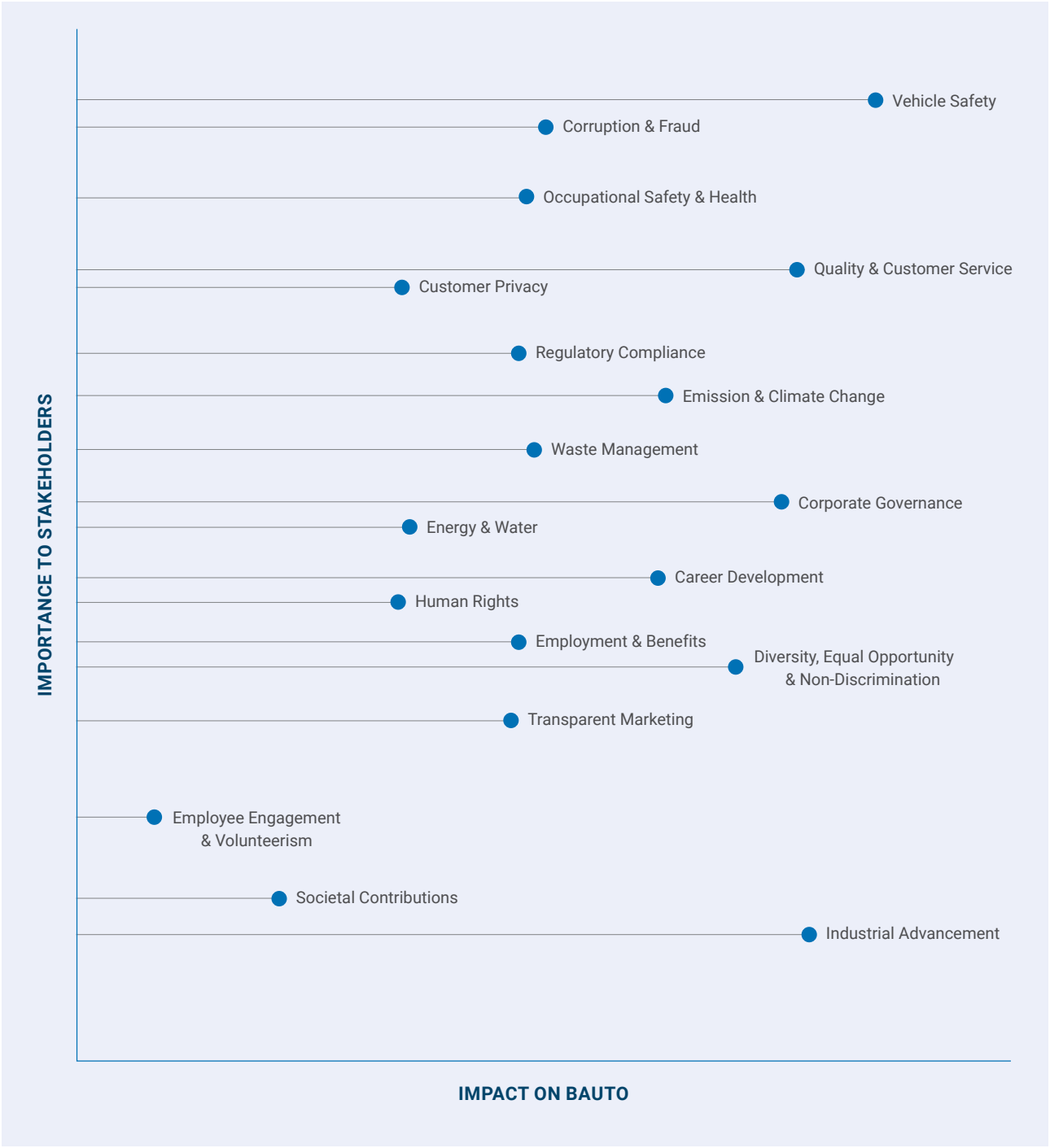
Materiality Issue	Description	Related GRI Topic	Related UNSDGs
Social			
Occupational safety & health	Keeping all workers safe through a stringent management system and safety procedures	• Occupational health and safety	
Societal contributions	Supporting all local communities that are economically, socially or environmentally impacted by operations	• Local communities • Market presence	
Human rights	Protecting all aspects of human rights including those of the indigenous population, security staff and children while eliminating all aspects of forced labour	• Human rights assessment • Rights of indigenous peoples • Security practices • Child labour • Forced labour	
Employee engagement & volunteerism	Respecting employees' rights to joint representation and consultative practices	• Labour/management relations • Freedom of association and collective bargaining	
Career development	Hiring, recruitment and retention as well as training and career development	• Employment • Training and education	
Vehicle safety	Protecting drivers through cutting-edge safety standards and technology	• Customer health and safety	
Transparent marketing	Providing accurate and transparent information in all disclosure	• Marketing and labelling	
Quality & customer service	Promoting quality throughout all aspects of vehicle assembly, delivery and aftercare	• Non GRI topic	
Customer privacy	Protecting the privacy of customers and members of the public	• Customer privacy	
Governance			
Regulatory compliance	Complying with all economic, environmental and social legislation	• Anti-competitive behaviour • Environmental compliance • Socio-economic compliance	
Corporate governance	Implementing corporate governance best practices to ensure the appropriate management of risks and level of internal controls	• Non GRI topic	

Sustainability Statement

OUR MATERIALITY MATRIX

The materiality matrix plots each issue and the ratings accorded to it. The y-axis represents the influence on stakeholders and the x-axis represents the impact on BAuto. Issues found closer to the upper right-hand corner of the matrix are of higher influence and impact to both BAuto and stakeholders.

BAuto Materiality Matrix



Sustainability Statement

ECONOMIC

The automotive industry is capital-intensive and knowledge-intensive and an important driver of global economic development. Primarily, BAuto is engaged in distributing Mazda vehicles in Malaysia and the Philippines, retailing Mazda vehicles and providing after-sales services for Mazda vehicles in Malaysia. The Group's performance is affected by regulations and policies governing the importation of completely built-up ("CBU") vehicles (for the domestic and the Philippine markets). Foreign exchange fluctuations, changes in consumer preferences and spending trends also impact operations. Economic, social and political conditions in countries where operations are based, vehicles are manufactured, global market conditions and credit market volatility also impact the Group.

The COVID-19 pandemic resulted in the introduction of unprecedented preventive measures. Various lockdowns were imposed on the global population to curb the outbreak. These lockdowns caused the temporary closure of many businesses around the world. The Movement Control Order ("MCO") imposed by the Malaysian Government and the Enhanced Community Quarantine ("ECQ") by the Philippines Government impacted revenue streams.

Sales began to recover, largely due to the Short-Term Recovery Plan economic stimulus package introduced by the Malaysian Government in June 2020 which expired in December 2020 but was extended to June 2021 and thereafter to 31 December 2021 under the Program Strategik Memperkasa Rakyat Dan Ekonomi Tambahan, which offers a 100% sales tax exemption on locally assembled ("CKD") vehicles and a 50% sales tax reduction on CBU vehicles.

ADVANCING INDUSTRY THROUGH MEMBERSHIP

BAuto continues to contribute to industry advancement by playing its role in various industry organisations. BMTSB and MMSB are members of various industry organisations and participate in workshops and industry or topic-specific 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") technical working group. This group meets each month to discuss technical guidelines on hybrid electric, electric vehicles and other alternative fuels with the Philippines Government.

Contribute & enhance BAuto's commercial & operational experience in formulating activities in these associations through talks, seminars, workshops & conferences

Help & learn from other members & industry players to improve each others' productivity, management, quality, cost-effectiveness & delivery

Personnel representing BAuto in industry associations, such as the Auto ASEAN Federation ("AAF"), continue to maintain good rapport and healthy relationships with industry peers. Representatives engage with Government agencies and authorities including the Department of Environment ("DOE") and Department of Environment and Natural Resources ("DENR") to support the inclusive development of the Automotive Industry.

Sustainability Statement

SUPPLY CHAIN MANAGEMENT

A significant number of suppliers play an important role in BAuto's success. Strong synergistic relationships are developed with suppliers for certain key components with high technological specifications. These suppliers are considered key strategic innovation partners.

- **Working with supplier base to increase education & raise awareness**
- **Conducting periodic webinars**
- **Providing a dedicated email contact to answer specific questions**
- **Involving CEO & CFO in engagement with supply chain partners**
- **Communicating expectations of major suppliers & dealers through Bermaz Group's regular engagement channels such as emails & meetings**

BAuto achieves excellence through luxury, comfort, peaceful ownership and drive, quality, aesthetics and performance. Implementing responsible and efficient supply chain management helps BAuto select suppliers and partners that can meet its extremely high standards. Suppliers are not selected solely on the quality and competitiveness of their products and services. Their adherence to social, ethical and environmental principles is also a factor in the selection process.

Supplier Assessment Process

* *Including company profile and background, production capacity and capability, manufacturing license and financial stability.*

** *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 and OHSAS 18001:2007 Occupational Health & Safety Management System.*

Sustainability Statement

BAuto Suppliers Environmental and Social Expectations

Environmental Supply Chain

- The supplier sourcing assessment includes social & environmental elements such as energy use, climate change impact measurement including greenhouse gas emissions, water use, biodiversity impacts, pollution, waste reduction, resource use & other environmental issues.
- Complying with applicable environmental laws & regulations & conducting business with respect and care for the local environment by utilising energy & natural resources efficiently & managing waste, emissions & discharges responsibly.

Social Supply Chain

- Ensuring supply chain partners adhere to all social standards stipulated by Malaysian Labour Law & the International Labour Organisation ("ILO"). There must be policies & standards on the prevention of child labour, forced labour, provision of equal opportunities & non-discrimination, freedom of association, right to collective bargaining & provision of a safe & healthy workplace.
- Eliminating excessive working hours by offering fair overtime pay & limiting working hours, meeting the nation's minimum wage & minimum legal working age.

BAuto encourages business partners, suppliers and dealers to adopt and share sustainable practices. All suppliers must respect the Code of Business Ethics and Conduct of BAuto, which:

- Includes the values recognised, abided by and promoted by the Group;
- Lists specific guidelines for respecting human rights and conflicts of interest; and
- Ensures that the Code of Business Ethics and Conduct is regarded as a best practice of business conduct and followed by third parties including long-lasting relationships and business partners such as suppliers, dealers, advisors and agents.

The procurement and supply chain team meets regularly to align operational procedures used by the purchasing department to qualify new vendors with Group policy and guidelines. The social and environmental conduct expected from major suppliers is communicated through Bermaz Group's purchasing policy, supplier contract and training.

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 compliance with Bermaz Group's standards. This is especially important for those who are deemed as 'high risk'. Periodically, BAuto conducts supplier visits and checks the status of their manufacturing licenses. Suppliers must comply with Malaysian Labour Law for their manufacturing licenses to be approved by the relevant Government Ministries.

Bermaz Group engages with its major suppliers in building capacity in areas that include social issues. Bermaz Group also shares best practices with other industry players for their development through these engagement sessions. All parties support each other by sharing best practices during regular meetings with suppliers.

There has been no major non-compliance with regard to suppliers' conduct during this reporting year.

POSITIVE ENVIRONMENTAL AND SOCIAL IMPACT

Impacts extend beyond BAuto to include the entire value chain, of which suppliers are a significant part, to build the most valuable automotive company. Partnerships with suppliers with shared purpose and values are sought in the move toward a future of zero emissions. Employees working with suppliers are accountable to the same environmental principles and ethical standards as BAuto's own employees and operations – to win with integrity.

For example, supply-chain greenhouse gas ("GHG") impacts are greater than in house operations. By working with suppliers to reduce their own GHG emissions, the Group is able to reduce its overall impact. BAuto's supply chain is built on strong, transparent and trusted relationships, which are critical for product quality, availability and affordability. By seeking to be the partner of choice to suppliers, BAuto is better positioned to:

- Put the customers at the centre of everything
- Develop transformative vehicle solutions for industry, environmental and societal challenges

Sustainability Statement

- Accelerate innovation to bring the newest technologies and innovations to customers
- Improve business competitiveness
- Lower or mitigate business risks
- Eliminate waste from value streams and deliver defect-free vehicles
- Address human rights issues

LOCALISATION

Localisation is an important tenet of the value chain. BAuto builds where it sells and buys where it builds. Vehicles are more competitive as they enjoy pricing benefits and can be built to suit unique local requirements that drive customer enthusiasm and brand loyalty.

Localisation also lowers risks by increasing supply chain flexibility and responds to disruptions caused by natural, political or other causes. This is especially relevant during this pandemic. Working with local suppliers allows BAuto to support the local economies of communities where operations are based. Environmental benefits are also reaped as minimising shipping reduces fossil fuel use, carbon emissions and packaging materials.

BAuto works cross-functionally through its supply chain activities, sourcing activities and logistics planning to maximise the benefits of localisation.

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

100%
of our Planning and Distribution personnel are locals

100%
of our suppliers are local companies

All Mazda vehicles sold in the Philippines are fully imported models as this market currently lacks economies of scale for local assembly operations. 83% of BAP's suppliers are local and the remaining are foreign. Materials, technology and expertise which are not available locally are sought from abroad.

ETHICS

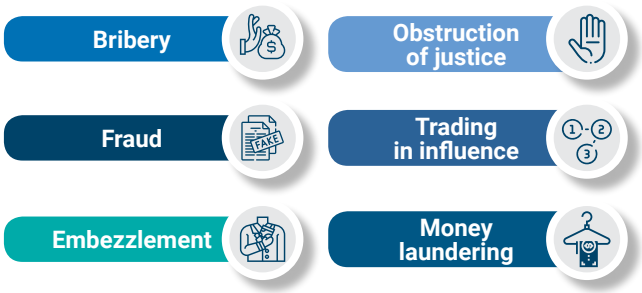
The business is based on the core values of honesty, integrity, commitment, loyalty and humanity. These values are the cornerstone of the sustainability road map as they influence business decisions and activities.

An ethical business starts at the top. The Board is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities. The Employee Handbook and Code of Business Ethics and Conduct:

- Reinforce BAuto's commitment to a working environment that is founded on mutual respect, trust and accountability; and
- Outline the policies and obligations that govern business conduct.

These ethical principles apply to everyone. Suppliers and other third parties must abide by the principles and values outlined in the Code of Business Ethics and Conduct.

Examples of Corrupt Practices Outlawed at BAuto



All forms of corruption are forbidden. BAuto Group has zero tolerance for corruption and its ethical standards are stated in its Code of Business Ethics and Conduct, contractual terms and other governing documents. Employees found to be involved in bribery face disciplinary action that can lead to termination of employment.

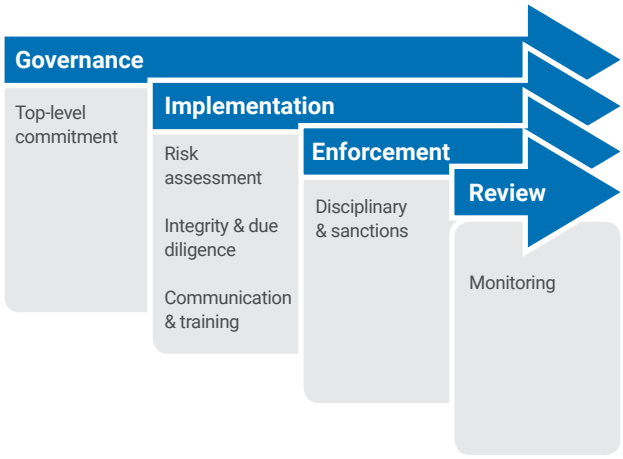
The Board oversees compliance with anti-corruption policies. Every employee is responsible for preventing and reporting suspicious activity or wrongdoing that may lead to bribery using dedicated whistleblowing channels. Employees are encouraged to report any unethical behaviour and misconduct to the:

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

Corruption risks, including bribery, are an important element in BAuto Group's risk register. BAuto Group designs proper mitigation strategies and strategically deploys resources to combat potential instances of bribery, corruption and fraud. This is especially important for 'high risk' operations.

Sustainability Statement

Anti-corruption and anti-bribery are extremely important and this position is communicated to all employees. Employees receive a copy of the Employee Handbook upon joining the Group. Each employee must sign and return the acknowledgement form to the Human Resource Department. Employees are reminded of BAuto Group's firm opposition to corruption during regular engagement sessions and training programmes.

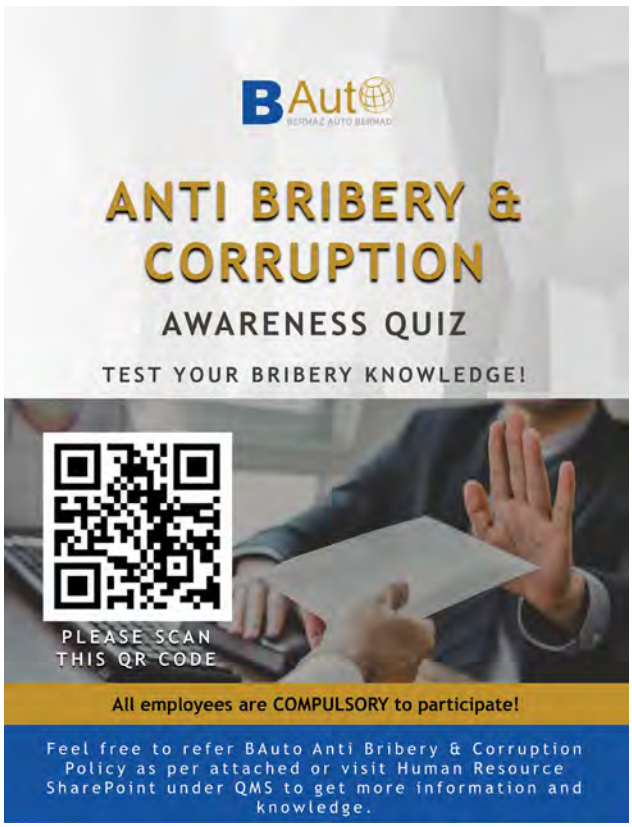


Combatting Anti-Corruption

Bermaz Group's anti-corruption policy is also communicated to all associated suppliers, contractors, joint venture companies and third parties. 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.

Events such as the Neighbourhood Watch Programme fosters better relationships with the authorities and promotes good behaviour, integrity and honesty within the Company



Employees are required to take an Anti-Bribery Policy Quiz on a half-yearly basis to refresh their knowledge. It is compulsory for all new employees to take the quiz

BAuto held a briefing for employees on the Anti-Bribery & Corruption Policy when it was launched

Sustainability Statement

ENVIRONMENTAL

BAuto's sustainability strategy, interwoven into the overall business strategy, reflects the current transportation revolution that is transforming how people move, an effect similar to the debut of the automobile more than a century ago. The vehicles leading this transformation are autonomous, clean, safe and connected. BAuto focuses on initiatives that capitalise on these new technologies.

Protecting the environment by addressing challenges such as climate change, pollution and scarcity of resources is pertinent. BAuto continues to improve energy and resource efficiency in its assembly and distribution processes while reducing emissions and waste.

ENVIRONMENTAL GOVERNANCE

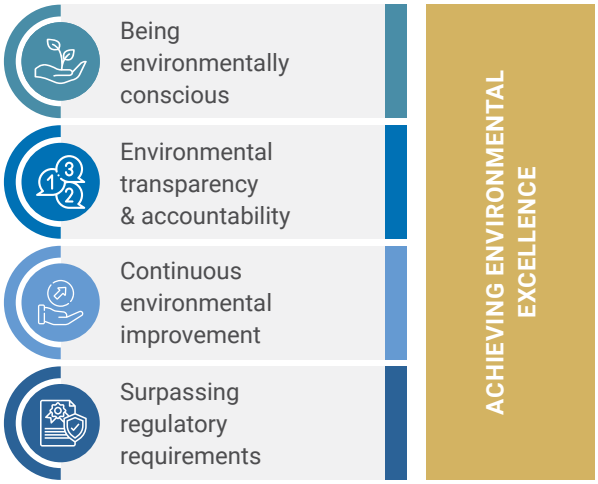
The Environmental Performance Monitoring Committee and the Environmental Regulatory Compliance Monitoring Committee are responsible for monitoring compliance and the effectiveness of the policy. Both these committees are headed by a chairman who reports to BAuto's Executive Chairman. BAuto's Environmental Policy is integrated with supply chain partners through effective means of communication. Elements of Bermaz Group's Environmental Policy are covered in supplier training.

ENVIRONMENTAL POLICY

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

- Minimise waste by evaluating operations & ensuring they are as efficient as possible;
- Minimise toxic emissions through the selection and efficient use of its toxic reduction equipment and the sources of its power requirements;
- Actively promote recycling both internally & amongst its suppliers;
- Source and promote products that minimise the environmental impact of all its 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 Department of Environment ("DOE") devised a set of environmental mainstreaming tools to implement in organisations. BAuto has established committees at policy and working levels to monitor the Group's performance.



ENERGY MANAGEMENT

BAP supports the Republic Act 11285 ("Energy Efficiency and Conservation Act" or "EEC Act"), which institutionalises energy efficiency and conservation as a national way of life. It also encourages sustainable energy consumption and promotes renewable energy. Internally, BAuto continues proactively to implement practical changes in the workplace.

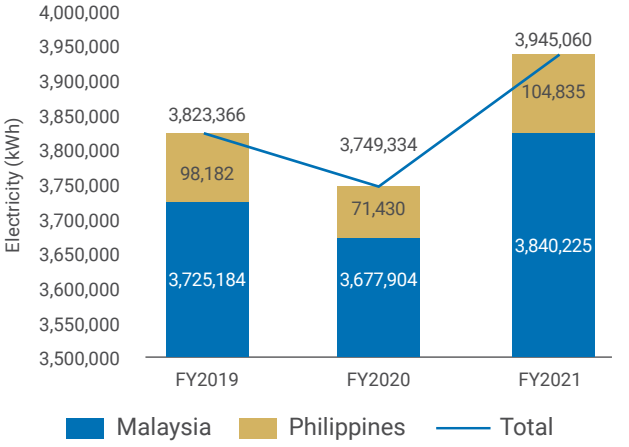
Encouraging Energy Efficiency

- **Switching off lights & equipment that are not in use**
- **Using hibernation features on computers**
- **Only printing when necessary**
- **Upgrading outdated equipment**
- **Opting for energy-efficient equipment**

As part of its renewable energy efforts, BAuto is exploring the viability of installing solar panels to reduce electricity consumption for its corporate headquarters in Glenmarie and at its 3S centres.

Sustainability Statement

Electricity Consumption



OUR POSITION ON CLIMATE CHANGE AND FUEL ECONOMY

BAuto identified climate change as an important issue in its sustainability risk assessment due to the impact of extreme weather events, rising sea levels, droughts and water shortages. Sharing the responsibility for reducing GHG emissions begins with those associated with personal vehicle use.

BAuto takes the challenge of climate change very seriously as the automotive sector is a significant contributor to global GHG emissions. The vision of the future is zero emissions. Climate change and sustainability continue to be prioritised and have been incorporated into the enterprise risk management process. Placing these issues at the forefront of daily decision-making ensures that they are managed at the highest levels of the organisation.

The Mazda Center of Excellence ("MCOE") in the Philippines became fully operational in 2020. It is a 2.5-hectare complex which houses BAP's training centre and customer service department, as well as a 12,269 square meters covered vehicle depot with space for 952 cars, allowing the pre-delivery inspection process to be conducted in a safe, clean and secure place. MCOE uses natural lighting and low-consumption LED lights in the warehouse.

Mazda Centre of Excellence

MCOE - Pre-delivery inspection area

The building's rooftop utilises 270 solar panels to help generate renewable electrical energy. For FY2021, about 46,000 kilowatts of total solar electricity was generated. Its rainwater collection system was designed to catch rainwater and fill containers to provide enough water for 30 days of operation. About 5,600 litres of rainwater collected during FY2021 was used for car wash purposes.

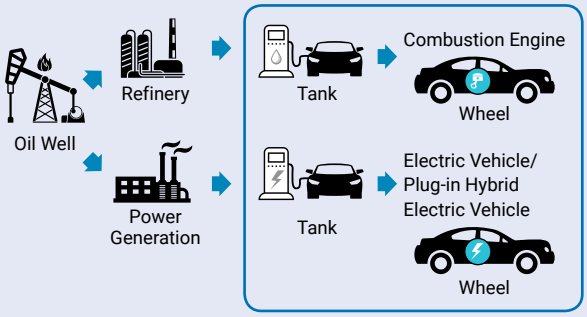
The precast panels in the building, a local invention of Architect Eduardo Urcia, was constructed with local pre-cast technology and material. It promotes air circulation and ventilation for the building, helping to lower electricity consumption.

ENVIRONMENTAL FEATURES OF MCOE

- Solar panels help power the warehouse, administration & training facilities
- Constructed with precast panels that provide insulation & strength
- Rainwater collection system stores water for approximately 30 days of operations

Mazda develops environmental technologies that contribute to an exciting and sustainable future for people, automobiles and the Earth. Mazda reduces CO_2 on a "well-to-wheel" basis, which considers fuel extraction, manufacturing and shipping. This "well-to-wheel" process significantly reduces greenhouse gases.

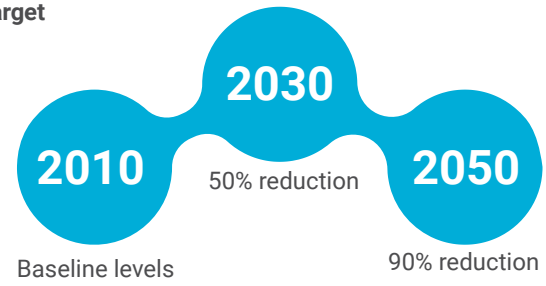
Well-To-Wheel (From Fuel Extraction To Driving)



Material manufacture, assembly & disposal

Sustainability Statement

Mazda's Corporate Average "Well-to-Wheel" CO_2 Emissions Target



CO_2 emissions will be reduced by focusing on R&D efforts that maximise greenhouse gas reductions under real-world conditions such as:

- Continuing to work on perfecting the internal combustion engine;
- Combining the ideal internal combustion engine with effective electrification technologies; and
- Introducing electric vehicles and other electric drive technologies in regions that use clean energy to curb global warming or restrict certain vehicles to reduce air pollution.

Mazda Energy-Efficient and Emissions Reduction Features

SKYACTIV-G	Mazda's highly efficient new generation direct-injection petrol engine achieves the world's highest compression ratio (14.0:1) & delivers 15% better fuel economy & 15% more torque in the low- to mid-range.
SKYACTIV-D	The low compression ratio diesel engine improves fuel efficiency by 20% & has clean combustion, producing only 138g/km of CO_2.
IDLING STOP TECHNOLOGY (i-stop)	The idling start-stop system improves fuel economy by approximately 8%, by stopping & restarting the engine while on standby.
BRAKE ENERGY REGENERATION SYSTEM (i-ELOOP)	Converting & storing kinetic energy as the vehicle decelerates for reuse as electricity reduces fuel consumption by approximately 10%.
CYLINDER DEACTIVATION	Reduces fuel consumption by 20% when the car is cruising at 40km/h & by 5% at 80 km/h.

UNIQUE PAINT TECHNOLOGIES THAT SIGNIFICANTLY REDUCE GAS POLLUTION

Mazda's Aqua-tech is one of the world's most environmentally friendly automotive paint systems with the lowest volatile organic compound ("VOC") levels. Implementing the Three Layer Wet Paint System helped Mazda achieve world-class CO_2 emission levels. This paint system applies all three paint layers, primer, base and clear topcoat, while still wet before finishing with just one drying process.

Environmental Benefits of Mazda's Aqua-Tech

Reduced energy consumption	Combining the primer and topcoat processes eliminates the separate primer booth & primer drying furnace, reducing the paint shop's total energy consumption by 15%.
Reduced VOC emissions	The decreased volume of paint used & the development of Mazda's low-solvent paint reduce VOC emissions by approximately 45% compared to conventional painting. Mazda is able to meet the European VOC regulations of 35 g/m^2 without having to redesign its paint line for a switch to water-based paint.

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 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. In this study, BAuto collaborated with The Ministry of Primary Industries, Malaysian Palm Oil Board ("MPOB"), and Japan Automobile Manufacturers Association ("JAMA") alongside other automotive experts from Bermaz Group and the Malaysia Automotive Robotics and IoT Institute ("MARii"). The study comprises two parts:

Sustainability Statement

Impact laboratory using a Mazda CX-5 Diesel vehicle by the Japan Automobile Research Institute ("JARI")	The study has been completed and the results were positive. Both Euro 5 B7 and B20 meet the factory specification for: • Exhaust gas temperature profile • Fouling & clogging • Diesel particulate filter regeneration • Oil dilution • Injector deposits
An on-road verification test using Malaysia Driving Cycle with two Mazda CX-5 Diesel vehicles by Malaysian Palm Oil Board ("MPOB")	Although slightly delayed due to the COVID-19 pandemic, the study is scheduled for completion by September 2022. An interim report issued by MPOB shows that both Mazda CX-5 diesel vehicles using Euro 5 B7 & B20 were within the factory specifications.

CLIMATE CHANGE MANAGEMENT

Recognising climate change as a key element of sustainability management, BAuto Group evaluates it in a comprehensive and holistic manner in terms of the environment and risk management.

BAuto Group's climate change strategy includes working with employees and supply chain partners on saving energy through fuel efficiency and performing a complete climate change risk assessment. Mazda Japan has made significant progress by balancing risks and opportunities from innovation. Mazda develops green vehicles along with technologies that reduce their short- and long-term environmental impact.

Mazda vehicles achieve efficiency gains and reduce costs through adaptation such as by adopting new technology, cleaner fuels and fuel efficiency measures. BAuto's management team, headed by Dato' Sri Yeoh Choon San, Executive Chairman and Dato' Lee Kok Chuan, 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.

Climate change-related risks and opportunities are defining factors for long-term value creation. BAuto Group plans to progressively develop its environmental governance, strategy, metrics and goals in line with the Task Force on Climate-related Financial Disclosures ("TCFD") and other relevant recommendations. Mazda Japan's research team uses the International Energy Agency's ("IEA") 2˚C scenario and a 1.5˚C sensitivity analysis from the Intergovernmental Panel on Climate Change in understanding the implications of climate change. Over the past decade, BAuto's approach has:

- Evolved to address issues associated with climate change while pursuing the opportunities of a changing world; and
- Helped limit the global temperature increase to less than 2°C by delivering CO_2 reductions in its materials and processes.

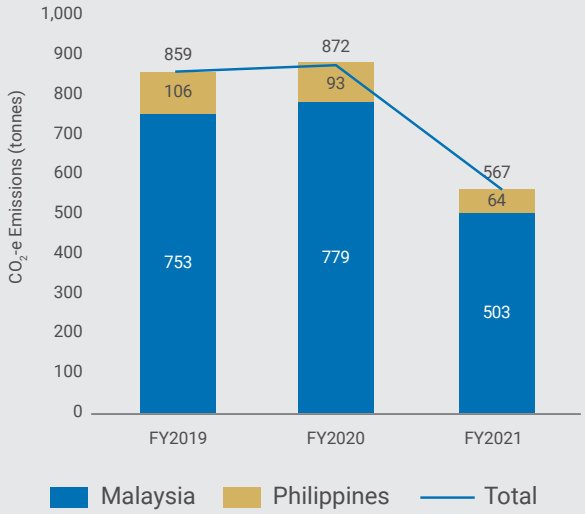
BAuto Group is working to manage and measure its carbon emissions as part of its Carbon Management Plan. The internationally recognised Greenhouse Gas ("GHG") Protocol established by the World Business Council for Sustainable Development ("WBCSD") and World Research Institute ("WRI") is used. Emissions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

Consolidation method in calculating carbon footprint	Operational
Organisational boundary in calculating carbon footprint	Accounts for 100% of GHG emissions where BAuto has the authority to implement operational policies

Sustainability Statement

Scope 1 Coverage: Entire Group (100%)

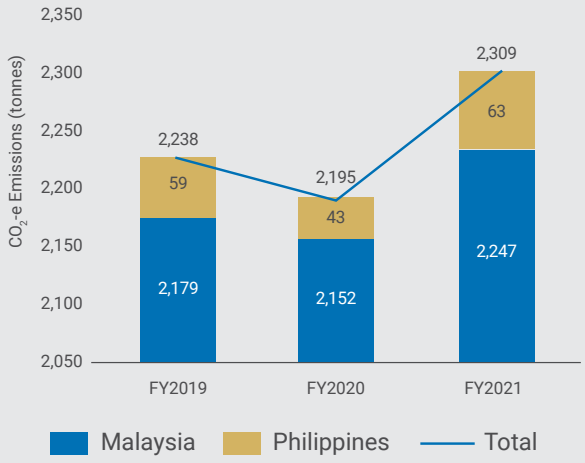
CO_2 emissions from the consumption of fuel were derived from the emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories.



Scope 2 Coverage: Entire Group (100%)

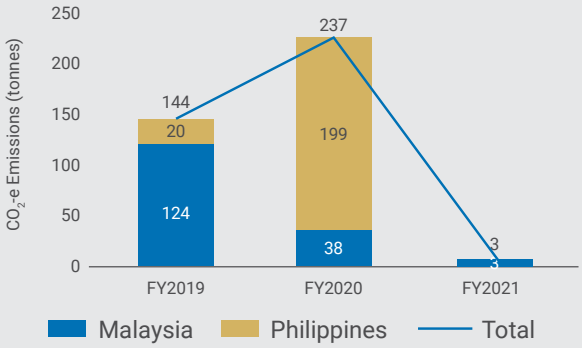
CO_2 emissions from electricity use:

- In Malaysia were derived using the emission factor published by the Malaysian Green Technology Corporation for the Peninsular Grid.
- In the Philippines were derived using the combined margin emission factor published by the Department of Energy for the Luzon-Visayas Grid 2015-2017.



Scope 3 Coverage: Entire Group (100%)

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 were used to calculate the CO_2 emissions from air travel.



MATERIALS MANAGEMENT

SINGLE-NANOTECHNOLOGY

Single-nanotechnology converters contain precious metals. A reaction occurs on the surface of these metals to convert harmful emission gases into harmless ones.

Catalyst technology has focused on exposing the largest surface area possible and avoiding deterioration from agglomeration. Conventionally, precious metal particles adhere to a base material; however, heat from the exhaust gas causes the particles to agglomerate into larger particles. This reduces the surface area of precious metals and deteriorates their performance as catalysts. Significant quantities of precious metals must be used in conventional catalytic converters to counter this effect.

Single Nanotechnology:

- Realises a new and unique catalyst structure in which precious metal particles are individually embedded in the base material
- Inhibits the thermal deterioration caused by the agglomeration of precious metal particles
- Significantly improves oxygen absorption and release rates for enhanced emissions purification
- Reduces precious metals needed to ensure the same level of effectiveness by 70 to 90%
- Significantly reduces the precious metals such as platinum, palladium and rhodium needed for three-way catalysts to effectively purify gasoline engine exhaust emissions

Sustainability Statement

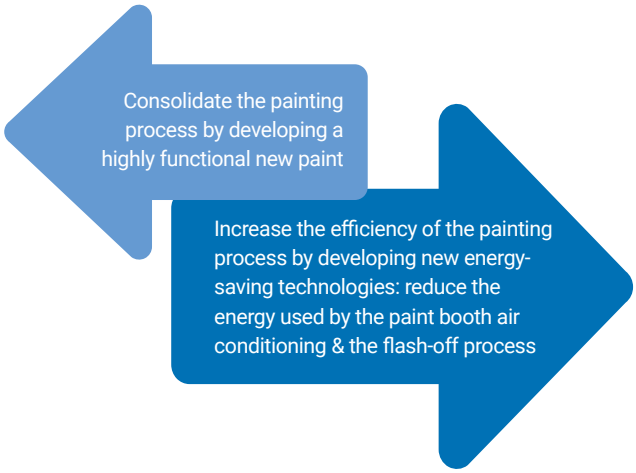
UNIQUE PAINT TECHNOLOGIES

Mazda developed its Aqua-Tech Paint System to reduce the environmental impact of the automobile manufacturing process. The Aqua-tech Paint System:

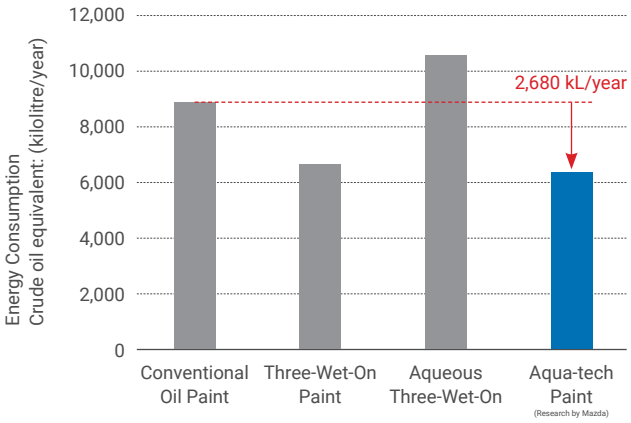
- Reduces volatile organic compounds ("VOC") released by 78% compared to Mazda's previous oil-based paint systems.
- Does not raise energy consumption and the associated CO_2 emissions, which was already one of the lowest of any paint system in the world.

Aqua-tech is one of the most environmentally-friendly automotive paint systems in the world with some of the lowest levels of VOC and CO_2 emissions.

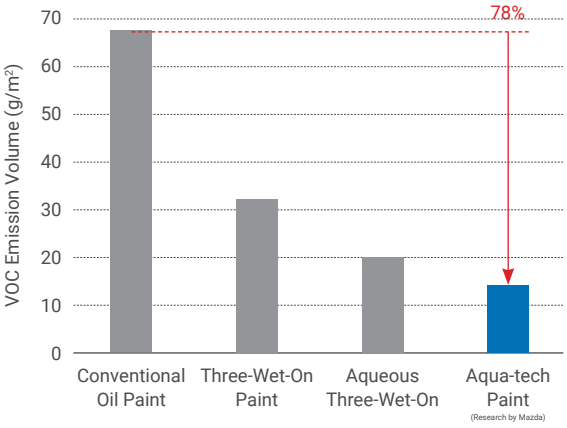
How is it done?



CO_2 Emissions



VOC Gas Emission per Vehicle



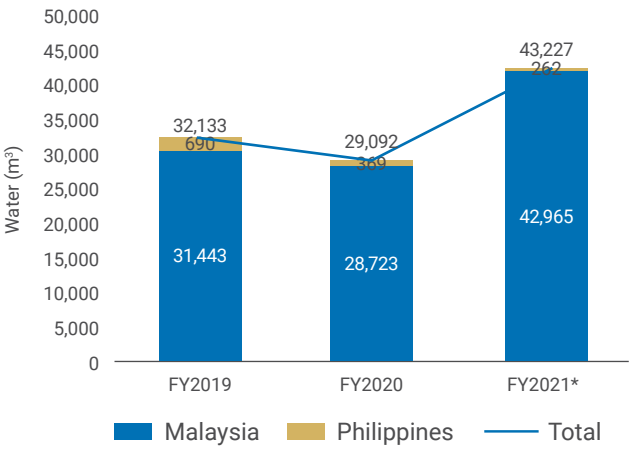
BAuto's fully-equipped body and paint centres conform to Mazda's best global standards and are consistent with local regulatory specifications such as Puspakom and Jabatan Pengangkutan Jalan ("JPJ").

WATER USE

BAuto reduces its water footprint by promoting water-saving practices to employees and adopting water-efficient technologies and equipment wherever possible. The majority of the Group's water is consumed by plant operations and employees.

Reducing the use of freshwater is prioritised despite several water sources being used. BAuto aims to reduce the use of freshwater in its plants by introducing more water-efficient processes and technologies such as more effective data monitoring. MCOE in the Philippines practises rainwater harvesting for washing vehicles entering and exiting the warehouse.

Water Consumption



* *The increase was mainly due to burst pipes in two branches which were subsequently repaired.*

Sustainability Statement

WASTE REDUCTION

The rational use of raw materials and careful waste management help reduce the environmental impact of processes. Waste is minimal as operations are mainly involved in distribution and assembly. However, BAuto is committed to reducing waste and pollutants, conserving resources and recycling materials at each stage of the operations' life cycle.

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	FY2019	FY2020	FY2021 *
Spent lubricating oil	SW305	143.13	178.66	200.23
Spent mineral oil-water emulsion	SW307	2.17	3.10	1.50
Waste oil or oily sludge	SW311	0.80	–	–
Oil interceptor sludge	SW312	–	1.40	2.10
Used thinners	SW322	–	1.15	1.52
Waste of thermal fluids (heat transfer) such as ethylene glycol	SW327	0.80	4.68	4.26
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW409	0.51	8.63	20.21**
Rags, plastics, papers or filters contaminated with scheduled wastes	SW410	8.65	15.01	20.13
Waste inks, paints, pigments, lacquer, dyes or varnish	SW417			0.10
Total		**156.06**	**212.63**	**250.05**

* *Scheduled waste disposed of in FY2019 and FY2020 consisted of 12 BMTSB branches. In FY2021, BAuto improved its scheduled waste monitoring processes to include BAP.*

** *These items were previously sold to third parties by branches. In FY2021, a professional recycling company was engaged to collect the items from branches for proper recording and handling.*

Sustainability Statement

SOCIAL: SOCIETY

BAuto's philanthropic objective, to strengthen communities and make people's lives better, is aligned with its business strategy. BAuto is a catalyst for change, inspiring and enabling dealers, customers and employees to support community efforts. Over the years, BAuto Group has deepened its engagement, expanded its expertise and developed ongoing programmes that will help local communities for years to come.

MAZDA MEDICARE FUND

Established on 4 June 2015, Mazda Medicare Fund ("MMF") is a community project initiated by BMTSB and Prima Merdu Sdn Bhd. There are no administration charges and 100% of the raised funds are channelled to charity. The MMF is fully handled by internal employees.

Persatuan Penjagaan Kanak-Kanak Terencat Akal Negeri Selangor (Banting, Selangor)

Pusat Jagaan Telaga Kasih Nur Muhammad (Kota Damansara)

TOTAL IMPACT

- Sponsored **RM3,132,460 of dialysis**
- Helped more than **231 patients**
- Contributed **RM934,316 in cash**

FY2021 IMPACT

- **Donated 12 dialysis machines** at a total cost of **RM458,850**
- Helped at least **35 patients**
- Contributed **RM513,850 in cash**

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.

Pusat Hemodialisis Yasa Pekan

The annual Mazda Charity Golf Tournament is a major fund-raising activity for MMF. Unfortunately, the tournament was not held due to the global COVID-19 pandemic.

BAuto acknowledges, recognises, highlights and rewards employees who are involved in its employee volunteering programme.

MMF DIALYSIS SPONSORSHIP

The MMF dialysis sponsorship programme is ongoing. Given the vast gap between the majority of people's disposable income and spending on healthcare and haemodialysis costs, it is inevitable that haemodialysis becomes a heavy financial burden for patients.

MMF provides life-saving haemodialysis treatment for renal patients with financial constraints, irrespective of their race and religion and has been collaborating with B.Braun Avitum Renal Services Sdn Bhd to subsidise quality haemodialysis treatment. Eligible patients receive subsidised haemodialysis treatment at any one of B. Braun's

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12 dialysis centres operating in Malaysia. The Company also provided one Mazda CX8 vehicle to transport patients.

In December 2020, BAuto also extended its contributions to Yasa Haemodialysis Centre that recently began operating in Pekan, Pahang. This centre helps those in the B40 and M40 household income group, who are in need of haemodialysis treatment, in particular.

Funding for Pusat Hemodialisis Yasa Pekan

MAZDA-MFI SCHOLARSHIP

Mazda-MFI scholarship is a continuous programme in its eighth year. BAP collaborates with MFI Foundation Inc ("MFI"), a non-profit science foundation based in Metro Manila, on developing new talent that will increase the sustainability of the automotive industry. This programme aims to enrich the lives of young Filipinos through meaningful learning.

The current batch consists of 10 students who are taking the two-year TESDA-accredited Dual Training System Automotive Servicing Technology course. The course delivers academic learning and on-the-job training at various Mazda dealership centres 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 has produced a total of 120 graduates to date.

OUR ACTIONS DURING COVID-19

BAuto has always been an exemplary employer and neighbour. All subsidiaries continue to have a positive societal impact by supporting local communities and helping in the aftermath of the pandemic. The Company places the highest priority on the health and safety of its employees, their families and the local community, and is making efforts to curb the spread of COVID-19. Specifically, BAuto ensures employees' health and safety by avoiding close-contact settings through measures such as increasing the number of employees working from home and staggering employee working hours.

The COVID-19 outbreak devastated hundreds of millions of people. However, the underserved community is hardest hit by the economic crisis resulting from the pandemic. In these unprecedented times, it is important to come together to extend a helping hand to the underserved and donate generously to charities.

BAuto spent RM637,712 on various measures and initiatives to fight the pandemic.

RM 247,360

Cost to purchase Personal Protective Equipment ("PPE")

RM 65,542

Cost for preventive measures

RM 324,810

Cost for COVID-19 RT-PCR test conducted for all employees

FOR OUR FRONTLINERS

The COVID-19 pandemic has been challenging and put significant pressure on the healthcare system. Frontliners face a host of workplace constraints and BAuto's donations attempt to address these unique challenges.

Personal Protective Equipment ("PPE") will be a constant necessity until the pandemic subsides. As a responsible corporate citizen, the Group will do all it can to protect Malaysia's heroes in their fight against the deadly virus. In April 2020, MMF donated RM100,000 to the Ministry of Health for purchasing medical supplies and various other humanitarian aid and assistance.

BAP distributed packed meals to frontliners as part of the Mazda Food for Heroes programme. Over 6,000 meals were distributed at four hospitals: Makati Medical Center, St. Luke's Medical Center Global City, Delos Santos Medical Center and the Philippines General Hospital. The programme was fully funded through donations. A total of Php383,000 was raised and non-monetary contributions were given including a 50-kg sack of rice.

SUPPORTING YOUNG DRIVERS' DREAMS IN MOTORSPORTS

BAP collaborated with the Automobile Association Philippines ("AAP") for the Motorsports Development Programme ("MSDP"). This grassroots training platform is designed for young drivers who dream of entering the field of motorsports and become successful racing car drivers. Participants of the programme have a unique opportunity to be trained by ten-time National Rally Champion, VIP ISADA and his team of Champion Drivers.

BAP sponsored five Mazda 2 cars for one full year, which assisted these training programmes. The vehicles also helped AAP's community advocacy programme to reach out to Luzon, Visayas and Mindanao and raise awareness of road safety.

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SOCIAL: LABOUR PRACTICES AND DECENT WORK

Success depends on the dedication of employees and talents. Employees must be in the right roles and have equal opportunities to reach their full potential. BAuto Group dedicates significant resources to protecting employees' safety and well-being while encouraging continuous learning. An array of feedback channels ensures that BAuto continues to adapt and improve its talent development and human resources management.

COMPREHENSIVE EMPLOYEE BENEFITS

BAuto Group complies with local labour legislation in all countries of operations. Any agreements that specify remuneration-related matters such as minimum wages and separate supplements such as overtime pay are 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.

Employees receive total remuneration that is aligned with the labour market in the respective country. A fixed base salary is supplemented with allowances and a variable bonus that links total remuneration to performance. Employees also receive a customised flexible benefits programme.

Extensive leave benefits complement statutory annual leave in support of work-life balance such as:

- Generous maternity and paternity leave;
- Sick leave and compassionate leave; and
- Retirement plan benefits for all BAP employees since 2018.

BAuto revised its benefits and remuneration packages in FY2021 such as optical and dental treatment, mileage claims, insurance policy and medical outpatient entitlements. Maintaining a competitive compensation system recognises employees' efforts and ensures BAuto Group remains an attractive workplace in the industry.

Group-wide salaries were unaffected throughout the MCO period until today. BAuto recognises the hardship and challenges faced by its employees during this pandemic. All salaries are paid punctually each month.

There were no salary reductions, retrenchments or lay-off exercises performed during FY2021. BAuto paid an additional one-month basic salary in February 2021 to all its employees to ease their financial challenges caused by the pandemic.

COVID-19 RESPONSE AT THE WORKPLACE

SOPs during MCO

BAUTO GROUP'S RESPONSE TO THE PANDEMIC

- Worked tirelessly to support and protect employees, customers & nearby local communities
- Achieved mission of protecting employees & supporting the local community
- Ensured that the mode of conduct was clear such as protecting employees, especially distribution, service, maintenance & sales front-liners
- Enforcing strict SOPs for all employees, customers & suppliers in line with guidelines issued by the relevant authorities
- Spent close to half a million Ringgit to deliver this mission

PROTECTING EMPLOYEES FROM COVID-19

- Gave face masks, gloves, hand sanitiser and other PPE to employees and placed them in the office, common areas and entry points
- Cleaned and disinfected surfaces and areas at all premises regularly
- Purchased a fogging machine, disinfectant, face shields and full protective gowns for sanitisation and cleaning personnel
- Applied Anti-Microbial Shield ("AMS") coating on all common "high-touch" areas such as doorknobs, lifts, staircases, handrails and furniture
- Engaged a professional decontamination/disinfection company to carry out the sanitising service

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All employees were given a COVID-19 RT-PCR test when the first Movement Control Order ("MCO") was lifted. BAuto secured a competitive price of RM240 per person when the market price was RM350. The Company fully funded this test for all employees and their dependents at all branches. BAuto also negotiated a special package for Mazda dealer employees to be tested at certified clinics, hospitals and laboratories.

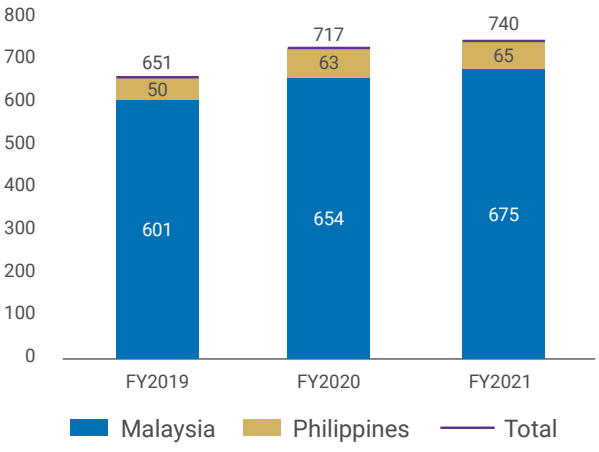
DIVERSITY, INCLUSION AND EQUALITY

BAuto Group is a diverse family. People from different backgrounds with fresh opinions, experiences and perspectives boost innovation. All employees bring their uniqueness, passion, inspiration and integrity into the workplace.

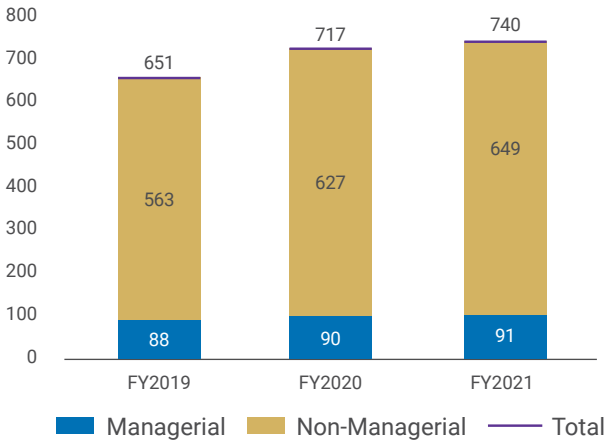
BAuto's longstanding commitment to equal opportunity extends to all aspects of employment, including compensation, irrespective of gender, race, age, religion, disability, sexual orientation or other personal characteristics. It also covers all forms of payment including base salary, incentives and bonuses.

BAuto's ratio of average female to male salaries is 1:1. Although this ratio provides an indication of pay equity, it does not account for individual circumstances such as job titles, education and experience. Such factors may explain much of the difference between female and male averages.

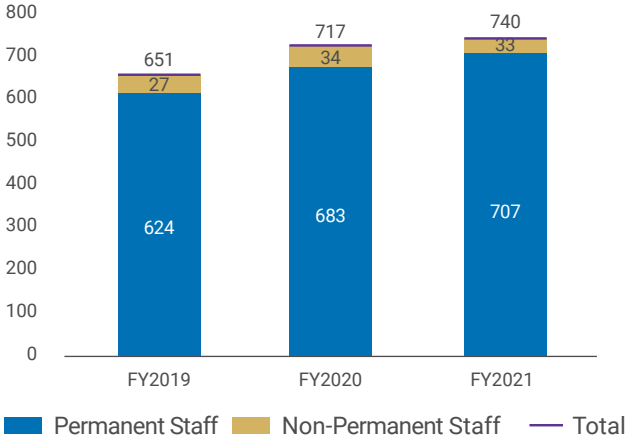
Workforce Breakdown by Country



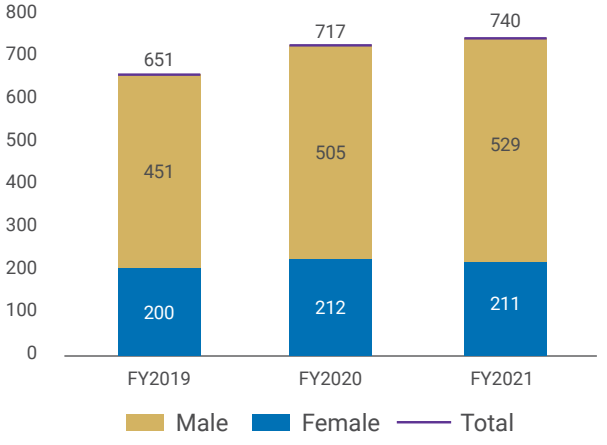
Workforce Breakdown by Employment Type



Workforce Breakdown by Employment Contract

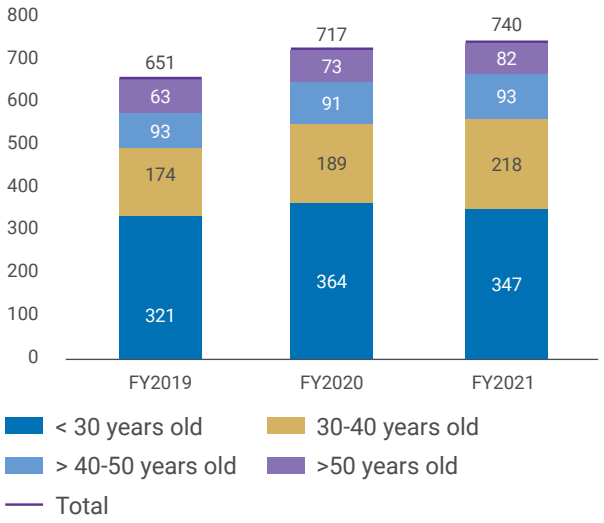


Workforce Breakdown by Gender

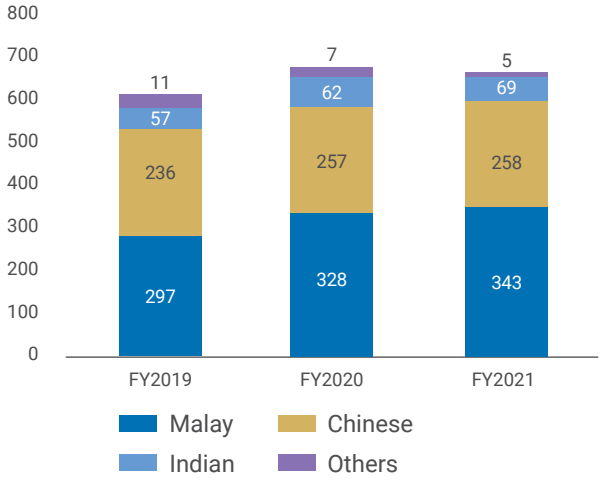


Sustainability Statement

Workforce Breakdown by Age Group



Workforce Breakdown by Ethnicity (Malaysia)



In the Philippines, the employee turnover rate has been decreasing since FY2019 whilst in Malaysia, turnover rate has decreased significantly from FY2019 to FY2020 and only increased slightly from FY2020 to FY2021. This demonstrates the effectiveness of BAuto Group's talent-retention programmes in Malaysia and the Philippines.

Employee Turnover

	FY2019	FY2020	FY2021
Employee Turnover Rates (%)			
Malaysia	10.30%	8.30%	9.00%
Philippines	24.00%	14.30%	9.20%
Employee Turnover (Number of People)			
Malaysia	62	54	61
Philippines	12	9	6

Female managers excel at developing, motivating and inspiring others, building relationships and integrity and engaging in self-development, collaboration and teamwork. BAuto Group ensures women are adequately represented in the workforce, particularly in management.

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 include working from home. In FY2021, the percentage of women in management increased in the Philippines compared with FY2020. The percentage of females in top management also increased in Malaysia for the same period.

Women Empowerment

	FY2019	FY2020	FY2021
% Women in Management			
Malaysia	28	28	28
Philippines	41	30	36
% Women in Top Management			
Malaysia	31	24	29
Philippines	-	-	-

EMPLOYEE ENGAGEMENT AND SATISFACTION

Effective communication is vital to ongoing corporate success and BAuto Group employs several channels to drive dialogue with employees. Engagement channels were modified to comply with COVID-19 best practices in FY2021. These methods of engagement help employees to stay motivated and connected during this tough time.

Re-skilling & Up-skilling - Online Classroom

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Employee Engagement Channels

- Intranet site
- Website
- Corporate publications & reports
- Social media
- Webcast & executive Q&A session with senior management

Enhanced Engagement Channels due to COVID-19

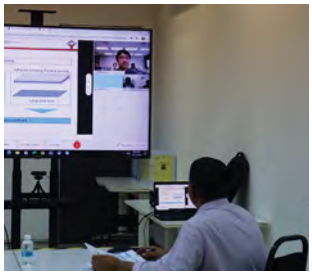
- Virtual meet-ups
- Online activities
- Webinars
- Virtual challenges
- Communication exercises
- Online counselling

Engagement Session	Date	Number of Participants	Engagement Channel
Virtual townhall session with Executive Chairman	16 December 2020	439	Microsoft Teams
Engagement session with aftersales team	27 January 2021	60	Headquarters' cafeteria

LEARNING AND DEVELOPMENT

People development is critical to the future success of the business and promotes employee satisfaction. We commit significant resources to provide employees with insight into organisational skill needs, developing learning solutions to address those needs and enabling our people to apply those skills to improve performance.

BAuto introduced the Reskilling and Upskilling strategies to ensure that its people are constantly at the forefront when it comes to meeting customers' expectations and being on par with technology evolvement.



Virtual Training - Sompo Japan & Bermaz

MAZDA TRAINING CENTRE

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. Established to provide Technical, Vocational Education and Training ("TVET") programmes, these centres cater to the ever-growing demand for a skilled workforce at Mazda service networks.

These programmes and courses, including the Mazda Apprenticeship Programme ("MAP"), the Mazda Mechanic Programme ("MMP") and the Mazda Body and Paint Programme ("MBP") are either partly or wholly held in these Mazda Training Centres. The Group's Mazda Training Centres are also certified by several motor vehicle mechanic training governing bodies such as Jabatan Pembangunan Kemahiran ("JPK"), Institute of the Motor Industry ("IMI"), United Kingdom and Mazda Japan. Currently, BAuto Group operates six Mazda Training Centres.

BERMAZ AUTOMOTIVE MECHATRONICS TRAINING

In 2021, BAuto launched its revamped three-year Automotive Mechatronic Apprenticeship Training Programme in place of the Mazda Apprenticeship Programme ("MAP"). The programme module is aligned with the Malaysian Skill Certificates and the International Institute of Motor Industry. BAuto hopes to help reduce youth unemployment rates in Malaysia through this programme.

Hiring personnel with the correct exposure and learning experience is important with rapid state-of-the-art technological changes. The enhanced curriculum helps candidates gain real-life skills and knowledge by utilising advanced educational tools. IT, Digital Literacy and the Leadership Programme are fundamental and major transformations of this training programme.

Candidates graduating from this programme are offered a four-year bond with guaranteed employment and attractive packages.

MAZDA MECHANIC PROGRAMME AND MAZDA BODY AND PAINT PROGRAMME

The Mazda Mechanic Programme ("MMP") and Mazda Body and Paint Programme ("MBP") are 18-month learning and skills development programmes by PMSB. These programmes are designed in-house and were introduced to train more skilled technicians for the automotive industry.

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Certificates Awarded to Graduates

MMP graduates

- Certificate Level 2 in Light Vehicle – Repair Service (National JPK–SLDN) & IMI International Level 2 Diploma in Vehicle Fitting (International IMI, UK)

MBP graduates

- Certificate Level 2 in Automotive Spray Painting or Automotive Panel Beating (National JPK–SLDN) & IMI International Level 2 Diploma in Vehicle Accident Repair Paint or IMI International Level 2 Diploma in Vehicle Accident Body (International IMI, UK)

Both programmes are open for Malaysian youths with at least PT3 (Form Three Assessment) education and who are between the age of 16 and 20 years old.

BAuto Group creates a sustainable future for young people by inspiring them to unlock their potential in the automotive industry and enhancing their lives with invaluable knowledge and practical skills. Trainees who performed well are offered employment upon completion of the programmes. Some are also offered employment opportunities at BAuto's dealers.

Training Figures at a Glance

Training	Unit	FY2019		FY2020		FY2021	
		Malaysia	Philippines	Malaysia	Philippines	Malaysia	Philippines
Total training time	hours	4,026	56	14,610	120	5,741	42
Average hours per employee	hours	6.70	1.10	22.30	1.90	8.50	0.08
Average days per employee^^	days	0.80	0.10	2.80	0.20	1.06	0.02

^^ based on an 8-hour working day

Number of Intakes and Graduates

Programme Name	Intake Since Programme Inception	Total Graduated to Date
Mazda Apprenticeship Programme ("MAP")	237 (Intake started in March 2010)	217
Mazda Mechanic Programme ("MMP")	125 (Intake started in March 2015)	90
Mazda Body & Paint Programme ("MBP")	112 (Intake started in March 2015)	84
Total	474	391

TRAINING FOR SALES AND AFTER-SALES PERSONNEL

Sales consultants and dealers must undergo a three-day online training programme, which focuses on Mazda brand heritage and product knowledge. Candidates are briefed on Mazda technologies such as SKYACTIV, GVC, i-Activsense, Sustainable Zoom-Zoom and the 7th Generation Vehicle. Due to the pandemic, these training programmes were conducted virtually in FY2021.

Periodically, BAP sales personnel are required to undergo refresher courses to boost their product knowledge and customer service skills. Four refresher courses were held in FY2021 for sales staff while the customer service team had 3 refresher courses. Due to the pandemic, they were all conducted virtually.

Conducting Technical and Vocational Education Training ("TVET") ensures after-sales personnel can handle all aspects of after-sales experience and service. The three main training areas are the Mechanic Programme, Body and Paint, and Automotive Mechatronic Programme.

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NEW PRODUCT TRAINING

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

MAZDA MASTERS LEVEL 1

- Basic electrical system
- Engine management
- Basic core processes & brand image
- Basic automotive understanding
- Vehicle scheduled maintenance & warranty
- Communication skills and 5S

MAZDA MASTERS LEVEL 2
(including on-the-job-training)

- Onboard diagnostic – Mazda engine, transmission system & troubleshooting
- Advance body electrical system
- Engine management system
- Sensitive customer handling

MAZDA MASTERS LEVEL 3
(including practical activities)

- Engine troubleshooting
- Body electrical troubleshooting

SUCCESSION PLANNING

A systematic approach is necessary for leadership continuity. BAuto Group constantly refines its performance management system, engages high-performing employees to set stretched key performance indicators and assume greater roles and responsibility. Career planning based on employees' development needs and the input of superiors are also important for building a pool of future leaders.

BAuto's Succession Planning has been successful with 203 successors produced in the past two years. This is the equivalent of 19% of total manpower.

Succession Planning Programmes

- Personal Branding
- Entrepreneurial Mindset
- Managing Self Through Personal Change Management
- Captain's Log - Team Synergy
- Developing Resilience
- The Heat of Conversion - Persuasion & Influence
- VUCA Leadership
- Building Mental Resilience
- Team Synergy Boosting Unity & Creativity
- Embrace the Hero in You - Self Motivation & Resilience
- Strategic Leadership
- Special Programme for Innovation & Creativity Enhancement ("SPICE")
- Core Leadership Practices
- Lead the Ship

BAuto's Succession Planning Success Stories

Achievements

- Two successors from the talent pool were recently appointed as BAASB section leads.
- According to the Succession Planning Programme Year-End Review, significant improvements were made in all areas including interpersonal growth, team management, leadership, quality management, work efficiency, confidence, work ethic & problem-solving.
- A year-end review revealed that 42% of successors were classified in the Readiness 1 Group (ready immediately or in one year).
- Successors are given an opportunity to develop an Individual Development Plan ("IDP") with their respective superiors to align their goals with the direction of the Company or department. During this financial year:
  - 48% of successors achieved 100% of the goals set in the IDP
  - 35% achieved more than 50%
  - 17% are still working on their IDPs

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HEALTH AND SAFETY

BAuto is committed to protecting the health and safety of its employees and all visitors on its premises. The risk of injury or ill-health to employees and those who work with the Company is a fundamental concern and can significantly affect operations. BAuto strives to create a dynamic working environment that supports the mental and physical well-being of its employees.

A robust safety culture, supported by effective communication, reporting and external benchmarking, reduces workplace injuries.

BAuto's Safety and Health Committee is headed by the Chairman of Environmental, Safety and Health ("ESH"), and assisted by an ESH Advisor, a secretary, a safety coordinator, four assistant coordinators, 11 management representatives, 11 employee representatives and 22 sub-committee members. The chairman of the committee reports to the Executive Chairman of BAuto. BAuto's Safety and Health Committee is responsible for:

- Assisting in the development of safety and health rules and safety systems of work;
- Reviewing the effectiveness of safety and health programmes;
- Ensuring compliance with relevant laws and regulations including the Occupational Safety and Health Act 1994, Factories and Machinery Act and Regulations 1967 and Environmental Quality Act 1974;
- Conducting studies on accidents, near-miss accidents, dangerous occurrences, occupational poisoning or occupational diseases occurring at the place of work;
- Reporting any unsafe or unhealthy conditions or practices at the place of work to the employer together with recommendations for corrective actions; and
- Reviewing the safety and health policies at the place of work and making recommendations to the employer for any revision of such policies.

BAuto has two Emergency Response Teams ("ERT") with 293 members in the Klang Valley and 106 members in the Northern region. These teams are responsible for managing emergency response and recovery.

ENVIRONMENTAL, SAFETY AND HEALTH POLICY STATEMENT

BAuto is committed to implementing an adequate level of environmental, safety and health guidelines in the performance of its work and providing a safe and healthy workplace for employees, subcontractors and visitors. It is BAuto's policy to:

- Understand and commit to comply with legal and statutory requirements
- Review environmental objectives and targets and set guidelines for the reduction of environmental carbon footprint
- Evaluate the effectiveness of and continually improve the ESH system and educate those working for or on behalf of the Company, where it is applicable, to meet legal and other requirements
- Prevent injury through disciplined business and work-control processes that systematically integrate applicable regulations, standards and requirements into services and work activities
- Evaluate the effectiveness of and continually improve the ESH processes and performance to achieve sustained excellence

BAuto is dedicated to preventing workplace accidents and focuses in particular on the safety of employees. Safety training and programmes held during the year included 16 safety walks, safety inductions and 12 evacuation drills.

BAuto's hazard identification, risk assessment and incident investigation process are developed in accordance with the highest voluntary international and national health and safety standards. Periodic meetings are held with management to review safety issues in addition to formal meetings with employee representatives.

NOTICE PERIOD FOR SIGNIFICANT OPERATIONAL CHANGE

Two-way dialogue between the management and employees is extremely important. Any operational changes occurring that potentially affect employees are communicated throughout BAuto Group through emails or other means.

All Letters of Employment issued come with a notice period clause. BAuto adheres to the notice period regulations in the First Schedule of the Employment Act 1955 and the Employment Handbook. The notice period for any significant operational change can vary depending on the severity, priority and impact of the change.

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SOCIAL: HUMAN RIGHTS

Bermaz Group adheres to the Employment Act 1955, which is the main labour legislation 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.

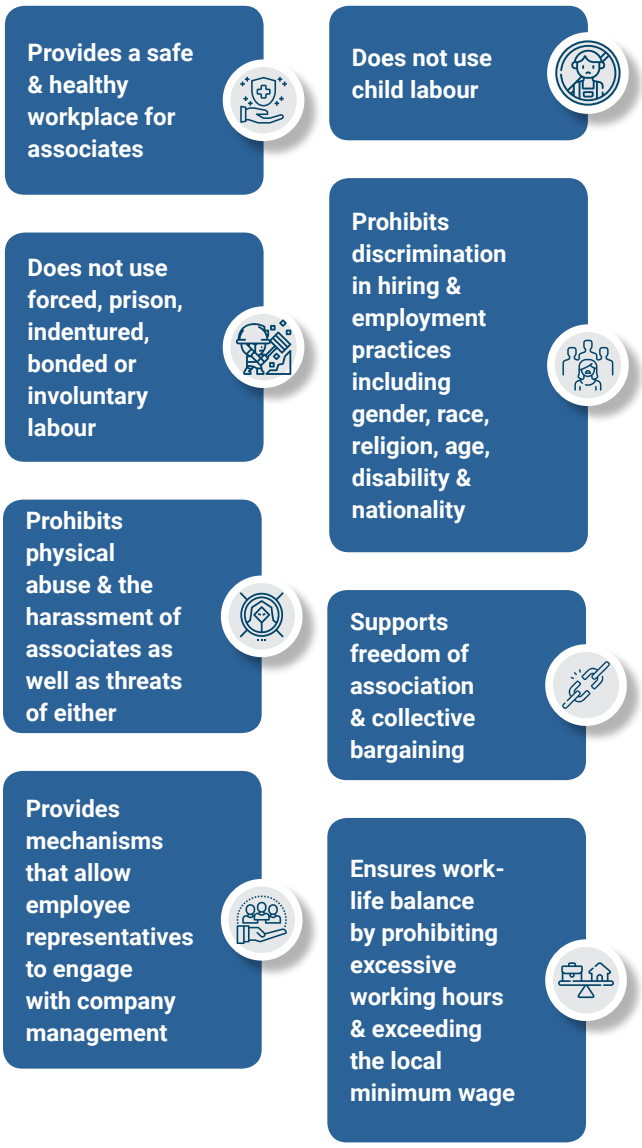
Bermaz Group also adheres to all relevant laws and regulations pertaining to the hiring and treatment of workers.

- 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 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 Commitment to Human Rights



BAuto Group is committed to aligning 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. Bermaz Group's human rights policy is summarised in its Code of Business Ethics and 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 the Code of Business Ethics and Conduct from time to time.

Sustainability Statement

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.

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 including those from deprived backgrounds, having poor social status and with no formal qualifications. The Group's hiring policy does not discriminate against disabled people. However, Bermaz Group has not employed any disabled people to date (0%).

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 are no formal unions in place, employees are free to join any of their choice. The Group will respect and 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 confidentially.

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SOCIAL: PRODUCTS AND SERVICES

BAuto Group continuously improves the quality and environmental footprint of its vehicles. Investing in technologies and innovation that provide a premium and pleasurable driving experience ensures Mazda vehicles deliver quality, comfort, pleasure and safety. Keeping customers at the core of the business, BAuto Group offers a premium and sustainable customer experience while building a community with a shared vision.

Mazda's sustainable brand can relate to the changing environment and competitive technologies.

QUALITY

As automotive technology becomes increasingly complex, BAuto prevents quality issues and reduces quality expenses through early detection and the swift resolution of problems.

BAuto's Definition of Quality

Establishing	Stable product quality
Delivering	Quality that exceeds customer expectations
Cultivating	Human resources capable of thinking & acting for customers' delight

BAuto has adopted a risk-based thinking methodology through structured skills development programmes and aligning procedures with ISO 9001:2015 requirements. Continuously improving the quality system ensures that BAuto continues to deliver excellent services to satisfied customers. Sophisticated processes, such as a customer satisfaction index, planned audits and management reviews, monitor the delivery of this commitment.

BAuto's Quality Management System identifies operational deficiencies and offers corrective measures to manage issues as they arise. Mazda vehicles must pass various inspection stages before they are delivered to the customers. These inspections are performed upon their arrival at the Pre-delivery Inspection Centre until final delivery to customers.

BAuto renewed the ISO 9001:2015 Quality Management System Requirements in December 2020. This certification from SIRIM QAS International Sdn Bhd is valid for the next three years until 2023.

Certification Scope of Motor Vehicles

- Sales
- Marketing
- Planning & Distribution
- Pre-Delivery Inspection
- After Sales Service

Sustainability Statement

PROVIDING DRIVING SAFETY

BAuto develops more advanced safety technologies as part of the Mazda Proactive Safety Philosophy. Constant innovation helps achieve the corporate objective of a motorised society that is free from road traffic accidents.

Mazda strives to continuously evolve its basic safety technologies such as:

- The ideal driving position and pedal layout;
- Excellent visibility; and
- A lightweight, high-rigidity, safe body to mitigate injuries in an accident.

The Company is also committed to the continuous evolution of i-Activsense, a series of Mazda's advanced safety technologies. Mazda plans to incorporate these technologies in more models to deliver safer, more reliable cars to a greater number of customers. i-Activsense features include technologies that:

- Support safer driving by helping the driver to recognize potential hazards; and
- Help to avert collisions or reduce their severity in situations where they cannot be avoided.

Designing a cockpit that enables the driver to concentrate his/her attention on driving

Three Stages of the Mazda Safety Philosophy

Basic Technology

Focuses on easy & comfortable driving that is free from distractions such as the driving position, view, vision & cognitive design

Active Safety

Notifies a driver visually & perceptibly to evade or mitigate a probable accident

Passive Safety

When accidents are unavoidable, passive safety features minimise injuries to the driver, passengers and pedestrians

Safety Action Plans

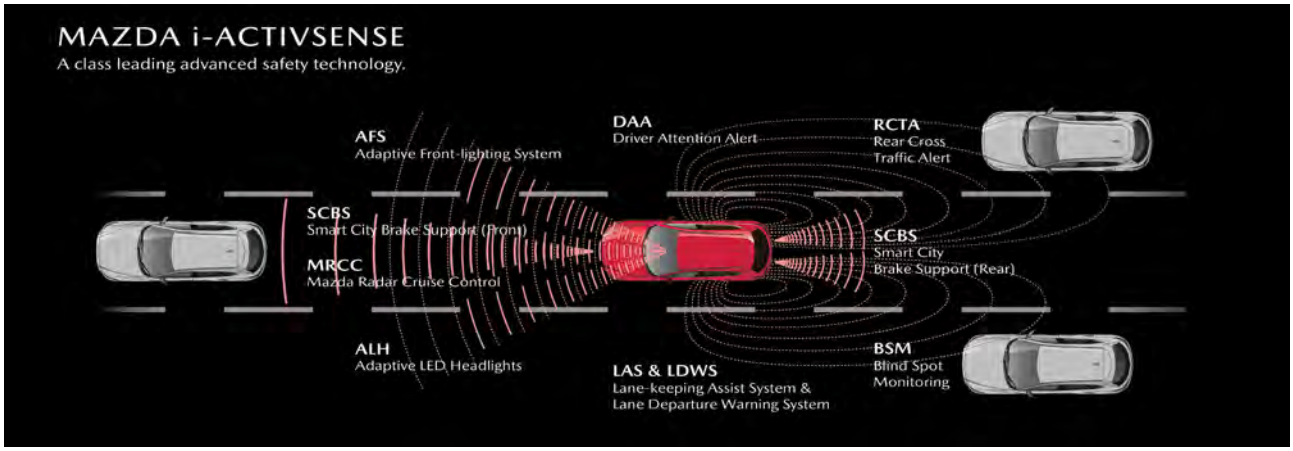
Continuously evolve fundamental safety technologies & standardise them across all models

- Driving position
- Pedal layout
- Visibility
- Active driving display

Promote standardisation of i-Activsense advanced safety technology, which helps drivers recognise & assess potential hazards

- Technologies to reduce accidents involving rear-end collisions, pedestrians, pedal mix-ups & lane changes

FEATURING MAZDA ADVANCED SAFETY TECHNOLOGIES - I-ACTIVSENSE)



Sustainability Statement

Features	Description
Adaptive Front-Lighting System ("AFS")	The headlights pivot in the direction of the turn which the driver makes to improve visibility.
Adaptive LED Headlights ("ALH")	ALH increases night visibility to help drivers remain vigilant by combining three technologies: Glare-free High Beam, Wide-range Low Beams and Highway Mode.
High Beam Control ("HBC")	HBC improves a driver's night vision by maximising the opportunities to use the high beams.
Lane Departure Warning System ("LDWS")	At speeds of 65 km/h and above, the LDWS monitors road markings and alerts the driver when the vehicle deviates from its lane.
Lane-Keep Assist System ("LAS")	LAS enhances the LDWS by performing minor steering corrections to recentre a vehicle that unintentionally veers from its lane.
Blind Spot Monitoring ("BSM") & Rear Cross Traffic Alert ("RCTA")	BSM and RCTA are sensors for detecting blind spots and will alert drivers accordingly. BSM sensors are activated during a lane change whilst RCTA sensors are activated when reversing.
Driver Attention Alert ("DAA")	The DAA system is activated at speeds above 65 km/h. It learns driving habits and alerts the driver before fatigue becomes a factor.
Smart City Brake Support ("SCBS") Front & Rear	SCBS automatically applies the brakes if it detects a potential collision at forward speeds of 4 - 80 km/h and reverse speeds of 2 - 8 km/h.
Smart Brake Support ("SBS") Front & Rear	SBS helps drivers avoid or reduce the severity of frontal collisions ("between 15 - 145 km/h") by automatically applying the brakes if there is a danger of collision.
Mazda Radar Cruise Control ("MRCC")	MRCC maintains a set speed and minimum following distance from the car in front; if the car in front reduces speed, the vehicle automatically slows as required.

ENSURING CHILD SAFETY THROUGH PASSIVE SAFETY TECHNOLOGY

Mazda promises an enjoyable ownership experience for drivers and passengers. A child safety seat is the best protection for children travelling by car. Mazda's most fundamental business principle is protecting children's safety throughout their journeys.

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 mitigate the impact by minimising the distance a child is thrown forward, offering a higher level of safety performance.

REDEFINING ELEGANCE

A car is not simply a mass of metal; the design creates an emotional connection between the car and the driver, which feels like the deep bond between a rider and horse. Mazda's 'KODO DESIGN" is an expression that makes an ongoing pursuit to reflect its "SOUL OF MOTION" philosophy. Mazda is committed to further developing the "KODO DESIGN" and creating an expression of "redefined elegance" rooted in Japanese aesthetics.

The 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.

The 'Advance Driving Course', delivered by the MazdaSports Academy, 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 by engaging and creating a bond with the Mazda brand.

Unfortunately, the MazdaSports Academy was postponed due to the current pandemic as such events were prohibited by the Ministry of Health. The MazdaSports Academy is expected to resume operations once the pandemic situation has stabilised and the restriction for such events are lifted.

Sustainability Statement

BUILDING POWERFUL CONNECTIONS

BAuto engaged with its stakeholders through various driving experiential events. Stakeholders learn about the brand during these events. Various driving dynamics of Mazda vehicles and safe driving techniques are covered. These events reinforce their confidence in the brand and their vehicles.

CUSTOMERS AND OWNERS

BAuto celebrated the 30th Anniversary of the world's best-selling and iconic roadster. More than 100 MX-5 members from Malaysia, the Philippines, Singapore and Thailand took part in a convoy drive and track day at Sepang International Circuit.

BAuto also held the Mazda Virtual Roadshow 2020 in collaboration with Carlist.my from 7 to 16 November 2020.

DEALERS

Dealers play a key role in communicating with customers. Engagement during the point of sale and aftersales directly affects the customer experience and satisfaction.

Regular engagement with the dealers' network ensures that they continue to uphold Mazda's quality standards. Presenting the same consistent image and outlook ensures that all customers enjoy the same brand experience.

BAuto Group audits and evaluates dealers to attain increased levels of customer experience.

Dealership Audit and Evaluation Criteria

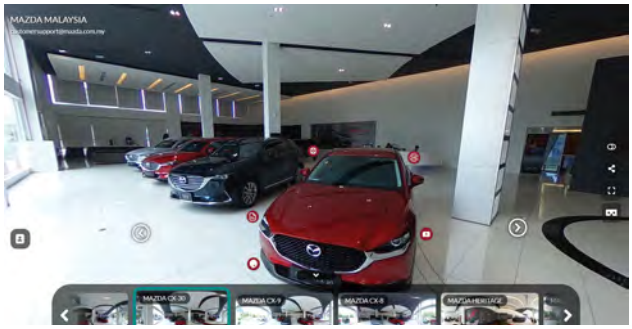
- **Dealer performance**
- **Employee competence**
- **Customer experience processes**
- **Participation in digitalisation**
- **Dealer standard & quality certificates**

MEDIA

Several BAuto media drives provided media partners with a first-hand experience of the various attributes of Mazda vehicles. The Mazda3 Media Driving Experience held at the Sepang International Circuit in July 2019 was one of the first events that allowed media partners to experience the 7th Generation vehicles.

CUSTOMER-CENTRIC SERVICES

BAuto Group's mission and core pillar are to serve customers in the relentless pursuit of exemplary customer experience and convenience. Evolving with its business partners, suppliers and dealers in the value chain, BAuto responds to changing consumer preferences and increases customer satisfaction levels. Customer engagement provides an understanding of their experiences. Multiple channels are open for unfiltered customer comments, allowing feedback to be addressed with maximum transparency.

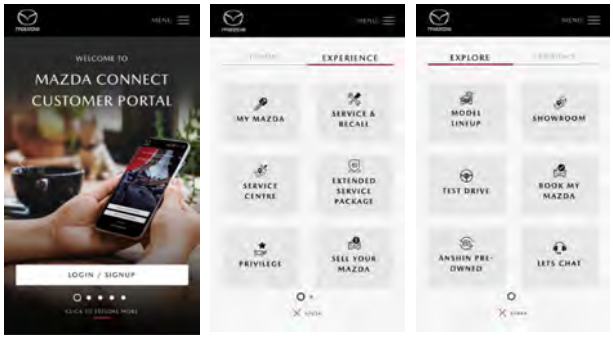


Virtual Showroom & Live Chat

BAuto's customer-centric business strategy is made possible by close collaboration with dealership partners. Customers' demands and expectations in the automotive sector are shaped by global trends such as technological developments, climate crises and demographic changes. Listening to customers' voices provides important input to strategic decisions for product and services development. Customer relationships are evolving from a single transaction to a lifetime relationship with continuous interaction.

Mazda has ranked the highest in the J.D. Power Customers Service Index ("CSI") Study for three consecutive years, recently obtaining an overall score of 824 out of 1000. This performance surpasses the industry average of 803 points. Mazda performs particularly well in service initiation, service facility, vehicle pickup and service quality.

Investing in digital platforms allows customers to access their vehicle information easily. Providing a wealth of features, the MAZDA CONNECT customer portal enhances the overall ownership experience during the pandemic.



Mazda Connect Customer Portal

Sustainability Statement

Mazda Connect Customer Portal Features

- Access vehicle ownership information
- e-manual
- Schedule service appointments
- Track vehicle service
- QR codes help users view essential vehicle information such as owner and driver, chassis number, registration date, warranty expiry, warranty package, specifications, features & history
- Collect, service and deliver vehicles to customers

The COVID-19 pandemic encouraged BAuto Group to strategise, use digital tools and adapt to a new way of doing business. BAuto launched its virtual showroom in December 2020 to facilitate potential customers to interact and view a range of popular Mazda car models.

PEACE OF MIND 5+5

A decision to purchase a car is more than considering its ability to meet basic mobility needs. Buyers consider the total cost of ownership and hassle-free service delivery. An enhanced ownership experience makes a real difference in the customer journey.

BAuto is proud to be the first car company in Malaysia to set the benchmark for 5+5 offerings in the market. Customers need not worry about unexpected repairs with Mazda's five-year warranty and an additional five-year free maintenance service. Service and maintenance costs are also covered for the next five years, unconstrained by the economic environment. Repairs, service and maintenance needs are attended to promptly and the entire hassle-free service delivery process is not hindered by bureaucratic approvals and payments.

CONTACTLESS SERVICE

Mazda Contactless Service - for customer convenience & safety precautions

BAuto is the first automotive distributor to offer door-to-door servicing. This countermeasure was developed to provide Mazda owners with complete peace of mind during the pandemic. Contactless service allows vehicles to be serviced while mitigating the risk of COVID-19 infection. This initiative allows BAuto to provide convenient vehicle servicing right to the customers' doorsteps.

MOBILE SERVICE
AT YOUR DOORSTEP

COLLECT & DELIVER SERVICE
WITHIN A RADIUS OF 10KM

SERVICE APPOINTMENT

On 12 May 2020, BAuto introduced a complimentary Collect and Delivery Service. Introduced as part of the Mazda Contactless Service, vehicles can be collected within a 10-km radius.

Mazda Mobile Services

CUSTOMER SATISFACTION, OUR INSPIRATION

BAuto promotes brand value management. By enhancing its brand value, the Group aims to increase the number of enthusiastic customers and attain its business growth, thereby consequently enhancing its corporate value. BAuto considers all touch points to establish an emotional connection with customers. The periods before they purchase the vehicle and when it is due for replacement are considered rather than just the point of delivery of the vehicle.

BAuto continues to evolve with its business partners, suppliers and dealers in the value chain to respond to changing consumer preferences and boost customer satisfaction.

Sustainability Statement

Every touch point

1. Having interest & search for information
2. Test-drive & negotiation
3. Purchase contract & delivery
4. Inspection, repair & loaner car
5. Contacts with showrooms & staff
6. Contacts with the brand
7. Ordinary automotive lifestyle
8. Considering replacement with a new car

The demands and expectations of consumers in the automotive sector are shaped by global trends such as technological developments, climate crises and demographic changes. The experience exceeds customers' expectations by integrating technological developments into the process.

Customers are asked for their frank opinions of driving comfort and product satisfaction. Customer feedback provides crucial information and key learning about customers' preferences and requirements. This information will increase understanding of the current trends and needs of customers and help the Group to improve its quality and services. It is also a driving force as it compels BAuto Group to improve its quality and service.

Customer Surveys Conducted in Malaysia

Financial Year	Total Surveyed	Positive Feedback
2019	7,407	90.50%
2020	6,027	98.50%
2021	4,829	96.48%

BAP engaged a third-party expert to conduct an independent customer satisfaction survey in the Philippines. The survey was conducted online with a total of 4,945 customers reaching out and 94.23% of positive feedback being achieved.

PRIVACY AND DATA PROTECTION

Personal data is part of the Group's accountability to its customers and is processed in a safe and transparent manner. Confidential customer information is secured by protecting the network from security risks and incidents. Preventing cyberattacks also guarantees the security and confidentiality of customers' information.

BAuto has adopted a progressive approach to comply with data protection and privacy law requirements such as:

- Implementing ICT and security systems;
- Enhancing internal policies and procedures;
- Guaranteeing an effective and prompt response to requests from data subjects; and
- Updating privacy notices.

Regular training sessions raise awareness of data privacy regulations and requirements for employees involved in processing personal data. The safekeeping and recording of customer data are performed by department heads and the IT department. All customers are required to sign Data Privacy Disclosure Agreements included in repair orders, warranty booklets, service invoices and sales invoices.

BAuto's professionals attended online training on cyber security in the new norm and on protecting web applications from hackers. Responding to evolving cyber challenges facing the COVID-19 landscape is extremely important. BAP continuously trains all employees and dealers on the requirements of the Data Privacy Act 2012 and the National Privacy Commission of the Philippines.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

CORPORATE GOVERNANCE

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").

The Board is pleased to provide an overview of the corporate governance ("CG") practices, which made reference to the three key CG principles as set out in the MCCG throughout the financial year ended 30 April 2021 ("FYE 2021") unless otherwise stated, which are as follows:-

(a) Principle A : Board Leadership and Effectiveness;
(b) Principle B : Effective Audit and Risk Management; and
(c) Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

This CG overview statement, approved by the Board, shall be read together with the CG Report 2021 ("CG Report") of the Company which is available on the website of Bursa Malaysia Securities Berhad ("Bursa Securities") at https://www.bursamalaysia.com.

The CG Report provides details on how the Company has applied each Practice as set out in the MCCG during the FYE 2021. The Board considers the Company to have substantially complied with the MCCG throughout the FYE 2021 save for 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 a 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 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
- Sustainability Committee
- Employees' Share Scheme Committee

Corporate Governance Overview Statement

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.

COMPANY SECRETARIES

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 MEETINGS 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, at least 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 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, amongst 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.

Corporate Governance Overview Statement

(b) Code of Ethics for Directors

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 seven (7) members. Four (4) of them are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The remaining are the Executive Chairman and the CEO. The profiles of the Directors are set out on pages 4 to 8 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 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.

Corporate Governance Overview Statement

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 by 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.

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 29% 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 2021, 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
Datuk Syed Hisham Bin Syed Wazir#	5/5
Dato' Kalsom Binti Abd. Rahman#	5/5
Puan Adibah Khairiah Binti Ismail @ Daud#	5/5
Mr Martin Giles Manen#^	2/2&
Dato' Abdul Manap Bin Abd Wahab*	5/5
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin#%	3/3&
Mr Loh Chen Peng#%	3/3&

Notes:
Independent Non-Executive Director.
* Dato' Abdul Manap Bin Abd Wahab was redesignated as a Non-Independent Non-Executive Director immediately after the conclusion of the Company's Tenth Annual General Meeting ("AGM") held on 8 October 2020.
^ Mr Martin Giles Manen was appointed as an Independent Non-Executive Director of the Company on 11 November 2020.
% During the financial year, both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng had retired as Independent Non-Executive Directors of the Company at the conclusion of the Company's Tenth AGM held on 8 October 2020.
& Reflects the attendance and the number of meetings held during the financial year since the Director held office.

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 2021.

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.

Corporate Governance Overview Statement

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	- Dialogues and Forums on Automotive Trade Business
Dato' Lee Kok Chuan	- Fraud Risk Management Workshop for Directors of listed companies - Companies Act 2016: Directors' Duties and Responsibilities During the Pandemic Era and Beyond
Dato' Abdul Manap Bin Abd Wahab	- Latest tax updates and tax appeal procedures
Datuk Syed Hisham Bin Syed Wazir	- The Quiet Transformation of Corporate Governance
Dato' Kalsom Binti Abd. Rahman	- Companies Act 2016: Directors' Duties and Responsibilities During the Pandemic Era and Beyond - Shariah Investing Dialogue 2021 with PLC - Webinar on Tax Briefing and Budget 2021
Puan Adibah Khairiah Binti Ismail @ Daud	- Companies Act 2016: Directors' Duties and Responsibilities During the Pandemic Era and Beyond
Mr Martin Giles Manen	- Capital Markets Director Programme Module 2B "Business Challenges and Regulatory Expectations What Directors Need to Know" - Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities At 2001 : Risks, Challenges, Governance and Transparency in Managing Business and Compliance - Fraud Risk Management Workshop - Training on Environmental, Social and Governance - 16th Kuala Lumpur Islamic Finance Forum 2021 (KLIFF 2021) Main Forum Day 1 and 2 - "Managing Human Rights : Why is it important to corporations?" - 14th Muzakarah Penasihat Syariah Kewangan Islam (KLIFF 2021) - Training on Takaful Product Pricing - Sustainable Finance : Making better financial decisions - Dialogues on MFRS 17 : Insurance Contracts

Corporate Governance Overview Statement

APPOINTMENT TO THE BOARD

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

Datuk Syed Hisham Bin Syed Wazir*
Chairman/Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab
Member/Non-Independent Non-Executive Director

Puan Adibah Khairiah Binti Ismail @ Daud
Member/Independent Non-Executive Director

Note:
* During the financial year ended 30 April 2021, Datuk Syed Hisham Bin Syed Wazir was appointed as the Chairman of Nomination Committee on 11 November 2020 following the retirement of Dato' Syed Ariff Fadzillah Bin Syed Awalluddin as an Independent Non-Executive Director of the Company at the conclusion of the Company's Tenth AGM held on 8 October 2020.

The Chairman of the Nomination Committee, Datuk Syed Hisham Bin Syed Wazir 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 based 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 a candidate to the Board, the Nomination Committee considers, inter alia, the competency, experience, commitment, contribution and integrity of the candidate, and in the case of a candidate proposed for appointment as Independent Non-Executive Director, 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.

The Nomination Committee had assessed and recommended to the Board the appointment of Mr Martin Giles Manen as an additional Independent Non-Executive Director of the Company on 11 November 2020.

The Nomination Committee is of the opinion that Mr Martin Giles Manen vast experience and knowledge in various industries and corporate exercise involving public companies will enable him to complement the existing Board members and contribute objectively and independently in the Board's overall management of the motor business.

During the financial year ended 30 April 2021, the Nomination Committee had recommended to the Board the re-designation of Dato' Abdul Manap Bin Abd Wahab from an Independent Non-Executive Director to a Non-Independent Non-Executive Director of the Company after the conclusion of the Company's Tenth AGM held on 8 October 2020. The Nomination Committee is of the view that 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 be re-designated as a Non-Independent Non-Executive Director of the Company with effect from 8 October 2020 as his tenure as an Independent Director of the Company has reached a cumulative term of nine (9) years on 27 July 2020.

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.

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Based on the evaluation results of the assessment on the performance of the Board, the Board Committees and individual Directors during the review period, the Nomination Committee was satisfied that they have discharged their duties and responsibilities effectively.

During the financial year ended 30 April 2021, 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;
- reviewed and assessed the financial literacy of the Audit Committee Members; and
- recommended to the Board the appointment of additional Independent Director.

RE-ELECTIONS OF DIRECTORS

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

Clause 117 of the Company's Constitution provides 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 Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his/her appointment pursuant to Clause 107 of the Company's Constitution.

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

At the forthcoming Eleventh AGM, the following Directors who are due for retirement and are eligible for re-election pursuant to Clause 117 and Clause 107 of the Company's Constitution are as follow:-

Directors	Retiring pursuant to
Dato' Sri Yeoh Choon San	Clause 117
Dato' Abdul Manap Bin Abd Wahab*	Clause 117
Mr Martin Giles Manen	Clause 107

Note:
* Dato' Abdul Manap Bin Abd Wahab has given notice that he does not wish to seek for re-election at the forthcoming Eleventh AGM. Hence, Dato' Abdul Manap Bin Abd Wahab will retire from office at the conclusion of the Eleventh AGM.

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.

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.

Corporate Governance Overview Statement

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 and majority are Independent Directors. The members are as follows:-

Dato' Abdul Manap Bin Abd Wahab
Chairman/Non-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.

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 AGM 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 2021 were as follows:-

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(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*	26,466	12,400	-	-	-	38,866
Dato' Abdul Manap Bin Abd Wahab	60,000	14,500	-	-	-	74,500
Mr Loh Chen Peng*	26,466	10,700	-	-	-	37,166
Datuk Syed Hisham Bin Syed Wazir	60,000	16,800	-	-	-	76,800
Dato' Kalsom Binti Abd. Rahman	60,000	10,200	-	-	-	70,200
Puan Adibah Khairiah Binti Ismail @ Daud	60,000	13,200	-	-	-	73,200
Mr Martin Giles Manen**	28,110	6,300	-	-	-	34,410
	321,042	**84,100**	**-**	**-**	**-**	**405,142**

Group	RM					
	Fees	Salaries and Other Emoluments	Incentive	Bonus	Benefits in-kind	Total
Executive Directors						
Dato' Sri Yeoh Choon San	-	2,523,827	1,600,000	134,000	24,600	4,282,427
Dato' Lee Kok Chuan	-	2,227,515	-	246,000	24,600	2,498,115
Non-Executive Directors						
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin*	26,466	12,400	-	-	-	38,866
Dato' Abdul Manap Bin Abd Wahab	60,000	14,500	-	-	-	74,500
Mr Loh Chen Peng*	26,466	10,700	-	-	-	37,166
Datuk Syed Hisham Bin Syed Wazir	60,000	16,800	-	-	-	76,800
Dato' Kalsom Binti Abd. Rahman	60,000	10,200	-	-	-	70,200
Puan Adibah Khairiah Binti Ismail @ Daud	60,000	13,200	-	-	-	73,200
Mr Martin Giles Manen**	28,110	6,300	-	-	-	34,410
	321,042	**4,835,442**	**1,600,000**	**380,000**	**49,200**	**7,185,684**

Notes:

* During the financial year, both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng had retired as Independent Non-Executive Directors of the Company at the conclusion of the Company's Tenth AGM held on 8 October 2020.

** Mr Martin Giles Manen was appointed as an Independent Non-Executive Director of the Company on 11 November 2020.

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(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	2
RM450,001 to RM500,000	2
RM400,001 to RM450,000	1
	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 three (3) members, all of whom are Independent Non-Executive Directors. The members are as follows:-

Mr Martin Giles Manen*
Chairman / 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

Mr Loh Chen Peng # (Retired on 8 October 2020)
Chairman / Independent Non-Executive Director

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin # (Retired on 8 October 2020)
Member / Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab (Ceased as a member on 11 November 2020)
Member / Independent Non-Executive Director

Notes:
* During the financial year ended 30 April 2021, Mr Martin Giles Manen was appointed as an Independent Non-Executive Director and the Chairman of the Audit Committee on 11 November 2020.
\# During the financial year ended 30 April 2021, both Mr Loh Chen Peng and Dato' Syed Ariff Fadzillah Bin Syed Awalluddin had retired as Independent Non-Executive Directors of the Company at the conclusion of the Company's Tenth AGM held on 8 October 2020.

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 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.

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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 87 to 89 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 terms of reference during the financial year ended 30 April 2021.

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 calibre 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 Auditors, assessment of External Auditors, independence of External Auditors, 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 of 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 included such declaration in their presentation of the annual audit plan 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 2021 were as follows:-

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	Company		Group	
	FYE2021 RM	FYE2020 RM	FYE2021 RM	FYE2020 RM
Statutory audit fees paid/payable to:-				
- Ernst & Young PLT ("EY") Malaysia	45,000	75,000	193,000	218,000
- Affiliates of EY Malaysia	-	-	27,270	20,422
Total (a)	**45,000**	**75,000**	**220,270**	**238,422**
Non-audit fees paid/payable to:-				
- EY Malaysia	7,000	7,000	7,000	7,000
- Affiliates of EY Malaysia	3,900	3,900	45,850	50,010
Total (b)	**10,900**	**10,900**	**52,850**	**57,010**
% of non-audit fees (b/a)	**24%**	**15%**	**24%**	**24%**

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 the 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 87 to 89 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 Martin Giles Manen*
Chairman / Independent Non-Executive Director

Dato' Sri Yeoh Choon San
Member / Executive Chairman

Dato' Lee Kok Chuan
Member / Chief Executive Officer

Datuk Syed Hisham Bin Syed Wazir
Member / Independent Non-Executive Director

Dato' Kalsom Binti Abd. Rahman**
Member / Independent Non-Executive Director

Dato' Syed Ariff Fadzillah Bin Syed Awalluddin* (Retired on 8 October 2020)**
Member / Independent Non-Executive Director

Mr Loh Chen Peng* (Retired on 8 October 2020)**
Chairman / Independent Non-Executive Director

Dato' Abdul Manap Bin Abd Wahab (Ceased on 11 November 2020)
Member / Independent Non-Executive Director

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Notes:
* During the financial year ended 30 April 2021, Mr Martin Giles Manen was appointed as an Independent Non-Executive Director and the Chairman of the Risk Management Committee on 11 November 2020.
** During the financial year ended 30 April 2021, Dato' Kalsom Binti Abd. Rahman was appointed as a member of the Risk Management Committee on 11 November 2020.
*** During the financial year ended 30 April 2021, both Mr Loh Chen Peng and Dato' Syed Ariff Fadzillah Bin Syed Awalluddin had retired as Independent Non-Executive Directors of the Company at the conclusion of the Company's Tenth AGM held on 8 October 2020.

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 (both who are also RMC member) together with the Chief Financial Officer in the daily running of the business and regular discussions with the relevant Heads of Departments 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 2021, the internal audit function was outsourced to an external professional firm, Messrs PKF Risk Management Sdn Bhd, based on audit 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 the Statement on Risk Management and Internal Control on pages 79 to 86 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 stakeholders such as 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 stakeholders, 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 announcements of the Company.

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 its Management on

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issues pertaining to the Annual Report, audited financial statements and the businesses of the Group. The Executive Chairman and the CEO will respond to questions posed by shareholders 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, the Management and the External Auditors of the Company attended the last AGM and provided meaningful response 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 are voted by poll.

At the Company's previous Tenth AGM held on 8 October 2020, all the resolutions passed by the shareholders at the said AGM were voted by way of a poll. In view of the COVID-19 pandemic, the Company had leveraged on technology by conducting the Company's Tenth AGM on a virtual basis through live streaming and online remote voting via Remote Participation and Electronic Voting facilities provided by the Poll Administrator of the Company, Boardroom Share Registrars Sdn Bhd via its online website at https://web.lumiagm.com. Shareholders who registered for remote participation via Boardroom Smart Investor Portal joined the live streaming of the proceedings of the AGM and posed questions to the Chairman (Remote Participation), and also casted their votes online (Remote Voting).

The Administrative Details for the AGM with detailed registration and voting procedures were distributed to shareholders. The Company had appointed Boardroom Share Registrars Sdn Bhd as poll administrators to conduct the polling process on all resolutions tabled at the AGM and Boardroom Corporate Services Sdn Bhd as the independent scrutineers to verify the poll results. The independent scrutineers announced the poll results of the AGM with details on the number of votes cast for and against for each resolution together with the respective percentages which were simultaneously displayed on the screen. The poll results were also announced to Bursa Securities on the same day by the Company. The minutes of the AGM are also available on the Company's website after they were confirmed and signed by the Chairman of the AGM.

This CG Overview Statement was approved by the Board of Directors of the Company on 3 August 2021.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

This Statement on Risk Management and Internal Control ("Statement") is prepared pursuant to 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.

This Statement outlines the state of risk management and internal control of Bermaz Auto Berhad and its Subsidiaries ("the Group") that are in place for the financial year ended 30 April 2021 and up to the date of approval of this Statement.

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

1. BOARD'S RESPONSIBILITY

The Board recognises its overall responsibility for the oversight of the Group's System of Risk Management and Internal Control ("the System") and for assessing and reviewing the adequacy and effectiveness of the System. The Board's primary objective and direction are to enhance the Group's ability to achieve its business objectives.

The Board ensures that the System is able to identify, evaluate and manage risks relevant to the Group within acceptable risk appetite. Notwithstanding that, in view of the limitations that are inherent in any system of internal control, the System can only provide reasonable assurance against material misstatement or loss, as it is designed to manage rather than to eliminate the risk of failure to achieve business objectives. The System covers not only financial controls but also operational, organisational and compliance controls, as well as processes to review and assess the adequacy and effectiveness of these controls.

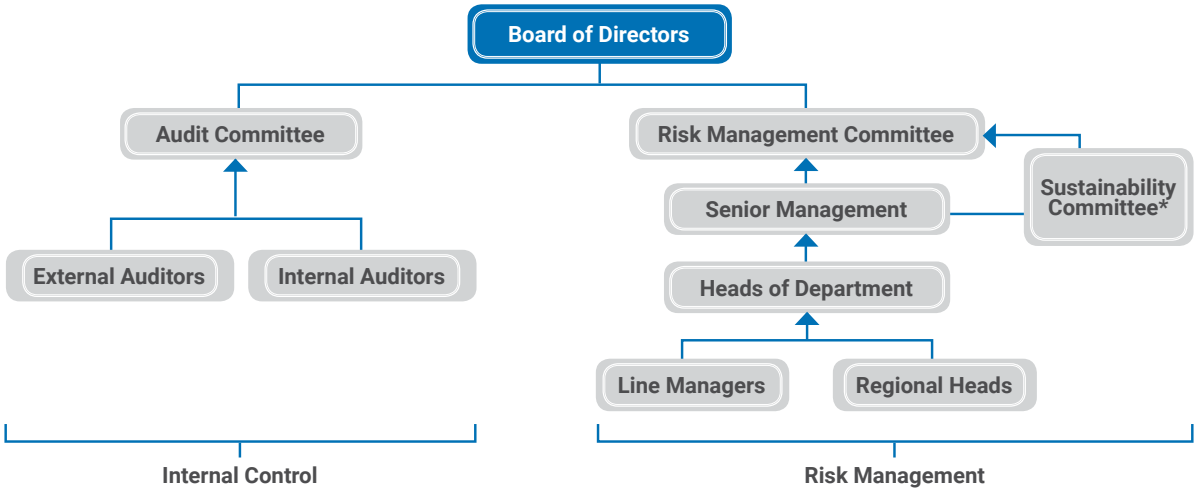
The Board has delegated duties of oversight of critical areas to the Audit Committee ("AC") and the Risk Management Committee ("RMC"). AC comprises solely of Independent Non-Executive Directors whilst RMC comprises majority of Board Members and the Head of Risk Management and Investor Relations who acts as Secretary of RMC. Despite this, the Board remains responsible for the review outcome of its committee, and this includes disclosure on key risks and internal controls in the Group's annual report.

The Board has formed its view on the adequacy and effectiveness of the System based on information and assurances provided by the Management, who in turn is responsible to implement and monitor the System. The management of the Group is led by the Executive Chairman ("EC") and the Chief Executive Officer ("CEO"), whom regularly reported to the Board on key risks identified and action taken to mitigate and/or minimise such risks for the Board's review and assessment. Prior to forming its view, the Board via its AC has deliberated audit findings reported by the internal auditors, based on the scope and coverage of internal audit's remit for the year under review. Besides, the Board has also solicited observations of the independent external auditor for risks and controls related to the financial statements of the Group.

2. KEY RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Board and the management have ensured that risk management and internal control frameworks are embedded into the Group's governance framework. The key risk management and internal control systems that are implemented within the Group for the financial year ended 30 April 2021 and up to the date of approval of this statement are set out below. We wish to highlight that this system of risk management and internal control does not apply to associate companies which the Group has no direct control over their operations.

Overview of the Group's risk management and internal control governance



* Sustainability Committee reports directly to the Board with effective from August 2021.

Statement On Risk Management And Internal Control

2.1 Risk Management & Internal Control Governance

Risk Management Governance	Key Responsibilities
Board of Directors	• Oversight of Risk Management System. • Establish risk parameters and entrust oversight of critical areas to Risk Management Committee.
Risk Management Committee	• Monitor, review and assess the risk management programme to ensure that it is consistently adopted throughout the Group and is within the parameters established by the Board of Directors. • Ensure the risk management programme is in compliance with relevant regulatory requirements.
Sustainability Committee*	• Support the Risk Management Committee in determining strategic directions of the Group, set the Group's overall sustainability strategy, framework and policies.
Senior Management	• Lead and steer in implementation of the risk management programme; work closely with Heads of Business Unit and Heads of Department in formulating risks management strategies and monitoring of control processes. • Provide assurance to the Board of Directors that the risk management processes have been carried out adequately and effectively.
Heads of Business Unit and Heads of Department	• Identify, analyse, evaluate risks/sustainability issues. • Establish controls to keep risks at acceptable level. • Develop, implement and monitor risk mitigation plans. • Ensure the processes of risk management are carried out adequately and effectively at operation levels and in compliance with policies set.
Line Managers and Regional Heads	• Execute processes of risk management. • Ensure compliance with risk policies. • Report risk issues to respective Head of Department.

Internal Control Governance	Key Responsibilities
Board of Directors	• Oversight of Internal Control System. • Entrust oversight of internal control system to Audit Committee.
Audit Committee	• Review and recommend, amongst others, the appointment of external auditors, audit fees. • Discuss with external and internal auditors, amongst others, on audit findings, system of internal controls, scope of audit. • Review the Group's quarterly results and year-end financial statements. • Review related party transactions to ensure management integrity and disclosure of such transactions in the Group's annual report.
External Auditors	• Conduct audit of the Group's financial statements and express their opinion on the true and fairness of the financial statements. • Provide reasonable assurance that there is no material misstatement of the financial statements.
Internal Auditors	• Provide reasonable assurance to the Audit Committee on the state of the Group's internal control system whereby proper and adequate internal control processes have been put in place in meeting the Group's business objectives and all relevant stakeholders' requirements and expectations. • To recommend for improvement in the Group's internal control system.

* Sustainability Committee reports directly to the Board with effective from August 2021.

Statement On Risk Management And Internal Control

2.2 Risk Management System

2.2.1 Risk Management Framework

The RMC has adopted an Enterprise Risk Management ("ERM") framework to proactively identify, evaluate and manage key risks/sustainability issues that may have adverse impact to the achievement of Group's strategic objectives or to opportunities to gain competitive advantage. 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:

(i) **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.

(ii) **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 Heads of Business Unit/Department and corresponding line managers.

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

2.2.2 Summary of Key Risks Management Activities

Key risk management activities carried out during the year under review are set out below.

Risk management process	Key activities carried out	
	Strategic risks	Operational risks
Risk identification	Senior management and the Board have reviewed and identified current and emerging strategic risks that may impact the Group in achieving its business objectives, taking into consideration events that had occurred or may occur, amongst others, local political instability, changes in regulation and policies due to change of government, COVID-19 Pandemic, global trade disruption, technological changes and cyber security.	Respective process owners (line managers and regional heads), together with Heads of Business Unit/Department, have identified risks originated from business operations, amongst others, from the aspect of supply chain, human resource management, dealer network management and service excellence.

Statement On Risk Management And Internal Control

2.2.2 Summary of Key Risks Management Activities (continued)

Risk management process	Key activities carried out	
	Strategic risks	Operational risks
Risk analysis	Risks were assessed and risk-rating were calculated based on severity of the impact on the Group's business and likelihood of the risk events occurring, after mitigation controls been imposed. Risk-ratings were reviewed and evaluated twice by RMC, during first half and second half of the financial year.	
Risk controls & mitigation	Mitigation controls have been developed and put in place to manage risks to acceptable level.	
Risk monitoring	Management and the Board have observed changes in business circumstances and have deliberated the adequacy of existing measures in addressing risk/issues emerged. Corrective strategies were formulated in response to changes of risks whenever it is necessary. Management has also attended to various stakeholders' feedback, mainly via Investor Relations function and Customer Relationship Management function, for opportunities to improve the risk management and sustainability controls, amongst others, in the aspects of ESG, product competitiveness, service excellence.	Respective Head of Business Unit/ Department has continuously monitored the application of policies and risk management processes at operational level, by, amongst others, conducting routine meetings with process owners, visiting outlets, reviewing trend reports, conducting customer satisfaction survey. Risks were assessed periodically and control measures were adjusted in response to changes or for improvement whenever needed. Senior management has been updated with the progress of the risk management processes during management meetings; the effectiveness of the processes was also scrutinised during management discussion.
Risk reporting	Key risks were registered in the Group's risks registers alongside with risk-ratings and measures to control and to mitigate respective risks. The risk registers and risk map were presented to the RMC for the committee's review and assessment during RMC meetings. Two (2) RMC meetings were held during the financial year. The Board has reviewed the minutes of the RMC meetings.	

2.2.3 The Group's Key Risks

Key risks identified during the year under review are set out below.

Key Risks	Description	Key Mitigating Measures	Risk Trend
Macroeconomic risk	Turbulent trade condition, impending global economic recession may lead to low consumer confidence level and contraction of sales.	Focus on sustaining sales growth while weathering downturns by proactively recognises threats and act promptly to changes. Introduce variety of products to enhance the Group's competitiveness.	Decreasing

Statement On Risk Management And Internal Control

2.2.3 The Group's Key Risks (continued)

Key Risks	Description	Key Mitigating Measures	Risk Trend
COVID-19 pandemic	The pandemic outbreak has caused significant disruption to Group's operation due to showrooms were not allowed to operate during Movement Control Orders. The Group is exposed to higher business risks caused by, amongst others, buyers' changing behaviour, low consumer confidence level, tightened credit criteria by bankers/car loan financiers.	Continue to enforce strict SOPs within the business environment and initiates assisted-vaccination programmes for its employees in Malaysia, so as to protect its employees, customers and business associates as well as to ensure operation continuity. Digitalisation in working environment has been implemented to enable remote working and to reach out to customers and vendors virtually. The Group will continue to digitalise its businesses. Contingency plans have been formulated for any unexpected circumstances/events.	Unchanged
Dependence on key principals	The Group was deriving its revenue from single distributorship awarded by Mazda Motor Corporation, Japan.	In December 2020, the Group had announced of being awarded the sole distributorship right of Peugeot marque vehicles in Malaysia, and later in April 2021, the Group was awarded the distributorship right of Kia marque vehicles in Malaysia. The Group will continue to explore for new business opportunities that could further enhance shareholders' value, and continuously carrying out brand enhancement activities, also, to work closely with its principals for sales growth strategies and to increase profitability.	Decreasing
Technology advancement	Malaysian government intends to launch the Electric Vehicle Policy soon. It is anticipated that the Policy will introduce various incentives to promote usage of electric cars in Malaysia. The Group needs to expand its product range to include electrification models to gain benefits from the anticipated incentives.	The Group is exploring new range of products from non-conflicting manufacturers to further grow its revenue base.	Decreasing

Statement On Risk Management And Internal Control

2.2.3 The Group's Key Risks (continued)

Key Risks	Description	Key Mitigating Measures	Risk Trend
Cyber-security	Security breach could lead to data loss and/or system corruption, thus jeopardise the Group's reputation and cause financial loss. Cyber-security is crucial for the Group.	The Group continuously educates its employees the importance of maintaining a safe IT environment. It has also implemented various IT policies to govern the operating environment. Investment in advanced systems and applications are one of the Group's strategies to maintain competitiveness.	Decreasing
Regulatory Environment	Changes to local regulatory regime and/or government policies may cause delays in operations. Failing to observe or comply with latest regulations may also trigger penalties being imposed by the authorities.	The Group is taking initiative to communicate with various government agencies to gain forefront knowledge of new regulations and/or policies; it also participates in open talks conducted by the agencies to share insights of the industry. The Group is proactive in adapting to changes whenever it is required to conform.	Decreasing

2.3 Internal Control System

2.3.1 Key Features of the Group's Internal Control System

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

- Clear organisation structure with defined reporting lines;
- Capable workforce and continuous training efforts;
- Periodical review of financial and operational reports, and scheduled management meetings;
- Conduct staff performance appraisal to enable two-way communication between superiors and subordinates, and to reward staff 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.

2.3.2 Control Environment & Key Control Activities

Board Committees

The Board has delegated authorities of oversights to its committees, namely the RMC, the AC, the Nomination Committee, the Remuneration Committee, the Employees' Share Scheme Committee and the Sustainability Committee. By having these sub-committees to oversee dedicated areas, the Board can carry out its fiduciary obligation more efficiently and to maintain "check and balance" by segregating its duties amongst the Board members. Each of these committees has its specific responsibilities based on terms of reference approved by the Board, such terms of references can be accessed on the Group's website at www.bauto.com.my.

Statement On Risk Management And Internal Control

2.3.2 Control Environment & Key Control Activities (continued)

Audit Committee
The Board assigned the AC with the duty of reviewing and monitoring the effectiveness of the Group's system of internal control. It is stated in the terms of reference that AC shall consist of not less than three (3) members, all of whom shall be non-executive directors with a majority of them being independent. During the year under review, the AC has carried out its duties and responsibilities as detailed in the Audit Committee Reports set out on pages 87 to 89 of the Annual Report.

Management
The EC, CEO and other key management of the Group are based in the Group's Head Office in Malaysia. Notwithstanding that, the key management team practises "close to operations" policy, of which various scheduled management meetings have been conducted throughout the financial year under review with each business units and regional offices, either at site or by virtual meetings. The management has also regularly reviewed the financial and operational reports of the business units/regional offices. These provide the platform for timely identification of the Group's risks and opportunities to improve the Group's internal control system. Business units/regional offices are managed by capable/experienced personnel whom are accountable and committed to execute the Group's strategies and policies. The EC and CEO have also made timely updates to the Board of any significant matters which require the latter's attention.

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 control of the operating units within the Group to assist the AC in monitoring and assessing the effectiveness of the internal control system. 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 with the Board. Observations from the internal auditors together with management's responses and proposed action plans are presented to the AC for 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 Risk Management Sdn. Bhd., as Internal Auditors, led by Dato' Josephine Low, to carry out the internal audit function. The Internal Audit function reviews the internal controls of the key activities of the Group and carry out the duties guided by the International Standards for the Professional Practice of Internal Auditing. It organises the auditing work in according to the principles of the internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with senior management and the Board on the audit concerns. Summary of works carried out by the Internal Auditors during the financial year under review are set out on pages 87 to 89 of the Annual Report.

Anti-Bribery and Corruption Policy
With the Board's approval, the Group has established and implemented its Anti-Bribery and Corruption Policy during the financial year. The Policy can be accessed on the Group's website at www.bauto.com.my. Road shows and virtual road shows have been conducted to educate all staff and relevant trade contacts of the Group, particularly the dealers, on the significance of the relevant regulations and the Group's policies; subsequent to the road shows, attendees have also completed the Anti-Bribery and Corruption Declaration Forms to indicate their commitment to comply with the policies set.

Whistleblowing Policy
The Group has put 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 Group's website at www.bauto.com.my.

Statement On Risk Management And Internal Control

3. 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 2021 and reported to the Board that nothing has come to their attention that causes them to believe the Statement intended to be 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 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.

4. CONCLUSION

The Board has received assurance from the Group's 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.

The Board remains committed towards operating a sound system of risk management and internal control 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 risk management and internal control.

The system of risk management and internal control were satisfactory and there has been no 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 2021.

MEMBERS AND MEETING ATTENDANCE

The members of the Audit Committee are as follows:-

Mr Martin Giles Manen
- *Chairman/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 2021. The details of attendance of the Audit Committee members are as follows:-

Directors	Attendance
Mr Martin Giles Manen**	2/2[&]
Datuk Syed Hisham Bin Syed Wazir	5/5
Puan Adibah Khairiah Binti Ismail @ Daud	5/5
Mr Loh Chen Peng*	3/3[&]
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin*	3/3[&]
Dato' Abdul Manap Bin Abd Wahab#	3/3[&]

Notes:-

** *Mr Martin Giles Manen was appointed as an Independent Non-Executive Director and Chairman of Audit Committee of the Company on 11 November 2020.*

* *During the financial year, both Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng had retired as Independent Non-Executive Directors of the Company at the conclusion of the Company's Tenth Annual General Meeting held on 8 October 2020.*

\# *Dato' Abdul Manap Bin Abd Wahab ceased to be a member of the Audit Committee of the Company on 11 November 2020.*

& *Reflects the attendance and the number of meetings held during the financial year since the Director held office.*

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 2021:-

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
11 June 2020	Fourth quarter results as well as the unaudited results of the Group for the financial year ended 30 April 2020
10 September 2020	First quarter results for financial year ended 30 April 2021
10 December 2020	Second quarter results for financial year ended 30 April 2021
10 March 2021	Third quarter results for financial year ended 30 April 2021

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, requirements of the Companies Act 2016 as well as applicable disclosure provisions of the Main Market 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 2020 at its meeting held on 6 August 2020

Audit Committee Report

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 2020 prepared by the External Auditors at the meeting held on 11 June 2020.

(c) Considered and reviewed the integrity of information in the financial statements and quarterly reports, focus particularly on any changes in accounting policies and practices, significant adjustments resulting from the audit, going concern assumption, completeness of disclosures and compliance with applicable accounting standards.

External Audit

(a) Evaluated the performance of the External Auditors for the financial year ended 30 April 2020 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 6 August 2020 to table and seek shareholders' approval for the re-appointment of EY as External Auditors for the ensuing financial year of 30 April 2021.

(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 2020.

The Audit Committee also had private discussions with the External Auditors on 6 August 2020 and 10 March 2021 without the presence of Management 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 sessions.

(c) Reviewed the audit plan for the financial year ended 30 April 2021 with the External Auditors at its meeting held on 10 March 2021, outlining the audit service team, timetable and timeline, communication through EY client portal, group scoping, involvement of internal audit and others, areas of audit emphasis, fraud considerations and the risk of management override, internal control considerations, EY digital audit, data security and privacy, important updates as well as new and revised auditors' reporting standards.

Internal Audit

(a) Reviewed the Internal Audit 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. Subsequent to the financial year ended 30 April 2021, the Audit Committee has also reviewed the Internal Audit reports for its overseas subsidiary, Bermaz Auto Philippines Inc on the Financial Management, which was deferred due to the impact of the COVID-19 pandemic.

(b) Reviewed and approved the Internal Audit Plan for the financial year ending of 30 April 2022 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 recommended 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 2020 Annual Report.

(b) Reviewed the allocation of options of the Employees' Share Scheme ("ESS") during the financial year ended 30 April 2020 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 2020.

(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 2020.

SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

PKF Risk Management 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.

Audit Committee Report

The Internal Audit 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 Audit has performed review on operating units of the Group involved in warranty management, dealer management, human resources and payroll management and marketing and customer relationship management department.

The activities undertaken by the Internal Audit during the financial year ended 30 April 2021 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 2021 was approximately RM80,000.00.

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 2021.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies consist of:

(i) distribution of Mazda vehicles in Malaysia and the Philippines;
(ii) distribution of Kia vehicles in Malaysia;
(iii) distribution of automotive spare parts and provision of after-sales services in Malaysia; and
(iv) 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	128,980	74,401
Attributable to:		
- Owners of the parent	133,842	74,401
- Non-controlling interests	(4,862)	-
	128,980	74,401

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 2020 were as follows:

	RM'000
In respect of the financial year ended 30 April 2020	
Third interim dividend of 1.45 sen per share single-tier dividend, paid on 28 May 2020	16,852
In respect of the financial year ended 30 April 2021	
First interim dividend of 0.50 sen per share single-tier dividend, paid on 18 November 2020	5,809
Second interim dividend of 1.25 sen per share single-tier dividend, paid on 5 February 2021	14,518
Third interim dividend of 1.50 sen per share single-tier dividend, paid on 6 May 2021	17,422
	37,749
Total dividends paid and payable during the financial year ended 30 April 2021	54,601
The directors declared and approved on 18 June 2021:	
Fourth interim dividend of 1.50 sen per share single-tier dividend and a special dividend of 1.75 sen per share single-tier dividend, paid on 5 August 2021	37,746

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 during the financial year and during the period from the end of the financial year to the date of this report are:

Dato' Sri Yeoh Choon San *	
Dato' Lee Kok Chuan *	
Dato' Abdul Manap Bin Abd Wahab	
Datuk Syed Hisham Bin Syed Wazir	
Dato' Kalsom Binti Abd. Rahman	
Adibah Khairiah Binti Ismail @ Daud	
Martin Giles Manen	(Appointed on 11 November 2020)
Dato' Syed Ariff Fadzillah Bin Syed Awalluddin	(Retired on 8 October 2020)
Loh Chen Peng	(Retired on 8 October 2020)

* 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 during the financial year and during the period from the end 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	
Dato' Wong Kin Foo	(Appointed on 1 April 2021)
Chong Tean Woh	(Appointed on 11 March 2021)

Directors' Report

DIRECTORS OF THE COMPANY'S SUBSIDIARIES (CONTINUED)

Chew Chong Eu **	(Resigned on 26 November 2020)
Tan Say Tuan **	(Resigned on 2 April 2021)
Tan Hon Yik **	(Resigned on 2 April 2021)

** Became directors upon acquisition on 1 April 2021.

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 amounts 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 and of the Group during the financial year was RM30,923. 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 1.5.20	Acquired	Disposed	At 30.4.21
The Company					
Dato' Sri Yeoh Choon San		1,317,600	221,000 *	-	1,538,600
	#	159,504,300	4,826,700	-	164,331,000
Dato' Lee Kok Chuan		1,523,925	317,400 *	-	1,841,325
	#	157,554,300	4,826,700	-	162,381,000
Dato' Abdul Manap Bin Abd Wahab	^	85,000	-	-	85,000

	Number of ordinary shares under ESS			
The Company	At 1.5.20	Granted	Exercised	At 30.4.21
ESS Options				
Dato' Sri Yeoh Choon San	441,000	-	-	441,000
Dato' Lee Kok Chuan	324,800	-	-	324,800
ESS Shares				
Dato' Sri Yeoh Choon San	189,000	-	21,000	168,000
Dato' Lee Kok Chuan	156,600	-	17,400	139,200

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 vesting of ESS shares.

Directors' Report

DIRECTORS' INTERESTS (CONTINUED)

Other than as disclosed, 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' Kalsom Binti Abd. Rahman, Dato' Sri Yeoh Choon San, Dato' Lee Kok Chuan and Dato' Abdul Manap Bin Abd Wahab.

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 RM608,822,913 to RM609,340,836 by way of:

(i) the issuance of 378,000 new ordinary shares at an issue price of RM1.27 per share pursuant to the vesting of shares under the ESS; and

(ii) the inclusion of RM37,863 from employees' share plan reserves as the paid-up share capital upon the forfeiture of the ESS of RM37,863.

TREASURY SHARES

The movements in the number of treasury shares during the financial year and held in hand as at 30 April 2021 are as follows:

	Average price per share RM	Number of shares Units	Amount RM'000
Balance as at 1 May 2020	1.90	1,369,200	2,602
Shares bought back during the year	1.18	1,130,000	1,332
Balance as at 30 April 2021	1.57	2,499,200	3,934

Directors' Report

TREASURY SHARES (CONTINUED)

As at 30 April 2021, the issued and paid-up capital of the Company with voting rights was 1,161,427,988 (2020: 1,162,179,988) ordinary shares.

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 EVENTS DURING THE FINANCIAL YEAR

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

SUBSEQUENT EVENT

The details of the significant event subsequent to the financial year are disclosed in Note 40 to the financial statements.

Directors' Report

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.

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 9 August 2021

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 99 to 169 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 2021 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 9 August 2021

DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

STATUTORY DECLARATION

(PURSUANT TO SECTION 251 (1) 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 99 to 169 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 9 August 2021)
)
)

CHONG BOON KIAN
MIA No: 26760

Before me:

ZULKIFLY BIN MAHMUD (B384)
Commissioner for Oaths

STATEMENTS OF FINANCIAL POSITION

AS AT 30 APRIL 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
ASSETS					
Non-current assets					
Property, plant and equipment	3	37,243	38,700	-	7
Right-of-use assets	21	63,685	70,469	-	-
Other investment	4	139	2,771	-	-
Subsidiary companies	5	-	-	539,441	533,752
Associated companies	6	233,306	210,387	46,031	43,631
Deferred tax assets	7	74,726	62,847	-	-
Goodwill	8	500	500	-	-
		409,599	385,674	585,472	577,390
Current assets					
Inventories	9	277,816	684,644	-	-
Trade and other receivables	10	148,451	107,452	258,639	50,088
Tax recoverable		2,539	10,397	43	90
Derivative assets	11	-	-	-	-
Deposits with financial institutions	12	477,685	46,675	29,336	6,482
Cash and bank balances	13	85,671	53,545	122	23
		992,162	902,713	288,140	56,683
TOTAL ASSETS		1,401,761	1,288,387	873,612	634,073
EQUITY AND LIABILITIES					
Equity attributable to equity holders of the parent					
Share capital	14	609,341	608,823	609,341	608,823
Reserves	15	(39,990)	(136,166)	49,441	10,578
		569,351	472,657	658,782	619,401
Treasury shares	16	(3,934)	(2,602)	(3,934)	(2,602)
		565,417	470,055	654,848	616,799
Non-controlling interests		46,657	51,153	-	-
Total equity		612,074	521,208	654,848	616,799
Non-current liabilities					
Contract liability	17	130,020	85,104	-	-
Provisions	18	49,090	35,582	-	-
Borrowings	19	99,769	-	99,769	-
Lease liabilities	21	59,662	65,067	-	-
		338,541	185,753	99,769	-
Current liabilities					
Borrowings	19	105,658	137,709	100,000	-
Trade and other payables	20	247,572	349,500	18,995	17,274
Contract liability	17	51,777	49,931	-	-
Provisions	18	27,270	29,789	-	-
Lease liabilities	21	9,714	9,082	-	-
Tax payable		9,155	5,415	-	-
		451,146	581,426	118,995	17,274
Total liabilities		789,687	767,179	218,764	17,274
TOTAL EQUITY AND LIABILITIES		1,401,761	1,288,387	873,612	634,073

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 2021

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	22	2,287,914	1,755,406	75,000	70,000
Cost of sales		(1,993,418)	(1,500,630)	-	-
Gross profit		294,496	254,776	75,000	70,000
Other income		41,393	31,780	3,096	741
Selling and distribution expenses		(62,590)	(60,570)	-	-
Administrative expenses		(112,053)	(113,890)	(1,306)	(1,487)
		161,246	112,096	76,790	69,254
Finance costs	23	(12,816)	(6,665)	(2,147)	-
Share of results of associates		20,519	26,549	-	-
Profit before tax	24	168,949	131,980	74,643	69,254
Income tax expense	26	(39,969)	(27,916)	(242)	(172)
Profit for the year		128,980	104,064	74,401	69,082
Other comprehensive income:					
Item that may be reclassified subsequently to profit or loss					
Foreign currency translation		(754)	8,570	-	-
Item that may not be reclassified subsequently to profit or loss					
Net changes in fair value reserve of equity investments classified as fair value through other comprehensive income ("FVTOCI")		(2,759)	-	-	-
Total comprehensive income for the year		125,467	112,634	74,401	69,082
Profit attributable to:					
- Owners of the parent		133,842	100,840	74,401	69,082
- Non-controlling interests		(4,862)	3,224	-	-
		128,980	104,064	74,401	69,082
Total comprehensive income attributable to:					
- Owners of the parent		131,714	106,060	74,401	69,082
- Non-controlling interests		(6,247)	6,574	-	-
		125,467	112,634	74,401	69,082

Statements of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 April 2021 (continued)

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Earnings per share (sen)	27				
- Basic, for the year		11.52	8.68		
- Diluted, for the year		11.49	8.66		
Dividend per share (sen)	28				
- First interim dividend				0.50	3.25
- Second interim dividend				1.25	2.75
- Third interim dividend				1.50	1.45
- Fourth interim dividend				1.50	-
- Special dividend				1.75	-

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	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	FVTOCI 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 2020	608,823	5,172	1,587	32,981	-	(424,000)	248,094	(2,602)	470,055	51,153	521,208
Total comprehensive income	-	-	(462)	-	(1,666)	-	133,842	-	131,714	(6,247)	125,467
Transactions with owners:											
Share-based payment under ESS	-	2,729	-	-	-	-	-	-	2,729	-	2,729
Issuance of shares pursuant to ESS shares vested	480	(798)	-	-	-	-	318	-	-	-	-
ESS options forfeited	38	(38)	-	-	-	-	-	-	-	-	-
Treasury shares acquired	-	-	-	-	-	-	-	(1,332)	(1,332)	-	(1,332)
Issuance of share capital to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	1,751	1,751
Dividends (Note 28)	-	-	-	-	-	-	(37,749)	-	(37,749)	-	(37,749)
	518	1,893	-	-	-	-	(37,431)	(1,332)	(36,352)	1,751	(34,601)
At 30 April 2021	609,341	7,065	1,125	32,981	(1,666)	(424,000)	344,505	(3,934)	565,417	46,657	612,074

Note:
^ This represents the reserve relating to the ESS.

	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)	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 ESS.

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

			Distributable		
Company	**Share capital** RM'000	**Employees' share plan reserve ^** RM'000	**Retained earnings** RM'000	**Treasury shares** RM'000	**Total equity** RM'000
At 1 May 2020	608,823	5,172	5,406	(2,602)	616,799
Total comprehensive income	-	-	74,401	-	74,401
Transactions with owners:					
Share-based payment under ESS	-	2,729	-	-	2,729
Issuance of ESS shares vested	480	(798)	318	-	-
ESS options forfeited	38	(38)	-	-	-
Treasury shares acquired	-	-	-	(1,332)	(1,332)
Dividends (Note 28)	-	-	(37,749)	-	(37,749)
	518	1,893	(37,431)	(1,332)	(36,352)
At 30 April 2021	609,341	7,065	42,376	(3,934)	654,848

			Distributable		
Company	**Share capital** RM'000	**Employees' share plan reserve ^** RM'000	**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

Note:

^ This represents the reserve relating to the ESS.

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 APRIL 2021

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	2,302,397	1,791,124	-	-
Payment to suppliers and operating expenses	(1,805,874)	(1,878,932)	(2,933)	(955)
Short-term lease payments and payments for leases of low-value assets	(1,371)	(3,491)	-	-
Tax refund	-	1,366	-	5
Payment of taxes	(40,136)	(57,289)	(195)	(360)
Net cash flow generated from/(used in) operating activities	455,016	(147,222)	(3,128)	(1,310)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sales of property, plant and equipment	-	1	-	-
Acquisition of property, plant and equipment (Note 3)	(3,594)	(15,292)	-	-
Acquisition of investments in subsidiaries	-	-	(3,251)	-
Acquisition of investments in associates	(2,400)	-	(2,400)	-
Acquisition of other investment	(136)	(1,358)	-	-
Interest received	5,362	3,817	793	782
Dividends received	-	-	40,000	175,000
Loan to a subsidiary	-	-	(200,000)	(30,000)
Repayment from a subsidiary	-	-	30,000	-
Net cash flow (used in)/generated from investing activities	(768)	(12,832)	(134,858)	145,782
CASH FLOWS FROM FINANCING ACTIVITIES				
Issuance of share capital	-	731	-	731
Treasury shares acquired	(1,332)	-	(1,332)	-
Issuance of share capital to non-controlling interests of a subsidiary company	1,751	-	-	-
Proceeds from issuance of ESS	798	-	798	-
Lease payments	(13,125)	(13,022)	-	-
Net movement in borrowings	67,718	137,709	199,769	-
Resale of treasury shares	-	4,105	-	4,105
Interest paid	(7,713)	(2,745)	(1,117)	-
Dividends paid to shareholders of the Company	(37,179)	(191,677)	(37,179)	(191,677)
Net cash flow generated from/(used in) financing activities	10,918	(64,899)	160,939	(186,841)
NET CHANGE IN CASH AND CASH EQUIVALENTS	465,166	(224,953)	22,953	(42,369)
EFFECT OF EXCHANGE RATE CHANGES	(2,030)	5,007	-	-
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	100,220	320,166	6,505	48,874
CASH AND CASH EQUIVALENTS CARRIED FORWARD	563,356	100,220	29,458	6,505

Statement of Cash Flows

For the Year Ended 30 April 2021 (continued)

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH AND CASH EQUIVALENTS				
The closing cash and cash equivalents comprise of the following:				
Deposits with financial institutions	477,685	46,675	29,336	6,482
Cash and bank balances	85,671	53,545	122	23
	563,356	100,220	29,458	6,505

Note:

(a) Reconciliation of liabilities arising from financing activities:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Borrowings				
At beginning of the year	137,709	-	-	-
Drawdown of bank borrowings	1,291,889	456,987	199,769	-
Repayment of bank borrowings	(1,224,171)	(319,278)	-	-
At end of the year	205,427	137,709	199,769	-

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

NOTES TO THE FINANCIAL STATEMENTS

30 APRIL 2021

1. CORPORATE INFORMATION

The principal activity of the Company is investment holding.

The principal activities of the subsidiary companies consist of:

(i) distribution of Mazda vehicles in Malaysia and the Philippines;
(ii) distribution of Kia vehicles in Malaysia;
(iii) distribution of automotive spare parts and provision of after-sales services in Malaysia; and
(iv) 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 9 August 2021.

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.

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 Company 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, the amount of any non-controlling interests in the acquiree and 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.

Notes to the Financial Statements
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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 parent.

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 legal and constructive obligations or has made payment on behalf of the associated companies.

Notes to the Financial Statements
30 April 2021

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 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 indication exists, the asset’s recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have indefinite useful lives and intangible assets that are not yet available for use, the recoverable amount is estimated at each reporting date or more frequently when there is any indication 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.

Notes to the Financial Statements
30 April 2021

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 ("FVTOCI") 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 FVTOCI, 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 FVTOCI 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.

Notes to the Financial Statements
30 April 2021

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 FVTOCI 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 FVTOCI 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 FVTOCI 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 FVTOCI, 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.

Notes to the Financial Statements
30 April 2021

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 amortised cost.

(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) Amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, which allocates interest expenses at a constant rate over the term of the financial liabilities. The effective interest rate is calculated at initial recognition and is the rate that exactly discounts the estimated future cash flows (including all fees and points paid that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability to the amortised cost of a financial liability.

Subsequent to initial recognition, the amortised cost of a financial liability is the amount at initial recognition minus repayments, plus the cumulative amortisation using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate 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 statements 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 or 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 of cash and are subject to an 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.

Notes to the Financial Statements
30 April 2021

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 3.45% to 5% (2020: 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.

Notes to the Financial Statements
30 April 2021

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) Rendering 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) Rendering 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 (i.e. functional currency). The consolidated financial statements are presented in 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 (i.e. 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.

Notes to the Financial Statements
30 April 2021

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 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 statement of 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 of 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 taxable 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.

Notes to the Financial Statements
30 April 2021

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.

Notes to the Financial Statements
30 April 2021

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.

2.2.21 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditure and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

Notes to the Financial Statements
30 April 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Changes in accounting policies

On 1 May 2020, the Group and the Company adopted the following Amendments to MFRSs that have been issued by the Malaysian Accounting Standards Board:

Effective for financial periods beginning on or after 1 January 2020:

- Amendments to MFRS 3: Business Combinations (Definition of a Business)
- Amendments to MFRS 7: Financial Instruments: Disclosures (Interest Rate Benchmark Reform)
- Amendments to MFRS 9: Financial Instruments (Interest Rate Benchmark Reform)
- 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 139: Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform)
- Amendments to References to the Conceptual Framework in MFRS Standards

Effective for financial periods beginning on or after 1 June 2020:

- Amendments to MFRS 16: Leases (COVID-19 – Related Rent Concessions)

Effective immediately on 17 August 2020:

- Amendments to MFRS 4: Insurance Contracts (Extension of the Temporary Exemption from Applying MFRS 9)
- Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current – Deferral of Effective Date)

The adoption of the above standards did not have any significant financial impact to the Group and the Company.

2.4 Standards and interpretations issued but not yet effective

At the date of authorisation of these financial statements, the following new MFRS, Amendments to MFRSs and Annual Improvements to MFRSs 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 2021:

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

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 April 2021:

- Amendments to MFRS 16: Leases (COVID-19 – Related Rent Concessions beyond 30 June 2021)

Effective for financial periods beginning on or after 1 January 2022:

- Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 3: Business Combinations (Reference to the Conceptual Framework)
- Amendments to MFRS 9: Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)
- Amendments to MFRS 116: Property, Plant and Equipment (Proceeds before Intended Use)
- Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts – Cost of Fulfilling a Contract)

Effective for financial periods beginning on or after 1 January 2023:

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101: Presentation of Financial Statements (Disclosure of Accounting Policies)
- Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Accounting Estimates)
- Amendments to MFRS 112: Income Taxes (Deferred Tax related to Assets and Liabilities arising from a Single Transaction)

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 MFRS, Amendments to MFRSs and Annual Improvements to MFRSs beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned new MFRS, Annual Improvements to MFRSs and Amendments to MFRSs 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.

Notes to the Financial Statements
30 April 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Significant accounting estimates and judgements (continued)

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.

The carrying amount of the Group's provision of warranty at the reporting date was RM63,602,000 (2020: RM53,430,000). 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.

During the current year, all CKD and CBU models (except BT-50) sold between July 2020 to December 2020 is entitled to 6-year free maintenance service or upon attainment of 120,000 kilometres, whichever comes first. Vehicles sold during other periods in the financial year were entitled to the normal 5-year free maintenance service.

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

2021 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	21,677	1,669	522	7,847	394	-	38,700
Additions	-	-	330	95	1,527	1,642	-	3,594
Disposals	-	-	-	(9)	(12)	-	-	(21)
Depreciation charge for the year (Note 24)	-	(1,152)	(897)	(277)	(2,422)	(159)	-	(4,907)
Exchange difference	-	(109)	(1)	-	(13)	-	-	(123)
At end of year	6,591	20,416	1,101	331	6,927	1,877	-	37,243
2020 At Net Carrying Amount								
At beginning of year	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

Note:
^ Pertains to transfer of warehouse from capital work-in-progress to building upon completion.

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 2021								
Cost	6,591	23,268	21,906	6,972	21,413	2,524	-	82,674
Accumulated depreciation	-	(2,852)	(20,805)	(6,641)	(14,486)	(647)	-	(45,431)
Net carrying amount	6,591	20,416	1,101	331	6,927	1,877	-	37,243
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

3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company

2021	**Computers**
At Net Carrying Amount	**RM'000**
At beginning of year	7
Depreciation charge for the year (Note 24)	(7)
At end of year	-
2020	
At Net Carrying Amount	
At beginning of year	16
Depreciation charge for the year (Note 24)	(9)
At end of year	7
As at 30 April 2021	
Cost	26
Accumulated depreciation	(26)
Net carrying amount	-
As at 30 April 2020	
Cost	26
Accumulated depreciation	(19)
Net carrying amount	7

4. OTHER INVESTMENT

	Group	
	2021	**2020**
	RM'000	**RM'000**
At fair value through other comprehensive income:		
Unquoted shares outside Malaysia	139	2,771
At beginning of year	2,771	1,261
Acquisition during the year	136	1,358
Impairment loss	(2,759)	-
Exchange differences	(9)	152
At end of year	139	2,771

The Group acquired shares of Ssangyong Berjaya Motor Philippines Inc. ("SBMP"), a distributor and importer of Ssangyong vehicles in the Philippines, in April 2016. In the previous financial year, the Group increased its investment in SBMP by RM1,355,000 via cash payment.

In April 2021, due to Ssangyong Korea vehicle manufacturer being under rehabilitation process and with an uncertain business outlook for SBMP, the Group determined that the fair value as at 30 April 2021 is nil and recognised the decrease in fair value in other comprehensive income.

The Group increased its investment in Berjaya Auto Asia Inc. by RM136,000 (2020: RM3,000) via cash payment.

Notes to the Financial Statements
30 April 2021

5. SUBSIDIARY COMPANIES

	Company	
	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost	507,251	504,000
ESS granted to employees of subsidiary companies	32,190	29,752
	539,441	533,752

During the current financial year:

a. On 11 March 2021, the Group subscribed for 1,020 new ordinary shares representing 51% equity interest in the enlarged issued share capital of Bermaz Auto Parts Sdn. Bhd. ("BAPSB") for a cash consideration of RM1,020 or at RM1.00 per share.

b. On 1 April 2021, the Group subscribed for 6,500 new ordinary shares representing 65% equity interest in the enlarged issued share capital of Dinamikjaya Motors Sdn. Bhd. ("DJMSB") for a cash consideration of RM6,500 or at RM1.00 per share. On 21 April 2021, the issued share capital of DJMSB was increased to RM5.0 million comprising 5.0 million ordinary shares. With that, the Group further subscribed for 3,243,500 new ordinary shares representing 65% of the enlarged issued share capital of DJMSB for a total cash consideration of RM3,243,500 or at RM1.00 per ordinary share.

Subsequent to the year end, the Group had acquired an additional 4,200,000 ordinary shares representing 35% equity interest in Bermaz Auto Alliance Sdn. Bhd. (formerly known as Berjaya Auto Alliance Sdn. Bhd.) ("BAASB") from Berjaya Corporation Berhad for a cash consideration of RM4,578,000 or at RM1.09 per ordinary share on 8 June 2021. As a result, BAASB became a 55% owned subsidiary of the Group.

We do not disclose the provisional financial effects of the acquisition of BAASB as the initial accounting for the business combination is incomplete at the time the financial statements are authorised for issue.

Notes to the Financial Statements
30 April 2021

5. SUBSIDIARY COMPANIES (CONTINUED)

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	% 2021	% 2020	% 2021	% 2020
Subsidiaries of the Company						
Bermaz Motor Sdn. Bhd.	Malaysia	Investment holding and distribution of Mazda vehicles under licence in Malaysia.	100.00	100.00	-	-
Dinamikjaya Motors Sdn. Bhd.	Malaysia	Distribution and retailing of new and used Kia vehicles and the provision of after sales services in respect thereof in Malaysia.	65.00	-	35.00	-
Bermaz Auto Parts Sdn. Bhd.	Malaysia	Distribution and retailing of automotive spare parts and provision of after-sales services in Malaysia.	51.00	-	49.00	-
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.

Notes to the Financial Statements
30 April 2021

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	**2021**	**2020**
At 30 April	**RM'000**	**RM'000**
Non-current assets	59,878	67,447
Current assets	155,914	218,326
Non-current liabilities	(34,111)	(41,629)
Current liabilities	(65,001)	(111,894)
Net assets	116,680	132,250
Equity attributable to equity holders of the parent	71,763	81,097
Non-controlling interests	44,917	51,153
Total equity	116,680	132,250
Year ended 30 April		
Revenue	169,940	274,096
(Loss)/Profit for the year	(12,248)	8,110
Other comprehensive (loss)/income	(3,513)	8,570
Total comprehensive (loss)/income for the year	(15,761)	16,680
(Loss)/Profit attributable to:		
- Owners of the parent	(7,397)	4,886
- Non-controlling interests	(4,851)	3,224
	(12,248)	8,110
Total comprehensive (loss)/income attributable to:		
- Owners of the parent	(9,514)	10,106
- Non-controlling interests	(6,247)	6,574
	(15,761)	16,680
Year ended 30 April		
Net cash generated from/(used in):		
Operating activities	18,101	(29,629)
Investing activities	793	(10,865)
Financing activities	(2,394)	(6,294)
Net change in cash and cash equivalents	16,500	(46,788)

Notes to the Financial Statements
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6. ASSOCIATED COMPANIES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost	71,531	69,131	46,031	43,631
Group's share of post-acquisition reserves	161,775	141,256	-	-
	233,306	210,387	46,031	43,631

During the current financial year:

a. On 16 November 2020, the Company subscribed for 2.4 million new ordinary shares, representing 20% of the issued share capital of BAASB for a total cash consideration of RM2.4 million or at RM1.00 per share. BAASB was awarded the sole distributorship of new vehicles under the Peugeot marque and the rights of after-sales and spare parts distribution for vehicles under Peugeot, Citroen and DS marque in Malaysia by Groupe PSA, SA of France (now known as Stellantis N.V.).

b. On 1 April 2021, the Company had entered into a joint venture with Kia Motors Corporation, Korea ("Kia Corp") to undertake the production and/or assembly of completely knocked-down vehicles under the Kia marque in Malaysia via a newly incorporated company, Kia Malaysia Sdn. Bhd. ("KMSB"). KMSB was incorporated on 13 April 2021, whereby the Company subscribed for 1 ordinary share at a consideration of RM1 representing 33.33% of the issued ordinary shares.

Subsequent to the year end, on 17 June 2021, KMSB increased its paid-up capital to RM3,000 and the Group further subscribed for an additional 999 ordinary shares which represent 33.33% of equity interest in KMSB, for a cash consideration of RM999.

Notes to the Financial Statements
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6. ASSOCIATED COMPANIES (CONTINUED)

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 (%) 2021	2020
Associated companies of the Company				
Inokom Corporation Sdn. Bhd. ("INOKOM") *	Malaysia	Manufacturing and assembly of light commercial and passenger vehicles, and contract assembly of passenger vehicles.	29.00	29.00
Bermaz Auto Alliance Sdn. Bhd. (formerly known as Berjaya Auto Alliance Sdn. Bhd.) ("BAASB")	Malaysia	Distribution and retailing of new and used Peugeot vehicles and the provision of after sales services in respect thereof in Malaysia.	20.00	-
Kia Malaysia Sdn. Bhd. ("KMSB") *	Malaysia	Local assembly of Kia vehicles by third party contract assembler using local parts and imported Kia supplied parts and domestic distribution through Dinamikjaya Motors Sdn Bhd and export of Kia vehicles assembled in Malaysia.	33.33	-
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.	30.00	30.00

Note:
* Audited by other firms of chartered accountants.

The financial year end of INOKOM and BAASB are 30 June, whereas KMSB and MMSB are 31 December 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
2021			
Non-current assets	170,574	150,530	321,104
Current assets	82,320	537,971	620,291
Non-current liabilities	(791)	(19,794)	(20,585)
Current liabilities	(35,067)	(158,296)	(193,363)
Net assets	217,036	510,411	727,447
Equity attributable to:			
Owners of the associated company	154,096	357,288	511,384
Non-controlling interests of the associated company	62,940	153,123	216,063
Total equity	217,036	510,411	727,447
Revenue	152,815	1,068,961	1,221,776
Profit for the year, representing total comprehensive income	23,269	31,309	54,578
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	16,521	19,827	36,348
- non-controlling interests of the associated company	6,748	11,482	18,230
	23,269	31,309	54,578

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

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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
2021			
Attributable to the owners of associated companies:			
Net assets at beginning of year	193,767	479,102	672,869
Profit for the year	23,269	31,309	54,578
Net assets at end of year	217,036	510,411	727,447
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	62,940	152,451	215,391
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	76,164	152,451	228,615

Group	INOKOM	MMSB	Total
	RM'000	RM'000	RM'000
2020			
Attributable to the owners of associated companies:			
Net assets at beginning of 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 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

7. DEFERRED TAX ASSETS

	Group	
	2021	2020
	RM'000	RM'000
At beginning of year	62,847	52,304
Recognised in profit or loss (Note 26)	11,941	9,788
Exchange differences	(62)	755
At end of year	74,726	62,847

Presented after appropriate offsetting as follows:

	Group	
	2021	2020
	RM'000	RM'000
Deferred tax assets	74,726	62,847

7. DEFERRED TAX ASSETS (CONTINUED)

The components and movements of deferred tax assets and liabilities during the financial year are as follows:

Group Deferred tax assets	Deferred revenue RM'000	Provisions and others RM'000	Total RM'000
2021			
At beginning of year	33,028	29,974	63,002
Recognised in profit or loss	10,765	1,204	11,969
Exchange differences	(27)	(35)	(62)
At end of year	43,766	31,143	74,909
Set-off against deferred tax liabilities			(183)
			74,726
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

Group Deferred tax liabilities	Accelerated capital allowances RM'000	Others RM'000	Total RM'000
2021			
At beginning of year	(155)	-	(155)
Recognised in profit or loss	(28)	-	(28)
At end of year	(183)	-	(183)
Set-off against deferred tax assets			183
			-
2020			
At beginning of year	(106)	(51)	(157)
Recognised in profit or loss	(49)	51	2
At end of year	(155)	-	(155)
Set-off against deferred tax assets			155
			-

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8. GOODWILL

	Group	
	2021 RM'000	2020 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	
	2021 RM'000	2020 RM'000
At cost:		
Motor vehicles ready for sale	207,819	590,322
Spare parts	19,245	30,242
	227,064	620,564
At net realisable value:		
Motor vehicles ready for sale	39,530	50,317
Spare parts	11,222	13,763
	50,752	64,080
	277,816	684,644

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM1,971,645,000 (2020: RM1,487,625,000).

10. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade receivables	102,493	71,435	-	-
Less: Allowance for expected credit loss	(4,229)	(5,812)	-	-
	98,264	65,623	-	-
Other receivables				
Deposits	6,579	4,062	-	-
Sundry receivables	28,911	14,260	191	26
Amount owing by a subsidiary	-	-	202,250	30,000
Amount owing by associated companies	622	222	-	-
	36,112	18,544	202,441	30,026
	134,376	84,167	202,441	30,026
Other current assets				
Prepayments	4,407	6,114	1,198	62
Input VAT (net)	9,668	17,171	-	-
Dividend from a subsidiary company	-	-	55,000	20,000
	14,075	23,285	56,198	20,062
	148,451	107,452	258,639	50,088

10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables

The Group's normal credit term ranges from 30 to 90 (2020: 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 RM8,876,000 (2020: RM11,613,000) due from a trade debtor.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2021 RM'000	2020 RM'000
Neither past due nor impaired	92,098	51,249
1 to 30 days past due not impaired	2,216	9,715
31 to 60 days past due not impaired	1,335	2,847
61 to 90 days past due not impaired	2,615	832
91 to 120 days past due not impaired	-	980
	6,166	14,374
Expected credit loss	4,229	5,812
	102,493	71,435

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 RM6,166,000 (2020: RM14,374,000) 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	
	2021 RM'000	2020 RM'000
Trade receivables - nominal amounts	4,229	5,812
Less: Allowance for expected credit loss	(4,229)	(5,812)
	-	-

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10. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Trade receivables (continued)

Receivables that are impaired (continued)

Movement in allowance accounts:

	Group	
	2021 RM'000	2020 RM'000
At beginning of year	5,812	3,104
(Reversal)/Charge for the year (Note 24)	(1,583)	2,708
At end of year	4,229	5,812

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 3.44% (2020: 3.75%) per annum. The amount owing by associated companies 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.

In the previous financial year, the sundry receivables consist of advances to SBMP for its working capital requirements amounting to RM11,628,000. During the financial year, the Group recognised impairment loss on the advances to SBMP amounting to RM5,965,000 as management assessed that this is not recoverable.

11. DERIVATIVE ASSETS

	Group			
	2021		2020	
	Contract amount RM'000	Derivative Assets RM'000	Contract amount RM'000	Derivative Assets RM'000
Non-hedging derivatives				
Current				
Forward currency contracts	-	-	-	-

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.

Notes to the Financial Statements
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11. DERIVATIVE ASSETS (CONTINUED)

	Group	
	2021 RM'000	2020 RM'000
At beginning of year	-	138
Fair value changes on forward currency contracts (Note 24)	-	(138)
At end of year	-	-

12. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Deposits with:				
Licensed banks	477,685	46,675	29,336	6,482

The range of interest rates per annum and maturities of deposits as at reporting date were as follows:

	Group		Company	
	2021	2020	2021	2020
Interest rates per annum (%)				
Licensed banks	1.50 - 1.80	2.18 - 2.65	1.40 - 1.80	2.18 - 2.65
Maturities (days)				
Licensed banks	1 - 76	1 - 13	4 - 76	5 - 13

13. CASH AND BANK BALANCES

Certain cash at banks of the Group and of the Company earn interest based on daily bank deposit rates.

14. SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	2021 '000	2020 '000	2021 RM'000	2020 RM'000
Issued and fully paid:				
At beginning of year	1,163,549	1,163,154	608,823	607,879
Issuance of shares pursuant to ESS shares vested	378	-	480	-
Employees' share options exercised	-	395	-	910
Employees' share options forfeited/expired	-	-	38	34
At end of year	1,163,927	1,163,549	609,341	608,823

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.

Notes to the Financial Statements
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14. SHARE CAPITAL (CONTINUED)

During the financial year, the Company increased its share capital from RM608,822,913 to RM609,340,836 by way of:

a) the issuance of 378,000 new ordinary shares at an issue price of RM1.27 per share pursuant to the vesting of shares under the ESS; and

b) the inclusion of RM37,863 from employees' share plan reserves as the paid-up share capital upon the forfeiture of the ESS of RM37,863.

15. RESERVES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Merger deficit (Note a)	(424,000)	(424,000)	-	-
Employee share plan reserve (Note b)	7,065	5,172	7,065	5,172
Consolidation reserve (Note c)	32,981	32,981	-	-
Exchange reserve (Note d)	1,125	1,587	-	-
FVTOCI reserve (Note e)	(1,666)	-	-	-
	(384,495)	(384,260)	7,065	5,172
Retained earnings (Note f)	344,505	248,094	42,376	5,406
	(39,990)	(136,166)	49,441	10,578

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.

Notes to the Financial Statements

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15. RESERVES (CONTINUED)

(e) FVTOCI reserve

The FVTOCI reserve arose mainly from the recognition of impairment loss in investment of the Group in SBMP.

(f) 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			
	2021 Number of shares '000	2020 Number of shares '000	2021 RM'000	2020 RM'000
At beginning of year	1,369	3,413	2,602	6,486
Shares bought back during the year	1,130	-	1,332	-
Shares sold during the year	-	(1,654)	-	(3,144)
Reissued for ESS shares vested	-	(390)	-	(740)
At end of year	2,499	1,369	3,934	2,602

Pursuant to an Annual General Meeting ("AGM") held on 8 October 2020, the Company has renewed the mandate relating to the share buyback of up to 10% of the existing share capital.

During the year, the Company bought back 1,130,000 shares from the open market for approximately RM1,332,000 or at an average price of RM1.18 per share with internal generated funds. The shares bought back are held as treasury shares and none of the shares were cancelled. In the previous 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.

During the current year, all CKD and CBU models (except BT-50) sold between July 2020 to December 2020 is entitled to 6-year free maintenance service or upon attainment of 120,000 kilometres, whichever comes first. Vehicles sold during other periods in the financial year were entitled to the normal 5-year free service maintenance service.

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.

Notes to the Financial Statements
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17. CONTRACT LIABILITY (CONTINUED)

	Group	
	2021 RM'000	2020 RM'000
At beginning of year	135,035	112,457
Deferred during the year	99,109	67,255
Recognised during the year	(52,250)	(45,918)
Exchange difference	(97)	1,241
At end of year	181,797	135,035

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at financial year end are as follows:

	Group	
	2021 RM'000	2020 RM'000
At end of year:		
Within a year	51,777	49,931
Later than 1 year but not later than 6 years	130,020	85,104
	181,797	135,035

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	
	2021 RM'000	2020 RM'000
Amounts included in contract liability at the beginning of the year	49,339	36,309

18. PROVISIONS

Group	Incentives RM'000	Warranty RM'000	Restoration cost RM'000	Total RM'000
2021				
At beginning of year	8,302	53,430	3,639	65,371
Additional provision	14,800	26,518	-	41,318
Reversal during the year	(2,123)	(4,745)	-	(6,868)
Utilisation of provision	(12,042)	(11,535)	-	(23,577)
Unwinding of discount (Note 23)	-	-	182	182
Exchange difference	-	(66)	-	(66)
At end of year	8,937	63,602	3,821	76,360
2021				
Current	8,937	18,333	-	27,270
Non-current	-	45,269	3,821	49,090
	8,937	63,602	3,821	76,360

Notes to the Financial Statements

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18. PROVISIONS (CONTINUED)

Group	Incentives RM'000	Warranty RM'000	Restoration cost RM'000	Total RM'000
2020				
At beginning of year	7,867	51,298	3,448	62,613
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

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.

During the current year, all CKD and CBU models (except BT-50) sold between July 2020 to December 2020 is entitled to 6-year warranty or upon attainment of 120,000 kilometres, whichever comes first. Vehicles sold during other periods in the financial year were entitled to the normal 5-year warranty.

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).

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.

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18. PROVISIONS (CONTINUED)

Notes: (continued)

(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. BORROWINGS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term borrowings				
Bankers' acceptances and trust receipts	5,658	137,709	-	-
Sukuk Wakalah Commercial Papers ("CP")	100,000	-	100,000	-
	105,658	137,709	100,000	-
Long term borrowing				
Sukuk Wakalah Medium Term Notes ("MTN")	99,769	-	99,769	-
	205,427	137,709	199,769	-

The interest rate per annum at the reporting date for bankers' acceptances and trust receipts range from 2.75% to 6.0% (2020: 3.74% to 5.6%).

The CP comprise 1 tranche of RM100 million Sukuk Murabahah, which was issued during the financial year, with maturity of 6 months from the date of issue and carries profit rate of 2.24% per annum.

The MTN comprise 1 tranche of RM100 million Sukuk Wakalah, which was issued during the financial year, with maturity of 3 years from the date of issue and carries profit rate of 3.26% per annum.

The MTN have been accounted for in the statements of financial position of the Group and of the Company as follows:

	2021 RM'000
Nominal value	100,000
Unamortised transaction cost	(231)
Carrying amount	99,769

20. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Trade payables				
Third parties	150,346	123,466	-	-
Amount owing to an associated company	46,611	175,762	-	-
	196,957	299,228	-	-
Other payables				
Sundry payables	27,114	20,246	7	35
Refundable deposits from customers	2,038	2,716	-	-
Amount owing to an associated company	47	-	-	-
Dividend payable	17,422	16,852	17,422	16,852
Accruals	3,994	10,458	1,566	387
	50,615	50,272	18,995	17,274
	247,572	349,500	18,995	17,274

(a) Trade payables

These amounts are non-interest bearing except for interest levied on late payments. Trade payables are normally settled on 30 - 90 (2020: 30 – 90) days.

(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.

2021 At Net Carrying Amount	Land RM'000	Building RM'000	Total RM'000
At beginning of year	31,848	38,621	70,469
Additions	-	4,666	4,666
Depreciation charge for the year (Note 24)	(1,701)	(9,564)	(11,265)
Exchange difference	(185)	-	(185)
At end of year	29,962	33,723	63,685
As at 30 April 2021			
Cost	33,354	66,534	99,888
Accumulated depreciation	(3,392)	(32,811)	(36,203)
Net carrying amount	29,962	33,723	63,685

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21. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

2020 At Net Carrying Amount	Land RM'000	Building RM'000	Total RM'000
At beginning of year	31,338	44,255	75,593
Additions	-	5,422	5,422
Write-off (Note 24)	-	(1,271)	(1,271)
Depreciation charge for the year (Note 24)	(1,630)	(9,801)	(11,431)
Exchange difference	2,140	16	2,156
At end of year	31,848	38,621	70,469
As at 30 April 2020			
Cost	33,554	64,149	97,703
Accumulated depreciation	(1,706)	(25,528)	(27,234)
Net carrying amount	31,848	38,621	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	
	2021 RM'000	2020 RM'000
At beginning of year	74,149	77,028
Additions	4,666	5,422
Write-off	-	(1,335)
Accretion of interest (Note 23)	3,891	3,729
Lease payments	(13,125)	(13,022)
Exchange difference	(205)	2,327
At end of year	69,376	74,149
Disclosed as:		
- Current	9,714	9,082
- Non-current	59,662	65,067
	69,376	74,149

The following are the amounts recognised in profit or loss:

	Group	
	2021 RM'000	2020 RM'000
Depreciation of right-of use assets (Note 24)	11,265	11,431
Interest expense on lease liabilities (Note 23)	3,891	3,729
Expenses relating to short-term lease (Note 24)	1,200	3,340
Expenses relating to leases of low-value assets (Note 24)	171	151

Notes to the Financial Statements
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22. REVENUE

Revenue consists of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contract with customers:				
Sale of motor vehicles	2,113,143	1,585,196	-	-
Sale of spare parts	123,968	119,401	-	-
Maintenance and fitting of motor vehicle accessories services	50,803	50,809	-	-
	2,287,914	1,755,406	-	-
Other revenue:				
Dividend income from a subsidiary	-	-	75,000	70,000
	2,287,914	1,755,406	75,000	70,000
Timing of revenue recognition:				
- at a point in time	2,235,664	1,709,488		
- over time	52,250	45,918		
	2,287,914	1,755,406		

23. FINANCE COSTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense on:				
- bankers acceptances and trusts receipts	6,020	2,745	-	-
- MTN and CP	2,147	-	2,147	-
- lease liabilities (Note 21)	3,891	3,729	-	-
Interest expense paid to an associated company	576	-	-	-
Unwinding of discount on provision (Note 18)	182	191	-	-
	12,816	6,665	2,147	-

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24. PROFIT BEFORE TAX

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax is arrived at after charging:				
Directors' remuneration (Note 25)				
- emoluments (excluding benefits-in-kind)	8,456	9,723	84	58
- fees	321	320	321	320
Auditors' remuneration				
- statutory audit fee				
- Ernst & Young	220	238	45	75
- Others	8	8	-	-
- underprovision for prior years	14	5	-	-
- fees for non audit services	53	57	11	11
Depreciation of property, plant and equipment (Note 3)	4,907	4,368	7	9
Depreciation of right-of-use assets (Note 21)	11,265	11,431	-	-
Loss on disposal of property, plant and equipment	21	-	-	-
Right-of-use assets written-off (Note 21)	-	1,271	-	-
Inventories written down	2,769	813	-	-
Demonstration car expenses	9,629	11,921	-	-
Impairment loss on advances	5,965	-	-	-
Allowance for expected credit loss in receivables (Note 10(a))	-	2,708	-	-
Expenses relating to short-term lease (Note 21)	1,200	3,340	-	-
Expenses relating to leases of low-value assets (Note 21)	171	151	-	-
Staff costs (Note a)	57,940	54,896	-	-
Fair value adjustment on derivatives (Note 11)	-	138	-	-
Provision for warranty (net of reversal)	21,773	13,004	-	-
Provision for incentives (net of reversal)	12,677	16,306	-	-
Loss on foreign exchange				
- realised	-	1,181	-	-
- unrealised	-	765	-	-
and crediting:				
Gain on disposal of property, plant and equipment	-	(1)	-	-
Rental income from an associated company	(264)	(264)	-	-
Business development fees	(15,631)	(18,243)	-	-
Interest income from financial institutions	(5,415)	(3,776)	(446)	(741)
Interest income from a subsidiary	-	-	(2,650)	-
Reversal of allowance for expected credit loss in receivables (Note 10(a))	(1,583)	-	-	-
Gain on foreign exchange				
- realised	(917)	-	-	-
- unrealised	(3,567)	-	-	-

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24. PROFIT BEFORE TAX (CONTINUED)

(a) Staff costs consist of the following:

	Group	
	2021 RM'000	**2020 RM'000**
Wages, salaries, bonuses, COVID-19 relief fund, allowances and other emoluments	45,329	41,976
Social security costs and employees insurance	444	421
Pension costs		
- defined contribution plans	6,343	5,596
Share-based payments under ESS (Note b)	2,183	3,066
Other staff related expenses	3,641	3,837
	57,940	54,896

Note: Staff costs exclude remuneration of executive directors.

(b) Share-based payments under ESS consist of the following:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Share-based payments for:				
- employees of the Group (Note a)	2,183	3,066	-	-
- directors of the Company	291	402	291	402
- other directors of the Group	255	440	-	-
	2,729	3,908	291	402

25. DIRECTORS' REMUNERATION

The aggregate directors' remuneration for all directors of the Group and of the Company categorised into appropriate components for the financial year are as follows:

	Group		Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Directors of the Company				
Executive				
Salaries and other emoluments	5,132	5,851	-	-
Performance incentive	1,600	1,600	-	-
Benefits-in-kind	49	49	-	-
	6,781	7,500	-	-
Non-executive				
Fees	321	320	321	320
Other emoluments	84	58	84	58
	405	378	405	378
	7,186	7,878	405	378
Other directors of the Group				
Salaries and other emoluments	1,220	1,581	-	-
Performance incentive	420	633	-	-
	1,640	2,214	-	-
Total directors' remuneration (excluding share-based payments)	8,826	10,092	405	378

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26. INCOME TAX EXPENSE

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Income tax:				
- Malaysian	52,083	35,560	242	177
- Foreign tax	298	2,723	-	-
	52,381	38,283	242	177
Overprovision in respect of prior years				
- Malaysian income tax	(471)	(579)	-	(5)
	51,910	37,704	242	172
Deferred tax (Note 7)				
- Relating to origination and reversal of temporary differences	(11,438)	(9,427)	-	-
- Overprovision in prior years	(503)	(361)	-	-
	(11,941)	(9,788)	-	-
Total income tax expense	39,969	27,916	242	172

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020: 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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before tax	168,949	131,980	74,643	69,254
Applicable tax rate (%)	24	24	24	24
Taxation at applicable tax rate	40,548	31,675	17,914	16,621
Income not subject to tax	-	-	(18,000)	(16,800)
Expenses not deductible under tax legislation	5,191	2,797	328	356
Effect of different tax rate in other country	129	756	-	-
Effect of share of result of associated companies	(4,925)	(6,372)	-	-
Overprovision of income tax in prior years	(471)	(579)	-	(5)
Overprovision of deferred tax in prior years	(503)	(361)	-	-
Income tax expense for the year	39,969	27,916	242	172

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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	
	2021	**2020**
Profit attributable to equity holders (RM'000)	133,842	100,840
Weighted average number of ordinary shares with voting rights in issue ('000)	1,161,792	1,161,615
Basic earnings per share (sen)	11.52	8.68

(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	
	2021	**2020**
Profit attributable to equity holders (RM'000)	133,842	100,840
Weighted average number of ordinary shares with voting rights in issue ('000)	1,161,792	1,161,615
Assumed shares issued from the exercise of employees' share scheme ('000)	2,964	3,416
Adjusted weighted average number of ordinary shares with voting rights ('000)	1,164,756	1,165,031
Diluted earnings per share (sen)	11.49	8.66

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28. DIVIDENDS

	Company			
	2021 Dividend per share Sen	2021 Dividend RM'000	2020 Dividend per share Sen	2020 Dividend RM'000
Recognised during the year				
Single-tier dividends:				
In respect of prior year				
- (2020: Fourth interim dividend of 3.50 sen and special dividend of 7.00 sen approved in respect of financial year ended 30 April 2019)	-	-	10.50	121,965
In respect of current year				
- First interim dividend of 0.50 sen approved in respect of financial year ended 30 April 2021 (2020: First interim dividend of 3.25 sen approved in respect of financial year ended 30 April 2020)	0.50	5,809	3.25	37,752
- Second interim dividend of 1.25 sen approved in respect of financial year ended 30 April 2021 (2020: Second interim dividend of 2.75 sen approved in respect of financial year ended 30 April 2020)	1.25	14,518	2.75	31,960
- Third interim dividend of 1.50 sen approved in respect of financial year ended 30 April 2021 (2020: Third interim dividend of 1.45 sen approved in respect of financial year ended 30 April 2020)	1.50	17,422	1.45	16,852
	3.25	37,749	17.95	208,529

On 18 June 2021, the Company declared and approved a fourth interim single-tier dividend of 1.50 sen per share and a special single-tier dividend of 1.75 sen per share in respect of the financial year ended 30 April 2021 amounting to about RM37,746,000. The financial statements for the current financial year do not reflect these dividends. These dividends will be accounted for in the shareholders' equity as an appropriation of retained earnings in the financial year ending 30 April 2022.

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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	**2021 RM'000**	**2020 RM'000**
Malaysia	163,218	96,626
Philippines	(7,216)	13,684
	156,002	110,310
Unallocated corporate expenses	(171)	(1,990)
	155,831	108,320
Interest income	5,415	3,776
Finance costs	(12,816)	(6,665)
Share of results of associates	20,519	26,549
Profit before tax	168,949	131,980
Income tax expense	(39,969)	(27,916)
Profit for the year	128,980	104,064

	Revenue RM'000	**Capital expenditure RM'000**	**Assets RM'000**	**Liabilities RM'000**
2021				
Malaysia	2,117,974	3,080	886,887	687,087
Philippines	169,940	514	203,664	93,445
	2,287,914	3,594	1,090,551	780,532
Unallocated items	-	-	311,210	9,155
Total	2,287,914	3,594	1,401,761	789,687
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

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30. EMPLOYEES' SHARE SCHEME

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)

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:

	Group Units	WAEP RM
Outstanding at beginning of year	8,206,500	1.85
- Forfeited	(205,100)	1.85
Outstanding at end of year	8,001,400	1.85

- 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 2.55 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:

	Group Units
Outstanding at beginning of year	3,415,500
- Forfeited	(73,500)
- Vested	(378,000)
Outstanding at end of year	2,964,000

Fair value of ESS granted

The following table lists the fair values of the options and shares granted, which were estimated at the grant dates.

	Group	
Fair values 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

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30. EMPLOYEES' SHARE SCHEME (CONTINUED)

Fair value of ESS granted (continued)

The fair values of the options and shares 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 options and shares 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 and the Company had the following significant transactions with related parties during the financial year:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Transactions with MMSB* :				
Purchase of motor vehicles	772,333	926,017	-	-
Management fee income received	(2,264)	(2,264)	-	-
Rental income received	(264)	(264)	-	-
Transaction with BAASB* :				
Management fee income received	(377)	-	-	-
Transaction with BMSB^ :				
Interest income received	-	-	(2,650)	-

Note:
***** Associated companies of the Group.
^ Subsidiary of the Company.

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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short-term benefits	11,986	12,417	405	378
Post-employment benefits	1,815	1,570	-	-
	13,801	13,987	405	378

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33. COMMITMENTS

	Group	
	2021 RM'000	**2020 RM'000**
Capital expenditure		
Property, plant and equipment		
- approved and contracted for	551	226

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 RM125,463,000 (2020: RM46,963,000). 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**
2021				
Financial assets				
Other investment - Unquoted shares	-	-	139	139
2020				
Financial assets				
Other investment - Unquoted shares	-	-	2,771	2,771

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.

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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	FVTOCI RM'000	Total RM'000
2021				
Financial assets				
Other investment	4	-	139	139
Trade and other receivables	10	134,376	-	134,376
Deposits with financial institutions	12	477,685	-	477,685
Cash and bank balances	13	85,671	-	85,671
		697,732	139	697,871

	Note	At amortised cost RM'000	FVTOCI 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

	Note	At amortised cost RM'000
2021		
Financial liabilities		
Borrowings	19	205,427
Trade and other payables	20	228,112
Lease liabilities	21	69,376
		502,915

	Note	At amortised cost RM'000
2020		
Financial liabilities		
Borrowings	19	137,709
Trade and other payables	20	329,932
Lease liabilities	21	74,149
		541,790

36. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Classification of financial instruments (continued)

Company	Note	2021 RM'000	2020 RM'000
Financial assets - At amortised cost			
Trade and other receivables	10	202,441	30,026
Deposits with financial institutions	12	29,336	6,482
Cash and bank balances	13	122	23
		231,899	36,531

		2021 RM'000	2020 RM'000
Financial liabilities - At amortised cost			
Borrowings	19	199,769	-
Trade and other payables	20	1,573	422
		201,342	422

(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
Borrowings	19
Trade and other payables	20
Lease liabilities	21

The carrying amounts of these financial assets and liabilities 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.

(iii) Financial instruments that are not measured at fair value and whose carrying amounts are not reasonable approximation of fair value.

	Group and Company	
	2021 Carrying amount RM'000	2021 Fair value RM'000
Financial liability		
Long term borrowing (Note 19)	99,769	99,636

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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	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial rate instruments				
Financial assets - fixed rate	477,685	46,675	229,336	6,482
Financial liabilities - floating rate	5,658	137,709	-	-
Financial liabilities - fixed rate	199,769	-	199,769	-

Sensitivity analysis of interest rate risk

As at 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 RM11,000 (2020: 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.

Notes to the Financial Statements
30 April 2021

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:

		2021 RM'000	2020 RM'000
Group			
Increase/(Decrease) to profit net of tax			
JPY/MYR	- Strengthened by 5% (2020: 5%)	2,129	1,298
	- Weakened by 5% (2020: 5%)	(2,129)	(1,298)
USD/MYR	- Strengthened by 5% (2020: 5%)	121	63
	- Weakened by 5% (2020: 5%)	(121)	(63)

(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 2021, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Notes to the Financial Statements
30 April 2021

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 of the Company are either due within one year or repayable on demand, except for lease liabilities and long-term borrowing as disclosed below.

Analysis of financial liabilities 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**
2021				
Long-term borrowing	3,278	106,502	-	109,780
Lease liabilities	12,888	37,542	43,812	94,242
	16,166	144,044	43,812	204,022
2020				
Lease liabilities	12,541	38,805	49,397	100,743

Company	**On demand or within one year RM'000**	**One to five years RM'000**	**Over five years RM'000**	**Total RM'000**
2021				
Long-term borrowing	3,278	106,502	-	109,780

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 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.

		Group	
	Note	2021 RM'000	2020 RM'000
Deposits with financial institutions	12	477,685	46,675
Cash and bank balances	13	85,671	53,545
Borrowings	19	(205,427)	(137,709)
Net cash/(debt)		357,929	(37,489)
Equity attributable to the owners of the Company		565,417	470,055
Non-controlling interests		46,657	51,153
Total equity		612,074	521,208
Net gearing ratio (%)		N/A	7.19

The gearing ratio is not governed by the MFRS and its definition and calculation may vary from one group/company to another.

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 1 December 2020, BAASB which was then a 20% associated company of the Company, was awarded the sole distributorship of new vehicles under the Peugeot marque and the rights of after-sales and spare parts distribution for vehicles under Peugeot, Citroen and DS marque vehicles in Malaysia by France's Groupe PSA, SA (now known as Stellantis N.V.).

(b) On 11 March 2021, the Company ventured into the wholesale and retail of automotive spare parts and provision of after-sales services in Malaysia by subscribing for a 51% equity interest in the enlarged issued share capital of BAPSB.

(c) On 1 April 2021, the Company subscribed for a 65% equity interest in the enlarged issued share capital of DJMSB, which is the distributor of new and used vehicles and provider of parts and after-sales service of Kia marque vehicles in Malaysia.

(d) The Company had also on 1 April 2021 entered into a joint venture with Kia Corp to undertake the production and/or assembly of completely knocked-down vehicles ("CKD") under the Kia marque in Malaysia via KMSB, which was incorporated on 13 April 2021 whereby the Company holds a 33.33% stake whilst Kia Corp holds the balance 66.67%.

Notes to the Financial Statements
30 April 2021

39. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONTINUED)

(e) The COVID-19 pandemic has had a large impact on the operations of the Group since 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 2021 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 since last quarter of financial year 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 June 2021 till the signing date of financial statements. 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 economic stimulus packages introduced by the Malaysian Government, which includes specific measures to drive demand in the automotive industry, has softened the impact of COVID-19 pandemic on the country's economy and the Group’s operations 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, which was subsequently extended to 30 June 2021 and thereafter to 31 December 2021 under the Program Strategik Memperkasa Rakyat dan Ekonomi (“PEMERKASA PLUS”). 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".

Premised 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 overall financial position or results of operations for the next financial year ending 30 April 2022.

40. SIGNIFICANT EVENT SUBSEQUENT TO THE FINANCIAL YEAR

On 8 June 2021, the Company acquired a further 35% equity interest in BAASB from one of its existing shareholders which resulted in BAASB becoming a 55% owned subsidiary of the Company.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF BERMAZ AUTO BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of 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 2021 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 99 to 169.

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 2021, 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 context.

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.

<u>Provision for warranty</u>

(Refer to Note 18 to the financial statements – Provisions)

The Group provides warranties on vehicles sold to either repair or replace parts for a specified period of time. The Group recognises 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. As at 30 April 2021, the provision for warranty amounted to RM63.6 million, representing 8.1% of the total liabilities of the Group.

Independent Auditors' Report

To The Members of Bermaz Auto Berhad (Incorporated in Malaysia)

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 customers. 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 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 (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 (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. 03179/05/2023 J
Chartered Accountant

Kuala Lumpur, Malaysia
Date: 9 August 2021

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	13	30/06/2008	7,267

OTHER INFORMATION

MATERIAL CONTRACTS INVOLVING DIRECTORS AND MAJOR SHAREHOLDERS

Neither the Company nor any of its subsidiaries has entered into any contract which is 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 services rendered to the Group for the financial year ended 30 April 2021 amounted to RM52,850.

EMPLOYEES' SHARE SCHEMES ("ESS")

There is one (1) ESS in existence during the financial year ended ("FYE") 30 April 2021 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 2021			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Total number of options/ shares granted	1,885,800	404,100	2,289,900	3,771,600	808,200	4,579,800
Total number of options exercised/shares awarded	0	378,000	378,000	668,100	767,400	1,435,500
Total number of options/ shares forfeited	193,900	26,100	220,000	289,100	40,800	329,900
Total number of options/ shares outstanding				2,814,400	0	2,814,400

Granted to Directors & Chief Executive	During the FYE 30 April 2021			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Aggregate options/shares granted	375,200	80,400	455,600	750,400	160,800	911,200
Aggregate options exercised/ shares awarded	0	80,400	80,400	197,400	160,800	358,200
Aggregate options/shares outstanding				553,000	0	553,000

Granted to Directors & Senior Management	During the FYE 30 April 2021			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	10.0%	5.0%	8.5%	20.2%	10.2%	17.2%

STATEMENT OF DIRECTORS' SHAREHOLDINGS

AS AT 30 JULY 2021

The Company	Number of Ordinary Shares			
	Direct Interest	%	Deemed Interest	%
Dato' Sri Yeoh Choon San	1,538,600	0.13	168,123,700	14.48
Dato' Lee Kok Chuan	1,951,325	0.17	166,173,700	14.31
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	168,000	0.01	-	-
Dato' Lee Kok Chuan	139,200	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 related corporations as at 30 July 2021.

SUBSTANTIAL SHAREHOLDERS
as at 30 July 2021

	Number of Ordinary Shares			
Name	Direct Interest	%	Deemed Interest	%
Dynamic Milestone Sdn Bhd	166,173,700	14.31	-	-
Dato' Sri Yeoh Choon San	1,538,600	0.13	168,123,700 (a)	14.48
Dato' Lee Kok Chuan	1,951,325	0.17	166,173,700 (b)	14.31
Dato' Amer Hamzah Bin Ahmad	4,444,000	0.38	166,173,700 (b)	14.31
Employees Provident Fund Board	236,745,300	20.38	-	-
Standard Life Aberdeen plc and its subsidiaries	-	-	69,913,500	6.02
Aberdeen Asset Management PLC	-	-	69,913,500	6.02
Aberdeen Standard Investments (Malaysia) Sdn Bhd	-	-	68,813,400	5.93
Prudential Plc	-	-	58,274,040	5.02
Kumpulan Wang Persaraan (DiPerbadankan)	26,304,700	2.27	32,061,360	2.76

(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 2021

Size of Shareholdings	No. of Shareholders	%	No. of Ordinary Shares	%
less than 100	274	2.26	7,539	0.00
100 - 1,000	4,634	38.24	1,997,837	0.17
1,001 - 10,000	5,226	43.13	22,251,709	1.92
10,001 - 100,000	1,545	12.75	46,682,435	4.02
100,001 - 58,071,398	436	3.60	862,382,048	74.25
58,071,399 and above *	2	0.02	228,106,420	19.64
Total	**12,117**	**100.00**	**1,161,427,988**	**100.00**

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 Shares	%
1	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	130,256,420	11.22
2	Dynamic Milestone Sdn Bhd	97,850,000	8.42
3	Amanahraya Trustees Berhad Amanah Saham Bumiputera	48,385,300	4.16
4	Permodalan Nasional Berhad	47,815,200	4.11
5	Cimsec Nominees (Tempatan) Sdn Bhd CIMB For Dynamic Milestone Sdn Bhd (PB)	39,723,600	3.42
6	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Dynamic Milestone Sdn.Bhd. (Smart)	28,420,100	2.45
7	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (ABERDEEN)	26,656,700	2.30
8	Kumpulan Wang Persaraan (DiPerbadankan)	26,304,700	2.26
9	Amanahraya Trustees Berhad Amanah Saham Malaysia 3	22,711,100	1.96
10	HSBC Nominees (Asing) Sdn Bhd HSBC Bk Plc For Asia Ex Japan Equity Smaller Companies (LXG HGIF)	18,333,600	1.58
11	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board (AMUNDI)	18,048,200	1.55
12	Cartaban Nominees (Tempatan) Sdn Bhd PAMB For Prulink Equity Fund	17,764,420	1.53
13	Citigroup Nominees (Tempatan) Sdn Bhd Kumpulan Wang Persaraan (DiPerbadankan) (ABERDEEN)	16,974,300	1.46
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)	12,869,400	1.11

Analysis of Shareholdings

As At 30 July 2021

LIST OF THIRTY (30) LARGEST SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
16	Amanahraya Trustees Berhad		
	Amanah Saham Bumiputera 2	12,608,000	1.09
17	Citigroup Nominees (Tempatan) Sdn Bhd		
	Employees Provident Fund Board (ABERISLAMIC)	9,840,500	0.85
18	Cartaban Nominees (Asing) Sdn Bhd		
	Exempt An For State Street Bank & Trust Company (West CLT OD67)	9,646,400	0.83
19	Citigroup Nominees (Tempatan) Sdn Bhd		
	Employees Provident Fund Board (CIMB PRIN)	9,221,780	0.79
20	HSBC Nominees (Asing) Sdn Bhd		
	JPMCB NA For Vanguard Emerging Markets Stock Index Fund	8,565,500	0.74
21	Cartaban Nominees (Asing) Sdn Bhd		
	SSBT Fund 2S6A For Dupont Pension Trust	8,416,100	0.72
22	Amanahraya Trustees Berhad		
	Amanah Saham Malaysia 2 - Wawasan	8,000,000	0.69
23	Citigroup Nominees (Asing) Sdn Bhd		
	UBS AG	7,983,725	0.69
24	Cartaban Nominees (Tempatan) Sdn Bhd		
	PBTB For Takafulink Dana Ekuiti	7,963,900	0.68
25	HSBC Nominees (Asing) Sdn Bhd		
	JPMCB NA For Vanguard Total International Stock Index Fund	7,770,101	0.67
26	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad		
	Deutsche Trustees Malaysia Berhad For Eastspring Investmentssmall-Cap Fund	7,494,740	0.65
27	Citigroup Nominees (Tempatan) Sdn Bhd		
	Great Eastern Life Assurance (Malaysia) Berhad (LPF)	7,347,300	0.63
28	Citigroup Nominees (Tempatan) Sdn Bhd		
	Employees Provident Fund Board (F Templeton)	7,153,100	0.62
29	Amanahraya Trustees Berhad		
	Amanah Saham Nasional	6,914,400	0.60
30	Citigroup Nominees (Tempatan) Sdn Bhd		
	Kumpulan Wang Persaraan (DiPerbadankan) (Kenanga)	6,903,900	0.59
		691,984,986	**59.58**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eleventh Annual General Meeting ("AGM") of Bermaz Auto Berhad will be conducted on a fully virtual basis through an online meeting platform provided by Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my (MYNIC Domain Registration Number D6A357657) on Thursday, 7 October 2021 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 2021 and the Directors' and Auditors' Reports thereon.

As Ordinary Business:-

2. To approve the payment of Directors' fees amounting to RM321,042.00 to the Non-Executive Directors of the Company for the financial year ended 30 April 2021. Ordinary Resolution 1

3. To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors of the Company up to an amount of RM108,900.00 for the period from 8 October 2021 until the next Annual General Meeting of the Company to be held in 2022. Ordinary Resolution 2

4. To re-elect Dato' Sri Yeoh Choon San who retires pursuant to Clause 117 of the Company's Constitution. Ordinary Resolution 3

5. To re-elect Mr Martin Giles Manen who retires pursuant to Clause 107 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

7. As Special Business:-

   (a) 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 ("Act"), 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 Act, 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

Notice of Annual General Meeting

(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

Notice of Annual General Meeting

(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

(b) To consider and, if thought fit, pass with or without modifications, the following Special Resolution:-

PROPOSED ADOPTION OF A NEW CONSTITUTION

"THAT the proposed new Constitution as set out in Appendix II of Part B of the Circular to Shareholders dated 27 August 2021 be and is hereby approved and adopted as the Constitution of the Company to replace the whole of the existing Constitution of the Company in its entirety with immediate effect AND THAT the Board of Directors ("Board") and/or Secretary of the Company be and are hereby authorised to do all such acts and things in any manner as they may deem necessary and/or expedient in order to give full effect to the aforesaid with full powers to assent to any conditions, modifications and/or amendments as may be required or permitted by any relevant authorities." Special Resolution

By Order of the Board

THAM LAI HENG MICHELLE
(SSM Practicing Certificate No. 202008001622) (MAICSA 7013702)
Secretary

Kuala Lumpur
27 August 2021

NOTES:

1. Audited Financial Statements

The Audited Financial Statements are meant for discussion only as it does not require shareholders' approval pursuant to the provision of Section 340(1)(a) of the Companies Act 2016 ("Act"). Hence, this item on the Agenda is not put forward for voting.

2. Directors' Fees

The quantum of the Directors' fees for each of the Non-Executive Directors is the same as the previous financial year ended 30 April 2020. The Directors' fees for the newly appointed Independent Non-Executive Director namely, Mr Martin Giles Manen was pro-rated from the date of his appointment up to 30 April 2021. Whilst the Directors' fees for Dato' Syed Ariff Fadzillah Bin Syed Awalluddin and Mr Loh Chen Peng were pro-rated from 1 May 2020 until their retirement as Directors of the Company at the conclusion of the Tenth AGM of the Company held on 8 October 2020.

3. Directors' Remuneration (excluding Directors' Fees)

Section 230(1) of the Act 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 AGM for the payment of Directors' remuneration (excluding Directors' fees) payable to Non-Executive Directors of the Company.

Resolution 2 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 8 October 2021 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, 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 Directors

Pursuant to Clause 117 of the Company's Constitution, one third (1/3) of the Directors shall retire from office at least once in every three (3) years at each AGM of the Company and the retiring Directors can offer themselves for re-election. The Constitution also provides that a Director who is appointed during the year shall be subject to re-election at the next AGM to be held following his appointment pursuant to Clause 107 of the Company's Constitution.

Accordingly, Dato' Sri Yeoh Choon San, Dato' Abdul Manap Bin Abd Rahman and Mr Martin Giles Manen shall retire by rotation at this Eleventh AGM. Dato' Sri Yeoh Choon San and Mr Martin Giles Manen being eligible, have offered themselves for re-election whilst Dato' Abdul Manap Bin Abd Wahab has given notice that he does not wish to seek re-election at this AGM. Hence, Dato' Abdul Manap Bin Abd Wahab will retire from office at the conclusion of this Eleventh AGM.

Notice of Annual General Meeting

5. Authority to issue and allot shares pursuant to Sections 75 and 76 of the Act

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 Act, 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 AGM of the Company.

As at the date of this Notice, 378,000 new shares in the Company were issued pursuant to the award of shares under the Employees' Share Scheme and that the mandate granted to the Directors at the Tenth AGM held on 8 October 2020 will lapse at the conclusion of the Eleventh AGM.

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 Part A of the Statement/Circular to Shareholders dated 27 August 2021 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. Proposed Adoption of a New Constitution

The Special Resolution, if passed, will further streamline and clarify the Company's existing Constitution with the provisions of the Act and the relevant amendments made to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The relevant information on the Special Resolution is set out in Part B of the Statement/Circular to Shareholders dated 27 August 2021 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.

The Constitution shall take effect once the Special Resolution has been passed by a majority of not less than 75% of such members who are entitled to vote and do vote in person or by proxy at the Eleventh AGM.

8. Proxy and Entitlement of Attendance

(i) The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions ("FAQ") on the conduct of General Meetings for Listed Issuers which was originally issued on 18 April 2020 ("the Revised Guidance Note and FAQ"), to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. Physical gatherings no matter how small are prohibited. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Act provided that the online platform is located in Malaysia. Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually.

(ii) 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 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.

(iii) 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.

(iv) 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.

(v) 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.

(vi) 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.

(vii) 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 Portal at https://investor.boardroomlimited.com (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, 5 October 2021 at 10.00 a.m.**.

(viii) Members and proxies would need to register as a user on the Boardroom Smart Investor Portal first before they can request for the Remote Participant User ID and password to virtually attend, participate, speak and vote at the AGM, in accordance with Administrative Details.

(ix) Only members whose names appear in the Record of Depositors as at 30 September 2021 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 at the AGM.

9. Poll voting

Pursuant to Clause 82 of the Constitution of the Company and Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

FORM OF PROXY

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

I/We _____
(Name in full)
NRIC or Company No. _____ CDS Account No. _____
(New and Old NRIC 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:			
Mobile Number:	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:			
Mobile Number:	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 Eleventh Annual General Meeting of the Company to be conducted on a fully virtual basis through an online meeting platform provided by Boardroom Share Registrars Sdn Bhd at https://meeting.boardroomlimited.my (MYNIC Domain Registration Number D6A357657) on Thursday, 7 October 2021 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 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 payment of Directors' remuneration (excluding Directors' fees) for the period from 8 October 2021 until the next Annual General Meeting of the Company.				
ORDINARY RESOLUTION 3	To re-elect Dato' Sri Yeoh Choon San as Director.				
ORDINARY RESOLUTION 4	To re-elect Mr Martin Giles Manen 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.				
SPECIAL RESOLUTION	To approve the proposed adoption of a new Constitution.				

Dated this _____ day of _____ , 2021.

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

Notes:

1. The Securities Commission Malaysia had on 16 July 2021, revised the Guidance Note and Frequently Asked Questions ("FAQ") on the conduct of General Meetings for Listed Issuers which was originally issued on 18 April 2020 ("the Revised Guidance Note and FAQ"), to require all meeting participants of a fully virtual general meeting including the Chairperson of the meeting, board members, senior management and shareholders to participate in the meeting online. Physical gatherings no matter how small are prohibited. According to the Revised Guidance Note and FAQ, an online meeting platform can be recognised as the meeting venue or place under Section 327(2) of the Companies Act 2016 provided that the online platform is located in Malaysia. Please follow the procedures as stipulated in the Administrative Details for the Meeting in order to register, participate and vote virtually.

2. 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 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.

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5. 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.

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7. 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 Portal at https://investor.boardroomlimited.com (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, 5 October 2021 at 10.00 a.m.**.

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10. Pursuant to Clause 82 of the Constitution of the Company and Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in this Notice will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

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GROUP ADDRESSES

Bermaz Auto Berhad

Lot 13-01A, Level 13 (East Wing)
Berjaya Times Square
No. 1, Jalan Imbi
55100 Kuala Lumpur
Tel : +603-2149 1999
Fax : +603-2143 1685

Bermaz Motor Sdn Bhd
Bermaz Motor Trading Sdn Bhd
Mazda Malaysia Sdn Bhd

No. 7, Jalan Pelukis U1/46
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603-7627 8888
Fax : +603-7627 8890

Bermaz Auto Alliance Sdn Bhd
(formerly known as Berjaya Auto Alliance Sdn Bhd)

No. 15, Jalan Pelukis U1/46
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603-7627 8888
Fax : +603-7627 8890

Dinamikjaya Motors Sdn Bhd

No. 1, Jalan Pelukis U1/46
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603-7627 8888
Fax : +603-7627 8890

Bermaz Auto Parts Sdn Bhd

No. 5, Jalan Pelukis U1/46
Temasya Industrial Park
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Tel : +603-7627 8888
Fax : +603-7627 8890

Inokom Corporation Sdn Bhd

Lot 38, Mukim Padang Meha
Padang Serai
09400 Kulim
Kedah Darul Aman
Tel : +604-403 1888
Fax : +604-403 6888

Bermaz Motor International Ltd

Level 14A, Main Office Tower
Financial Park Labuan
Jalan Merdeka
87000 Federal Territory of Labuan
Tel : +6087-414 252
Fax : +6087-411 855

Bermaz Auto Philippines Inc

9th Floor, Rufino Building
6784 Ayala Avenue corner V.A. Rufino Street, San Lorenzo
Makati City, Metro Manila
Philippines
Tel : +632-8551 8000
Fax : +632-8551 0808

The Company Secretary
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

www.bauto.com.my

CORPORATE GOVERNANCE REPORT

STOCK CODE **:** 5248
COMPANY NAME **:** BERMAZ AUTO BERHAD
FINANCIAL YEAR **:** April 30, 2021

OUTLINE:

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE
Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT TO CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA
Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.1
The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

Application	:	Applied
Explanation on application of the practice	:	The Board is responsible for the performance and affairs of the Group and the provision of leadership and guidance for setting the strategic direction of the Group. The Board has in place a Mission and Vision Statement which sets out the primary goals and purposes of the Company and to provide a roadmap for the employees to achieve the objectives. The Board is also committed to instill good ethics and values amongst its members and its employees in tandem with its Mission and Vision Statement through its core values of Honesty, Integrity, Commitment, Loyalty and Humanity. This is clearly reflected through the adoption of a Code of Ethics for Directors, a Code of Conduct and Business Ethics for employees and a Whistleblowing Policy. The Board believes that the success of the Group's business should be built based on these foundations. In order to realise the Mission and Vision of the Company, the Board as a whole, led by the Executive Chairman, works together with senior management to promote good corporate culture and behaviour within the Company that is ethical, prudent and professional. The duties and powers of the Board are governed by the Constitution of the Company, the Companies Act 2016, Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant regulatory requirements that are in force. All members of the Board are aware of their responsibility to make decisions objectively and which promote the success of the Group for the benefits of shareholders and other stakeholders. The roles and responsibilities of the Board which are set out in the Board Charter, serves as a reference point for Board activities. The Board Charter is available on the Company's website at www.bauto.com.my.

	To ensure the fine tuning of the Group's corporate strategies and the effective execution of these strategies, the Board has delegated to the Executive Chairman and the Chief Executive Officer ("CEO") the daily management of the Group's affairs. The Executive Chairman and the CEO leads the senior management of the Group in making, implementing and managing the day-to-day decisions of the business operations, the Group's resources and the associated risks involved in pursuing the Group's corporate objectives. The Executive Chairman, the CEO, and the senior management meet regularly to review and monitor the performance of the Group's operations. The Executive Chairman and the CEO brief the Board on the Group's business operations and the management's initiatives during its quarterly Board meetings. Independent Non-Executive Directors are not involved in the daily 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 to the enhancement of corporate governance and controls of the Group. The Board has established and is supported by the following Board Committees which consist of a majority of Independent Non-Executive Directors to provide independent oversights on management and to ensure that there are appropriate checks and balances while discharging their oversight function: - (i) Audit Committee; (ii) Nomination Committee; (iii) Remuneration Committee; (iv) Risk Management Committee; (v) Employees' Share Scheme Committee; and (vi) Sustainability Working Committee. Each of the Board Committees operates within their respective Terms of Reference ("TOR") that also outlines their respective functions and authorities. The TOR are periodically reviewed by the respective Board Committees and approved by the Board to ensure that the TORs remains relevant and adequate in governing the responsibilities of the Board Committees and reflects the latest developments in the Main Market Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance ("MCCG"). The Board Committees have the authority to report to the Board with their recommendations. However, the ultimate responsibility for the final decision on all matters still lies with the Board.
Explanation for departure :	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.	

Measure	:		
Timeframe	:		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.2
A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

Application	:	Applied
Explanation on application of the practice	:	The present Chairman of the Board is Dato' Sri Yeoh Choon San. He was previously appointed as the CEO of the Company. Subsequently on 1 January 2019, he was redesignated as the Executive Chairman of the Company, and is responsible for providing leadership to the Board and ensuring smooth and effective functioning of the Board. The Executive Chairman is elected by the Board and will preside at all Board meetings and general meetings of the Company. The Executive Chairman will ensure that procedural rules are followed in the conduct of meetings and that decisions made are formally recorded and adopted. The Executive Chairman contributes his expertise and experience in leading the Board in the determination of the Company's strategies and policies so that the Board can perform their responsibilities effectively. The Executive Chairman also encourages active participation and healthy discussion at meetings to ensure that dissenting views can be freely expressed and discussed. In addition, the Executive Chairman also leads the Board in establishing and monitoring good corporate governance practices in the Company and the Group. The other roles and responsibilities of the Executive Chairman of the Board is set out in the Board Charter which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.3
The positions of Chairman and CEO are held by different individuals.

Application	:	Applied
Explanation on application of the practice	:	The positions of Chairman and CEO are held by two different individuals. The distinct and separate roles of the Chairman and CEO with their clear division of responsibilities ensures that there is a balance of power and authority, such that no individual has unfettered decision-making powers. The Executive Chairman, Dato' Sri Yeoh Choon San is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board whereas the CEO, Dato' Lee Kok Chuan 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 Executive Chairman shall jointly oversee some of the divisional functions of the Group. Their key roles and responsibilities are set out in the Board Charter of the Company, which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.4
The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

Application	:	Applied
Explanation on application of the practice	:	The Board is supported by the Company Secretaries who are qualified to act as Company Secretary as prescribed under Section 235(2) of the Companies Act 2016 and has the requisite experience and competency in company secretarial services. Both Company Secretaries are Associate members of the Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA"). The Company Secretaries play an important role in good governance by helping the Board and the Board Committees to function effectively and in accordance with their terms of reference and best practices. The Company Secretaries also play an advisory role to the Board in relation to the Company's Constitution and advises the Board on its roles and responsibilities and keep the Board updated on matters relating to new statutory and relevant regulatory requirements and corporate governance and the resultant implications of any changes therein to the Company and the Directors in relation to their duties and responsibilities. The Company Secretaries organize and attend all Board Meetings and the meetings of the Board Committees where they act as Secretaries and are responsible to ensure that meetings are properly convened and accurate and proper records of the proceedings and resolutions passed are minuted and maintained at the registered office of the Company. The Company Secretaries have also been attending the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the current regulatory changes in laws and relevant regulatory requirements and corporate governance and to be able to provide the relevant advisory role to the Board. The roles and responsibilities of the Company Secretaries are also set out in the Board Charter which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

Practice 1.5
Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied
Explanation on application of the practice	:	All Directors have full access to information through the Board papers distributed in a timely manner prior to the Board meetings. The Board papers provide, amongst others, periodic financial information, operational issues, regulatory compliance matters, investment proposals and management proposals that require Boards' approval. Board and Board Committees papers are disseminated at least five (5) days prior to the meeting as stated in the Board Charter, except for meetings called on an ad-hoc basis for special matters. This is to enable the Directors to have sufficient time to review the papers and have an overview of the matters to be discussed or reviewed at the meetings and to seek further clarifications, if any. The Directors are also provided with electronic devices, such as iPads for a more efficient communication and dissemination of the Board Papers. The senior management, external advisers and the Directors of the Company's subsidiaries are invited to attend the Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agendas. Besides direct access to management, Directors may obtain external independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Board Charter in furtherance of their duties. All deliberations and decisions of the Board and Board Committees are recorded by the Company Secretaries including disclosures of interests by any interested Directors and their abstention from voting and deliberating on a particular transaction. Minutes of meetings would be circulated to all Directors on a timely basis for review and thereafter for confirmation at next meeting of the Board and Board Committees.
Explanation for departure	:	

Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

Practice 2.1
The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

Application	:	Applied
Explanation on application of the practice	:	The Board has adopted a Board Charter which clearly sets out the roles and responsibilities of the Board, Board Committees and individual Directors in promoting the standards of corporate governance and practices. In addition, there is also a formal schedule of matters reserved for the Board's deliberation and decision as set out in the Board Charter to ensure that the direction and control of the Company are in the hands of the Board. The Board Charter is subject to review by the Board annually to ensure it remains consistent with the Board's objectives and responsibilities, current laws and practices. A copy of the latest Board Charter is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.1
The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

Application	:	Applied	
Explanation on application of the practice	:	The Board has adopted a Code of Conduct and Business Ethics ("Code") which provides the ground rules and guidance for proper standard of conduct and ethical behaviour for all Directors and employees of the Group when dealing with both internal and external parties and compliance with all applicable laws, rules and regulations in all its business activities. The Code covers, amongst others, the policies and procedures in managing conflicts of interest, preventing the abuse of power, corruption, insider trading, money laundering and unethical conduct or violation of laws, rules and regulations. The Board has also adopted a Code of Ethics for Directors which is incorporated in the Board Charter. The said Code of Ethics was formulated to enhance the standard of corporate governance and promote ethical conduct of the Directors. The Company's Code of Conduct and Ethics is available on the Company's website at www.bauto.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

Practice 3.2
The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

Application	:	Applied
Explanation on application of the practice	:	The Board has formalised a Whistleblowing Policy which serves as an internal communication channel in relation to whistleblowing at work place and to enable employees or the relevant parties to raise genuine concerns, disclose alleged, suspected or actual wrongdoings or known improper conduct on a confidential basis in accordance with 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. The Whistleblowing Policy provides contact details of the Executive Chairman, Chief Executive Officer, Group Human Resource and Head of Corporate Planning/Internal Controls of the Company as the avenue for the employees or relevant parties to raise concerns of non-compliance to them. The Whistleblowing Policy can be accessed on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.1
At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

Application	:	Applied
Explanation on application of the practice	:	The Board currently has seven (7) members comprising four (4) Independent Non-Executive Directors ("INEDs"), a Non-Independent Non-Executive Director, an Executive Chairman and a CEO. The present composition of the Board is in compliance with Chapter 15.02 of the Main Market Listing Requirements of Bursa Securities, i.e. at least 2 or 1/3 of the Board of Directors, whichever is the higher, are Independent Directors. The Company is categorised as a Large Company and the present composition of the Board is also in compliance with the requirements under Practice 4.1 of the MCCG, i.e. the Board of a Large Company should have a majority of Independent Directors. The independence of each Director is reviewed by the Nomination Committee on an annual basis. All the four (4) INEDs have satisfied the independence criteria as defined under Paragraph 1.01 of the Main Market Listing Requirements of Bursa Securities and they are able to continue to demonstrate their independent judgement and objectivity in the Board's decision-making process. They form 57% of the total Board composition.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.2
The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should justify and seek annual shareholders' approval. If the board continues to retain the independent director after the twelfth year, the board should seek annual shareholders' approval through a two-tier voting process.

<table>
<tr><td>Application :</td><td>Applied - Annual shareholders' approval for independent directors serving beyond 9 years</td></tr>
<tr><td>Explanation on application of the practice :</td><td>The length of service of Independent Directors as at 30 April 2021 is as follows:-

<table>
<tr><th>No.</th><th>Name of Independent Directors</th><th>Date of appointment</th><th>Length of service</th></tr>
<tr><td>1.</td><td>Datuk Syed Hisham Bin Syed Wazir</td><td>19 December 2016</td><td>4 years 4 months</td></tr>
<tr><td>2.</td><td>Dato' Kalsom Binti Abd. Rahman</td><td>2 April 2018</td><td>3 years 1 month</td></tr>
<tr><td>3.</td><td>Adibah Khairiah Binti Ismail @ Daud</td><td>8 April 2019</td><td>2 years 1 month</td></tr>
<tr><td>4.</td><td>Martin Giles Manen</td><td>11 November 2020</td><td>5 months</td></tr>
</table>

Dato' Abdul Manap Bin Abd Wahab ("DAM") was redesignated as a Non-Independent Non-Executive Director of the Company immediately after the conclusion of the Company's Tenth Annual General Meeting ("AGM") held on 8 October 2020 in view of his tenure as an Independent Non-Executive Director has exceeded a cumulative term of nine (9) years after 27 July 2020. DAM has given notice that he does not wish to seek re-election as Non-Independent Non-Executive Director of the Company at the forthcoming 2021 AGM. Hence, he will retire as a Non-Independent Non-Executive Director of the Company immediately upon the conclusion of the forthcoming AGM to be held on 7 October 2021.</td></tr>
<tr><td rowspan="2">Explanation for departure :</td><td></td></tr>
<tr><td></td></tr>
<tr><td colspan="2">Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</td></tr>
<tr><td>Measure :</td><td></td></tr>
</table>

Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.3 - Step Up
The board has a policy which limits the tenure of its independent directors to nine years.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.4
Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Application	:	Applied
Explanation on application of the practice	:	The Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to its board of directors. The Board also recognises that having a range of different skills, backgrounds, experience and diversity are essential to ensure a broad range of viewpoints to facilitate optimal decision makings and effective governance. The Board is of the view that while promoting boardroom diversity is essential, the normal selection criteria of a Director is based on an effective blend of competencies, skills, extensive experience and knowledge so as to strengthen the Board. The Nomination Committee ("NC") was tasked with the responsibility for identifying, assessing and recommending the right candidate(s) to the Board as well as reviewing and assessing the composition and performance of the Board. In making its recommendations, the NC will consider, among others, the following selection criteria:- (a) Specific knowledge, skills and relevant working experience (capability); (b) Training and qualifications (competence); (c) Time commitment of the candidate; (d) Independence and any conflicts of interest; (e) External directorship of the candidate; (f) Probity, integrity and reputation; and (g) Other considerations include age, ethnicity and gender. The selection criteria for the recruitment process and annual assessment of Directors are contained in the TOR of the NC which is available on the Company's website at www.bauto.com.my. When identifying suitable candidate(s) for appointment or assessing Board composition, the NC will consider candidate(s) on merit against objective criteria and with due regard on the benefits of diversity on the Board and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience of the Board members. The Board has in place a Board Diversity Policy and it is available on the Company's website at www.bauto.com.my.

	The recruitment of senior management will be delegated to the Company's Head of Human Resource and they will focus on the working experience, skills, competencies, integrity and commitment in the assessment of any potential candidate for recruitment as senior management personnel before recommending them to the CEO of the Company for consideration, approval and recruitment.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.5
The board discloses in its annual report the company's policies on gender diversity, its targets and measures to meet those targets. For Large Companies, the board must have at least 30% women directors.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity. 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 directors namely Dato' Kalsom Binti Abd. Rahman and Puan Adibah Khairiah Binti Ismail @ Daud, representing about 29% of the Board composition.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Nomination Committee will source for a suitable and qualified female Director with the aim of achieving a representation of at least 30% women on the Board, to be in line with the MCCG.	
Timeframe	:	Within 1 to 2 years	

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.6
In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

Application	:	Departure
Explanation on application of the practice	:	
Explanation for departure	:	The Board delegates to the NC the responsibility of recommending the appointment of any new Director. The NC is responsible to ensure that the procedures for appointing new Directors are transparent and rigorous and that appointments are made on merits. The Board and NC are guided by the following process and procedures for the appointment of a new Director:- 1. The candidate is identified upon the recommendation by the existing Directors, senior management, major shareholders and/or other independent source such as external consultants; 2. In evaluating the suitability of candidates to the Board, the NC considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidates, and in the case of candidates proposed for appointment as INED, the candidate's independence; 3. Recommendation to be made by NC 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.
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	As and when required

Intended Outcome
Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

Practice 4.7
The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

Application	:	Applied
Explanation on application of the practice	:	The Terms of Reference ("TOR") of Nomination Committee ("NC") has stipulated that the NC shall have at least three (3) members, all of whom shall be Non-Executive Directors with the majority being Independent Directors. The Chairman of the Committee shall be an Independent Director or a Senior Independent Director. The NC members currently comprises exclusively of Non-Executive Directors with the majority being Independent Directors as follows:- 1) Datuk Syed Hisham Bin Syed Wazir Independent Non-Executive Director/ Chairman 2) Puan Adibah Khairiah Binti Ismail @ Daud Independent Non-Executive Director 3) Dato' Abdul Manap Bin Abd Wahab Non-Independent Non-Executive Director The Chairman of the NC is Datuk Syed Hisham Bin Syed Wazir and he has also been designated as the Senior Independent Non-Executive Director of the Board to whom concerns may be conveyed following the retirement of Dato' Syed Ariff Fadzillah Bin Syed Awalluddin as the Senior Independent Non-Executive Director of the Company at the conclusion of the Company's Tenth AGM held on 8 October 2020. The roles and responsibilities of the Senior Independent Director are set out in the Board Charter, which is available on the Company's website at www.bauto.com.my.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

Practice 5.1
The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out and its outcome.

For Large Companies, the board engages independent experts periodically to facilitate objective and candid board evaluations.

Application	:	Departure
Explanation on application of the practice	:	The NC is entrusted by the Board to annually review the effectiveness of the Board and Board Committees as well as the performance of individual Directors. The annual evaluation which is internally facilitated, involves individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and the Board Committees, their effectiveness and areas 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 involves a peer and self-review assessment, where each Director will assess their own performance and that of their fellow Directors. The outcome of the assessments and comments by all Directors were summarised and discussed at the NC meeting which were then reported to the Board at the Board meeting held thereafter. All assessments and evaluations carried out by the NC in the discharge of its duties are properly documented. During the financial year ended 30 April 2021, the NC carried out the following activities:- • reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board; • reviewed and assessed the performance of each individual Director; independence of the Independent Directors; effectiveness of the Board and the Board Committees; • recommended retirement of Directors and their eligibility for re-election and/or re-appointment; • reviewed the performance of the Audit Committee and its members; and • reviewed and assessed the financial literacy of the Audit Committee members. Based on the results of the evaluation for the financial year ended 30 April 2021, the Board was satisfied with the performance of the Board and the Board Committees as a whole and that each individual Director of the Board and each member of the Board Committees for the said financial year.

Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board took cognizance of Practice 5.1 of the MCCG and will at the appropriate time, engage independent experts to facilitate the annual board evaluations within the next 3 to 5 years.	
Timeframe	:	Within the next 3 to 5 years	

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.1
The board has in place policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The policies and procedures are periodically reviewed and made available on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has formalized a Remuneration Policy that supports the Directors and 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 Company's objective in this respect is to offer a remuneration package that is competitive to attract, develop and retain talented individuals to serve as Directors and senior management. The Remuneration Committee ("RC") is entrusted by the Board to review and recommend matters relating to the remuneration of Directors and senior management. The remuneration package for the Executive Chairman and CEO depends on the performance of the Company during the financial year and includes, amongst other, the performance in terms of revenue and pre-tax profit. The Executive Chairman receives a contractual incentive of 8% of pre-tax profit of the Group subject to a cap of RM2.0 million a year, as determined by the Board of Directors and the RC. The Executive Chairman and the CEO concerned shall not participate in the decisions of their respective remunerations. However, in the event where the presence of the Executive Chairman and/or the CEO are required, the Chairman of the RC may invite them to attend to such meeting. The remuneration packages of Non-Executive Directors who serve on the Board and Board Committees is reviewed by the RC annually 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 Board will then recommend on yearly basis the Directors' fees and other benefits payable to Non-Executive Directors to the shareholders for approval at each AGM of the Company in accordance with Section 230 (1) of the Companies Act 2016.

	The remuneration package of senior management is reviewed annually during Company's annual performance review to reflect the level of responsibilities, and contributions made in order to retain high performing and talented individuals. The Remuneration Policy of the Company is available on the Company's website at www.bauto.com.my.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

Practice 6.2
The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

Application	:	Applied
Explanation on application of the practice	:	The Board has in place a Remuneration Committee ("RC") which comprises three (3) members as follows:- 1) Dato' Abdul Manap Bin Abd Wahab Non-Independent Non-Executive Director / Chairman 2) Datuk Syed Hisham Bin Syed Wazir Independent Non-Executive Director 3) Dato' Kalsom Binti Abd. Rahman Independent Non-Executive Director The primary function of the RC is to set up policy framework, including the fee structure and level of remuneration for Directors and senior management. The RC also had a meeting on 18 June 2021 and carried out the following activities:- (a) Reviewed and recommended the payment of Directors' fees for the financial year ended 30 April 2021; and (b) Reviewed and recommended the payment of Directors' remuneration (excluding Directors' fees) for the period from 8 October 2021 until the next AGM of the Company to be held in 2022. The Board had adopted a Remuneration Policy to support the Directors and 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 senior management who will manage and drive the Company's success. The duties and responsibilities of the RC are governed by its TOR, which is available on the Company's website at www.bauto.com.my.

Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.1
There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

Application	:	Applied	
Explanation on application of the practice	:	The details of the Directors' remuneration on named basis for the remuneration of each Director paid by the Company and the Group during the financial year ended 30 April 2021 are disclosed in the Corporate Governance Overview Statement in the Company's 2021 Annual Report. The remuneration breakdown of individual Directors includes fees, salaries, bonuses, benefits in-kind and other emoluments.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.2
The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	Disclosure on the remuneration of top five (5) senior management in the bands of RM50,000 is provided in the Corporate Governance Overview Statement in the Company's 2021 Annual Report. The Board is of the view that the detailed disclosure of senior management's remuneration on a named basis with various components will not be in the best interest of the Group, as it will give rise to recruitment and talent retention issues and may lead to the performing senior management staff being lured away by competitors and hence, the Group may lose high calibre personnel who have been contributing to the Group's performance. Such disclosures may also cause disharmony and/or unhealthy rivalry among the senior management. Currently, the remuneration package of senior management is reviewed annually during the Group's annual performance review and measured against the targets set for the year. The Board will ensure that the remuneration for the senior management personnel commensurate with their performance in order to attract, retain and motivate them to contribute positively to the Group's performance.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Board will closely monitor any changes in the market practice and will review its response to Practice 7.2 annually.	
Timeframe	:	Other	

Intended Outcome
Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

Practice 7.3 - Step Up
Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

Application	:	Not Adopted
Explanation on adoption of the practice	:	Not Applicable

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.1
The Chairman of the Audit Committee is not the Chairman of the board.

Application	:	Applied	
Explanation on application of the practice	:	The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Non-Executive Directors ("INEDs"). The AC Chairman is led by Mr Martin Giles Manen and he is a member of the Malaysian Institute of Accountants (MIA) and Malaysian Institute of Certified Public Accountants (MICPA). He is not the Chairman of the Board. The Terms of Reference ("TOR") of the AC has been revised on 12 March 2018 in order to be in line with Practice 8.1 of the MCCG which stipulates that the Chairman of the AC is distinct from the Chairman of the Board. The duties and responsibilities of the Chairman of the AC are set out in the TOR of the AC, which is available on the Company's website at www.bauto.com.my.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.2
The Audit Committee has a policy that requires a former key audit partner to observe a cooling-off period of at least two years before being appointed as a member of the Audit Committee.

Application	:	Applied
Explanation on application of the practice	:	The Audit Committee ("AC") had on 12 March 2018 adopted the External Auditor Policy to reflect the requirements in Practice 8.2 of the MCCG. The External Auditor Policy has encapsulated the requirement for a cooling-off period of at least two (2) years for any former key external audit partner and other team members prior to any one of them being considered for appointment as a member of the AC or as a Director. This is to safeguard the independence and objectivity of the appointment of the AC members. The Board had also adopted a revise Terms of Reference of the AC to include the additional requirement for any former key external audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the AC. Currently, none of the AC member is a former key external audit partner of the Company.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.3
The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor.

Application	:	Applied
Explanation on application of the practice	:	The AC is responsible to review, assess and monitor the performance, suitability, objectivity and independence of External Auditors on an annual basis. The AC had on 12 March 2018 adopted the External Auditors Policy ("EA Policy") which governed the assessment and monitoring of the External Auditors so that the External Auditors' competence, objectivity, professionalism and independence are maintained in driving its effectiveness. The EA Policy sets out the policies and procedures on appointment and re-appointment of External Auditors, the annual assessment of the External Auditors as well as the declaration of independence by the External Auditors as specified in the By-Laws (on Professional Ethics, Conduct and Practice) issued by the Malaysian Institute of Accountants. The Board has delegated to the AC to undertake an annual assessment of the quality of audit which encompassed the performance and quality of the External Auditors and their independence, objectivity and professionalism. The assessment process involves identifying the areas of assessment, setting the minimum standard and devising tools to obtain the relevant data. The areas of assessment include, among others, the External Auditors' caliber, 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. To support the AC's assessment of their independence, the External Auditors had provided the AC with a written assurance confirming their independence throughout the conduct of the audit engagement in accordance with the relevant professional and regulatory requirements. At the AC meeting held on 10 March 2021, the External Auditors namely, Ernst & Young PLT ("EY") has presented to the AC its 2021 Audit Plan which included EY's confirmation that EY is independent throughout the conduct of the audit engagement in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The External Auditors had also on 3 August 2021 declared their independence to the AC.

	The AC also reviewed 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 of Risk Management and Internal Control. Based on the outcome of the assessment, the AC will decide on the recommendation for the re-appointment of External Auditors to the Board. The Board will in turn seek the shareholders' approval on the re-appointment of External Auditors for the ensuing year at the forthcoming AGM. In addition, the TOR of the AC also requires the AC to assess the suitability, objectivity and independence of the External Auditors annually.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.4 - Step Up
The Audit Committee should comprise solely of Independent Directors.

Application	:	Adopted
Explanation on adoption of the practice	:	The AC comprises the following members all of whom are INED:- <u>Chairman/Independent Non-Executive Director</u> Mr Martin Giles Manen <u>Members/Independent Non-Executive Directors</u> Datuk Syed Hisham Bin Syed Wazir Puan Adibah Khairiah Binti Ismail @ Daud All the INEDs have satisfied the independence test based on the criteria set out in the Main Market Listing Requirements of Bursa Securities.

Intended Outcome
There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations. The company's financial statement is a reliable source of information.

Practice 8.5
Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

Application	:	Applied
Explanation on application of the practice	:	The members of the Audit Committee ("AC") possess a mix of skill, knowledge and appropriate level of expertise and experience to enable them to discharge their duties and responsibilities pursuant to the Terms of Reference ("TOR") of the AC. The Chairman of the AC is a member of the Malaysian Institute of Accountants and Malaysian Institute of Certified Public Accountants. Hence, he has fulfilled the requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements of Bursa Securities, which stipulates that at least one (1) member of the AC is a member of the Malaysian Institute of Accountants. All the members of the AC are financially literate and are able to understand, analyse and challenge matters under purview of the AC including financial reporting process. The AC members are aware of the need to continuously develop and to broaden their knowledge in the areas of accounting and auditing in order to carry out their roles and duties effectively. Various training has been undertaken by the AC members on an ongoing and timely basis to keep themselves abreast of relevant industry developments. The training attended by the AC members during the financial year ended 30 April 2021 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Company's 2021 Annual Report. In addition, the AC members were also briefed by the External Auditors, namely Ernst & Young PLT on the following key areas at the AC meeting held during the financial year: (i) Section 17A Malaysian Anti-Corruption Commission (Amendment) Act 2018; (ii) Transfer pricing - updates from the Malaysian Income Tax Act, 1967; and (iii) Important tax related updates.

	For the financial year ended 30 April 2021, the Board through the NC had reviewed the effectiveness of the AC via an evaluation questionnaire. The Board is satisfied with the AC's performance and that the necessary skills, experience, knowledge and other relevant field of expertise of the AC members had contributed to the overall effectiveness of the AC. The detailed report on the activities of the AC for the financial year ended 30 April 2021 is set out in the Company's 2021 Annual Report.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.1
The board should establish an effective risk management and internal control framework.

Application	:	Applied
Explanation on application of the practice	:	The Board acknowledges its responsibility in maintaining a sound system of risk management and internal controls to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and integrity of the Group's risk management and internal control system. The Board has delegated and entrusted the Risk Management Committee ("RMC") of the Company which comprises a majority of Independent Directors, with the overall responsibility to oversee the risk management framework of the Group, reviews the risk management policies formulated by the 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 is possible, the protection of its assets and its shareholders' investments. 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 AC and RMC. The AC comprises of Board members only whilst the RMC comprises of a majority of Board Members with the Head of Risk Management and Investor Relations as its Secretary. The RMC has adopted the 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. The RMC is supported by the Sustainability Working Committee ("SWC") which maintains the risk and sustainability oversight within the Group at management level, as outlined in the ERM framework. At Board level, the RMC assumes the oversight and strategic role of ERM. RMC and SWC assists the Board in discharging its risk management responsibilities.

	The RMC and SWC facilitate 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. Head of Departments is 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. The key elements of the risk management and internal control structure are as follows:- (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, CEO (both RMC members) and the Chief Financial Officer in the daily running of the business and regular discussions with the respective Heads of Departments on operational issues; and (d) Monthly financial reporting to the Executive Chairman and CEO.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.2
The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

Application	:	Applied	
Explanation on application of the practice	:	The features of the risk management and internal control framework of the Group and its adequacy and effectiveness are set out in the Statement on Risk Management and Internal Control as contained in the Company's 2021 Annual Report.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

Practice 9.3 - Step Up
The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

Application	:	Adopted
Explanation on adoption of the practice	:	The Board has established a RMC comprising the following members, a majority of whom are INEDs, 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:- 1) Mr Martin Giles Manen (Chairman/Independent Non-Executive Director) 2) Datuk Syed Hisham Bin Syed Wazir (Member/Independent Non-Executive Director) 3) Dato' Kalsom Binti Abd. Rahman (Member/Independent Non-Executive Director) 4) Dato' Sri Yeoh Choon San (Member/Executive Chairman) 5) Dato' Lee Kok Chuan (Member/CEO)

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.1
The Audit Committee should ensure that the internal audit function is effective and able to function independently.

Application	:	Applied
Explanation on application of the practice	:	For the financial year ended 30 April 2021, the internal audit function is outsourced to an independent professional consulting firm, Messrs. PKF Risk Management Sdn Bhd ("IAD"), which reports directly to the Audit Committee ("AC") and carries out their internal audit based on the audit plan approved by AC. The internal audit function of the Company is effective and remains independent all the time. The internal audit function is set out in the Statement of Risk Management and Internal Control and AC Report. The principal activity of the IAD is to conduct regular and systematic review of the system of internal controls so as to provide reasonable assurance that the system continues to operate satisfactorily and effectively. IAD role is to provide the AC with independent and objective reports on the adequacy and effectiveness of the system of internal controls and procedures in the operating units within the Group, and the extent of compliance with the Group's established policies, procedures and guidelines, and also compliance with applicable laws, regulations, directives and other external enforced compliance requirements. Observations from internal audits 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 audit review with implementation status reported to the AC. The summary of activities undertaken by IAD during the financial year ended 30 April 2021 is set out in the AC Report.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

Practice 10.2
The board should disclose–

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

Application	:	Applied
Explanation on application of the practice	:	The internal audit function of the Company is outsourced to an independent consulting firm, Messrs. PKF Risk Management Sdn Bhd ("PKF"). PKF's engagement director who is in charged of the Group's internal audit has over 27 years of professional experience in internal auditing. She is a Certified Internal Auditor, Certified Information Systems Auditor, and Certified Fraud Examiner and Certification in Risk Management, IIA Inc.. PKF's internal audit personnel is free from any relationship or conflict of interest, which could impair its objectivity and independence. The independence of the internal audit function is evidenced from its direct reporting to the AC. PKF normally deploys up to four (4) of its personnel for the internal audit review, which is led by the Engagement Director. All the personnel involved in the internal audit review are university graduates and/or have professional qualifications. The internal audit function is guided by the Code of Professional Standards – International Professional Practices Framework that sets out the objectives, authority, independence, scope and responsibility of the internal audit function.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.1
The board ensures there is effective, transparent and regular communication with its stakeholders.

Application	:	Applied
Explanation on application of the practice	:	The Company recognises the importance of being transparent and accountable to its shareholders and has used various channels of communications to enable the Board and management to continuously communicate, disclose and disseminate comprehensive and timely information to investors, shareholders, financial community and the public generally. The various channels of communications with stakeholders are through the following: - (i) the quarterly announcements on financial results and other periodical or relevant announcements to Bursa Securities; (ii) circulars and annual reports; (iii) general meetings of shareholders; (iv) meetings with investors, analysts and fund managers and briefing where appropriate; and (v) the Company's website at www.bauto.com.my where shareholders can access corporate information such as Board Charter, TORs of the Board Committees, Board Policies, press releases, financial information, Company announcements and others. The above channels of communication will help to enhance stakeholders' understanding of the business and operations of the Group and to make informed investment decision.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

Practice 11.2
Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

Application	:	Departure	
Explanation on application of the practice	:		
Explanation for departure	:	The Company has yet to adopt integrated reporting for 2021 Annual Report. The management of the Company will look into adopting integrated reporting in the near future.	
		At present, the Board is of the view that the Company's Annual Report is comprehensive enough for stakeholders to make informed decisions. The current Annual Report provides stakeholders with a fairly comprehensive overview on the Company's financial and non-financial information including future prospects. Components such as Management's Discussion and Analysis, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control and Sustainability Statement form an integral part of the non-financial information.	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:	The Company would review the need to adopt the integrated reporting based on a globally recognised framework at the appropriate time.	
Timeframe	:	Within 3 to 5 years	

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.1
Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

Application	:	Applied
Explanation on application of the practice	:	The Company despatches its notice of meeting together with the Administrative Details at least twenty-eight (28) days before the AGM. Pursuant to paragraph 2.19B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the Company's Constitution, the Company have discontinued the delivery of any documents to its shareholders in printed copies. Hence, the Annual Report can be viewed and downloaded from the websites of the Company and Bursa Malaysia Securities Berhad. In 2020, the notice of Tenth AGM was despatched to the shareholders on 28 August 2020 for the AGM held on 8 October 2020. The notice period is more than 28 days' notice to the shareholders. The additional time given to the shareholders will enable them to have sufficient time to consider the resolutions that will be tabled at the AGM as well as to make the necessary arrangement to attend and participate personally at the AGM or through a proxy or a corporate representative. The Administrative Details are to provide information regarding attendance and the conduct of the meeting. Each item of the special business included in the Notice of AGM is accompanied by a brief explanatory statement to enable shareholders to have a better understanding and evaluation of the resolution to be tabled and allows shareholders to make an informed decision in exercising their voting rights at the AGM.
Explanation for departure	:	
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure	:	
Timeframe	:	

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.2
All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

Application	:	Applied	
Explanation on application of the practice	:	All the Directors of the Company have attended the last AGM. The Chairman of the AC, NC, RMC, RC, Employees' Share Scheme Committee and SWC together with the management have also attended the AGM, interacted with shareholders and provided meaningful responses to shareholders' queries during the AGM.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

Intended Outcome
Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Practice 12.3
Listed companies with a large number of shareholders or which have meetings in remote locations should leverage technology to facilitate–

- including voting in absentia; and
- remote shareholders' participation at General Meetings.

Application :	Applied	
Explanation on application of the practice :	In accordance with Clause 70 of the Company's Constitution, the Company may convene a meeting of members at more than one (1) venue using any technology or method that enables the members to participate and to exercise the members' rights to speak and vote at the meeting, and using any available technology to provide notice, conduct and record or facilitate voting at meeting or any adjournment of that meeting of members subject to rules, regulations and laws prevailing. The main venue of the meeting shall be in Malaysia and the Chairman shall be present at the main venue of the meeting. In view of the COVID-19 pandemic and as part of the Company's precautionary measures, the Tenth AGM of the Company was held on a fully virtual basis through live streaming from the broadcast venue and online remote voting using the Remote Participation and Electronic Voting facilities ("RPEV facilities") provided by the Poll Administrator of the Company, Boardroom Share Registrars Sdn Bhd via its online website at https://web.lumiagm.com/. This allows shareholders 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 the RPEV facilities.	
Explanation for departure :		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.		
Measure :		
Timeframe :		

SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PERSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA

Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.

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