



**BAut**   
 BERMAZ AUTO BERHAD

Registration No. 201001016854 (900557-M)



**THE DISTRIBUTOR  
 OF CHOICE**

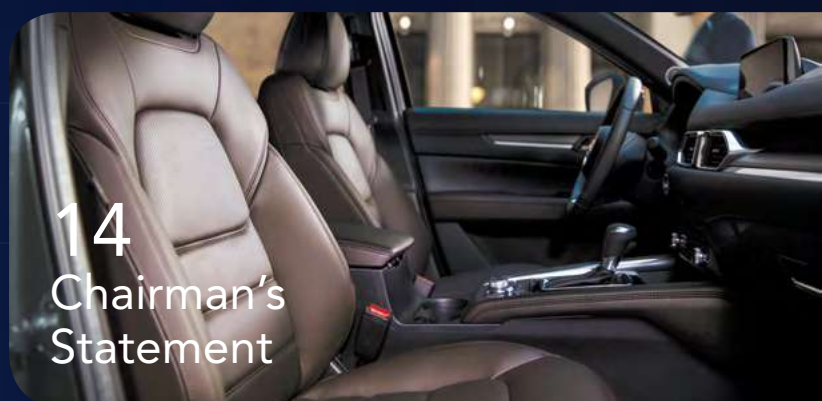


**ANNUAL REPORT 2023**



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# Mission Statement



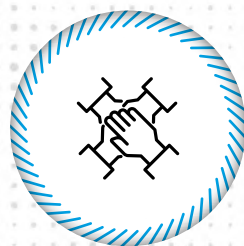
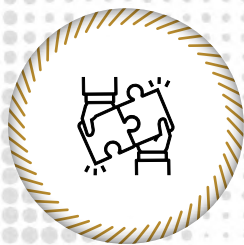
Seek To Be The Automotive & Mobility  
Distributor of Choice By Managing Customer's  
Ownership Experience

## 5 Core Values of the Group to achieve its Mission Statement



Honesty

Integrity



Commitment

Loyalty



Humanity

## MANAGING CUSTOMER'S SATISFACTION TO PROVIDE A RICH AND REWARDING OWNERSHIP EXPERIENCE



Reputable  
Brands



Emotional Driving  
Experience



Value For  
Money



Great After-Sales  
Services



Green  
Technology



## Corporate Profile

Bermaz Auto Berhad (“BAuto” or “Company”) was incorporated in Malaysia in May 2010 as a private limited company and was subsequently converted into a public company in July 2011. The Company was listed on the Main Market of Bursa Malaysia Securities Berhad in November 2013. It was admitted to the FTSE4Good Bursa Malaysia Index in June 2020 and the FTSE4Good Bursa Malaysia Shariah Index in July 2021. The Company is ranked top 25% by ESG Ratings among public listed companies in FTSE Bursa Malaysia EMAS Index by FTSE Russell.

The Group is principally involved in the following activities:

- (i) Distribution and retailing of completely built-up (“CBU”) and completely knocked-down (“CKD”) vehicles for three (3) internationally renowned vehicle marques namely, Mazda, PEUGEOT and Kia in Malaysia;
- (ii) Provision of after-sales services and spare parts for Mazda, PEUGEOT, Citroen, DS and Kia marque vehicles in Malaysia;
- (iii) Distribution of Mazda marque CBU vehicles and spare parts through appointed dealers in the Philippines; and
- (iv) Wholesale and retail of automotive spare parts and provision of automotive-related training centre in Malaysia.

BAuto’s associated companies are principally involved in the production and/or assembly of CKD Mazda and Kia marque vehicles (using local parts and imported Mazda and Kia supplied parts from the principal manufacturers) in Malaysia.

As at 30 April 2023, the number of BAuto branches and dealers’ centres in Malaysia and in the Philippines are as follows:

		Mazda marque (Malaysia)	Mazda marque (Philippines)	PEUGEOT marque (Malaysia)	Kia marque (Malaysia)	Multi- Brands (Malaysia)
<b>No. of Branches:</b>						
1.	3S Centres	7	-	1	2	-
2.	2S Centres	5	-	-	-	-
3.	1S Centre	-	-	-	-	-
	<b>Total</b>	<b>12</b>	<b>-</b>	<b>1</b>	<b>2</b>	<b>-</b>

		Mazda marque (Malaysia)	Mazda marque (Philippines)	PEUGEOT marque (Malaysia)	Kia marque (Malaysia)	Multi- Brands (Malaysia)
<b>No. of Dealers’ Centres:</b>						
1.	3S Centres	39	15	16	22	28
2.	2S Centres	11	-	4	6	-
3.	1S Centre	21	-	4	8	15
	<b>Total</b>	<b>71</b>	<b>15</b>	<b>24</b>	<b>36</b>	<b>43</b>

Notes:

- 1) 3S denotes “sales, spare parts and after-sales services”; 2S denotes “spare parts and after-sales services”; and 1S denotes “sales”.
- 2) For Malaysia operations, there are in total 12 Body & Paint repair facilities, of which 3 are operated by the branches and the balance 9 are by the dealers’ centres.
- 3) Multi-Brands refer to “Anshin” dealers appointed by BAuto Group which operate the Mazda, PEUGEOT and/or Kia marques’ 1S and/or 3S Centres in Malaysia.

## BOARD OF DIRECTORS

**Tan Sri Dato' Sri Yeoh Choon San**  
*Executive Chairman*

**Dato' Lee Kok Chuan**  
*Group Chief Executive Officer / Executive Director*

**Datuk Syed Hisham Bin Syed Wazir**  
*Senior 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*

**Dato' Wan Kamaruzaman Bin Wan Ahmad**  
*Non-Independent Non-Executive Director*

### AUDIT COMMITTEE

Mr Martin Giles Manen (Chairman)  
Datuk Syed Hisham Bin Syed Wazir  
Puan Adibah Khairiah Binti Ismail @ Daud

### NOMINATION AND REMUNERATION COMMITTEE

Datuk Syed Hisham Bin Syed Wazir (Chairman)  
Dato' Kalsom Binti Abd. Rahman  
Puan Adibah Khairiah Binti Ismail @ Daud  
Dato' Wan Kamaruzaman Bin Wan Ahmad

### RISK MANAGEMENT COMMITTEE

Mr Martin Giles Manen (Chairman)  
Tan Sri Dato' Sri Yeoh Choon San  
Dato' Lee Kok Chuan  
Datuk Syed Hisham Bin Syed Wazir  
Dato' Kalsom Binti Abd. Rahman

### SUSTAINABILITY COMMITTEE

Datuk Syed Hisham Bin Syed Wazir (Chairman)  
Tan Sri Dato' Sri Yeoh Choon San  
Dato' Lee Kok Chuan  
Puan Adibah Khairiah Binti Ismail @ Daud  
Mr Martin Giles Manen  
Dato' Wan Kamaruzaman Bin Wan Ahmad

### EMPLOYEES' SHARE SCHEME COMMITTEE

Dato' Kalsom Binti Abd. Rahman (Chairman)  
Tan Sri Dato' Sri Yeoh Choon San  
Dato' Lee Kok Chuan  
Dato' Wan Kamaruzaman Bin Wan Ahmad

### COMPANY SECRETARIES

Tai Yit Chan (MAICSA 7009143)  
(SSM Practicing Certificate No. 202008001023)

Tai Yuen Ling (LS 0008513)  
(SSM Practicing Certificate No. 202008001075)

Teh Pei Fen (MAICSA 7078581)  
(SSM Practicing Certificate No. 202208000409)

### AUDITORS

Messrs Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants  
Level 23A, Menara Milenium  
Jalan Damanlela, Pusat Bandar Damansara  
50490 Kuala Lumpur, Malaysia  
Tel : (603) 7495 8000  
Fax : (603) 2095 5332

### REGISTERED OFFICE

Boardroom Corporate Services Sdn. Bhd.  
Registration No. 196001000110 (3775-X)  
12<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 7890 4800  
Fax : (603) 7890 4650  
Email : boardroom-kl@boardroomlimited.com  
Website : [www.boardroomlimited.com](http://www.boardroomlimited.com)

### SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.  
Registration No.199601006647 (378993-D)  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 7890 4700  
Fax : (603) 7890 4670  
Email : bsr.helpdesk@boardroomlimited.com  
Website : [www.boardroomlimited.com](http://www.boardroomlimited.com)

### CORPORATE OFFICE

No. 7, Jalan Pelukis U1/46  
Temasya Industrial Park, Seksyen U1  
40150 Shah Alam  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 7627 8888  
Fax : (603) 7627 8890  
Website : [www.bauto.com.my](http://www.bauto.com.my)

### 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 Bank Berhad  
RHB Islamic Bank Berhad  
Hong Leong Investment Bank Berhad

### PLACE OF INCORPORATION AND DOMICILE

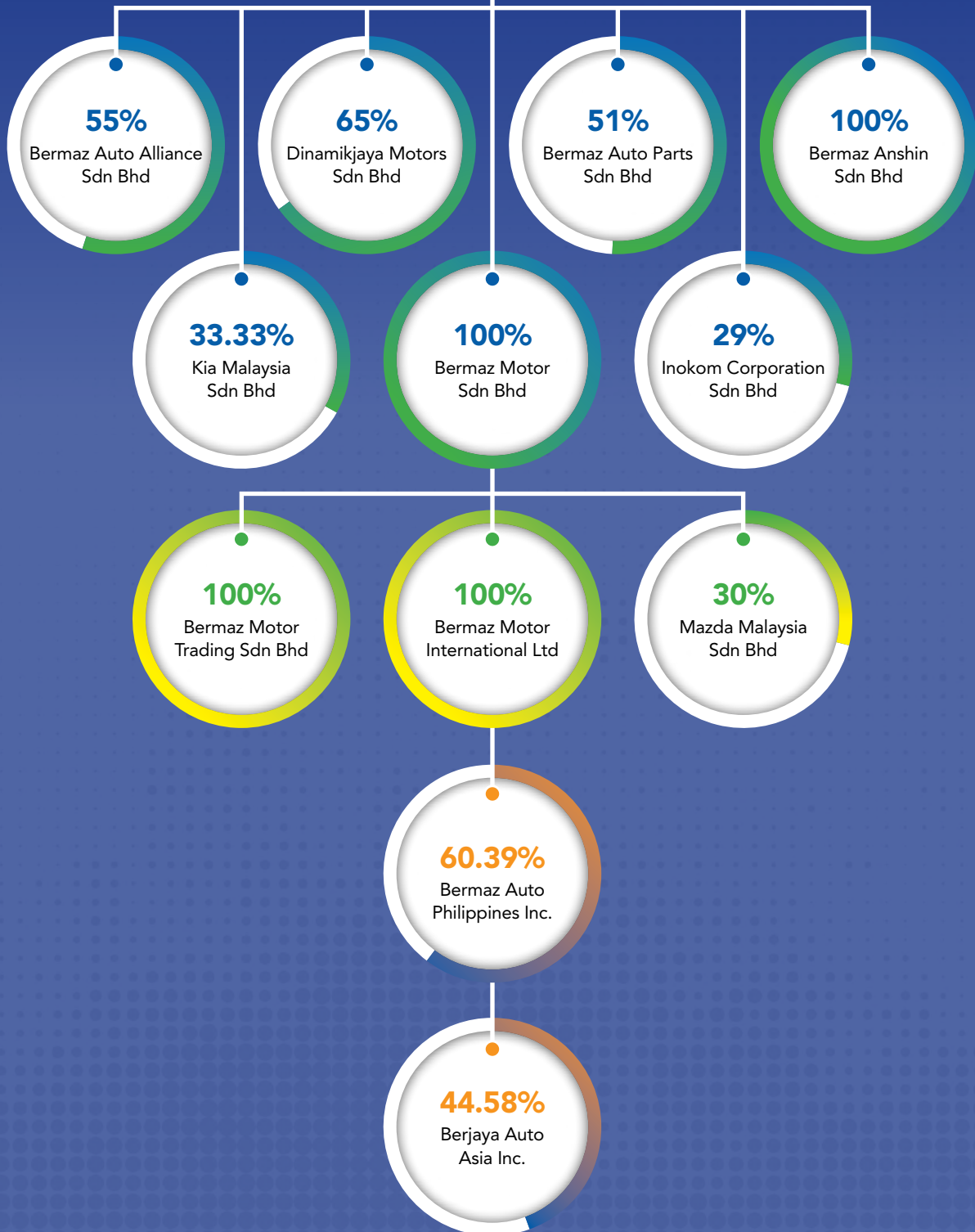
Malaysia

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Stock Name : BAUTO  
Stock Code : 5248  
Sector : Consumer products & services



# Corporate Structure As at 3 August 2023



# Group Financial Summary

	2023 USD'000	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
Revenue	794,125	3,540,606	2,323,671	2,287,914	1,755,406	2,519,862
Profit before tax	94,943	423,302	217,654	168,949	131,980	340,565
Profit for the year	73,864	329,324	157,963	128,980	104,064	266,796
Profit attributable to shareholders	68,598	305,843	155,113	133,842	100,840	264,039
Share capital	138,974	619,614	609,443	609,341	608,823	607,879
Reserves	33,033	147,276	27,038	(39,990)	(136,166)	(36,768)
Equity funds	172,007	766,890	636,481	569,351	472,657	571,111
Treasury shares	(456)	(2,034)	(2,781)	(3,934)	(2,602)	(6,486)
<b>Net equity funds</b>	<b>171,551</b>	<b>764,856</b>	<b>633,700</b>	<b>565,417</b>	<b>470,055</b>	<b>564,625</b>
Non-controlling interests	17,183	76,610	54,532	46,657	51,153	45,218
<b>Total equity</b>	<b>188,734</b>	<b>841,466</b>	<b>688,232</b>	<b>612,074</b>	<b>521,208</b>	<b>609,843</b>
Long term liabilities	77,086	343,687	395,627	338,541	185,753	105,904
Current liabilities	135,231	602,929	476,166	451,146	581,426	251,881
<b>Total equity and liabilities</b>	<b>401,051</b>	<b>1,788,082</b>	<b>1,560,025</b>	<b>1,401,761</b>	<b>1,288,387</b>	<b>967,628</b>
Long term assets	120,777	538,486	481,276	409,599	385,674	265,092
Current assets	280,274	1,249,596	1,078,749	992,162	902,713	702,536
<b>Total assets</b>	<b>401,051</b>	<b>1,788,082</b>	<b>1,560,025</b>	<b>1,401,761</b>	<b>1,288,387</b>	<b>967,628</b>
Total number of shares with voting rights in issue ('000)	1,167,068	1,167,068	1,162,193	1,161,428	1,162,180	1,159,741
Net assets per share (USD/RM)	0.15	0.66	0.55	0.49	0.40	0.49
Net earnings per share (Cents/Sen)	5.90	26.29	13.35	11.52	8.68	22.75
Dividend per share (Cents/Sen)	4.93	22.00	8.75	6.50	7.45	21.25
Net dividend amount (USD'000/RM'000)	57,552	256,594	101,687	75,495	86,564	246,693

Note:

Exchange rate: USD1.0000=RM4.4585

## Group Financial Highlights

REVENUE  
(RM'000)



**RM3,540,606**

PROFIT BEFORE TAX  
(RM'000)



**RM423,302**

PROFIT FOR THE YEAR  
(RM'000)



**RM329,324**

TOTAL ASSETS  
(RM'000)



**RM1,788,082**

NET EQUITY FUNDS  
(RM'000)

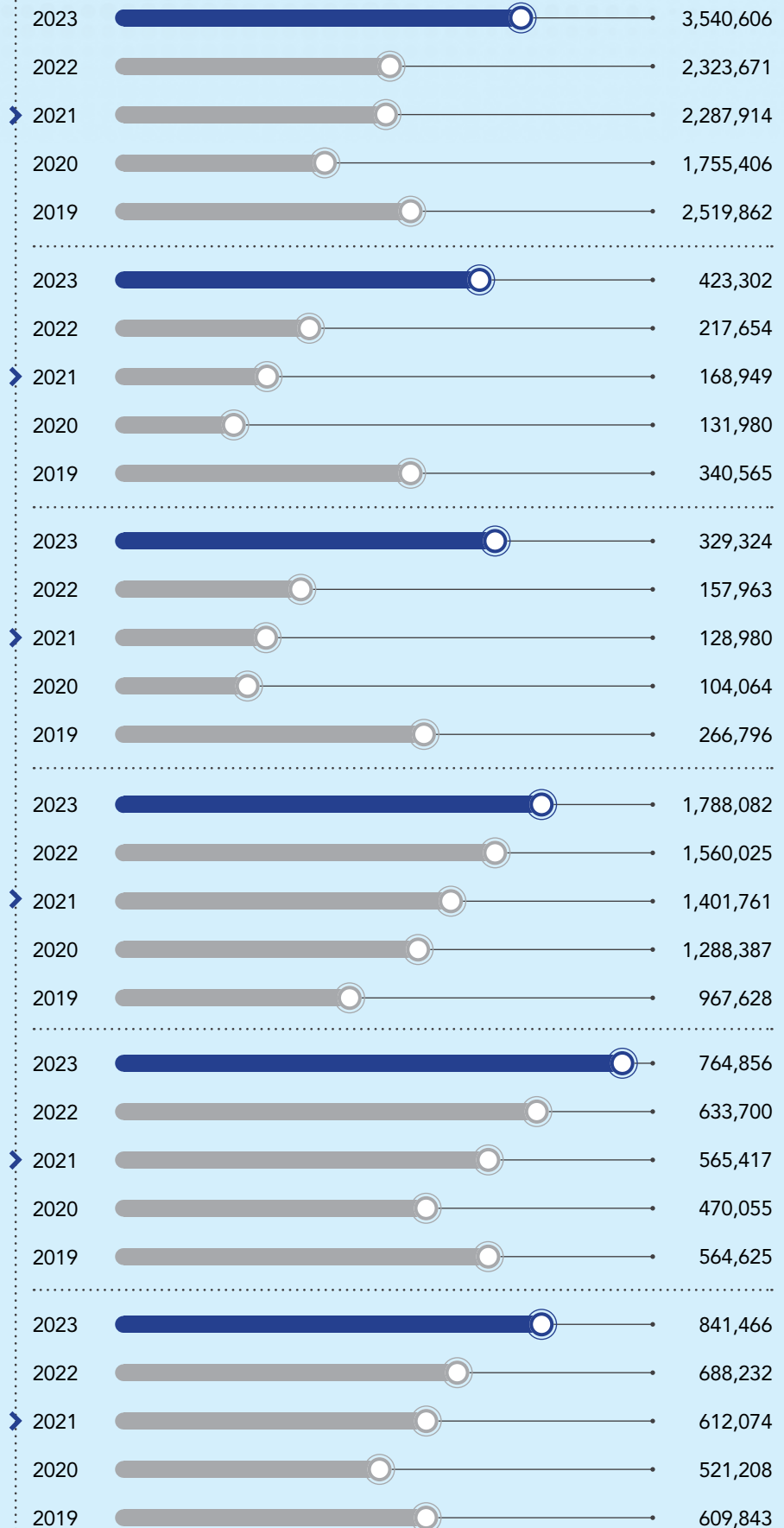


**RM764,856**

TOTAL EQUITY  
(RM'000)



**RM841,466**





## Profile of Directors


### TAN SRI DATO' SRI YEOH CHOON SAN

Executive Chairman



Age: 72

Gender: Male

Nationality: 

#### Date Appointed to the Board

- 27 July 2011

#### Qualifications

- Higher National Diploma in Automotive Engineering
- Fellow Member of the Institute of the Motor Industry, United Kingdom
- Honorary Fellow by the Institute of the Motor Industry, United Kingdom

#### Working Experience/Directorships in other Public Companies (where applicable)

- Over 50 years of experience in the automotive industry encompassing various fields of retail, distribution and manufacturing

#### Membership of Board Committees in Bermaz Auto Berhad

- Risk Management Committee (Member)
- Sustainability Committee (Member)
- Employees' Share Scheme Committee (Member)

#### Board Meeting Attendance




### DATO' LEE KOK CHUAN

Group Chief  
Executive Officer /  
Executive Director



Age: 64

Gender: Male

Nationality: 

#### Date Appointed to the Board

- 27 July 2011

#### Qualifications

- Bachelor of Economics (Accounting Major), Monash University, Melbourne, Australia
- Fellow Member of the Institute of Chartered Accountants, Australia
- Member of the Malaysian Institute of Accountants

#### Working Experience/Directorships in other Public Companies (where applicable)

- Over 30 years of combined experience in the fields of accounting and consumer products

#### Membership of Board Committees in Bermaz Auto Berhad

- Risk Management Committee (Member)
- Sustainability Committee (Member)
- Employees' Share Scheme Committee (Member)

#### Board Meeting Attendance



Profile of Directors (Cont'd)

**DATUK SYED HISHAM BIN SYED WAZIR**

Senior Independent Non-Executive Director



Age: **69**  
 Gender: **Male**  
 Nationality:

**Date Appointed to the Board**

- 19 December 2016

**Qualifications**

- Bachelor of Science Degree in Mechanical Engineering, Plymouth University, United Kingdom
- Master of Business Administration, Ohio State University, United States of America

**Working Experience/Directorships in other Public Companies (where applicable)**

- Over 30 years of experience in the automotive industry
- Chairman/Independent Non-Executive Director of MSM Malaysia Holdings Berhad
- Chairman/Independent Non-Executive Director of Progressive Impact Corporation Berhad

**Membership of Board Committees in Bermaz Auto Berhad**

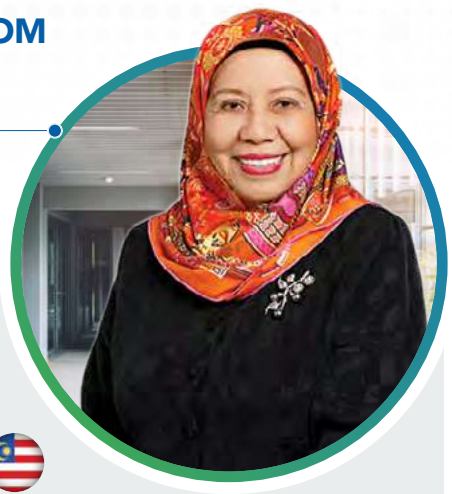
- Nomination and Remuneration Committee (Chairman)
- Sustainability Committee (Chairman)
- Audit Committee (Member)
- Risk Management Committee (Member)

**Board Meeting Attendance**



**DATO' KALSOM BINTI ABD. RAHMAN**

Independent Non-Executive Director



Age: **75**  
 Gender: **Female**  
 Nationality:

**Date Appointed to the Board**

- 2 April 2018

**Qualifications**

- Bachelor of Economics (Hons), University of Malaya
- Master of Business Administration (Finance), University of Eugene, Oregon, United States of America

**Working Experience/Directorships in other Public Companies (where applicable)**

- Over 33 years of combined experience in the public and private sectors
- Chairman/Independent Non-Executive Director of Tashin Holdings Berhad

**Membership of Board Committees in Bermaz Auto Berhad**

- Employees' Share Scheme Committee (Chairman)
- Nomination and Remuneration Committee (Member)
- Risk Management Committee (Member)

**Board Meeting Attendance**





## ADIBAH KHAIRIAH BINTI ISMAIL @ DAUD

Independent  
Non-Executive  
Director



Age: 58

Gender: Female

Nationality:



## MARTIN GILES MANEN

Independent  
Non-Executive  
Director



Age: 68

Gender: Male

Nationality:



### Date Appointed to the Board

- 8 April 2019

### Qualifications

- Bachelor of Commerce, Australian National University, Australia
- Member of the Malaysian Institute of Accountants

### Working Experience/Directorships in other Public Companies (where applicable)

- Over 33 years of combined experience in the fields of auditing, accounting and secretarial

### Membership of Board Committees in Bermaz Auto Berhad

- Audit Committee (Member)
- Nomination and Remuneration Committee (Member)
- Sustainability Committee (Member)

### Board Meeting Attendance



### Date Appointed to the Board

- 11 November 2020

### Qualifications

- Member of the Malaysian Institute of Accountants
- Member of the Malaysian Institute of Certified Public Accountants

### Working Experience/Directorships in other Public Companies (where applicable)

- Over 30 years of combined experience in the fields of auditing, accounting, secretarial, tax and business advisory
- Chairman/Independent Non-Executive Director of Hong Leong MSIG Takaful Berhad
- Independent Non-Executive Director of BOS Wealth Management Malaysia Berhad
- Independent Non-Executive Director of Channel Micron Holdings Company Limited
- Independent Non-Executive Director of Top Glove Corporation Bhd

### Membership of Board Committees in Bermaz Auto Berhad

- Audit Committee (Chairman)
- Risk Management Committee (Chairman)
- Sustainability Committee (Member)

### Board Meeting Attendance



Profile of Directors (Cont'd)

**DATO' WAN  
KAMARUZAMAN  
BIN WAN  
AHMAD**

Non-Independent  
Non-Executive  
Director



Age: **64**

Gender: **Male**

Nationality:

**Date Appointed to the Board**

- 8 October 2021

**Qualifications**

- Bachelor of Economics (Analytical Economic) (Hons), University of Malaya
- Member of the Asian Institute of Chartered Bankers

**Working Experience/Directorships in other Public Companies (where applicable)**

- Over 40 years of experience in the fields of treasury, finance and business advisory
- Independent Non-Executive Director of Malaysian Resources Corporation Berhad
- Independent Non-Executive Director of Al-Salam Real Estate Investment Trust
- Independent Non-Executive Director of Al-'Aqar Healthcare REIT
- Chairman/Independent Non-Executive Director of Bank of America Malaysia Berhad

**Membership of Board Committees in Bermaz Auto Berhad**

- Nomination and Remuneration Committee (Member)
- Sustainability Committee (Member)
- Employees' Share Scheme Committee (Member)

**Board Meeting Attendance**



**Notes to the Profile of Directors**

None of the Directors has:

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



## Profile of Key Senior Management

### DATO' WONG KIN FOO

Director of Group Operations

56

Male



#### Date of Appointment

- 1 March 2018

#### Qualifications

- Associate Member of the Chartered Institute of Management Accountants
- Member of the Malaysian Institute of Accountants

#### Working Experience

- Over 30 years of experience in the automotive industry mainly in operations and distribution

### CHONG BOON KIAN

Chief Financial Officer

44

Male



#### Date of Appointment

- 3 July 2017

#### Qualifications

- Bachelor of Accounting and Finance, Middlesex University, London, United Kingdom
- Member of the Malaysian Institute of Accountants
- Fellow Member of the Association of Chartered Certified Accountants

#### Working Experience

- Over 20 years of experience in the fields of auditing, accounting, tax and treasury

### DATO' HAJI SHAMSUDDIN BIN HAJI AMRAN

Group Head, After-Sales

58

Male



#### Date of Appointment

- 1 April 2008

#### Qualifications

- Fellow Member of the Institute of the Motor Industry, United Kingdom

#### Working Experience

- Over 30 years of experience in the automotive industry mainly in after-sales operations

### CHUA VIN TECK

Group Head, Sales

68

Male



#### Date of Appointment

- 1 July 2010

#### Qualifications

- Secondary education

#### Working Experience

- Over 40 years of experience in the automotive industry mainly in marketing and sales

## Profile of Key Senior Management (Cont'd)

**LEE AI HOON**

57

Female



Director of Marketing

**Date of Appointment**

- 1 July 2008

**Qualifications**

- Bachelor of Science (Hons) – Majoring in Chemistry & Minor in Marketing, Universiti Sains Malaysia

**Working Experience**

- Over 25 years of experience in the automotive industry mainly in marketing and customer relationship management

**NOR ASHIKIN BINTI AKBAR**

47

Female



Group Head, Corporate Affairs &amp; Government Support

**Date of Appointment**

- 1 July 2014

**Qualifications**

- Bachelor of Business Administration (Hons) in International Business, University of Technology MARA

**Working Experience**

- Over 20 years of experience in the field of liaison with various government departments

**YOON CHOOI LIANG**

62

Female



Group Head, Planning &amp; Distribution, Logistics and CBU Business

**Date of Appointment**

- 1 April 2008

**Qualifications**

- Diploma in Secretaryship, Bedford Finishing School, Kuala Lumpur

**Working Experience**

- Over 30 years of experience in the automotive industry mainly in planning, distribution and procurement department

**HIEW HOCK NGAN**

55

Male



Group Head, Business Development / CKD

**Date of Appointment**

- 1 July 2011

**Qualifications**

- Member of the Malaysian Institute of Accountants
- Member of CPA Australia
- Fellow Member of the Association of Chartered Certified Accountants

**Working Experience**

- Over 30 years of experience in the field of accounting, financial management, auditing, information technology and operations



**ZULKIFLI BIN DZIN**

Group Head, General Administration / Government &amp; General Affairs

54

Male

**Date of Appointment**

- 1 October 2008

**Qualifications**

- Bachelor of Science in Human Development, Universiti Putra Malaysia
- Master of Business Administration, De-Montfort University, United Kingdom

**Working Experience**

- Over 20 years of experience in the field of human resource and organizational development

**LOW WEN HAN**

Group Head, Human Resource

38

Male

**Date of Appointment**

- 1 April 2019

**Qualifications**

- Bachelor in Social Science (Hons) – majoring in Psychology, Universiti Tunku Abdul Rahman
- Executive Diploma in Industrial Relations, Malaysian Employers Federation Academy
- Panel Member of the Industrial Court of Malaysia

**Working Experience**

- Over 14 years of experience in the field of human resource

**FOO CHUEN WAH**

Group Head, Information Technology &amp; Dealer Development

56

Male

**Date of Appointment**

- 1 April 2008

**Qualifications**

- Graduate of the Malaysian Institute of Chartered Secretaries and Administrators
- Master of Business Administration, Cranfield University, United Kingdom

**Working Experience**

- Over 30 years of experience in the field of information technology

**SYED MUDZHAR BIN SYED ALI**

Head of PEUGEOT Operations

59

Male

**Date of Appointment**

- 17 May 2021

**Qualifications**

- Bachelor of Science in Mechanical Engineering, University of Nevada, Reno, United States of America

**Working Experience**

- Over 30 years of experience in the automotive industry mainly in manufacturing, assembly, distribution and importation of various automotive products and segments

**Notes to the Key Senior Management**

None of the Key Senior Management has:

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

# Chairman’s Statement



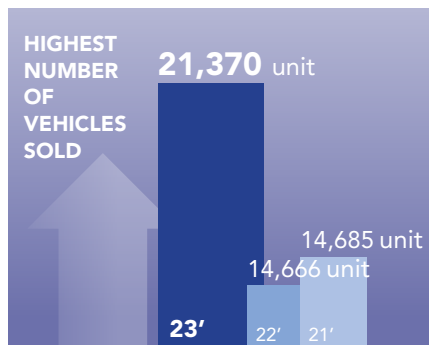
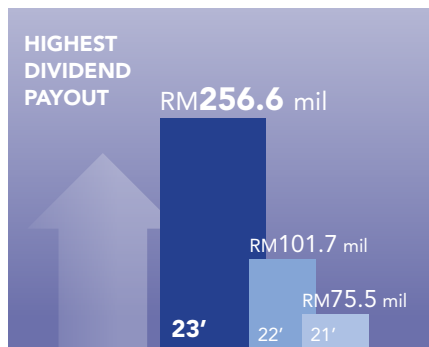
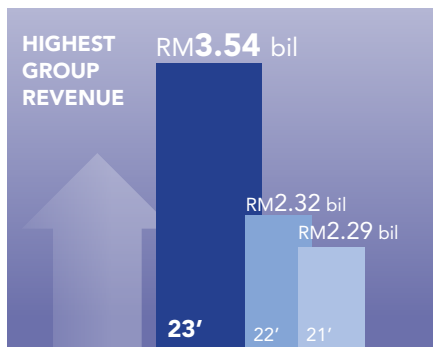
## DEAR VALUED SHAREHOLDERS,

On behalf of the Board of Directors (“Board”), I would like to thank all of you for the continuous support and confidence in our Group. It is with great pleasure that I present to you the Annual Report of the Company for the financial year ended 30 April 2023 (“FY2023”).



FY2023 has been a very eventful year for us. Despite the many challenges faced by the Group such as the fulfilment of the substantial backorders received prior to the expiry of the sales tax exemption in June 2022, disruptions in the supply of semiconductors and electronic components and shipment delays, we still managed to register a commendable results for FY2023 since our inception as follows:

All these achievements would not have materialized if not for the continued guidance from our fellow board members, the strong support from our suppliers, dealers, customers and financiers as well as the unwavering commitment, hardwork and dedication of our management and employees.



In 2022, the Malaysian and Philippines economies had rebounded strongly following the re-opening of the respective countries’ economies. The Malaysian economy expanded by 8.7% in 2022 (2021: 3.1%) whilst in the Philippines, the country posted a growth of 7.6% for 2022 (2021: 5.7%). In respect of the Group’s domestic operations, substantial vehicle orders were received prior to the expiry of the sales tax exemption in June 2022. Principal manufacturers were also experiencing shortages in the supply of semiconductors and electronic components then, which affected their production and resulted in shipment



## TAN SRI DATO' SRI YE OH CHOON SAN

Executive Chairman

delays. Following the expiry of the sales tax exemption in June 2022, the Group continued to fulfil the backorders and managed to clear most of them by March 2023.

In continuing with its mission to be "the Automotive & Mobility Distributor of Choice", our Group had launched several new models during FY2023 such as the fully imported electric vehicle, Mazda MX-30 and the locally assembled all-new Mazda CX-8 in June 2022. This was followed by the Kia Carnival (7 and 8-seater) in July 2022 and the Mazda CX-30 and Kia Sorento (6 and 7-seater), both in March 2023. All these models were well-received by the public.

As part of our sustainability initiatives and in recognition of the automotive industry's gradual transition to electric vehicles as well as to provide a wider range of electric vehicles to cater to our customers' needs and preferences, our Group had launched the Kia Niro



➤ Electric vehicle training workshop for first responders

electric vehicle in July 2023 and is targeting to launch the PEUGEOT E-2008 electric vehicle by end 2023 or early 2024. In addition, our Group has established training programmes for its technicians and mechanics to have a better understanding of the different components of electric vehicles and on how to handle them safely as it involves dealing with high voltage vehicles.

In this regard, external service providers and technical experts from European countries such as Finland and Norway were specially engaged to conduct the training programmes in view of their technical expertise and vast experience in electric vehicles. Participants to the programmes are provided with proper accreditation and certification on completion. Our Group had conducted electric vehicle training workshops for first responders such as the police and firefighters as they are the frontliners who will be responding to emergency situations in the event of a vehicle collision or breakdown as well as for Governmental bodies such as Royal Malaysian Customs Department, Ministry of International Trade and Industry,

Road Transport Department etc, for them to have a better understanding of how electric vehicles function. In October 2022, our Group was invited to participate in the Selangor Smart City and Digital Economy Convention ("SDEC"). In the said convention, our technical team provided talks on topics such as the handling of electric vehicles, our Group's readiness and the various electric vehicle training programmes offered by our BAUTO Training School.

Further details of our Group's sustainable practices and initiatives in terms of Economic, Environmental, Social responsibilities and Governance ("ESG") are set out in the Sustainability Statement on pages 26 – 70 and the Corporate Governance Overview Statement on pages 71 – 91.

BAUTO has been a constituent of the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index since its inclusion in these indexes in June 2020 and July 2021 respectively. Our Company is ranked top 25% by ESG Ratings among public listed companies in FTSE Bursa Malaysia EMAS Index by



FTSE Russell. In November 2022, our Company won the Silver Awards in the Top 3 Performers in ASEAN category and in the Consumer Products and Services category from The Edge ESG Awards 2022.

The automotive sector is expected to continue to face ongoing challenges such as shortages in supply of semiconductors and electronic components, delays in supply of vehicles, tighter financial conditions, uncertainties in geopolitical conflicts and weaker global growth. Also, the COVID-19 pandemic is still prevalent and any major outbreak or resurgent, globally and/or domestically, may have an impact on the overall economy.

To facilitate greater representation across the shareholder base, better engagement, lower overheads as well as for the well-being of everyone, our Company's annual general meetings will continue to be conducted on a fully virtual basis. Hence, the Thirteenth (13<sup>th</sup>) Annual General Meeting ("AGM") of our Company will be conducted entirely through live streaming via online remote voting via 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 this Annual Report.

FY2023 has been a remarkable year for the Group. So many significant milestones were achieved - highest revenue, pre-tax profits, dividend payment and number of vehicles sold since our Group's inception. All these could not have been achieved if not for the unwavering loyalty, dedication and commitment of our management team and employees of the Group. I also wish to express my sincere gratitude to my fellow Board members for their invaluable expertise and guidance. Lastly, I would like to thank all the stakeholders namely, our valued shareholders, customers, dealers, suppliers, business associates and financiers for their continued support, faith, and confidence in our Group.

I am honoured and proud to be part of such a competitive Group, which I firmly believe is well positioned and moving in the right direction towards a more sustainable future and in realising our mission of making BAuto **"the Automotive & Mobility Distributor of Choice"**.

Tan Sri Dato' Sri Yeoh Choon San  
Executive Chairman

3 August 2023



**BAuto has been a constituent of the FTSE4Good Bursa Malaysia Index and FTSE4Good Bursa Malaysia Shariah Index since its inclusion in these indexes in June 2020 and July 2021 respectively.**



🔗 Silver Awards from The Edge ESG Awards 2022



# Management Discussion & Analysis



➤ Mazda MX-30

## GROUP FINANCIAL PERFORMANCE

FINANCIAL RESULTS		
Key indicators	2023 Units	2022 Units
Vehicle Sales		
- Malaysia	19,688	13,362
- Philippines	1,682	1,304
<b>Total</b>	<b>21,370</b>	<b>14,666</b>
	RM	RM
Revenue	3.54 billion	2.32 billion
Profit before tax	423.3 million	217.7 million
Profit attributable to owners of the parent	305.8 million	155.1 million
Basic Earnings per share	26.29 sen	13.35 sen
Dividend per share	22.00 sen	8.75 sen
Dividend payout as a percentage of Profit attributable to owners of the parent	83.9%	65.6%

For the financial year ended 30 April 2023 ("FY2023"), the Group reported a higher revenue and profit before tax of RM3.54 billion and RM423.3 million respectively as compared to the previous financial year ("FY2022") which reported a Group revenue and profit before tax of RM2.32 billion and RM217.7 million respectively.

Higher group revenue of RM1.22 billion or 52.6% was achieved mainly due to the continued fulfilment of the substantial backorders received prior to the expiration of the sales tax exemption incentives on 30 June 2022 for the Group's domestic operations up to the last day on 31 March 2023, which was the last date for vehicle buyers to register their vehicles to be eligible for the said incentives. Preceding year's corresponding period results were adversely impacted during the first quarter of FY2022 when Phase 1 of the National Recovery Plan ("NRP") was imposed in June and July 2021. Sales gradually improved when the country moved from Phase 1 to Phase 4 of the NRP in October 2021.

## Management Discussion &amp; Analysis (Cont'd)

Sales volume for Malaysia operations in FY2023 of 19,688 units was significantly higher (47.3%) compared to 13,362 units in FY2022 mainly due to higher sales registered for all its three vehicle marques, namely Mazda, PEUGEOT and Kia, which is in line with the overall increase in the Group's revenue as explained in the preceding paragraph. For its Philippine operations, there was a marked improvement (29.0%) in sales volume for FY2023 of 1,682 units compared to FY2022 of 1,304 units mainly due to higher sales of Mazda MX-5 and BT-50, which were very popular there.

Similarly, the Group's profit before tax for FY2023 had also improved by RM205.6 million or 94.4% compared to FY2022 mainly due to increase in the overall sales volume from the Group's domestic operations and better gross margin for its Mazda domestic operations, which benefitted from the appreciation of the MYR against JPY.

The Profit attributable to owners of the parent increased by RM150.7 million (97.2%) from RM155.1 million in FY2022 to RM305.8 million in FY2023. Total dividend declared for FY2023 was approximately RM256.6 million, representing about 83.9% of the attributable profit of the Group for the said financial year.

FINANCIAL POSITION AND LIQUIDITY		
Key indicators	2023 (RM'million)	2022 (RM'million)
Non-current Assets	538.5	481.3
Current Assets	1,249.6	1,078.7
<b>Total Assets</b>	<b>1,788.1</b>	<b>1,560.0</b>
Non-current Liabilities	343.7	395.6
Current Liabilities	602.9	476.2
<b>Total Liabilities</b>	<b>946.6</b>	<b>871.8</b>
Net Equity Funds	764.9	633.7
Non-controlling Interests	76.6	54.5
<b>Total Equity</b>	<b>841.5</b>	<b>688.2</b>
Net Cash	437.7	494.6
Gearing	0%	0%

Non-current Assets in FY2023 increased by RM57.2 million (11.9%) over FY2022 mainly attributable to the Group's share of associated companies' profits. Current Assets increased by RM170.9 million (15.8%) in FY2023 compared to FY2022 mainly due to higher inventories recorded by the Group to facilitate the clearing of its sales backorders. The said increase was however partly offset by a lower cash and cash equivalents due to the repayment of the Sukuk Wakalah Commercial Papers during FY2023.

Non-current Liabilities in FY2023 decreased by RM51.9 million (13.1%) mainly due to the decrease in borrowings offset by higher contract liability. Decrease in borrowings mainly due to

the reclassification of the Sukuk Wakalah Medium Term Notes from non-current liabilities to current liabilities as it is due for repayment in December 2023. Higher contract liability was in line with the increase in sales volume during the financial year as mentioned above. Current Liabilities in FY2023 increased by RM126.7 million (26.6%) mainly due to increase in contract liability and in trade and other payables arising from timing difference cut-off.

The increase in Net Equity Funds in FY2023 by RM131.2 million (20.7%) was in line with the increase in retained earnings where the Profit attributable to owners of the parent was higher than the total dividends paid and payable during the financial year.



**The Group's financial position registered a strong and healthy Net Equity Funds which improve from RM633.7 million as at end of FY2022 to RM764.9 million as at end of FY2023.**



Mazda CX-3



The Group's financial position registered a strong and healthy Net Equity Funds which improve from RM633.7 million as at end of FY2022 to RM764.9 million as at end of FY2023. The decrease in net cash position from RM494.6 million to RM437.7 million was mainly due to the higher inventories recorded by the Group, which was partly offset by the increase in contract liability and retained earnings as stated in the preceding paragraphs.

### MAZDA OPERATIONS IN MALAYSIA

The Group's wholly owned subsidiaries, Bermaz Motor Sdn Bhd and Bermaz Motor Trading Sdn Bhd (collectively "Bermaz Subsidiaries") are principally involved in the distribution and retailing of new and used Mazda marque vehicles and the provision of after-sales services for Mazda marque vehicles. As at 30 April 2023, Bermaz Subsidiaries owns 12 branches, of which 7 are 3S ("sales, spare parts and after-sales services") centres and 5 are 2S ("spare parts and after-sales services") centres. It also has 71 dealer centres nationwide, operated by third parties, of which 39 are 3S centres, 11 are 2S centres and 21 are 1S ("sales") centres. There are a total of 12 Body



Mazda 3 Interior

and Paint Repair centre, out of which 3 are operated by Bermaz Subsidiaries and the remaining 9 are operated by dealer centres. The Group is indirectly involved in the assembly of Mazda marque completely knocked-down ("CKD") vehicles through its associated companies namely, Mazda Malaysia Sdn Bhd ("MMSB") and Inokom Corporation Sdn Bhd ("Inokom"). MMSB owns the rights to assemble Mazda marque CKD vehicles through third party contract assembler 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, Kia and other passenger marque vehicles at its vehicle assembly plant in Kulim, Kedah.

Revenue increased to RM2.52 billion (32.6%) in FY2023 compared to RM1.90 billion in FY2022. As explained earlier, the increase in revenue was mainly due to the continued fulfilment of the substantial backorders prior to the expiration of the sales tax exemption incentives in June 2022 and the corresponding period results were adversely impacted in the first quarter of FY2022 due to the imposition of the various phases of the NRP.

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 marque vehicles sold in Malaysia will come with a 5-Year Warranty and 5-Year Free Service Maintenance (save for BT-50 model). With Mazda marque vehicles kept in road worthiness conditions, the residual value of these vehicles will be sustainable over a longer life span. Customers and Bermaz's mutual interest will also be sustainable through the economic cycle.



Mazda 3



## Management Discussion & Analysis (Cont'd)

Bermaz Subsidiaries' profit before tax in FY2023 increased to RM301.4 million (59.0%) from RM189.6 million in FY2022 mainly due to higher sales volume and better gross margin as well as from the appreciation of the MYR against JPY. The Group's associated company, MMSB, contributed a higher share of associates' results of RM32.3 million in FY2023 as compared to RM11.1 million in FY2022, representing a year-on-year increase of 191.0% mainly due to higher sales volume for both the domestic and export market.

Going forward, Bermaz Subsidiaries will continue to expand its sales and after-sales service network to provide a better ownership experience for Mazda marque customers. In addition, Bermaz Subsidiaries 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 to cater for new CKD model(s), as well as to improve on efficiency and quality. The introduction of the Mazda CX-30 CKD model during the fourth financial quarter of FY2023 was one of the Group's achievements for its Mazda operations in Malaysia. Bermaz Subsidiaries will also continue to explore and improve its operations to remain sustainable and will incorporate the main pillars of environmental, social and governance ("ESG") into its operations whenever possible and/or applicable.



**Bermaz Subsidiaries' profit before tax in FY2023 increased to RM301.4 million (59.0%) from RM189.6 million in FY2022 mainly due to higher sales volume and better gross margin as well as from the appreciation of the MYR against JPY.**



➤ Mazda CX-5



## MAZDA OPERATIONS IN PHILIPPINES

Bermaz Auto Philippines Inc (“BAP”), a 60.39% owned subsidiary of the Group, is primarily engaged in the distribution of Mazda marque vehicles and spare parts in the Philippines through appointed third-party dealers who act as the retailers of Mazda marque vehicles and the provision of after-sales services for the Mazda marque vehicles to end customers. All its dealer centres are 3S centres which offer full services comprising showrooms, after-sales vehicle servicing facilities, and sale of Mazda marque spare parts and accessories. BAP currently has a network of 15 dealerships operated by third party dealers located nationwide.

For FY2023, BAP reported a revenue of Php2.88 billion (about RM231.4 million) compared to Php2.22 billion (about RM184.4 million) in FY2022. The 29.7% increase in revenue was mainly due to the increase in sales volume of 1,682 units sold during FY2023 compared to 1,304 units sold in FY2022. Profit before tax for FY2023 amounted to Php351.1 million (about RM28.2 million), which was substantially higher compared to profit before tax for FY2022 of Php42.4 million (about RM3.5 million) due to lower sales volume and the recognition of impairment loss on certain investment in the preceding financial year.

BAP will also continue to explore and improve its operations to remain sustainable and will incorporate the main pillars of ESG into its operations whenever possible and/or applicable.

## PEUGEOT OPERATIONS IN MALAYSIA

Bermaz Auto Alliance Sdn Bhd (“BAASB”), a 55% owned subsidiary of BAuto, is principally involved in the distribution and retailing of new and used PEUGEOT marque vehicles and the



PEUGEOT 3008

rights of after-sales services and spare parts distribution for vehicles under the PEUGEOT, Citroen and DS marques in Malaysia. As at 30 April 2023, BAASB owns 1 3S centres. It also has 24 dealer centres nationwide, operated by third parties, of which 16 are 3S centres, 4 are 2S centres and 4 are 1S centres.

Revenue and profit before tax for FY2023 was RM301.5 million and RM9.7 million respectively.

In the Group’s continuous pursuit to enhance value proposition for PEUGEOT’s customers in the areas of ownership experience and ownership cost, all new PEUGEOT marque vehicles sold in Malaysia will come with a 5-Year Warranty and 5-Year Free Service Maintenance. With PEUGEOT

marque vehicles kept in road worthiness conditions, the residual value of these vehicles will be sustainable over a longer life span. Customers and BAASB’s mutual interest will also be sustainable through the economic cycle.

Going forward, BAASB will expand its sales and after-sales service network to provide a better ownership experience for PEUGEOT marque customers.

BAASB will also continue to explore and improve its operations to remain sustainable and will incorporate the main pillars of ESG into its operations whenever possible and/or applicable.





➤ Kia Carnival

## KIA OPERATIONS IN MALAYSIA

Dinamikjaya Motors Sdn Bhd ("DJMSB"), a 65% owned subsidiary of BAuto, is principally involved in the distribution and retailing of new and used Kia marque vehicles and the provision of parts and after-sales services of Kia marque vehicles in Malaysia whereas Kia Malaysia Sdn Bhd ("KMSB"), a 33.33% associated company of BAuto, owns the rights to assemble Kia marque CKD through third party contract assembler for local distribution and export to ASEAN region.

As at 30 April 2023, DJMSB owns 2 3S centres and has 36 dealer centres nationwide, operated by third parties, of which 22 are 3S centres, 6 are 2S centres and 8 are 1S centres.

For FY2023, DJMSB registered a revenue and profit before tax of RM482.5 million and RM39.5 million respectively whilst KMSB recorded a negative contribution of RM0.4 million.

As with Mazda and PEUGEOT marque operations, to enhance the value proposition for Kia marque customers in areas of ownership experience and ownership cost, all new Kia marque vehicles sold in Malaysia such as the Kia Carnival and Kia Sorento also come with a 5-Year Warranty and 5-Year Free Service Maintenance. For Kia's electric vehicle EV6 model, it also comes with an 8-Year Warranty for its battery. With Kia marque vehicles kept in road worthiness conditions, the residual value of these vehicles will be sustainable over a longer life span. Customers and DJMSB's mutual interest will also be sustainable through the economic cycle.

Going forward, DJMSB will expand its sales and after-sales service network to provide a better ownership experience for Kia marque customers.

DJMSB will also continue to explore and improve its operations to remain sustainable and will incorporate the main pillars of ESG into its operations whenever possible and/or applicable.

## AWARDS

During the financial year under review, the various models under the Vehicle Marques distributed by the Group continue to win awards in various categories and being recognised locally and overseas (including in the Philippines), some of which are as follows:



### Malaysia

Month	Model	Award Name	Award Organization
July 2022	Mazda BT-50	Pick-Up Truck Of the Year 2022	DSF.my
	Kia Carnival 11-Seater	MPV Of The Year 2022	DSF.my
November 2022	Mazda CX-9 Ignite Edition	Best Large SUV (3-row seating)	The Star - Car Sifu
	PEUGEOT 3008	Best Mid-size SUV	The Star - Car Sifu
	Kia EV6	Best Mid-size Electric Crossover	The Star - Car Sifu
	Kia Carnival 7-seater	Best Family Ride (RM200,000 - RM300,000)	The Star - Car Sifu
December 2022	Mazda3 Ignite Edition	Carlist.my People's Choice Award 2022 - C-Segment Sedan & Hatch [Silver]	Carlist.my
	Mazda CX-30 Ignite Edition	Carlist.my People's Choice Award 2022 - C-Segment SUV [Gold] (RM150,000 - RM250,000)	Carlist.my
	Mazda CX-8 2.5L Turbo High Plus AWD	Carlist.my People's Choice Award 2022 - 7-Seater SUV [Gold]	Carlist.my
	Mazda MX-30	Carlist.my People's Choice Award 2022 - Battery Electric Vehicle [Bronze] (RM150,000 - RM250,000)	Carlist.my
	Kia EV6	Carlist.my People's Choice Award 2022 - Battery Electric Vehicle [Silver] (RM250,000 - RM350,000)	Carlist.my
	Kia Carnival	Carlist.my Editor's Choice Award 2022 - Family Car of The Year	Carlist.my
	PEUGEOT 2008	Carlist.my People's Choice Award 2022 - B-Segment SUV [Silver]	Carlist.my
	PEUGEOT 3008	Carlist.my People's Choice Award 2022 - C-Segment SUV [Bronze] (RM150,000 - RM250,000)	Carlist.my
	PEUGEOT 5008	Carlist.my People's Choice Award 2022 - 7-Seater SUV [Silver]	Carlist.my



### Philippines

Month	Model	Award Name	Award Organization
September 2022	Mazda MX-5	Best Sportscar	C! Magazine
	Mazda CX-5	Best Compact Crossover	C! Magazine



## International

Month	Model	Award Name	Award Organization
May 2022	Kia EV6	Highest Safety Rating	EURO NCAP
September 2022	Kia EV6	2022 Red Dot Design - Advertising & Spatial Communication	Red Dot Design
November 2022	Kia EV6	2022 Australia Carsales Car of the Year	Carsales.com
December 2022	Kia EV6	2022 IIHS TOP SAFETY PICK+ AWARD	Insurance Institute for Highway Safety
January 2023	Mazda MX-5	2023 Best Sports Car for Value	What Car? Car of the Year Award
	Kia EV6	2023 North American Utility Vehicle of the Year	North American Car of the Year (NACTOY)
	Kia EV6	2023 10 Best Trucks and SUVs award	Car and Driver (America)
February 2023	Mazda3 Sedan and Liftback, Mazda CX-30, CX-5 and CX-9	2023 IIHS TOP SAFETY PICK AWARD	Insurance Institute for Highway Safety
	Kia EV6	MotorWeek's 2023 pick for the Drivers' Choice Award Best of the Year	MotorWeek (America)
	Kia Niro	2023 Women's World Car of the Year - Supreme Winner	Women's World Car of the Year
	Kia Niro	2023 Women's World Car of the Year - Best Urban Car	Women's World Car of the Year
March 2023	Kia EV6	Best Electric Vehicle for Families	U.S. News & World Report
	Kia Niro	2023 Top Pick: Commuter EV	Cars.com
April 2023	Kia Niro	2023 World Car of the Year - Top 3 Finalist	World Car Awards
	Kia EV6	2023 World Performance Car of the Year - Winner	World Car Awards
	Mazda MX-30	Top Hear Electric Award 2023: Innovation Award	TopGear.com



➤ Kia Niro Launch at Pavilion Bukit Jalil





▶ PEUGEOT 5008

## FUTURE PROSPECTS

Bank Negara Malaysia has recently reported that the Malaysian economy is projected to expand by 4.0% to 5.0% in 2023 driven mainly by firm domestic demand and improvement in the labour market with continued expansion in wages. Continued implementation of long-term projects is expected to support consumption and investment activity. However, economic growth may be impacted by weaker-than-expected global growth due to tightening in global financial markets amid tighter monetary policy and/or worsening sentiments. Likewise, according to the International Monetary Fund ("IMF"), the Philippine economy is expected to grow albeit at a slow rate of around 6.0% mainly due to inflationary pressures, high interest rates and the expected slowdown in the global economy.

The automotive sector will continue to face on-going challenges such as shortages in supply of microchips and components, delays in supply of vehicles, tighter financial conditions, uncertainties in geopolitical conflicts and weaker global growth. The launching of new and/or new facelifts models of the Group's existing marques namely, Mazda, PEUGEOT and Kia, are still very much dependent on the market sentiments and economic conditions then. The Group is expected to continue with its aggressive promotional campaigns to compete effectively in the market with more affordable pricing and to improve on its dealerships as well as after-sales network to strengthen its brands position. The Group will also focus on managing its customers' experience and to provide a rewarding ownership experience to improve its customer base.

Barring any unforeseen circumstances, the Board anticipates the performance of the Group to remain positive for the financial year ending 30 April 2024.



# Sustainability Statement 2023





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**SOCIAL**



# Sustainability Statement



## ABOUT THIS SUSTAINABILITY STATEMENT

**Since 2017 (seven years ago), Bermaz Auto Berhad ("BAuto" or "Company") has been issuing its Sustainability Statement annually.**

The spirit of sustainability and cooperation helps resolve current global challenges. This year, the Group continued to scale up its sustainable transformation to continue being the 'Automotive & Mobility Distributor of Choice'. This Sustainability Statement covers the Group's sustainability initiatives in managing Economic, Environmental and Social ("EES") aspects. The Governance ("G") aspect is covered in the Corporate Governance Overview Statement.

### REPORTING PERIOD

The previous Sustainability Statement covered Financial Year ("FY") 2022, which BAUTO published in August 2022.

This Sustainability Statement covers the period from 1 May 2022 to 30 April 2023 ("FY2023"). The Group may, where applicable, also include information from before and after this period for comparability and completeness.

### REPORTING SCOPE AND BOUNDARY

Unless otherwise specified, the Sustainability Statement's scope covers BAUTO and its key operating subsidiaries, namely, Bermaz Motor Sdn Bhd ("BMSB"), Bermaz Motor Trading Sdn Bhd ("BMTSB"), Bermaz Auto Alliance Sdn Bhd ("BAASB"), Dinamikjaya Motors Sdn Bhd ("DJMSB") and its Philippines subsidiary, Bermaz Auto Philippines Inc. ("BAP").

Due to the nature of BAUTO Group's operations, Mazda Motor Corporation of Japan ("Mazda Japan"), Stellantis N.V. of Netherlands ("Stellantis") and Kia Corporation of South Korea ("Kia Corp") serve as both principal manufacturers and main suppliers of Mazda, PEUGEOT and Kia marque vehicles ("Vehicle Marques") respectively.

This Sustainability Statement includes aspects of Mazda Japan, Stellantis and Kia Corp's sustainability statistics and initiatives relevant to BAUTO Group's operations. This publication also highlights, where applicable or relevant, the sustainability activities of BAUTO Group's associated companies, Mazda Malaysia Sdn Bhd ("MMSB"), Kia Malaysia Sdn Bhd ("KMSB") and Inokom Corporation Sdn Bhd ("Inokom"), integral to Mazda and Kia's business operations in Malaysia.

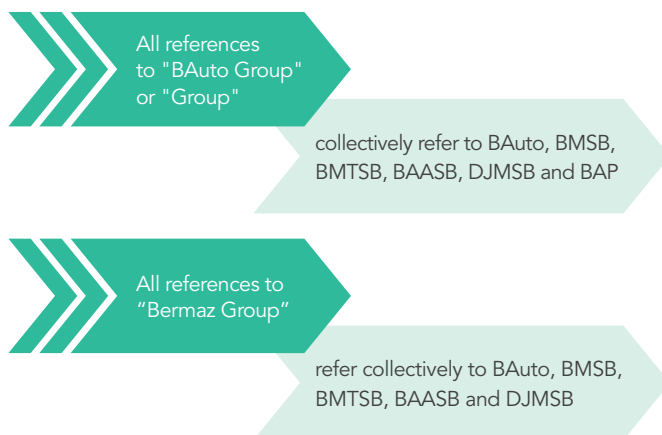


## REPORTING GUIDELINES

This Sustainability Statement follows the "Core Option" of the Global Reporting Initiative ("GRI Standards") issued by the Global Sustainability Standards Board ("GSSB") and also adheres to the following:

- The United Nations' Sustainable Development Goals ("UNSDGs")
- Bursa Malaysia Securities Berhad ("Bursa Malaysia") Sustainability Reporting Framework, including its enhanced criteria, guidance on climate change-related information disclosure from the Task Force on Climate-Related Financial Disclosures ("TCFD")
- The International Organisation for Standardization ("ISO") 26000:2010 Guidance on Social Responsibility
- International sustainability indices such as the FTSE4Good Bursa Malaysia Sustainability Index

## REPORTING REFERENCES, DATA AND RESTATEMENT



Where available, data is collected and reported with the aid of existing management control and information systems to ensure the reliability of information flows and the accurate monitoring of sustainability performance. BAuto Group will continue to monitor and improve its data collection system to deliver comparable and meaningful information over time.

On occasion, data may cover operations in which BAuto's interest is through a certain degree of influence, such as its dealers, as indicated in the text.

There were no significant changes to BAuto Group's leadership, ownership or supply chain during the reporting period. There was no restatement of past years' data.

## ACCURACY AND RELIABILITY OF INFORMATION DISCLOSED

Relevant heads of department of the BAuto Group and the Sustainability Committee had reviewed the content of this Sustainability Statement for its accuracy and completeness. The Sustainability Committee also aligned all material topics with the Group's strategies.

BAuto has not sought third-party assurance of its ESG data for FY2023 but plans to do this in the next financial year ("FY2024"). The External Auditors have however reviewed the disclosed financial data, which can be cross-referenced to the financial statements of BAuto's 2023 Annual Report.

For more information on this Sustainability Statement or to provide your feedback, you may contact:

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## A HERITAGE OF SUSTAINABILITY

BAuto has a long tradition of sustainability. Adhering to its mission to be the automotive & mobility distributor of choice by managing customers' ownership experience, the Group firmly believes there is no rewarding experience without sustainability.

The Group has weaved this philosophy into the fabric of its sustainability management, aligning everything from governance structure and risk management to compliance and information security management with its goals to increase business sustainability.



### SUSTAINABILITY STRATEGIC DIRECTIONS

Sustainability is a broad discipline. BAuto has redefined its sustainability directions into four main pillars, Economic, Environmental, Social and Governance, as the Group progress towards a more low-carbon and circular development. This Sustainability Statement focuses on the Economic, Environmental and Social pillars, whilst the Governance pillar is set out under the Corporate Governance Overview Statement in this Annual Report.





## ECONOMIC

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



## ENVIRONMENTAL

- Focusing on environmentally-conscious manufacturing, production and assembly processes by the principal manufacturers of the Vehicle Marques
- 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 and integrating them into business operations
- Formalising the sustainability management system, including measures to monitor material sustainability matters
- Instituting sustainability initiatives through effective leadership and proper stakeholder engagement
- Promoting the use of locally sourced and sustainable products, services and other resources

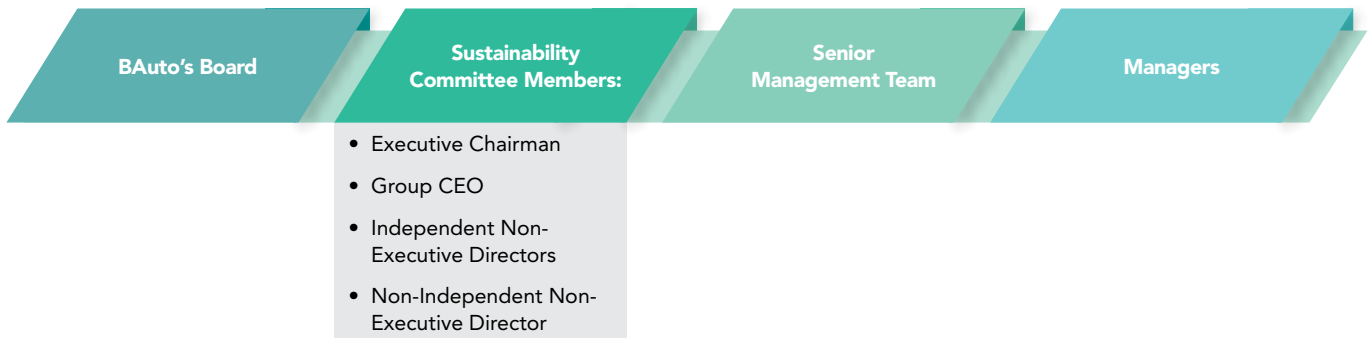
**SUSTAINABILITY GOVERNANCE**

The Board of Directors (“Board”) of BAUTO has embraced the steering function of the Group’s sustainability journey. The Board also oversees all compliance with provisions of the law and internal regulations, implementing risk management and conducting risk control measures.

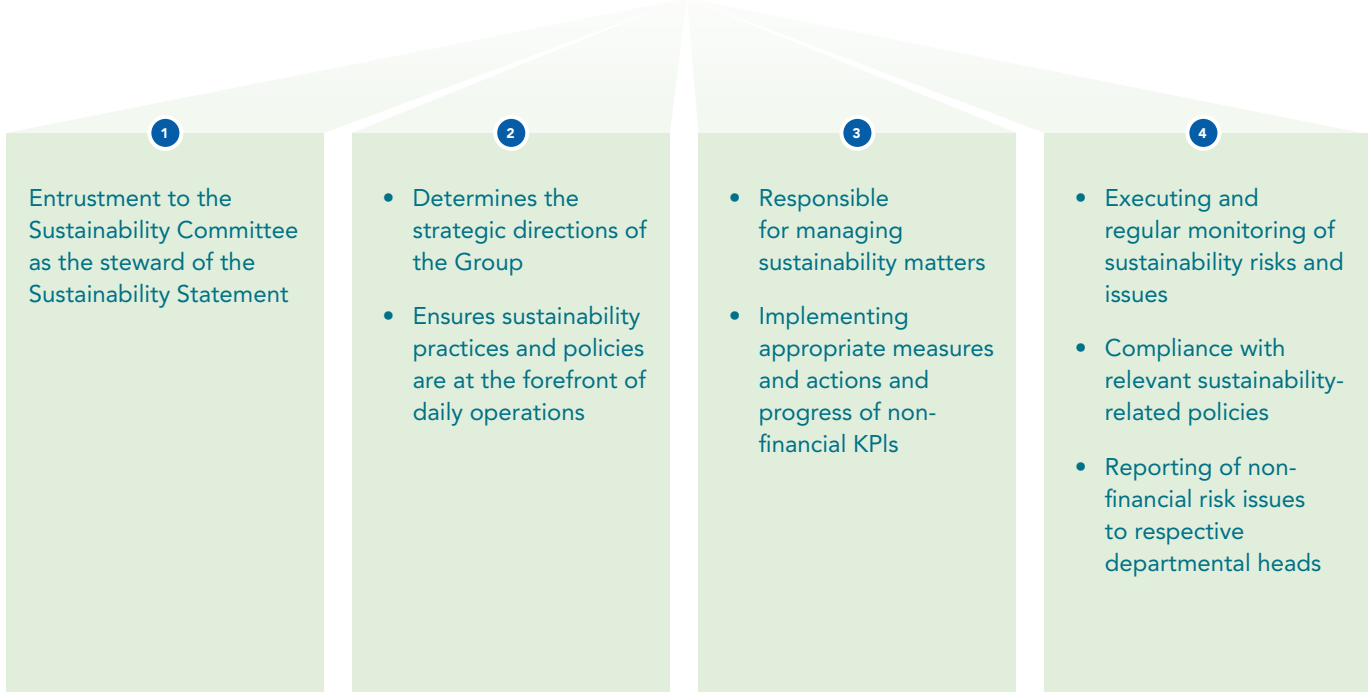
Sustainability is an integral component in the annual target-setting process, which defines the targets each business function must meet. This process allows the Group to follow directives laid by the Board systematically, holding all business functions accountable.

Through regular meetings and continuous engagement, the Sustainability Committee and management team steered the cross-function communication and resource synergy, promoting sharing insights, trends and best practices to drive sustainability innovation.

**Sustainability Governance Structure**



**KEY RESPONSIBILITIES**



Set targets, reviews and alignment





## STAKEHOLDER ENGAGEMENT

Nurturing a transparent and collaborative relationship with all stakeholders in a transformative context has become a key priority. The Edge Malaysia ESG Awards 2022 named BAuto one of the top three performers in ASEAN and the silver winner in the consumer products and services sector. These awards demonstrate that inclusive stakeholder engagement is critical to ongoing success.






The ultimate aim is to establish an ongoing, transparent dialogue that bolsters mutual trust to guide the decision-making process in driving a sustainable end-to-end value chain.

**A sustainable future is only possible when we are all pulling in the same direction.**



Stakeholder Group	Key Emphasis	Communication Channel	Frequency
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Recognising and valuing the importance of human capital development and enhancing competencies to drive competitiveness to achieve business goals</li> </ul>	Town-hall meetings chaired by the Executive Chairman and Group CEO	As required
		Continuous learning, education and training programmes	Regularly
		Performance Management System ("PMS")	Annually
		Quality Control Circle ("QCC")	Regularly
		Onboarding programme including staff orientation	Upon joining
		Sports and recreational activities	Regularly
		Materiality surveys	Biennially
		Employee commuting survey	Annually
<b>Customers and dealers</b> 	<ul style="list-style-type: none"> <li>Ensuring customers have a rich and rewarding ownership experience</li> </ul>	Customer satisfaction index	Annually
		Dealer conferences	Regularly
		Face-to-face interaction through service channels	Regularly
		Communication through the Customer Care Department	Regularly
		Live Chat and Virtual Showrooms, which allow customers to communicate with customer service representatives in real time	As required
		Feedback through the corporate website, email and social media	Regularly
		Materiality surveys	Biennially

## Sustainability Statement (Cont'd)

Stakeholder Group	Key Emphasis	Communication Channel	Frequency
<b>Principal manufacturers, Approved Permit ("AP") holders and local assemblers</b> 	<ul style="list-style-type: none"> <li>Building mutually rewarding business partnerships by leveraging each other's strengths</li> <li>Creating maximum joint value for the Group, principal manufacturers, importers of Vehicle Marques' completely built-up ("CBU") vehicles and local assemblers of Mazda and Kia CKD vehicle marques</li> </ul>	<ul style="list-style-type: none"> <li>Meetings, business alliance events</li> <li>Working closely with business partners to manage operational risks and opportunities through detailed discussions with the principal manufacturers and importers or local assemblers</li> <li>Materiality surveys</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Regularly</li> <li>Biennially</li> </ul>
<b>Shareholders</b> 	<ul style="list-style-type: none"> <li>Building a rewarding and trusting relationship with shareholders</li> </ul>	<ul style="list-style-type: none"> <li>Since 2020, BAuto has held its Annual General Meetings virtually to promote higher attendance, greater representation and better engagement with stakeholders</li> <li>Announcements to Bursa Malaysia</li> <li>Annual financial reports</li> <li>Local and international conferences and roadshows organised by investment bankers</li> <li>Face-to-face meetings, telephone calls, email communications and video conferencing with fund managers and investment analysts</li> <li>Corporate website</li> <li>Materiality surveys</li> </ul>	<ul style="list-style-type: none"> <li>Annually</li> <li>As required</li> <li>Annually</li> <li>Ad hoc</li> <li>Regularly</li> <li>Regularly</li> <li>Biennially</li> </ul>
<b>Government bodies and regulators</b> 	<ul style="list-style-type: none"> <li>Engaging with relevant Government agencies and regulators to ensure full compliance</li> </ul>	<ul style="list-style-type: none"> <li>Meetings to discuss issues related to new and updated regulations</li> <li>Seminars, briefings, discussions with the regulators</li> <li>Materiality surveys</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>As required</li> <li>Biennially</li> </ul>
<b>Local communities</b> 	<ul style="list-style-type: none"> <li>Developing programmes aimed at strengthening local healthcare and addressing funding challenges</li> </ul>	<ul style="list-style-type: none"> <li>Community activities organised by the Group and through Mazda Medicare Fund ("MMF")</li> <li>Materiality surveys</li> </ul>	<ul style="list-style-type: none"> <li>Regularly</li> <li>Biennially</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>Informing the public and customers of the Group's policies, practices and products in a positive, consistent, transparent and credible manner</li> </ul>	<ul style="list-style-type: none"> <li>Media releases and interviews</li> <li>Annual General Meetings</li> <li>Corporate events via new car launches</li> <li>Materiality surveys</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>Annually</li> <li>As required</li> <li>Biennially</li> </ul>
<b>Local vendors</b> 	<ul style="list-style-type: none"> <li>Providing job opportunities and efficient supply chain processes</li> </ul>	<ul style="list-style-type: none"> <li>Engagement with vendors</li> <li>Corporate visits</li> <li>Events</li> <li>Materiality surveys</li> </ul>	<ul style="list-style-type: none"> <li>As required</li> <li>As required</li> <li>Regularly</li> <li>Biennially</li> </ul>



## MATERIALITY – THE CALL FOR CONCRETE ACTIONS

A company's continued success depends on its ability to recognise changes in its business environment early and plan to mitigate damages from potential risks and seize opportunities. In FY2023, BAUTO conducted a detailed materiality assessment to analyse sustainability megatrends, focusing primarily on stakeholders' perceptions and the Group's priorities. The biennial materiality study results help BAUTO refine its sustainability focus to take proactive and future-proof action.

BAUTO reviewed these materiality results for the current financial year and considered them relevant given the similar focus areas.

### The Methodology

BAUTO commissioned a detailed materiality assessment covering eighteen (18) material issues, grouping stakeholders into nine (9) categories. The study defines future priorities and focuses on areas with a weighted-ranking process.

### Stakeholder Groups Completing the Survey as Part of the Materiality Assessment

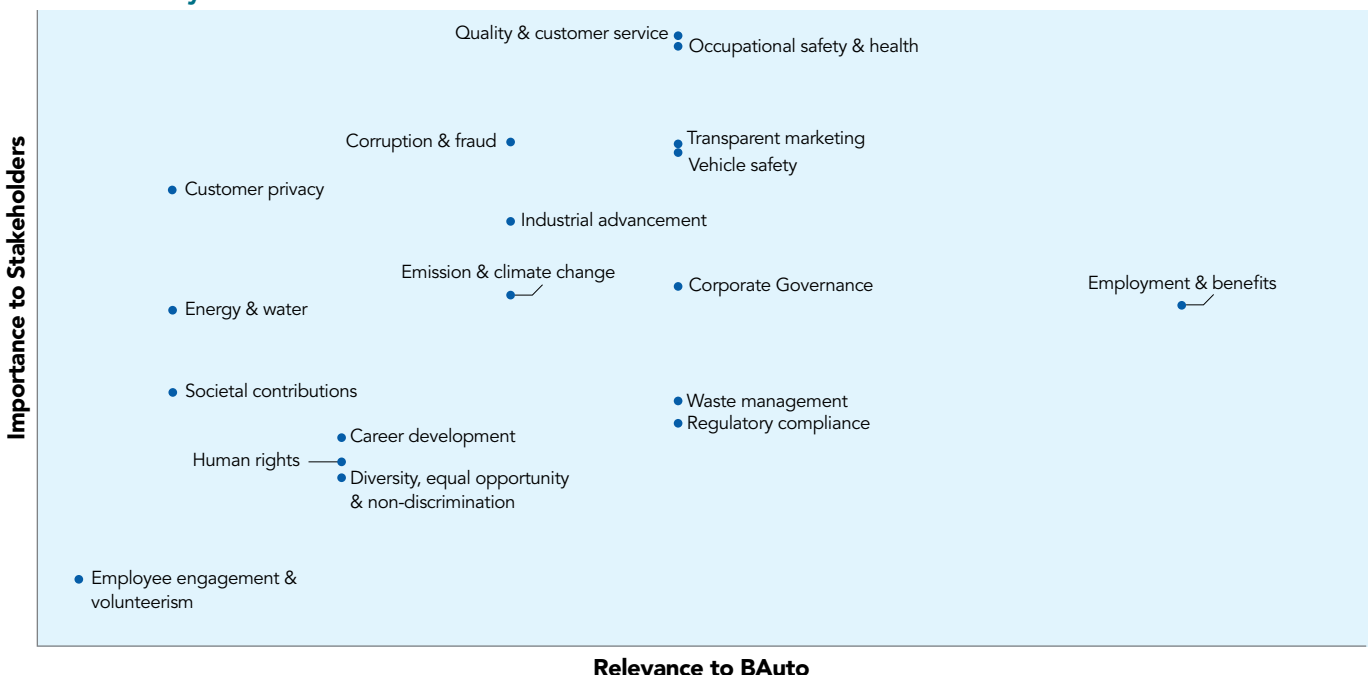


One thousand three hundred and fifty (1,350) stakeholders responded to the survey. All seven (7) board members completed a similar survey whose responses represent BAUTO from a strategy perspective.

### The Results

The materiality matrix graphically presents the assessment results with their position relative to the degree of stakeholder interest and potential business impact. BAUTO carefully evaluated the impact of the material issues on its supply chain, sales, environmental impact management, employees and society. The Group will continue collaborating with its partners across the entire value chain to address these issues and expand the positive impact on stakeholders.

### BAUTO Materiality Matrix



# Sustainability Statement - Economic



## ECONOMIC



BAuto's core principle generates sustainable value in an economical, environmentally friendly and socially beneficial manner. Carbon neutrality is one of the Group's most significant transformation targets. BAuto has firmly embedded this in its sustainable business strategy by introducing, among others, its electric vehicle ("EV") lines.

The Group will continue to work on a sustainable sustainability blueprint along its entire value chain that promotes good governance and climate neutrality and is socially responsible and highly profitable.



Kia EV6

### ELECTRIC VEHICLE ECOSYSTEM AND EFFECTS ON THE MALAYSIAN AUTOMOTIVE AND TRANSPORTATION SECTOR

Malaysia's booming automotive and transportation sector creates significant energy demand. However, the industry intensively suffers from the low energy conversion efficiency of combustion engines. The high number of private vehicles has increased the overall carbon ("CO<sub>2</sub>") dioxide emission rate significantly.

A new solution was required since the transportation and automotive sector significantly contribute to annual greenhouse gas ("GHG") emissions. Incorporating EV culture into the Malaysian economy is a prospective solution; however, the challenge would be inaugurating mass use and encouraging the purchasing of EVs.

BAuto supports the Government's sustainability and inclusivity drive outlined in the Twelfth Malaysia Plan ("12MP"), committing to achieving net zero carbon emissions by 2050 at the earliest.

The Malaysian EV market is in the initial stage of ecosystem growth and expansion, which will eventually spur technology transfers and developmental know-how for the local automotive industry.

### PARTNERSHIP FOR INDUSTRY TRANSFORMATION

On 16 March 2023, the Malaysian Government entered into a Memorandum of Cooperation ("MOC") with certain industry players for the transformation of the Technical and Vocational Education and Training ("TVET") programme.

The MOC is a collaboration between 12 Governmental ministries or Government-linked Companies ("GLCs") with 10 private sector companies.

BAuto is honoured to be selected as one of 10 private sector companies to participate in the MOC. The MOC encourages the industry to optimise the TVET programmes to produce more locally skilled workers and reduce dependency on foreign workers.



MOC signing ceremony between representatives from the GLCs and BAuto for the TVET programme transformation



As an industry strategic partner, BAUTO will directly implement the TVET programmes by developing the relevant curriculum, training materials and funding. BAUTO will also be sharing its facilities, equipment, expertise and competency development of teaching staff for the TVET programmes.

## SUPPLY CHAIN MANAGEMENT

BAUTO optimises supply chain efficiency, supplier capacity improvement and coordinated development. The Group also recognises suppliers whose performance is outstanding. This system encourages suppliers to embrace BAUTO's management approach, which balances the economic activities of quality, cost reduction and technological development with social and environmental responsibility.

## WORKING WITH SUPPLIERS

BAUTO's suppliers' sustainability guide defines the Group's requirements for working conditions, respecting and upholding internationally recognised human rights, environmental protection, safety, business ethics and compliance. Supplier contracts reference these requirements. The Group's social and environmental supply chain expectations are normally communicated to its suppliers as and when necessary.

Suppliers must acknowledge these sustainability standards, communicate them to their employees and upstream value chain suppliers and ensure their commitment. BAUTO communicates the expectations of major suppliers and dealers through Bermaz Group's regular engagement channels and training, including emails and meetings.

In ensuring that suppliers and partners can meet the Group's exceptionally high standards in terms of quality and customers' ownership experience, the Group prefers suppliers with formal certifications such as the 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. The Group also ensures suppliers comply with their quality management system, materials selection, treatment of workers and general sustainable practices in line with Malaysian laws. BAUTO mitigates its supply chain partners' social and environmental impacts by encouraging them to monitor, report and measure the impact of their social and environmental practices.

### BAUTO Suppliers' Environmental and Social Principles, Codes and Expectations



#### Environmental Supply Chain

- » The supplier sourcing assessment includes social and environmental elements such as energy use, climate change impact measurement including greenhouse gas emissions, water use, biodiversity impacts, pollution, waste reduction, resource use & other environmental issues.
- » Complying with applicable environmental laws & regulations and 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 and the International Labour Organisation ("ILO"). There must be policies and standards governing the prevention of child labour, forced labour, equal opportunities and non-discrimination, freedom of association, right to collective bargaining, and a safe & healthy workplace.
- » Addressing health and safety standards through strict implementation of safety policy and codes, according to local laws.
- » Eliminating excessive working hours by offering fair overtime pay & limiting working hours, meeting the nation's minimum wage & minimum legal working age.

**Sustainability Statement - Economic (Cont'd)**

BAuto encourages business partners, suppliers and dealers to adopt and share sustainable practices. Major suppliers of Bermaz Group are encouraged to inform workers of their social obligations in a language they can understand. Potential and new major suppliers are subjected to a social risk assessment to comply with Bermaz Group's standards. This assessment is especially important for 'high-risk' suppliers. Business units such as Planning & Distribution, Pre-Delivery Inspection, Marketing and Workshop assess their suppliers to annually using the "Service Provider Evaluation Form" which mainly verify their quality of service and performance. Periodically, BAuto conducts visits and requests suppliers to provide documents that support their business operations, such as licenses for manufacturing and from local town councils. Suppliers must comply with Malaysian Labour Law and have Manufacturing Licenses approved by the relevant Government Ministries. No incidence of non-compliance was recorded during these visits conducted in FY2023.

Social and environmental elements are discussed during supplier training. BAuto regularly engages with its suppliers and other industry players to share best practices and support each other in building capacity in areas that include social and environmental issues. There has been no significant non-compliance concerning suppliers' conduct during this reporting year.

**PRIORITISING LOCAL SUPPLIERS**

MMSB, Malaysia's largest car exporter, creates local employment and opportunities for local vendors. The appointment of Inokom as Mazda and Kia marque vehicles' assembler increased local employment opportunities for the communities living close to its plant in Kulim, Kedah.



**100%**  
of our planning and distribution, and after-sales personnel are locals



**100%**  
of our CKD parts suppliers are local companies

BAP only sells Mazda marque CBU models in the Philippines; 100% of BAP's dealers are local. BAP sources all materials, technology and expertise locally unless unavailable in the Philippines.



Electric vehicle training workshop for participants such as UTM, MARii and INOKOM



## ETHICS AND COMPLIANCE

Integrity and compliance are significant cornerstones of BAuto's manner of conducting business. The Group pursues stringent standards, particularly when preventing corruption, including bribery, fraud and embezzlement, lobbying, money laundering and economic crime, observing antitrust and competition law, and protecting human rights. Additional focus areas include data protection and information and cyber and IT security. To uphold its values and standards, BAuto maintains:

- » A compliance management system within the framework of the overarching corporate governance structure
- » A compliance team that incorporates the entire BAuto Group



Regular crime-fighting meetings with the police force

BAuto's ethical obligation starts at the top; the Board of Directors is committed to upholding the highest legal and ethical conduct in fulfilling its responsibilities. The Employee Handbook and Code of Conduct and Business Ethics:

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



Anti Bribery & Corruption Awareness Quiz held periodically for all employees

BAuto Group has zero tolerance for corruption and states these ethical standards in its Code of Conduct and Business Ethics, contractual terms and other governing documents. Upon joining, employees receive the Employee Handbook and must return their acknowledgement to the Human Resource Department. BAuto reminds employees of the Group's firm opposition to corruption during regular engagement sessions and training programmes. Any employee involved in bribery faces disciplinary action, which may lead to termination of employment.

The Company's Code of Conduct and Business Ethics, applying to all supply chain partners, outlines these ethical principles. Bermaz Group also communicates the Group's Anti-Bribery and Corruption Policy to all associated suppliers, contractors, business partners and third parties. Intermediaries including contractor and other relevant third parties (if any) are subject to comprehensive corruption and bribery risk assessments and must declare their lack of involvement in any misconduct, corrupt, unethical or illegal behaviour. Bermaz Group screens new and existing business partners for corruption and bribery as part of its due diligence compliance requirements.

The Board oversees compliance with the Group's Anti-Bribery and Corruption Policy. Every employee is responsible for preventing and reporting suspicious activity or wrongdoing that may lead to bribery using dedicated whistleblowing channels to the following persons:

- » In Malaysia: the Executive Chairman, Group CEO, Independent Non-Executive Director, Group Head of Human Resource or Group Head of Risk Management & Investor Relation; and
- » In Philippines: the President/CEO or Head of Human Resources.

Corruption risks, including bribery, are included in BAuto Group's risk register. BAuto Group designs effective mitigation strategies and strategically deploys resources to mitigate potential instances of bribery, corruption and fraud, focusing on high-risk areas.

BAuto did not make any political contribution during FY2023 (RM0). There were no disciplinary cases involving staff for corrupt practices during this reporting period. Except for minor traffic offences, the authorities issued no fines and penalties during the reporting period, demonstrating BAuto Group's stringent anti-corruption policies and practices.

# Sustainability Statement - Environment



## ENVIRONMENT



Environmental and social issues are attracting more and more attention in recent years. The automotive industry depends on the global environment in complex and diverse ways while significantly impacting the environment. BAuto is tackling various issues to promote sustainability by advancing measures to mitigate climate change, conserve energy, preserve air quality and other natural capital, properly manage chemical substances, efficiently allocate scarce resources, and promote good health. The Group is also improving its business to reduce dependence on fossil fuels.

Taking action against climate change is one of BAuto’s top business priorities. The Group strives to drive green transformation across the entire value chain, supply chain, logistics and dealer management.

### HOW TO GET THERE?

#### ELECTRIFICATION (“EV”)

Malaysia has undertaken various policies and initiatives to develop the EV Ecosystem alongside other government agencies and ministries. The National Automotive Policy (“NAP”) 2020 has emphasised the need for adopting Energy Efficient Vehicles (“EEVs”), including EVs, in line with Malaysia’s commitment to reducing carbon emissions as part of the UN Framework Convention on Climate Change.

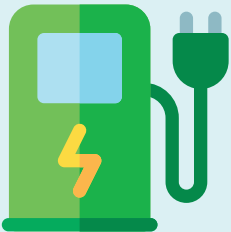
The Ministry of Environment and Water (“KASA”) introduced the Low Carbon Mobility Blueprint (“LCMB”) 2021-2030 to assess the best options in energy and greenhouse gas (“GHG”) mitigation planning in the transport sector. The Government aims to:

- » Achieve at least **15%** EVs of the total industry volume (“TIV”) by 2030
- » Build **10,000** charging facilities by 2025, comprising 9,000 AC and 1,000 DC units



Kia EV6

Vehicles and Charging



Reducing emissions is more complicated than simply switching to battery EVs. The emissions are merely transferred to power stations if these vehicles do not use sustainably generated electrical energy for charging. If charged with carbon-neutral electricity, EVs have the potential to have a carbon-neutral use phase.

A robust charging infrastructure is essential for customers. BAuto has installed several DC and AC chargers throughout the country to facilitate its customers to charge their EVs for free.

BAuto Group's EV Charging Stations in Malaysia

	Brand	DC 180kW (2 nozzles)	Movable DC 40kW (2 nozzles)	AC22kW (1 nozzle)
Sg. Tiram, Penang	Kia	-	1	-
Jelutong, Penang	Mazda	-	1	-
Juru, Penang (Saga Jaya)	Mazda	-	1	-
Juru, Penang (Autocity)	Kia	-	1	-
Taiping, Perak	Multi-brand	-	1	-
Glenmarie, Selangor (Lot 1)	Kia Flagship	-	1	-
Glenmarie, Selangor (Lot 5)	Multi-brand	-	1	-
Glenmarie, Selangor (Lot 7)	Mazda Flagship	-	1	-
Glenmarie, Selangor (Lot 15)	PEUGEOT Flagship	-	1	-
Glenmarie, Selangor (Lot 14)	Body & Paint	-	1	1
Glenmarie, Selangor (Lot 6)	Multi-brand	1	-	4
Johor Bahru, Johor	Multi-brand	-	1	-
<b>TOTAL</b>		<b>1</b>	<b>11</b>	<b>5</b>

Recently, the Government launched the New Energy Policy (2022 – 2040), aiming to achieve 38% of the TIV of EVs by 2040 under the Low Carbon Nation Aspiration target.

With these policies, BAuto's laser-like focus on customer service is the foundation that will allow it to pivot its existing Vehicle Marques namely, Mazda, PEUGEOT and Kia - into whichever end of the electrification scale.

Featuring Mazda MX-30 And Kia EV6



Mazda MX-30

Kia EV6



Sustainability Statement - Environment (Cont'd)

However, electrification alone is not enough.

BAuto is working towards addressing CO<sub>2</sub> reduction within its supply chain and operations, which includes embracing a circular economy and resource efficiency. BAuto provides customers with innovative vehicles and services by promoting the effective use of energy and resources, diversifying its sources, and exploring ways to improve the usage of renewable energy and recycled materials.

The Group is focusing on its ultimate goal of reducing the environmental impact and resource consumption of its corporate operations and vehicles throughout their life cycle to a level that the earth can absorb naturally, leaving a minimal ecological footprint.



Principal Manufacturers' Commitment to Planet Earth

- » **100%** of Mazda products will be electrified by 2030, with pure-electric vehicles accounting for at least 25%. BAuto offers a variety of solutions, including internal combustion engines, electrification technologies and alternative fuels.
- » Mazda will achieve carbon neutrality by 2050 during the entire life cycle of its vehicles and has set an interim target of making Mazda factories carbon-neutral worldwide by 2035.
- » PEUGEOT has made a global commitment to offer a full range of electrified models by 2025.
- » PEUGEOT is targeting **30%** of naturally selected green materials per vehicle in compliance with quality and safety requirements.
- » In 2020, Kia announced its mid/long-term future strategy, 'Plan S', to transform into a mobility solution provider to lead the future mobility industry. The introduction of EV6, the first dedicated electric vehicle, is part of 'Plan S'.
- » Kia has announced its participation in the RE100 (100% renewable energy) in 2021. In particular, Kia aims to preemptively convert the use of electrical energy in domestic and overseas operations to **100%** renewable by 2040.
- » Kia officially declared to achieve carbon neutrality by 2045 by reducing its carbon emissions by **97%** compared to 2019 by 2045 and seeking ways to offset the remaining amount, making net emissions "zero" at all stages. Kia will promote this goal by achieving the 3Ss: Sustainable Energy, Sustainable Mobility, and Sustainable Planet.

ENERGY AND CLIMATE ACTION

The global nature of climate change calls for broad cooperation in developing sustainable, low-carbon pathways to the future. Recognising climate change as a global priority, BAuto has introduced carbon goals to reduce CO<sub>2</sub> emissions in the Group's vehicle fleet, operations and life cycle.

## BAuto's Energy Management Focus

## Energy &amp; emissions reduction



Adopting electric vehicle technologies and reskilling technicians and the after-sales team



Low-energy equipment in manufacturing



Renewable energy on premises



Energy-efficient and emissions-reduction features in vehicles

1

Reducing CO<sub>2</sub> emissions from the vehicle fleet

- » BAuto is gradually increasing the number of electrified models.
- » The Group is establishing systems and technology to reduce GHG, such as Mazda's "well-to-wheel" process, Kinematic Posture Control, Mazda Radar Cruise Control and G-Vectoring Control ("GVC") Plus.
- » PEUGEOT uses recycled materials to meet the commitment to building vehicles with 30% recycled or biomaterials.
- » Kia pursues eco-friendliness in the entire manufacturing process by measuring and reducing the environmental impact (carbon emissions) of its EV6, from raw materials to procurement, parts delivery, vehicle assembly, distribution, usage and scrapping.
- » The EV6 uses eco-friendly materials, including PET recycled plastics, floor mats and seat coverings.

2

Reducing CO<sub>2</sub> emissions from own operations

- » Increasing renewable energy use reduces absolute CO<sub>2</sub> emissions from facilities and activities.
- » The 171.08kWp solar array at the corporate headquarters generated 179,632.40 kWh in FY2023, avoiding 85.32 tCO<sub>2</sub>.
- » 270 solar panels on the Mazda Center of Excellence ("MCOE") in the Philippines generated 100,230 kWh of electricity during this financial year.

3

Reducing CO<sub>2</sub> emissions from the vehicle life cycle

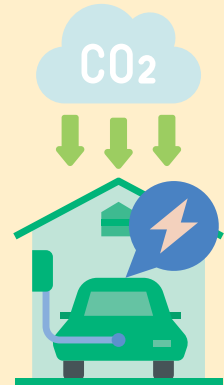
- » The Group works with supply chain partners to communicate its goals and find ways to reduce carbon emissions.
- » BAuto accelerates circularity by reducing, reusing and recycling parts and materials, whenever possible.
- » Reimagining EVs and batteries design, manufacture and recycling helps create an all-new EV ecosystem by the principal manufacturers.
- » PSA PEUGEOT Citroën (Paris: UG) collaborates with SNAM (Société Nouvelle d'Affinage des Métaux), the European leader in battery collection and recycling, to reduce the environmental impact of its vehicles over their entire life cycle. SNAM can recycle up to 80% of the weight of this type of battery, far exceeding the 50% minimum target for recycling efficiency set by European regulations.

## Sustainability Statement - Environment (Cont'd)

## Research &amp; Development Focused on Clean Vehicles

PEUGEOT's innovative technologies aim to reduce vehicle emissions while optimising the use of natural resources.

With an average of 104.4 g/km of CO<sub>2</sub>, compared with the market average of 119.8 g, Stellantis is the European leader in CO<sub>2</sub> reduction. A large part of this performance results from downsizing the Stellantis Group's petrol engines. The Stellantis Group's latest generation of diesel engines, equipped with selective catalytic reduction ("SCR"), eliminate up to **90%** of nitrogen oxide ("NOx") emissions.



## SPOTLIGHTING CARBON PEAK AND CARBON NEUTRALITY

Climate change-induced extreme weather events have become increasingly common in recent years. Climate change is now a major global challenge to humanity. BAuto recognises the urgency of this phenomenon and is committed to reducing its impact by improving efficiency.

## CLIMATE CHANGE MANAGEMENT

BAuto Group's climate change strategy includes working with employees and supply chain partners to save energy through fuel efficiency and perform a climate change risk assessment. BAuto has made significant progress by balancing risks and opportunities from innovation. Principal manufacturers of the Vehicle Marques continue to develop green vehicles and technologies that reduce their short- and long-term environmental impact.

The wide range of vehicles distributed by BAuto Group under the Vehicle Marques achieves efficiency gains and lower ownership costs through adaptation by adopting new technology, cleaner fuels and fuel efficiency measures. BAuto's management team, headed by Tan Sri Dato' Sri Yeoh Choon San, the Executive Chairman and Dato' Lee Kok Chuan, the Group CEO, who both also sits on the Sustainability Committee, devises strategies to manage and minimise the Group's 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, committee 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 to understand the implications of climate change. Kia introduced an energy management system (Global Energy-Greenhouse Gas Management System or "GEMS") at its domestic plants. GEMS predicts and manages current and future GHG emissions and addresses climate-related scenarios, including a 2°C or lower scenario. Based on the forecast derived from this system, Kia makes improvements and investments to reduce GHG emissions, and the related information helps in setting management strategies and goals.

Over the past decade, through the products it distributes, BAuto's approach has:

- » Evolved to address issues associated with climate change while pursuing the opportunities of a changing world
- » Helped limit the global temperature increase to less than 2°C by delivering CO<sub>2</sub> reductions in its materials and processes



## RESPONDING TO CLIMATE CHANGE

BAuto is in the process of adopting the framework of recommendations from the TCFD for disclosing climate actions in governance strategy, risk management, indicators and target. The Group will also review physical and transition risks and opportunities and analyse climate risks and opportunities.

### Governance



- » The Board evaluates the Group's sustainability efforts, including monitoring its risk management structure and climate risk, including issues related to GHG emissions control.
- » Each Vehicle Marque is responsible for appointing relevant departments and personnel to monitor energy consumption data and formulate corresponding conservation and reduction measures.

### Strategy



- » Currently, BAuto is analysing climate risks and opportunities through targeted and qualitative analysis. The Group will identify applicable scenario analysis methods and gradually shift to more accurate quantitative research in the future.
- » Major risks:
  - Stricter regulations on fuel economy and exhaust gas.
  - Introduction of a carbon tax.
  - Increased investment and cost burden due to intensified competition in the development of technologies, including electrification.
- » Major opportunities:
  - Expansion of sales opportunities and enhancement of corporate value by promoting the Group as a carbon neutrality-focused automotive distributor in Malaysia.

### Risk management



- » BAuto's risk management framework and system identifies, evaluates and manages energy data and the resulting climate risks.
- » The Group's Environmental, Safety and Health team tracks and evaluates the potential impact of new laws and formulates corresponding measures to address them, where applicable.
- » BAuto has established an environmental and energy data management system in response to climate change issues such as energy emissions and emissions reduction.

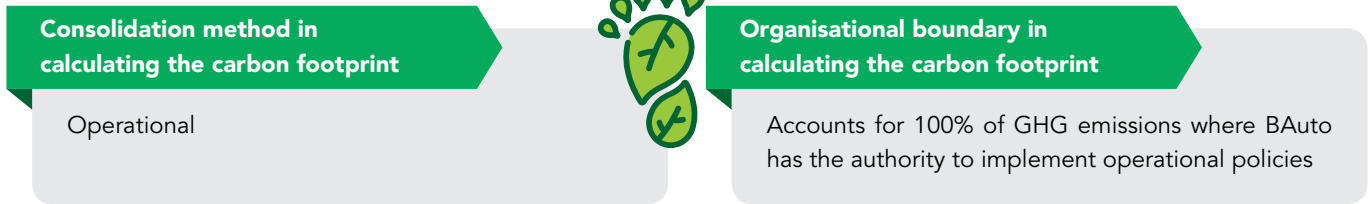
### Metrics and targets



- » BAuto targets that 100% of its products will have some electrification, and its EV ratio will increase gradually.
- » BAuto manages scopes 1, 2, and 3 emissions and plans to:
  - Perfect the management mechanism of climate governance strategies, risks and opportunities.
  - Select relevant sustainability and climate risk and response indicators.
  - Set feasible GHG emission reduction targets to reduce carbon emissions further and grow towards a low-carbon and sustainable future.

**MEASURING AND REPORTING EMISSIONS**

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



**Employees' Daily Commute to Work**

BAuto has begun tracking employees commuting to their primary offices as a form of value-chain emissions in FY2023. Employee commuting can cause a significant amount of carbon and other GHGs to be released, as employees need to travel to and from their places of work.

BAuto launched a survey during the last quarter of FY2023 to estimate employees' travel methods, total daily distance travelled to work and back and type, age, engine size and fuel if employees used their vehicles.

The survey was conducted online by an external consultant in English and Bahasa Melayu. The majority of the employees responded to the survey.

BAuto used a Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol Initiative to calculate the emissions of each respondent. Employees work an average of 247 days annually, which helped accurately estimate BAuto's annual emissions.

**Results**

Nine hundred and thirty-four (934) employees responded to the survey, representing about 95% of the workforce.

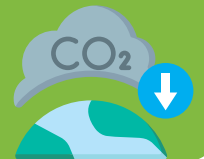
Method of Transport	Estimated Total Number of Employees in BAuto Group	Number of Employees in Sample	% of Employees in Sample
Own Vehicle	959	907	97.11%
Walking	10	9	0.96%
Bicycle	1	1	0.10%
Light railway (LRT/Monorail/MRT/ERL)	7	7	0.75%
Overground Train	0	0	0.00%
Bus	5	5	0.54%
Taxi/E-hailing	5	5	0.54%
<b>Total</b>	<b>987</b>	<b>934</b>	<b>100.00</b>

In FY2023, employees travelled an estimated 9,975,830 km to and from work. The estimated total yearly tCO<sub>2</sub>e emissions for employees commuting in FY2023 was 1,930 tonnes.

Method of Transport	Estimated Total Yearly Distance (km) of BAuto Group	Estimated Total Yearly Emissions (tCO <sub>2</sub> e) of BAuto Group	Total Yearly Distance of Sample (km)	Total Yearly Emissions (tCO <sub>2</sub> e) of Sample
Own Vehicle	9,297,940	1,878	8,816,524	1,780
Walking	31,003	0	29,397	0
Bicycle	17,976	0	17,046	0
Light railway (LRT/ Monorail/MRT/ERL)	71,645	7	67,935	7
Overground Train	0	0	0	0
Bus	518,448	35	491,605	33
Taxi/E-hailing	38,818	10	36,809	9
<b>Total</b>	<b>9,975,830</b>	<b>1,930</b>	<b>9,459,316</b>	<b>1,829</b>



**MAZDA IS THE FIRST CARMAKER IN THE PHILIPPINES TO PARTICIPATE IN THE EMISSIONS OFFSETTING PROGRAMME**



BAP and Pilipinas Shell Petroleum Corporation collaboration on the Carbon Offset project

BAP collaborates with Pilipinas Shell Petroleum Corporation in the Voluntary Carbon Offset project, which offsets fleets' unavoidable CO<sub>2</sub> emissions produced by the fuel purchased from Shell-branded service stations. The programme calculates a fleet's fuel expenditure and associated CO<sub>2</sub> emissions. Carbon credits purchased by Pilipinas Shell for customers from a global portfolio of nature-based projects compensate for emissions.

BAP's collaboration with Pilipinas Shell aligns with its long-term vision of "Sustainable Zoom-Zoom 2030," which aims to achieve carbon neutrality by developing hybrid systems and electrification while championing innovations that lessen carbon emissions in car engines.

### CONSERVATION OF WATER RESOURCES

Due to the increasing population and changes in the natural environment caused by climate change, BAuto expects water demand and social concern for preserving water resources to increase.

The Group is principally involved in distributing and providing after-sales services and spare parts. Water consumption is not significant. However, the Group continues to reduce freshwater use in its daily activities. A rainwater harvesting project in the Philippines captures and filters rainwater to achieve turbidity water quality 3 NTU for washing cars. This method saves 30% of BAP's daily carwashing water usage.





## Sustainability Statement - Environment (Cont'd)

## WASTE AND POLLUTION MANAGEMENT

BAuto expects its operations to manage waste and pollutant discharge and be responsible for meeting the requirements of national and local laws, regulations and standards. The Group is committed to addressing pollution and waste issue by avoiding its impact and improving efficiency. Its commitment to efficient resource use prioritises reducing, reusing and recycling over disposal to reduce environmental impact and operations costs and optimise efficiency.

BAuto engaged waste vendors and other organisations to reduce, reuse or recycle waste streams whenever possible. The Group also educates employees on the importance of managing waste through recycling via online courses.

Besides domestic waste from its offices, the Group's service centres and paint booths produce hazardous waste such as paint and oil sludge. The Group complies with the Environmental Quality (Scheduled Waste) Regulation 2005 for scheduled waste disposal. The Group engaged a licensed contractor to remove and dispose of all scheduled wastes from the site within 180 days. 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.

## "Cradle to Cradle" Principle

"Cradle to cradle" is a regenerative and sustainable approach that reflects nature's processes, where materials are circulated in a healthy ecosystem.



## BAuto Group Scheduled Waste (tonnes)

Waste Type	Waste Code	FY2021	FY2022	FY2023
Spent lubricating oil	SW305	200.23	193.45	247.35
Spent mineral oil-water emulsion	SW307	1.50	2.08	1.50
Waste oil or oily sludge	SW311	N/A	N/A	0.00
Oil interceptor sludge	SW312	2.10	0.94	0.98
Used thinners	SW322	1.52	0.44	1.20
Waste of thermal fluids (heat transfer) such as ethylene glycol	SW327	4.26	2.78	6.07
Disposed containers, bags or equipment contaminated with chemicals, pesticides, mineral oil or scheduled wastes	SW409	20.21	16.33	21.71
Rags, plastics, papers or filters contaminated with scheduled wastes	SW410	20.13	22.89	30.47
Waste inks, paints, pigments, lacquer, dyes or varnish	SW417	0.10	0.00	0.26
Discarded or off-specification inks, paints, pigments, lacquer, dye or varnish products containing organic solvent	SW418	N/A	0.72	0.72
<b>Total</b>		<b>250.05</b>	<b>239.63</b>	<b>310.26</b>



Mazda MX-30

Did you know?



EV batteries have a limited shelf life and require temperature controlled storage. Some brands impose restrictions against stacking. As the automotive industry transforms, it must plan for the end of these batteries' lives to reduce reliance on mining and keep materials in circulation.

Typically, waste batteries return to Korea, Japan and Europe, which requires significant additional transportation contributing to higher CO<sub>2</sub> emissions. The Group is currently discussing with several local companies specialising in collecting and recycling EV batteries. BAuto is one of the few local EV distributors that has introduced processes to store replacement EV batteries and their collection and recycling.

**ENVIRONMENTAL GOVERNANCE AND COMPLIANCE**

The Environmental Performance Monitoring Committee and Environmental Regulatory Compliance Monitoring Committee monitor environmental compliance and the policy's effectiveness. Effective communication has helped integrate BAuto's Environmental Policy with supply chain partners.

**Environmental Policy**

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



Minimise waste by evaluating operations and ensuring they are as efficient as possible;



Ensure the Group's products and services, processes and operations are relatively safe for its employees, consumers and the environment;



Actively promote recycling both internally and 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 accredited programme(s) to offset any toxic, GHG emissions and wastage discharge generated by the Group's activities, where applicable.

There were no environmental fines or penalties issued in FY2023 (RM0).

# Sustainability Statement - Social



## SOCIAL



### ATTRACTIVE WORKPLACE

BAuto nurtures sustainable growth internally for its employees. The Group prioritises working with a diverse range of people and continues to invest in creating a work environment that is welcoming and nurturing to all. It focuses on promoting local employment as part of the Group’s commitment to contribute to the country’s overall economy and growth.

In FY2023, BAuto actively expanded its outreach programmes to discover and engage more prospective talents across the country, providing channels for them to understand the business and working opportunities.

The Group’s Code of Conduct and Business Ethics stipulates stringent, fair employment standards and practices. This document is communicated to all employees in English as it is the most commonly used business language and may be translated to the national language, if necessary.

In FY2023, BAuto was voted as one of the Top 10 Malaysian’s Most Preferred Graduate Employers to work for in the automotive sector.

Periodically, BAuto participates in workshops or industry/topic-specific collaboration projects that provide industry solutions that improve labour standards in Malaysia. As part of its risk assessment procedure, the Group reviews the labour standards of existing and potential operations as part of due diligence, familiarising all parties with its Code of Conduct and Business Ethics from time to time. There were no instances of non-compliance with labour standards during this reporting period.

### EMBRACING DIVERSITY

BAuto firmly supports diversity and inclusivity in the workplace. The Group appreciates multicultural experiences and diversity and aims to create a working environment that embraces inclusion and is free from discrimination and harassment.



▶ BAuto HR Week - Opening speech by the senior management

### EQUALITY IN RECRUITMENT AND PAY

BAuto’s longstanding commitment to equal opportunity 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 indicates 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.



▶ Talent Bank Career Fair 2023



▶ Celebrating Happy International Women’s Day



## BENEFITS, REMUNERATIONS AND WELL-BEING

The Group makes every effort to ensure fair wages for all employees. BAuto provides employees with competitive salaries and benefits and strictly abides by relevant regulations to implement a system for managing compensation. The Group also provides employees with diversified benefits and an incentive system linked to individual key performance indicators (“KPIs”). BAuto conducts regular compensation reviews for pay equity to ensure employees are paid fairly. The Group upholds its Principle of Equal Pay for Equal Work and complies with all local laws.

BAuto held a Human Resource week in March 2023 to extend additional well-being benefits to all employees, providing, among others, free health and dental screening and eye examinations to all employees in the Group. The Group invited special speakers to present talks on health and personal income tax matters.



▶ BAuto HR Week - Free eye examinations and health screening booths

Other engagement activities during the year included festive celebrations, inter-department sports competitions such as bowling and archery, and departmental gatherings.



▶ Northern branch bowling sports competition



▶ Central branch bowling sports competition



▶ Company Annual Dinner 2022



▶ Iftar 2023



**SAFETY AND HEALTH**

Safety and health are viewed as relevant and important. The Group is committed to reducing health and safety impacts at its operations through continuous improvement. The Group has established a Safety and Health Management Policy and System which applies to all employees, contractors and external stakeholders. The Company's associated company, Inokom, is a local assembler of CKD vehicles which is a certified ISO 14001 and ISO 45001 (previously OHSAS 18001) company.

The hazard identification, risk assessment and incident investigation process follows the highest voluntary international and national health and safety standards. A safety and health risk assessment is also conducted on existing as well as potential new operations and projects as part of the Group's due diligence. Periodic meetings with the management review safety issues, complementing formal discussions with employee representatives.

Employees and suppliers are briefed on safeguarding health and safety, complying with policies and procedures, adopting additional safety measures and promoting appropriate prevention behaviours across all organisational levels and roles.



First aid training workshop

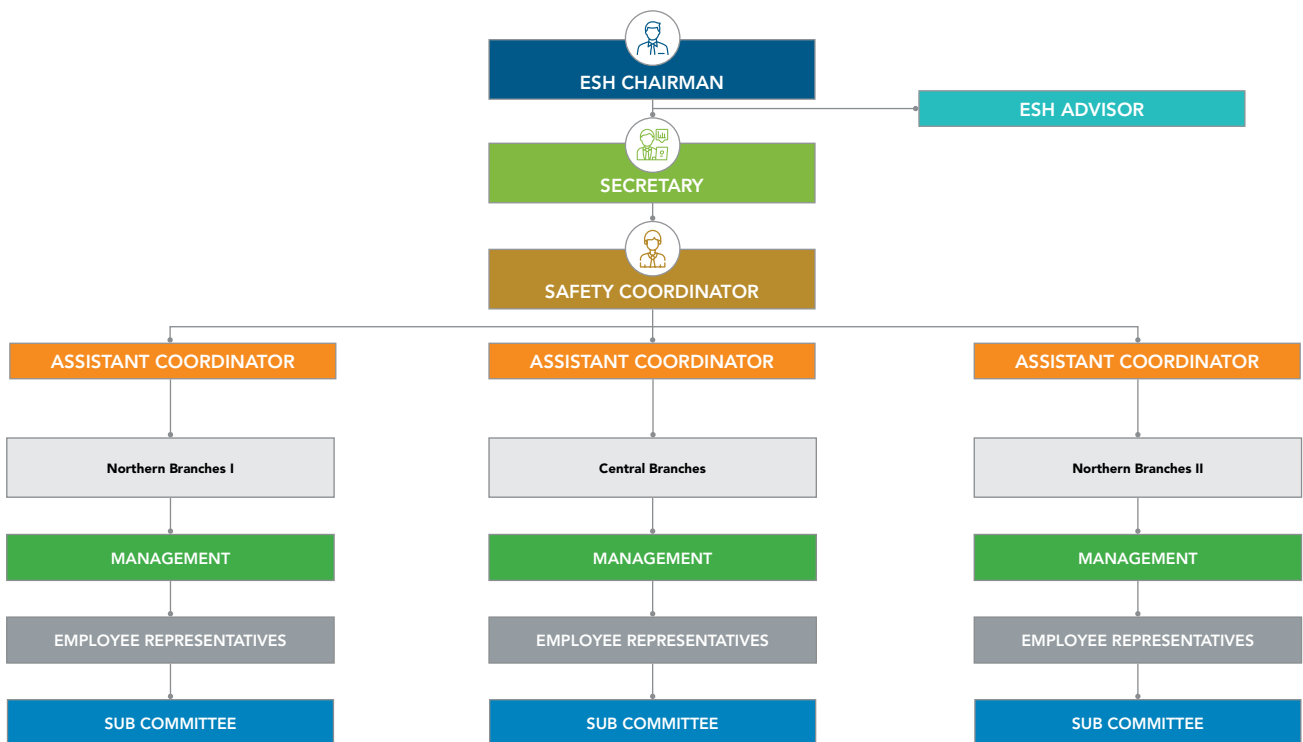


Fire drill briefing



Fire safety training

**Environmental, Safety and Health ("ESH") Committee FY2023**



The Chairman of ESH, who reports to the Executive Chairman of the Company, heads BAuto's Safety and Health Committee, assisted by one ESH advisor, one secretary, one safety coordinator, three assistant coordinators, 17 management representatives, 17 employee representatives and 22 sub-committee members. Board members are regularly updated on the Group's management of health and safety risks.

**Environmental, Safety and Health Policy Statement**

BAuto is committed to implementing an adequate level of ESH 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 complying with legal and statutory requirements
- Review environmental objectives and targets and set guidelines for the reduction of the environmental carbon footprint
- Evaluate the effectiveness of and continually improve the ESH system and educate those working for or on behalf of the Group, 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.

All safety and health officers must attend the Company's safety induction and Occupational Safety and Health Administration ("OSHA") training to maintain a strong safety culture. Training and awareness comprising firefighting, basic occupational first aid, CPR & AED promote a safety culture in employees.

An Emergency Manager heads BAuto's Emergency Response Team ("ERT"). The ERT isolates, contains and neutralises any incidents that may occur. It also manages and directs the various departments' emergency response and recovery activities.

There were 340 ERT members at the end of FY2023. The ERT Team conducted several activities throughout the year to gauge the Group's readiness to respond to emergencies, including a safety walk, CCTV spot check, evacuation fire drill, vest spot checks and safety inductions.

**Performance Against Previously Set Target**

 <b>Target</b>	▶ Zero major accidents
 <b>Progress</b>	▶ Achieved

 **Safe man-hours**

2021	2022	2023
<b>277,746*</b>	<b>1,146,564</b>	<b>1,461,425</b>

\* Due to imposition of movement control orders in FY2021 as a result of the outbreak of COVID-19 pandemic

**TRAINING AND PROFESSIONAL DEVELOPMENT**

BAuto is committed to employees' skills enhancement, including technical and personal development. Reskilling and upskilling strategies ensure employees remain at the forefront of meeting customers' expectations and remain up-to-date with technological evolution. Developing talents for the future of the automotive industry is essential, especially in the gradual transition from internal combustion engines ("ICEs") to EVs. BAuto introduced strategies to address automotive sales and after-sales challenges, including a lack of highly-skilled technicians and uberisation as the automotive industry embraces electrification.

Electric mobility and digitalisation present the most significant structural change in the automotive industry's history, accompanied by the extensive, rapidly-growing transformation of the Group.



▶ EV first responders training



Sustainability Statement - Social (Cont'd)



Product introduction training



EV product training



Succession training

Examples of Training Programmes Held During the Year:

Product training

Brain immersion training

Salesmanship training

2022 Mazdasports Academy - Jinba-ittai training

2023 BAuto practical comparison drive (Rd.01)

Practical drive training

Succession training  
(83 completed the programme in FY2023)

The sales consultants and after-sales team attend a three-day online brand heritage and product knowledge training programme. They receive regular updates concerning the Vehicle Marques latest features and technologies.

Practical Drive is a hands-on driving programme for sales consultants to understand and experience unique driving dynamics and safety technologies. Mazda and PEUGEOT practise this programme.

BAP personnel and dealers attend ongoing product training conducted by the Product Planning Unit. The training focuses on existing and new models in the Philippines, refresher training is also conducted for BAP's Sales and Customer Service personnel.

BAUTO TRAINING SCHOOL



In Malaysia, BAuto has among the highest numbers of EV certified trainers from the Institute of the Motor Industry, United Kingdom ("IMI"). The Company has twenty-five (25) qualified trainers with Level 4 IMI certification and four (4) Level 3 IMI certification.



**LEVEL 1**  
IMI International Level 1 Award in Electric/Hybrid Vehicle Awareness



**LEVEL 2**  
IMI International Level 2 Award in Electric/Hybrid Vehicle Hazard Management for Emergency and Recovery Personnel



**LEVEL 3**  
IMI International Level 3 Award in Electric/Hybrid Vehicle Systems Repair and Parts Replacement



**LEVEL 4**  
IMI International Level 4 Award in Electric/Hybrid Vehicle Diagnosis, Testing and Repairs on Live High Voltage Vehicle Electrical Components and Systems

The BAuto Training School ("BTS") is one of Malaysia's few technical schools equipped to provide training to diagnose and repair EVs.

In line with its sustainability efforts to promote recycling and better environment, BAuto's EV technicians encourage and perform module-level battery repairs instead of the general market practice of replacing the entire battery pack, which will contribute to higher wastages.

BTS primarily provides Technical and Vocational Education and Training ("TVET") for three (3) programmes namely, the BAuto Mechatronic Training ("BAMT"), Mazda Mechanic Programme ("MMP") and Mazda Body & Paint Programme ("MBP"). It is certified by the *Jabatan Pembangunan Kemahiran ("JPK")* and the Institute of The Motor Industry ("IMI"), United Kingdom. To cater for the growing demand for EV technicians, BTS focuses on conducting more EV training courses and other related advanced EV learning platforms.



IMI EV Certificate training

Through BTS, BAUTO hopes to help curb youth unemployment rates in Malaysia while giving opportunities to individuals from underprivileged groups, including those from deprived backgrounds with no formal education or qualifications. BAUTO provides apprenticeship programmes to disadvantaged groups on a complimentary basis as part of its corporate social responsibility initiatives. Individuals, especially the underprivileged, who are passionate and intend to make a career in the automotive industry are strongly encouraged to enrol in the various apprenticeship programmes BTS offers. Additionally, BTS graduates are offered employment as skilled technicians in BAUTO Group.



Mazda Annual Apprenticeship Convocation Ceremony

	Intake since programme inception	Graduated
BAMT	268	238
MMP	181	166
MBP	174	156

During the year, Prima Merdu Sdn Bhd, the AP holder for the importation of Mazda marque CBU vehicles for BAUTO, signed a collaboration agreement with Universiti Teknologi Malaysia ("UTM") in knowledge-sharing and talent development. The collaboration increases innovation by bringing together the inherent capacities of a well-established academic institution (UTM) with a leading automotive company (BAUTO). BAUTO, through BTS, will provide trainers, equipment and training materials to upskill UTM's designated lecturers of Automobile Technology. In return, UTM grants BAUTO its laboratory for research and development activities. Pursuant to the collaboration with UTM, BAUTO will also provide an EV internship/educational programme on related automobile technology to selected Year 2 UTM students.



BTS training workshop

The Group also conducts reach-out programmes, promoting its apprenticeship programmes to develop talent in the automotive industry. During the year, the BTS team visited schools in Sabah, including SMK Badin Sabah, SMK Kota Damansara, SMK Telopok Sabah and ILP Kota Kinabalu. The students gained early exposure to the automotive world, especially those passionate about starting their careers in this industry. The team welcomed these students, especially those from underprivileged communities, to explore various career opportunities offered by BAUTO. They also have the option to further their studies upon completing the training course.



Recruitment for new apprenticeship - Explaining various training courses offered by BTS



**HUMAN RIGHTS**

Social interest in human rights and how business affects these rights is increasing as global corporations' value chains expand. The automobile industry recognises human rights issues as they apply to business processes involving employees and the supply chain, such as procuring parts and materials.

Valuing people and respecting human rights is fundamental to management. 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.

The Code of Conduct and Business Ethics summarises BAuto's human rights policy. Suppliers are also required to follow these high standards.

The Group regularly reviews its labour standards of existing and potential business and supply chain partners as part of its risk assessment procedure. BAuto Group familiarises all parties with its Code of Conduct and Business Ethics from time to time. BAuto adheres to all relevant laws and legislation regarding workers' employment and treatment.

**Relevant Laws and Legislation Covering Workers' Employment and Treatment**

Children and Young Persons (Employment) Act 1966	Employment (Restriction) Act 1968
Minimum Wages Order 2022	Minimum Retirement Age Act 2012
Occupational Safety and Health Act 1994	Factories and Machinery Act 1967
Workman's Compensation Act 1952	Employment Act 1955

Periodically, BAuto participates in workshops or industry/topic-specific collaboration projects that improve industry solutions for Malaysian labour standards and employment rights. BAuto's commitment to human rights and labour standards also cover the following:

- Policies on preventing child labour, according to the Malaysian Labour Law on the minimum legal working age
- Policies on providing equal opportunities and applying non-discrimination in hiring, remuneration or access to training, promotion, overtime, termination or retirement. This includes non-discrimination against all characteristics including race, religion, gender, age, sexual orientation, disabilities and nationality
- Policies on the prevention of forced labour where employment should be freely chosen
- Freedom of association where everyone is respected to have the freedom to belong to any organisation of their choice, following local freedom of association law
- Right and respect to collective bargaining and forming a union, including the right to representation and discussion with the company on employment matters, in compliance with local law
- Eliminating excessive working hours by offering fair overtime pay and limiting working hours
- Meeting or exceeding Malaysia's minimum wage
- Addressing bullying and harassment by training all senior managers to handle any reports and instances of bullying and harassment as well as encouraging reporting through the dedicated whistleblowing system
- Enforcing a safety policy, code and practices for providing a safe and healthy workplace according to local laws

**NONE**

Non-compliance or violations of the Group's labour standards during the year (0%)

Cases of child, forced or compulsory labour in the Group's history (0%)



## ENSURING CHILDRENS' RIGHT TO SAFETY

BAuto's commitment to children's right such as their right to safety is aligned with the Children's Rights and Business Principles. Through its vehicles, the Group is committed to 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.



ISOFIX child seat anchor

## COMMUNITY ENGAGEMENT

BAuto delivers innovative, exciting vehicles and outstanding services to customers and also plays an active role as a community member, applying its unique characteristics to support society. This ethos supports the business strategy of contributing to community members where it operates. The Group's focus areas prioritise education, healthcare, sports and community well-being.

A total of RM80,000 was donated to registered not-for-profit organisations in FY2023.

### MAZDA MEDICARE FUND ("MMF")

The MMF was established in 2015, jointly managed by Prima Merdu Sdn Bhd and in collaboration with B. Braun Avitum Renal Services to provide life-saving haemodialysis treatment for end-stage renal disease ("ESRD") patients with financial constraints. Eligible patients receive subsidised haemodialysis treatments at the thirteen (13) B. Braun's nationwide dialysis centres.

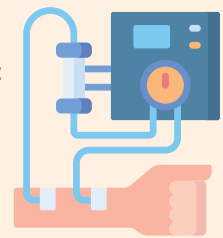
As the MMF Team consists of volunteers within the BAuto organisation, there are no additional costs involved in these operations.

MMF provides humanitarian aid and medical relief to underprivileged people in Malaysia and has been actively supporting charitable communities such as old folks' homes and orphanages through financial assistance and charity events. The communities are carefully selected and vetted to maximise the effectiveness of the donations.

The Group has established specific structures through MMF to facilitate employee engagement in its community programmes. BAuto acknowledges, recognises, highlights and rewards employees involved in its employee volunteering programme.



Over the past eight (8) years, MMF contributed a total of RM4,250,220 to dialysis and RM1,285,416 in cash and in-kind, supporting more than 309 patients throughout Malaysia. In FY2023, MMF disbursed RM558,070, benefiting 42 patients and donated RM80,000 in cash.



### MMF Dialysis Sponsorship

MMF provides life-saving haemodialysis treatment for financially-constrained renal patients. In FY2023, MMF sponsored dialysis for 42 patients.

### BAP CONTINUED THE SCHOLARSHIP PROGRAMME WITH MFI POLYTECHNIC INSTITUTE

BAP continued its partnership with MFI Polytechnic Institute under the BAP Mazda-MFI Automotive Technology two-year scholarship programme. The partnership is now in its tenth year (10<sup>th</sup>) of providing free technical education, training and opportunities.

**Sustainability Statement - Social (Cont'd)**

In the Philippines, around ten (10) to thirty (30) youths from underprivileged backgrounds are selected annually to join the Industrial Technician Programme (“ITP”), which includes one year of academic study at MFI and 1,440 hours of on-the-job training with MAP and the Mazda dealership network utilising the TESDA-accredited Dual Training System (“DTS”).

The partnership has supported 170 scholars since 2014, of which 160 have completed the Automotive Technology course utilising the institute’s two-year Dual Training System. Currently, there are 20 students enrolled in this course under BAP’s supervision and support.



Mock cheques of donations to various charitable organisations

**MAZDA PRIVILEGE CARD**

BAuto introduced the Mazda Privilege Card (“MPC”) in 2018 to encourage its Mazda customers to participate in the Group’s sustainability journey. The sign-up fee of RM100 is donated entirely to MMF for its community services. It is a “win-win” situation for the customers as they get to do a good deed by supporting the underprivileged (via MMF) and at the same time the RM100 fee is 100% tax deductible.

Since its inception, the MPC has been well-received with heart-warming support from Mazda customers for its noble cause. MPC members enjoy a 15% discount on selected Mazda genuine spare parts and official merchandise and a 5% discount on labour charges at all Mazda Showrooms and Service Centres operated by BMTSB and Prima Merdu Sdn Bhd.

In FY2023, BAuto received a total of 1,650 new applications for the MPC and the entire sum of RM165,000 was channelled to MMF.



Mazda Privilege Card (“MPC”)



MFI Batch 9 Mazda Philippines Scholars

**MAZDA CHARITY GOLF TOURNAMENT**

After a two-year lapse due to the COVID-19 pandemic, BAuto resumed its annual charity golf tournament and held the 8<sup>th</sup> Mazda Charity Gold Tournament for MMF on 28 October 2022 at the Glenmarie Golf & Country Club in Shah Alam. The event raised RM514,633 from 144 golfers, donors and sponsors who participated in the tournament and the entire proceeds were channelled into MMF.

During the prize-giving luncheon, representatives from the various beneficiaries, such as Mount Miriam Cancer Hospital TKPKMM (Tabung Kebajikan Penyakit Kanser Mount Mariam) in Penang, Pusat Jagaan Titian OKU Nur and Pertubuhan Kebajikan Perlindungan Jothi Viyasar Negeri Sembilan were invited on stage to receive mock cheques.

### AN EXTRAORDINARY EXPERIENCE

BAuto pursues customer orientation that centres around the promises of safety, quality, comfort and customer experience. In this interconnected digital era, the Group promotes technological innovations while delivering quality vehicles and excellent services as it creates an extraordinary experience for its customers.

### STRICT QUALITY WARRANTY

BAuto has always emphasised quality and made every effort to advance research and development, sales, service and talent cultivation.

BMSB obtained the ISO 9001:2015 Quality Management System ("QMS") from SIRIM QAS International Sdn. Bhd. The certification covers Sales, Marketing, Planning and distribution, Predelivery Inspection and After-sales Service of motor vehicles.

BAuto is committed to risk-based thinking methodology through structured staff skills development programmes and aligning procedures to the requirements of ISO 9001:2015.

During the year, BAuto introduced the Kaizen project in its succession planning programme. Kaizen, or rapid improvement process, focuses on eliminating waste, improving productivity and achieving sustained continual improvement in targeted activities and functions. Operationally, all employees are encouraged to submit suggestions or proposals on workflow enhancement to improve processes, cost savings or promote efficiency and sustainability. Among the entries submitted was an innovative solution of installing brake rotor disc skimming machines at the branch service centres to improve workshop efficiency. This entry was selected by the Executive Chairman and Group CEO as the overall winner of the Kaizen project for FY2023.



#### **Kaizen Project: Installation of Brake Rotor Disc Skimming Machines at the Branch Service Centres**

Brake rotor disc skimming is a process where the brake disc of a vehicle is skimmed (resurfaced) to renew the disc surface. This process is done by using a skimming machine. This precision technique is also a standard requirement from the Mazda Warranty Division to solve brake judder issues from uneven brake rotor disc surfaces.

With this technology, technicians can perform their job more efficiently as they no longer need to outsource to a third party. This also reduces the idle time and turnaround time for returning the vehicle to customers, reducing customers' waiting time. This in-house service also helps promote customers' satisfaction and trust in BAuto's after-sales services.



The Group monitors its quality management performance through various parameters, including a customer satisfaction index, planned audits and management reviews. An internal audit helped evaluate the conformity level of each process and track any potential non-conformity. The dealers' audit results have improved over the years. For example, in the case of PEUGEOT operations, the average score obtained was above 80%.

Various models of Mazda, PEUGEOT and Kia have received recognition and awards for their features, functionality, popularity and performance, including Carlist.my, People's Choice Awards 2022, The Star – Car Sifu award and DSF.my award as set out on pages 23 - 24 of this Annual Report.



**MANAGING ENVIRONMENTAL IMPACT**

**MAZDA MX-30 E-SKYACTIV R-EV**

The Mazda MX-30 e-Skyactiv R-EV is a plug-in hybrid model that uses a rotary engine as a generator. Launched in 2020, the MX-30 is Mazda's first mass-production battery electric vehicle, with a mild hybrid model joining the product lineup for some markets.

The MX-30 e-Skyactiv R-EV has an 85 km battery electric driving range and can use a generator for long-distance drives. The entire driving range is motor-powered. Compatible with standard and fast charging, the MX-30 e-Skyactiv R-EV has a 1,500 W power supply functionality and three drive modes: Normal, EV and Charge.

The new rotary engine works as a generator by leveraging the unique way rotary engines can produce the required output with a small power unit. Mazda positioned it on the same axle as a high-output motor and a generator in the motor room. Mazda paired this compact electric power unit with a 17.8 kWh lithium-ion battery and a 50 litre fuel tank to achieve the unique series plug-in hybrid system.



Mazda MX-30 EV charging port

**KIA'S PATH TO CARBON NEUTRALITY**

Kia diminishes pollution by thoroughly evaluating the entire value chain of upcoming products, classifying value chain pollutants and using the evaluation results to improve the eco-friendliness of its manufacturing process by:

- Completing a Life Cycle Assessment ("LCA") for its EV6 in 2021
- Conduct an LCA on Niro hybrid/EV and Sportage in 2022
- Extended LCAs to all new models starting in 2023 to improve the environmental impact throughout the vehicle's life cycle

**Green Service Centres**

The Kia Green Service Centre aims to establish global guidelines so customers can experience eco-friendly elements in the ownership area. The goal is to create a guide manual for Kia Green Service Centre – Kia Green CX Store, initially focused on the service area and will gradually expand to sales area and the entire customer contact point.

**Eight Key Areas**

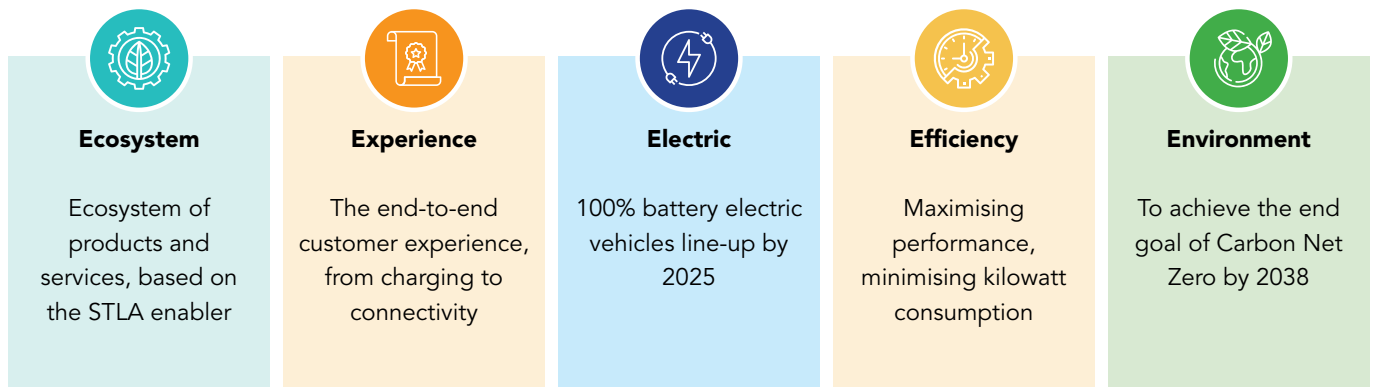
- 1 Sustainable Design & Build**  
Introducing eco-friendly architectural elements such as a Green Wall concept
- 2 Energy**  
Increasing power procurement through renewable energy such as solar power
- 3 Water**  
Minimising harmful substances from occurring through eco-friendly car wash services such as the bubble car wash
- 4 Waste**  
Improving waste management by establishing waste discharge monitoring
- 5 Air**  
Introducing an air quality management system such as minimising idling
- 6 Carbon Emissions**  
Reducing carbon emission by replacing business vehicle/ install charging infrastructure
- 7 Sustainable Processing**  
Implementing eco-friendly business processes such as paperless systems
- 8 Sustainable Engagement**  
Operating events with customers participation and working with ESG specialists to develop 44 action items and produce detailed guidelines for field application



Kia Niro

## PEUGEOT'S 100% ELECTRIC, 100% IRRESISTIBLE

PEUGEOT announced its E-LION PROJECT as part of its approach to its electrification journey. E-LION PROJECT is the guiding philosophy to meet these needs in the next generation of PEUGEOTS. The E-LION PROJECT extends beyond electrification; it is a holistic project, a 360° approach based on the 5 E's:



The PEUGEOT iOn, the brand new PEUGEOT e-208 and PEUGEOT e-2008 are 100% electric, catering for responsible urban driving.



▶ PEUGEOT e-2008

## ENGAGEMENT WITH CUSTOMERS

Mazda engineers its cars with a human-centric development philosophy to instil the joy of driving into every Mazda car driver. Rather than focus on the mechanics of the vehicle dynamics, Mazda's developments centre around humans to deliver the "Celebrate Driving" experience.

The MazdaSports Academy's "Advance Driving" programme allows customers to experience being at one with their Mazdas and find their perfect driving position to enhance their driving ability through a dynamic, practical course. The "Advance Driving" customer engagement programme allows Mazda

owners to experience the true spirit of Mazda's Jinba-Ittai (sense of oneness between horse and rider) philosophy. The programme also helps them understand the various driving dynamics of their vehicles and learn safe driving.

## ENGAGEMENT WITH DEALERS

Regular engagement with the dealers' network ensures they uphold the Group's Vehicle Marques quality standards. Presenting the same consistent image and outlook provides all customers with the same brand experience. BAuto Group constantly monitors and evaluates its dealers to improve customer experience levels.

Sustainability Statement - Social (Cont'd)

**SAFETY CAR**

BAuto offers all customers driving pleasure and outstanding environmental and safety performance. Based on this philosophy, BAuto (through its principal manufacturers' safety research and development programmes) plans to accomplish its ultimate goal — realising a safe, accident-free automotive society.



The Vehicle Marques have achieved the Euro NCAP five-star rating, determined by a series of vehicle tests designed and conducted by Euro NCAP. In a simplified way, these tests represent essential real-life accident scenarios that could result in injured or killed car occupants or other road users.

Signature Safety Features of Each Vehicle Marque



**MAZDA - Peace of Mind in Every Drive**

- Adaptive LED Headlights
- Blind Spot Monitoring and Rear Cross Traffic Alert
- Front Cross Traffic Alert
- Lane Departure Warning System
- Smart Brake Support
- Mazda Radar Cruise Control
- Driver Attention Alert
- Cruising and Traffic Support



**PEUGEOT - Safety, Better Drive, Comfortable Ride**

- High Beam Assist
- Blind Spot Monitoring
- Active Lane Keeping Assist
- Active Safety Brake
- Driver Attention Warning



**KIA - Safety Redefined**

- Auto Emergency Braking Technology with Junction Turning Detection
- Blind Spot Detection Technology
- Rear Cross-Traffic Collision Avoidance Assist
- Lane Keeping & Following Assist Technology
- Smart Cruise Control with Stop & Go
- Highway Driving Assist
- Safe Exit Assist
- Front & Rear Parking Sensors










**PREMIUM AND EXTRAORDINARY OWNERSHIP EXPERIENCE**

BAuto promises on ownership experience – the total cost of ownership – the hassle-free service delivery – that make the real difference in the customer journey.

**MOBILE SERVICE UNIT**

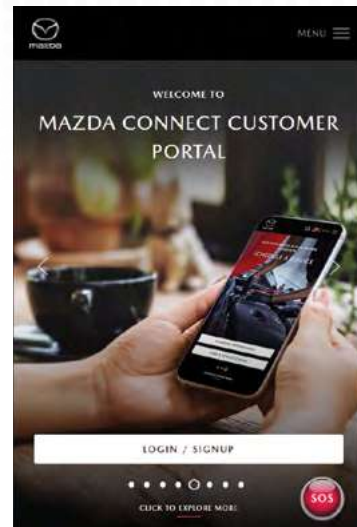
BAuto's mobile service teams are factory-trained to provide customers with convenient car maintenance service using genuine parts and certified equipment. This service is available at the ease of customers' doorsteps.

**Services Available**

 Scheduled Maintenance Services	 Motor Oil & Oil Filter Replacement	 Battery Inspection
 Air Filter & Cabin Filter Replacement	 Coolant Check	 Wiper Blades Replacement
 Brake Pads & Brake Fluid Replacement		

**PEACEFUL OWNERSHIP PROGRAMME**

Scanning the QR code sticker on the vehicle accesses vehicle service information on the customer portal. This enhanced feature is the latest addition to Mazda's Peaceful Ownership Programme. All Mazda vehicles are covered by the free 24x7 Roadside Breakdown/SOS assistance.



Mazda Connect Customer Portal

**ADDRESSING DIGITALISATION RISKS**

The digitalisation strategy presents new opportunities. However, the high degree of Information Technology ("IT") penetration also harbours business risks. Cybercrime and malware harbour risks affecting information availability, integrity and confidentiality.

Secure IT systems and reliable IT infrastructure are operated in a manner that keeps information secure. Risks are identified over the complete life cycle of applications and IT systems and treated with high importance.

Customers, employees and other stakeholders expect the Group to protect their personal information with the most meticulous care. The Group takes this responsibility very seriously, prioritising data security and respecting privacy regulations.

The Group deploys multi-factor authentication, including a layered approach to securing data and applications. Users must present two or more credentials to verify their login identity. The Group conducts regular internal audits and penetration testing of standard controls and has implemented a vulnerability management programme to prioritise remediation of technical risk as part of assurance.

BAP trains all employees and dealers on the Data Privacy Act 2012 requirements and the National Privacy Commission of the Philippines.

The Group's implemented data security measures have fully complied with international data protection regulations and standards, aligned with ISO/IEC 27701 requirements.


Sustainability Statement - Social (Cont'd)

SATISFACTION THROUGH QUALITY

BAuto's quality strategy outlines how the brands can be customers' most valued and trusted partner by focusing on excellent quality, reliability and responsiveness. The Group implemented a strong customer focus and a sustainable culture of excellence to achieve this.


The Group monitors customer experiences through surveys that provide insight into customer advocacy and satisfaction with the received product and services. Bermaz Group integrates the results into the dealer process, after-sales training modules, customer contact centre management and relevant departments' strategy documents.

**At Your Fingertips**




**Connect Customer Portal**  
Customers can access vehicle ownership information, schedule service appointments, track vehicle service and view essential vehicle information.

**At Your Convenience**




**Contactless Service**  
BAuto is the first automotive distributor to offer door-to-door servicing. BAuto also provides a 'Collect and Delivery' service to collect vehicles within a 10-km radius as part of its service.

**At Your Service**




**Peace of Mind 5+5**  
BAuto is Malaysia's first automotive distributor company to set the benchmark for 5+5 offerings in the market. An additional five-year free maintenance service complements the five-year original warranty.

**On Call Away**



**Liaison Team**  
BAuto has established a Liaison Team to assist its electric vehicle customers with round-the-clock assistance. All EV customers are given a personal liaison to contact — a car version of a hotel's concierge service or a premier banking service's relationship manager.

**Emergency and Crisis**



**EV-trained Roadside Assistance Service**  
Tow trucks that assist BAuto's EV customers are equipped with safety equipment to protect against high voltage. The responders attending to such crises are trained with additional skills in handling serious accidents involving EVs.

**Customer Satisfaction Survey Results**

Financial Year	Total Surveyed	Positive Feedback
2021	4,829	96.48%
2022	10,553	97.08%
<b>2023</b>	<b>7,643</b>	<b>94.93%</b>

Service quality has become an essential part of the automobile industry. Customers demand better after-sales services and value for money. Every customer completing a vehicle service receives a customer satisfaction survey via SMS. The survey rates promptness in answering calls, the convenience of the dealer's location, cleanliness and comfort of the waiting area, promptness and easiness of vehicle delivery, time management, quality of work performed, accuracy in cost estimation and knowledgeability in giving advice. The respective service centre is notified of areas with a rating of 3 and below for investigation and improvement.

During FY2023, the Group managed to clear most of the backorders due to the substantial increase in bookings made prior to the expiry of the sales tax exemption in June 2022. The substantial increase in car orders and the global disruption in the supply chain had impacted the overall satisfaction scores. BAuto will continue to operate at an optimum level while maintaining its focus on quality to boost customer loyalty and satisfaction.





# Sustainability Statement - Moving Forward

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## MOVING FORWARD



▶ Mazda CX-5

The COVID-19 pandemic, climate change, global warming, societal issues, poverty and economic crisis are a stark reminder of the urgent need for a more sustainable way of living. These global challenges threaten biodiversity, ecosystems, natural balance, resources and livelihoods.

Global businesses also faced numerous challenges, including the cost of raw materials, logistics disruption and the supply chain shortage of semiconductors. It is time to decide:



Do we continue as before, allowing our environment to succumb to the damage we inflict upon it, or do we take decisive actions now to ensure that there will still be a habitable home for our future generations?



For BAuto, the answer is clear: together, our Vehicle Marques are ready to gear up sustainability more holistically for the future of the automotive industry and the following generations.



# Sustainability Statement - BAUTO Performance Indicators

## BAUTO PERFORMANCE INDICATORS

Indicator	Unit	Malaysia		Philippines		Group				
		FY2021	FY2022	FY2021	FY2022	FY2021	FY2022			
<b>Economic</b>										
<b>Corruption</b>										
Total staff trained in anti-corruption	Number/%	82 (12.15%)	154 (18.76%)	120 (13.16%)	65 (100.00%)	17 (23.29%)	11 (15.07%)	147 (19.86%)	171 (19.13%)	131 (13.30%)
Top management trained in anti-corruption	Number/%	1 (5.56%)	1 (5.26%)	1 (4.55%)	1 (100.00%)	0 (0.00%)	0 (0.00%)	2 (10.53%)	1 (5.00%)	1 (4.35%)
Senior management trained in anti-corruption	Number/%	3 (11.11%)	6 (17.65%)	1 (2.63%)	3 (100.00%)	0 (0.00%)	0 (0.00%)	6 (20.00%)	6 (15.79%)	1 (2.38%)
Middle management trained in anti-corruption	Number/%	4 (9.30%)	6 (8.96%)	3 (4.29%)	6 (100.00%)	0 (0.00%)	0 (0.00%)	10 (20.41%)	6 (8.57%)	3 (4.11%)
Executives trained in anti-corruption	Number/%	17 (10.56%)	54 (24.11%)	42 (15.79%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	17 (10.56%)	54 (24.11%)	42 (15.79%)
Non-Executives trained in anti-corruption	Number/%	57 (13.38%)	87 (18.24%)	73 (14.15%)	55 (100.00%)	0 (0.00%)	0 (0.00%)	112 (23.28%)	87 (16.05%)	73 (12.56%)
Operations assessed for corruption-related risks	%	7.69%	7.14%	28.57%	0.00%	0.00%	0.00%	6.67%	7.14%	28.57%
Confirmed incidents of corruption and action taken	Number	0	0	0	0	0	0	0	0	0
<b>Supply Chain</b>										
Proportion of local suppliers	%	NA*	NA	NA	96.77%	95.36%	97.02%	NA	NA	NA
Proportion of spending on local suppliers	%	NA	NA	NA	18.39%	13.10%	8.48%	NA	NA	NA
* NA = Not available										
<b>Cybersecurity and customers</b>										
Substantiated complaints concerning breaches of customer privacy and losses of customer data	Number	0	0	0	0	0	0	0	0	0
<b>Environment</b>										
<b>Energy</b>										
Grid Electricity	kWh	3,840,225	3,720,556	4,461,772	104,175	90,512	103,320	3,944,400	3,811,068	4,565,092
Total renewable energy generated	kWh	0	0	179,631	56,780	91,360	100,230	56,780	91,360	279,861
Diesel	litres	118,002	41,903	59,025	4,629	8,335	6,019	122,631	50,238	65,044
Petrol	litres	82,918	165,593	296,527	22,651	26,019	26,142	105,569	191,612	322,669
Total renewable energy *	GJ	0	0	647	204	329	361	204	329	1,007
Total non-renewable energy *	GJ	21,216	20,674	28,481	1,329	1,538	1,498	22,544	22,212	29,980
Total energy *	GJ	21,216	20,674	29,128	1,533	1,867	1,859	22,748	22,541	30,987

\* Electricity, diesel and petrol to Joules are derived from the Malaysia Energy Commission 2016 Report

## Sustainability Statement - BAuto Performance Indicators (Cont'd)

Indicator	Unit	Malaysia		Philippines		Group				
		FY2021	FY2022	FY2021	FY2022	FY2021	FY2022	FY2023		
<b>Environment (Cont'd)</b>										
<b>Water</b>										
Municipal water	m <sup>3</sup>	42,965	39,968	42,563	262	291	210	43,227	40,259	42,773
Rainwater	m <sup>3</sup>	0	0	0	40	50	40	40	50	40
Total water consumption	m <sup>3</sup>	42,965	39,968	42,563	302	341	250	43,267	40,309	42,813
Scheduled waste	tonnes	249.8	239.0	299.0	0.2	0.6	11.3	250.0	239.6	310.3
Effluents *	m <sup>3</sup>	0	0	0	0	0	0	0	0	0
Scope 1 *	tCO <sub>2</sub> e	503	492	839	64	82	76	567	574	915
Scope 2 **	tCO <sub>2</sub> e	2,247	2,177	2,610	62	54	62	2,309	2,231	2,672
Scope 3: Employee Commuting ***	tCO <sub>2</sub> e	-	-	-	-	-	-	-	-	1,929
Scope 3: Business Travel (air) ****	tCO <sub>2</sub> e	3	1	92	0	2	9	3	3	101
* Emission factor published by the IPCC Guidelines for National Greenhouse Gas Inventories										
** Emission factor published in the 2017 CDM Electricity Baseline for Malaysia and combined margin emission factor published by the Department of Energy for the Luzon-Visayas Grid 2015-2017										
*** Online tools derived from the WRI Greenhouse Gas Protocol										
**** Mobile Combustion GHG Emissions Calculation Tool from the GHG Protocol										
<b>Social</b>										
<b>Diversity</b>										
Total Employees	Number	675	821	912	65	73	73	740	894	985
<b>Employees by gender</b>										
Female	Number/%	181 (26.81%)	246 (29.96%)	269 (29.50%)	30 (46.15%)	26 (35.62%)	28 (38.36%)	211 (28.51%)	272 (30.43%)	297 (30.15%)
Male	Number/%	494 (73.19%)	575 (70.04%)	643 (70.50%)	35 (53.85%)	47 (64.38%)	45 (61.64%)	529 (71.49%)	622 (69.57%)	688 (69.85%)
<b>Employees by contract</b>										
Full-time	Number/%	652 (96.59%)	799 (97.32%)	892 (97.81%)	55 (84.62%)	52 (71.23%)	52 (71.23%)	707 (95.54%)	851 (95.19%)	944 (95.84%)
Contractors	Number/%	23 (3.41%)	22 (2.68%)	20 (2.19%)	10 (15.38%)	21 (28.77%)	21 (28.77%)	33 (4.46%)	43 (4.81%)	41 (4.16%)
<b>Employees by age</b>										
<30	Number/%	329 (48.74%)	369 (44.95%)	355 (38.93%)	18 (27.69%)	23 (31.51%)	17 (23.29%)	347 (46.89%)	392 (43.85%)	372 (37.77%)
30-40	Number/%	191 (28.30%)	267 (32.52%)	346 (37.94%)	27 (41.54%)	21 (28.77%)	26 (35.62%)	218 (29.46%)	288 (32.21%)	372 (37.77%)
40-50	Number/%	82 (12.15%)	109 (13.28%)	123 (13.49%)	11 (16.92%)	14 (19.18%)	16 (21.92%)	93 (12.57%)	123 (13.76%)	139 (14.11%)
>50	Number/%	73 (10.81%)	76 (9.26%)	88 (9.65%)	9 (13.85%)	15 (20.55%)	14 (19.18%)	82 (11.08%)	91 (10.18%)	102 (10.36%)
<b>Employees by nationality</b>										
Local employees	Number/%	672 (99.56%)	818 (99.63%)	912 (100.00%)	64 (98.46%)	72 (98.63%)	72 (98.63%)	736 (99.46%)	890 (99.55%)	984 (99.90%)
Foreign employees	Number/%	3 (0.44%)	3 (0.37%)	0 (0.00%)	1 (1.54%)	1 (1.37%)	1 (1.37%)	4 (0.54%)	4 (0.45%)	1 (0.10%)
<b>Employees by category</b>										
Top Management	Number/%	18 (2.67%)	19 (2.31%)	22 (2.41%)	1 (1.54%)	1 (1.37%)	1 (1.37%)	19 (2.57%)	20 (2.24%)	23 (2.34%)
Senior Management	Number/%	27 (4.00%)	34 (4.14%)	38 (4.17%)	3 (4.62%)	4 (5.48%)	4 (5.48%)	30 (4.05%)	38 (4.25%)	42 (4.26%)
Middle Management	Number/%	43 (6.37%)	67 (8.16%)	70 (7.68%)	6 (9.23%)	3 (4.11%)	3 (4.11%)	49 (6.62%)	70 (7.83%)	73 (7.41%)
Executive	Number/%	161 (23.85%)	224 (27.28%)	266 (29.17%)	0 (0.00%)	0 (0.00%)	0 (0.00%)	161 (21.76%)	224 (25.06%)	266 (27.01%)
Non-Executive	Number/%	426 (63.11%)	477 (58.10%)	516 (56.58%)	55 (84.62%)	65 (89.04%)	65 (89.04%)	481 (65.00%)	542 (60.63%)	581 (58.98%)







## Sustainability Statement - BAuto Performance Indicators (Cont'd)

Indicator	Unit	Malaysia		Philippines		Group			
		FY2021	FY2022	FY2021	FY2022	FY2021	FY2022		
<b>Social (Cont'd)</b>									
<b>Training and Development</b>									
Total training time	Hours	5,741	6,321	18,135	0	0	5,741	6,321	18,135
Total training for Top Management	Hours	180	37	293	0	0	180	37	293
Total training for Senior Management	Hours	539	458	1,390	0	0	539	458	1,390
Total training for Middle Management	Hours	649	744	4,242	0	0	649	744	4,242
Total training for Executives	Hours	2,464	2,206	6,116	0	0	2,464	2,206	6,116
Total training for Non-Executives	Hours	1,909	2,876	6,094	0	0	1,909	2,876	6,094
Total employees trained	Number	386	562	585	0	0	386	562	585
<b>Occupational Safety and Health</b>									
Fatality Cases	Number	0	0	0	0	0	0	0	0
Lost Workday Cases ("LWC")	Number	0	0	0	0	0	0	0	0
Restricted Workday Cases ("RWC")	Number	0	0	0	0	0	0	0	0
First Aid Cases ("FAC")	Number	0	0	0	0	0	0	0	0
Near Miss Cases	Number	0	0	0	0	0	0	0	0
Dangerous Occurrence Cases	Number	0	0	0	0	0	0	0	0
Fire Cases	Number	0	0	0	0	0	0	0	0
Property Damage Cases	Number	0	0	0	0	0	0	0	0
Vehicle Accident Cases	Number	0	1	1	0	0	0	1	1
No. of Days Lost	Number	0	0	0	0	0	0	0	0
Total number of hours worked by all employees	Hours	277,746	1,146,564	1,461,425	1,960	1,920	279,706	1,148,484	1,463,385
Lost time incident rate *	Hours	0	0	0	0	0	0	0	0
Employees trained on health and safety standards (number)	Number	277,746	1,146,564	1,461,425	1,960	1,920	279,706	1,148,484	1,463,385
* Number of lost time injuries in the reporting period / Total number of hours worked in the reporting period X 200,000									
<b>Community</b>									
Total amount invested in the community	RM	972,700	725,005	638,070	73,189	41,352	1,045,889	766,357	639,469
Total beneficiaries of the investment in communities	Number	35	36	42	1	1	36	37	43
<b>Human rights</b>									
Substantiated complaints concerning human rights violations	Number	0	0	0	0	0	0	0	0
<b>Customer Health &amp; Safety</b>									
Recalls issued and total units recalled for health and safety reasons	Number: number rectified	NA	NA	NA	1: 688	2: 1868	NA	NA	NA

Note: \* All performance indicators cover 100% of operations

# Corporate Governance Overview Statement

**The Board of Directors (“Board”) of Bermaz Auto Berhad (“BAuto” or the “Company”) recognises the importance of practicing a high standard 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 and its subsidiaries (collectively known as the “Group”).**

This Corporate Governance Overview Statement (“Statement”) provides a summary of the corporate governance practices of the Group for the financial year ended 30 April 2023 (“FY2023”) and where applicable, up to the date of approval of the Board of this Statement with reference to the three (3) key principles of good corporate practices as set out in the Malaysian Code on Corporate Governance (“MCCG”) as follows:

This Statement should be read in conjunction with the Company’s Corporate Governance Report (“CG Report”) which is available on its website at [www.bauto.com.my](http://www.bauto.com.my) and on Bursa Malaysia Securities Berhad (“Bursa Securities”) website at [www.bursamalaysia.com](http://www.bursamalaysia.com). The CG Report sets out the various practices under the MCCG, their applicability and departure (if any) including measures and/or timeframes to address such departures by the Company. For FY2023, the Company has applied with most of the recommended practices including step-up practices encapsulated in the MCCG save for the followings:

<b>Practice 5.9</b>	The board comprises at least 30% women directors
<b>Practice 5.10</b>	The board discloses in its annual report the company’s policy on gender diversity for the board and senior management
<b>Practice 8.2</b>	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
<b>Practice 8.3 (step-up)</b>	Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis
<b>Practice 12.2</b>	Large companies are encouraged to adopt integrated reporting based on a globally recognised framework

## PRINCIPLE

- Board Leadership and Effectiveness

A

## PRINCIPLE

- Effective Audit and Risk Management

B

## PRINCIPLE

- Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders

C

## PRINCIPLE

- Board Leadership and Effectiveness

A

## BOARD RESPONSIBILITIES

The Board is responsible for the performance and affairs of the Group. It also provides leadership and guidance for setting strategic direction and control systems of the Group. It then delegates the implementation and monitoring of these set directions and control systems to the management.

The Board delegates the day-to-day management of the Group to the management, comprising the Executive Chairman and Group Chief Executive Officer (“Group CEO”), who manages them in accordance with the approved Board strategies and policies. The Executive Chairman and Group CEO lead the management in deciding, implementing and managing the Group’s daily operations, its resources and any associated risks thereof while pursuing the corporate objectives of the Group.



## Corporate Governance Overview Statement

### BOARD LEADERSHIP

The Board is led by an Executive Chairman with extensive industrial knowledge and is supported by the Group CEO and other Board members who have a wide range of experience and expertise, and they collectively play an important role in the stewardship of the direction and operations of the Group.

### SEPARATION OF POSITIONS OF THE EXECUTIVE CHAIRMAN AND GROUP CEO

The positions of the Executive Chairman and Group CEO are held by two (2) different individuals. The roles and responsibilities of the Executive Chairman and Group 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 Executive Chairman also lead the Board in establishing and monitoring good corporate governance practice of the Group as well as managing specific operational function within the Group together with the Group CEO.

The Group CEO is responsible for overseeing the day-to-day management of the Group's businesses and implementing Board's policies and decisions.

The Executive Chairman and the Group CEO meets regularly with the management to review, discuss and monitor the Group's performances and its operations and brief the Board members during board meetings. Their respective roles and responsibilities are formalized in the Board Charter of the Company.

### NON-EXECUTIVE DIRECTORS

Non-Executive Directors are not involved in the daily operations of the Group. They have however contributed their invaluable expertise and experience in the development of the Group's overall business strategies and policies. They made insightful contributions and participated actively in Board and Board Committees' meetings, which further enhanced the Group's corporate governance and controls.

### SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR

The duties of Senior Independent Non-Executive Director ("SINED") include, among others, the followings:

- 1) acting as a sounding Board for the Executive Chairman;
- 2) support the Executive Chairman in matters of governance and board performance;
- 3) as intermediary to other Directors, when necessary; and
- 4) serve as designated point of contact for shareholders and other stakeholders.

### COMPANY SECRETARIES

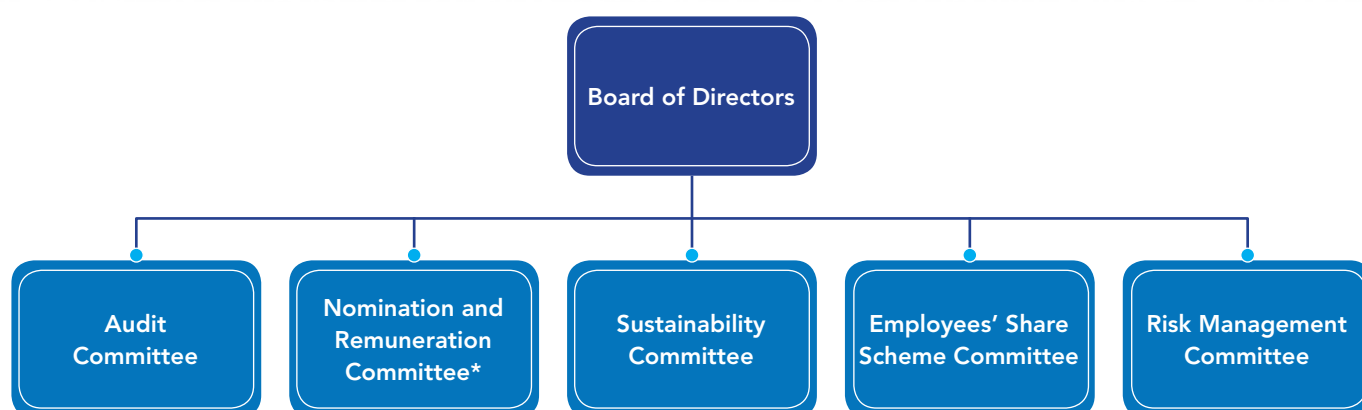
The Board is supported by suitably qualified, experienced and competent Company Secretaries who advise the Board and Board Committees on issues relating to compliance with laws, rules, procedures and regulations affecting the Group. Board members have unlimited access to the professional advice and services of the Company Secretaries. The Company Secretaries ensure that all Board and Board Committees' meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are recorded and maintained in the statutory register of the Company. Matters arising from the Board and/or Board Committees' meetings are communicated to the management for appropriate actions. The roles and responsibilities of the Company Secretaries have been formalized in the Board Charter of the Company.

The Company Secretaries, who oversee adherence with Board policies and procedures, brief the Board on the proposed contents and timing of material announcements to be made to regulators. The Company Secretaries also keep the Directors and Principal Officers informed of the closed periods for trading in the Company's shares.

The Company Secretaries also advise the Board on the adoption of corporate governance best practices as recommended under the MCCG. 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 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 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, promoting clear lines of accountability and to ensure that there are appropriate checks and balances in place:



Note: \* The Board had on 13 June 2023 merged the Nomination Committee and Remuneration Committee into a single committee and is now known as the Nomination and Remuneration Committee

The Chairman of the Board is not a member of the Audit Committee or the Nomination and Remuneration Committee ("NRC") which is aligned with the recommendation of the MCCG. The Audit Committee comprises solely of Independent Non-Executive Directors while the other Board Committees comprise mainly Independent Non-Executive Directors. This provides for effective oversight over management and ensures that there is independence in judgement.

The Board Committees play a significant role in reviewing matters within respective Board Committee's Terms of Reference ("TOR") and facilitate the Board in discharging its duties and responsibilities. Each of these Board Committees has specific TOR, scope and specific authorities to review matters and report to the Board with their recommendations. The Board may also form such other Board Committee(s) 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.

The TORs of each Board Committees are available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my). The details of the Board Committees' members are set out in the Corporate Information in this Annual Report.

## BOARD MEETINGS AND MEETING MATERIALS

In order to discharge their responsibilities effectively, the Board meets regularly on a quarterly basis. Board and Board Committees' meetings are scheduled and communicated in advance prior to each calendar year to encourage maximum attendance rates. Besides the quarterly meetings, additional Board and/or Board Committees' meetings may be convened as and when necessary to consider urgent proposals or matters that requires the Board's consideration and approval. Board and/or Board Committees' members will deliberate and assess the viability, rationale and impact of such proposals/matters to the Group. All Board and/or Board Committees' recommendations and/or approvals sought are supported by relevant information and/or explanations required for an informed decision to be made.

## Corporate Governance Overview Statement

Key highlights of the Board activities and priorities for the FY2023 are summarised as follows:

- 1) Sustainability material matters and Economic & Environmental, Social and Governance (“EESG”) performance updates
- 2) Dividends decisions
- 3) Potential growth opportunities / exploration of new opportunities briefing
- 4) Implementation of digitalisation plan
- 5) Approval of TORs, External Auditors’ Policy and Board Charter
- 6) Annual board and key senior management assessments
- 7) Overall risk review of the Group’s operations
- 8) Quarterly internal audit findings review
- 9) Quarterly results announcements review
- 10) Group annual budget approvals

In the intervals between Board and/or Board Committees’ meetings, any matters requiring urgent Board and/or Board Committees’ decisions or approvals will be sought via circular resolutions to the Board and/or Board Committees’ members together with the relevant information and/or explanation for an informed decision to be made.

For predetermined Board and/or Board Committees’ meetings, the relevant agenda and papers will be provided at least five (5) business days in advance of the date of meeting to allow sufficient time for the Board and/or Board Committees to read through the papers and understand the purpose for the meeting as well as to discuss or seek further clarification at the meeting. The Board and/or Board Committees’ papers normally include minutes of preceding meetings, summary of dealings in shares by the Directors, affected persons and/or principal officers, circular resolutions, reports on the Group’s financials, operations, corporate developments/proposals as well as reports from external parties, where applicable.

There is also a schedule on matters reserved for Board and/or Board Committees’ deliberations and decisions which include, among others, the review, evaluation, adoption and approval of the Group’s policies and strategic plans. The schedule is to ensure that strategic plans of the Group support long term value creation including strategies on economic, environmental and social considerations underpinning sustainability. It also includes the review, evaluation and approval for any material acquisition and/or disposal of undertakings or assets and any new major venture in the Group.

The Chief Financial Officer and Director of Group Operations are invited to attend all Board meetings to report on the Group’s financial performance, operation and matters pertaining to their respective areas of responsibility.

At Board Meetings, the Executive Chairman and Group CEO would lead the presentation to the Board and provide comprehensive explanation of the Group’s strategy and priorities, business performance and other pertinent issues.

The proceedings of all meetings, including any issues discussed, decisions and conclusions including any dissenting views made and whether any Director had abstained from voting or deliberating on a particular matter at the meetings with required actions to be taken by the relevant parties are properly documented in the minutes by the Company Secretaries.

### ACCESS TO INFORMATION AND ADVICE

The Directors have unrestricted access to the advice and services of the Company Secretaries and 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 POLICIES

The Board has the following in place:

#### (a) Board Charter

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

The Board Charter is reviewed periodically by the Board to ensure that it remains relevant and consistent with the Board’s roles and responsibilities and reflects the latest updates on the prevailing legislation and practices. The Board Charter is available on the Company’s website at [www.bauto.com.my](http://www.bauto.com.my).

The Board Charter was revised on 12 September 2022 to reflect the recent changes in the regulatory requirements and the updated MCCG.



**(b) Code of Ethics for Directors**

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

The Code of Conduct and Business Ethics is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my) and is reviewed periodically by the Board to ensure that it remains effective and relevant.

**(d) Whistleblowing Policy and Procedures**

The Company acknowledges the importance of lawful and ethical behaviours in all its Group business activities and is committed to adhere to the values of transparency, integrity, impartiality and accountability in the conduct of the Group's business affairs and 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 in accordance with the Malaysian Whistleblower Protection Act 2010 or other similar prevailing law in the countries where the Group operates, without fear of any form of victimization, harassment, retribution or retaliation.

Employees may raise concern of any non-compliances either to their immediate reporting Line/Senior Manager or directly to the Group Head of Human Resource, Group Head of Risk Management & Investor Relation, Group CEO or the Executive Chairman.

The Chairman of Audit Committee was included as a point of contact in FY2023 to further enhance the effective implementation of the Whistleblowing Policy.

The Whistleblowing Policy is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

**(e) Anti-Bribery and Corruption Policy**

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

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

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

The Anti-Bribery and Corruption Policy is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my) and is reviewed periodically by the Board to ensure that it remains effective and relevant.

**(f) Fit and Proper Policy**

The Company has adopted a Fit and Proper Policy to ensure a formal and transparent process for the appointment and re-election of Directors and the appointment of Key Senior Management of the Group. The execution is delegated to the NRC, which will be reviewed and approved by the Board.

The Fit and Proper Policy is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my) and is reviewed periodically by the Board to ensure that it remains effective and relevant.

## SUSTAINABILITY STRATEGIES

The Board views the commitment to promote sustainability strategies in the EESG 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. Such initiatives are set out in the Sustainability Statement section in this Annual Report.

## BOARD SIZE AND COMPOSITION

As at the date of this Statement, the Board consists of seven (7) Directors, which is made up of four (4) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director, one (1) Executive Chairman and one (1) Group CEO. Profiles of each Directors of the Company are set out in the Profile of Directors section in this Annual Report.

The present composition of the Board is in compliance with Chapter 15.02 of the Listing Requirements of Bursa Securities which requires at least two (2) or one third (1/3) of the Board members, whichever is the higher, to be Independent Directors. The present Board composition is also in compliance with the recommendation by MCCG for large companies to have a majority of Independent Directors. The Company's present Board composition comprises 57% Independent Directors.

The presence of a majority of Independent 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 active participation in Board and Board Committees' meetings. The Independent Directors perform their roles and duties independently, unfettered and unbiased in judgement or decision making and promote good corporate governance to the Group.

The present Board composition provides an adequate mix of knowledge, skills and expertise which assist the Board in effectively discharging its stewardship, fiduciary duties and responsibilities. The present Board is well balanced with Board members possessing a wide range of experiences and expertise with diverse backgrounds and skill sets in areas such as automotive, investment, finance, treasury accounting and tax, business advisory, corporate secretarial, consumer products and corporate.

## BOARDROOM DIVERSITY

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

The Board also recognises the importance of having a range of different skills, backgrounds, experience and diversity which are essential in providing 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. Hence, the Company has 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) women Directors which represents about 29% ratio of the Board and is just below the 30% women directors' recommendation of the MCCG. The Board shall use its best endeavour to meet the minimum 30% women directors on the Board.

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

The Group 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 a Board Diversity Policy, a copy of which is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

As at 30 April 2023, the diversity of the Board is as follow:

Gender	Male	Female	Total
Number of Directors	5 (71%)	2 (29%)	7 (100%)

Ethnicity	Malay	Chinese	Indian	Others	Total
Number of Directors	4 (57%)	2 (29%)	0 (0%)	1 (14%)	7 (100%)

Board Independence	Independent Non-Executive Director	Non-Independent Non-Executive Director	Executive Director	Total
Number of Directors	4 (57%)	1 (14%)	2 (29%)	7 (100%)

Age Diversity (Years)	50 - 59	60 and above	Total	Board's average age
Number of Directors	1 (14%)	6 (86%)	7 (100%)	67

## 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. All pertinent matters discussed at the Board and Board Committees' meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries. Attendance of the Directors at the Board and Board Committees' meetings for FY2023 are as follows:

Type of Meeting	Board of Directors	Audit Committee	Nomination Committee*	Remuneration Committee*	Sustainability Committee	ESS Committee	Risk Management Committee
<b>Directors</b>	<b>Attendance during tenure in office</b>						
Tan Sri Dato' Sri Yeoh Choon San	5/5	N/A	N/A	N/A	1/1	1/1	1/1
Dato' Lee Kok Chuan	5/5	N/A	N/A	N/A	1/1	1/1	1/1
Datuk Syed Hisham Bin Syed Wazir	5/5	5/5	1/1	2/2	1/1	N/A	1/1
Dato' Kalsom Binti Abd. Rahman	5/5	N/A	N/A	2/2	N/A	1/1	1/1
Puan Adibah Khairiah Binti Ismail @ Daud	5/5	5/5	1/1	N/A	1/1	N/A	N/A
Mr Martin Giles Manen	5/5	5/5	N/A	N/A	1/1	N/A	1/1
Dato' Wan Kamaruzaman Bin Wan Ahmad	4/5	N/A	0/1	1/2	1/1	1/1	N/A

Note : \* The Board had on 13 June 2023 merged the Nomination Committee and Remuneration Committee into a single committee and is now known as the Nomination and Remuneration Committee

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 and Board Committees' meetings held during FY2023.



## Corporate Governance Overview Statement

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 Listing Requirements of Bursa Securities. They are required to notify the Executive Chairman of the Board before accepting any new directorships outside the Group as well their role and involvement in the new directorship, if any. Similarly, the Executive Chairman of the Board shall also do likewise before taking up any additional appointment of directorships outside the Group.

### DIRECTORS' TRAINING

All the Directors of the Company including newly appointed Director (if any), have completed the Mandatory Accreditation Programme Part I as required 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. On top of annual board assessment outputs, the Board has tasked the NRC to review the training updates and development needs for each Board members on a bi-annually basis to determine and support the Directors' training needs.

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 attend the necessary training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest developments in the automotive and related industries and in the statutory and regulatory requirements.

The Company Secretaries will update the Board on the relevant training programmes relating to regulatory, governance, sustainability and current topics pertaining to the automotive and related industries.

Induction programme will be arranged for newly appointed Directors to enable them to better understand the Group's business and operations, organizational structure and management functions as well as issues and challenges facing the Group and the industry. As part of the induction programme, visits to key operation sites will also be organized.

In November 2022, the Board paid a visit to the Group's operation in the Philippines and were briefed by the management there on its business operations.

The training programmes, seminars and conferences attended by the Directors during FY2023 were as follows:

Directors	Training Programmes/Seminars/Conferences
Tan Sri Dato' Sri Yeoh Choon San	- Duties & responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd
Dato' Lee Kok Chuan	- Panelist in the webinar on mapping the road ahead for the automotive sector conducted by RAM Ratings Services Berhad - Duties & responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd - CGS-CIMB 15th annual Malaysia virtual corporate day
Datuk Syed Hisham Bin Syed Wazir	- MIA Virtual Conference Series: Corporate Board Leadership Symposium 2022 Mastering Governance in the era of ESG conducted by Malaysian Institute of Accountants - ISO 37002 Whistleblowing management system conducted by Malaysian Institute of Corporate Governance - SSM National Conference 2022 on corporate governance and sustainability needed now more than ever conducted by Companies Commission of Malaysia - Duties & responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd
Dato' Kalsom Binti Abd. Rahman	- Duties & responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd - Advocacy session for Directors and Senior Management of Main Market Listed Issuers conducted by Bursa Malaysia Securities Berhad - ESG Training: Key points for Boards and Senior Management on Task Force on Climate related Financial Disclosure

Directors	Training Programmes/Seminars/Conferences
Puan Adibah Khairiah Binti Ismail @ Daud	<ul style="list-style-type: none"> <li>- MIA International Accountants Conference 2022: Leading ESG, Charting sustainability conducted by Malaysian Institute of Accountants</li> <li>- Duties &amp; responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd</li> <li>- Bursa Malaysia Immersive Session: The Board "Agender" conducted by Bursa Malaysia Securities Berhad</li> <li>- Forum-AI in Accounting -Threat or Opportunity conducted by Malaysian Institute of Accountants</li> </ul>
Mr Martin Giles Manen	<ul style="list-style-type: none"> <li>- Environment Day 2022: Only One Earth – Living Sustainably in Harmony with Nature</li> <li>- Securities Commission Guidelines on the Conduct of Directors of Listed Corporations and their Subsidiaries – Implications to the Board and Management conducted by Lee Min On</li> <li>- Mid-Year Investment Outlook Conference</li> <li>- Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework</li> <li>- Duties &amp; Responsibilities of Company Directors – Demystifying the stewardship and fiduciary role of Directors conducted by Lee Min On</li> <li>- Duties &amp; responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd</li> <li>- Supercharge ESG Ambitions with Technology conducted by KPMG Annual Leadership Summit 2022</li> <li>- Human Rights Risk Management for Malaysian companies conducted by KPMG</li> <li>- Understanding the requirements in Bursa Malaysia's enhanced sustainability reporting framework conducted by KPMG</li> <li>- FX Market Outlook Webinar: The Strong US Dollar, Can it Continue?</li> <li>- AML/CFT Training for Asset Management companies</li> <li>- AOB's conversation with Audit Committees conducted by Securities Commission Malaysia</li> <li>- Quality &amp; Efficiency Summit</li> <li>- FIDE Forum Distinguished Board Leadership Series 2023: "Can America stop China's Rise? Will ASEAN be damaged?"</li> <li>- Annual Flagship Conference: Beyond 2023</li> <li>- Suite Talk: Governing into the Future conducted by SIDC</li> <li>- SRI Taxonomy: Insights and Implementation conducted by SIDC</li> <li>- Briefing on ESG by PricewaterhouseCoopers</li> <li>- Presentation of BNM Annual Report 2022 conducted by BNM</li> <li>- Thannees Tax Consulting Services 4th Tax Conference "Tackling Practical Problems faced by Taxpayers"</li> </ul>
Dato' Wan Kamaruzaman Bin Wan Ahmad	<ul style="list-style-type: none"> <li>- Duties &amp; responsibilities of Directors of listed companies conducted by Boardroom Corporate Services Sdn Bhd</li> <li>- Bursa Malaysia Immersive Session: The Board "Agender" conducted by Bursa Malaysia Securities Berhad</li> </ul>

The Company Secretaries kept the Board informed of any new amendments and updates issued by the relevant regulatory authorities from time to time through emails, briefings or printouts.

Corporate Governance Overview Statement

**APPOINTMENT TO THE BOARD**

The Board has on 13 June 2023 merged the Nomination Committee and Remuneration Committee into a single committee and is now known as the Nomination and Remuneration Committee (“NRC”). The rationale for the NRC merger is to streamline the functions of these committees as well as to enhance the efficiency and effectiveness of the NRC in discharging its duties and responsibilities.

Upon formation of the NRC, Datuk Syed Hisham Bin Syed Wazir, SINED of the Board, who had previously served as the Chairman of the Nomination Committee continued with his role as the Chairman of the NRC whilst Dato’ Wan Kamaruzaman Bin Wan Ahmad, who had previously served as the Chairman of the Remuneration Committee, was accordingly re-designated as a member of the NRC.

The Board had identified Datuk Syed Hisham Bin Syed Wazir as the SINED due to his vast board experiences and knowledge in the automotive industry, leadership skills and is the longest serving Independent Non-Executive Director of the Company. As the SINED, shareholders and other Directors may approach him should they have any concerns regarding the Group and its Management.

The NRC comprises exclusively of Non-Executive Directors, the majority of whom are Independent Non-Executive Directors and the composition is as follows:

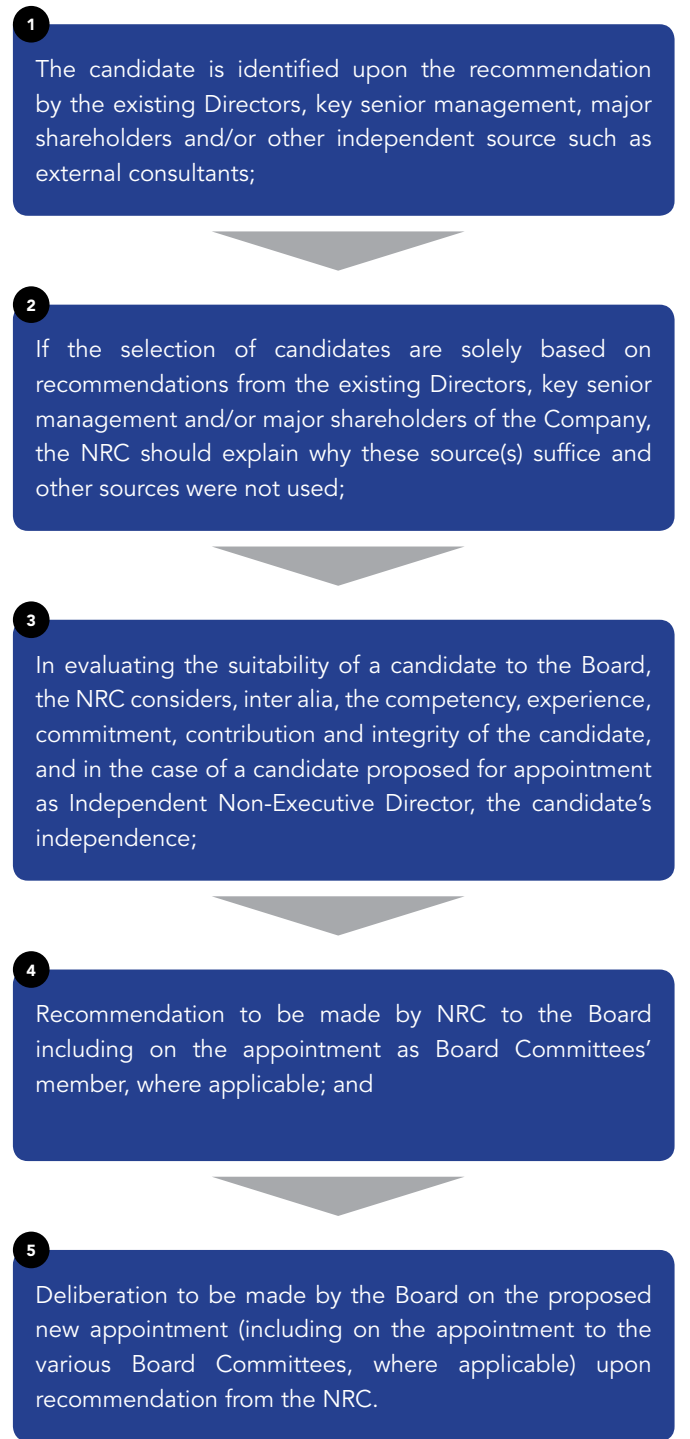
NRC	Type of membership
Datuk Syed Hisham Bin Syed Wazir	Chairman/SINED
Dato’ Kalsom Binti Abd. Rahman	Member/Independent Non-Executive Director
Puan Adibah Khairiah Binti Ismail @ Daud	Member/Independent Non-Executive Director
Dato’ Wan Kamaruzaman Bin Wan Ahmad	Member/Non-Independent Non-Executive Director

The TOR, which sets out the duties and responsibilities of the NRC was approved by the Board on 12 June 2023 and took effect on 13 June 2023, is available on the Company’s website at [www.bauto.com.my](http://www.bauto.com.my).

Among the duties of the NRC is to oversee the recommendation on the appointment of new Director(s) for the Board’s deliberation and approval. The NRC is responsible to ensure that the procedures for such appointments are transparent, rigorous and are made based on merits and in the best interest of the Group.

In compliance with the Listing Requirements of Bursa Securities, the Company has in place a Fit and Proper Policy, which sets out the selection criteria that NRC use as part of its assessment for the appointment and/or re-election of Directors and appointment of Key Senior Management.

The processes for the appointment of a new Director is summarised as follows:





## APPOINTMENT OF KEY SENIOR MANAGEMENT

The NRC is tasked to perform the fit and proper assessment in accordance with the Fit and Proper Policy of the Company on candidate to be appointed as Key Senior Management of the Group based on the following fit and proper criteria:

- 1) Probity, personal integrity and reputation;
- 2) Competence and capability; and
- 3) Financial integrity

## ANNUAL ASSESSMENT

The NRC reviews annually, the effectiveness of the Board and Board Committees, the performance of each Director, as well as the independence of each Independent Director. In FY2023, the Board on the recommendation of the NRC, had appointed the Institute of Corporate Directors Malaysia ("ICDM") to facilitate a board review in line with the MCCG practice.

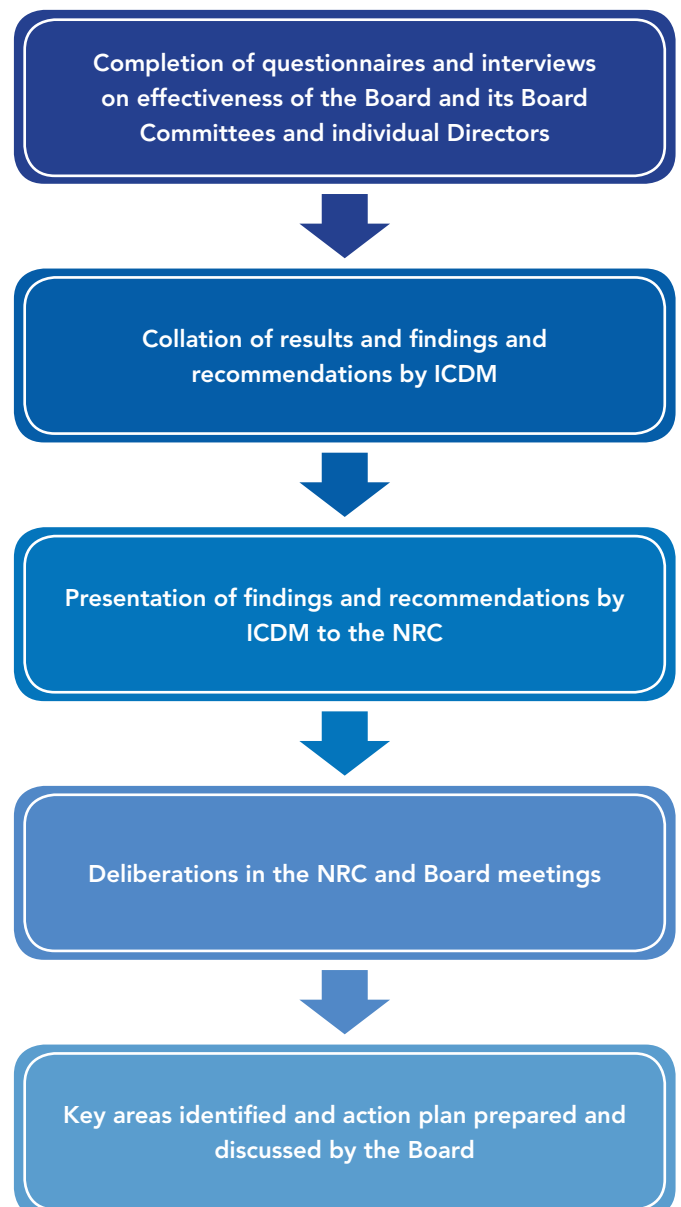
The objective of the review assessment by ICDM was to provide the Board with an independent insight and external perspective of the effectiveness of the Board and its Board Committees in terms of the oversight and governance processes, as well as on how they are addressing the forward-looking agenda of the Group. From the observations and findings of the review processes by ICDM, suggestions for improvements and recommendations in accordance with best practices were put forward to further support the journey towards becoming a high-performing and value-creating Board.

All seven (7) Board members and four (4) Key Senior Management were invited to participated in a comprehensive set of online questionnaires organized by ICDM, followed by a confidential one-on-one interview by the representatives of ICDM with each Board member that garnered candid insights and in-depth perspectives. The processes addressed the performance of the Board and its Board Committees, together with an individual performance review of each Director. Based on ten (10) fundamental board parameters, the ICDM questionnaires were designed to encourage thought-provoking and honest responses of the Board's overall performance in their oversight role, as well as an additional emphasis on how they integrate sustainability considerations into the Group's corporate strategy, in line with the emphasis of the MCCG.

The 2023 Board & Directors Effectiveness Evaluation ("2023 BDEE") report covers the following 10 parameters:

- Board Leadership
- Board Composition, Skills and Development
- Board Committees
- Board Governance Oversight and Processes
- Board Agendas, Meetings and Information
- Board Dynamics and Culture
- Board and Management Relationship
- Board and Stakeholder Engagement
- Board Sustainability Matters
- Board's Pandemic/Crisis Management Response

## 2023 BDEE PROCESS



## Corporate Governance Overview Statement

The Board achieved a total average rating of 4.76 (out of 5) in the 2023 BDEE report. The results of the 2023 BDEE report concluded that the existing Board is effective and performs well within the parameters.

Based on the comments and results gathered from the 2023 BDEE online questionnaires and interview sessions with the Directors and Key Senior Management, the 2023 BDEE report identified five (5) key strengths in the Board, Board Committees and individual Directors as follows:

- 1) Board Leadership
- 2) Board Governance Oversight and Processes
- 3) Board Agendas, Meetings & Information
- 4) Board Dynamics and Culture
- 5) Board and Management Relationship

The Board members unanimously viewed the Executive Chairman as a collaborative and effective leader who is open-minded, knowledgeable and is not perceived as authoritative at meetings. The Executive Chairman promotes frank discourse and enhances the quality of communication at the leadership level of the Board as all views were taken into consideration.

The Board had agreed on the appropriate action plans to address the key findings in the 2023 BDEE report to further enhance its effectiveness such as the followings:

- 1) To establish a more comprehensive onboarding programme to include structured site visits and meetings with the Executive Chairman, other Board members and the senior management staff;
- 2) To have a more structured training and development programme for Board members with focus on EESG;
- 3) To establish a more comprehensive board skills matrix in tandem with future strategy;
- 4) To aspire to achieve a minimum 30% women directors on the Board;
- 5) To include strategic discussions for generative discussions with the senior management; and
- 6) To priorities Board succession planning through NRC.

Concurrent with the 2023 BDEE, the NRC with the support from the Company Secretaries had also initiated the annual internal evaluation for the Directors and Key Senior Management of the Company where the evaluation criteria are based on the existing Corporate Governance Guide issued by Bursa Securities which mainly covers the following areas:

- 1) Reviewed the independence of the Independent Directors;

- 2) Reviewed the performance of the Audit Committee and its members;
- 3) Reviewed the performance of the Internal Auditors;
- 4) Reviewed the financial literacy assessment for each of the Audit Committee members;
- 5) Reviewed the fit and properness of Directors seeking for re-election;
- 6) Recommended to the Board, the Directors who are retiring and being eligible for re-election; and
- 7) Reviewed the character, experience, integrity, competence, time commitment and EESG of Key Senior Management.

The outcome of the above assessments and feedback from the Directors and Key Senior Management were consolidated into a report and discussed at the NRC meeting. The NRC then tabled the said report to the Board for its deliberation and approval.

The NRC and the Board were satisfied with the overall performance of the Board and the Board Committees as they have contributed positively and continued to operate effectively towards fulfilling their fiduciary duties and responsibilities as members of the Board and Board Committees.

A summary of key activities undertaken by the NRC in discharging its duties during the FY2023 is set out below:

### Nomination

- reviewed the annual increment of Executive Directors; and
- reviewed Directors' remuneration and benefits for shareholders' approval.

### Governance and strategic planning

- reviewed and assessed the mix of skills, expertise, composition, size and experience of the Board;
- oversight the annual evaluation process conducted by an independent expert for the Directors, Board and Board Committees;
- reviewed and assessed the performance of each individual Director and Key Senior Management, independence of the Independent Directors, effectiveness of Board and Board Committees;
- reviewed the performance and terms of office of the Audit Committee and its members;
- reviewed and assessed the financial literacy of the Audit Committee members;
- reviewed the Director's Training Programme for FY2023; and
- reviewed the TOR of the NRC to reflect the recent updates/ changes in the regulatory requirements and the updated MCGG.

### Remuneration

- reviewed and recommended to the Board on the re-election of Directors who are due for retirement by rotation for shareholders' approval at the forthcoming Annual General Meeting ("AGM") of the Company; and
- reviewed and considered the fit and properness of the Directors who are retiring and seeking re-election at the forthcoming AGM of the Company in accordance with the provisions of the Companies Act 2016, the Constitution and the Fit and Proper Policy of the Company.

### RE-ELECTIONS OF DIRECTORS

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 for re-election at the AGM and that each Director shall submit himself/herself for re-election once in every three (3) years. In addition, Clause 107 of the Company's Constitution provides that a Director who was appointed during the financial year shall retire and be eligible to seek for re-election at the AGM to be held following his/her appointment.

At the forthcoming AGM of the Company, the following Directors are due for retirement ("Retiring Directors") based on the schedule rotation and are eligible to seek for re-election pursuant to Clause 117 of the Company's Constitution:

#### Retiring Directors

- 1) Dato' Kalsom Binti Abd. Rahman
- 2) Mr Martin Giles Manen

The NRC had undertaken an annual assessment and evaluation of the Retiring Directors in accordance with the provisions of the Companies Act 2016, the Constitution and the Fit and Proper Policy of the Company. The Retiring Directors have completed their respective declaration in accordance to the Fit and Proper Policy to affirm that they have fulfilled the fit and proper criteria relating to their probity, personal integrity and reputation, competence and capability and financial integrity. From the results of the assessment conducted, the NRC was satisfied with the overall performance and contribution of the Retiring Directors and had accordingly recommended to the Board for re-election of the Retiring Directors.

Based on the outcome of the self-independent assessment, the NRC was satisfied that the Retiring Directors have complied with the independence criteria as set out in the Listing Requirements of Bursa Securities and continue to bring independent and objective judgment to the Board's deliberation.

The Board then deliberated and concurred with the NRC's recommendation and agreed to table the resolution for the re-election of the Retiring Directors for shareholders' approval at the forthcoming AGM of the Company. Information on the Retiring Directors are set out on in the Profile of Directors in this Annual Report.

### TENURE OF INDEPENDENT DIRECTORS

Pursuant to Practice 5.3 of the MCCG, the tenure of an Independent Director shall not exceed a cumulative term of nine (9) years. Upon completion of nine (9) years, the Independent Director may continue to serve on the board as a Non-Independent Director.

Since 2022, to further enhance its Board diversity and strike an appropriate balance between continuity of experience and Board refreshment, the Company had adopted the policy to limit the tenure of Independent Directors to a cumulative term of not more than nine (9) years in its Board Charter, which is in line with the provisions in the MCCG on tenure of Independent Directors.

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.

As at the date of this Statement, the tenures of the four (4) Independent Non-Executive Directors of the Company are as follows:

Length tenure of Independent Non-Executive Directors (Years)	1 - 3	4 - 6	7 - 9	Total
Number of Independent Non-Executive Directors / Percentage %	1 (25%)	2 (50%)	1 (25%)	4 (100%)

The tenure of all the Independent Non-Executive Directors of the Company are below 9 years.



## ANNUAL ASSESSMENT OF INDEPENDENCE

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

The independence of the Independent Non-Executive Directors is assessed annually by the Board (through the NRC) based on criteria set out in the Listing Requirements of Bursa Securities and the Fit and Proper Policy of the Company. The Board will recommend the re-appointment of an Independent Director only if it is satisfied that the Independent Director concerned continues to fulfil the independence criteria.

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

## REMUNERATION POLICY AND PROCEDURES

The Board has in place a Remuneration Policy which contains the guiding principles for determining the remuneration for Directors and Key Senior Management and to ensure that the same remains competitive, appropriate and in alignment with the prevalent market practices. The Remuneration Policy is formulated with the aim to support the Executive 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 competitive remuneration packages to the Executive Directors and Key Senior Management to attract, motivate, retain and reward them to better manage and drive the Company's success.

The NRC is responsible for reviewing and recommending to the Board, the remuneration package and terms of employment for the Executive Directors and Key Senior Management. The Remuneration Policy is subject to regular review by the NRC 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 available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

The remuneration package for the Executive Directors and Key Senior Management comprises salaries, allowances and performance-based incentives including bonuses and other customary long-term benefits as appropriate. The salary level for Executive Directors and Key Senior Management takes into account, among others, the scope of duties and responsibilities, corporate performance, individual performance and market conditions within the industry and market capitalisation. The remuneration package is determined at a level which enables the Group to attract, develop and retain high performing and talented individual with the relevant experience, level of expertise and level of responsibilities.

A portion of the Executive Directors and Key Senior Management remuneration is tied to longer term performance such as the Company's Employees' Share Scheme which is vested over a period of five (5) years to align their interest with the strategic goals of the Group.

The Non-Executive Directors remuneration is in the form of fixed annual fees and payable on a monthly basis in arrears. Additional fee such as meeting allowance is payable to the Board and Board Committee members as incidental cost for attending Board and Board Committees meetings. The Directors' fees and other benefits payable to Non-Executive Directors are subject to shareholders' approval at the forthcoming AGM of the Company in accordance with Section 230(1) of the Companies Act 2016.

The Directors concerned are required to abstain and shall continue to abstain from all Board deliberations and voting on resolutions pertaining to their respective remuneration at the NRC and Board level, where applicable.

**DIRECTORS' REMUNERATION**

Details of the Directors' remuneration paid and/or payable to the Directors of the Company and the Group, on a named basis, for the FY2023 are as follows:

Company	RM						
	Fees	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
<b>Executive</b>							
Tan Sri Dato' Sri Yeoh Choon San	-	-	-	-	-	-	-
Dato' Lee Kok Chuan	-	-	-	-	-	-	-
<b>Non-Executive</b>							
Datuk Syed Hisham Bin Syed Wazir	80,000	20,400	-	-	-	-	100,400
Dato' Kalsom Binti Abd. Rahman	80,000	13,200	-	-	-	-	93,200
Puan Adibah Khairiah Binti Ismail @ Daud	80,000	16,200	-	-	-	-	96,200
Mr Martin Giles Manen	80,000	18,000	-	-	-	-	98,000
Dato' Wan Kamaruzaman Bin Wan Ahmad	80,000	10,400	-	-	-	-	90,400
<b>Total</b>	<b>400,000</b>	<b>78,200</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>478,200</b>

## Corporate Governance Overview Statement

Group	RM						
	Fees	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
<b>Executive</b>							
Tan Sri Dato' Sri Yeoh Choon San	-	34,092	2,398,025	2,142,040*	24,600	737,967^	5,336,724
Dato' Lee Kok Chuan	-	31,296	2,258,105	644,520	24,600	426,368^	3,384,889
<b>Non-Executive</b>							
Datuk Syed Hisham Bin Syed Wazir	80,000	20,400	-	-	-	-	100,400
Dato' Kalsom Binti Abd. Rahman	80,000	13,200	-	-	-	-	93,200
Puan Adibah Khairiah Binti Ismail @ Daud	80,000	16,200	-	-	-	-	96,200
Mr Martin Giles Manen	80,000	18,000	-	-	-	-	98,000
Dato' Wan Kamaruzaman Bin Wan Ahmad	80,000	10,400	-	-	-	-	90,400
<b>Total</b>	<b>400,000</b>	<b>143,588</b>	<b>4,656,130</b>	<b>2,786,560</b>	<b>49,200</b>	<b>1,164,335</b>	<b>9,199,813</b>

Note:

^ Comprises cost of living allowance, employers' provident fund contributions, social security welfare contributions and employees' insurance scheme

\* Comprises performance incentives

In addition, the Directors are covered under the Directors and Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as Directors and Officers of the Group as their benefit, provided that such Directors/Officers has not acted negligently, fraudulently or dishonestly, or in breach of his/her duty of trust.

#### THE REMUNERATION OF TOP FIVE (5) KEY SENIOR MANAGEMENT IN BANDS OF RM50,000 ON AN AGGREGATE BASIS

The number of top five (5) key senior management and their total remuneration from the Group are categorized into the various bands as follows:

Range of remuneration	Number of Key Senior Management
RM2,150,001 to RM2,200,000	1
RM950,001 to RM1,000,000	1
RM650,000 to RM700,000	1
RM600,001 to RM650,000	1
RM500,001 to RM600,000	1
	5

MCCG has recommended that companies should disclose on named basis and the detailed remuneration of the top five (5) key senior management. However, the Board is of the view that such disclosures will not be in the best interest of the Group as talented and/or top performing senior management who have been contributing to the Group's performance may be lured away and risk losing them to competitors. Furthermore, such detailed disclosures may cause disharmony and/or unhealthy rivalry among the senior management and will have an adverse effect on the Group's operations and performance.

As an alternative, the Board believe that the transparency and accountability aspects of corporate governance as applicable to the key senior management's remuneration are appropriately served by disclosure in various bands.



**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:

Audit Committee	Type of membership
Mr Martin Giles Manen	Chairman/Independent Non-Executive Director
Datuk Syed Hisham Bin Syed Wazir	Member/Senior Independent Non-Executive Director
Puan Adibah Khairiah Binti Ismail @ Daud	Member/Independent Non-Executive Director

The Chairman of the Audit Committee is appointed by the Board and is not the Chairman of the Board. In addition, none of the Audit Committee members were former key audit partners from the External Auditors. If so, he/she is then required to observe a cooling-off period of at least three (3) years before he/she can be considered for appointment as a member of the Audit Committee and/or the Board in accordance with the TOR of the Audit Committee.

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 TOR of the Audit Committee. Two (2) members of the Audit Committee are also Chartered Accountants of the Malaysian Institute of Accountants by profession. 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 Audit Committee assists the Board in overseeing the Group's and Company's financial reporting process and the quality of financial reporting and to ensure that the financial statements comply with the provisions of the Malaysian Companies Act 2016 and the applicable Malaysian Financial Reporting Standards and International Financial Reporting Standards. The Group's quarterly financial results are also reviewed by the Audit Committee before they are tabled to the Board for approval.

A summary of the activities undertaken by the Audit Committee during the financial year are set in the Audit Committee Report in this Annual Report.

The performance of the Audit Committee is reviewed annually by the NRC and cover 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. For the FY2023, the NRC has evaluated and concluded that the Audit Committee has been effective in the performance of its duties in accordance with the External Auditors' Policy and/or TOR of the Company.

The composition, authority as well as the duties and responsibilities of the Audit Committee are set out under the TOR approved by the Board and is available on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

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 are prepared in accordance with the provisions of the Malaysian 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 the ensuing section.

**ASSESSMENT OF EXTERNAL AUDITORS**

The Board maintains a transparent and professional relationship with the External Auditors through the Audit Committee. The Audit Committee invites the External Auditors to attend its meetings and to discuss their audit plans and findings on the Company's financial statements. In addition, the Audit Committee will have private sessions with the External Auditors without the presence of the Group CEO, Chief Financial Officer and Key Senior Management to enable exchange of views on any issues requiring attention.

The Audit Committee has been tasked by the Board to perform 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 are used as a tool to obtain input from the Company's personnel who had constant contact with the External Auditors' team throughout the year.

## Corporate Governance Overview Statement

The External Auditors Policy ("EA Policy") was adopted by the Audit Committee which outlines the policies and procedures governing the assessment, appointment and monitoring the performance, calibre, independence, objectivity and professionalism of the External Auditors. Pursuant to the EA policy, prior approval is required from the Executive Chairman/Group CEO/Chief Financial Officer/Audit Committee for the annual reporting on any non-audit services engagement to be performed by the External Auditors and its affiliates as well as for the rotation of the External Audit Engagement Partner. In addition, any former key audit partner to be appointed as a member of the Audit Committee and/or the Board is required to observe a cooling-off period of at least three (3) years prior such appointment.

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 had pre-approved the non-audit services to be performed by the External Auditors and its affiliates for the ensuing financial year. The management are also authorized by the Audit Committee to execute the relevant engagement letters for the pre-approved non-audit services that are below the threshold of RM100,000.00 as per the EA Policy. Any other non-audit services not pre-approved by the Audit Committee shall seek its approval prior to the engagement of such services. The recurring non-audit services performed by the External Auditors and its affiliates were in respect of the annual reviews for tax compliance and the Statement on Risk Management and Internal Control.

During FY2023, 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 are as follows:

	Company		Group	
	FY2023 RM	FY2022 RM	FY2023 RM	FY2022 RM
Statutory audit fees paid/payable to:-				
- Ernst & Young PLT ("EY") Malaysia	59,900	54,450	366,700	337,480
- Affiliates of EY Malaysia	-	-	32,143	29,115
Total (a)	59,900	54,450	398,843	366,595
Non-audit fees paid/payable to:-				
- EY Malaysia	7,900	62,200*	7,900	62,200*
- Affiliates of EY Malaysia	4,250	4,250	59,473	55,075
Total (b)	12,150	66,450	67,373	117,275
% of non-audit fees (b/a)	20%	122%	17%	32%

**Note:**

\* Included review fee for the Purchase Price Allocation report in relation to the acquisition of an additional 35% equity interest in Bermaz Auto Alliance Sdn Bhd by Bermaz Auto Berhad in the said financial year

In considering the nature and scope of the non-audit fees, the Audit Committee was satisfied that such fees will not result in any conflict of interest situation or impair the independence and objectivity of the External Auditors.

Following completion of the assessment, the Audit Committee then recommended the re-appointment of the External Auditors to the Board for its deliberation and approval. The Board concurred with the Audit Committee's recommendation and agreed to table the proposed re-appointment of the External Auditors to the shareholders for approval at the Company's forthcoming AGM.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

RMC	Type of membership
Mr Martin Giles Manen	Chairman/Independent Non-Executive Director
Tan Sri Dato' Sri Yeoh Choon San	Member/Executive Chairman
Dato' Lee Kok Chuan	Member/Group CEO
Datuk Syed Hisham Bin Syed Wazir	Member/SINED
Dato' Kalsom Binti Abd. Rahman	Member/Independent Non-Executive Director

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 framework:

- An organisational structure in the Group with formally defined lines of responsibility and delegation of authority;
- 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;
- Active participation and involvement by the Executive Chairman and Group 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 management on operational matters; and
- Monthly financial reporting to the Executive Chairman and Group 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 appropriate 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 the Internal Audit's role in reviewing the effectiveness, adequacy and integrity of the overall internal control system to safeguard the Group's assets and shareholders' investments. As in previous financial years, the internal audit function is outsourced to an external professional firm, PKF Risk Management Sdn Bhd, to maintain independency and integrity of the internal audit.

The Audit Committee has reviewed the effectiveness of the Internal Audit function for the FY2023 which was facilitated internally and is satisfied with the effectiveness of the Internal Audit function. In addition to the assessment review, the Audit Committee also reviewed and approved the internal audit report and audit plan prepared by the Internal Auditors.

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



**PRINCIPLE**



**Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders**

The Board engages with stakeholders to understand their priorities and concerns through a range of engagement activities.

**NAVIGATING STAKEHOLDERS' PRIORITIES**

The Company conducts materiality assessment in alternate years (biennially) for both internal and external stakeholders to identify, refine and assess potential economic and ESG material issues that may impact the Group. These material issues are aligned with the corresponding global megatrends in order to identify potential risks and opportunities for the Group. In responding to stakeholders' priorities and concerns, the Group addresses the material issues through various stakeholders' engagement strategies.

**COMMUNICATION WITH STAKEHOLDERS**

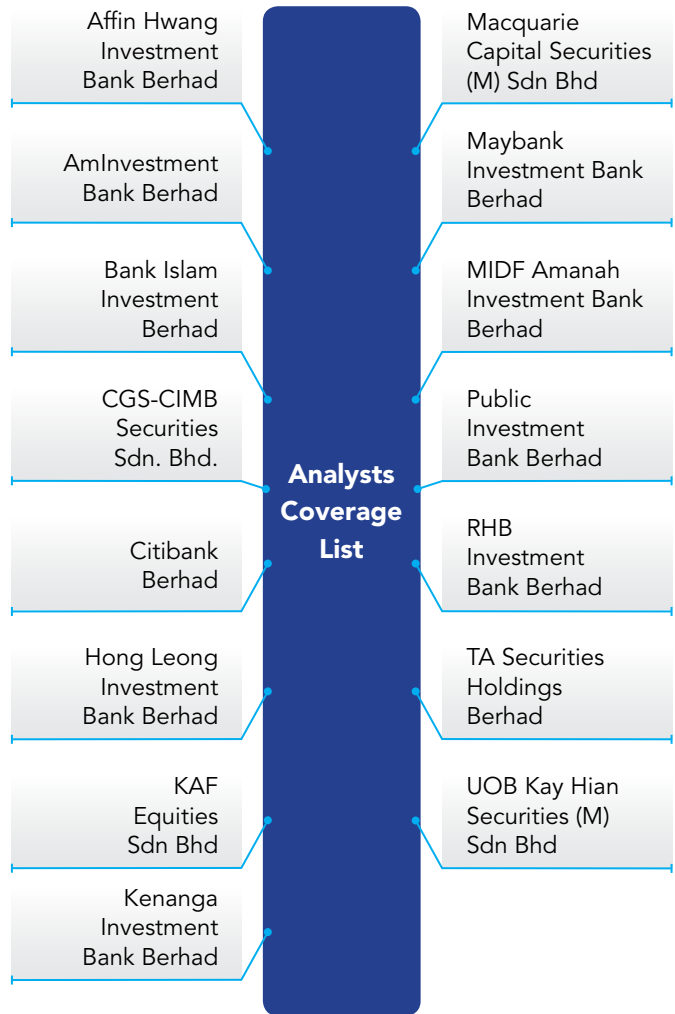
The Company maintains an effective channel of communication with its stakeholders such as shareholders, institutional investors, suppliers, employees and the public at large with the objective of providing a clear and complete picture of the Group's performance and financial position. The provision of timely information is of paramount importance to assist the stakeholders to make an informed decision on the Group's operations and its direction. 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 the Group's financial results to Bursa Securities, relevant announcements and circulars, meetings with analysts and fund managers, general meetings of shareholders, "townhall" meetings and through the Company's website at [www.bauto.com.my](http://www.bauto.com.my) where stakeholders can access, among others, corporate information, annual reports, press releases, financial information and announcements of the Company on a timely basis.

Following the release of the Group's quarterly financial results to Bursa Securities, analyst briefings via call, online and in-person meetings were organized for the investment communities, such as analysts and institutional fund managers to seek further clarification and interaction with the Group CEO and Group Head of Risk Management and Investor Relations. For FY2023, the Company had conducted four (4) financial results

briefings following the release of the quarterly results to Bursa Securities in each quarter. Some of the analyst reports were uploaded onto the Company's corporate website under the "Investor Relation" section. The Group has a relatively high level of coverage and exposure to the investment community.

Presently, there are fifteen (15) analysts covering the Company's stock:



The above channel of communication will enable stakeholders to have a better understanding of the Group's overall business and its operations and facilitate them in making an informed decision.

**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 avenue for effective communication and constructive feedback between the shareholders and the Company. At each AGM, the Chief Financial Officer will briefly present the Group's performance for the financial year concerned.

Following the COVID-19 pandemic in 2020, the Company has been conducting its AGM virtually for the safety and well-being of its shareholders, the Board and its management and to encourage and improve shareholders' participation at the AGMs. Accordingly, the 12<sup>th</sup> AGM of the Company was held on 6 October 2022 on a virtual basis via live streaming and online voting via the Remote Participation and Electronic Voting ("RPEV") facilities. Such virtual online meeting served to encourage higher attendance numbers, greater representation across the shareholder base, better engagement and lower overheads and carbon footprint for the Company.

A summary of the number of shareholders who had remotely participated in the Company's past three (3) years' AGMs are as follows:

General Meetings	10 <sup>th</sup> AGM Year 2020	11 <sup>th</sup> AGM Year 2021	12 <sup>th</sup> AGM Year 2022
No. of remote participation by shareholders	266	461	492

Virtual AGM also facilitates and encourages remote participation by shareholders at the Company's AGM from any locations within and without the country and especially so, for companies which have a high percentage of foreign shareholdings such as BAuto.

A summary of the percentage foreign shareholdings in the Company (based on its semi-annual returns as of 30 June) for the past three (3) years are as follows:

BAuto	Year 2021	Year 2022	Year 2023
Percentage foreign shareholdings	12.78%	11.25%	26.32%

The AGM is the main platform for the shareholders to seek clarifications from the Board and its management on the information set out in the Company's Annual Report, the Group's operations and/or its businesses. Shareholders are encouraged to participate in the AGM and post questions to the Executive Chairman and the Board. Shareholders are provided with opportunity to post questions or make comment prior to/during the AGM. In each AGM, the Executive Chairman, Group CEO, Chief Financial Officer and other Board members are present to provide meaningful responses to the questions posed by the shareholders. The External Auditors are also present to provide professional and independent clarification on concerns raised by the shareholders in connection with the Audited Financial Statements. Questions that were not addressed during the AGM due to time constraint were accordingly responded in the Minutes of AGM. The Board also took note of the feedbacks and suggestions from shareholders.

The minutes of the AGM together with the replies to queries from the Minority Shareholders Watch Group and the shareholders were published on the corporate website within 30 business days after the AGM.

The Company despatches its notice of meeting at least twenty-eight (28) days before the AGM together with a copy of the Administrative Details which set out all the details of the RPEV facilities and voting procedures to the shareholders of the Company. Notice of AGM are circulated in a nationally circulated newspaper together with an announcement on the website of Bursa Securities. The Company's Annual Report and Circular/Statement to Shareholders can be viewed and downloaded from the website of the Company and Bursa Securities at [www.bauto.com.my](http://www.bauto.com.my) and [www.bursamalaysia.com](http://www.bursamalaysia.com) respectively.

The additional time given to shareholders allow 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 have sufficient time to consider the resolutions and make an informed decision in exercising their voting rights at the AGM. Each item of special business included in the Notice of AGM is accompanied by a brief explanatory statement to provide an overview on the resolution being proposed.

#### POLL VOTING

Pursuant to Clause 82 of the Constitution of the Company and Paragraph 8.29A(1) of the 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.

As in previous years, the forthcoming AGM will also be conducted on a fully virtual basis where voting is done entirely via the RPEV facilities and shareholders will be briefed on the online voting procedures at the AGM. The poll voting is conducted entirely via electronic means and results of the poll are verified by an independent scrutineer. Details on the number of votes cast for and against for each resolution together with the respective percentages are displayed on the meeting platform for the shareholders' information. The poll results are announced to Bursa Securities on the same day after the conclusion of the AGM.

This CG Overview Statement was approved by the Board of Directors of the Company on 3 August 2023.

# 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 the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") 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 2023 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 Independent Non-Executive Directors. 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 Group Chief Executive Officer ("Group 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 financial 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.

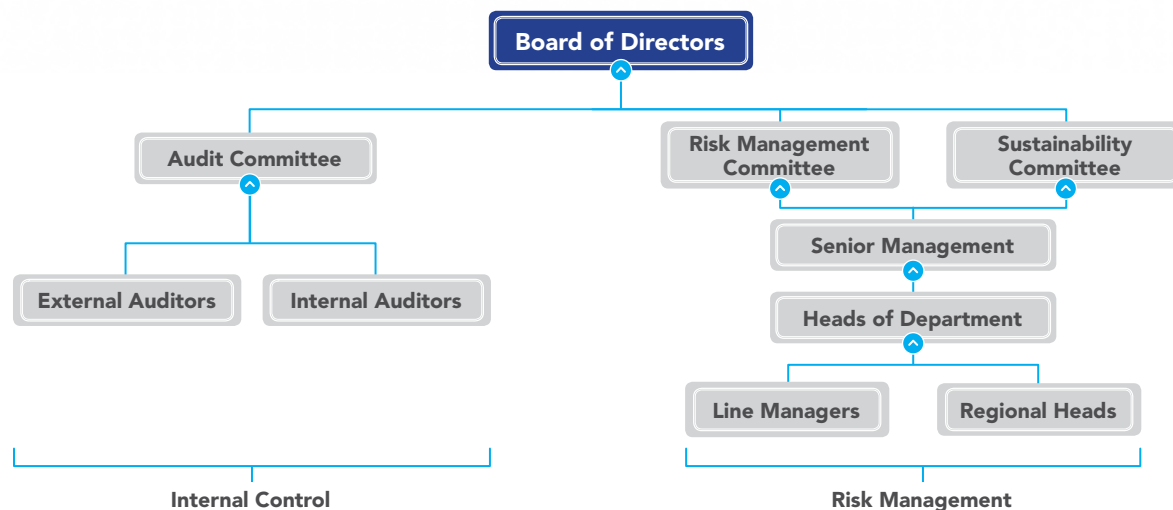
## 2. KEY RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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 2023 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.



## 2.1 Risk Management & Internal Control Governance

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



Risk Management Governance	Key Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>Oversight of Risk Management System.</li> <li>Establish risk parameters and entrust oversight of critical areas to Risk Management Committee.</li> </ul>
Risk Management Committee	<ul style="list-style-type: none"> <li>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.</li> <li>Ensure the risk management programme is in compliance with relevant regulatory requirements.</li> </ul>
Sustainability Committee	<ul style="list-style-type: none"> <li>Entrusted by Board of Directors to determine the Group's overall sustainability strategy, framework and policies.</li> </ul>
Senior Management	<ul style="list-style-type: none"> <li>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.</li> <li>Provide assurance to the Board of Directors that the risk management processes have been carried out adequately and effectively.</li> </ul>
Heads of Business Unit and Heads of Department	<ul style="list-style-type: none"> <li>Identify, analyse, evaluate risks/sustainability issues.</li> <li>Establish controls to keep risks at acceptable level.</li> <li>Develop, implement and monitor risk mitigation plans.</li> <li>Ensure the processes of risk management are carried out adequately and effectively at operation levels and in compliance with policies set.</li> </ul>
Line Managers and Regional Heads	<ul style="list-style-type: none"> <li>Execute processes of risk management.</li> <li>Ensure compliance with risk policies.</li> <li>Report risk issues to respective Head of Department.</li> </ul>

## Statement on Risk Management and Internal Control

Internal Control Governance	Key Responsibilities
Board of Directors	<ul style="list-style-type: none"> <li>• Oversight of Internal Control System.</li> <li>• Entrust oversight of internal control system to Audit Committee.</li> </ul>
Audit Committee	<ul style="list-style-type: none"> <li>• Review and recommend, amongst others, the appointment of external auditors, audit fees.</li> <li>• Discuss with external and internal auditors, amongst others, on audit findings, system of internal controls, scope of audit.</li> <li>• Review the Group's quarterly results and year-end financial statements.</li> <li>• Review related party transactions to ensure management integrity and disclosure of such transactions in the Group's annual report.</li> </ul>
External Auditors	<ul style="list-style-type: none"> <li>• Conduct audit of the Group's financial statements and express their opinion on the true and fairness of the financial statements.</li> <li>• Provide reasonable assurance that there is no material misstatement of the financial statements.</li> </ul>
Internal Auditors	<ul style="list-style-type: none"> <li>• 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.</li> <li>• Recommend for improvement in the Group's internal control system.</li> </ul>

## 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 risk issues critical to achieving the Group's strategic objectives and opportunities for competitive advantage.

The ERM framework supports better risk structuring, reporting and analysis, it allows RMC to strategically manage risks from the Group's perspective, determine risk response strategies and make holistic decisions to optimise the Group as a whole.

In order to provide a structure for risk analysis, and to help allocate responsibility for managing different types of risk, RMC classifies risks into two broad categories as set out below:

- (i) **Strategic risks** are primarily caused by events that are external to the Group, but have significant impact on the Group's strategic objectives and activities. The Board, EC and Group CEO are responsible for managing strategic risks.
- (ii) **Operational risks** are inherent within the Group, including foreign exchange risk, credit risk, competency risk, technology risk, recruitment risk. Senior management, Heads of Business Unit/Department and corresponding line managers/regional heads are responsible for managing operational risks.

In this context, ERM aligns the Group's strategies, processes, people, technology and knowledge to create greater 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, global trade disruption, regulatory compliance, health safety and environmental issues, 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.
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 deliberated during RMC meeting.	
Risk controls & mitigation	Mitigation controls have been developed and put in place to manage risks to acceptable level.	
Risk monitoring	<p>Management and the Board have observed changes in business circumstances and have deliberated the adequacy of existing measures in addressing risk/issues emerged.</p> <p>Corrective strategies were formulated in response to changes of risks whenever it is necessary.</p> <p>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.</p>	<p>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.</p> <p>Risks were assessed periodically and control measures were adjusted in response to changes or for improvement whenever needed.</p> <p>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.</p>
Risk reporting	<p>Key risks were registered in the Group's risks registers alongside with risk-ratings and measures to control and to mitigate respective risks.</p> <p>The risk registers and risk map were presented to the RMC for the committee's review and assessment during RMC meetings. For the financial year ended 30 April 2023, the RMC held one meeting. The Board has reviewed and noted the minutes of the RMC meeting.</p>	



## Statement on Risk Management and Internal Control

## 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, weakening of Ringgit Malaysia due to higher interest rates in the United States, inflationary pressures are among the factors that could lead to low levels of consumer confidence 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.	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	The automotive industry is going through transformation as advanced technologies emerged.  Malaysian government announced incentives by reducing direct and indirect tax to encourage the use of low-carbon vehicles and the development of EV ecosystem.	The Group is exploring new range of products including the electrification models to further grow its revenue base and to gain benefits from the government incentives.  The Group is also focusing on training, retraining and upskilling to keep pace with the latest development.	Decreasing

## Statement on Risk Management and Internal Control

Key Risks	Description	Key Mitigating Measures	Risk Trend
Health, Safety and Environment ("HSE")	<p>The Group's occupational health and safety risk refers to the occurrence of hazards in the workplace that may cause harm, injury, death or illness to staff.</p> <p>Environmental issues that may pose risks to the Group are related to waste &amp; effluent management, harmful emissions, climate change.</p> <p>Malaysia is entering the endemic phase of COVID-19 that poses less risk to the Group's working environment than the pandemic phase.</p>	<p>The Group has set up working committees to handle HSE related risks and has implemented safety procedures in its operations.</p> <p>The Group has also engaged services of licensed scheduled waste collectors to handle scheduled waste &amp; effluent.</p>	Decreasing
Cyber-security	<p>Security breach could lead to data loss and/or system corruption, thus jeopardise the Group's reputation and cause financial loss.</p> <p>Cyber-security is crucial for the Group.</p>	<p>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.</p> <p>Investment in advanced systems and applications are one of the Group's strategies to maintain competitiveness.</p>	Decreasing
Regulatory Environment	<p>Changes to local regulatory regime and/or government policies may cause operational delays and incur additional compliance costs.</p> <p>Failing to observe or comply with latest regulations may also trigger penalties being imposed by the authorities.</p>	<p>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.</p> <p>The Group is proactive in adapting to changes whenever it is required to conform.</p>	Decreasing

## Statement on Risk Management and Internal Control

### 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 and Remuneration Committee, the Sustainability Committee and the Employees' Share Scheme 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](http://www.bauto.com.my).

##### 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 financial year under review, the AC has carried out its duties and responsibilities as set out in the Audit Committee Report of the Annual Report.

##### Management

The EC, Group 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 Group 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 Dr. Wong Ka Fee, 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 in the Audit Committee Report of the Annual Report.

#### Corporate Governance Practices and Policies

The Group has established its Anti-Bribery & Corruption Policy, Whistleblowing Policy, Code of Conduct and Business Ethics, Sustainable Strategies, to strengthen controls in its business environment. The Group has also developed and put in place various policies that set out its corporate governance practices, which includes Board Charters, Code of Ethics for Directors, Fit and Proper Policy, Remuneration Policy and Board Diversity Policy. A brief description of the current corporate governance practices and Group Policies is set out in the Corporate Governance Overview Statement in this Annual Report.

### 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 financial year ended 30 April 2023 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, Group 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” or the “Company”) is pleased to present the report of the Audit Committee for the financial year ended (“FY”) 30 April 2023 (“2023”).**

### MEMBERS AND MEETING ATTENDANCE

The current Audit Committee comprises three (3) members, all of whom are Independent Non-Executive Directors. The composition of the Audit Committee complies with the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the principles and practices set out in the Malaysian Code on Corporate Governance (“MCCG”) that the Audit Committee should comprise solely Independent Non-Executive Directors. None of the Audit Committee members is a former key audit partner of the Group.

The Audit Committee Chairman is chaired by Mr Martin Giles Manen, an Independent Non-Executive Director, who is not the Chairman of the Board. He is a member of the Malaysian Institute of Accountants (“MIA”) and Malaysian Institute of Certified Public Accountants (“MICPA”). All Audit Committee members are financially literate and have the relevant experience and capabilities necessary to discharge their fiduciary duties and responsibilities effectively. None of the Audit Committee members is an Alternate Director.

The membership and meeting attendance of the Audit Committee members for FY2023 are as follows:

Members	Type of membership	No. of meetings attended/held during FY2023
Mr Martin Giles Manen	Chairman/ Independent Non-Executive Director	5/5
Datuk Syed Hisham Bin Syed Wazir	Member/Senior Independent Non-Executive Director	5/5
Puan Adibah Khairiah Binti Ismail @ Daud	Member/ Independent Non-Executive Director	5/5

The Audit Committee met five (5) times during FY2023.

The Audit Committee meetings were conducted in accordance with the requisite quorum of two (2) members as stipulated in the Terms of Reference (“TOR”) of Audit Committee.

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 meeting were recorded and tabled for confirmation at the next Audit Committee meeting and thereafter tabled at the Board meeting for the Board’s review and notation.

The Group Chief Executive Officer, Chief Financial Officer and appropriate key senior management were invited to attend the Audit Committee meetings to provide clarifications on any audit, financial and/or risk related matters as well as on the overall operations of the Company and its subsidiaries (collectively known as the “Group”). The Internal Auditors were invited to present internal audit reports, amongst others on the adequacy and effectiveness of the Group’s system of internal controls, operating procedures and compliances with the relevant laws and regulations on a quarterly basis. The Internal Auditors had one (1) private session with the Audit Committee members without the presence of the Group Chief Executive Officer, Chief Financial Officer and key senior management on 13 June 2022 to enable exchange of views on matters via an open forum. The External Auditors had attended three (3) of the Audit Committee meetings for the FY2023 to present their reports on external audit and review matters and had two (2) private sessions with the Audit Committee members on 3 August 2022 and 13 March 2023 respectively to discuss, inter-alia, matters arising from the final audit and the assistance provided by the employees during the audit. There were no major issues raised during the private sessions with the Internal Auditors and the External Auditors. The Company Secretaries acted as Secretary of the Audit Committee.

### SUMMARY OF ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

In discharging its duties and responsibilities as set out in its TOR, the Audit Committee had undertaken the following activities and work during FY2023:

## Financial Reporting

- (a) Reviewed quarterly financial results of the Group for FY2023 presented by the Chief Financial Officer before recommending to the Board for their deliberation and approval:

Date of Meetings	Review of the Group's financial results
13 June 2022	Fourth quarter results and the 12-month financial results for FY2022
12 September 2022	First quarter results for FY2023
8 December 2022	Second quarter results for FY2023
13 March 2023	Third quarter results for FY2023

- (b) Reviewed the annual audited financial statements of the Group and of the Company for the FY2022 with the External Auditors to ensure they were drawn up under the relevant legislation and applicable approved accounting standards before recommending to the Board for their deliberation and approval. Prior to that, the Audit Committee had reviewed the status report on the Audit Plan for the FY2022 prepared by the External Auditors at the meeting held on 13 June 2022.
- (c) Reviewed and deliberated on audit issues raised by the External Auditors and the action plans required to address them.
- (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 matter namely, provision for warranty which was raised in the External Auditors' Report for FY2022. Details of the provision for warranty are set out in the Independent Auditors' Report in this Annual Report.
- (c) Reviewed the annual audit plan for FY2023 with the External Auditors at the Audit Committee's meeting held on 13 March 2023, outlining the areas of audit emphasis, basis of provision for warranties, contract liability/deferred revenue, recognition of investment in associated companies, fraud considerations and risk of management override of controls.
- (d) Reviewed the memorandum of suggestions reports on internal control and reporting matters as well as recommendations in respect of control weaknesses noted during the External Auditors' course of audit. In FY2022, the Audit Committee noted on the recommendation for enhancement to the IT policies to cover areas on change of management within the Group and to conduct stringent review on user access to the Company's integrated management system. The External Auditors had discussed and communicated their findings with the Audit Committee and recommended remedial actions for management to implement.
- (e) Discussed and considered the pre-approval for the list of non-assurance services to be provided by the External Auditors. Any other proposed services not included in the pre-approved list of permitted non-assurance services must be approved in advance by the management and/or Audit Committee, depending on the approval threshold before engagement commences. The nature of the non-audit services rendered to the Group during FY2023 comprised mainly tax compliances and advisory services.

## External Audit

- (a) Evaluated the performance of the External Auditors for the financial year under review, 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 the External Auditors namely, Messrs Ernst & Young PLT ("EY"), for the financial year under review, had recommended to the Board at its meeting held on 3 August 2022 to table and seek shareholders' approval for the re-appointment of EY as the external auditors for the ensuing financial year of 2023.



## Audit Committee Report

### Internal Audit

- (a) Reviewed the following Internal Audit reports during FY2023. The relevant internal audit reports which comprise the audit findings and observations, recommendations, management's responses and target deadlines for corrective actions to be taken were presented to the Audit Committee for deliberation and notation. 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:

Name of entity audited	Audited areas
Bermaz Auto Philippines Inc.	(i) Planning and distribution; and (ii) Warehouse and spare part management
Bermaz Auto Berhad and its subsidiaries	Gap analysis report on adequate procedures pursuant to Section 17(A) of Malaysian Anti-Corruption Commission Act 2009
Bermaz Motor Trading Sdn Bhd	Sales operations of Mazda branches

- (b) Reviewed and approved the Internal Audit Plan for the financial year 2024 & 2025 to ensure that the scope and coverage of the internal audit on the Group's operations are adequate, comprehensive and risk areas are monitored and audited annually.
- (c) Assessed the adequacy of the scope, competency and performance of Internal Audit function and its effectiveness of the audit processes for FY2023 to ensure that it has the required expertise and professionalism to discharge its duties.
- (d) Evaluated the adequacy and effectiveness of the Company's policies and risk management activities in identifying, assessing, analysing and managing risks relating to corruption and bribery, which the Group may be exposed to.

### Risk Management

- (a) Reviewed updates on the control environment relating to financial controls during FY2023 covered by management, the Internal Auditors and the External Auditors.
- (b) Reviewed the insurance proposal for cyber liability and cybercrime and management's plan to mitigate such cyber threat risk.

### Corporate Governance

- (a) Reviewed and recommended the Audit Committee Report, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Sustainability Statement, Notice of Annual General Meeting and Form of Proxy for inclusion in the Company's 2022 Annual Report and the Corporate Governance Report for Board's approval.
- (b) Reviewed the allocation of share options pursuant to the Employees' Share Scheme ("ESS") for the FY2022 to ensure compliance with the ESS's ByLaws.
- (c) Reviewed and assessed the financial literacy of the Audit Committee members for the FY2022.
- (d) Reviewed and recommended the proposed amendments to the External Auditors' Policy to the Board for approval.
- (e) Reviewed and recommended the proposed amendments to the TOR of the Audit Committee to the Board for approval.
- (f) Reviewed and recommended the proposed amendments to the Whistleblowing Policy to the Board for approval.
- (g) Reviewed and approved the TOR of the Anti-Bribery and Corruption Committee.
- (h) Reviewed the investigation outcome of the Whistleblowing report and the measures taken by the Group.
- (i) Reviewed the bribery and corruption report on a quarterly basis.

- (j) Reviewed the budget for the Group on yearly basis.
- (k) Reviewed the Company's cash flow forecasts (covering proposed distribution to Shareholders and share buy-backs by the Company).

To discharge its duties and responsibilities more effectively, the Audit Committee had undertaken continuous professional development by having attended various seminars, training programmes and conferences during the financial year. They were also briefed by the External Auditors of the latest accounting and auditing standards applicable to the Group and by the Company Secretaries on the latest changes in regulatory requirements, if any. The list of training attended is disclosed in the Corporate Governance Overview Statement as set out in this Annual Report.

#### SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

PKF Risk Management Sdn Bhd was engaged to undertake the internal audit function that would assist the Audit Committee to discharge its duties and responsibilities. Their role is to provide the Audit Committee with independent and objective reports on the adequacy and effectiveness of the Group's system of internal controls, operating procedures and compliances with the relevant laws and regulations.

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.

Details of the Internal Auditors' reviews of the Group's operations are set out in part (a) under the Internal Audit section above.

The activities undertaken by the Internal Audit function during FY2023 included the following:

1. Tabled and presented the Annual 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 in the Group to comply with the prevalent standard operating procedures and to improve the control processes whenever possible.
5. Issued internal audit reports incorporating audit recommendations and management's responses in relation to the audit findings on the weaknesses in the systems and/or controls (if any) to the Audit Committee and the respective operations' management.
6. Presented its internal audit reports at the Audit Committee meetings.
7. Followed up review to ensure that the agreed internal audit recommendations are effectively implemented by management.

The fee incurred for the Internal Audit function in respect of FY2023 is RM80,000.00.

#### TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The TOR was last revised and reviewed by the Audit Committee and approved by the Board on 3 August 2022. The latest TOR of the Audit Committee can be viewed on the Company's website at [www.bauto.com.my](http://www.bauto.com.my).

The term of office and performance of the Audit Committee and each of its members is assessed annually by the Nomination and Remuneration Committee and the assessment report is tabled to the Board for its deliberation and approval. For FY2023, the Board was satisfied that the Audit Committee had discharged its duties and responsibilities in accordance with the TOR of the Audit Committee.

This Audit Committee Report was approved by the Board on 3 August 2023.

## Statement of Directors' Responsibility in Respect of the Audited Financial Statements

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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

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## Directors' Report

### 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 2023.

### 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 Peugeot vehicles in Malaysia;
- (iv) distribution of automotive spare parts and provision of after-sales services in Malaysia; and
- (v) investment holding.

Other information relating to the subsidiaries are disclosed in Note 4 to the financial statements.

### RESULTS

	<b>Group RM'000</b>	<b>Company RM'000</b>
Profit for the year	<u>329,324</u>	<u>125,335</u>
Attributable to:		
- Owners of the parent	305,843	125,335
- Non-controlling interests	<u>23,481</u>	<u>-</u>
	<u>329,324</u>	<u>125,335</u>

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.

**DIVIDENDS**

The dividends paid by the Company since 30 April 2022 were as follows:

	RM'000
<u>In respect of the financial year ended 30 April 2022</u>	
Third interim dividend of 2.25 sen per share single-tier dividend, paid on 5 May 2022	26,149
Fourth interim dividend of 2.00 sen per share single-tier dividend and a special dividend of 2.50 sen per share single-tier dividend, paid on 4 August 2022	52,299
	<u>78,448</u>
<u>In respect of the financial year ended 30 April 2023</u>	
First interim dividend of 3.00 sen per share single-tier dividend, paid on 4 November 2022	34,848
Second interim dividend of 3.50 sen per share single-tier dividend, paid on 6 January 2023	40,749
Third interim dividend of 4.50 sen per share single-tier dividend, paid on 5 May 2023	52,517
	<u>128,114</u>
Total dividends paid and payable during the financial year ended 30 April 2023	<u>206,562</u>
The directors declared and approved on 12 June 2023:	
Fourth interim dividend of 3.50 sen per share single-tier dividend and a special dividend of 7.50 sen per share single-tier dividend, payable on 4 August 2023	128,480

The fourth interim dividend in respect of the financial year ended 30 April 2023 is not reflected in the current year's financial statements. The dividend will be accounted for in equity as an appropriation of retained profits in the financial year ending 30 April 2024.

**DIRECTORS**

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

Tan Sri Dato' Sri Yeoh Choon San \*  
 Dato' Lee Kok Chuan \*  
 Datuk Syed Hisham Bin Syed Wazir  
 Dato' Kalsom Binti Abd. Rahman  
 Adibah Khairiah Binti Ismail @ Daud  
 Martin Giles Manen  
 Dato' Wan Kamaruzaman Bin Wan Ahmad

\* Directors of the Company and subsidiary companies.

**DIRECTORS OF THE COMPANY'S SUBSIDIARIES**

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

Tan Teck Wah  
 Tan Eng Hwa  
 Paulino S. Soo  
 Dato' Wong Kin Foo  
 Chong Tean Woh  
 Dato' Sri Robin Tan Yeong Ching

(Resigned on 1 August 2022)



## Directors' Report

### DIRECTORS' BENEFITS

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

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amounts of emoluments received or due and receivable by the directors as shown below) 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 RM37,600. 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.

The directors' benefits paid to or receivable by directors in respect of the financial year ended 30 April 2023 are as follows:

	Group RM'000	Company RM'000
Directors		
- Fees	400	400
- Salary, incentive and emoluments	12,554	78
- Other short-term employees benefits	49	-
	<u>13,003</u>	<u>478</u>

### 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 1.5.22	Acquired	Disposed	At 30.4.23
<b>The Company</b>				
Tan Sri Dato' Sri Yeoh Choon San	1,580,600	2,454,000 *	-	4,034,600
#	168,810,600	3,998,400	1,950,000	170,859,000
Dato' Lee Kok Chuan	3,321,125	559,700 *	-	3,880,825
#	166,860,600	3,998,400	-	170,859,000
	Number of ordinary shares under ESS			
	At 1.5.22	Granted	Exercised	At 30.4.23
<b>The Company</b>				
<b>ESS Options</b>				
Tan Sri Dato' Sri Yeoh Choon San	441,000	-	441,000	-
Dato' Lee Kok Chuan	324,800	-	303,000	21,800
<b>ESS Shares</b>				
Tan Sri Dato' Sri Yeoh Choon San	126,000	-	63,000	63,000
Dato' Lee Kok Chuan	104,400	-	52,200	52,200

Notes:

# Indirect interest pursuant to Section 8(4) of the Companies Act 2016.

\* Inclusive of shares arising from vesting of ESS shares.

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 entitles the grantee 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, Tan Sri Dato' Sri Yeoh Choon San, Dato' Lee Kok Chuan and Dato' Wan Kamaruzaman Bin Wan Ahmad.

On 1 November 2021, the ESS committee proposed a second offer of ESS Options and ESS Shares to eligible employees of the Group subsequent to the first offer made on 21 November 2018.

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 29 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 RM609,442,494 to RM619,614,081 by way of:

- (i) the issuance of 4,253,300 new ordinary shares at an issue price of RM1.85 per share and the issuance of 104,100 new ordinary shares at an issue price of RM1.43 per share pursuant to the exercise of the options under the ESS; and
- (ii) the inclusion of RM2,154,119 from employees' share plan reserves as the paid-up share capital upon the exercise of ESS.

## TREASURY SHARES

The movements in the number of treasury shares during the financial year and held in hand as at 30 April 2023 are as follows:

	Average price per share RM	Number of shares Units	Amount RM'000
Balance as at 1 May 2022	1.57	1,766,600	2,781
Shares bought back during the year	1.79	612,300	1,093
Reissued for the vesting of ESS shares	1.63	(1,130,100)	(1,840)
Balance as at 30 April 2023	<u>1.63</u>	<u>1,248,800</u>	<u>2,034</u>

As at 30 April 2023, the issued and paid-up capital of the Company with voting rights was 1,167,067,988 (2022: 1,162,192,788) 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 provision for doubtful debts and satisfied themselves that there were no known bad debts and that no provision for doubtful debts was necessary; 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 to make any provision for doubtful debts in respect of the financial statements of the Group and of the Company; 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.



**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 during the year is RM399,000 (2022: RM367,000) and RM60,000 (2022: RM54,000) respectively as disclosed in Note 23.

**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 3 August 2023

TAN SRI DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

## Statement by Directors

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

112

We, TAN SRI 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 113 to 181 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 2023 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 3 August 2023

TAN SRI DATO' SRI YEOH CHOON SAN

DATO' LEE KOK CHUAN

## Statutory Declaration

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

I, CHONG BOON KIAN, being the officer primarily responsible for the financial management of BERMAZ AUTO BERHAD, do solemnly and sincerely declare that the accompanying financial statements set out on pages 113 to 181 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 )  
3 August 2023 )

CHONG BOON KIAN  
MIA No: 26760

Before me:

ZULKIFLY BIN MAHMUD (B384)  
Commissioner for Oaths

# Statements of Financial Position

As At 30 April 2023

113

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	3	44,580	43,298	15	7
Right-of-use assets	20	72,245	79,697	-	-
Subsidiary companies	4	-	-	549,035	548,088
Associated companies	5	316,552	275,701	63,631	63,631
Deferred tax assets	6	104,609	82,080	-	-
Goodwill	7	500	500	-	-
		<u>538,486</u>	<u>481,276</u>	<u>612,681</u>	<u>611,726</u>
<b>Current assets</b>					
Inventories	8	503,873	216,710	-	-
Trade and other receivables	9	207,843	163,198	141,106	246,771
Tax recoverable		279	4,433	212	238
Deposits with financial institutions	11	448,419	521,964	24,051	8,203
Cash and bank balances	12	89,182	172,444	2,674	33,993
		<u>1,249,596</u>	<u>1,078,749</u>	<u>168,043</u>	<u>289,205</u>
<b>TOTAL ASSETS</b>		<u>1,788,082</u>	<u>1,560,025</u>	<u>780,724</u>	<u>900,931</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity attributable to equity holders of the parent</b>					
Share capital	13	619,614	609,443	619,614	609,443
Reserves	14	147,276	27,038	8,659	66,681
		<u>766,890</u>	<u>636,481</u>	<u>628,273</u>	<u>676,124</u>
Treasury shares	15	(2,034)	(2,781)	(2,034)	(2,781)
		<u>764,856</u>	<u>633,700</u>	<u>626,239</u>	<u>673,343</u>
Non-controlling interests		76,610	54,532	-	-
<b>Total equity</b>		<u>841,466</u>	<u>688,232</u>	<u>626,239</u>	<u>673,343</u>
<b>Non-current liabilities</b>					
Contract liability	16	213,928	164,818	-	-
Provisions	17	60,952	54,683	-	-
Borrowings	18	-	99,837	-	99,837
Lease liabilities	20	68,807	76,289	-	-
		<u>343,687</u>	<u>395,627</u>	<u>-</u>	<u>99,837</u>
<b>Current liabilities</b>					
Borrowings	18	99,936	100,000	99,936	100,000
Trade and other payables	19	360,144	272,885	54,549	27,751
Contract liability	16	75,957	56,760	-	-
Provisions	17	31,396	21,542	-	-
Derivative liabilities	10	-	968	-	-
Lease liabilities	20	13,037	11,712	-	-
Tax payable		22,459	12,299	-	-
		<u>602,929</u>	<u>476,166</u>	<u>154,485</u>	<u>127,751</u>
<b>Total liabilities</b>		<u>946,616</u>	<u>871,793</u>	<u>154,485</u>	<u>227,588</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,788,082</u>	<u>1,560,025</u>	<u>780,724</u>	<u>900,931</u>

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 2023

114

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue	21	3,540,606	2,323,671	126,000	105,000
Cost of sales		(2,957,093)	(1,949,158)	-	-
<b>Gross profit</b>		<b>583,513</b>	<b>374,513</b>	<b>126,000</b>	<b>105,000</b>
Other income		55,567	40,369	6,520	6,136
Selling and distribution expenses		(84,550)	(77,366)	-	-
Administrative expenses		(163,043)	(127,239)	(1,466)	(1,306)
		391,487	210,277	131,054	109,830
Finance costs	22	(9,263)	(10,674)	(5,377)	(5,911)
Share of results of associates		41,078	18,051	-	-
<b>Profit before tax</b>	23	<b>423,302</b>	<b>217,654</b>	<b>125,677</b>	<b>103,919</b>
Income tax expense	25	(93,978)	(59,691)	(342)	(204)
<b>Profit for the year</b>		<b>329,324</b>	<b>157,963</b>	<b>125,335</b>	<b>103,715</b>
Other comprehensive income: <u>Item that may be reclassified</u> <u>subsequently to profit or loss</u>					
Foreign currency translation		(3,651)	(2,615)	-	-
<b>Total comprehensive income for the year</b>		<b>325,673</b>	<b>155,348</b>	<b>125,335</b>	<b>103,715</b>
<b>Profit attributable to:</b>					
- Owners of the parent		305,843	155,113	125,335	103,715
- Non-controlling interests		23,481	2,850	-	-
		<b>329,324</b>	<b>157,963</b>	<b>125,335</b>	<b>103,715</b>
<b>Total comprehensive income attributable to:</b>					
- Owners of the parent		303,595	153,503	125,335	103,715
- Non-controlling interests		22,078	1,845	-	-
		<b>325,673</b>	<b>155,348</b>	<b>125,335</b>	<b>103,715</b>

## Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended 30 April 2023 (continued)

115

	Note	Group		Company	
		2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Earnings per share (sen)	26				
- Basic, for the year		26.29	13.35		
- Diluted, for the year		<u>26.25</u>	<u>13.33</u>		
Dividend per share (sen)	27				
- First interim dividend				3.00	0.50
- Second interim dividend				3.50	1.50
- Third interim dividend				4.50	2.25
- Fourth interim dividend				3.50	2.00
- Special dividend				<u>7.50</u>	<u>2.50</u>

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

# Consolidated Statement of Changes in Equity

For The Year Ended 30 April 2023

116

Group	Attributable to the equity holders of the Company										
	Share capital RM'000	Employees' share plan reserve <sup>^</sup>			Distributable					Non-controlling interests RM'000	Total equity 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			
At 1 May 2022	609,443	7,331	(485)	32,981	(1,666)	(424,000)	412,877	(2,781)	633,700	54,532	688,232
Total comprehensive income	-	-	(2,248)	-	-	-	305,843	-	303,595	22,078	325,673
<b>Transactions with owners:</b>											
Share-based payment under ESS	-	1,050	-	-	-	-	-	-	1,050	-	1,050
Treasury shares acquired	-	-	-	-	-	-	-	(1,093)	(1,093)	-	(1,093)
ESS options exercised	10,171	(2,154)	-	-	-	-	-	-	8,017	-	8,017
Reissued for ESS shares vested	-	(2,360)	-	-	-	-	520	1,840	-	-	-
Dividends (Note 27)	-	-	-	-	-	-	(180,413)	-	(180,413)	-	(180,413)
At 30 April 2023	619,614	3,867	(2,733)	32,981	(1,666)	(424,000)	538,827	(2,034)	764,856	76,610	841,466

Note:

<sup>^</sup> This represents the reserve relating to the ESS.



## Consolidated Statement of Changes in Equity

For The Year Ended 30 April 2023 (continued)

Group	Attributable to the equity holders of the Company										
	Share capital RM'000	Employees'				Distributable				Non-controlling interests RM'000	Total equity RM'000
		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		
At 1 May 2021	609,341	7,065	1,125	32,981	(1,666)	(424,000)	344,505	(3,934)	565,417	46,657	612,074
Total comprehensive income	-	-	(1,610)	-	-	-	155,113	-	153,503	1,845	155,348
<b>Transactions with owners:</b>											
Share-based payment under ESS	-	1,868	-	-	-	-	-	-	1,868	-	1,868
ESS options exercised	55	(9)	-	-	-	-	-	-	46	-	46
ESS options forfeited	47	(47)	-	-	-	-	-	-	-	-	-
Reissued for ESS shares vested	-	(1,546)	-	-	-	-	393	1,153	-	-	-
Arising from acquisition of subsidiary company	-	-	-	-	-	-	-	-	-	6,030	6,030
Dividends (Note 27)	-	-	-	-	-	-	(87,134)	-	(87,134)	-	(87,134)
At 30 April 2022	609,443	7,331	(485)	32,981	(1,666)	(424,000)	412,877	(2,781)	633,700	54,532	688,232

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 2023

118

Company	Share capital	Employees' share plan reserve <sup>^</sup>	Distributable		Total equity
			Retained earnings	Treasury shares	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2022	609,443	7,331	59,350	(2,781)	673,343
Total comprehensive income	-	-	125,335	-	125,335
<b>Transactions with owners:</b>					
Share-based payment under ESS	-	1,050	-	-	1,050
Treasury shares acquired	-	-	-	(1,093)	(1,093)
ESS options exercised	10,171	(2,154)	-	-	8,017
Reissued for ESS shares vested	-	(2,360)	520	1,840	-
Dividends (Note 27)	-	-	(180,413)	-	(180,413)
	10,171	(3,464)	(179,893)	747	(172,439)
At 30 April 2023	619,614	3,867	4,792	(2,034)	626,239

Company	Share capital	Employees' share plan reserve <sup>^</sup>	Distributable		Total equity
			Retained earnings	Treasury shares	
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 May 2021	609,341	7,065	42,376	(3,934)	654,848
Total comprehensive income	-	-	103,715	-	103,715
<b>Transactions with owners:</b>					
Share-based payment under ESS	-	1,868	-	-	1,868
ESS options exercised	55	(9)	-	-	46
ESS options forfeited	47	(47)	-	-	-
Reissued for ESS shares vested	-	(1,546)	393	1,153	-
Dividends (Note 27)	-	-	(87,134)	-	(87,134)
	102	266	(86,741)	1,153	(85,220)
At 30 April 2022	609,443	7,331	59,350	(2,781)	673,343

**Note:**

<sup>^</sup> This represents the reserve relating to the ESS.

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

# Statements of Cash Flows

For The Year Ended 30 April 2023

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	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	3,563,974	2,373,290	-	-
Payment to suppliers and operating expenses	(3,346,960)	(2,012,535)	(1,162)	(1,273)
Short-term lease payments and payments for leases of low-value assets	(1,367)	(1,452)	-	-
Payment of taxes	(102,482)	(66,086)	(316)	(318)
Net cash flow generated from/(used in) operating activities	113,165	293,217	(1,478)	(1,591)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Sales of property, plant and equipment	502	429	-	-
Acquisition of property, plant and equipment (Note 3)	(10,501)	(12,296)	(17)	(9)
Acquisition of investments in a subsidiary (net of cash acquired) (Note 4)	-	3,351	-	(4,578)
Acquisition of investments in associates	-	(26,885)	-	(20,000)
Interest received	12,734	6,616	6,786	7,819
Dividends received	-	-	131,000	105,000
Loan to a subsidiary	-	-	-	(54)
Repayment from a subsidiary	-	-	100,000	10,054
Net cash flow generated from/(used in) investing activities	2,735	(28,785)	237,769	98,232
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Issuance of share capital	8,017	46	8,017	46
Treasury shares acquired	(1,093)	-	(1,093)	-
Lease payments	(16,916)	(16,014)	-	-
Net movement in borrowings	(100,000)	(31,488)	(100,000)	-
Interest paid	(4,641)	(6,050)	(4,641)	(5,542)
Dividends paid to shareholders of the Company	(154,045)	(78,407)	(154,045)	(78,407)
Net cash flow used in financing activities	(268,678)	(131,913)	(251,762)	(83,903)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(152,778)	132,519	(15,471)	12,738
<b>EFFECT OF EXCHANGE RATE CHANGES</b>	(4,029)	(1,467)	-	-
<b>CASH AND CASH EQUIVALENTS</b>				
<b>BROUGHT FORWARD</b>	694,408	563,356	42,196	29,458
<b>CASH AND CASH EQUIVALENTS</b>				
<b>CARRIED FORWARD</b>	537,601	694,408	26,725	42,196



**Statements of Cash Flows**

For The Year Ended 30 April 2023 (continued)

120

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>CASH AND CASH EQUIVALENTS</b>				
The closing cash and cash equivalents comprise of the following:				
Deposits with financial institutions	448,419	521,964	24,051	8,203
Cash and bank balances	89,182	172,444	2,674	33,993
	<u>537,601</u>	<u>694,408</u>	<u>26,725</u>	<u>42,196</u>

Note:

(a) Reconciliation of liabilities arising from financing activities:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Borrowings</b>				
At beginning of the year	199,837	205,427	199,837	199,769
Acquisition of a subsidiary	-	25,830	-	-
Amortisation on the transaction cost	99	68	99	68
Drawdown of bank borrowings	100,000	300,117	100,000	200,000
Repayment of bank borrowings	(200,000)	(331,605)	(200,000)	(200,000)
At end of the year	<u>99,936</u>	<u>199,837</u>	<u>99,936</u>	<u>199,837</u>

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

# Notes to the Financial Statements

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## 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 Peugeot vehicles in Malaysia;
- (iv) distribution of automotive spare parts and provision of after-sales services in Malaysia; and
- (v) 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 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor, Malaysia.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 3 August 2023.

## 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.

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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)

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.



## 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.

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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)**

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.

## 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.



**Notes to the Financial Statements**

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**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.

## 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 34.

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.

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**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.



## 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.

The Group and the Company have not designated any financial assets as FVTPL.

**Notes to the Financial Statements**

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**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 9.

## 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.

The Group and the Company have not designated any financial liabilities as FVTPL.

###### **(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.



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**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.

## 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 3.57% to 4.32% (2022: 3.40% 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.

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**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 16.

**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 33.

**2.2.15 Current and non-current classification**

The Group and the Company present assets and liabilities in statements of financial position based on current and non-current classification.

An asset is classified as current when it is:

- (i) expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) held primarily for the purpose of trading;
- (iii) expected to be realised within 12 months after the reporting period; or
- (iv) cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- (i) it is expected to be settled in normal operating cycle;
- (ii) it is held primarily for the purpose of trading;
- (iii) it is due to be settled within 12 months after the reporting period; or
- (iv) there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities, respectively.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.2 Summary of significant accounting policies (continued)

#### 2.2.16 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service maintenance, warranties, non-cash consideration and consideration payable to the customer, if any). Depending on the terms of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

Revenue from contracts with customers is measured at its transaction price which is the amount of consideration that the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, net of applicable taxes, returns, rebates and discounts. Transaction price is allocated to each distinct performance obligation on the basis of its relative stand-alone selling price.

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Group also provides warranties for defects that existed at the time of sale. Provisions related to these assurance type warranties are recognised when the product is sold or the service is provided to the customer. Further details of warranty provision are disclosed in Note 2.5 (i) and Note 17.

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.

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**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 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.

## 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.



## Notes to the Financial Statements

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**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.

## 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.

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**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.



## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.3 Changes in accounting policies

On 1 May 2022, 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 2023:

- MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts
- Amendments to MFRS 17: Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 - Comparative Information)
- Amendments to MFRS 101: Presentation of Financial Statements and MFRS Practice Statement 2 (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 for financial periods beginning on or after 1 January 2024:

- Amendments to MFRS 16: Leases (Lease Liability in a Sale and Leaseback)
- Amendments to MFRS 101: Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)
- Amendments to MFRS 101: Presentation of Financial Statements (Non-current Liabilities with Covenants)

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 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.

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**2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****2.5 Significant accounting estimates and judgements**

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

No major judgements have been made by management in applying the Group's and the Company's accounting policies.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are set out below:

(i) Provision for warranty

A provision is made for expected warranty claims on vehicles sold during the period, based on past experience of the level of repairs of similar type of vehicles. Assumptions used to calculate the provision for warranty were based on sales levels, past and current information available about repairs performed during warranty periods for similar vehicle types sold.

The carrying amount of the Group's provision of warranty at the reporting date was RM77,429,000 (2022: RM70,351,000). Further details are as disclosed in Note 17.

(ii) Contract liability

The Group provides free maintenance service package for 5 years (limited to 100,000 kilometres) on certain Mazda and Kia models, and 3 years (limited to 60,000 kilometres) on Peugeot models. Commencing April 2021 onwards, all Peugeot models (except Landtrek) sold are provided with a free maintenance service package for 5 years (limited to 100,000 kilometres), whichever is the earlier.

Commencing from the financial year ended 30 April 2021, 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 16.

## 2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.5 Significant accounting estimates and judgements (continued)

#### Key sources of estimation uncertainty (continued)

(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 9.



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## 3. PROPERTY, PLANT AND EQUIPMENT

Group	2023							Total RM'000
	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	
At Net Carrying Amount	6,591	19,377	2,187	1,116	9,271	3,072	1,684	43,298
At beginning of year	-	444	3,319	2,600	4,138	-	-	10,501
Additions	-	-	(13)	(1)	(13)	(360)	-	(387)
Disposals	-	(1,143)	(2,214)	(524)	(3,657)	(681)	-	(8,219)
Depreciation charge for the year (Note 23)	-	(547)	(6)	-	(60)	-	-	(613)
Exchange difference	-	-	1,684	-	-	-	(1,684)	-
Reclassification/Transfer	-	-	4,957	3,191	9,679	2,031	-	44,580
At end of year	6,591	18,131	4,957	3,191	9,679	2,031	-	44,580
At Net Carrying Amount	6,591	20,416	1,101	331	6,927	1,877	-	37,243
At beginning of year	-	508	2,090	997	4,881	2,136	1,684	12,296
Additions	-	-	-	-	(4)	(321)	-	(325)
Disposals	-	(1,147)	(1,011)	(245)	(2,763)	(620)	-	(5,786)
Depreciation charge for the year (Note 23)	-	(400)	(3)	-	(50)	-	-	(453)
Exchange difference	-	-	10	33	280	-	-	323
Acquisition of a subsidiary	-	-	2,187	1,116	9,271	3,072	1,684	43,298
At end of year	6,591	19,377	2,187	1,116	9,271	3,072	1,684	43,298

## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	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
<b>As at 30 April 2023</b>								
Cost	6,591	23,185	28,938	10,602	30,159	3,781	-	103,256
Accumulated depreciation	-	(5,054)	(23,981)	(7,411)	(20,480)	(1,750)	-	(58,676)
Net carrying amount	6,591	18,131	4,957	3,191	9,679	2,031	-	44,580
<b>As at 30 April 2022</b>								
Cost	6,591	23,351	23,986	8,003	26,349	4,268	1,684	94,232
Accumulated depreciation	-	(3,974)	(21,799)	(6,887)	(17,078)	(1,196)	-	(50,934)
Net carrying amount	6,591	19,377	2,187	1,116	9,271	3,072	1,684	43,298

## Notes to the Financial Statements

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## 3. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## Company

## 2023

At Net Carrying Amount

	<b>Computers</b>
	<b>RM'000</b>
At beginning of year	7
Additions	17
Depreciation charge for the year (Note 23)	(9)
At end of year	<u>15</u>

## 2022

At Net Carrying Amount

At beginning of year	-
Additions	9
Depreciation charge for the year (Note 23)	(2)
At end of year	<u>7</u>

**As at 30 April 2023**

Cost	52
Accumulated depreciation	(37)
Net carrying amount	<u>15</u>

**As at 30 April 2022**

Cost	35
Accumulated depreciation	(28)
Net carrying amount	<u>7</u>

## 4. SUBSIDIARY COMPANIES

	<b>Company</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Unquoted shares in Malaysia, at cost	514,229	514,229
ESS granted to employees of subsidiary companies	34,806	33,859
	<u>549,035</u>	<u>548,088</u>



#### 4. SUBSIDIARY COMPANIES (CONTINUED)

The Group's equity interests in the subsidiary companies, their respective principal activities and country of incorporation are shown below:

Name	Country of incorporation	Principal activities	Effective interest held by			
			Group <sup>^</sup>		Non-controlling interests <sup>^</sup>	
			%	%	%	%
			2023	2022	2023	2022
<b>Subsidiaries of the Company</b>						
Bermaz Motor Sdn. Bhd.	Malaysia	Investment holding and distribution of Mazda vehicles under licence in Malaysia.	100.00	100.00	-	-
Dinamikjaya Motors Sdn. Bhd. ("DJMSB")	Malaysia	Distribution and retailing of new and used Kia vehicles and the provision of after-sales services in respect thereof in Malaysia.	65.00	65.00	35.00	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	51.00	49.00	49.00
Bermaz 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.	55.00	55.00	45.00	45.00
Bermaz Anshin Sdn. Bhd.	Malaysia	Dormant	100.00	100.00	-	-
<b>Subsidiaries of Bermaz Motor Sdn Bhd</b>						
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	-	-
<b>Subsidiary of Bermaz Motor International Ltd</b>						
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.

<sup>^</sup> Equals to the proportion of voting rights held.

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## 4. SUBSIDIARY COMPANIES (CONTINUED)

## Subsidiary companies with material non-controlling interests

Summarised financial information of subsidiary companies which have 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.

Group	DJMSB		BAASB		BAP	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>At 30 April</b>						
Non-current assets	21,896	16,898	16,885	14,678	57,554	62,733
Current assets	150,910	53,251	140,707	84,339	169,224	136,693
Non-current liabilities	(22,077)	(11,834)	(28,970)	(17,445)	(46,649)	(32,313)
Current liabilities	(117,974)	(55,167)	(105,829)	(65,554)	(45,646)	(50,166)
Net assets	32,755	3,148	22,793	16,018	134,483	116,947
Equity attributable to equity holders of the parent	21,291	2,036	12,186	8,460	82,522	71,907
Non-controlling interests	11,464	1,112	10,607	7,558	51,961	45,040
Total equity	32,755	3,148	22,793	16,018	134,483	116,947
<b>Year ended 30 April</b>						
Revenue	481,958	78,389	301,511	163,017	231,365	184,384
Profit for the year	29,608	(1,631)	6,775	2,618	21,019	2,850
Other comprehensive loss	-	-	-	-	(3,651)	(2,615)
Total comprehensive income for the year	29,608	(1,631)	6,775	2,618	17,368	235
Profit attributable to:						
- Owners of the parent	19,245	(1,060)	3,726	1,440	12,693	1,721
- Non-controlling interests	10,363	(571)	3,049	1,178	8,326	1,129
	29,608	(1,631)	6,775	2,618	21,019	2,850
Total comprehensive income attributable to:						
- Owners of the parent	19,245	(1,060)	3,726	1,440	10,447	142
- Non-controlling interests	10,363	(571)	3,049	1,178	6,921	93
	29,608	(1,631)	6,775	2,618	17,368	235
<b>Year ended 30 April</b>						
Net cash generated from/(used in):						
Operating activities	(49,297)	(9,206)	(51,963)	6,702	(22,009)	26,940
Investing activities	(4,008)	(4,443)	(305)	(37,882)	1,258	(2,671)
Financing activities	59,240	24,155	38,040	61,882	(2,090)	(2,159)
Net change in cash and cash equivalents	5,935	10,506	(14,228)	30,702	(22,841)	22,110

## 5. ASSOCIATED COMPANIES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unquoted shares in Malaysia, at cost	95,875	95,875	63,631	63,631
Group's share of post-acquisition reserves	220,677	179,826	-	-
	316,552	275,701	63,631	63,631

## 5. 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 (%)	
			2023	2022
<b>Associated companies of the Company</b>				
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
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	33.33
<b>Associated company of Bermaz Motor Sdn Bhd</b>				
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
<b>Associated company of Bermaz Auto Philippines Inc.</b>				
Berjaya Auto Asia Inc. ("BAAI")*	Philippines	Distribution and retailing of Kaicene vehicles and the sale of parts and accessories in the Philippines.	44.58	44.58

Note:

\* Audited by other firms of chartered accountants.

The financial year end of INOKOM, KMSB, MMSB and BAAI are 30 June, 31 December, 31 March and 30 April 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.



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## 5. 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
<b>2023</b>			
Non-current assets	306,928	131,440	438,368
Current assets	157,183	722,704	879,887
Non-current liabilities	(9,667)	(14,766)	(24,433)
Current liabilities	(177,627)	(178,825)	(356,452)
Net assets	<u>276,817</u>	<u>660,553</u>	<u>937,370</u>
Equity attributable to:			
Owners of the associated company	196,540	462,387	658,927
Non-controlling interests of the associated company	80,277	198,166	278,443
Total equity	<u>276,817</u>	<u>660,553</u>	<u>937,370</u>
Revenue	<u>222,407</u>	<u>1,614,640</u>	<u>1,837,047</u>
Profit for the year, representing total comprehensive income	<u>32,077</u>	<u>107,837</u>	<u>139,914</u>
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	22,774	75,532	98,306
- non-controlling interests of the associated company	9,303	32,305	41,608
	<u>32,077</u>	<u>107,837</u>	<u>139,914</u>
<b>2022</b>			
Non-current assets	238,520	129,901	368,421
Current assets	106,516	608,734	715,250
Non-current liabilities	(7,035)	(16,228)	(23,263)
Current liabilities	(93,261)	(169,691)	(262,952)
Net assets	<u>244,740</u>	<u>552,716</u>	<u>797,456</u>
Equity attributable to:			
Owners of the associated company	173,766	386,901	560,667
Non-controlling interests of the associated company	70,974	165,815	236,789
Total equity	<u>244,740</u>	<u>552,716</u>	<u>797,456</u>
Revenue	<u>171,011</u>	<u>1,129,134</u>	<u>1,300,145</u>
Profit for the year, representing total comprehensive income	<u>27,704</u>	<u>42,305</u>	<u>70,009</u>
Profit for the year/Total comprehensive income attributable to:			
- owners of the associated company	19,670	29,101	48,771
- non-controlling interests of the associated company	8,034	13,204	21,238
	<u>27,704</u>	<u>42,305</u>	<u>70,009</u>

## 5. 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 RM'000	MMSB RM'000	Total RM'000
<b>2023</b>			
Attributable to the owners of associated companies:			
Net assets at beginning of year	244,740	552,716	797,456
Profit for the year	32,077	107,837	139,914
Net assets at end of year	<u>276,817</u>	<u>660,553</u>	<u>937,370</u>
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	80,277	197,960	278,237
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	<u>93,501</u>	<u>197,960</u>	<u>291,461</u>

Group	INOKOM RM'000	MMSB RM'000	Total RM'000
<b>2022</b>			
Attributable to the owners of associated companies:			
Net assets at beginning of year	217,036	510,411	727,447
Profit for the year	27,704	42,305	70,009
Net assets at end of year	<u>244,740</u>	<u>552,716</u>	<u>797,456</u>
Group's interest in associated companies (net of unrealised profit on transactions with associated company)	70,974	165,655	236,629
Goodwill	13,224	-	13,224
Carrying value of Group's interest in associated companies	<u>84,198</u>	<u>165,655</u>	<u>249,853</u>

## 6. DEFERRED TAX ASSETS

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	82,080	74,726
Acquisition of a subsidiary	-	1,105
Recognised in profit or loss (Note 25)	22,818	6,485
Exchange differences	(289)	(236)
At end of year	<u>104,609</u>	<u>82,080</u>

Presented after appropriate offsetting as follows:

	Group	
	2023 RM'000	2022 RM'000
Deferred tax assets	104,609	82,080

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## 6. DEFERRED TAX ASSETS (CONTINUED)

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

Group	Deferred revenue	Provisions and others	Total
<u>Deferred tax assets</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<b>2023</b>			
At beginning of year	53,332	29,437	82,769
Recognised in profit or loss	33,641	(10,356)	23,285
Exchange differences	(137)	(152)	(289)
At end of year	<u>86,836</u>	<u>18,929</u>	105,765
Set-off against deferred tax liabilities			(1,156)
			<u>104,609</u>
<b>2022</b>			
At beginning of year	43,766	31,143	74,909
Acquisition of a subsidiary	371	759	1,130
Recognised in profit or loss	9,281	(2,315)	6,966
Exchange differences	(86)	(150)	(236)
At end of year	<u>53,332</u>	<u>29,437</u>	82,769
Set-off against deferred tax liabilities			(689)
			<u>82,080</u>
<b>Group</b>			
			<b>Accelerated capital allowances</b>
			<b>RM'000</b>
<u>Deferred tax liabilities</u>			
<b>2023</b>			
At beginning of year			(689)
Recognised in profit or loss			(467)
At end of year			(1,156)
Set-off against deferred tax assets			1,156
			<u>-</u>
<b>2022</b>			
At beginning of year			(183)
Acquisition of a subsidiary			(25)
Recognised in profit or loss			(481)
At end of year			(689)
Set-off against deferred tax assets			689
			<u>-</u>



**7. GOODWILL**

	Group	
	2023 RM'000	2022 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.

**8. INVENTORIES**

	Group	
	2023 RM'000	2022 RM'000
At cost:		
Motor vehicles ready for sale	374,373	154,860
Spare parts	66,656	27,646
	441,029	182,506
At net realisable value:		
Motor vehicles ready for sale	52,904	24,670
Spare parts	9,940	9,534
	62,844	34,204
	503,873	216,710

The cost of inventories recognised as an expense during the financial year in the Group amounted to RM2,931,509,000 (2022: RM1,930,756,000).

**9. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Trade receivables	152,676	102,982	-	-
Less: Allowance for expected credit loss	-	(1,315)	-	-
	152,676	101,667	-	-
<u>Other receivables</u>				
Deposits	3,978	4,439	60	60
Sundry receivables	25,523	31,394	39	72
Amount owing by a subsidiary	-	-	90,335	190,568
Amount owing by associated companies	224	247	-	-
	29,725	36,080	90,434	190,700
	182,401	137,747	90,434	190,700
<u>Other current assets</u>				
Prepayments	22,475	22,806	672	1,071
Input VAT (net)	2,967	2,645	-	-
Dividend from a subsidiary company	-	-	50,000	55,000
	25,442	25,451	50,672	56,071
	207,843	163,198	141,106	246,771

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## 9. TRADE AND OTHER RECEIVABLES (CONTINUED)

## (a) Trade receivables

The Group's normal credit term ranges from 30 to 90 (2022: 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 RM12,190,100 (2022: RM3,854,000) due from a trade debtor.

Ageing analysis of trade receivables

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

	Group	
	2023 RM'000	2022 RM'000
Neither past due nor impaired	143,616	96,435
1 to 30 days past due not impaired	5,683	2,914
31 to 60 days past due not impaired	737	608
61 to 90 days past due not impaired	2,640	1,710
91 to 120 days past due not impaired	-	-
	9,060	5,232
Expected credit loss	-	1,315
	<u>152,676</u>	<u>102,982</u>

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 RM9,060,000 (2022: RM5,232,000) 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	
	2023 RM'000	2022 RM'000
Trade receivables - nominal amounts	-	1,315
Less: Allowance for expected credit loss	-	(1,315)
	<u>-</u>	<u>-</u>

**9. TRADE AND OTHER RECEIVABLES (CONTINUED)****(a) Trade receivables (continued)**Receivables that are impaired (continued)

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	1,315	4,229
Written off	-	(2,312)
Reversal for the year (Note 23)	(1,315)	(602)
At end of year	<u>-</u>	<u>1,315</u>

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.

**(b) Other receivables**

The amount owing by a subsidiary company is non-trade in nature, unsecured, repayable on demand and non-interest bearing other than the amount of RM90,000,000 (2022: RM190,000,000) which holds an interest at 4.32% (2022: 2.92%) 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.

**10. DERIVATIVE LIABILITIES**

	Group			
	2023		2022	
	Contract amount RM'000	Derivative Liabilities RM'000	Contract amount RM'000	Derivative Liabilities RM'000
<b>Non-hedging derivatives</b>				
<b>Current</b>				
Forward currency contracts	-	-	11,706	(968)

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 liabilities for the previous financial year.



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## 11. DEPOSITS WITH FINANCIAL INSTITUTIONS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deposits with:				
Licensed banks	448,419	521,964	24,051	8,203

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

	Group		Company	
	2023	2022	2023	2022
Interest rates per annum (%)				
Licensed banks	1.74 - 3.70	1.68 - 2.00	1.99 - 3.70	1.80 - 2.00
Maturities (days)				
Licensed banks	1 - 61	1 - 78	1 - 61	1 - 78

## 12. CASH AND BANK BALANCES

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

## 13. SHARE CAPITAL

	Group and Company			
	Number of shares		Share capital	
	2023 '000	2022 '000	2023 RM'000	2022 RM'000
<b>Issued and fully paid:</b>				
At beginning of year	1,163,959	1,163,927	609,443	609,341
Employees' share options exercised	4,358	32	10,171	55
Employees' share options forfeited/expired	-	-	-	47
At end of year	1,168,317	1,163,959	619,614	609,443

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.

During the financial year, the Company increased its share capital from RM609,442,494 to RM619,614,081 by way of:

- the issuance of 4,253,300 new ordinary shares at an issue price of RM1.85 per share and the issuance of 104,100 new ordinary shares at an issue price of RM1.43 per share pursuant to the exercise of the options under the ESS; and
- the inclusion of RM2,154,119 from employees' share plan reserves as the paid-up share capital upon the exercise of ESS.

**14. RESERVES**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Merger deficit (Note a)	(424,000)	(424,000)	-	-
Employee share plan reserve (Note b)	3,867	7,331	3,867	7,331
Consolidation reserve (Note c)	32,981	32,981	-	-
Exchange reserve (Note d)	(2,733)	(485)	-	-
FVTOCI reserve (Note e)	(1,666)	(1,666)	-	-
	(391,551)	(385,839)	3,867	7,331
Retained earnings (Note f)	538,827	412,877	4,792	59,350
	<u>147,276</u>	<u>27,038</u>	<u>8,659</u>	<u>66,681</u>

## Notes:

## (a) Merger deficit

Merger deficit represents the difference between the cost of acquisition and the nominal value of the share capital and reserves of the subsidiary company acquired in prior years.

## (b) Employee share plan reserve

The employee share plan reserve represents the equity-settled shares and share options granted to certain directors and employees of the Group. The employee share plan reserve is made up of the cumulative value of services received from those directors and employees recorded over the vesting period commencing from the grant date of the shares and share options and is reduced by the expiry, forfeiture or exercise of the share options.

## (c) Consolidation reserve

The consolidation reserve comprises the consolidation effects of changes in the Group's equity interests in a subsidiary company which does not result in loss of control.

## (d) Exchange reserve

The exchange reserve represents exchange differences arising from the translation of the financial statements of foreign operation whose functional currency is different from the Group's presentation currency.

## (e) FVTOCI reserve

The FVTOCI reserve arose mainly from the recognition of impairment loss in investment of the Group in Ssangyong Berjaya Motor Philippines Inc.

## (f) Retained earnings

The entire retained earnings of the Company is available for distribution as single-tier dividends.

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## 15. TREASURY SHARES

	Group and Company Ordinary shares			
	2023 Number of shares '000	2022 Number of shares '000	2023 RM'000	2022 RM'000
At beginning of year	1,766	2,499	2,781	3,934
Shares bought back during the year	612	-	1,093	-
Reissued for ESS shares vested	(1,130)	(733)	(1,840)	(1,153)
At end of year	<u>1,248</u>	<u>1,766</u>	<u>2,034</u>	<u>2,781</u>

Pursuant to an Annual General Meeting ("AGM") held on 6 October 2022, the Company has renewed the mandate relating to the share buyback of up to 10% of the existing share capital.

During the year, 612,300 shares (2022: nil) were bought back from the open market for approximately RM1,093,000 or at an average price of RM1.79 per share with internal generated funds. The shares bought back are held as treasury shares and none of the shares were cancelled.

During the year, 1,130,100 (2022: 732,600) shares were reissued for the vesting of ESS shares.

## 16. CONTRACT LIABILITY

The Group provides free maintenance service package for 5 years (limited to 100,000 kilometres) on certain Mazda and Kia models, and 3 years (limited to 60,000 kilometres) on Peugeot models. Commencing April 2021 onwards, all Peugeot models (except Landtrek) sold are provided with a free maintenance service package for 5 years (limited to 100,000 kilometres), whichever is the earlier.

Commencing from the financial year ended 30 April 2021, 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.

In the Philippines, the Group provides free maintenance package for 3 years or attainment of 60,000 kilometres, whichever is earlier. Commencing from 1 May 2020, all models sold are provided with free maintenance package for a period of 5 years or attainment of 100,000 kilometres, whichever is earlier.

Contract liability represents a part of the sale proceeds received from customers which relates to service maintenance in which the service has not been rendered. The amount of sales proceeds apportioned to service maintenance is measured at its fair value which is calculated based on the actual number of vehicles sold, past maintenance service performed and estimated charges to customers.



**16. CONTRACT LIABILITY (CONTINUED)**

	Group	
	2023 RM'000	2022 RM'000
At beginning of year	221,578	181,797
Acquisition of a subsidiary	-	1,544
Deferred during the year	128,383	85,396
Recognised during the year (Note 21)	(59,530)	(46,817)
Exchange difference	(546)	(342)
At end of year	289,885	221,578

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

	Group	
	2023 RM'000	2022 RM'000
<u>At end of year:</u>		
Within a year	75,957	56,760
Later than 1 year but not later than 5 years	213,928	164,818
	289,885	221,578

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	
	2023 RM'000	2022 RM'000
Amounts included in contract liability at the beginning of the year	50,215	44,116

**17. PROVISIONS**

Group	Restoration cost			
	Incentives RM'000	Warranty RM'000	RM'000	Total RM'000
<b>2023</b>				
At beginning of year	1,876	70,351	3,998	76,225
Additional provision	25,962	28,253	469	54,684
Reversal during the year	(762)	(2,670)	-	(3,432)
Utilisation of provision	(16,859)	(18,394)	-	(35,253)
Written-off (Note 20)	-	-	(13)	(13)
Unwinding of discount (Note 22)	-	-	248	248
Exchange difference	-	(111)	-	(111)
At end of year	10,217	77,429	4,702	92,348
<b>2022</b>				
Current	10,217	21,179	-	31,396
Non-current	-	56,250	4,702	60,952
	10,217	77,429	4,702	92,348

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## 17. PROVISIONS (CONTINUED)

Group	Incentives RM'000	Warranty RM'000	Restoration cost RM'000	Total RM'000
<b>2022</b>				
At beginning of year	8,937	63,602	3,821	76,360
Acquisition of a subsidiary	-	699	-	699
Additional provision	12,878	20,463	-	33,341
Reversal during the year	(2,107)	(2,062)	-	(4,169)
Utilisation of provision	(17,832)	(12,196)	-	(30,028)
Unwinding of discount (Note 22)	-	-	177	177
Exchange difference	-	(155)	-	(155)
At end of year	<u>1,876</u>	<u>70,351</u>	<u>3,998</u>	<u>76,225</u>
<b>2021</b>				
Current	1,876	19,666	-	21,542
Non-current	-	50,685	3,998	54,683
	<u>1,876</u>	<u>70,351</u>	<u>3,998</u>	<u>76,225</u>

## Notes:

## (a) Incentives

The Group provides sales incentives for car dealers such as registration incentives and volume incentives for 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

Mazda

In Malaysia, the Group provides warranty periods of 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.

Commencing from the financial year ended 30 April 2021, 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 is earlier. Vehicles sold during other periods in the financial year were entitled to the normal 5-year free maintenance service.

In the Philippines, the Group provides warranty for a period of 3 years or attainment of 100,000 kilometres, whichever is earlier for all types of Mazda models. The Group gives the three-year warranty (limited to the attainment of 100,000 kilometres) prior to 1 January 2020. For vehicles manufactured starting on 1 January 2020, the warranty period of 3 years is provided by the manufacturer.

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.

**17. PROVISIONS (CONTINUED)**

Notes: (continued)

**(b) Warranty (continued)**Kia

The manufacturer gives to the Group's customers a warranty period of 5 years or attainment of 100,000 kilometres, whichever is earlier.

Peugeot

The manufacturer gives to the Group's customers a warranty period of 3 years or attainment of 100,000 kilometres, whichever is earlier for locally assembled vehicles. The Group extends an additional warranty period of 2 years in addition to the 3 years provided by the manufacturer based on expected extended warranty payable to the manufacturer.

**(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.

**18. BORROWINGS**

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Short term borrowings</u>				
Sukuk Wakalah Commercial Papers ("CP")	-	100,000	-	100,000
Sukuk Wakalah Medium Term Notes ("MTN")	99,936	-	99,936	-
	<u>99,936</u>	<u>100,000</u>	<u>99,936</u>	<u>100,000</u>
<u>Long term borrowing</u>				
Sukuk Wakalah Medium Term Notes ("MTN")	-	99,837	-	99,837
	<u>99,936</u>	<u>199,837</u>	<u>99,936</u>	<u>199,837</u>

On 16 December 2022, the Company has fully repaid the Fourth Tranche Islamic Commercial Papers "ICPs" upon its maturity and there are no other outstanding CP.

The MTN comprise the first tranche of RM100 million Sukuk Wakalah, which was issued on 18 December 2020 with maturity of 3 years 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:

	2023 RM'000	2022 RM'000
Nominal value	100,000	100,000
Unamortised transaction cost	(64)	(163)
Carrying amount	<u>99,936</u>	<u>99,837</u>



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## 19. TRADE AND OTHER PAYABLES

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<u>Trade payables</u>				
Third parties	172,975	125,383	-	-
Amount owing to associated companies	54,865	45,190	-	-
	<u>227,840</u>	<u>170,573</u>	<u>-</u>	<u>-</u>
<u>Other payables</u>				
Sundry payables	63,464	60,908	649	73
Refundable deposits from customers	4,178	4,881	-	-
Amount owing to a subsidiary company	-	-	37	-
Dividend payable	52,517	26,149	52,517	26,149
Accruals	12,145	10,374	1,346	1,529
	<u>132,304</u>	<u>102,312</u>	<u>54,549</u>	<u>27,751</u>
	<u>360,144</u>	<u>272,885</u>	<u>54,549</u>	<u>27,751</u>

(a) Trade payables

These amounts are non-interest bearing except for interest levied on late payments. Trade payables are normally settled on 30 – 90 (2022: 30 – 90) days.

(b) Refundable deposits from customers

The refundable deposits are received from customers upon booking confirmation and will be set-off against the total invoiced amounts upon delivery of vehicles.

(c) Amount owing to a subsidiary company

The amount owing to a subsidiary company is non-trade in nature, unsecured, non-interest bearing and repayable on demand.

## 20. 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.

2023	Land	Building	Total
<u>At Net Carrying Amount</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At beginning of year	27,632	52,065	79,697
Additions	-	8,642	8,642
Depreciation charge for the year (Note 23)	(1,604)	(13,590)	(15,194)
Written-off (Note 17)	-	(13)	(13)
Exchange difference	(887)	-	(887)
At end of year	<u>25,141</u>	<u>47,104</u>	<u>72,245</u>
<b>As at 30 April 2023</b>			
Cost	32,834	106,312	139,146
Accumulated depreciation	(7,693)	(59,208)	(66,901)
Net carrying amount	<u>25,141</u>	<u>47,104</u>	<u>72,245</u>

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

<b>2022</b>	<b>Land</b>	<b>Building</b>	<b>Total</b>
<u>At Net Carrying Amount</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
At beginning of year	29,962	33,723	63,685
Additions	-	21,948	21,948
Acquisition of a subsidiary	-	9,372	9,372
Depreciation charge for the year (Note 23)	(1,660)	(12,978)	(14,638)
Exchange difference	(670)	-	(670)
At end of year	<u>27,632</u>	<u>52,065</u>	<u>79,697</u>
<b>As at 30 April 2022</b>			
Cost	33,922	97,596	131,518
Accumulated depreciation	(6,290)	(45,531)	(51,821)
Net carrying amount	<u>27,632</u>	<u>52,065</u>	<u>79,697</u>

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.

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
At beginning of year	88,001	69,376
Additions	8,174	21,948
Acquisition of a subsidiary	-	9,487
Accretion of interest (Note 22)	3,638	3,968
Lease payments	(16,916)	(16,014)
Exchange difference	(1,053)	(764)
At end of year	<u>81,844</u>	<u>88,001</u>
<u>Disclosed as:</u>		
- Current	13,037	11,712
- Non-current	68,807	76,289
	<u>81,844</u>	<u>88,001</u>

The following are the amounts recognised in profit or loss:

	<b>Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM'000</b>	<b>RM'000</b>
Depreciation of right-of use assets (Note 23)	15,194	14,638
Interest expense on lease liabilities (Note 22)	3,638	3,968
Expenses relating to short-term lease (Note 23)	1,161	1,274
Expenses relating to leases of low-value assets (Note 23)	206	178

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## 21. REVENUE

Revenue consists of the following:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Revenue from contract with customers:				
Sale of motor vehicles	3,270,912	2,120,560	-	-
Sale of spare parts	210,373	156,649	-	-
Maintenance and fitting of motor vehicle accessories services	59,321	46,462	-	-
	<u>3,540,606</u>	<u>2,323,671</u>	<u>-</u>	<u>-</u>
Other revenue:				
Dividend income from a subsidiary	-	-	126,000	105,000
	<u>3,540,606</u>	<u>2,323,671</u>	<u>126,000</u>	<u>105,000</u>
Timing of revenue recognition:				
- at a point in time	3,481,076	2,276,854		
- over time (Note 16)	59,530	46,817		
	<u>3,540,606</u>	<u>2,323,671</u>		

## 22. FINANCE COSTS

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Interest expense on:				
- bankers acceptances and trust receipts	-	618	-	-
- MTN and CP	5,377	5,911	5,377	5,911
- lease liabilities (Note 20)	3,638	3,968	-	-
Unwinding of discount on provision (Note 17)	248	177	-	-
	<u>9,263</u>	<u>10,674</u>	<u>5,377</u>	<u>5,911</u>



## 23. PROFIT BEFORE TAX

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Profit before tax is arrived at after charging:</b>				
Directors' remuneration (Note 24)				
- emoluments (excluding benefits-in-kind)	12,554	10,383	78	68
- fees	400	300	400	300
Auditors' remuneration				
- statutory audit fee				
- Ernst & Young	399	367	60	54
- Others	80	8	-	-
- underprovision for prior years	76	13	1	5
- fees for non audit services	67	117	12	66
Depreciation of property, plant and equipment (Note 3)	8,219	5,786	9	2
Depreciation of right-of-use assets (Note 20)	15,194	14,638	-	-
Inventories written down	1,349	1,896	-	-
Demonstration car expenses	11,571	9,132	-	-
Expenses relating to short-term lease (Note 20)	1,161	1,274	-	-
Expenses relating to leases of low-value assets (Note 20)	206	178	-	-
Staff costs (Note a)	99,288	74,248	-	-
Loss on remeasurement of equity interest in a subsidiary, previously accounted for as an associated company	-	64	-	-
Fair value adjustment on derivatives (Note 10)	-	968	-	-
Provision for warranty (net of reversal)	25,583	18,401	-	-
Provision for incentives (net of reversal)	25,200	10,771	-	-
Loss on foreign exchange				
- realised	347	1,198	-	-
- unrealised	760	-	-	-
<b>and crediting:</b>				
Gain on disposal of property, plant and equipment	(115)	(104)	-	-
Gain on acquisition of a subsidiary	-	(1,325)	-	-
Rental income from an associated company	(264)	(264)	-	-
Business development fees	(25,076)	(16,931)	-	-
Interest income from financial institutions	(12,715)	(6,633)	(436)	(378)
Interest income from a subsidiary	-	-	(6,084)	(5,758)
Reversal of allowance for expected credit loss in receivables (Note 9(a))	(1,315)	(602)	-	-
Gain on foreign exchange				
- unrealised	-	(1,284)	-	-

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## 23. PROFIT BEFORE TAX (CONTINUED)

(a) Staff costs consist of the following:

	Group	
	2023 RM'000	2022 RM'000
Wages, salaries, bonuses, COVID-19 relief fund, allowances and other emoluments	80,083	60,381
Social security costs and employees insurance	671	514
Pension costs		
- defined contribution plans	10,599	7,500
Share-based payments under ESS (Note b)	835	1,452
Other staff related expenses	7,100	4,401
	<u>99,288</u>	<u>74,248</u>

Note: Staff costs exclude remuneration of executive directors.

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

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Share-based payments for:				
- employees of the Group (Note a)	835	1,452	-	-
- directors of the Company	103	198	103	198
- other directors of the Group	112	218	-	-
	<u>1,050</u>	<u>1,868</u>	<u>103</u>	<u>198</u>

## 24. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Directors of the Company</b>				
Executive				
Salaries and other emoluments	6,673	6,525	-	-
Performance incentive	2,000	2,000	-	-
Benefits-in-kind	49	49	-	-
	<u>8,722</u>	<u>8,574</u>	<u>-</u>	<u>-</u>
Non-executive				
Fees	400	300	400	300
Other emoluments	78	68	78	68
	<u>478</u>	<u>368</u>	<u>478</u>	<u>368</u>
	<u>9,200</u>	<u>8,942</u>	<u>478</u>	<u>368</u>
<b>Other directors of the Group</b>				
Salaries and other emoluments	1,299	1,199	-	-
Performance incentive	2,504	591	-	-
	<u>3,803</u>	<u>1,790</u>	<u>-</u>	<u>-</u>
Total directors' remuneration (excluding share-based payments)	<u>13,003</u>	<u>10,732</u>	<u>478</u>	<u>368</u>

## 25. INCOME TAX EXPENSE

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Income tax:				
- Malaysian	111,334	65,074	371	153
- Foreign tax	6,768	412	-	-
	118,102	65,486	371	153
(Over)/Under provision in respect of prior years				
- Malaysian income tax	(1,306)	690	(29)	51
	116,796	66,176	342	204
Deferred tax (Note 6)				
- Relating to origination and reversal of temporary differences	(22,982)	(7,163)	-	-
- Under provision in prior years	164	678	-	-
	(22,818)	(6,485)	-	-
Total income tax expense	93,978	59,691	342	204

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022: 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Profit before tax	423,302	217,654	125,677	103,919
Applicable tax rate (%)	24	24	24	24
Taxation at applicable tax rate	101,592	52,237	30,162	24,941
Income not subject to tax	(20)	-	(30,240)	(25,200)
Expenses not deductible under tax legislation	3,119	3,839	449	412
Effect of different tax rate in other country	288	136	-	-
Effect of "Prosperity Tax" rate at 33%	-	6,443	-	-
Effect of share of result of associated companies	(9,859)	(4,332)	-	-
(Over)/Under provision of income tax in prior years	(1,306)	690	(29)	51
Under provision of deferred tax in prior years	164	678	-	-
Income tax expense for the year	93,978	59,691	342	204

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## 26. 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	
	2023	2022
Profit attributable to equity holders (RM'000)	305,843	155,113
Weighted average number of ordinary shares with voting rights in issue ('000)	1,163,226	1,161,769
Basic earnings per share (sen)	26.29	13.35

## (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	
	2023	2022
Profit attributable to equity holders (RM'000)	305,843	155,113
Weighted average number of ordinary shares with voting rights in issue ('000)	1,163,226	1,161,769
Assumed shares issued from the exercise of employees' share scheme ('000)	1,862	2,290
Adjusted weighted average number of ordinary shares with voting rights ('000)	1,165,088	1,164,059
Diluted earnings per share (sen)	26.25	13.33



## 27. DIVIDENDS

	Company			
	2023 Dividend per share Sen	2023 Dividend RM'000	2022 Dividend per share Sen	2022 Dividend RM'000
<b>Recognised during the year</b>				
Single-tier dividends:				
<u>In respect of prior year</u>				
- Fourth interim dividend of 2.00 sen and special dividend of 2.50 sen approved in respect of financial year ended 30 April 2022 (2022: Fourth interim dividend of 1.50 sen and special dividend of 1.75 sen approved in respect of financial year ended 30 April 2021)	4.50	52,299	3.25	37,746
<u>In respect of current year</u>				
- First interim dividend of 3.00 sen approved in respect of financial year ended 30 April 2023 (2022: First interim dividend of 0.50 sen approved in respect of financial year ended 30 April 2022)	3.00	34,848	0.50	5,807
- Second interim dividend of 3.50 sen approved in respect of financial year ended 30 April 2023 (2022: Second interim dividend of 1.50 sen approved in respect of financial year ended 30 April 2022)	3.50	40,749	1.50	17,432
- Third interim dividend of 4.50 sen approved in respect of financial year ended 30 April 2023 (2022: Third interim dividend of 2.25 sen approved in respect of financial year ended 30 April 2022)	4.50	52,517	2.25	26,149
	<u>15.50</u>	<u>180,413</u>	<u>7.50</u>	<u>87,134</u>

On 12 June 2023, the Company declared and approved a fourth interim single-tier dividend of 3.50 sen per share and a special single-tier dividend of 7.50 sen per share in respect of the financial year ended 30 April 2023 amounting to about RM128,480,000. 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 2024.

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## 28. 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.

<b>Results</b>	<b>2023</b> <b>RM'000</b>	<b>2022</b> <b>RM'000</b>
Malaysia	348,552	199,852
Philippines	29,860	5,170
	<u>378,412</u>	<u>205,022</u>
Unallocated corporate expenses	(1,564)	(1,378)
	<u>376,848</u>	<u>203,644</u>
Interest income	14,639	6,633
Finance costs	(9,263)	(10,674)
Share of results of associates	41,078	18,051
Profit before tax	<u>423,302</u>	<u>217,654</u>
Income tax expense	(93,978)	(59,691)
Profit for the year	<u><u>329,324</u></u>	<u><u>157,963</u></u>

	<b>Revenue</b> <b>RM'000</b>	<b>Capital</b> <b>expenditure</b> <b>RM'000</b>	<b>Assets</b> <b>RM'000</b>	<b>Liabilities</b> <b>RM'000</b>
<b>2023</b>				
Malaysia	3,309,241	9,728	1,139,364	831,862
Philippines	231,365	773	226,778	92,295
	<u>3,540,606</u>	<u>10,501</u>	<u>1,366,142</u>	<u>924,157</u>
Unallocated items	-	-	421,940	22,459
<b>Total</b>	<u><u>3,540,606</u></u>	<u><u>10,501</u></u>	<u><u>1,788,082</u></u>	<u><u>946,616</u></u>
<b>2022</b>				
Malaysia	2,139,287	11,441	997,885	762,179
Philippines	184,384	855	199,426	97,315
	<u>2,323,671</u>	<u>12,296</u>	<u>1,197,311</u>	<u>859,494</u>
Unallocated items	-	-	362,714	12,299
<b>Total</b>	<u><u>2,323,671</u></u>	<u><u>12,296</u></u>	<u><u>1,560,025</u></u>	<u><u>871,793</u></u>

## 29. 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 dates of the 1st ESS offer was from 21 November 2018 to 4 December 2018 and 2nd ESS offer was from 18 November 2021 to 30 November 2021.

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 Constitution 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.

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## 29. 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:

	<u>1st Offer Units</u>	<u>2nd Offer Units</u>	<u>Group Units</u>	<u>WAEP RM</u>
Outstanding at beginning of year	7,833,400	155,400	7,988,800	1.84
- Exercised	<u>(4,253,300)</u>	<u>(104,100)</u>	<u>(4,357,400)</u>	1.84
Outstanding at end of year	<u>3,580,100</u>	<u>51,300</u>	<u>3,631,400</u>	1.84

- The exercise price for options outstanding at the end of the year was RM1.85 per share and RM1.43 per share for first offer and second offer, respectively. The remaining contractual life for these options is 0.55 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:

	<u>1st Offer Units</u>	<u>2nd Offer Units</u>	<u>Group Units</u>
Outstanding at beginning of year	2,179,800	80,400	2,260,200
- Vested	<u>(1,089,900)</u>	<u>(40,200)</u>	<u>(1,130,100)</u>
Outstanding at end of year	<u>1,089,900</u>	<u>40,200</u>	<u>1,130,100</u>

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.

**First Offer**

	<u>Group</u>	
	<u>ESS Options RM</u>	<u>ESS Shares RM</u>
<b>Fair values of options and shares to be vested</b>		
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	<u>-</u>	<u>2.11</u>



**29. EMPLOYEES' SHARE SCHEME (CONTINUED)**Fair value of ESS granted (continued)**Second Offer**

	<b>Group</b>	
	<b>ESS Options RM</b>	<b>ESS Shares RM</b>
<b>Fair values of options and shares to be vested</b>		
On the grant date	0.27	-
1 year from the grant date	0.27	1.49
2 years from the grant date	-	1.49

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:

	<b>1st Offer ESS Grant dates 21.11.2018 to 4.12.2018</b>	<b>2nd Offer ESS Grant dates 18.11.2021 to 30.11.2021</b>
Dividend yield (%)	6.36 - 6.45	4.7
Expected volatility (%)	32.75	33.5
Risk-free interest rate (% p.a.)	3.84 - 3.89	2.67
Expected life of options (Years)	5	2
Underlying share price (RM)	2.10 - 2.13	1.49

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.

**30. 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:

	<b>Group</b>		<b>Company</b>	
	<b>2023 RM'000</b>	<b>2022 RM'000</b>	<b>2023 RM'000</b>	<b>2022 RM'000</b>
<b>Transactions with MMSB* :</b>				
Purchase of motor vehicles	1,318,014	918,279	-	-
Management fee income received	(2,264)	(2,264)	-	-
Rental income received	(264)	(264)	-	-
<b>Transaction with KMSB* :</b>				
Purchase of motor vehicles	184,480	-	-	-
<b>Transaction with BMSB^ :</b>				
Interest income received	-	-	(6,084)	(5,758)

Note:

\* Associated companies of the Group.

^ Subsidiary of the Company.

## Notes to the Financial Statements

30 April 2023

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**31. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term benefits	17,603	14,536	478	368
Post-employment benefits	2,533	2,128	-	-
	<u>20,136</u>	<u>16,664</u>	<u>478</u>	<u>368</u>

**32. COMMITMENTS**

	Group	
	2023 RM'000	2022 RM'000
Capital expenditure		
Property, plant and equipment		
- approved and contracted for	<u>233</u>	<u>3,553</u>

**33. 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 RM164,849,000 (2022: RM116,806,000). 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.

**34. 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
<b>2023</b>				
<b>Financial liabilities</b>				
Derivative liabilities	-	-	-	-
<b>2022</b>				
<b>Financial liabilities</b>				
Derivative liabilities	-	(968)	-	(968)

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.

## Notes to the Financial Statements

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## 35. 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	2023 RM'000	2022 RM'000
<b>Financial assets - At amortised cost</b>			
Trade and other receivables (excluding prepayment and input VAT(net))	9	182,401	137,747
Deposits with financial institutions	11	448,419	521,964
Cash and bank balances	12	89,182	172,444
		<u>720,002</u>	<u>832,155</u>
<b>Financial liabilities - At amortised cost</b>			
Derivative liability	10	-	968
Borrowings	18	99,936	199,837
Trade and other payables (excluding refundable deposit and dividend payable)	19	303,449	241,855
Lease liabilities	20	81,844	88,001
		<u>485,229</u>	<u>530,661</u>
<b>Company</b>			
<b>Financial assets - At amortised cost</b>			
Trade and other receivables (excluding prepayments and dividend receivable)	9	90,434	190,700
Deposits with financial institutions	11	24,051	8,203
Cash and bank balances	12	2,674	33,993
		<u>117,159</u>	<u>232,896</u>
<b>Financial liabilities - At amortised cost</b>			
Borrowings	18	99,936	199,837
Trade and other payables (excluding dividend payable)	19	2,032	1,602
		<u>101,968</u>	<u>201,439</u>



## 35. FINANCIAL INSTRUMENTS (CONTINUED)

## (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 34.

(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:

	<u>Note</u>
Trade and other receivables	9
Deposits with financial institutions	11
Borrowings (Current)	18
Trade and other payables	19
Lease liabilities	20

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			
	2023 Carrying amount RM'000	2023 Fair value RM'000	2022 Carrying amount RM'000	2022 Fair value RM'000
<b>Financial liability</b>				
Short term borrowing (Note 18)	99,936	99,108	-	-
Long term borrowing (Note 18)	-	-	99,837	99,187

## Notes to the Financial Statements

30 April 2023

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## 36. 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	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Financial rate instruments</b>				
Financial assets - fixed rate	448,419	521,964	114,051	198,203
Financial liabilities - fixed rate	99,936	199,837	99,936	199,837

## (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.

**36. 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"), United States Dollar ("USD") and Euro ("EUR").

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, USD and EUR exchange rates against the functional currencies of the Group, with all other variables held constant:

<b>Group</b>	<b>2023</b>	<b>2022</b>
<u>Increase/(Decrease) to profit net of tax</u>	<u>RM'000</u>	<u>RM'000</u>
JPY/MYR - Strengthened by 5% (2022: 5%)	2,456	833
- Weakened by 5% (2022: 5%)	(2,456)	(833)
USD/MYR - Strengthened by 5% (2022: 5%)	74	296
- Weakened by 5% (2022: 5%)	(74)	(296)
EUR/MYR - Strengthened by 5% (2022: 5%)	865	136
- Weakened by 5% (2022: 5%)	(865)	(136)

**(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 a bi-weekly 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 2023, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

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## 36. 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 9. 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
<b>2023</b>				
Lease liabilities	16,263	46,705	40,545	103,513
<b>2022</b>				
Long-term borrowing	3,251	103,251	-	106,502
Lease liabilities	15,262	50,030	48,032	113,324
	18,513	153,281	48,032	219,826
<b>Company</b>				
<b>2023</b>				
Long-term borrowing	-	-	-	-
<b>2022</b>				
Long-term borrowing	3,251	103,251	-	106,502



**37. 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.

	Note	Group	
		2023 RM'000	2022 RM'000
Deposits with financial institutions	11	448,419	521,964
Cash and bank balances	12	89,182	172,444
Borrowings	18	(99,936)	(199,837)
Net cash		<u>437,665</u>	<u>494,571</u>
Equity attributable to the owners of the Company		764,856	633,700
Non-controlling interests		76,610	54,532
Total equity		<u>841,466</u>	<u>688,232</u>

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

# Independent Auditors' Report

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

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## 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 2023 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 113 to 181.

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 2023, 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.

### Provision for warranty

(Refer to Note 17 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 has a present obligation as a result of past events and it is probable that an outflow of economic resources will be required to either repair or replace any parts of the vehicles covered under warranty. As at 30 April 2023, the provision for warranty amounted to RM77.4 million, representing 8.2% of the total liabilities of the Group.

*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 making assumptions on the timing of warranty claims and the cost to either repair or replace any parts of the vehicles covered by the warranty taking into consideration the historical claims made by customers for various models of the vehicles and applying a discount rate to present value the provision for warranty.

The assumptions used in determining the provision for warranty involves significant management judgements and estimates. 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 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) Testing the utilisation of the provision for warranty by comparing actual claims recorded to the approved claim forms on a sample basis;
- (d) Assessing the provision for warranty made by management by comparing the estimates made with the average historical claim rates per vehicle; and
- (e) Assessing the discount rates in calculating the present value of the provision for warranty and whether the rates used, reflects current market assessments of the time value of money and the risks specific to the liability.

We have also evaluated the adequacy of the disclosure as presented in the Note 17 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)

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### *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)

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*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. 03179/05/2025 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
Date: 3 August 2023

## 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 building & ancillary buildings	15	30/06/2008	7,155

## 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 2023 amounted to RM67,373.

### Employees' Share Scheme ("ESS")

During the financial year ended ("FYE") 30 April 2023, the Company has only one (1) ESS in existence.

The ESS was approved by the Company's shareholders at an extraordinary general meeting held on 3 October 2018 and is for a period of 5 years commencing on 19 November 2018 and expiring on 18 November 2023. As of 30 April 2023, the total numbers of ESS Options and ESS Shares offered and accepted are 9,626,400 units and 4,125,600 units respectively.

Details of the total ESS Options and ESS Shares granted, exercised, forfeited and outstanding are set out below:

	During the FYE 30 April 2023			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Total number of options/shares granted	2,927,400	1,254,600	4,182,000	9,626,400	2,871,000	12,497,400
Total number of options exercised/shares awarded	4,357,400	1,130,100	5,487,500	5,057,700	2,630,100	7,687,800
Total number of options/shares forfeited	290,500	124,500	415,000	937,300	240,900	1,178,200
Total number of options/shares outstanding				3,631,400	0	3,631,400

Granted to Directors & Chief Executive	During the FYE 30 April 2023			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Aggregate options/shares granted	562,800	241,200	804,000	1,876,000	562,800	2,438,800
Aggregate options exercised/shares awarded	1,324,800	241,200	1,566,000	1,522,200	562,800	2,085,000
Aggregate options/shares outstanding				353,800	0	353,800

Granted to Directors & Senior Management	During the FYE 30 April 2023			Since commencement of ESS		
	ESS Options	ESS Shares	Total Options & Shares	ESS Options	ESS Shares	Total Options & Shares
Aggregate maximum allocation in percentage	47.8%	47.8%	47.8%	47.8%	47.9%	47.9%
Actual percentage granted	15.4%	15.3%	15.4%	51.0%	35.2%	46.2%

# Analysis of Shareholdings

As at 31 July 2023

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## 1. SHARE CAPITAL

Issued shares	: 1,169,283,388 ordinary shares (Including 3,348,800* treasury shares held)
Voting rights	: One (1) vote per ordinary share on a poll
No. of shareholders	: 11,982

Note : \* as per Record of Depositors as at 31 July 2023

### STATEMENT OF DIRECTORS' SHAREHOLDINGS (Based on Register of Directors' Shareholding)

The Company	Number of Ordinary Shares			
	Direct Interest	%#	Deemed Interest	%#
Tan Sri Dato' Sri Yeoh Choon San	4,034,600	0.346	172,811,100 (a)	14.822
Dato' Lee Kok Chuan	3,902,625	0.335	172,811,100 (a)	14.822

### Number of Ordinary Shares under Employees' Share Scheme ("ESS")

	Direct Interest	%#	Deemed Interest	%#
<b>ESS Options</b>				
Tan Sri Dato' Sri Yeoh Choon San	-	-	-	-
Dato' Lee Kok Chuan	-	-	-	-
<b>ESS Shares</b>				
Tan Sri Dato' Sri Yeoh Choon San	63,000	0.005	-	-
Dato' Lee Kok Chuan	52,200	0.004	-	-

Note : (a) Deemed interested by virtue of his interest in Dynamic Milestone Sdn Bhd

# Computed based on item 1 - Share Capital above

Save as disclosed, none of the other Directors of the Company has any interest in the shares of the Company and or related corporations.

### KEY SENIOR MANAGEMENT (C-SUITE EXECUTIVES) SHAREHOLDINGS (Based on Record of Depositors)

The Company	Number of Ordinary Shares			
	Direct Interest	%#	Indirect Interest	%#
Dato' Wong Kin Foo	436,800	0.037	42,000 (b)	0.004
Chong Boon Kian	89,600	0.008	-	-



## Analysis of Shareholdings

As at 31 July 2023

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	Number of Ordinary Shares under ESS			
	Direct Interest	%#	Indirect Interest	%#
<b>ESS Options</b>				
Dato' Wong Kin Foo	-	-	-	-
Chong Boon Kian	-	-	-	-
<b>ESS Shares</b>				
Dato' Wong Kin Foo	43,200	0.004	-	-
Chong Boon Kian	28,800	0.002	-	-

Note : (b) Indirect interest pursuant to Section 59(11)(c) of the Companies Act 2016

# Computed based on item 1 - Share Capital above

**SUBSTANTIAL SHAREHOLDERS**  
(Based on Register of Substantial Shareholders)

Name	Number of Ordinary Shares			
	Direct Interest	%#	Deemed Interest	%#
Dynamic Milestone Sdn Bhd	172,811,100	14.822	-	-
Tan Sri Dato' Sri Yeoh Choon San	4,034,600	0.346	172,811,100 (a)	14.822
Dato' Lee Kok Chuan	3,902,625	0.335	172,811,100 (a)	14.822
Dato' Amer Hamzah Bin Ahmad	4,444,000	0.381	172,811,100 (a)	14.822
Employees Provident Fund Board	115,105,600	9.872	-	-
Prudential Plc	-	-	71,685,140	6.148

Note : (a) Deemed interested by virtue of his interest in Dynamic Milestone Sdn Bhd

# Computed based on item 1 - Share Capital above

**DISTRIBUTION OF SHAREHOLDINGS**  
(Based on Record of Depositors)

Size of Shareholdings	No. of Shareholders	%#	No. of Ordinary Shares	%#
Less than 100	343	2.863	8,749	0.001
100-1,000	4,696	39.192	2,038,380	0.175
1,001-10,000	5,003	41.754	21,264,480	1.824
10,001-100,000	1,432	11.951	45,409,830	3.895
100,001-58,296,729	507	4.231	999,363,149	85.713
58,296,730 and above*	1	0.008	97,850,000	8.392
<b>Total</b>	<b>11,982</b>	<b>100.000</b>	<b>1,165,934,588</b>	<b>100.000</b>

Note : \* Denotes number of issued shares with voting rights in issue which shareholdings are 5% and above

# Computed based on item 1 - Share Capital above

**Analysis of Shareholdings**

As at 31 July 2023

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**LIST OF THIRTY (30) LARGEST SHAREHOLDERS****(Based on Record of Depositors)**

(without aggregating the securities from different securities accounts belonging to the same Registered Holder)

<b>Name of Shareholders</b>	<b>No. of Shares</b>	<b>%#</b>
1 DYNAMIC MILESTONE SDN BHD	97,850,000	8.392
2 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD	57,074,605	4.895
3 PERMODALAN NASIONAL BERHAD	42,599,000	3.654
4 CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR DYNAMIC MILESTONE SDN BHD (PB)	42,318,300	3.630
5 CITIGROUP NOMINEES (ASING) SDN BHD EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 22)	34,930,000	2.996
6 AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA	33,885,300	2.906
7 AMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DYNAMIC MILESTONE SDN.BHD. (SMART)	32,642,800	2.800
8 DB (MALAYSIA) NOMINEE (ASING) SDN BHD DEUTSCHE BANK AG SINGAPORE FOR PANGOLIN ASIA FUND	31,391,300	2.692
9 KUMPULAN WANG PERSARAAN (DIPERBADANKAN)	24,782,000	2.126
10 AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 3	22,711,100	1.948
11 CITIGROUP NOMINEES (TEMPATAN) SDN BHD EMPLOYEES PROVIDENT FUND BOARD (ABERDEEN)	19,832,000	1.701
12 CARTABAN NOMINEES (TEMPATAN) SDN BHD PAMB FOR PRULINK EQUITY FUND	17,278,520	1.482
13 HSBC NOMINEES (ASING) SDN BHD TNTC FOR FEDERATED HERMES GLOBAL EMERGING MARKETS SMID EQUITY FUND	16,453,100	1.411
14 AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 3 - DIDIK	15,000,000	1.287
15 CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (ABERDEEN)	14,565,900	1.249
16 CARTABAN NOMINEES (ASING) SDN BHD EXEMPT AN FOR STATE STREET BANK & TRUST COMPANY (WEST CLT OD67)	12,162,000	1.043
17 HSBC NOMINEES (ASING) SDN BHD J.P. MORGAN SECURITIES PLC	11,192,100	0.960
18 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD EMERGING MARKETS STOCK INDEX FUND	11,061,300	0.949
19 CARTABAN NOMINEES (TEMPATAN) SDN BHD PBTB FOR TAKAFULINK DANA EKUITI	10,963,900	0.940
20 CIMB GROUP NOMINEES (TEMPATAN) SDN BHD CIMB COMMERCE TRUSTEE BERHAD FOR KENANGA SHARIAH GROWTH OPPORTUNITIES FUND (50156 TR01)	10,616,400	0.911

## Analysis of Shareholdings

As at 31 July 2023

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Name of Shareholders	No. of Shares	%#
21 HSBC NOMINEES (ASING) SDN BHD SEB AB FOR EVLI EMERGING FRONTIER FUND	10,000,000	0.858
22 CARTABAN NOMINEES (TEMPATAN) SDN BHD PRUDENTIAL ASSURANCE MALAYSIA BERHAD FOR PRULINK STRATEGIC FUND	9,855,100	0.845
23 HSBC NOMINEES (ASING) SDN BHD JPMCB NA FOR VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	9,705,001	0.832
24 CITIGROUP NOMINEES (ASING) SDN BHD UBS AG	9,648,211	0.828
25 CARTABAN NOMINEES (ASING) SDN BHD SSBT FUND WTAU FOR WISDOMTREE EMERGING MARKETS SMALLCAP DIVIDEND FUND	9,258,100	0.794
26 AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM BUMIPUTERA 2	8,558,300	0.734
27 AMANAHRAYA TRUSTEES BERHAD AMANAH SAHAM MALAYSIA 2 - WAWASAN	8,000,000	0.686
28 DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD DEUTSCHE TRUSTEES MALAYSIA BERHAD FOR EASTSPRING INVESTMENTSSMALL-CAP FUND	7,494,740	0.643
29 HONG LEONG ASSURANCE BERHAD AS BENEFICIAL OWNER (LIFE PAR)	6,984,700	0.599
30 CITIGROUP NOMINEES (TEMPATAN) SDN BHD KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA)	6,920,400	0.594
<b>Total</b>	<b>645,734,177</b>	<b>55.383</b>

Note : # Computed based on item 1 - Share Capital above

## Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN THAT** the Thirteenth Annual General Meeting (“13<sup>th</sup> AGM”) of Bermaz Auto Berhad (“BAuto” or the “Company”) will be conducted on a virtual basis through live streaming and online voting via Remote Participation and Electronic Voting (“RPEV”) facilities hosted at <https://meeting.boardroomlimited.my> (Domain Registration No. with MYNIC - D6A357657) (Meeting platform) from 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia (“Broadcast Venue”) on Thursday, 5 October 2023 at 10.00 a.m. for the following purposes:

### AGENDA

#### As Ordinary Business

1. To receive the Audited Financial Statements of the Company for the financial year ended 30 April 2023 together with the Reports of the Directors’ and Auditors’ thereon. (Explanatory Note 1)
2. To approve the monthly payment of Directors’ fees (payable in arrears) for the period from 1 May 2023 up to 30 April 2024 to the following Non-Executive Directors of the Company: (Explanatory Note 2)
  - (i) Datuk Syed Hisham Bin Syed Wazir Ordinary Resolution 1
  - (ii) Dato’ Kalsom Binti Abd. Rahman Ordinary Resolution 2
  - (iii) Puan Adibah Khairiah Binti Ismail @ Daud Ordinary Resolution 3
  - (iv) Mr Martin Giles Manen Ordinary Resolution 4
  - (v) Dato’ Wan Kamaruzaman Bin Wan Ahmad Ordinary Resolution 5
3. To approve the payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors of the Company for an amount of up to RM119,100.00 for the period from 6 October 2023 until the next Annual General Meeting of the Company to be held in 2024. (Explanatory Note 2)  
Ordinary Resolution 6
4. To re-elect the following Directors who retire by rotation pursuant to Clause 117 of the Company’s Constitution: (Explanatory Note 3)
  - (i) Dato’ Kalsom Binti Abd. Rahman Ordinary Resolution 7
  - (ii) Mr Martin Giles Manen Ordinary Resolution 8
5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company for the ensuing year and to authorize the Directors to fix their remuneration. (Explanatory Note 4)  
Ordinary Resolution 9

#### As Special Business

To consider and, if thought fit, pass the following Ordinary Resolution:

6. **Proposed renewal of authority for the Company to purchase its own shares** (Explanatory Note 5)
 

Ordinary Resolution 10

“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 (“Bursa Securities”) 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 Bursa Securities and to take all such steps as are necessary (including the opening and/or maintaining of a central depositories account under the Securities Industry (Central Depositories) Act, 1991, where applicable) and enter into any agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time and to do all such acts and things in the best interests of the Company, subject further to the following:-



1. the maximum number of ordinary shares which may be purchased and held by the Company shall be equivalent to ten per centum (10%) of the total number of issued shares of the Company;
2. the maximum funds to be allocated by the Company for the purpose of purchasing the ordinary shares shall not exceed the total retained profits of the Company;
3. the authority shall commence immediately upon passing of this ordinary resolution until:-
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company following the AGM at which such ordinary resolution was passed, at which time it will lapse, unless by ordinary resolution passed at that general meeting, the authority is renewed, either unconditionally or subject to conditions; or
  - (b) the expiration of the period within which the next AGM after that date it is required by law to be held; or
  - (c) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;

AND THAT upon completion of the purchase(s) of the BAUTO Shares or any part thereof by the Company, the Directors of the Company be and are hereby authorised to deal with any BAUTO Shares so purchased by the Company in the following manner:-

- (a) cancel all the BAUTO Shares so purchased; or
- (b) retain all the BAUTO Shares as treasury shares (of which may be dealt with in accordance with Section 127(7) of the Act); or
- (c) retain part thereof as treasury shares and subsequently cancelling the balance; or
- (d) in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force."

BY ORDER OF THE BOARD

TAI YIT CHAN (SSM Practicing Certificate No. 202008001023) (MAICSA 7009143)

TAI YUEN LING (SSM Practicing Certificate No. 202008001075) (LS 0008513)

TEH PEI FEN (SSM Practicing Certificate No. 202208000409) (MAICSA 7078581)

Company Secretaries

Selangor Darul Ehsan

28 August 2023

## Notice of Annual General Meeting

### EXPLANATORY 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 Act. Hence, this item on the Agenda is not put forward for voting.

#### 2. Ordinary Resolutions 1 to 6: Directors' fees and remuneration

Section 230(1) of the Act provides that the "fees" and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting.

Approval from shareholders of the Company was obtained at the 12<sup>th</sup> AGM held on 6 October 2022 for the payment of Directors' fees amounting to RM400,000.00 (or RM80,000.00 each) to the Non-Executive Directors of the Company for the period from 1 May 2022 up to 30 April 2023. Upon obtaining such approval, the said fees were paid on a monthly basis in arrears wherein the May 2022 Directors' fees were paid in October 2022 and so forth. Hence, the April 2023 Directors' fees will only be paid in September 2023 (i.e. until the next AGM to be held in 2023).

For the forthcoming 13<sup>th</sup> AGM, similar approval is being sought from the shareholders of the Company for the payment of Directors' fees to the Non-Executive Directors for the period from 1 May 2023 up to 30 April 2024. Subject to shareholders' approval being obtained, the said fees will be payable on a monthly basis in arrears from October 2023 up to the next AGM to be held in 2024 to the following Non-Executive Directors of the Company as set out below:

Non-Executive Directors	Directors' fees per annum
Datuk Syed Hisham Bin Syed Wazir	RM80,000.00
Dato' Kalsom Binti Abd. Rahman	RM80,000.00
Puan Adibah Khairiah Binti Ismail @ Daud	RM80,000.00
Mr Martin Giles Manen	RM80,000.00
Dato' Wan Kamaruzaman Bin Wan Ahmad	RM80,000.00
<b>Total</b>	<b>RM400,000.00</b>

The proposed Ordinary Resolutions 1 to 5, if passed, will allow the Company to pay the Directors' fees on monthly basis to the Non-Executive Directors for the relevant period in arrears. The Nomination and Remuneration Committee ("NRC") had reviewed and recommended the Directors' fees and remuneration payable to the Non-Executive Directors to the Board for deliberation. The Board concurred with the NRC that it is just and equitable for the payments to be made on such basis as the Non-Executive Directors have been diligently discharging their responsibilities and rendering their services to the Company. There are no changes to the Directors' fees.

The Directors' remuneration payable to the Non-Executive Directors of the Company is in respect of meeting allowance for attending the Board and Board Committees' Meetings as set out in the table below:

Meeting attendance allowance (per meeting attended):	Board RM	Board Committees RM
a) Chairman*	1,600.00	1,500.00
b) Other Board/Committee members	1,300.00	1,200.00

Note : \*Only for Board and/or Board Committees' meetings that are chaired by Non-Executive Director (where applicable)

In arriving at the estimated total remuneration payable to Non-Executive Directors, the Board took into consideration, among others, the number of scheduled meetings for the Board, Board Committees and general meetings of the Company, the number of Non-Executive Directors involved in these meetings and the appointment of additional Director(s) and unscheduled Board and/or Board Committees' meetings, if any.

Subject to the passing of the proposed Ordinary Resolution 6 at the 13<sup>th</sup> AGM of the Company, payment for the Directors' remuneration will be made as and when incurred. The Company shall seek shareholders' approval for additional fee to meet any shortfall in the proposed payment (for example, due to additional meetings or increased in Board composition) at the next AGM, if necessary.

### 3. Ordinary Resolutions 7 and 8: 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 ("Retiring Directors").

Ordinary Resolutions 7 and 8 are to seek shareholders' approval at the 13<sup>th</sup> AGM of the Company for the re-election of the Retiring Directors. The NRC has assessed the performance and contribution of the Retiring Directors, as well as the independence of the Retiring Directors seeking for re-election at the 13<sup>th</sup> AGM inclusive of their skills, experience, character, integrity, competency, commitment and contribution. Based on the findings of the Board and Board Committees' Evaluation for the financial year ended 2023, the performance and contribution of the Retiring Directors were found to be satisfactory and they are competent and able to discharge their fiduciary duties as Directors of the Company. The NRC is satisfied that the Retiring Directors meet the fit and proper criteria as set out in the Fit and Proper Policy of the Company.

The Board has deliberated and endorsed the NRC's recommendation and supports the re-election of the Retiring Directors, namely Dato' Kalsom Binti Abd. Rahman and Mr Martin Giles Manen and recommended the re-election of these Retiring Directors for approval by the shareholders of the Company at the 13<sup>th</sup> AGM. The Retiring Directors had abstained from deliberations and decisions on their own eligibility to stand for re-election at the relevant Board and Board Committees' meetings.

The profile of Retiring Directors are set out in the Profile of Directors in the Company's 2023 Annual Report.

### 4. Ordinary Resolution 9: Re-appointment of Auditors

The present External Auditors, Messrs Ernst & Young PLT ("EY") has indicated their willingness to continue their services for another year. The Audit Committee has considered and recommended to the Board on the re-appointment of EY as Auditors of the Company based on the results of the External Auditors Evaluation for the financial year ended 30 April 2023 wherein EY had satisfactorily performed their audit and had discharged their professional responsibilities in accordance with the rules on professional conduct and ethics and the By-Laws (on Professional Ethics, Conducts and Practice) issued by the Malaysian Institute of Accountants. The Board has deliberated on the Audit Committee's recommendation and had in a meeting held on 3 August 2023, approved to table the re-appointment of EY as Auditors of the Company for the ensuing financial year for shareholders' approval at the 13<sup>th</sup> AGM.

### 5. Ordinary Resolution 10: Proposed Renewal of Authority for the Company to purchase its own shares

The proposed Ordinary Resolution 10, if passed, will provide the mandate for the Company to buy back its own shares up to a limit of 10% of the total number of issued shares of the Company ("Proposed Share Buy-Back Renewal"). Detailed information on the Proposed Share Buy-Back Renewal is set out in the Statement to Shareholders dated 28 August 2023 which can be viewed and downloaded from the website of the Company at [www.bauto.com.my](http://www.bauto.com.my) and/or Bursa Securities at [www.bursamalaysia.com](http://www.bursamalaysia.com).

### 6. Proxy and Entitlement of Attendance

- (i) 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 13<sup>th</sup> 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.
- (ii) 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.

## Notice of Annual General Meeting

- (iii) 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.
- (iv) 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.
- (v) 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.
- (vi) The duly executed Form of Proxy shall be deposited with the Share Registrar of the Company at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (Please follow the procedure as stipulated in the Administrative Details) not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting and in default the instrument of proxy shall not be treated as valid. Any notice of termination of a person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the forthcoming 13<sup>th</sup> AGM or any adjournment thereof, as the case may be.
- (vii) Members 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 13<sup>th</sup> AGM, in accordance with the Administrative Details.
- (viii) Only members whose names appear in the Record of Depositors as at 26 September 2023 shall be entitled to participate and/or vote at the 13<sup>th</sup> AGM or appoint a proxy(ies) to participate and/or vote in his/her stead at the 13<sup>th</sup> AGM.
- (ix) Please ensure ALL the particulars as required in the Form of Proxy are duly completed, signed and dated accordingly.
- (x) Last date and time for lodging the Form of Proxy is **Tuesday, 3 October 2023 at 10.00 a.m.**

### 7. 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 Securities, all the resolutions set out in this Notice will be put to vote by way of poll. Poll Administrator and Independent Scrutineers are appointed to conduct the polling process and verify the results of the poll respectively.

#### **Personal data privacy:**

*By submitting an instrument appointing a proxy(ies) and/or representative(s) to participate and vote at the 13<sup>th</sup> AGM and/ or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 13<sup>th</sup> AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 13<sup>th</sup> AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.*



# FORM OF PROXY



NO. OF SHARES					CDS ACCOUNT NO.															
				-																

I/We \_\_\_\_\_

(Name in full as per NRIC / Certificate of Incorporation in capital letters)

NRIC /Passport /Company No. \_\_\_\_\_ of \_\_\_\_\_

(Full address)

(Full address)

H/P No. \_\_\_\_\_ Email \_\_\_\_\_

being a member(s) of **BERMAZ AUTO BERHAD** hereby appoint:

	Full name of proxy in block letters	Contact details	NRIC/Passport No.	No. of shares to be represented	Percentage (%)
<b>Proxy 1</b>		H/P No. :			
		Email :			
And/or (delete if inapplicable)					
<b>Proxy 2</b>		H/P No. :			
		Email :			
				<b>Total</b>	<b>100%</b>

or failing him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote for me/us on my/our behalf, at the **13<sup>th</sup> Annual General Meeting** of the Company to be conducted on a virtual basis through live streaming from the Broadcast Venue at 12<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia on **Thursday, 5 October 2023 at 10.00 a.m.** and at any adjournment thereof.

Please indicate with "X" how you wish your vote to be cast. In the absence of specific instructions, your proxy(ies) will vote or abstain from voting at his/her/their discretion.

Resolution	Relating to:	For	Against
Ordinary Resolution 1	To approve the payment of Directors' fees to Datuk Syed Hisham Bin Syed Wazir		
Ordinary Resolution 2	To approve the payment of Directors' fees to Dato' Kalsom Binti Abd. Rahman		
Ordinary Resolution 3	To approve the payment of Directors' fees to Puan Adibah Khairiah Binti Ismail @ Daud		
Ordinary Resolution 4	To approve the payment of Directors' fees to Mr Martin Giles Manen		
Ordinary Resolution 5	To approve the payment of Directors' fees to Dato' Wan Kamaruzaman Bin Wan Ahmad		
Ordinary Resolution 6	To approve the payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors		
Ordinary Resolution 7	To re-elect Dato' Kalsom Binti Abd. Rahman as Director		
Ordinary Resolution 8	To re-elect Mr Martin Giles Manen as Director		
Ordinary Resolution 9	To re-appoint Messrs Ernst & Young PLT as Auditors and to authorise the Directors to fix their remuneration		
Ordinary Resolution 10	To renew the authority for the Company to purchase its own shares		

Dated this day \_\_\_\_\_ of \_\_\_\_\_, 2023.

\_\_\_\_\_  
Signature(s)/Common Seal of Shareholder(s)

**Notes:**

1. 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 13<sup>th</sup> Annual General Meeting ("13<sup>th</sup> 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. The duly executed Form of Proxy shall be deposited with the Share Registrar of the Company at 11<sup>th</sup> Floor, Menara Symphony, No. 5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan, Malaysia or via electronic means through the Boardroom Smart Investor Portal at <https://investor.boardroomlimited.com> (Please follow the procedure as stipulated in the Administrative Details) not less than forty-eight (48) hours before the time appointed holding for the meeting or adjourned meeting and in default the instrument of proxy shall not be treated as valid. Any notice of termination of person's authority to act as a proxy must be forwarded to the Company prior to the commencement of the 13<sup>th</sup> AGM or any adjournment thereof, as the case may be.

2<sup>nd</sup> fold here

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AFFIX STAMP

**BOARDROOM SHARE REGISTRARS SDN BHD**  
11<sup>TH</sup> FLOOR, MENARA SYMPHONY  
NO. 5, JALAN PROF. KHOO KAY KIM  
SEKSYEN 13  
46200 PETALING JAYA  
SELANGOR DARUL EHSAN

1<sup>st</sup> fold here

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7. Members 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 13<sup>th</sup> AGM, in accordance with the Administrative Details.
8. Only members whose names appear in the Record of Depositors as at 26 September 2023 shall be entitled to participate and/or vote at the 13<sup>th</sup> AGM or appoint a proxy(ies) to participate and/or vote in his/her stead at the 13<sup>th</sup> AGM.
9. Please ensure ALL the particulars as required in the Form of Proxy are duly completed, signed and dated accordingly.
10. Last date and time for lodging the Form of Proxy is **Tuesday, 3 October 2023 at 10.00 a.m.**
11. 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 are appointed to conduct the polling process and verify the results of the poll respectively.

**Personal Data Privacy:**

By submitting an instrument appointing a proxy(ies) and /or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 28 August 2023.

# Group Addresses

## **Bermaz Auto Berhad**

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 Motor Sdn Bhd Bermaz Motor Trading Sdn Bhd Bermaz Anshin 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**

No. 15, Jalan Pelukis U1/46  
Temasya Industrial Park  
Seksyen U1  
40150 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5021 2333  
Fax : +603-7627 8890

## **Dinamikjaya Motors Sdn Bhd Kia Malaysia Sdn Bhd**

No. 1, Jalan Pelukis U1/46  
Temasya Industrial Park  
Seksyen U1  
40150 Shah Alam  
Selangor Darul Ehsan  
Tel : +603-5033 3333  
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.**

Pulo Diezmo Road, Brgy. Pulo  
City of Cabuyao, Laguna 4025  
Philippines  
Tel : +632-8551 8000  
Fax : +632-8551 0808

## **Berjaya Auto Asia Inc.**

9<sup>th</sup> Floor, Rufino Pacific Tower  
6784 Ayala Avenue corner V.A. Rufino Street  
Legaspi Village, Makati City  
Tel : +632-3485 7516

### **Registered Office**

#### **Boardroom Corporate Services Sdn. Bhd.**

12<sup>th</sup> Floor, Menara Symphony, No.5, Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan, Malaysia.

Tel: 03-7890 4800 Fax: 03-7890 4650



[www.bauto.com.my](http://www.bauto.com.my)



# CORPORATE GOVERNANCE REPORT

**STOCK CODE** : 5248  
**COMPANY NAME** : Bermaz Auto Berhad  
**FINANCIAL YEAR** : April 30, 2023

## 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 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the performance and affairs of the Company and its subsidiaries (collectively known as "the Group") and the provision of leadership and guidance for setting the strategic direction of the Group.</p> <p>The Board has in place a Mission Statement which sets out the primary goals and purposes of the Company and to provide a roadmap for the employees to achieve the objectives.</p> <p>The Board is also committed to instill good ethics and values amongst its members and its employees in tandem with its Mission 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, a Whistleblowing Policy and a Fit and Proper Policy. The Board believes that the success of the Group's business should be built based on these foundations.</p> <p>In order to realise the Mission of the Company, the Board as a whole, led by the Executive Chairman, works together with the Group Chief Executive Officer ("Group CEO") and management to promote good corporate culture and behaviour within the Group that is ethical, prudent and professional.</p> <p>The duties and powers of the Board are governed by the Constitution of the Company, the Companies Act 2016, Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities") and other relevant regulatory requirements that are in force.</p> <p>All members of the Board are aware of their responsibility to make decisions objectively and prudently to promote success in the Group and in the best interest of the shareholders and other stakeholders. The roles</p>

	<p>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 <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p> <p>To ensure the corporate strategies of the Group are being properly implemented, the Board has delegated such task to the Executive Chairman and Group CEO to manage the daily operations of the Group. The Executive Chairman and the Group CEO leads the management in making and implementing the day-to-day decisions of the Group's business operations as well as managing the resources and the associated risks involved in pursuing the Group’s corporate objectives.</p> <p>The Executive Chairman and/or the Group CEO will brief the Board at the quarterly Board meetings on the Group's business operations and/or the management's initiatives (where applicable).</p> <p>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 active participation as members of the various Board Committees also contributed to the enhancement of corporate governance and controls of the Group.</p> <p>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: -</p> <ul style="list-style-type: none"> <li>(i) Audit Committee</li> <li>(ii) Nomination and Remuneration Committee</li> <li>(iii) Risk Management Committee</li> <li>(v) Sustainability Committee</li> <li>(vi) Employees’ Share Scheme Committee</li> </ul> <p>Each of the Board Committees operates within their respective Terms of Reference (“TORs”) that also outlines their respective functions and authorities. The TORs are periodically reviewed by the respective Board Committees and any updates/amendments shall be tabled to the Board for approval to ensure that the TORs remain relevant and adequate in governing the responsibilities of the Board Committees and reflects the latest developments in the Listing Requirements of Bursa Securities and the Malaysian Code on Corporate Governance (“MCCG”). The Board Committees shall table their recommendations to the Board for deliberation and approval as the ultimate decision making and responsibility lies solely with the Board.</p>
<p><b>Explanation for departure</b></p>	<p>:</p>

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



## 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The present Chairman of the Board is Tan Sri Dato' Sri Yeoh Choon San. He was previously the Chief Executive Officer prior to his redesignation as the Executive Chairman of the Company on 1 January 2019. He is responsible for providing leadership to the Board and ensuring smooth and effective functioning of the Board.</p> <p>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.</p> <p>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 its responsibilities effectively. The Executive Chairman also encourages active participation and healthy discussion at meetings to ensure that any dissenting views will be freely expressed and discussed. In addition, the Executive Chairman leads the Board in establishing and monitoring good corporate governance practices in the Group.</p> <p>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 <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The positions of Chairman and Group CEO are held by two different individuals. The distinct and separate roles of the Chairman and Group 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.</p> <p>The Executive Chairman, Tan Sri Dato' Sri Yeoh Choon San is responsible for providing leadership to the Board and ensuring the smooth and effective functioning of the Board as well as managing specific operational function within the Group together with the Group CEO.</p> <p>Whereas the Group 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.</p> <p>Their key roles and responsibilities are set out in the Board Charter of the Company, which is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	The Executive Chairman of the Board, Tan Sri Dato' Sri Yeoh Choon San, is not a member of the Audit Committee and the Nomination and Remuneration Committee and does not participate in any of these committees' meetings unless invited to do so by the Board Committee members. In addition, majority of the Board Committee members comprises mainly Independent Non-Executive Directors, which allows these Board Committees to carry out their duties and provide an unfettered and unbiased independent judgement and recommendations to the Board.
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

### 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

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is assisted by qualified and competent Company Secretaries. The Company Secretaries play an important role in good governance by helping the Board and Board Committees to function effectively and in accordance with their TORs and best practices.</p> <p>The Company Secretaries also play an advisory role and advises the Board and Board Committee(s) on the Company's Constitution and their roles and responsibilities as well as to inform them of any changes in the statutory, corporate governance and/or other relevant regulatory requirements. The Company Secretaries will briefly inform the Board and Board Committee(s) on the implication(s) and/or action(s) required, if any, arising from such changes and the impact on the Group and its Directors.</p> <p>The Company Secretaries organize and attend all Board and Board Committees' meetings and are responsible to ensure that the said meetings are properly convened, the proceedings are accurately and properly recorded and all resolutions are minuted and maintained at the registered office of the Company.</p> <p>The Company Secretaries have also been attending the relevant training programmes, conferences, seminars and/or forums so as to keep themselves abreast with the latest changes in law, regulatory and corporate governance requirements so as to be able to provide appropriate updates and/or advice to the Board and/or Board Committee(s).</p> <p>The roles and responsibilities of the Company Secretaries are set out in the Board Charter which is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

## 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 1.6

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>All Directors have full access to information through the Board and Board Committees' papers, which are circulated in a timely manner to all Board and/or Board Committees' members prior to the meeting(s), where applicable. The Board and/or Board Committees' papers normally provide details such as periodic financial information, operational matters, regulatory compliance matters, investment proposals and/or management proposals which may require the Board Committees' recommendation to the Board for deliberation and approval, as the case may be.</p> <p>Board and Board Committees meetings are scheduled in advance prior to each calendar year to encourage maximum attendance by the members. An annual schedule of Meetings ("Schedule") is prepared and circulated to the Board in advance of each new financial year to facilitate better planning by all Directors. The Company Secretaries provide the Directors in advance with all the meeting dates of the Board, Board Committee and the Annual General Meeting, as well as the closed period(s) for dealings in securities of the Company.</p> <p>Board and Board Committees papers are disseminated at least five (5) working 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 go through the papers and understand the purpose for the meeting as well as to discuss or seek further clarification at the meeting. The Board and/or Board Committees' papers normally include minutes of preceding meetings, summary of dealings in shares by the Directors or affected persons, circular resolutions, reports on the Group's financials, operations, corporate developments/proposals as well as reports from external parties, where applicable.</p> <p>The Directors are also provided with electronic devices such as iPads, for a more efficient communication and dissemination of the Board Papers.</p> <p>The management, external advisers and the Directors of the Group (where applicable), are invited to attend the Board and Board Committees' meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting</p>

	<p>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.</p> <p>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/or Board Committees (where applicable).</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 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 Group are in the hands of the Board.</p> <p>The Board Charter is subject to review by the Board periodically to ensure it remains consistent with the Board's objectives and responsibilities, current laws and practices.</p> <p>The Board Charter was revised on 12 September 2022 to reflect the recent changes in the regulatory requirements and the updated MCCG.</p> <p>A copy of the Board Charter is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>The Code covers, among 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.</p> <p>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.</p> <p>The Code is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>The Whistleblowing Policy provides contact details of the Executive Chairman, Group CEO, Group Head, Human Resource and Group Head, 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 Chairman of Audit Committee was included as a point of contact during the financial year under review to further enhance the effective implementation of the Whistleblowing Policy.</p> <p>The Whistleblowing Policy is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board integrates sustainability, whenever possible, into all critical business decisions regarding the Group's overall direction and annual target-setting process. Business functions must set and meet concrete sustainability targets to systematically implement the general approach established by the Board. The Board is also responsible for ensuring compliance with all aspects of the law and internal regulations while providing adequate risk management and control.</p> <p>The Board meets at least annually to discuss on sustainability matters including reviewing the material matters to ensure they stay relevant and up to date.</p> <p>Internal business functions are responsible for leading progress on the Board's sustainability-related decisions and are steered and monitored by the Sustainability Committee ("SC") and the management team.</p> <p>Topical issues relating to sustainability matters are discussed as and when they arise during weekly management meetings attended by the Executive Chairman and Group CEO of the Company.</p> <p>The Board and Sustainability Committee are responsible for the oversight and steering of the Group's sustainability matters undertaken by management including setting the targets setting the targets, formulating the action plans to achieve the targets or to address any gaps within reasonable timelines, disseminate, educate and promote employee awareness and understanding of the Company's approach to sustainability within the Group to ensure continuous employee engagement to support the Company's actions on sustainability matters and issues the Group.</p> <p>Further details of sustainability disclosure for the financial year under review is disclosed in the Sustainability Statement as set out in the Company's Annual Report 2023.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		



**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.2**

The board ensures that the company’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Sustainability strategies, priorities and targets as well as performance against these targets have been incorporated into the strategic plan of the Group and is communicated to its internal and external stakeholders via annual report, virtual townhall session with Executive Chairman, media release, corporate website and trainings.</p> <p>The detailed narrative as well as specific disclosures on strategies, priorities and achievements on how the Company has continued to make progress on its journey of sustainability are communicated to its internal and external stakeholders through its Sustainability Statement as set out in the Company’s Annual Report 2023.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The management provides update to the Board and the Sustainability Committee on any sustainability issues relevant to the Group and/or on the sustainability efforts being undertaken by the Group in accordance with the Environmental, Social and Governance (“ESG”) criteria.</p> <p>The Board, through the Nomination and Remuneration Committee, assessed the training programmes attended by each Director during the financial year to ensure they stay abreast with the latest developments in the industry as well as the sustainability issues relevant to the Group and its business, including climate related risks and opportunities. With the ever-growing emphasis on sustainability as well as the increased expectations for the Group to behave responsibly, the Board will continue to engage with subject matter experts, internally and externally, to ensure that the Board has the knowledge to guide and steer the Group in the correct sustainability path and/or strategy.</p> <p>BAuto's management team, headed by the Executive Chairman and the Group 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 and Sustainability Committee meetings, as and when necessary.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

**Practice 4.4**

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company’s material sustainability risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board effectiveness evaluation for the financial year ended 30 April 2023 (“FYE 2023”) included an assessment on the Board’s oversights of sustainability risks and opportunities and issues that are critical to the Group’s performance whilst the performance evaluation for senior management takes into account the Group’s progress and performance of its sustainability priorities in addressing material sustainability risks and opportunities.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### **Intended Outcome**

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### **Practice 4.5- Step Up**

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Group Head of Investment and Special Projects has been entrusted by the Sustainability Committee to oversee the Group's sustainability reporting as well as to monitor the Group's progress in complying its sustainability performance in the respective pillars.



## Intended Outcome

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

### Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Nomination and Remuneration Committee ("NRC") had reviewed and evaluated the effectiveness of the Board as a whole based on the summary of results from the performance evaluation completed by the Directors and was satisfied that the Directors have discharged their responsibilities in a commendable manner. The NRC was also of the view that all the Directors have contributed to robust deliberation and decision making during the Board and Board Committees meetings.</p> <p>During the financial year under review, the NRC had undertaken an annual assessment and evaluation of the Directors due for re-election ("Retiring Directors") in accordance with the provisions of the Companies Act 2016, the Constitution and the Fit and Proper Policy of the Company. From the results of the assessment conducted, the NRC was satisfied with the overall performance and contribution of the Retiring Directors and had accordingly recommended to the Board for re-election of the Retiring Directors.</p> <p>The NRC has recommended to the Board that the Retiring Directors who will be retiring under Clause 117 of the Company's Constitution are recommended to be re-elected at the forthcoming 13th Annual General Meeting ("AGM") of the Company since they have discharged their duties and responsibilities effectively as Directors of the Company as prescribed in Paragraph 2.20A of Bursa Securities' MMLR, have met the requisite criteria and qualities under the Company's Directors' Fit and Proper Policy and have been able to contribute positively to the Board and the Company with active participation at the Board/Board Committees' Meetings due to their vast experience and diverse skills set.</p> <p>The Retiring Directors have given their confirmations that they have met the criteria of Independent Director under Chapter 1 of Bursa Securities' MMLR and indicated their willingness to continue in office as Independent Non-Executive Directors of the Company as evidenced in their 2023 Independent Director Evaluation Forms.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.2

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 Group CEO.</p> <p>The present composition of the Board is in compliance with Paragraph 15.02 of the 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 present Board composition is also in compliance with the recommendation by MCCG for large companies to have a majority of Independent Directors. The Company’s present Board composition comprises 57% Independent Directors.</p> <p>The independence of each Director is reviewed by the NRC on an annual basis. All the four (4) INEDs have satisfied the independence criteria as defined under Paragraph 1.01 of the 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.</p> <p>The Board had identified Datuk Syed Hisham Bin Syed Wazir as the Senior Independent Non-Executive Director (“SINED”) due to his vast board experiences and knowledge in the automotive industry, leadership skills and is the longest serving Independent Non-Executive Director of the Company. As the SINED, shareholders and other Directors may approach him should they have any concerns regarding the Group and its management.</p> <p>In addition, Dato’ Wan Kamaruzaman Bin Wan Ahmad being a nominee director of Employees Provident Fund Board, which is a statutory institution managing funds belonging to the general public and a substantial shareholder of the Company, will help to ensure the interest of shareholders as a whole is safeguarded.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b> :		
<b>Timeframe</b> :		



### Intended Outcome

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

### Practice 5.3

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 provide justification and seek annual shareholders' approval through a two-tier voting process.

<b>Application</b>	:	Applied																				
<b>Explanation on application of the practice</b>	:	<p>To further enhance its Board diversity and strike an appropriate balance between continuity of experience and Board refreshment, the Company had adopted the policy to limit the tenure of Independent Non-Executive Directors to a cumulative term of not more than nine (9) years in its Board Charter, which is in line with the provisions in the MCCG on tenure of Independent Directors.</p> <p>The length of service of the Independent Non-Executive Directors of the Company as at 30 April 2023 is as follows:</p> <table border="1"><thead><tr><th>No.</th><th>Name of Independent Non-Executive Directors</th><th>Date of appointment</th><th>Length of service</th></tr></thead><tbody><tr><td>1</td><td>Datuk Syed Hisham Bin Syed Wazir</td><td>19/12/2016</td><td>6.4 years</td></tr><tr><td>2</td><td>Dato' Kalsom Binti Abd. Rahman</td><td>2/4/2018</td><td>5.1 years</td></tr><tr><td>3</td><td>Puan Adibah Khairiah Binti Ismail @ Daud</td><td>8/4/2019</td><td>4.1 years</td></tr><tr><td>4</td><td>Mr Martin Giles Manen</td><td>11/11/2020</td><td>2.5 years</td></tr></tbody></table> <p>The tenure of all the Independent Non-Executive Directors of the Company are below 9 years.</p>	No.	Name of Independent Non-Executive Directors	Date of appointment	Length of service	1	Datuk Syed Hisham Bin Syed Wazir	19/12/2016	6.4 years	2	Dato' Kalsom Binti Abd. Rahman	2/4/2018	5.1 years	3	Puan Adibah Khairiah Binti Ismail @ Daud	8/4/2019	4.1 years	4	Mr Martin Giles Manen	11/11/2020	2.5 years
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4	Mr Martin Giles Manen	11/11/2020	2.5 years																			
<b>Explanation for departure</b>	:																					
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>																						
<b>Measure</b>	:																					
<b>Timeframe</b>	:																					

**Intended Outcome**

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

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

<i>Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.</i>	
<b>Application</b>	: Adopted
<b>Explanation on adoption of the practice</b>	: The Board Charter of the Company was revised on 12 September 2022 whereby Paragraph 3.1 stipulates that an Independent Non-Executive Director of the Company shall serve the Board for a cumulative term of nine (9) years only without any further extension.  The Board Charter is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a> .

## Intended Outcome

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

## Practice 5.5

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.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board recognises the importance of boardroom diversity and values the benefits that diversity can bring to its board of directors.</p> <p>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.</p> <p>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.</p> <p>The NRC is responsible 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 NRC will consider, among others, the following selection criteria:</p> <ul style="list-style-type: none"><li>a) Specific knowledge, skills and relevant working experience (capability).</li><li>b) Training and qualifications (competence).</li><li>c) Time commitment of the candidate.</li><li>d) Independence and any conflicts of interest.</li><li>e) External directorship of the candidate.</li><li>f) Probity, integrity and reputation.</li><li>g) Other considerations include age, ethnicity and gender.</li></ul> <p>The selection criteria for the recruitment process and annual assessment of Directors are contained in the TOR of the NRC which is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p> <p>When identifying suitable candidate(s) for appointment or assessing Board composition, the NRC will consider candidate(s) on merit against objective criteria and with due regard on the benefits of diversity on the</p>

	<p>Board and the needs of the Board in order to maintain an optimum mix of skills, knowledge and experience of the Board members.</p> <p>The Board has in place a Board Diversity Policy and it is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p> <p>The Group Head of Human Resource manages, among others, the recruitment of key senior management in the Group and will assess the working experience, skills, competencies, integrity and commitment of the potential candidate before recommending them to the NC and Board for approval and recruitment.</p>	
<p><b>Explanation for departure</b></p>	<p>:</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>	<p>:</p>	
<p><b>Timeframe</b></p>	<p>:</p>	<p>:</p>



### Intended Outcome

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

### Practice 5.6

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.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board delegates to the NRC the responsibility of recommending the appointment of any new Director. The NRC is responsible to ensure that the procedures for the appointment of new Directors are transparent, rigorous and made based on merits.</p> <p>The Board and NRC are guided by the following process and procedures for the appointment of a new Director:</p> <ol style="list-style-type: none"><li>1) The candidate is identified upon the recommendation by the existing Directors, senior management, major shareholders and/or from independent sources such as professional recruitment firms, Director's registry and open advertisements.</li><li>2) If the selection of candidates are solely based on recommendations from the existing Directors, senior management and/or major shareholders of the Company, the NRC should provide explanation or justification as to why other sources were not considered.</li><li>3) In evaluating the suitability of a candidate to the Board, the NRC considers, inter-alia, the competency, experience, commitment, contribution and integrity of the candidate, and in the case of a candidate being proposed for appointment as INED, the candidate's independence.</li><li>4) Recommendation to be made by NRC to the Board. This also includes recommendation for appointment as a member of the various Board Committees, where necessary.</li><li>5) Decision to be made by the Board on the proposed new appointment, including appointment to the various Board Committees.</li></ol>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### Intended Outcome

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

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC would evaluate the candidates based on the “Fit and Proper” standards as set out in the Fit and Proper Policy by taking into consideration factors such as diversity (including gender), skills, talent and experience, where appropriate, and recommends accordingly to the Board for appointment and re-appointment.</p> <p>In order to assist shareholders of the Company to decide on the appointment and/or reappointment of Directors, relevant information pertaining to the Directors such as their personal profile, record of attendance of meetings and shareholdings in the Group (where applicable) are appropriately disclosed in the Annual Report.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

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

### Practice 5.8

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

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The TOR of NRC stipulates that it shall have at least three (3) members, all of whom shall be Non-Executive Directors with the majority being Independent Directors. The Chairman of NRC shall be an Independent Director or a Senior Independent Director.</p> <p>The NRC members currently comprises exclusively of Non-Executive Directors with the majority being Independent Directors as follows:</p> <ol style="list-style-type: none"><li>1) Datuk Syed Hisham Bin Syed Wazir (Chairman / Senior Independent Non-Executive Director)</li><li>2) Dato' Wan Kamaruzaman Bin Wan Ahmad (Member / Non-Independent Non-Executive Director)</li><li>3) Dato' Kalsom Binti Abd. Rahman (Member / Independent Non-Executive Director)</li><li>4) Puan Adibah Khairiah Binti Ismail @ Daud (Member / Independent Non-Executive Director)</li></ol> <p>Other Board members and members of the public may convey any concerns regarding the Group and its operations to the SINED, who also acts as the sounding board for the Company.</p> <p>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 <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

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

### Practice 5.9

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board acknowledges the importance of boardroom diversity in terms of age, gender, nationality, ethnicity and recognises the benefits of this diversity.</p> <p>The Board recognises the importance of promoting boardroom diversity in the Company but it goes beyond just gender diversity. The Company needs to meet the expectations of its various stakeholders such as shareholders, employees, customers, suppliers and the environment.</p> <p>Hence, boardroom diversity should ideally comprise Directors that have the relevant competencies, skills and knowledge and are able to provide a diversity of thought, experiences and perspectives to strengthen the Board.</p> <p>Currently, the Board has two (2) women Directors namely, Dato' Kalsom Binti Abd. Rahman and Puan Adibah Khairiah Binti Ismail @ Daud which represents about 29% ratio of the Board and is just below the 30% women directors' threshold recommended by the MCCG.</p> <p>Although the Company has yet to achieve the 30% gender diversity, it will nevertheless continue to promote a corporate culture that embraces gender diversity in the boardroom as well as in the Group.</p> <p>When sourcing for any future Board vacancy, the NRC will give due consideration to identify suitably qualified women candidate to fill the said position in line with the best practice of the MCCG.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Board took cognizance of Practice 5.9 and will at the appropriate time, takes into consideration of independent sources in identifying suitable qualified female candidates including but not limited to, sourcing her from the Women Directors' Registry and/or Institute of Corporate Directors Malaysia, where applicable. The Board will continue to review this MCCG practice in the next 2 financial years or until such time the practice is fulfilled, whichever the earlier.

<b>Timeframe</b>	:	Within 2 years	
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### Intended Outcome

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

### Practice 5.10

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>For FYE 2023, the Company does not have a specific policy on gender diversity for the Board and senior management of the Group. As set out in the explanation for Practice 5.9 above, the Board acknowledges the importance of gender diversity in addition to other factors such as the relevant competencies, skills and knowledge of Directors in providing a diversity of thought, experiences and perspectives to strengthen the Board. The Board also supports gender diversity at senior management level of the Group. However, besides gender diversity, the Board will also need to consider other factors such as the importance of recruiting and retaining the right talent of senior management based on their requisite knowledge, skills set and experiences.</p> <p>For the FYE 2023, the Group has on average about 33% women representation at management level and 22% at senior management level. This reflects the Board and the Company's firm support for gender diversity within the Group.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The NRC and the Company will ensure that gender diversity shall continue to play an important role in the Group's recruitment exercise.
<b>Timeframe</b>	:	Within 2 years

## Intended Outcome

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

## Practice 6.1

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 its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: <p>The NRC carries out the Board and Directors Effectiveness Evaluation ("BDEE") exercise annually. For the FYE 2023, the NRC had engaged with an External Consultant, Institute of Corporate Directors Malaysia ("ICDM") to facilitate the BDEE for the year 2023.</p> <p>ICDM's BDEE assessed the effectiveness of the Board and Directors through a combination of one-on-one confidential interviews, sighting of governance documents in confidentiality, online surveys and peer reviews and board-working facilitation.</p> <p>The ICDM assessment report (including its findings) ("ICDM Report") was presented to NRC for its review. The ICDM Report serves as a guidance for NRC (and the Board) to ensure that the Board and its Directors are functioning effectively and discharging their fiduciary duties and oversight responsibilities accordingly. The ICDM Report also highlighted the gaps and training areas required for the Board.</p> <p>After going through the ICDM Report, the NRC is satisfied with the findings and accordingly recommended to the Board for deliberation and approval. Based on the ICDM Report, the Board concurred and approved with the findings and assessment in the ICDM Report, which will be used as a basis to further enhance the Board's effectiveness.</p>
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	



<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 7.1

The board has remuneration 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 remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 Executive Directors and senior management who will manage and drive the Company's success.</p> <p>The NRC is entrusted by the Board to review and recommend matters relating to the remuneration of Directors and key senior management. The NRC shall periodically evaluates the remuneration of the Executive Directors based on, among others, the market competitiveness, business results individual performance and such other basis as it deemed appropriate</p> <p>The remuneration package for the Executive Chairman and Group CEO depends on the performance of the Group during the financial year and includes, among others, the performance in terms of revenue and pre-tax profit. The Executive Chairman is entitled to receive a yearly contractual incentive of 8% of the Group's annual pre-tax profits subject to a cap of RM2.0 million. This has been disclosed in the yearly annual report of the Company.</p> <p>The Executive Chairman and the Group CEO concerned shall not participate in the decisions of their respective remunerations. If required, the NRC may invite other senior management personnel of the Company to attend such meeting to brief the NRC on the remuneration matters and/or engaged external professional firm to assist the NRC in its evaluation.</p>

	<p>The remuneration packages of Non-Executive Directors who serve on the Board and Board Committees are reviewed by the NRC annually and thereafter recommended to the Board for its 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.</p> <p>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.</p> <p>The Remuneration Policy of the Company is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>	
<b>Explanation for departure</b> :		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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 7.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board has established the NRC which consists of four (4) Non-Executive Directors, the majority of whom are INEDs. The NRC is tasked to implement its policies and remuneration on remuneration including reviewing and recommending matters relating to the remuneration of board and key senior management.</p> <p>The NRC's responsibilities include reviewing and recommending to the Board the remuneration package for Directors and key senior management and ensure it is consistent with the Group business strategy and long-term objectives to attract, retain and motivate Directors and key senior management who will create sustainable value and returns for the Company's stakeholders.</p> <p>The NRC may also obtain independent professional advice at the Company's expense in furtherance of their duties whenever the need arises.</p> <p>The duties and responsibilities of the NRC are governed by its TOR, which is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	



<b>Timeframe</b>	:		
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**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 8.1**

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board ensures that information relating to Directors' remuneration is made transparent to all shareholders.</p> <p>Other emoluments are only payable to Executive Directors and mainly consists of employer's provident fund contributions, social security welfare contributions and employees' insurance scheme.</p> <p>The details of Directors' remuneration on named basis are set out in the table below:</p>

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tan Sri Dato' Sri Yeoh Choon San	Executive Director	-	-	-	-	-	-	-	-	34.1	2,398.0	2,142.0	24.6	738.0	5,336.7
2	Dato' Lee Kok Chuan	Executive Director	-	-	-	-	-	-	-	-	31.3	2,258.1	644.5	24.6	426.4	3,384.9
3	Datuk Syed Hisham Bin Syed Wazir	Independent Director	80	20.4	-	-	-	-	100.4	80	20.4	-	-	-	-	100.4
4	Dato' Kalsom Binti Abd. Rahman	Independent Director	80	13.2	-	-	-	-	93.2	80	13.2	-	-	-	-	93.2
5	Puan Adibah Khairiah Binti Ismail @ Daud	Independent Director	80	16.2	-	-	-	-	96.2	80	16.2	-	-	-	-	96.2
6	Mr Martin Giles Manen	Independent Director	80	18.0	-	-	-	-	98.0	80	18.0	-	-	-	-	98.0
7	Dato' Wan Kamaruzaman Bin Wan Ahmad	Non-Executive Non-Independent Director	80	10.4	-	-	-	-	90.4	80	10.4	-	-	-	-	90.4
8	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
9	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
10	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
11	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
12	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
13	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
14	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

15	Input info here	Choose an item.	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
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### 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 8.2

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.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>The Board is of the view that the detailed disclosure of senior management's remuneration component on a named basis 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. This may result in the Group losing high calibre personnel who have been contributing to the Group's performance. In addition, such disclosures may also cause disharmony and/or unhealthy rivalry among the key senior management.</p> <p>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.</p> <p>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.</p> <p>Nonetheless, disclosure on the total remuneration of top five (5) senior management in the bands of RM50,000 on an aggregate basis are provided in the Corporate Governance Overview Statement in the Company's Annual Report 2023.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	The Board will closely monitor any changes in the market practice and will review its response to Practice 8.2 annually.	
<b>Timeframe</b>	:	Within 3 years	

No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**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 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here



### 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 9.1

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Audit Committee ("AC") comprises three (3) members, all of whom are Independent Non-Executive Directors ("INEDs").</p> <p>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.</p> <p>The TOR of the AC has been revised during the FYE 2023 in order to be in line with Practice 9.1 of the MCCG which stipulates that the Chairman of the AC is distinct from the Chairman of the Board to promote independence of the AC.</p> <p>The AC Chairman is tasked to report to the Board on the salient points discussed during each AC meeting for their notation and onward deliberation.</p> <p>The duties and responsibilities of the AC Chairman are set out in the TOR of the AC, which is available on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**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 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The External Auditor Policy of the Company has encapsulated the requirement for a cooling-off period of at least three (3) 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.</p> <p>For the FYE 2023, none of the AC member is a former key external audit partner of the Company.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### 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 9.3

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The AC is responsible to review, assess and monitor the performance, suitability, objectivity and independence of External Auditors on an annual basis.</p> <p>The AC had 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.</p> <p>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.</p> <p>In addition, the TOR of the AC also requires the AC to assess the suitability, objectivity and independence of the External Auditors annually.</p> <p>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.</p>

	<p>At the AC meeting held on 13 March 2023, the External Auditors namely, Messrs Ernst &amp; Young PLT (“EY”) has presented to the AC its 2023 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 2023 declared their independence to the AC.</p> <p>In compliance with the requirements of the Malaysian Institute of Accounts, the External Auditors will rotate their engagement partner-incharge of the Audited Financial Statements of the Company and the Group once every seven (7) years and the said engagement partner cannot be re-engaged to undertake a significant role in the audit of the Company for at least two (2) successive years. This is to ensure that the External Auditors maintain their independence from BAuto Group. At present, the audit engagement partner has held the position for the fourth (4th) year of audit.</p> <p>The AC also ensures that the External Auditors are independent of the activities they audit and had approved the permitted non-audit services in advance. Approvals for pre-approved permitted services to be performed by the External Auditors and its affiliates below certain thresholds are delegated to the management as per the EA Policy. Any proposed service not included in the permitted services must be approved in advance by the Audit Committee before engagement commences. The recurring non-audit services performed by the External Auditors and its affiliates were in respect of the annual reviews for tax compliance and the Statement on Risk Management and Internal Control.</p> <p>Following its assessment of the re-appointment of the External Auditors, the AC is satisfied with the External Auditors' independence and had recommended the said re-appointment to the Board. The Board after deliberating on the AC's assessment and recommendation on the re-appointment of the External Auditors, agreed and approved the AC's recommendation on the said re-appointment and will table it for shareholders' approval at the forthcoming AGM.</p>
<p><b>Explanation for departure</b> :</p>	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>	
<p><b>Measure</b> :</p>	



<b>Timeframe</b>	:		
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**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 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>The AC comprises the following members all of whom are INEDs:</p> <ol style="list-style-type: none"><li>1) Mr Martin Giles Manen (Independent Non-Executive Director / Chairman)</li><li>2) Datuk Syed Hisham Bin Syed Wazir (Senior Independent Non-Executive Director / Member)</li><li>3) Puan Adibah Khairiah Binti Ismail @ Daud (Independent Non-Executive Director / Member)</li></ol> <p>All the INEDs have satisfied the independence test based on the criteria set out in the Listing Requirements of Bursa Securities.</p>

## 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 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent 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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The members of the 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 TOR of the AC.</p> <p>Two (2) members of the AC including the AC Chairman are also Chartered Accountants of the Malaysian Institute of Accountants by profession. The AC members are financially literate and are able to understand, analyse and challenge matters under the purview of the AC including the financial reporting process, monitoring of internal controls procedures, effectiveness of risk management framework, digital infrastructure, cybersecurity and data protection.</p> <p>The AC members reviewed and frequently challenged the management and internal auditors of the Company on the timeline for improvement of internal control process to conclude its effectiveness.</p> <p>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 trainings attended by the AC members during the FYE 2023 are set out in the Corporate Governance Overview Statement under "Directors' Training" in the Company's Annual Report 2023.</p> <p>Aside from that, the External Auditors will brief and update the AC on the financial reporting standards at the AC Meetings accordingly.</p> <p>The Board reviews the effectiveness of the AC through the NRC via annual board assessment. For the FYE 2023, the Board is satisfied with</p>

	<p>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.</p> <p>The detailed report on the activities of the AC for FYE 2023 is set out in the Company's Annual Report 2023.</p>	
<p><b>Explanation for departure</b></p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b></p>		
<p><b>Timeframe</b></p>		

### 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 10.1

The board should establish an effective risk management and internal control framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board acknowledges its responsibility in reviewing the adequacy, integrity and maintaining a sound risk management and internal control system to safeguard stakeholders' interests and the Group's assets.</p> <p>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 its deliberation and approval. Based on the approved risk management policies, management will be able to identify, evaluate, control, monitor and report to the Executive Chairman and/or Group CEO 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 safeguard its shareholders' interests.</p> <p>The implementation of the internal control systems are undertaken by the management, which will highlight any risk identified and propose the appropriate remedial actions to mitigate and/or minimise such risk.</p> <p>The AC and RMC reviews and oversees the proper functioning of the Group's risk management framework.</p> <p>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.</p> <p>The RMC reviews the sustainability process by providing an independent enquiry and assessment of the risk concerned with the process owners (line managers) based on the Group's sustainability policies. The respective departmental heads are responsible for identifying, analysing and evaluating the sustainability risks/issues as well as developing,</p>



	<p>implementing and monitoring the actions taken and reporting the results to RMC.</p> <p>The key elements of the risk management and internal control structure are as follows:</p> <ul style="list-style-type: none"> <li>(a) An organisational structure in the Group with formally defined lines of responsibility and delegation of authority.</li> <li>(b) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business, competitiveness and sustainable environment.</li> <li>(c) Active participation and involvement by the Executive Chairman and Group CEO, both of whom are RMC members, and the Chief Financial Officer in the daily running of the business and regular discussions with the respective heads of department on operational issues.</li> <li>(d) Monthly financial reporting by the Chief Financial Officer to the Executive Chairman and Group CEO.</li> </ul>	
<p><b>Explanation for departure</b> :</p>		
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<p><b>Measure</b> :</p>		
<p><b>Timeframe</b> :</p>		

### 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 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Group has adopted an ERM framework to proactively identify, evaluate and manage key risk issues critical to achieving the Group's strategic objectives and opportunities for competitive advantage.</p> <p>The ERM framework supports better risk structuring, reporting and analysis, it allows the RMC to strategically manage risks from the Group's perspective, determine risk response strategies and make holistic decisions to optimise the Group's operation.</p> <p>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 Annual Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### 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 10.3 - 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.

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	<p>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:</p> <ol style="list-style-type: none"><li>1) Mr Martin Giles Manen (Chairman/Independent Non-Executive Director)</li><li>2) Datuk Syed Hisham Bin Syed Wazir (Member/Senior Independent Non-Executive Director)</li><li>3) Dato' Kalsom Binti Abd. Rahman (Member/Independent Non-Executive Director)</li><li>4) Tan Sri Dato' Sri Yeoh Choon San (Member/Executive Chairman)</li><li>5) Dato' Lee Kok Chuan (Member/Group CEO)</li></ol> <p>The RMC presents the Risk Register of the Group to the Board on a quarterly basis.</p>

### 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 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>As in previous financial years, the internal audit function for FYE 2023 is outsourced to an independent professional consulting firm, Messrs. PKF Risk Management Sdn Bhd (“PKF”), which adopts the International Professional Practices Framework (“IPPF”) in carrying out the internal audit assignments and reports directly to the AC.</p> <p>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 in the Company’s Annual Report 2023.</p> <p>The primary scope of work of PKF 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.</p> <p>PKF’s 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.</p> <p>The summary of activities undertaken by PKF during the FYE 2023 is set out in the AC Report in the Company’s Annual Report 2023.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## 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 11.2

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.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function is outsourced to an independent consulting firm, PKF and is headed by Dr Wong Ka Fee, the Director of Risk and Governance Advisory. Dr Wong Ka Fee has over 15 years of professional experience in internal audit, risk management, compliance review and business advisory.</p> <p>He is a Fellow Financial Accountant with Institute of Financial Accountants (UK), a Fellow Member of Association of International Accountants (UK), a Fellow Member of Institute of Public Accountants (Australia), a Chartered Member of the Institute of Internal Auditors Malaysia and an Associate Member of Association of Certified Fraud Examiners. He earned his Doctoral degree in Behavioral Finance from Universiti Utara Malaysia and double Master degrees from two different prestigious Universities from United Kingdom. i.e. Master of Science in Management Consultancy from Liverpool John Moores University and Master of Business Administration from University of Wales.</p> <p>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.</p> <p>The Internal Audit Department in PKF has a staff strength of 9 employees for the FYE 2023. All the personnel involved in the internal audit review are university graduates and/or have professional qualifications in the related accounting fields.</p> <p>The internal audit function is guided by the Code of Professional Standards – International Professional Practices Framework issued by the IIA (The Institute of Internal Audit) that sets out the objectives, authority, independence, scope and responsibility of the internal audit function.</p>

<b>Explanation for departure</b> :		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b> :		
<b>Timeframe</b> :		

### 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 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>The Company recognises the importance of being transparent and accountable to its stakeholders 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.</p> <p>The various channels of communications with stakeholders are through the following:</p> <ul style="list-style-type: none"><li>(a) quarterly announcements on financial results and other periodical or relevant announcements to Bursa Securities.</li><li>(b) circulars and annual reports.</li><li>(c) general meetings of shareholders.</li><li>(d) periodic meetings and briefings with investors, analysts and fund managers and briefing where appropriate.</li><li>(e) Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a> where stakeholders can access corporate information such as Board Charter, TORs of the Board Committees, Board Policies, press releases, financial information, Company announcements and others.</li></ul> <p>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.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	

<b>Timeframe</b>	:		
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### 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 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	The Company has yet to adopt integrated reporting for Annual Report 2023. 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.
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	The Company would review the need to adopt the integrated reporting based on a globally recognised framework at the appropriate time. The Board will continue to review this Practice annually.
<b>Timeframe</b>	:	Within 3 years



### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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 Listing Requirements of Bursa Securities, the Company's Constitution, as well as in line with its sustainability initiatives, the Company has discontinued and discouraged the delivery of printed copies of documents to its shareholders, where possible. Hence, the Annual Report can be viewed and downloaded from the websites of the Company and Bursa Securities.</p> <p>In 2022, the notice of the Twelfth AGM was despatched to the shareholders on 30 August 2022 for the AGM held on 6 October 2022. The notice period to the shareholders is more than 28 days.</p> <p>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 or through a proxy or a corporate representative at the AGM.</p> <p>The Administrative Details are to provide information regarding attendance and the conduct of the meeting. Each Agenda item included in the Notice of AGM is accompanied by a brief explanatory statement to provide an overview on the resolution being proposed.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>Last year's AGM was attended by all the Directors of the Company.</p> <p>In each AGM, the Executive Chairman, Group CEO, Chief Financial Officer, other Board and Board Committees' members and the Company Secretaries are present to provide meaningful responses to the questions posed by the shareholders. The External Auditors are also present to provide professional and independent clarification on any concerns that may be raised by the shareholders in connection with the in connection with the Annual Report (including the Audited Financial Statements), if any. Such questions were normally addressed by the EC and in some instances by the GCEO as directed by the Executive Chairman in order to allow the shareholders and proxies to make informed decisions when casting their votes. Questions that were not addressed during the AGM due to time constraint were accordingly responded in the Minutes of AGM. The Board took note of all the constructive feedbacks and suggestions posed by shareholders.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate–

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>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.</p> <p>In view of the COVID-19 pandemic and as part of the Company's precautionary measures, the Twelfth AGM of the Company was held on a virtual basis through live streaming and online remote voting using the Remote Participation and Electronic Voting facilities ("RPEV facilities") provided by Boardroom Share Registrars Sdn Bhd via its online website at <a href="https://meeting.boardroomlimited.my">https://meeting.boardroomlimited.my</a>. 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.</p> <p>In terms of data protection and cyber security, the meeting platform allowed the shareholders to securely authenticate into the Twelfth AGM via a secure login screen using their unique credentials.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>	
<b>Application</b>	: Applied
<b>Explanation on application of the practice</b>	: 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 the information set out in the Company's Annual Report, the Group's operations and/or its businesses.  The External Auditors are also present to address any questions raised by the shareholders relating to the Audited Financial Statements.  Members of the Board and Board Committees, the Chief Financial Officer, the management and External Auditors were present at last year's AGM and provided meaningful responses to the questions posed by the Company's shareholders during the said meeting. Questions that were not addressed during the AGM due to time constraint were accordingly responded in the Minutes of AGM.  The minutes of the Twelfth AGM duly approved by the Chairman is available online on the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a> .
<b>Explanation for departure</b>	:  
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b>	:



<b>Timeframe</b>	:		
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### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>	
<b>Application</b> :	Applied
<b>Explanation on application of the practice</b> :	<p>At the Company's Twelfth AGM which was held virtually on 6 October 2022, shareholders and proxy holders submitted their questions prior to the meeting. Besides that, shareholders and proxy holders had posed questions to the Board via real time submission of typed texts at the meeting platform during live streaming of the AGM. The Chairman of the Meeting read out the questions posed by the shareholders, which were then duly replied by the Executive Chairman, Group CEO and/or the Chief Financial Officer accordingly.</p> <p>The Company had conducted the Twelfth AGM virtually from the Boardroom Smart Investor Portal as it is a well-tested and secure application and has sufficient hardware and infrastructure in place.</p>
<b>Explanation for departure</b> :	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>	
<b>Measure</b> :	
<b>Timeframe</b> :	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.6**

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	The minutes of the AGM was made available at the Company's website at <a href="http://www.bauto.com.my">www.bauto.com.my</a> no later than 30 business days after the conclusion of the Twelfth AGM.
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
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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