



**APM AUTOMOTIVE HOLDINGS BERHAD**  
(Company No. 424838-D)

*Expanding the horizon,  
the journey continues...*

Annual Report 2015





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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

**DATO' TAN HENG CHEW** JP, DJMK  
*President*

**LOW SENG CHEE**  
*Chief Executive Officer*

**DATO' TAN ENG HWA** DIMP  
*Chief Operating Officer*

**DATO' N. SADASIVAN S/O  
N.N. PILLAY** DPMP, JSM, KMN  
*Senior Independent  
Non-Executive Director*

**DATO' HAJI KAMARUDDIN  
@ ABAS BIN NORDIN** DSSA, KMN  
*Independent Non-Executive Director*

**DATO' HENG JI KENG** DIMP  
*Independent Non-Executive Director*

**SIOW TIANG SAE**  
*Chief Business Development Officer*

**NICHOLAS TAN CHYE SENG**  
*Non-Independent  
Non-Executive Director*

**SOW SOON HOCK**  
*Executive Vice President*

## AUDIT COMMITTEE

**Dato' N. Sadasivan s/o N.N. Pillay**  
DPMP, JSM, KMN  
*Senior Independent Non-Executive Director  
Chairman of the Audit Committee*

**Dato' Haji Kamaruddin  
@ Abas Bin Nordin** DSSA, KMN  
*Independent Non-Executive Director*

**Dato' Heng Ji Keng** DIMP  
*Independent Non-Executive Director*

## NOMINATING COMMITTEE

**Dato' Heng Ji Keng** DIMP  
*Independent Non-Executive Director  
Chairman of the Nominating Committee*

**Dato' N. Sadasivan  
s/o N.N. Pillay** DPMP, JSM, KMN  
*Senior Independent Non-Executive Director*

**Dato' Haji Kamaruddin  
@ Abas Bin Nordin** DSSA, KMN  
*Independent Non-Executive Director*

## COMPANY SECRETARIES

Khoo Peng Peng (MIA 19749)  
Quah Khian Khoon (MAICSA 7030264)

## REGISTERED OFFICE

62 - 68, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur, Malaysia  
Tel : (603) 4047 8888  
Fax : (603) 4047 8636

## CORPORATE OFFICE

Lot 600, Pandamaran Industrial Estate  
Locked Bag No. 218  
42009 Port Klang  
Selangor Darul Ehsan, Malaysia  
Tel : (603) 3161 8888  
Fax : (603) 3161 8833  
E-mail : apmah@apm.com.my

## REGISTRARS

Tricor Investor & Issuing House  
Services Sdn Bhd (11324-H)  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8 Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : (603) 2783 9299  
Fax : (603) 2783 9222

## AUDITORS

KPMG  
Level 10, KPMG Tower  
8, First Avenue  
Bandar Utama  
48700 Petaling Jaya  
Selangor, Malaysia

## STOCK EXCHANGE LISTING

Main Market  
Bursa Malaysia Securities Berhad  
Stock Code : 5015

## WEBSITE

[www.apm.com.my](http://www.apm.com.my)

## BUSINESS DIVISIONS



# PRESIDENT'S STATEMENT

**DEAR VALUED SHAREHOLDERS,**

ON BEHALF OF THE BOARD OF DIRECTORS, I AM PLEASED TO PRESENT THE ANNUAL PERFORMANCE REPORT OF APM AUTOMOTIVE HOLDINGS BERHAD FOR FINANCIAL YEAR ENDED 31 DECEMBER 2015.



■ Premier Coach Seat

The last financial year was indeed challenging with continuing uncertainties in the global economy, and on the home front, protracted weakening of the Malaysian currency and subdued consumer demand had impacted the Group's financial performance.

Operating in such an economic environment, the two-pronged strategy to expand to overseas markets and the strengthening of the research and development capabilities have enabled the Group to pursue growth and sustained performance. Overseas expansion as a strategy to reduce reliance on the domestic market yielded results as our operations outside Malaysia contributed 10% to Group revenue in 2015 from 6% in the previous year. Through the application of technologies and innovative designs from the research and development company, our premier coach seat was well accepted by Original Equipment Manufacturer ("OEM") customers in South Korea.

## REVIEW OF FINANCIAL PERFORMANCE

As one of the largest automotive parts manufacturers in the local market with a comprehensive range of products covering suspension parts, seats, interior and exterior plastics, heat exchange and electrical components, our revenue stream is largely dependent on the performance of the local automotive industry, which generally indicates the country's economic performance.

## PRESIDENT'S STATEMENT

Under the difficult economic environment, Group revenue for financial year ended 31 December 2015 dropped 6.1% to RM1,152.8 million from RM1,227.9 million in the previous year. Lower off-take from OEMs for certain car models and slower sales from the domestic replacement market were main contributors for the decline. Impressively, our operations outside Malaysia saw a 52.5% jump in revenue growth, improving its contribution to Group revenue to 10%.

Group profit before tax for the year was at RM95.0 million, down 34.6% from the year before. Higher raw material prices arising from unfavourable foreign currency movements, reduction in total production volume while production overheads remaining relatively fixed and an one-off adjustment on inventory value in the Interior and Plastics Division had resulted in the significant decline in the Group profit before tax.

Despite the profitability pressure, the Group's financial position remained healthy with shareholders' fund at RM1,183.4 million as at 31 December 2015, an increase of RM39.8 million as a result of the impact of foreign currency translation of RM18 million as well as the net profit for the year.

Likewise, our disciplined approach to working capital allowed us to once again generate solid free cash flow with the cash and cash equivalents and other investments having consistently exceeded RM300 million in the past five years.



### SUSPENSION DIVISION

The Suspension Division continuously strives to improve performance through raising quality, innovative products and world-class manufacturing system. The Division intends to evolve from components manufacturer to system provider, which will allow higher revenue and better deployment of design expertise and technology, providing integrated solutions across suspension system.

The Suspension Division recorded a revenue of RM224.3 million, a reduction of 8.7% from RM245.7 million in the previous year because of lower demand from OEM customers and local replacement market. However, the Division has consistently maintained stable growth in profitability over the past three years as profit before tax grew 1.4% to RM22.0 million compared to RM21.7 million in 2014, mainly attributed to improved cost rationalization exercise and operational efficiency as well as lower steel price which helped to mitigate unfavourable foreign exchange rates.

Going forward, the Division will continue to focus on bringing about product differentiation in new segments being identified as key growth pillars.

## PRESIDENT'S STATEMENT

### INTERIOR AND PLASTICS DIVISION

The Group believes that being nearer to customers would serve them better. As such, the manufacturing facilities of this Division are centralised mainly in Bukit Beruntung for the benefit of its major OEM customers. Similarly, a new manufacturing plant in Kulim, to be constructed close to our customer's manufacturing facilities, will be ready for production by end of 2016.

The Interior and Plastics Division remained the Group's largest division, contributing 65% to Group revenue in 2015 despite recording an 11.1% decline in revenue to RM754.0 million compared with RM848.6 million in the preceding year. The Division posted a profit before tax of RM44.0 million against RM89.8 million in 2014. The decline in both top and bottom-line were due to lower demand from OEM customers as two key OEM customers had scheduled no production for most of the second half of the year, unfavourable product mix as certain vehicle models were of lower sales value, thus affecting margins, and an one-off adjustment on inventory value.

To position for growth in this Division, we will continue to leverage on the existing good working relationship with major car manufacturers and through our partnering with global technical alliances to develop full-fledged modular solutions.



■ *Corvette Door Panel*



■ *Evoque Headliner*



■ *Flooring Mats*



■ *Air Cond Parts*



■ *Electrical Product*

### ELECTRICAL AND HEAT EXCHANGE DIVISION

This Division produces products such as air-conditioning systems, radiators, cooling modules, starter motors, alternators, wiper systems and other electrical parts.

With certain car models reaching the end of production during the last quarter of 2014, the lower demand in 2015 had resulted in the full year revenue falling by 14.9% to RM173.4 million compared to the previous year of RM203.8 million. Profit before tax fell 40.3% to RM15.1 million. Higher operating costs had affected the profitability of the Division.

A critical strategy for this Division is to develop products that provide connectivity of devices, systems and services that enables the Division to benefit from Internet of Things ("IoT") opportunities. We see great opportunity in IoT. Our joint venture with Tinnos Asia Sdn Bhd, a subsidiary of Tinnos, Inc., to carry out the business of developing, manufacturing and supplying automotive In-vehicle Infotainment systems and IoT products was the significant step we took last year. It will take time to see results, but we have confidence that, as we execute our strategy, sales will grow over the next few years.

## PRESIDENT'S STATEMENT



■ Million Dollar Achievers

### MARKETING DIVISION

The main activity of this Division is the trading and distribution of automotive components and parts manufactured by the Group for domestic replacement and export markets.

Full year revenue was RM179.1 million, down by 11.4% compared to RM202.3 million achieved in 2014. Weak consumer sentiment post Goods and Services Tax ("GST") implementation, dealers' intention to reduce stockholding, poor demand for suspension parts in East Malaysia due to the cutback in logging activities had affected the sales of the domestic replacement market. Correspondingly, the Division's profit before tax was lower by 5.6% to RM7.6 million from RM8.1 million achieved in the previous year. The drop in profit before tax was cushioned by the strong US Dollar and lower logistic costs enjoyed by our marketing export arm.

APM Auto Parts Marketing (Malaysia) Sdn Bhd is an international trading establishment with accreditation of International Procurement Center and has a presence in 64 countries. The company participated in several major international exhibitions as part of its continuous efforts in promoting the APM brand and broadening its customers' base. The company intends to pursue sophisticated Information and Communication Technology ("ICT") tools, such as interactive e-catalogue, to support and manage the company's customers across the 64 locations worldwide.



■ Participation in 2015 Busworld Exhibition, Belgium

Of our domestic replacement market, we can humbly claim that APM is one of the largest and trusted replacement parts suppliers. Our products are known for their high quality which is of global standards and value. Moving forward, the Division focuses to improve customer engagement across all touchpoints, accelerate the fulfilment of customers' orders and grow customer base. With continuous strengthening of our product development capability to accelerate the launches of new products and developing relevant and innovative products range by the research and development division, the Division is well positioned to grow market share.

## PRESIDENT'S STATEMENT



- *Newly Constructed Plants in Indonesia*

### ALL OTHER SEGMENTS

This business segment refers to our operations mainly in Indonesia, Vietnam, Australia and the USA ("operation outside Malaysia"). Presently, APM has manufacturing facilities in 3 countries namely, Vietnam, Indonesia and Australia and a distribution warehouse and trading capabilities in the USA. Construction of new production facilities in Thailand is progressing well while the plant manufacturing leaf springs in Indonesia is scheduled to be operational by the second half of 2016.

Our operations outside Malaysia continue to grow and increase their contribution to the Group. This Division posted a revenue of RM113.6 million for the year, an increase of 52.5% from RM74.5 million recorded in 2014. The impressive growth was a result of consolidating the full year revenue of the Australian coach seat business, which was acquired on 1 August 2014, of RM48.5 million compared to the 5-month period of RM18.3 million recorded in the previous year. Likewise, profit before tax for the year has improved to RM4.7 million from RM3 million previously.



- *Fully Automated NC Coiling Machine with Robotics Transfer*

The strong achievement by our overseas operations has clearly demonstrated that investing overseas to diversify revenue contribution is the right strategy for the Group. Our investments in manufacturing facilities in Indonesia and Thailand and the distribution centres in the mid-west of the USA augurs well with the transformation and growth process of the Group to strive for a balance contribution of domestic and overseas revenues.

We will continue to drive growth through potential mergers and acquisitions as well as joint-ventures where products are synergistic to the Group's business and which have relatively established networks that will integrate with the Group's products and customers' base.

## PRESIDENT'S STATEMENT



■ Strategy Meeting

### PROSPECT AND STRATEGIC DIRECTIONS GOING FORWARD

The World Bank forecasts that the global economy will grow at a slower pace to reach 2.9% in 2016. It expects several major forces to shape the global outlook in 2016, among them, a more protracted slowdown across large emerging markets, uncertainty in the recovery in advanced economies, continued soft commodity prices and weak global trade.

Malaysia's economy is expected to grow at a moderate pace with Gross Domestic Product growth forecasted at between 4% and 5% in 2016. Economic growth is expected to be driven by the Economic Transformation programme, domestic demand and increased private investments in large scale infrastructure projects. However, the weak Ringgit and prolonged low crude oil price which affect government spending and consumer confidence weighed down by the rising cost of living will pose challenges to growth.

Against this backdrop, 2016 is expected to be a slower year for the automotive sector. Malaysian Automotive Association has forecasted lower total industry volume by 2.5% to 650,000 units compared to 666,674 units achieved in the year 2015.

As we are embarking on the transformation for growth, the Group has clear strategies in place, with explicit five-year goals in respect of growth, operations, research and development and branding priorities. Importantly, the growth priority is focused on diversifying revenue as our existing revenue streams come under pressure due to margin squeeze and global sourcing by most of our OEM customers from ASEAN countries apart from Malaysia, coupled by intensifying competition in replacement markets. The Group remains steadfast in expanding to regional markets, upstream and downstream businesses and developing new products that will be generating synergies with the Group's core businesses.

The Group's level of investment has not been curbed in the face of the challenging operating environment. In 2015, we acquired assets and business from Bent Holding B.V., a company in Netherlands, for a cash consideration of £450,869 to grow the business of developing suspension products for the automotive

market in Europe. In addition, the Group has purchased a piece of land for building manufacturing facilities in Melaka that is dedicated to one of our OEM customers and as part of our capacity expansion plan.

The recent completed acquisition of locomotive seat manufacturing and services business in Australia is evidence of the Group's commitment to expansion. This acquisition provides an opportunity for the Group to gain a foothold in the Queensland market by providing turnkey service, i.e., seat installation and refurbishment, to local bus builders and bus operators.

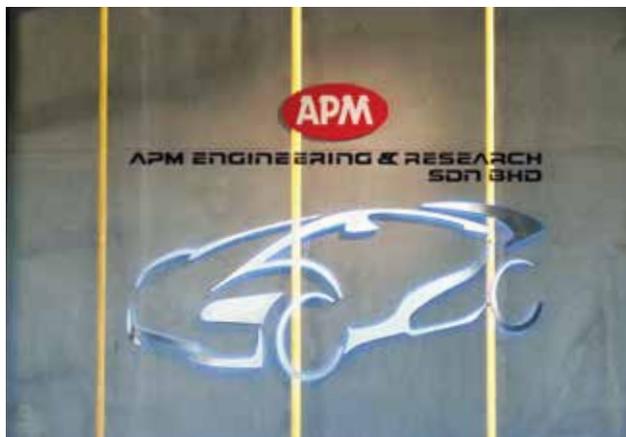
Continuous efficiency improvements are embedded in our culture at every level of the Group. We focus on the optimisation of our manufacturing processes via standardisation and automation to achieve a lean and efficient operating cost base. The APM Manufacturing System ("AMS"), which was implemented last year, will be a recurring theme within the Group. Key features of AMS include standard performance measurement tools, benchmark standard to drive improvement, know-how management and sharing of Best Practices.

Increased savings from procurement are through broadening of multi-sourcing platforms and centralising purchases that benefit through economies of scale. APM is transforming procurement organisation to constantly reduce costs while maximising value from suppliers' relationship.



■ Joint-Venture Company in Netherlands

## PRESIDENT'S STATEMENT



■ *Research & Development Centre*

Moving on to the strategic opportunities in research and development, the Group is convinced that collaboration with institutes of higher learning and leveraging on our global technical partners are the right focus. To enhance our engineering capabilities, the Group has implemented the Product Lifecycle Management (“PLM”), an information management system that can integrate data, processes, business system and people, allowing organisation works as a single team to design, produce, support and retire products while capturing best practises. PLM establishes a digital platform to drive revenue through repeatable processes.

In APM, our employees are our greatest assets and a key determinant of our success. We remain committed to create a working environment that practises fairness, supportiveness and respect for individual rights. The Group encourages diversity in age, gender, ethnicity, religious beliefs and abilities that give us the benefit of different life experiences, perspectives and ideas. We manage talent through our human resource management system, which involves monitoring performance against yearly Key Performance Indicator (“KPI”) and setting training and development objectives. The system also forms the basis for nurturing high-potential employees, identifying candidates for succession and facilitating recruitment. In 2015, we were recognised as HR Asia Best Companies to work for in Asia, awarded by Business Media International.

The Group has built a sound foundation for its businesses and a strong domestic brand presence. We remain committed to put in place these strategies and action plans going forward and is cognisant of the responsibilities to capture opportunities for sustainable investment and growth, as well as growing long-term value for our stakeholders.

### DIVIDENDS

The Board recommends the payment of a single-tier final dividend of 12 sen per ordinary share for the financial year ended 31 December 2015 (2014: 12 sen per ordinary share) for shareholders’ approval at the forthcoming Annual General Meeting. Combined with the earlier interim single-tier dividend of 7.5 sen per ordinary share paid on 29 September 2015, the total dividend for the year is 19.5 sen per ordinary share (2014: 19.5 sen per ordinary share).

The amounts, if approved at the forthcoming Annual General Meeting, will result in a total net dividends payment of RM38.2 million (2014: RM38.2 million) for the financial year ended 31 December 2015. The Group is committed to deliver attractive returns to shareholders while it seeks to find the right balance between the investments needed to sustain the Group’s ability to generate earnings in a highly dynamic environment.



■ *HR Asia Best Companies to Work for in Asia 2015*

### ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend our heartfelt appreciation to the management and staff of the Group for the tremendous efforts, passion, continuous dedication and commitment in achieving sustained growth in a volatile environment. I would also like to sincerely thank all our valued principals, customers, business partners and loyal shareholders for the unwavering support and confidence in the Group.

In closing, I express my deep gratitude to my fellow Board members for their wise counsel, continuous guidance and support.

On behalf of the Board,

**Dato’ Tan Heng Chew**  
*President*

# RECOGNITION & ACHIEVEMENT



*HR Asia Best Companies  
to Work for in Asia 2015*



*Honda Special  
Performance Award*



*Honda Continuous  
Effort Award*



*Proton Supplier Business  
Excellence Program -  
Most Improved Supplier Award*



*Toyota Suppliers' Conference -  
Outstanding Delivery  
Performance Award*

## PROFILE OF THE BOARD OF DIRECTORS

### **DATO' TAN HENG CHEW** *JP, DJMK* *President*

**Dato' Tan Heng Chew**, JP, DJMK, 69, a Malaysian, was the first director of the Company when it was incorporated on 26 March 1997. He was appointed the Chairman of the Board on 1 November 1999 and was re-designated as Executive Chairman on 1 January 2011. His corporate title has been changed to President effective 1 January 2015.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and has a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad group of companies ("TCMH Group") in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan is also the President of TCMH and Warisan TC Holdings Berhad. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

### **MR. LOW SENG CHEE** *Chief Executive Officer*

**Mr. Low Seng Chee**, 56, a Malaysian, was appointed to the Board of the Company as an Executive Director on 1 July 2010. He was re-designated as Executive Director and Chief Executive Officer on 1 June 2013.

Mr. Low graduated from Monash University, Melbourne, Australia with a Bachelor of Electrical Engineering degree and subsequently obtained his Master of Business Administration from Heriot-Watt University, Edinburgh, Scotland.

Mr. Low has more than 30 years of working experience in high volume semiconductor production, automotive component manufacturing, vehicle assembly as well as vehicle retailing. Senior management positions held by Mr. Low included heading the operations of automotive assembly plants of several global marques in Malaysia and an aluminium foundry supplying to the automotive and motorcycle industries.

### **DATO' TAN ENG HWA** *DIMP* *Chief Operating Officer*

**Dato' Tan Eng Hwa**, also known as Dato' Robert Tan, DIMP, 61, a Malaysian, was first appointed to the Board of the Company on 1 November 1999 as a Non-Independent Non-Executive Director. Dato' Robert Tan was re-designated as Executive Director on 23 March 2004 and was subsequently re-designated as Executive Director and Chief Operating Officer on 1 June 2013.

Dato' Robert Tan graduated from the University of Birmingham with a Bachelor of Commerce degree. He was with the Tan Chong Motor Holdings Berhad Group ("TCMH Group") as Treasurer and was also involved in various departmental functions within the TCMH Group.

Dato' Robert Tan is a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

## PROFILE OF THE BOARD OF DIRECTORS

**DATO' N. SADASIVAN S/O  
N.N. PILLAY** DPMP, JSM, KMN  
*Senior Independent  
Non-Executive Director*

**Dato' N. Sadasivan s/o N.N. Pillay**, DPMP, JSM, KMN, 76, a Malaysian, was appointed to the Board of the Company as an Independent Non-Executive Director on 1 November 1999. He is the Chairman of the Audit Committee and a member of Nominating Committee. Dato' Sadasivan was re-designated as Senior Independent Non-Executive Director on 22 January 2013.

Dato' Sadasivan graduated from the University of Malaya with a Bachelor of Arts (Honours) degree majoring in Economics in 1963. In the same year, Dato' Sadasivan commenced working for the Singapore Economic Development Board and was Head of the Industrial Facilities Division when he left to join Malaysian Investment Development Authority (previously known as Malaysian Industrial Development Authority) ("MIDA") in 1968. He was with MIDA for a total of 27 years and became its Director-General in 1984. He retired from MIDA in 1995.

Dato' Sadasivan is a director of Petronas Gas Berhad and Bank Negara Malaysia.

**DATO' HAJI KAMARUDDIN  
@ ABAS BIN NORDIN** DSSA, KMN  
*Independent Non-Executive Director*

**Dato' Haji Kamaruddin @ Abas Bin Nordin**, DSSA, KMN, 77, a Malaysian, is an Independent Non-Executive Director. He has been a member of the Board and the Audit Committee since 1 November 1999. He was appointed as member of the Nominating Committee on 22 January 2013.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service, he held various senior positions, among them as Director, Industries Divisions in Ministry of International and Trade Industry ("MITI"), Deputy Secretary-General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Haji Kamaruddin is a director of Lion Industries Corporation Berhad and Tan Chong Motor Holdings Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

**DATO' HENG JI KENG** DIMP  
*Independent Non-Executive Director*

**Dato' Heng Ji Keng**, DIMP, 68, a Malaysian, is an Independent Non-Executive Director. He joined the Board and the Audit Committee of the Company on 1 January 2011. He was appointed Chairman of the Nominating Committee on 22 January 2013.

Dato' Heng has a Bachelor of Economics (Honours) degree from University of Malaya and a Master of Commerce from the University of New South Wales, Australia. He qualified as a chartered accountant when he was with Price Waterhouse & Co, Sydney in 1976 having obtained his professional accounting qualification from the Institute of Chartered Accountants in Australia. In 1982, he co-founded Monteiro & Heng, a public accounting firm, now known as Baker Tilly Monteiro Heng. He is also the co-founder of Ferrier Hodgson MH, the corporate recovery arm of Baker Tilly Monteiro Heng. Dato' Heng is now the Executive Chairman of the Baker Tilly Monteiro Heng group, which provides a wide range of professional services such as audit and taxation, corporate advisory, forensic investigation and corporate recovery, restructuring and insolvency.

Dato' Heng is the Chairman of Chartered Accountants Australia and New Zealand (Malaysian Chapter), a Council Member of the Malaysian Institute of Accountants, a Council Member of the Malaysian Institute of Chartered Secretaries and Administrators and a Panel Member of the Disciplinary Committee, Advocates & Solicitors Disciplinary Board.

## PROFILE OF THE BOARD OF DIRECTORS

### MR. SIOW TIANG SAE

*Chief Business Development Officer*

**Mr. Siow Tiang Sae**, 58, a Malaysian, was appointed to the Board of the Company as Executive Director on 1 June 2013. His corporate title has been changed to Chief Business Development Officer effective 1 January 2015.

Mr. Siow graduated from Tunku Abdul Rahman College and is a member of the Malaysian Institute of Accountants and a Fellow member of the Association of Chartered Certified Accountants. Mr. Siow has more than 28 years of experience in audit, accounting, procurement, logistic, information technology and marketing.

Mr. Siow joined Tan Chong Motor Holdings Berhad in May 1982 as Senior Internal Auditor for about three (3) years and later joined the APM Automotive Holdings Berhad ("APM") Group in January 1985 where he was the Accountant for certain subsidiaries of the Company. He is the Senior General Manager of the Company in charge of new business development for the APM Group since August 2011. Prior to this, senior positions held by Mr. Siow included heading the operations of interior division and APM Auto Components (USA) Inc. in USA.

### MR. NICHOLAS TAN CHYE SENG

*Non-Independent  
Non-Executive Director*

**Mr. Nicholas Tan Chye Seng**, 42, a Malaysian, was appointed to the Board of the Company as Non-Independent Non-Executive Director on 1 June 2013.

Mr. Nicholas Tan graduated from Boston University School of Management with a Bachelor of Science Degree. He joined Tan Chong Motor Holdings Berhad Group ("TCMH Group") in 2006 and formed the Corporate Planning and Strategic Investments Division of TCMH Group. He is currently involved in developing a marketplace for used vehicle ("MUV") and a supporting eco-system for car financing, car sharing, leasing and insurance product verticals. He was formerly an Executive Director and Vice-President of research in investment banking prior to joining TCMH Group.

Mr. Nicholas Tan is the son of Dato' Tan Heng Chew, a director and major shareholder of the Company.

### MR. SOW SOON HOCK

*Executive Vice President*

**Mr. Sow Soon Hock**, 58, a Malaysian, was appointed to the Board of the Company as Executive Director on 11 November 2013. His corporate title has been changed to Executive Vice President effective 1 January 2015.

Mr. Sow graduated from United Business Institute, Brussels, Belgium with an Executive MBA. He started his career with the APM Group in 1978, rising from supervisory and managerial positions in the Suspension Division and was subsequently transferred to the Original Equipment Manufacturer ("OEM") Marketing Division. He was promoted to Group Senior General Manager-Group OEM in 2005.

In July 2006, Mr. Sow was appointed as Executive Director of the Company, taking charge of sales and marketing function of the APM Group. He was subsequently re-designated as Non-Executive Director of the Company in July 2009 and retired from the Board in May 2010. In July 2011, Mr. Sow was appointed as the Head of TC Manufacturing (Sabah) Sdn Bhd, a subsidiary of Tan Chong Motor Holdings Berhad and was assigned to lead the Sabah new project.

#### Notes:

Except for Dato' Tan Heng Chew, Dato' Tan Eng Hwa and Mr. Nicholas Tan Chye Seng, none of the other Directors has any family relationship with any other Director and/or major shareholders of the Company.

None of the Directors has any convictions for offences within the past 10 years other than traffic offences, if any.

Except as disclosed above, none of the Directors has any conflict of interest in any business arrangement involving the Company.

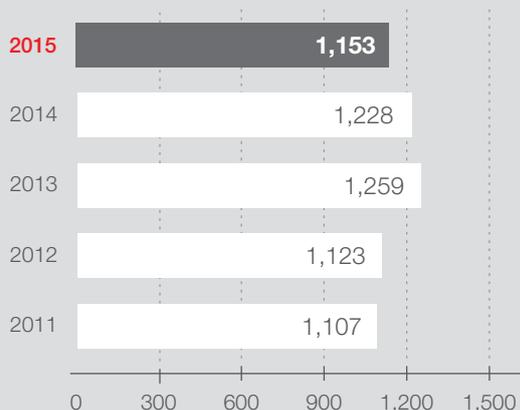
## 5 YEARS FINANCIAL HIGHLIGHTS

	2015 (RM'000)	2014 (RM'000)	2013 <sup>1</sup> (RM'000)	2012 (RM'000)	2011 (RM'000)
<b>RESULTS</b>					
<b>Revenue</b>	<b>1,152,839</b>	1,227,870	1,259,020	1,123,147	1,107,305
Profit before tax	<b>95,026</b>	145,285	182,004	159,524	172,843
Taxation	<b>(23,113)</b>	(34,133)	(40,635)	(34,337)	(36,959)
<b>Profit for the year</b>	<b>71,913</b>	<b>111,152</b>	<b>141,369</b>	<b>125,187</b>	<b>135,884</b>
Attributable to:					
Equity holders of the Company	<b>60,490</b>	98,403	128,290	113,602	118,093
Non-controlling interests	<b>11,423</b>	12,749	13,079	11,585	17,791
<b>STATEMENT OF FINANCIAL POSITION</b>					
<b>Assets</b>					
Property, plant & equipments	<b>466,610</b>	406,103	234,123	212,477	232,968
Prepaid lease payments	<b>16,926</b>	14,869	14,586	15,286	6,052
Investment properties	<b>97,854</b>	97,290	91,917	17,002	1,177
Equity-accounted investees	<b>41,411</b>	43,388	41,106	30,956	28,684
Intangible assets	<b>23,381</b>	11,632	873	474	799
Deferred tax assets	<b>11,101</b>	14,731	15,683	12,801	14,951
<b>Total non-current assets</b>	<b>657,283</b>	<b>588,013</b>	<b>398,288</b>	<b>288,996</b>	<b>284,631</b>
Current assets	<b>893,123</b>	910,589	891,139	831,111	771,913
<b>Total assets</b>	<b>1,550,406</b>	<b>1,498,602</b>	<b>1,289,427</b>	<b>1,120,107</b>	<b>1,056,544</b>
<b>Equity</b>					
Share capital	<b>201,600</b>	201,600	201,600	201,600	201,600
Reserves	<b>995,091</b>	954,774	799,718	698,840	640,949
Treasury shares	<b>(13,289)</b>	(12,818)	(12,806)	(12,796)	(12,786)
Equity attributable to owners	<b>1,183,402</b>	1,143,556	988,512	887,644	829,763
Non-controlling interests	<b>37,220</b>	32,949	26,200	20,821	25,298
<b>Total equity</b>	<b>1,220,622</b>	<b>1,176,505</b>	<b>1,014,712</b>	<b>908,465</b>	<b>855,061</b>
Non-current liabilities	<b>45,577</b>	39,694	15,853	14,531	16,969
Current liabilities	<b>284,207</b>	282,403	258,862	197,111	184,514
<b>Total equity and liabilities</b>	<b>1,550,406</b>	<b>1,498,602</b>	<b>1,289,427</b>	<b>1,120,107</b>	<b>1,056,544</b>
<b>FINANCIAL STATISTICS</b>					
Basic earnings per share (sen)	<b>30.90</b>	50.30	65.60	58.05	60.30
Gross dividend per share (sen)	<b>19.50</b>	19.50	52.00	32.00	32.00
Net assets per share (RM)	<b>6.05</b>	5.84	5.05	4.54	4.24
Return on shareholders equity (%)	<b>5.20</b>	9.23	13.68	13.23	15.00

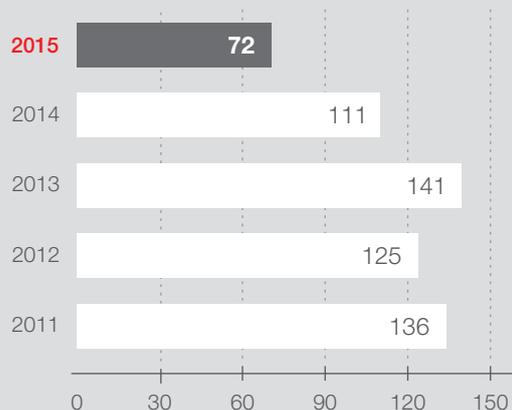
1. Comparative figures have been restated to take into account the effects of the change of accounting policy in respect of accounting for investment properties.

# 5 YEARS FINANCIAL HIGHLIGHTS

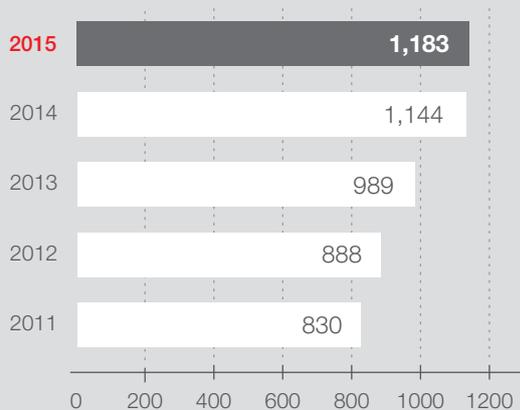
**REVENUE (RM million)**



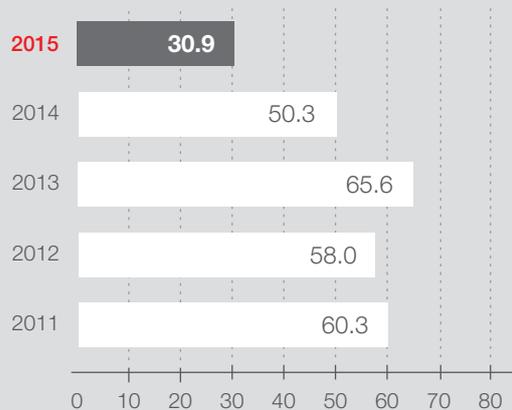
**PROFIT FOR THE YEAR (RM million)**



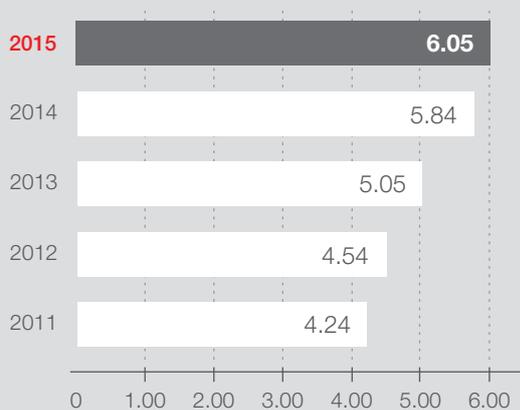
**NET ASSETS (RM million)**



**BASIC EARNINGS PER SHARE (Sen)**



**NET ASSETS PER SHARE (RM)**



**RETURN ON SHAREHOLDERS EQUITY (%)**



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT

APM Group recognizes the great importance on the way it conducts its business. The various activities carried out during the year reflect APM Group's commitment towards Corporate Social Responsibility ("CSR"), in particular towards the environment, on occupational safety and health as well as the welfare of its employees and the community.

APM Group views the employees as its biggest asset, and believes that building a diverse workplace can help to maintain APM Group's sustainability in the marketplace. A diversity practice guidelines ensures gender, ethnicity and age group balance at workplace is in place and serves as guidance for Human Resources Department to act for the interest of APM Group. Employees of different background, gender, age, ethnicity and religion are given equal opportunity for career development and progression.

This may involve internal training and on-job training programmes over and above providing resources and opportunities for career advancement. Employees stand to experience more personal growth in an environment where they are exposed to various culture, opinions and ideas.

During the year, APM Group has offered internships and industrial training to undergraduates from local colleges and universities as part of its continuing efforts in grooming future leaders in the industry.

Education awards were extended to qualified and deserving employees' children for them to pursue diploma/degree programmes in accredited local public or private universities or institutions of higher learning. This will motivate our employees and serves as a recognition to their children's achievement, thus encouraging continuous learning and education in the younger generation.

Each year we acknowledged staffs who have devoted a significant number of years working with us. On 6 November 2015, Long Service Award was presented by our CEO and COO to recognise the dedication and loyalty of our staffs and the contribution they make towards the success of the Group.

In addition, study subsidy/scholarship was also extended to eligible employees to assist them in acquiring higher qualification for their career development and promote self-development among the staffs.



APM Group has been actively involved in Waste Walk programme where Key Performance Indicators/scores are provided. Waste Walk programme is focused on the 5S process for improving workplace efficiency, greater organization, standardization and better safety measures.

In conjunction with the Road Safety Campaign launched by the Ops Sikap, APM Group has also organised a Chinese New Year Road Safety Campaign and invited an honourable guest, Sub Inspector Encik Zakaria bin Ab. Razak from Polis Diraja Malaysia to create awareness on road safety and to educate employees on the various aspects of safe practices.



## CORPORATE SOCIAL RESPONSIBILITY STATEMENT



As for the community, APM continues its contributions to the social and charitable organizations as well as individuals who are in need and donations were also extended to disaster relief funds.

On 19 November 2015, APM participated in the “Back to School” programme and donated 150 school bags and stationeries sets to the students of SRJK Tamil Ladang Batu Ampat, Kg. Jawa, Klang.



With high levels of employees engagement and excellent workplace cultures, APM Group was awarded the prestigious HR Asia Best Companies to Work for in Asia 2015. With this recognition, APM Group will continue its effort in engaging employees and enhancing the Group’s ethics with our stakeholders.



# CORPORATE GOVERNANCE STATEMENT

The Board of APM Automotive Holdings Berhad (the “Company”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Directors consider corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance.

As such, the Board seeks to embed in the Group a culture that aims to balance conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This Corporate Governance Statement (“Statement”) sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance (“MCCG 2012”) and observed the 26 Recommendations supporting the Principles during the financial year. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

## **Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management**

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s business;
- overseeing the conduct of the Group’s business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group’s internal control and management information systems.

To assist in the discharge of its stewardship role, the Board has delegated and confers some of its authorities and powers to the properly constituted Board Committees, namely the Audit Committee (“AC”) and Nominating Committee (“NC”), which comprise mainly Non-Executive Directors. The Board Committees are entrusted with specific responsibilities to oversee the Group’s affairs in accordance with their respective terms of reference as approved by the Board and to report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

### *(i) Board Charter*

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to the Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands.

Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, investment and divestitures, as well as monitoring of the Group’s financial and operating performance. Such delineation of roles is clearly set out in the Board Charter (the “Charter”), which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities.

The Charter will be reviewed by the Board as and when it deem necessary and any amendment to the Charter will be approved by the Board. The salient features of the Charter are publicly available on the Company’s website at [www.apm.com.my](http://www.apm.com.my) in line with Recommendation 1.7 of the MCCG 2012.

# CORPORATE GOVERNANCE STATEMENT

## **Principle 1 - Establish Clear Roles and Responsibilities of the Board and Management** *(cont'd)*

### *(ii) Code of Ethics*

The Board has formalized a Directors' Code of Ethics setting out the standards of conduct expected from Directors. The Directors' Code of Ethics is contained in the Charter which is published on the Company's website at [www.apm.com.my](http://www.apm.com.my). To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, which has been communicated to all levels of employees in the Group.

The Board has also formalized a Special Complaint Policy, which is equivalent to whistle-blowing policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

### *(iii) Sustainability of Business*

The Board is mindful of the importance of business sustainability and in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders, including suppliers, customers and other organizations.

The Group's activities on corporate social responsibility for the financial year under review are disclosed on pages 17 to 18 of this Annual Report.

### *(iv) Access to Information and Advice*

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.

Directors have unrestricted access to all information within the Company and direct access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

## **Principle 2 - Strengthen Composition of the Board**

The Board consists of nine (9) members, comprising five (5) Executive Directors and four (4) Non-Executive Directors of which three (3) are Independent Non-Executive Directors. This composition fulfills the requirements as set out in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent. The profile of each Director is set out on pages 12 to 14 of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as engineering, finance, accounting and audit and marketing and operations.

# CORPORATE GOVERNANCE STATEMENT

## Principle 2 - Strengthen Composition of the Board *(cont'd)*

### (i) *Nominating Committee – Selection and Assessment of Directors*

The Board has established a Nominating Committee on 22 January 2013 as it recognizes the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions.

The Nominating Committee comprises the following members:

Name	Designation
Dato' Heng Ji Keng	Chairman Independent Non-Executive Director
Dato' N. Sadasivan s/o N.N. Pillay	Member Senior Independent Non-Executive Director
Dato' Haji Kamaruddin @ Abas Bin Nordin	Member Independent Non-Executive Director

The Board has stipulated specific terms of reference for the Nominating Committee, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Board. The terms of reference require the Nominating Committee to review annually the required mix of skills and experience of Directors; succession plans and board diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not have a specific policy on setting target number for women candidates nor policy on diversity in ethnicity and age. The evaluation of the suitability of candidates is based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

The Nominating Committee shall meet at least once a year or more frequently as deemed necessary by the Chairman. During the financial year under review, two (2) meetings were held by the Nominating Committee with full attendance to consider the performance assessment of the Board, Board Committees and individual Directors in respect of the financial year ended 31 December 2015 and the renewal of the employment contract of the executive director.

On 18 January 2016, the Nominating Committee met to review and assess the effectiveness of the Board as a whole, the Board Committee and the performance of individual Directors as well as the independence of the Independent Non-Executive Directors in respect of financial year ended 31 December 2015 based on the self and peer assessment approach. In assessing the individual Directors' performance, the Nominating Committee considered, inter-alia, the contribution, performance, competency, personality, integrity and time commitment of each Director to effectively discharge his role as a Director of the Company.

From the results of the assessment, including the mix of skills and experience possessed by the Directors, and based on the Nominating Committee's recommendation, the Board recommended the respective re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting. The Nominating Committee also assessed the training needs of the Directors to enhance their competencies and ensure that they are kept abreast of all regulatory changes and developments in the business environment.

The Board also acknowledges the importance of board diversity, including gender diversity to the effective functioning of the Board. When considering new appointment to the Board, the Nominating Committee will consider potential female candidates and the assessment of the suitability of the candidates will take into consideration the competency, character, time commitment, integrity and experience in meeting the needs of the Company, prior to recommending the same to the Board for approval.

# CORPORATE GOVERNANCE STATEMENT

## Principle 2 - Strengthen Composition of the Board *(cont'd)*

### (ii) Directors' Remuneration

The Board is of the view that the existing remuneration guidelines formulated by drawing upon the wealth of experience of all the Directors on the Board would be more effective and therefore, a Remuneration Committee is currently not required. The Board, as a whole, determines and recommends the remuneration packages of Independent Non-Executive Directors and Executive Directors. The aggregate Directors' fees shall not exceed RM350,000 per annum, as approved by shareholders at the 13th Annual General Meeting of the Company in 2010. The Non-Executive Directors and Executive Directors abstained themselves from discussions on their individual remuneration.

The remuneration policy of the Group essentially seeks to attract, retain and motivate employees of all levels, including Executive Directors, to contribute positively towards the Group's performance.

The quantum of annual performance bonus and increment for the employees of the Group is dependent on the operating results of the Group after taking into account the prevailing business conditions and the individual's performance. The same guidelines apply to the Executive Directors.

The aggregate remuneration of the Directors for the financial year ended 31 December 2015 are as follows:

	<b>Fees (RM)</b>	<b>Salaries and allowances (RM)</b>	<b>Bonus (RM)</b>	<b>Benefits- in-kind (RM)</b>	<b>Total (RM)</b>
Executive Directors	-	4,460,100	1,544,310	101,752	6,106,162
Non-Executive Directors	270,000	31,400	-	-	301,400

A breakdown of Directors' total remuneration including benefits-in-kind for the financial year ended 31 December 2015 which fall within the required disclosure bands are as follows:-

<b>Range of Remuneration</b>	<b>Number of Directors</b>	
	<b>Executive Directors</b>	<b>Non-Executive Directors</b>
Less than RM50,000	-	1
RM50,001 to RM100,000	-	1
RM100,001 to RM150,000	-	2
RM700,001 to RM750,000	1	-
RM800,001 to RM850,000	1	-
RM1,400,001 to RM1,450,000	1	-
RM1,450,001 to RM1,500,000	1	-
RM1,650,001 to RM1,700,000	1	-
<b>Total</b>	<b>5</b>	<b>4</b>

# CORPORATE GOVERNANCE STATEMENT

## Principle 3 – Reinforce Independence of the Board

The Company is led by an experienced Board with a diverse background in business and financial experience, and skills which are vital for the continued progress and success of the Group.

The President, who is also the Chairman of the Board, is primarily responsible for setting the Group's strategic direction and leading the Board in the oversight of management. The role of day-to-day management of the Group's business development and operations and implementation of policies and decisions of the Board is helmed by the Chief Executive Officer and the Executive Directors. The Board believes that such division of power and responsibilities helps ensure that no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.

While the position of the Chairman is not held by an Independent Non-Executive Director, the Board has three (3) Independent Non-Executive Directors, constituting one third (1/3) of the composition of the Board. The Board acknowledges the importance of balance of power and authority of the Board and has identified Dato' N. Sadasivan s/o N.N. Pillay as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by fellow Directors, shareholders and other stakeholders.

The Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in detached impartiality.

The Nominating Committee assesses the independence of the Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa. The Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director and thereafter he may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting.

In justifying the decision, the Nominating Committee is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence adopted by the Board.

Following an assessment and recommendation by the Nominating Committee, the Board recommended that Dato' N. Sadasivan s/o N.N. Pillay and Dato' Haji Kamaruddin @ Abas Bin Nordin whom have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years as at the end of the financial year under review, be retained as Independent Non-Executive Directors subject to shareholders' approval at the forthcoming Annual General Meeting. Key justifications for retaining them as Independent Non-Executive Directors are as follows:

- they fulfill the criteria under the definition on Independent Director as stated in the Listing Requirements of Bursa and, therefore, is able to bring independent and objective judgement to the Board;
- their experience in the relevant industries enable them to provide the Board and Audit Committee, as the case may be, with pertinent and a diverse set of expertise, skills and competence;
- they have been with the Company long and developed valuable insight of the Company's business operations which enable them to contribute actively and effectively during deliberations or discussions at Audit Committee and Board meetings, as the case may be; and
- they devote sufficient time and exercise due care as an Independent Directors of the Company and carry out their duty in the interest of the Company and shareholders.

The Nominating Committee and the Board are confident and strongly believe that the caliber, qualifications, experience and personal qualities, particularly of the integrity and objectivity of Dato' N. Sadasivan s/o N.N. Pillay and Dato' Haji Kamaruddin @ Abas Bin Nordin in discharging their duties and responsibilities independently and in the best interest of the Company predominantly determines the ability of both the Directors to serve effectively as Independent Non-Executive Directors.

# CORPORATE GOVERNANCE STATEMENT

## Principle 4 – Foster Commitment of Directors

The Board meets at least four (4) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the convenience of Directors. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members at least seven (7) days before the meeting to allow the Directors have sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings.

During the financial year under review, the Board convened five (5) Board meetings and the Directors' attendances at the Board Meetings were as follows:-

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	5/5	100
Dato' Tan Eng Hwa	5/5	100
Low Seng Chee	5/5	100
Dato' N. Sadasivan s/o N.N. Pillay	5/5	100
Dato' Haji Kamaruddin @ Abas Bin Nordin	4/5	80
Dato' Heng Ji Keng	3/5	60
Siow Tiang Sae	5/5	100
Nicholas Tan Chye Seng	5/5	100
Sow Soon Hock	5/5	100

As stipulated in the Charter, the Directors shall devote sufficient time to carry out their responsibilities. The Board shall obtain this commitment from Directors at the time of appointment.

Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board or Board Committees.

### *Directors' Training – Continuing Education Programmes*

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group. The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference.

# CORPORATE GOVERNANCE STATEMENT

## Principle 4 – Foster Commitment of Directors (cont'd)

### Directors' Training – Continuing Education Programmes (cont'd)

All Directors have completed the Mandatory Accreditation Programme. During the financial year under review, all Directors attended development and training programmes. The continuous education programmes attended by the Directors during the financial year ended 31 December 2015 included the following:-

Directors	Trainings attended
Dato' Tan Heng Chew	<ul style="list-style-type: none"> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> <li>• Board Chairman Series: Tone from the Chair and Establishing Boundaries</li> </ul>
Low Seng Chee	<ul style="list-style-type: none"> <li>• Utilising the Auditors to Mitigate Board Risks</li> <li>• Governance, Director Duties and Regulatory Updates Seminar 2015</li> <li>• Enterprise Risk Management Workshop</li> <li>• Forum on Corporate Governance: Balancing Rules and Practices</li> <li>• Advocacy Session on Management Discussion and Analysis for CEO and CFO</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> </ul>
Dato' Tan Eng Hwa	<ul style="list-style-type: none"> <li>• Utilising Auditors to Mitigate Board Risks</li> <li>• Trouble in the Boardroom</li> <li>• Enterprise Risk Management Workshop</li> <li>• Advocacy Session on Management Discussion and Analysis for CEO and CFO</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> <li>• Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom</li> </ul>
Dato' N. Sadasivan s/o N.N. Pillay	<ul style="list-style-type: none"> <li>• Enterprise Risk Management Workshop</li> <li>• Remuneration Reward Practices Seminar 2015</li> <li>• Sustainability Symposium: Responsible Business, Responsible Investing</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> <li>• Corporate Governance Breakfast Series with Directors: Future of Auditor Reporting – The Game Changer for Boardroom</li> </ul>
Dato' Haji Kamaruddin @ Abas Bin Nordin	<ul style="list-style-type: none"> <li>• Nominating Committee Programme 2 – Effective Board Evaluations</li> <li>• Risk Management and Internal Control – Workshops for Audit Committee</li> <li>• Sustainability Symposium: Responsible Business, Responsible Investing</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> <li>• Pain and the Brain; Global Economic Prospect : What Should Keep Us Up at Night; and The Age of Sustainable Development by Sunway University</li> <li>• Opening of the 4th SEA Studies Symposium by Sunway University</li> <li>• Wining in the New Economy by Sunway University</li> <li>• Corporate Governance Breakfast Series with Directors: The Board's Response in Light of Rising Shareholder Engagements</li> </ul>
Dato' Heng Ji Keng	<ul style="list-style-type: none"> <li>• 2015 Asia Pacific Regional Conference</li> <li>• Fruitful Friday – Technical Updates (Audit)</li> <li>• National Tax Conference 2015</li> <li>• Board Chairman Series Part 2: Leadership Excellence from the Chair</li> <li>• Half-day Seminar on Quality Control</li> <li>• Board Chairman Series: Tone from the Chair and Establishing Boundaries</li> <li>• Baker Tilly Connect 2015 – Alignment &amp; Organisation Values</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> <li>• 2016 Budget Seminar</li> </ul>

# CORPORATE GOVERNANCE STATEMENT

## Principle 4 – Foster Commitment of Directors *(cont'd)*

### *Directors' Training – Continuing Education Programmes (cont'd)*

Directors	Trainings attended
Siow Tiang Sae	<ul style="list-style-type: none"> <li>• Enterprise Risk Management Workshop</li> <li>• Workshop on Understanding and Calculation of MTD and MTD as Final Tax</li> <li>• Workshop on Internet of Things ("IoT") – IoT Initiative</li> <li>• Collaborative Innovation: Transforming Business, Driving Growth</li> <li>• Introduction to Intellectual Property ("IP") Right, IP Management, Patent and IP Informatics</li> <li>• Corporate Governance Breakfast Series with Directors: The Board's Response in Light of Rising Shareholder Engagements</li> <li>• Sustainability Symposium: Responsible Business, Responsible Investing</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> </ul>
Nicholas Tan Chye Seng	<ul style="list-style-type: none"> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> </ul>
Sow Soon Hock	<ul style="list-style-type: none"> <li>• Enterprise Risk Management Workshop</li> <li>• Sustainability Reporting &amp; New and Revised Auditor Reporting</li> </ul>

During the financial year, the Chief Financial Officer and External Auditors also briefed the Board members on any relevant changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements. The Directors continue to undergo relevant training programs to further enhance their skills and knowledge in the discharge of their stewardship role.

## Principle 5 – Uphold Integrity in Financial Reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the President's Statement and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising exclusively Independent Non-Executive Directors, with Dato' N. Sadasivan s/o N.N. Pillay as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out in year 2015, are set out in the Audit Committee Report on pages 32 to 35 of this Annual Report. One of the key responsibilities of the Audit Committee in its specific terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965, as the case may be. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for obtaining the Audit Committee's approval for such services.

An annual assessment of the competency and independence of the external auditors was conducted by the management via assessment questionnaires and endorsed by the Audit Committee. In assessing the external auditors' performance and suitability, the Audit Committee considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the external auditors.

# CORPORATE GOVERNANCE STATEMENT

## **Principle 5 – Uphold Integrity in Financial Reporting by the Company** *(cont'd)*

Based on the annual assessment conducted and the satisfaction of the external auditors' performance, technical competence and audit independence, the Audit Committee recommended the re-appointment of Messrs KPMG as external auditors of the Company for the financial year ending 31 December 2016. Based on the Audit Committee's recommendation, the Board recommended the re-appointment of the external auditors for approval by the shareholders at the forthcoming Annual General Meeting.

The Audit Committee received a written assurance from the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

## **Principle 6 – Recognise and Manage Risks of the Group**

The Group has implemented a comprehensive risk management framework and established a process for identifying, evaluating and measuring significant risks within the Group. This Enterprise Risk Management Framework that the Group adopted consists of seven (7) elements which are in line with globally accepted risk management standards such as the Australia/New Zealand Risk Management Standards and ISO 31000 Risk Management Standards.

The Audit Committee which has oversight responsibility over risk management and internal control, assists the Board in reviewing the adequacy and integrity of the system of risk management and internal control in the Group.

The implementation and maintenance of the risk management process is carried out by the Group Risk Management Committee ("GRMC"). The GRMC is responsible for creating risk awareness and monitoring major risks whilst the subsidiaries' management is responsible for managing risks, developing, implementing and monitoring the system of internal control.

The results of the reviews are presented in the GRMC meetings on half yearly basis prior to submitting for review and deliberation by the Audit Committee. The GRMC shall report to the Board through Audit Committee on material matters arising from the GRMC meetings and where applicable, shall present the GRMC recommendations to the Board for approval.

In line with the MCCG 2012 and the Listing Requirements of Bursa, the Company has in place a Systems & Internal Audit ("SIA") function, which reports directly to the Audit Committee on the adequacy and effectiveness of the current system of internal controls from the perspectives of governance, risks and controls. All internal audits carried out are guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors. The SIA is independent of the activities it audits and the scope of work covered by the SIA during the financial year under review is set out in the Audit Committee Report set out on pages 32 to 35 of this Annual Report.

## **Principle 7 – Ensure Timely and High Quality Disclosure**

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board has formalized the Corporate Disclosure Policies and Procedures to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, and set out the persons authorised and responsible to approve and disclose material information to regulators, shareholders and stakeholders.

To augment the process of disclosure, the Company's website has a section on corporate governance, where information on the Company's announcements to Bursa, the Charter, rights of shareholders and the Company's Annual Report may be accessed.

# CORPORATE GOVERNANCE STATEMENT

## **Principle 8 – Strengthen Relationship between the Company and its Shareholders**

### *(i) Shareholders participation at General Meetings*

The Annual General Meeting (“AGM”), which is the principal forum for shareholder dialogue, allows shareholders to review the Group’s performance via the Company’s Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group’s operations in general. At the last AGM, a question & answer session was held where the Chairman invited shareholders to raise questions which were addressed by the Board and Senior Management.

The Notice of AGM is circulated at least twenty one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and papers supporting the resolutions proposed as well as to allow them to make necessary arrangements to attend and participate in the general meeting. Shareholders who are unable to attend the general meeting, are encouraged to appoint proxy or proxies to attend and vote at the meetings for and on their behalf. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

### *(ii) Effective communication and proactive engagement with shareholders and investors*

The Board recognises the importance of being transparent and accountable to the Company’s investors. The Company will hold group and individual discussions with analysts, institutional shareholders, and investment communities, at their request, with the view to fostering greater understanding of the business of the Group. The various channels of communications are through the quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group’s website at [www.apm.com.my](http://www.apm.com.my) where shareholders can access corporate information, annual reports, press releases, financial information and Company’s announcements. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail, i.e. [apmah@apm.com.my](mailto:apmah@apm.com.my) to which stakeholders can direct their queries or concerns.

This Statement is dated 8 April 2016.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

In accordance with Paragraph 15.26(b) of the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa”), the Board of Directors (“Board”) of listed company is required to include in its annual report, a statement about the state of internal control of the listed issuer as a group. Further, the Malaysian Code on Corporate Governance stipulates that the Board should establish a sound risk management framework and internal controls system to safeguard the Group’s assets and shareholders’ investments. Accordingly, the Board is pleased to provide the Risk Management and Internal Control Statement which outlines the nature and scope of risk management and internal control of APM and its subsidiaries (“the Group”) during the financial year ended 31 December 2015.

### BOARD’S RESPONSIBILITY

The Board is committed in maintaining a sound system of risk management system and internal control to safeguard the shareholders’ investment and the Group’s assets. The Board acknowledges and affirms its responsibility by reviewing the adequacy and integrity of the Group’s risk management and internal control system. Due to the limitations inherent in any system of internal control, such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives. Accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has established a process for identifying, evaluating and managing significant risks faced by the Group. This is embedded in the Group’s Risk Management Framework (RMF) and the internal control system. These are reviewed on a periodic basis to ensure their continued effectiveness, adequacy and integrity. The Audit Committee which has oversight responsibility over risk management and internal control, assists the Board in reviewing the adequacy and integrity of the system of risk management and internal control in the Group.

The membership of the Audit Committee, summary of its terms of reference and activities are set out on pages 32 to 35 of this Annual Report.

### RISK MANAGEMENT

Risk management is an integral part of the Group’s business operations. The Group has implemented a risk management framework and established a process for the identification, evaluation and reporting of the major risks within the Group. The process established accords with the “Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers”, a publication of Bursa.

The Group Risk Management Committee (“GRMC”) is responsible for creating risk-awareness and monitoring major risks whilst the subsidiaries’ management is responsible for managing risks, developing, implementing and monitoring the system of internal control. The Internal Audit department assists to review the progress of implementation of the subsidiaries’ risks response plans and the effectiveness of existing controls in managing the relevant risks. The results of the reviews are presented in the GRMC meetings. In addition, Internal Audit department also provides training support to subsidiaries upon request or where necessary, to ensure that the established risk management process is carried out appropriately.

The key aspects of the risk management process are:

- Heads of subsidiary and Heads of department at group level undertake to update their risk profiles on a half-yearly basis from the previous update and prepare a report on risk assessment to confirm that they have reviewed the risk profiles, risk reports and related business processes;
- The risk information from the respective subsidiaries and departments are compiled, collated, consolidated and tabled to the GRMC for its consideration and monitoring;
- On a half-yearly basis, the GRMC meets to review the significant risks identified and the progress of the implementation of actions. Consequently, a copy of the minutes of the GRMC meeting is presented to all members of the Audit Committee for review and deliberation. The GRMC shall report to the Board of Directors through the Audit Committee on material matters arising from the GRMC meetings and where applicable, shall present the GRMC recommendations to the Board of Directors for approval.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Continuous efforts are taken to monitor and re-assess the existing risk management framework in order to maintain a proper system of managing risks as well as the related control activities.

The Group has in place a Fraud Prevention Policy (“FPP”) and a Special Complaints Policy (“SCP”) to mitigate the risks of fraud, corruption and other irregularities. The policies establish a procedure that allows employees and other stakeholders to report any wrongdoing by any person in the Group so that appropriate action can be taken immediately. All concerns raised via the SCP channels will be addressed. The policies also include provisions to safeguard the confidentiality of the informants if he or she has acted in good faith, and measures to avoid abuse of the policy for the purposes of making false or malicious allegations.

### INTERNAL AUDIT FUNCTION

The Audit Committee is assisted by the Group’s in-house Internal Audit department. The internal audit function is an integral part of the Group’s internal control system with the audit department reporting to the Audit Committee. Internal audit’s primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations of the Group. Internal audit carries out regular and systematic reviews of the system of internal control of the Group and also the extent of compliance with the Group’s operating policies and procedures. Audit reports and plan status are submitted to the Audit Committee for review on a quarterly basis. Included in the reports are recommended corrective measures on findings identified for implementation by the Management.

### OTHER KEY ELEMENTS OF INTERNAL CONTROL

Other key elements of the internal control system of the Group are as follows:

- The executive directors manage the businesses and hold dialogues with senior management of the various subsidiaries;
- There are clearly defined delegation of responsibilities and limits of authority for different processes, decisions and commitments;
- The Executive Management Committee (“EMC”), established by the Board to manage and control the Group’s businesses, monitors the performance of the subsidiaries and identifies areas requiring follow-up actions. The EMC is further supported by various sub-committees. Matters beyond the EMC’s limits of authority are referred to the Board for approval;
- The Board meets at least quarterly to discuss the performance of the Group and other major issues. The year end financial statements and the announcements of the quarterly results are reviewed by the Audit Committee before the Board’s approval and release to Bursa; and
- The Board also reviews and approves the Group’s annual budget and business plan consisting of the budgets and business plans of the subsidiaries. These plans set out the key business objectives of the respective subsidiaries including major risks, opportunities as well as the action plans.

This Risk Management and Internal Control Statement has not dealt with associates and joint ventures where the Group does not have full management over them. However, the Group’s interest is served through representations on the Board of the respective associates and joint ventures.

The Board has received reasonable assurance from the Management that the Group’s risk management and internal control system is operating adequately and effectively in all material aspects based on the Group’s risk management framework.

## RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

### REVIEW OF STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this statement pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants (“MIA”) for inclusion in the annual report for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report, in all material respects:

- a) has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or
- b) is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control 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 Board of Directors and management thereon. The auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

# AUDIT COMMITTEE REPORT

The Audit Committee (“AC”) was formed on 1 November 1999. The current terms of reference of the AC, were adopted by the Board of Directors at a meeting held on 22 January 2013.

## Composition and Meetings

The composition of the AC and the attendance of its members at the five (5) meetings held during the financial year ended 31 December 2015 were as follows:-

Name	Attendance
<b>Dato’ N. Sadasivan s/o N.N. Pillay</b> , <i>Chairman, Senior Independent Non-Executive Director</i>	5/5
<b>Dato’ Haji Kamaruddin @ Abas Bin Nordin</b> , <i>Independent Non-Executive Director</i>	5/5
<b>Dato’ Heng Ji Keng</b> , <i>Independent Non-Executive Director</i>	3/5

## Terms of Reference

### (a) Membership

The AC shall be appointed by the Board from amongst the Directors and shall comprise of no fewer than three (3) members. All AC members must be Non-Executive Directors, with a majority of them being Independent Directors.

The AC shall include at least one (1) Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least three (3) years working experience and have passed the examinations specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad (“Bursa”).

No alternate director shall be appointed a member of the AC. The members of the AC shall elect a Chairman from amongst their number who shall be an Independent Director.

In the event of any vacancy in the AC which results in a breach in the Main Market Listing Requirements (“Listing Requirements”) of Bursa, the vacancy must be filled within three (3) months.

The term of office and performance of the AC and each of its members shall be reviewed by the Board at least once every three (3) years.

### (b) Authority

The AC is authorised by the Board, and at the cost of the Company, to:

- (1) investigate any matter within its terms of reference;
- (2) have the resources which are required to perform its duties;
- (3) have full and unrestricted access to any information pertaining to the Company or the Group;
- (4) have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity (if any);
- (5) be able to obtain independent professional or other advice; and
- (6) convene meetings with the external auditors, the internal auditors or both, excluding the attendance of the other Directors and employees of the Company.

# AUDIT COMMITTEE REPORT

## Terms of Reference *(cont'd)*

### (c) **Functions**

The functions of the AC shall be, amongst others, to:-

- (1) review the following and report the same to the Board:
  - (a) the audit plan, the evaluation of the system of internal control and the audit report with the external auditors as well as the assistance given by the employees of the Company/Group to the external auditors;
  - (b) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
  - (c) the internal audit programme and processes, ensuring adoption of standards established by professional bodies, and the results of the same or investigations undertaken and whether appropriate action is taken on the recommendations of the internal audit function;
  - (d) the quarterly results and year-end financial statements, prior to approval by the Board, focusing on changes in or implementation of major accounting policy changes, significant and unusual events and compliance with accounting standards and other legal requirements;
  - (e) any related party transaction and conflict of interest situation that may arise within the Company or Group, including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (f) assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
  - (g) policy on non-audit services which may be provided by the external auditors and conditions and procedures which must be adhered by the external auditors in the provision of such services;
  - (h) any letter of resignation from external auditors;
  - (i) whether there is reason to believe that the external auditors are not suitable for re-appointment; and
  - (j) the proposed audit fees for the external auditors in respect of their audit of the financial statements of the Company and the Group;
- (2) recommend the nomination of person or persons as external auditors;
- (3) approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members;
- (4) approval of non-audit services provided by external auditors; and
- (5) any other function as may be required by the Board from time to time.

# AUDIT COMMITTEE REPORT

## **Terms of Reference** *(cont'd)*

### **(d) Conduct of Meetings**

The Chairman shall call for meetings to be held not less than four (4) times a year. Any member of the AC may at any time, and the Company Secretaries shall on requisition of the member, summon a meeting. Except in the case of an emergency, seven (7) days' notice of meeting shall be given in writing to all members.

A quorum of meetings shall be a majority of Independent Directors. Meetings shall be chaired by the Chairman, and in his absence, by an Independent Director. Decisions shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the Company Secretaries shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the AC. A representative of the external auditors shall attend the meeting to consider the final financial statements and such other meetings determined by the AC.

The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

### **(e) Reporting Procedures**

The Company Secretaries shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board. The AC shall prepare, for the Board and for inclusion in the Company's Annual Report, a summary of its activities in the discharge of its functions and duties for the financial year. The AC must promptly report to Bursa a matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

## **SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE**

The AC has carried out the following activities during the year, which encompassed:-

- reviewed the Group's audit strategy and plan with the external auditors before commencement of the audit for the financial year end;
- reviewed the annual audited financial statements and principal matters arising from audit with the external auditors;
- reviewed the quarterly financial results before recommending to the Board for consideration and approval;
- reviewed and approved the Annual Internal Audit Plan to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks;
- reviewed the internal audit reports and risk management reports of the Group;
- reviewed the Risk Management and Internal Control Statement;
- reviewed the related party transactions and recurrent related party transactions of the Group on quarterly basis; and
- made recommendation to the Board on the re-appointment of the external auditors and the audit fees.

# AUDIT COMMITTEE REPORT

## SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION AND RISK MANAGEMENT PROCESS

The Group has an adequately resourced in-house internal audit function. The principal role of the internal audit function is to undertake regular and systematic reviews of the systems of internal control so as to provide reasonable assurance that:

- the Group has sound system of internal control;
- established policies and procedures are adhered to; and
- continue to be effective in addressing the risks identified.

It reports directly to the AC, which reviews and approves its annual audit plan. Internal audit functions independently of the activities it audits.

During the year ended 31 December 2015, the internal audit function undertook audit reviews on major subsidiaries of the Group covering operation audit, financial audit and compliance audit. In addition, it also performed ad hoc reviews/ investigations as well as routine year end reviews such as annual stock takes, recurrent related party transactions and its pricing reviews.

On quarterly basis, internal audit submits audit reports and status of the internal audit plan for review and approval by the AC. Audit reports also encompassed recommendations for improvements to address and rectify the weaknesses identified in operations processes which were deemed practical and necessary for implementation by management. Follow-up reviews were carried out to ascertain that management action plans had been duly implemented.

During the financial year ended 31 December 2015, the total cost incurred for the internal audit function was RM504,185 (2014: RM471,528).

Risk management is an integral part of the Group's business operations. The Group has implemented a risk management framework and established a process for the identification, evaluation and reporting of the major risks within the Group. The implementation and maintenance of the risk management process is carried out by the Group Risk Management Committee ("GRMC").

The review of the risk management processes is delegated by the Board to the GRMC. In this regards, half-yearly risk management reporting and the annual Risk Management and Internal Control Statement are reviewed and deliberated by the AC prior to recommending for endorsement by the Board. The internal audit function also assisted the GRMC in discharging its responsibilities by ensuring that the on-going risk management process had been duly accomplished.

A Risk Management and Internal Control Statement which provides an overview of the state of internal controls within the Group is set out on pages 29 to 31 of this Annual Report.

## OTHER STATEMENTS AND DISCLOSURES

### 1. Share Buy-Back

During the financial year ended 31 December 2015, 96,800 ordinary shares of RM1.00 each were repurchased as treasury shares for a total consideration of RM471,344.59. All the said repurchased shares were retained as treasury shares and none of the repurchased shares was resold or cancelled during the financial year ended 31 December 2015.

The details of the shares bought back during the financial year ended 31 December 2015 are as follows:-

Month	Number of shares purchased	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total Consideration (RM)
March	1,000	4.97	4.97	4.97	5,016.50
May	50,000	5.00	5.00	5.00	251,074.50
June	24,700	4.95	4.64	4.85	119,909.66
July	20,100	4.50	4.49	4.53	91,095.19
August	1,000	4.20	4.20	4.20	4,248.74
<b>Total</b>	<b>96,800</b>				<b>471,344.59</b>

### 2. Non-Audit Fees

The amount of non-audit fees paid by the Company to its external auditors or a firm or company affiliate to the external auditors during the financial year ended 31 December 2015 was RM332,172.

### 3. Material Contracts

There were no material contracts of the Company and its subsidiaries involving directors' and major shareholders' interests, either subsisting at the end of the financial year or entered into since the end of the previous financial year.

### 4. Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPT")

The details of related party transactions undertaken by the Group during the financial year ended 31 December 2015 as stated in Note 31 of the financial statements on pages 94 to 95 of this Annual Report.

### 5. Directors' Responsibility Statement

The Directors are required by the Companies Act, 1965 ("the Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and the Company, and their results for the financial year.

In preparing the financial statements for the year ended 31 December 2015, the Directors have:

- (i) adopted the appropriate accounting policies, which are consistently applied;
- (ii) made judgements and estimates that are reasonable and prudent; and
- (iii) ensured that the applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Group and the Company keep accounting records which disclose, with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Act. The Directors have general responsibility for taking such steps as are reasonably available to them to safeguard the assets of the Group and to prevent and detect fraud and as well as other irregularities.



# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

## for the year ended 31 December 2015

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2015.

### Principal activities

The Company is principally an investment holding company. The principal activities of the subsidiaries are as stated in Note 32 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

### Results

	<b>Group</b> <b>RM'000</b>	<b>Company</b> <b>RM'000</b>
Profit for the year attributable to:		
Owners of the Company	60,490	86,139
Non-controlling interests	11,423	-
	<hr/> 71,913	<hr/> 86,139

### Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

### Dividends

Since the end of the previous financial year, the Company paid:

- a) a final ordinary dividend of 12 sen per ordinary share totalling RM23,475,000 in respect of the financial year ended 31 December 2014 on 26 June 2015; and
- b) an interim ordinary dividend of 7.5 sen per ordinary share totalling RM14,669,000 in respect of the financial year ended 31 December 2015 on 29 September 2015.

The Directors propose a final ordinary dividend of 12 sen per ordinary share totalling RM23,471,000 in respect of the financial year ended 31 December 2015. This dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

### Directors of the Company

Directors who served since the date of the last report are:

Dato' Tan Heng Chew  
Dato' Tan Eng Hwa  
Low Seng Chee  
Dato' N. Sadasivan s/o N.N. Pillay  
Dato' Haji Kamaruddin @ Abas Bin Nordin  
Dato' Heng Ji Keng  
Siow Tiang Sae  
Nicholas Tan Chye Seng  
Sow Soon Hock

# DIRECTORS' REPORT

for the year ended 31 December 2015

## Directors' interests in shares

The interests and deemed interests in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM1 each			
	At 1.1.2015	Bought	Sold	At 31.12.2015
<i>Shareholdings in which Directors have direct interests:</i>				
Interests in the Company:				
Dato' Tan Heng Chew	5,924,999	-	-	5,924,999
Dato' Tan Eng Hwa	207,008	-	-	207,008
Dato' Haji Kamaruddin @ Abas Bin Nordin	5,448	-	-	5,448
Nicholas Tan Chye Seng	185,600	-	-	185,600
Siow Tiang Sae	2,050	-	-	2,050

### *Shareholdings in which Directors have deemed interests in the Company*

Interests in the Company:				
Dato' Tan Heng Chew	92,157,784	-	-	92,157,784 <sup>(1)</sup>
Dato' Tan Eng Hwa	15,267,728	-	-	15,267,728 <sup>(2)</sup>

<sup>(1)</sup> Deemed interest by virtue of interests in Tan Chong Consolidated Sdn. Bhd. and Wealthmark Holdings Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and interests held by spouse and son by virtue of Section 134(12)(c) of the Companies Act, 1965

<sup>(2)</sup> Deemed interest by virtue of interests in Wealthmark Holdings Sdn. Bhd. and Solomon House Sdn. Bhd. pursuant to Section 6A of the Companies Act, 1965 and interest held by spouse by virtue of Section 134(12)(c) of the Companies Act, 1965

Dato' Tan Heng Chew and Dato' Tan Eng Hwa by virtue of their shareholdings in the Company are also deemed interested in the shares of the subsidiaries during the financial year to the extent that the Company has an interest. Details of their deemed shareholdings in non-wholly-owned subsidiaries are shown in Note 32 to the financial statements.

None of the other Directors holding office at 31 December 2015 had any interest in the ordinary shares of the Company and of its related corporations during the financial year.

## Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements or the fixed salary of a full time employee of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest other than certain Directors who have substantial financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 31 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# DIRECTORS' REPORT

## for the year ended 31 December 2015

### Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

### Treasury shares

During the financial year, the Company repurchased 96,800 of its issued ordinary shares from the open market at an average price of RM4.87 per ordinary share. The total consideration paid for the repurchase including transaction costs was RM471,000. The ordinary shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 31 December 2015, the Company held as treasury shares a total of 6,011,500 of its 201,600,000 issued ordinary shares. Such treasury shares are held at a carrying amount of RM13,289,000 and further relevant details are disclosed in Note 16 to the financial statements.

### Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

### Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

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

- i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or
- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

# DIRECTORS' REPORT

for the year ended 31 December 2015

## **Other statutory information** *(cont'd)*

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2015 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

## **Subsequent event**

The subsequent event is disclosed in Note 37 to the financial statements.

## **Auditors**

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

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

**Low Seng Chee**

**Dato' Tan Eng Hwa**

Selangor Darul Ehsan,

Date: 8 April 2016

# STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Assets</b>					
Property, plant and equipment	3	466,610	406,103	-	-
Prepaid lease payments	4	16,926	14,869	-	-
Investment properties	5	97,854	97,290	-	-
Investments in subsidiaries	6	-	-	431,539	384,712
Investment in an associate	7	11,463	8,864	-	-
Investments in joint ventures	8	29,948	34,524	-	-
Intangible assets	9	23,381	11,632	-	-
Deferred tax assets	10	11,101	14,731	-	-
<b>Total non-current assets</b>		<b>657,283</b>	<b>588,013</b>	<b>431,539</b>	<b>384,712</b>
Inventories	11	221,793	209,096	-	-
Other investments	12	141,969	78,506	10,286	500
Current tax assets		22,966	5,760	-	538
Trade and other receivables, including derivatives	13	211,190	282,824	36,680	41,363
Deposits and prepayments	14	30,991	55,019	5	24
Cash and cash equivalents	15	264,214	279,384	1,413	7,058
<b>Total current assets</b>		<b>893,123</b>	<b>910,589</b>	<b>48,384</b>	<b>49,483</b>
<b>Total assets</b>		<b>1,550,406</b>	<b>1,498,602</b>	<b>479,923</b>	<b>434,195</b>
<b>Equity</b>					
Share capital		201,600	201,600	201,600	201,600
Reserves		995,091	954,774	288,407	240,412
Treasury shares		(13,289)	(12,818)	(13,289)	(12,818)
<b>Equity attributable to owners</b>	16	<b>1,183,402</b>	<b>1,143,556</b>	<b>476,718</b>	<b>429,194</b>
<b>Non-controlling interests</b>		<b>37,220</b>	<b>32,949</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>		<b>1,220,622</b>	<b>1,176,505</b>	<b>476,718</b>	<b>429,194</b>
<b>Liabilities</b>					
Employee benefits	17	13,001	11,448	615	615
Deferred tax liabilities	10	32,576	28,246	-	-
<b>Total non-current liabilities</b>		<b>45,577</b>	<b>39,694</b>	<b>615</b>	<b>615</b>
Loans and borrowings	18	56,194	37,029	-	-
Provisions	19	17,532	21,503	-	-
Trade and other payables, including derivatives	20	208,787	221,464	2,540	4,386
Current tax liabilities		1,694	2,407	50	-
<b>Total current liabilities</b>		<b>284,207</b>	<b>282,403</b>	<b>2,590</b>	<b>4,386</b>
<b>Total liabilities</b>		<b>329,784</b>	<b>322,097</b>	<b>3,205</b>	<b>5,001</b>
<b>Total equity and liabilities</b>		<b>1,550,406</b>	<b>1,498,602</b>	<b>479,923</b>	<b>434,195</b>

The notes on pages 52 to 115 are an integral part of these financial statements.

## STATEMENT OF FINANCIAL POSITION

as at 31 December 2015 (in USD equivalent)

	Group	
	31.12.2015	31.12.2014
	USD'000	USD'000
<b>Assets</b>		
Property, plant and equipment	108,716	116,195
Prepaid lease payments	3,944	4,254
Investment properties	22,799	27,837
Investment in an associate	2,671	2,536
Investments in joint ventures	6,978	9,878
Intangible assets	5,448	3,328
Deferred tax assets	2,586	4,215
<b>Total non-current assets</b>	<b>153,142</b>	<b>168,243</b>
Inventories	51,676	59,827
Other investments	33,078	22,462
Current tax assets	5,351	1,648
Trade and other receivables, including derivatives	49,205	80,925
Deposits and prepayments	7,221	15,742
Cash and cash equivalents	61,560	79,938
<b>Total current assets</b>	<b>208,091</b>	<b>260,542</b>
<b>Total assets</b>	<b>361,233</b>	<b>428,785</b>
<b>Equity</b>		
Share capital	46,971	57,682
Reserves	231,848	273,183
Treasury shares	(3,096)	(3,668)
<b>Equity attributable to owners</b>	<b>275,723</b>	<b>327,197</b>
<b>Non-controlling interests</b>	<b>8,672</b>	<b>9,427</b>
<b>Total equity</b>	<b>284,395</b>	<b>336,624</b>
<b>Liabilities</b>		
Employee benefits	3,029	3,276
Deferred tax liabilities	7,590	8,082
<b>Total non-current liabilities</b>	<b>10,619</b>	<b>11,358</b>
Loans and borrowings	13,093	10,595
Provisions	4,085	6,153
Trade and other payables, including derivatives	48,646	63,366
Current tax liabilities	395	689
<b>Total current liabilities</b>	<b>66,219</b>	<b>80,803</b>
<b>Total liabilities</b>	<b>76,838</b>	<b>92,161</b>
<b>Total equity and liabilities</b>	<b>361,233</b>	<b>428,785</b>

The information presented on this page does not form part of the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM4.292 = USD1.00 (2014 - RM3.495 = USD1.00) which approximates the prevailing rate on 31 December 2015.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	21	1,152,839	1,227,870	86,584	70,000
Cost of sales		(960,919)	(1,003,896)	-	-
<b>Gross profit</b>		191,920	223,974	86,584	70,000
Other income		21,535	15,093	747	38
Distribution expenses		(21,828)	(27,673)	-	-
Administrative expenses		(84,714)	(72,184)	(1,988)	(5,284)
Other expenses		(18,390)	(3,593)	(17)	(69)
<b>Results from operating activities</b>		88,523	135,617	85,326	64,685
Finance costs	22	(1,471)	(1,326)	(165)	(186)
Finance income	23	11,086	9,791	1,256	1,086
<b>Net finance income</b>		9,615	8,465	1,091	900
Share of profit of equity-accounted associate, net of tax		2,254	228	-	-
Share of (loss)/profit of equity-accounted joint ventures, net of tax		(5,366)	975	-	-
<b>Profit before tax</b>	24	95,026	145,285	86,417	65,585
Income tax expense	26	(23,113)	(34,133)	(278)	(209)
<b>Profit for the year</b>		71,913	111,152	86,139	65,376
<b>Other comprehensive income, net of tax</b>					
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Revaluation of property, plant and equipment		-	92,395	-	-
<b>Items that will be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		16,429	2,295	-	-
Share of gain of equity-accounted investees		1,542	122	-	-
<b>Other comprehensive income for the year</b>	27	17,971	94,812	-	-
<b>Total comprehensive income for the year</b>		89,884	205,964	86,139	65,376
<b>Profit attributable to:</b>					
Owners of the Company		60,490	98,403	86,139	65,376
Non-controlling interests		11,423	12,749	-	-
<b>Profit for the year</b>		71,913	111,152	86,139	65,376
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		78,461	193,215	86,139	65,376
Non-controlling interests		11,423	12,749	-	-
<b>Total comprehensive income for the year</b>		89,884	205,964	86,139	65,376
Basic earnings per ordinary share (sen)	28	30.9	50.3		

The notes on pages 52 to 115 are an integral part of these financial statements.

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015 [in USD equivalent]

	Group	
	2015 USD'000	2014 USD'000
Revenue	268,602	351,322
Cost of sales	(223,886)	(287,238)
<b>Gross profit</b>	44,716	64,084
Other income	5,017	4,318
Distribution expenses	(5,086)	(7,918)
Administrative expenses	(19,738)	(20,654)
Other expenses	(4,285)	(1,028)
<b>Results from operating activities</b>	20,624	38,802
Finance costs	(343)	(379)
Finance income	2,583	2,801
<b>Net finance income</b>	2,240	2,422
Share of profit of equity-accounted associate, net of tax	525	65
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(1,250)	279
<b>Profit before tax</b>	22,139	41,568
Income tax expense	(5,385)	(9,766)
<b>Profit for the year</b>	16,754	31,802
<b>Other comprehensive income, net of tax</b>		
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Revaluation of property, plant and equipment	-	26,436
<b>Items that will be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for foreign operations	3,828	657
Share of gain of equity-accounted investees	359	35
<b>Other comprehensive income for the year</b>	4,187	27,128
<b>Total comprehensive income for the year</b>	20,941	58,930
<b>Profit attributable to:</b>		
Owners of the Company	14,093	28,154
Non-controlling interests	2,661	3,648
<b>Profit for the year</b>	16,754	31,802
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	18,280	55,282
Non-controlling interests	2,661	3,648
	20,941	58,930
<b>Basic earnings per ordinary share (sen)</b>	7.2	14.4

The information presented on this page does not form part of the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM4.292 = USD1.00 (2014 - RM3.495 = USD1.00) which approximates the prevailing rate on 31 December 2015.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	Note	Attributable to the owners of the Group						Total	Non-controlling interests	Total equity
		Share capital	Treasury shares	Share premiums	Revaluation reserve	Translation reserve	Retained earnings			
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
<b>At 1 January 2014</b>		201,600	(12,806)	17,898	-	(12,142)	793,962	988,512	26,200	1,014,712
Revaluation of property, plant and equipment, net of tax	27	-	-	-	92,395	-	-	92,395	-	92,395
Foreign currency translation differences for foreign operations	27	-	-	-	-	2,295	-	2,295	-	2,295
Share of gain of equity-accounted investees	27	-	-	-	-	122	-	122	-	122
<b>Total other comprehensive income for the year</b>		-	-	-	92,395	2,417	-	94,812	-	94,812
Profit for the year		-	-	-	-	-	98,403	98,403	12,749	111,152
<b>Total comprehensive income for the year</b>		-	-	-	92,395	2,417	98,403	193,215	12,749	205,964
Own shares acquired		-	(12)	-	-	-	-	(12)	-	(12)
Dividends to owners of the Company										
- Final 2013 ordinary	29	-	-	-	-	-	(23,483)	(23,483)	-	(23,483)
- Interim 2014 ordinary	29	-	-	-	-	-	(14,676)	(14,676)	-	(14,676)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(6,000)	(6,000)
<b>Total transactions with owners of the Group</b>		-	(12)	-	-	-	(38,159)	(38,171)	(6,000)	(44,171)
<b>At 31 December 2014</b>		201,600	(12,818)	17,898	92,395	(9,725)	854,206	1,143,556	32,949	1,176,505
		Note 16	Note 16	Note 16	Note 16	Note 16	Note 16			

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Group	Note	← Attributable to the owners of the Group →						Total	Non-controlling interests	Total equity
		← Non-distributable →			→ Distributable →					
		Share capital	Treasury shares	Share premiums	Revaluation reserve	Translation reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>At 1 January 2015</b>		201,600	(12,818)	17,898	92,395	(9,725)	854,206	1,143,556	32,949	1,176,505
Foreign currency translation differences for foreign operations	27	-	-	-	-	16,429	-	16,429	-	16,429
Share of gain of equity-accounted investees	27	-	-	-	-	1,542	-	1,542	-	1,542
Total other comprehensive income for the year		-	-	-	-	17,971	-	17,971	-	17,971
Profit for the year		-	-	-	-	-	60,490	60,490	11,423	71,913
<b>Total comprehensive income for the year</b>		-	-	-	-	17,971	60,490	78,461	11,423	89,884
Own shares acquired		-	(471)	-	-	-	-	(471)	-	(471)
Subscription of shares by non-controlling interests		-	-	-	-	-	-	-	1,738	1,738
Dividends to owners of the Company										
- Final 2014 ordinary	29	-	-	-	-	-	(23,475)	(23,475)	-	(23,475)
- Interim 2015 ordinary	29	-	-	-	-	-	(14,669)	(14,669)	-	(14,669)
Dividends to non-controlling interests		-	-	-	-	-	-	-	(8,003)	(8,003)
Effect of change from joint venture to subsidiary		-	-	-	-	-	-	-	(887)	(887)
<b>Total transactions with owners of the Group</b>		-	(471)	-	-	-	(38,144)	(38,615)	(7,152)	(45,767)
<b>At 31 December 2015</b>		201,600	(13,289)	17,898	92,395	8,246	876,552	1,183,402	37,220	1,220,622
		Note 16	Note 16	Note 16	Note 16	Note 16	Note 16			

The notes on pages 52 to 115 are an integral part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

Company	Note	← Attributable to the owners of the Company →				Total equity
		Share capital	Treasury shares	Share premium	Retained earnings	
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2014</b>		201,600	(12,806)	17,898	195,297	401,989
Profit for the year		-	-	-	65,376	65,376
<b>Total comprehensive income for the year</b>		-	-	-	65,376	65,376
Own shares acquired		-	(12)	-	-	(12)
Dividends to owners of the Company						
- Final 2013 ordinary	29	-	-	-	(23,483)	(23,483)
- Interim 2014 ordinary	29	-	-	-	(14,676)	(14,676)
<b>Total transactions with owners of the Company</b>		-	(12)	-	(38,159)	(38,171)
<b>At 31 December 2014/1 January 2015</b>		201,600	(12,818)	17,898	222,514	429,194
Profit for the year		-	-	-	86,139	86,139
<b>Total comprehensive income for the year</b>		-	-	-	86,139	86,139
Own shares acquired		-	(471)	-	-	(471)
Dividends to owners of the Company						
- Final 2014 ordinary	29	-	-	-	(23,475)	(23,475)
- Interim 2015 ordinary	29	-	-	-	(14,669)	(14,669)
<b>Total transactions with owners of the Company</b>		-	(471)	-	(38,144)	(38,615)
<b>At 31 December 2015</b>		201,600	(13,289)	17,898	270,509	476,718
		Note 16	Note 16	Note 16	Note 16	

The notes on pages 52 to 115 are an integral part of these financial statements.

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from operating activities</b>					
Profit before tax		95,026	145,285	86,417	65,585
<i>Adjustments for:</i>					
Amortisation of intangible assets	9	5,088	351	-	-
Amortisation of prepaid lease payments	4	97	93	-	-
Depreciation of property, plant and equipment	3	40,957	31,778	-	125
Change in fair value of investment properties	5	(564)	(5,434)	-	-
Inventories written off		5,914	308	-	-
Employee benefits	17	2,016	1,541	-	-
Finance costs	22	1,471	1,326	165	186
Interest income	23	(11,086)	(9,791)	(1,256)	(1,086)
(Gain)/Loss on disposal of property, plant and equipment		(97)	(1,029)	-	51
Provision of warranties	19	5,161	3,765	-	-
Provision of warranties reversed	19	(4,187)	(1,148)	-	-
Property, plant and equipment written off		56	3,358	-	-
Share of profit of associate, net of tax		(2,254)	(228)	-	-
Share of loss/(profit) of joint ventures, net of tax		5,366	(975)	-	-
Operating profit before changes in working capital		142,964	169,200	85,326	64,861
Deposits and prepayments		18,970	19,360	19	49
Inventories		(14,577)	22,505	-	-
Trade and other payables, including derivatives		(25,859)	5,612	(1,846)	(1,745)
Trade and other receivables, including derivatives		74,628	(5,069)	4,683	6,777
<b>Cash generated from operations</b>		196,126	211,608	88,182	69,942
Employee benefits paid	17	(463)	(394)	-	-
Interest received	23	11,086	9,791	1,256	1,086
Interest paid	22	(1,471)	(1,326)	(165)	(186)
Warranties utilised	19	(4,945)	(4,661)	-	-
Income tax refunded		1,045	2,698	555	133
Income tax paid		(32,396)	(43,160)	(245)	(160)
<b>Net cash generated from operating activities</b>		168,982	174,556	89,583	70,815

# STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of property, plant and equipment	3	(95,661)	(91,210)	-	-
Addition of intangible assets	9	(10,257)	(101)	-	-
Acquisition of business	9	-	(13,856)	-	-
Net increase in other investments		(63,463)	(78,506)	(9,786)	(500)
Investment in subsidiaries		-	-	(46,827)	(28,967)
Proceeds from disposal of property, plant and equipment		436	2,010	-	130
Proceeds from transfer of property, plant and equipment		-	-	-	536
Proceeds from disposals in joint ventures		-	315	-	-
Subscription of shares in joint ventures		-	(2,122)	-	-
Net effect of changes from joint venture to subsidiary, net cash inflows		59	-	-	-
<b>Net cash used in investing activities</b>		<b>(168,886)</b>	<b>(183,470)</b>	<b>(56,613)</b>	<b>(28,801)</b>
<b>Cash flows from financing activities</b>					
Dividends paid to non-controlling interests		(8,003)	(6,000)	-	-
Dividends paid to owners of the Company	29	(38,144)	(38,159)	(38,144)	(38,159)
Dividend received from joint ventures		-	600	-	-
Loans and borrowings		19,165	24,182	-	-
Purchase of Company's own shares		(471)	(12)	(471)	(12)
Subscription of shares in subsidiary by non-controlling interests		1,738	-	-	-
<b>Net cash used in financing activities</b>		<b>(25,715)</b>	<b>(19,389)</b>	<b>(38,615)</b>	<b>(38,171)</b>

## STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(25,619)	(28,303)	(5,645)	3,843
Effect of exchange rate fluctuations		10,449	1,271	-	-
Cash and cash equivalents at beginning of year	(i)	279,384	306,416	7,058	3,215
<b>Cash and cash equivalents at end of year</b>	(i)	264,214	279,384	1,413	7,058

i) *Cash and cash equivalents*

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	15	172,494	181,492	629	5,862
Corporate management accounts	15	31,244	47,522	125	497
Cash and bank balances	15	60,476	50,370	659	699
		264,214	279,384	1,413	7,058

Corporate management accounts are interest bearing current accounts maintained with a bank.

# NOTES TO THE FINANCIAL STATEMENTS

APM Automotive Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are as follows:

## **Principal place of business**

Lot 600, Pandamaran Industrial Estate  
Locked Bag No. 218  
42009 Port Klang  
Selangor Darul Ehsan

## **Registered office**

62-68, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 comprised the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interests in an associate and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2015 do not include other entities.

The Company is principally an investment holding company. The principal activities of the subsidiaries are as stated in Note 32 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 8 April 2016.

## **1. Basis of preparation**

### **(a) Statement of compliance**

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2016**

- MFRS 14, Regulatory Deferral Accounts\*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*\*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*\*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*\*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*\*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*\*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation *(cont'd)*

### (a) Statement of compliance *(cont'd)*

#### ***MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018***

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

#### ***MFRSs, Interpretations and amendments effective for a date yet to be confirmed***

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016, except for those marked “\*\*” which are not applicable to the Group.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company except as mentioned below:

#### (i) **MFRS 15, Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group will assess the financial impact that may arise from the adoption of MFRS 15.

#### (ii) **MFRS 9, Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group will assess the financial impact that may arise from the adoption of MFRS 9.

### (b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those as disclosed in Note 2.

### (c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. Basis of preparation *(cont'd)*

### (d) Use of estimates and judgements

The preparation of the financial statements in conformity with Malaysian Financial Reporting Standards (MFRSs) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- Note 3 – Valuation of property, plant and equipment
- Note 5 – Valuation of investment properties
- Note 19 – Provisions for warranties and contingent liabilities

## 2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

### (a) Basis of consolidation

#### (i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

#### (ii) Business combinations

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (a) Basis of consolidation *(cont'd)*

##### (ii) Business combinations *(cont'd)*

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### (iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

##### (iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### (v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (a) Basis of consolidation *(cont'd)*

##### (v) Associates *(cont'd)*

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses. The cost of the investment includes transaction costs.

##### (vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

##### (vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

##### (viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies *(cont'd)*

### (b) Foreign currency

#### (i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

#### (ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

### (c) Financial instruments

#### (i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

# NOTES TO THE FINANCIAL STATEMENTS

## 2. Significant accounting policies *(cont'd)*

### (c) Financial instruments *(cont'd)*

#### (ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

#### Financial assets

##### (a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

##### (b) Loans and receivables

Loans and receivables category comprises trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)).

#### Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

#### (iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (c) Financial instruments *(cont'd)*

##### (iv) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the profit or loss.

#### (d) Property, plant and equipment

##### (i) Recognition and measurement

Items of property, plant and equipment are stated at cost/valuation less any accumulated depreciation and any accumulated impairment losses. Freehold land is stated at revaluation.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

##### Property under the revaluation model

The Group revalues its property comprising land and building every 3 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

##### (ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (d) Property, plant and equipment *(cont'd)*

##### (iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

• long term leasehold land	64 - 80 years
• buildings	20 - 25 years
• plant, machinery and equipment	1 - 10 years
• furniture, fittings and office equipment	2 - 7 years
• motor vehicles	5 - 10 years
• renovation	10 - 25 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period and adjusted as appropriate.

#### (e) Leased assets

##### (i) Finance leases

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment, or as investment property if held to earn rental income or for capital appreciation or for both.

##### (ii) Operating leases

Leases, where the Group does not assume substantially all the risks and rewards of the ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (f) Intangible assets

##### (i) Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

##### (ii) Development expenditure

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Expenditure on development activities, whereby the application of research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure stated at cost less accumulated amortisation and any accumulated impairment losses.

##### (iii) Technical know-how

Technical know-how intangible asset comprises the right to use certain technical knowledge and/or know-how to manufacture and sell automotive parts.

Cost incurred to acquire technical know-how is capitalised only if it can be measured reliably, future economic benefits are probable and the Group intends to and has sufficient resources to use or sell the asset.

Capitalised technical know-how is stated at cost less accumulated amortisation and any accumulated impairment losses.

##### (iv) Other intangible assets

Intangible assets, other than goodwill that are acquired by the Group, which have finite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

##### (v) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure including expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

##### (vi) Amortisation

Goodwill and intangible assets with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (f) Intangible assets *(cont'd)*

##### (vi) Amortisation *(cont'd)*

The estimated useful lives for the current and comparative periods are as follows:

• development expenditures	3 - 5 years
• trademarks	2 years
• design	3 years
• technical know-how	1 - 3 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period are adjusted, if appropriate.

#### (g) Investment properties

##### (i) Investment properties carried at fair value

Investment properties are properties which are owned or held under leasehold interest to earn rental income or for capital appreciation or for both but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. These include land held for a currently undetermined future use. Properties that are occupied by the companies in the Group are accounted for as owner-occupied rather than as investment properties.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of the materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

##### (ii) Reclassification to/from investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (h) Inventories

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

The cost of inventories is calculated using the weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

#### (i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits placed with licensed banks which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

#### (j) Impairment

##### (i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries, investment in an associate and investments in joint ventures) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

##### (ii) Other assets

The carrying amounts of other assets (except for inventories, investment properties measured at fair value and deferred tax asset) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (j) Impairment *(cont'd)*

##### (ii) Other assets *(cont'd)*

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

Impairment loss arises on the land and building carried at revaluation model will be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus in respect of that asset. Any excess will be charged to profit or loss.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

#### (k) Equity instruments

Instruments classified as equity are stated at cost on initial recognition and are not remeasured subsequently.

##### (i) Ordinary shares

Ordinary shares are classified as equity.

##### (ii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (l) Employee benefits

##### (i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or incentive if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### (ii) State plans

The Group's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

##### (iii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed every three years by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

##### (i) Warranties

A provision for warranties is recognised when the underlying products are sold. The provision is based on historical warranty claim.

In rare circumstances, a provision for warranties is not made when it is related to unusual product defects and where the amount of obligation cannot be measured with sufficient reliability.

#### (n) Revenue and other income

##### (i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances and trade discounts. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

##### (ii) Services

Revenue from services rendered is recognised in profit or loss as and when the services are performed.

##### (iii) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### (iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

##### (v) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss.

#### (o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

#### (q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

## NOTES TO THE FINANCIAL STATEMENTS

### 2. Significant accounting policies *(cont'd)*

#### (r) Operating segments

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

#### (s) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as 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 measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement 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.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

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

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment

Group	Freehold land	Long term leasehold land	Buildings	Plant, machinery and equipment	Furniture, fittings and office equipment	Motor vehicles	Renovation	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Cost/Valuation</b>									
At 1 January 2014	25,009	26,968	141,502	403,087	27,600	8,457	-	2,071	634,694
Additions	17,417	-	10,509	36,657	3,216	4,368	-	19,043	91,210
Disposals	-	-	-	(3,184)	(463)	(2,797)	-	-	(6,444)
Revaluation surplus (Note 27)	19,976	34,386	61,566	-	-	-	-	-	115,928
Elimination of accumulated depreciation on revaluation	-	(5,854)	(51,532)	-	-	-	-	-	(57,386)
Written off	-	-	(3,279)	(199)	(33)	-	-	(67)	(3,578)
Transfer	-	-	6,618	1,998	-	-	-	(8,616)	-
Transfer from investment properties	-	-	-	-	61	-	-	-	61
Effect of movement in exchange rates	-	-	495	754	264	3	-	-	1,516
At 31 December 2014/ 1 January 2015	62,402	55,500	165,879	439,113	30,645	10,031	-	12,431	776,001
Additions	-	-	2,516	34,318	5,184	998	1,889	50,756	95,661
Disposals	-	-	-	(1,382)	(122)	(927)	-	-	(2,431)
Written off	-	-	-	(1,371)	(10)	-	-	-	(1,381)
Transfer	-	-	5,829	33	-	-	-	(5,862)	-
Effect of change of joint venture to subsidiary	-	-	-	1,757	186	205	-	-	2,148
Effect of movement in exchange rates	1,354	-	1,504	3,102	133	138	-	48	6,279
At 31 December 2015	63,756	55,500	175,728	475,570	36,016	10,445	1,889	57,373	876,277

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment (cont'd)

Group	Freehold land	Long term leasehold land	Buildings	Plant, machinery and equipment	Furniture, fittings and office equipment	Motor vehicles	Renovation	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Accumulated depreciation</b>									
At 1 January 2014	-	5,473	45,745	322,091	22,960	4,302	-	-	400,571
Charge for the year	-	381	5,616	21,297	2,698	1,786	-	-	31,778
Disposals	-	-	-	(3,177)	(463)	(1,823)	-	-	(5,463)
Elimination of accumulated depreciation on revaluation	-	(5,854)	(51,532)	-	-	-	-	-	(57,386)
Written off	-	-	-	(187)	(33)	-	-	-	(220)
Effect of movement in exchange rates	-	-	171	375	74	(2)	-	-	618
At 31 December 2014/ 1 January 2015	-	-	-	340,399	25,236	4,263	-	-	369,898
Charge for the year	-	905	10,288	25,479	2,781	1,455	49	-	40,957
Disposals	-	-	-	(1,376)	(121)	(595)	-	-	(2,092)
Written off	-	-	-	(1,315)	(10)	-	-	-	(1,325)
Effect of movement in exchange rates	-	-	352	1,719	135	23	-	-	2,229
At 31 December 2015	-	905	10,640	364,906	28,021	5,146	49	-	409,667
<b>Carrying amounts</b>									
At 1 January 2014	25,009	21,495	95,757	80,996	4,640	4,155	-	2,071	234,123
At 31 December 2014/ 1 January 2015	62,402	55,500	165,879	98,714	5,409	5,768	-	12,431	406,103
At 31 December 2015	63,756	54,595	165,088	110,664	7,995	5,299	1,840	57,373	466,610

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment *(cont'd)*

Company	Furniture, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2014	949	1,257	2,206
Disposals	(5)	(364)	(369)
Transfer to a subsidiary	(944)	(893)	(1,837)
<hr/>			
At 31 December 2014/1 January 2015/31 December 2015	-	-	-
<b>Accumulated depreciation</b>			
At 1 January 2014	894	470	1,364
Charge for the year	41	84	125
Disposals	(5)	(183)	(188)
Transfer to a subsidiary	(930)	(371)	(1,301)
<hr/>			
At 31 December 2014/1 January 2015/31 December 2015	-	-	-
<b>Carrying amounts</b>			
At 1 January 2014	55	787	842
<hr/>			
At 31 December 2014/1 January 2015/31 December 2015	-	-	-

The Group's freehold land, leasehold land and buildings were revalued in November 2014 by independent professional qualified valuers.

Had the revalued properties been carried under the cost model, the net carrying amount of the properties that would have been included in the financial statements of the Group as at 31 December 2015 is as follows:

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>2015</b>				
Cost	43,780	26,968	165,694	236,442
Accumulated depreciation	-	(6,759)	(62,172)	(68,931)
<hr/>				
	43,780	20,209	103,522	167,511
<hr/>				
<b>2014</b>				
Cost	42,426	26,968	155,845	225,239
Accumulated depreciation	-	(5,854)	(51,532)	(57,386)
<hr/>				
	42,426	21,114	104,313	167,853

The fair values of the freehold land, long term leasehold land and buildings in 2014 were categorised as Level 3 fair values.

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Property, plant and equipment *(cont'd)*

#### Fair value information

##### Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

##### Level 3 fair value

Level 3 fair value was estimated using unobservable inputs for the land and buildings.

Fair values of land and buildings had been generally derived using the sales comparison approach. In the sales comparison approach, sales price of comparable properties in close proximity were adjusted for differences in key attributes such as property size. The most significant input into this valuation approach was price per square foot of comparable properties.

##### Valuation process applied by the Group for Level 3 fair value

The fair value of land and buildings was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

### 4. Prepaid lease payments

<b>Group</b>	<b>Unexpired period less than or equal to 50 years RM'000</b>
<b>Cost</b>	
At 1 January 2014	14,982
Effect of movement in exchange rates	377
At 31 December 2014/1 January 2015	15,359
Effect of movement in exchange rates	2,279
At 31 December 2015	17,638
<b>Accumulated amortisation</b>	
At 1 January 2014	396
Charge during the year	93
Effect of movement in exchange rates	1
At 31 December 2014/1 January 2015	490
Charge during the year	97
Effect of movement in exchange rates	125
At 31 December 2015	712
<b>Carrying amounts</b>	
At 1 January 2014	14,586
At 31 December 2014/1 January 2015	14,869
At 31 December 2015	16,926

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Investment properties

<b>Group</b>	<b>Freehold land RM'000</b>	<b>Long term leasehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Total RM'000</b>
At 1 January 2014	2,960	77,418	11,539	91,917
Transfer from property, plant and equipment	-	-	(61)	(61)
Change in fair value	212	5,270	(48)	5,434
At 31 December 2014/ 1 January 2015	3,172	82,688	11,430	97,290
Change in fair value	304	-	260	564
At 31 December 2015	3,476	82,688	11,690	97,854

#### 5.1 Fair value information

Fair value of investment properties are categorised as follows:

<b>Group</b>	<b>Level 1 RM'000</b>	<b>Level 2 RM'000</b>	<b>Level 3 RM'000</b>	<b>Total RM'000</b>
<b>2015</b>				
Freehold land	-	-	3,476	3,476
Long term leasehold land	-	-	82,688	82,688
Buildings	-	-	11,690	11,690
	-	-	97,854	97,854
<b>2014</b>				
Freehold land	-	-	3,172	3,172
Long term leasehold land	-	-	82,688	82,688
Buildings	-	-	11,430	11,430
	-	-	97,290	97,290

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Investment properties *(cont'd)*

#### 5.1 Fair value information *(cont'd)*

The fair value of investment properties can be categorised based on the following:

##### Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment properties.

Fair values of lands and buildings have been generally derived using the sales comparison approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

##### Valuation processes applied by the Group for Level 3 fair value

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuation companies provide the fair value of the Group's investment properties portfolio every year. Changes in Level 3 fair values are analysed by the management every year after obtaining valuation report from the valuation company.

### 6. Investment in subsidiaries

	Company	
	2015	2014
	RM'000	RM'000
Unquoted shares, at cost	441,078	394,251
Less: Accumulated impairment losses	(9,539)	(9,539)
	431,539	384,712

Details of the subsidiaries are shown in Note 32.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in subsidiaries *(cont'd)*

#### 6.1 Non-controlling interest in subsidiaries

The Group's subsidiary that has material non-controlling interests ("NCI") is as follows:

	Fuji Seats (Malaysia) Sdn. Bhd. RM'000	2015 Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest (Held via Fuji Seat Co., Ltd)	40%		
Carrying amount of NCI	34,258	2,962	37,220
Profit allocated to NCI	11,315	108	11,423

#### Summarised financial information before intra-group elimination

<b>As at 31 December 2015</b>	<b>RM'000</b>
Non-current assets	45,698
Current assets	96,199
Non-current liabilities	(1,105)
Current liabilities	(55,147)
Net assets	85,645
<b>Year ended 31 December 2015</b>	<b>RM'000</b>
Revenue	312,641
Profit for the year	28,287
Total comprehensive income	28,287
	<b>RM'000</b>
Cash flows from operating activities	43,920
Cash flows from investing activities	(16,779)
Cash flows from financing activities	(20,007)
Net increase in cash and cash equivalents	7,134
Dividends paid to NCI	8,003

## NOTES TO THE FINANCIAL STATEMENTS

### 6. Investment in subsidiaries (cont'd)

#### 6.1 Non-controlling interest in subsidiaries (cont'd)

	Fuji Seats (Malaysia) Sdn. Bhd. RM'000	2014 Other subsidiaries with immaterial NCI RM'000	Total RM'000
NCI percentage of ownership interest and voting interest (Held via Fuji Seat Co., Ltd)	40%		
Carrying amount of NCI	30,529	2,420	32,949
Profit allocated to NCI	12,440	309	12,749

#### Summarised financial information before intra-group elimination

<b>As at 31 December 2014</b>	<b>RM'000</b>
Non-current assets	37,086
Current assets	122,960
Non-current liabilities	(982)
Current liabilities	(82,742)
Net assets	76,322
<b>Year ended 31 December 2014</b>	<b>RM'000</b>
Revenue	300,300
Profit for the year	31,100
Total comprehensive income	31,100
	<b>RM'000</b>
Cash flows from operating activities	43,333
Cash flows from investing activities	(34,254)
Cash flows from financing activities	(15,002)
Net decrease in cash and cash equivalents	(5,923)
Dividends paid to NCI	6,000

#### 6.2 Restriction imposed by shareholder's agreement

Generally, for all the subsidiaries which are not wholly-owned by the Company, the non-controlling interests shareholders hold protective rights restricting the Group's ability to use the net assets of the subsidiaries to settle the liabilities of the Group, unless approval is obtained from the non-controlling interests shareholders.

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Investment in an associate

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	5,048	5,048
Share of post-acquisition reserves	6,415	3,816
	11,463	8,864

Detail of the material associate is as follow:

Name of entity	Country of incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2015	2014
P.T. Armada Johnsons Controls	Indonesia	Manufacturing and supplying automotive products to the Group	12.5%	12.5%

### 8. Investments in joint ventures

	Group	
	2015 RM'000	2014 RM'000
Unquoted shares, at cost	25,184	26,969
Share of post-acquisition reserves	4,764	7,555
	29,948	34,524

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Investments in joint ventures *(cont'd)*

Details of joint ventures are as follows:

Name of joint venture	Nature of the relationship	Effective ownership interest	
		2015	2014
APM Tachi-S Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Technical partner and tier-one automotive seats manufacturer for Original Equipment Market customers of the Group.	- *	51%
P.T. APM Armada Autoparts (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture interior products and is one of the strategic partnerships to develop Indonesia's automotive market.	50%	50%
IAC APM Automotive Systems Ltd. (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture interior plastic components and is one of the strategic partnerships to develop Thailand's automotive market.	40%	40%
Diversified Furniture Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant.	50%	50%

There is no individually material joint venture to the Group.

\* In December 2015, APM Tachi-S Seating Systems Sdn. Bhd., a joint venture of the Group had been re-assessed by the management to become a subsidiary of the Group after the signing of an Amended and Restated Joint Venture Agreement, which gives power to the Company.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. INTANGIBLE ASSETS

Group	Trademarks and design RM'000	Development expenditure RM'000	Goodwill RM'000	Technical know-how RM'000	Total RM'000
<b>Cost</b>					
At 1 January 2014	712	2,335	-	-	3,047
Additions	-	101	-	-	101
Acquisition of business	4,313	-	6,696	-	11,009
At 31 December 2014/ 1 January 2015	5,025	2,436	6,696	-	14,157
Additions	240	4,849	-	5,168	10,257
Reclassification from prepayments	-	1,051	-	4,560	5,611
Effect of movement in exchange rate	494	-	622	-	1,116
At 31 December 2015	5,759	8,336	7,318	9,728	31,141
<b>Accumulated amortisation</b>					
At 1 January 2014	-	2,174	-	-	2,174
Charge for the year	208	143	-	-	351
At 31 December 2014/ 1 January 2015	208	2,317	-	-	2,525
Charge for the year	2,981	1,982	-	125	5,088
Effect of movement in exchange rate	147	-	-	-	147
At 31 December 2015	3,336	4,299	-	125	7,760
<b>Carrying amounts</b>					
At 1 January 2014	712	161	-	-	873
At 31 December 2014/ 1 January 2015	4,817	119	6,696	-	11,632
At 31 December 2015	2,423	4,037	7,318	9,603	23,381

The amortisation charge is allocated to the cost of sales and is recognised in profit or loss.

In 2014, McConnell Seats Australia Pty. Ltd. (formerly known as APM Auto Components (Australia) Pty. Ltd.), a wholly-owned subsidiary of Auto Parts Holdings Sdn. Bhd. which in turn is a wholly-owned subsidiary of the Company, had on 1 August 2015 completed the acquisition from McConnell Seats Australia Pty. Ltd. of its public sector mass transit seating manufacturing business known as "McConnell Seats Australia" including all goodwill and assets associated with the business, free from encumbrances for a cash consideration of RM13,856,000. Through the acquisition of the business, the Group recognised a trademarks and design and goodwill of RM4,313,000 and RM6,696,000 respectively. The remaining consideration was allocated to the other assets and liabilities that were acquired.

## NOTES TO THE FINANCIAL STATEMENTS

### 9. INTANGIBLE ASSETS (cont'd)

#### Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the operations in Australia, which represents the lowest level within the Group, at which the goodwill is monitored for internal management purposes.

The recoverable amount of the business unit is based on value in use calculations. Cash flow projections used in this calculation were based on financial budgets approved by the management covering a five-year period.

Value in use was determined by discounting the future cash flows expected to be generated from the continuing use of the units and was based on the following key assumptions:

- There will be no material change in structure and principal activities of cash generating units.
- The earnings before interest, taxes and amortisation ("EBITA") is based on growth rate of 3%.
- A pre-tax discount rate of 7.0% was applied in determining the recoverable amount of the unit.

No impairment is required for the goodwill attributed to the business unit as the estimated recoverable amount significantly exceeds the carrying amount of the business unit.

In order for the business unit to record an impairment loss, the discount rate will need to increase to 47%.

### 10. DEFERRED TAX ASSETS/(LIABILITIES)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

Group	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Employee benefits	731	116	(82)	(197)	649	(81)
Property, plant and equipment	532	5,603	(34,821)	(31,270)	(34,289)	(25,667)
Investment properties	-	-	(3,477)	(3,627)	(3,477)	(3,627)
Provisions	6,214	4,621	-	-	6,214	4,621
Others	12,183	11,890	(2,755)	(651)	9,428	11,239
Tax assets/(liabilities)	19,660	22,230	(41,135)	(35,745)	(21,475)	(13,515)
Set off of tax	(8,559)	(7,499)	8,559	7,499	-	-
Net deferred tax assets/ (liabilities)	11,101	14,731	(32,576)	(28,246)	(21,475)	(13,515)

## NOTES TO THE FINANCIAL STATEMENTS

### 10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

#### Movement in temporary differences during the financial year

Group	At	Recognised	Recognised	At	Recognised	Recognised	At
	1.1.2014	in profit	in other	31.12.2014/ 1.1.2015	in profit	in other	31.12.2015
	RM'000	or loss (Note 26)	comprehensive income (Note 27)	RM'000	or loss (Note 26)	comprehensive income (Note 27)	RM'000
Employee benefits	1,546	(1,627)	-	(81)	730	-	649
Property, plant and equipment	(3,388)	1,254	(23,533)	(25,667)	(8,622)	-	(34,289)
Investment properties	(3,542)	(85)	-	(3,627)	150	-	(3,477)
Provisions	3,437	1,184	-	4,621	1,593	-	6,214
Others	12,078	(839)	-	11,239	(1,811)	-	9,428
	10,131	(113)	(23,533)	(13,515)	(7,960)	-	(21,475)

#### Company

Property, plant and equipment	(147)	147	-	-	-	-	-
Employee benefits	22	(22)	-	-	-	-	-
Others	198	(198)	-	-	-	-	-
	73	(73)	-	-	-	-	-

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2015	2014
	RM'000	RM'000
Unutilised tax losses	20,372	14,565
Unabsorbed capital allowances	1,389	224
Deductible temporary differences	1,476	2,495
	23,237	17,284

The unutilised tax losses, unabsorbed capital allowances and deductible temporary differences do not expire under current tax legislation except for the unutilised tax losses of RM13,193,000 [IDR42,422,492,000] (2014: RM10,486,000 [IDR37,253,719,000]) which will expire in financial year 2016 - 2020 (2014: 2015 - 2019) for the subsidiary in Indonesia. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits there from.

# NOTES TO THE FINANCIAL STATEMENTS

## 11. INVENTORIES

	Group	
	2015 RM'000	2014 RM'000
Raw materials	141,852	132,189
Work-in-progress	11,164	13,962
Manufactured inventories and trading inventories	64,192	55,822
Spare parts and others	4,585	7,123
	221,793	209,096

During the financial year, the Group written off its inventory amounting to RM5,914,000 (2014: RM308,000) to the profit or loss. The inventory written off is included in cost of sales.

## 12. OTHER INVESTMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Current</b>				
Financial assets at fair value through profit or loss				
- Liquid investment with licensed financial institutions	141,969	78,506	10,286	500

## 13. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>					
Trade receivables		158,517	231,642	-	-
Less: Impairment losses		(546)	(593)	-	-
		157,971	231,049	-	-
Joint ventures	13.1	-	11,198	-	-
Related parties	13.1	37,504	22,982	-	-
		195,475	265,229	-	-
<b>Non-trade</b>					
Other receivables		15,395	16,694	33	2,625
Subsidiaries	13.2	-	-	36,647	38,738
Derivatives held for trading at fair value through profit or loss					
- Forward exchange contracts		320	901	-	-
		15,715	17,595	36,680	41,363
		211,190	282,824	36,680	41,363

## NOTES TO THE FINANCIAL STATEMENTS

### 13. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES *(cont'd)*

13.1 The trade amounts due from joint ventures and related parties are subject to 30-60 days trade credit term.

13.2 The non-trade amounts due from subsidiaries are unsecured, interest free and repayable on demand except for amount due from subsidiaries amounting to RM28,053,000 (2014: RM29,480,000) which is subject to interest ranging from 3.3% to 3.6% (2014: 3.2% to 3.4%) per annum.

### 14. DEPOSITS AND PREPAYMENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits	4,882	4,699	5	5
Prepayments	26,109	50,320	-	19
	30,991	55,019	5	24

Included in the prepayments of the Group are prepayments for complete knock down components purchased from overseas suppliers amounting to RM8,947,000 (2014: RM18,446,000).

During the financial year, the Group reclassified all the prepayments in relation to Technical-Assistance Agreement to intangible assets amounting to RM5,611,000.

### 15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Deposits placed with licensed banks	172,494	181,492	629	5,862
Corporate management accounts	31,244	47,522	125	497
Cash and bank balances	60,476	50,370	659	699
	264,214	279,384	1,413	7,058

Corporate management accounts are interest bearing current accounts maintained with a bank.

### 16. CAPITAL AND RESERVES

#### Share capital

	Group and Company			
	Amount 2015 RM'000	Number of shares 2015 '000	Amount 2014 RM'000	Number of shares 2014 '000
Authorised				
Ordinary shares of RM1.00 each	300,000	300,000	300,000	300,000
Issued and fully paid				
Ordinary shares of RM1.00 each	201,600	201,600	201,600	201,600

## NOTES TO THE FINANCIAL STATEMENTS

### 16. CAPITAL AND RESERVES *(cont'd)*

#### Share capital *(cont'd)*

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. In respect of the Company's treasury shares that are held by the Group (see below), all rights are suspended until those shares are reissued.

#### Treasury shares

The shareholders of the Company, by an ordinary resolution passed in a general meeting held on 27 May 2015, approved the Company's plan to purchase its own shares. The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that the purchase plan can be applied in the best interest of the Company and its shareholders.

During the financial year, the Company repurchased 96,800 (2014: 2,000) of its issued ordinary share capital from the open market at an average price of RM4.87 (2014: RM6.13) per ordinary share. The purchase transactions were financed by internally generated funds. The ordinary shares purchased are retained as treasury shares.

At 31 December 2015, the Company held 6,011,500 (2014: 5,914,700) of the Company's shares.

#### Share premium

The reserve comprises the premium paid on subscription of shares in the Company over and above par value of the shares.

#### Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

#### Revaluation reserve

The revaluation reserve relates to the revaluation of Group's freehold land, leasehold land and buildings.

### 17. EMPLOYEE BENEFITS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised liability for employee benefits	13,001	11,448	615	615

Under the terms of employment with its employees, the Group and the Company have to pay employee benefits to eligible employees who have completed a qualifying period of service. Eligible employees are entitled to employee benefits based on a certain percentage of total basic salary earned for the period of service less the employers' Employee Provident Funds contribution.

## NOTES TO THE FINANCIAL STATEMENTS

### 17. EMPLOYEE BENEFITS *(cont'd)*

#### Movement in net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

<b>Group</b>	<b>Net defined benefit liability</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Balance at 1 January	11,448	10,301
<hr/>		
<b>Included in profit or loss</b>		
Current service cost	1,468	1,084
Past service credit	30	-
Interest cost	518	457
	2,016	1,541
<hr/>		
<b>Others</b>		
Benefits paid	(463)	(394)
	13,001	11,448
<hr/>		
<b>Company</b>		
Balance at 1 January/31 December	615	615

#### **Actuarial assumptions**

Principal actuarial assumptions at the end of the reporting period (expressed as weighted averages):

	<b>Group and Company</b>	
	<b>2015</b>	<b>2014</b>
Discount rate	5.75% - 6.0%	5.75% - 6.0%
Future salary growth	6.5%	6.5%
Future pension growth	12% - 13%	12% - 13%

Assumptions regarding future mortality are based on published statistics and mortality tables.

At 31 December 2015, the weighted-average duration of the defined benefit obligation was 3 years (2014: 3 years).

## NOTES TO THE FINANCIAL STATEMENTS

### 18. LOANS AND BORROWINGS

	Group	
	2015	2014
	RM'000	RM'000
<b>Current</b>		
Unsecured foreign currency loans	41,194	22,029
Unsecured revolving credit	15,000	15,000
	56,194	37,029

The borrowings of the Group are subject to interest at 0.80% to 10.96% (2014: 0.83% to 4.05%) per annum.

### 19. PROVISIONS

	Group RM'000
At 1 January 2014	23,547
Provisions made during the year	3,765
Provisions utilised during the year	(4,661)
Provisions reversed during the year	(1,148)
	21,503
At 31 December 2014/1 January 2015	21,503
Provisions made during the year	5,161
Provisions utilised during the year	(4,945)
Provisions reversed during the year	(4,187)
	17,532
At 31 December 2015	17,532

A provision for warranties is recognised when the products are sold where they are entitled to warranty. The provision is based on historical warranty claim and the Group expects to incur most of the liabilities over the next 1 - 3 years.

#### ***Contingent liability on abnormal defect***

Where an abnormal defect is discovered on a product, the management will perform investigation to identify the cause. The total warranty liability that will be incurred is highly dependent on the course of action that needs to be taken by the Group in consultation with the affected customer. It may vary significantly.

## NOTES TO THE FINANCIAL STATEMENTS

### 20. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Trade</b>					
Trade payables		118,219	101,024	-	-
Joint ventures	20.1	84	72	-	-
Related parties	20.1	3,553	11,220	-	-
		121,856	112,316	-	-
<b>Non-trade</b>					
Other payables and accruals		85,473	106,390	1,464	3,596
Subsidiaries	20.2	-	-	1,076	790
Joint ventures	20.2	8	8	-	-
Related parties	20.2	1,391	2,675	-	-
Derivatives held for trading at fair value through profit or loss					
- Forward exchange contracts		59	75	-	-
		86,931	109,148	2,540	4,386
		208,787	221,464	2,540	4,386

20.1 The trade amounts due to joint ventures and related parties are subject to 30-60 days trade credit term.

20.2 The non-trade amounts due to subsidiaries, related parties and joint ventures are unsecured, interest free and repayable on demand.

### 21. REVENUE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	1,152,839	1,227,870	-	-
Dividend income	-	-	86,584	70,000
	1,152,839	1,227,870	86,584	70,000

## NOTES TO THE FINANCIAL STATEMENTS

### 22. FINANCE COSTS

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- unsecured bankers' acceptances	-	15	-	-
- other borrowings	1,471	1,311	165	186
	1,471	1,326	165	186

### 23. FINANCE INCOME

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income received from deposits, liquid investment and corporate management accounts with licensed financial institutions	11,086	9,791	244	-
Interest income received from subsidiaries	-	-	1,012	1,086
	11,086	9,791	1,256	1,086

### 24. PROFIT BEFORE TAX

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit before tax is arrived at after charging:</b>				
Amortisation of intangible assets	5,088	351	-	-
Auditors' remuneration:				
Audit fees				
- KPMG Malaysia	389	385	39	44
- Other auditors	172	168	-	-
Non-audit fees				
- KPMG Malaysia	55	19	19	19
- Local affiliates of KPMG Malaysia	177	160	26	60
- Overseas affiliates of KPMG Malaysia	100	-	100	-
- Other auditors	-	4	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 24. PROFIT BEFORE TAX *(cont'd)*

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Profit before tax is arrived at after charging:</b> <i>(cont'd)</i>				
Amortisation of prepaid lease payments	97	93	-	-
Depreciation of property, plant and equipment	40,957	31,778	-	125
Impairment loss				
- trade receivables	57	100	-	-
- other receivables	-	-	17	-
Inventory written off	5,914	308	-	-
Loss on disposal of property, plant and equipment	-	-	-	51
Net foreign exchange loss				
- realised	5,967	-	-	18
Personnel expenses (including key management personnel)				
- Employee benefits	2,016	1,541	-	-
- Contributions to state plans	10,615	8,875	189	165
- Wages, salaries and others	136,226	123,653	415	1,485
Property, plant and equipment written off	56	3,358	-	-
Provision of warranties	5,161	3,765	-	-
Rental of premises	2,598	1,189	-	-
Royalties	12,095	11,748	-	-
<b>and after crediting:</b>				
Gain on disposal of property, plant and equipment	97	1,029	-	-
Net foreign exchange gain				
- realised	-	1,074	18	-
- unrealised	5,311	149	728	38
Rental income from investment properties	2,995	2,903	-	-
Reversal of impairment loss				
- trade receivables	104	528	-	-
Reversal of provision of warranties	4,187	1,148	-	-
Net dividends received from subsidiaries	-	-	86,584	70,000
Fair value adjustment on investment properties	564	5,434	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 25. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors				
- Fees	270	270	270	270
- Remuneration	6,036	5,328	1,447	1,254
- Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	102	112	269	232
Total short-term employee benefits	6,408	5,710	1,986	1,756
Other key management personnel:				
- Short-term employee benefits	5,492	5,570	-	-
	5,492	5,570	-	-
	11,900	11,280	1,986	1,756

Other key management personnel comprises certain members of senior management of the Group who have the authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly.

### 26. INCOME TAX EXPENSE

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Recognised in profit or loss</b>				
Income tax expense	23,113	34,133	278	209
Share of tax of associate	229	226	-	-
Share of tax of joint ventures	52	850	-	-
	23,394	35,209	278	209

## NOTES TO THE FINANCIAL STATEMENTS

### 26. INCOME TAX EXPENSE *(cont'd)*

	Group		Company	
	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000
<b>Current tax expense</b>				
Malaysia				
- Current year	14,630	32,984	230	136
- (Over)/Under provision in prior year	(1,810)	567	48	-
Overseas				
- Current year	2,005	367	-	-
<b>Total current tax recognised in profit or loss</b>	<b>14,825</b>	<b>33,918</b>	<b>278</b>	<b>136</b>
Others	328	102	-	-
<b>Deferred tax expense</b>				
- Origination and reversal of temporary differences	4,686	(115)	-	73
- Under provision in prior year	3,274	228	-	-
<b>Total deferred tax recognised in profit or loss</b>	<b>7,960</b>	<b>113</b>	<b>-</b>	<b>73</b>
Share of tax of associate	229	226	-	-
Share of tax of joint ventures	52	850	-	-
<b>Total income tax expense</b>	<b>23,394</b>	<b>35,209</b>	<b>278</b>	<b>209</b>
<b>Reconciliation of tax expense</b>				
Profit for the year	71,913	111,152	86,139	65,376
Total income tax expense	23,394	35,209	278	209
Profit excluding tax	95,307	146,361	86,417	65,585
Income tax using Malaysian tax rate of 25% (2014: 25%)	23,827	36,590	21,604	16,396
Non-deductible expenses	3,451	3,400	327	1,313
Tax exempt income	(127)	-	(21,646)	(17,500)
Tax incentives	(6,315)	(3,204)	-	-
Other items	1,094	(2,448)	(55)	-
Withholding tax	-	76	-	-
	21,930	34,414	230	209
Malaysia				
- (Over)/Under provision of tax expense in prior year	(1,810)	567	48	-
- Under provision of deferred tax expense in prior year	3,274	228	-	-
<b>Total tax expense</b>	<b>23,394</b>	<b>35,209</b>	<b>278</b>	<b>209</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 27. OTHER COMPREHENSIVE INCOME

	2015			2014		
	Before tax RM'000	Tax RM'000	Net of tax RM'000	Before tax RM'000	Tax RM'000	Net of tax RM'000
<b>Group</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Revaluation of property, plant and equipment	-	-	-	115,928	(23,533)	92,395
<b>Items that will be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for foreign operations	16,429	-	16,429	2,295	-	2,295
Share of gain of equity-accounted investees	1,542	-	1,542	122	-	122
	17,971	-	17,971	118,345	(23,533)	94,812

### 28. EARNINGS PER ORDINARY SHARE

#### Basic earnings per ordinary share

The calculation of basic earnings per ordinary share at 31 December 2015 was based on the profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

	Group	
	2015	2014
Profit for the year attributable to ordinary shareholders (RM'000)	60,490	98,403
Weighted average number of ordinary shares ('000 units)		
Issued ordinary shares at 1 January	201,600	201,600
Effect of treasury shares held	(6,011)	(5,914)
Weighted average number of ordinary shares at 31 December	195,589	195,686
Basic earnings per ordinary share (sen)	30.9	50.3

## NOTES TO THE FINANCIAL STATEMENTS

### 29. DIVIDENDS

Dividends recognised by the Company:

	Sen per share	Total amount RM'000	Date of payment
<b>2015</b>			
Interim 2015 ordinary – single tier	7.50	14,669	29 September 2015
Final 2014 ordinary – single tier	12.00	23,475	26 June 2015
		38,144	
<b>2014</b>			
Interim 2014 ordinary – single tier	7.50	14,676	29 September 2014
Final 2013 ordinary – single tier	12.00	23,483	27 June 2014
		38,159	

After the reporting period the following dividend was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the owners of the Company.

	Sen per share	Total amount RM'000
Final 2015 ordinary	12.0	23,471

### 30. CAPITAL AND OTHER COMMITMENTS

	Group	
	2015 RM'000	2014 RM'000
<b>Property, plant and equipment</b>		
Contracted but not provided for	19,925	36,457
Authorised but not contracted for	75,585	48,621

# NOTES TO THE FINANCIAL STATEMENTS

## 31. RELATED PARTIES

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. Key management personnel includes all the Directors of the Group, and certain members of senior management of the Group.

Controlling related party relationships are as follows:

- i) The subsidiaries as disclosed in Note 32.
- ii) The substantial shareholders of the Company are Tan Chong Consolidated Sdn. Bhd. ("TCC") and Wealthmark Holdings Sdn. Bhd. ("WH"). TCC and WH are also substantial shareholders of Warisan TC Holdings Berhad Group ("WTCH Group"). TCC is also a substantial shareholder of Tan Chong Motor Holdings Berhad Group ("TCMH Group") and Tan Chong International Limited Group ("TCIL Group").

The Director of the Company, Dato' Tan Heng Chew is deemed interested in the shares held by TCC and WH by virtue of Section 6A of the Companies Act, 1965.

For the purpose of related parties transactions and balances disclosure, the Group and the Company treat TCC as the ultimate controlling shareholder.

Significant related party transactions with TCMH, WTCH and TCIL Groups are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>With TCMH Group</b>				
Sales	47,613	52,823	-	-
Purchases	(13,805)	(9,130)	(1)	-
Administrative and consultancy services	(286)	(199)	-	-
Insurance	(4,526)	(2,239)	(1)	(51)
Rental expenses	(35)	(10)	-	-
Rental income	1,800	2,806	-	-
<b>With WTCH Group</b>				
Sales	-	3	-	-
Purchases	(81)	(168)	(5)	-
Administrative and consultancy services	(1,838)	(2,024)	-	-
Rental income	16	68	-	-
Rental expenses	(1,187)	(898)	-	-
<b>With TCIL Group</b>				
Sales	14,758	66,937	-	-
Provision of consultancy services	-	123	-	-

## NOTES TO THE FINANCIAL STATEMENTS

### 31. RELATED PARTIES *(cont'd)*

These transactions have been entered into in the normal course of business and have been established under 30 - 60 days trade credit term.

All of the above outstanding balances are expected to be settled in cash by the related parties.

The outstanding net amounts due from/(to) related parties are disclosed in Note 13 and Note 20 respectively.

There are no allowances for impairment losses made and no bad or doubtful receivables recognised for the financial year ended 31 December 2015 and 31 December 2014 in respect of related parties balances.

### 32. SUBSIDIARIES

The principal activities of the subsidiaries in the Group and the Group's effective ownership interest are as follows:

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
<b>Incorporated in Malaysia:</b>			
Auto Parts Manufacturers Co. Sdn. Bhd.	Manufacture and sale of automotive seats	100	100
APM Plastics Sdn. Bhd.	Manufacture and sale of plastic injection and extrusion moulded parts and components	100	100
APM Seatings Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats	100	100
APM Automotive Modules Sdn. Bhd.	Assembly and sale of door trim module and instrument panel module parts	100	100
APM Auto Safety Systems Sdn. Bhd.	Manufacture and sale of automotive seat belt	100	100
Fuji Seats (Malaysia) Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive seats and components	60	60
APM IAC Automotive Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture and sale of automotive interior plastic component and systems	60	60
APM Tachi-S Seating Systems Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture, assembly and sale of automotive and industrial seats	51	-
APM Coil Springs Sdn. Bhd.	Manufacture and sale of automotive coil springs	100	100

## NOTES TO THE FINANCIAL STATEMENTS

### 32. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
<b>Incorporated in Malaysia: cont'd</b>			
APM Springs Sdn. Bhd.	Manufacture and sale of automotive leaf springs	100	100
APM Shock Absorbers Sdn. Bhd.	Manufacture and sale of shock absorbers and related component parts	100	100
APM Climate Control Sdn. Bhd.	Manufacture and sale of automotive air-conditioners and radiators	100	100
APM Auto Electrics Sdn. Bhd.	Manufacture and sale of automotive electrical components	100	100
APM-Coachair Sdn. Bhd. (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Distribution and provision of after sales service for bus coach air conditioning	100	100
APM Tinnos Sdn. Bhd. <sup>Ω</sup> (formerly known as Apinnos Sdn. Bhd., (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.))	Develop, manufacture and supply automotive In-vehicle Infotainment systems and Internet of Things products	60	-
APM Auto Parts Marketing Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Auto Parts Marketing (Malaysia) Sdn. Bhd.	Marketing and sale of automotive parts and accessories	100	100
APM Engineering & Research Sdn. Bhd.	Provision of engineering research, design and development services	100	100
APM Corporate Services Sdn. Bhd.	Provision of management services	100	100
Able Motor Sdn. Bhd.	Distribution of motor vehicles	100	100
APM Auto Mechanisms Sdn. Bhd.	Property investment holding	100	100
KAB Otomotif Sdn. Bhd.	Property investment holding	100	100
Perusahaan Tilam Kereta Sdn. Bhd.	Property investment holding	100	100
Auto Parts Holdings Sdn. Bhd.	Investment holding	100	100
APM Automotive International Ltd.	Investment holding	100	100
APM Automotive Global Ltd. <sup>Δ</sup> (formerly known as APM Automotive Australia Ltd.)	Investment holding	100	100

## NOTES TO THE FINANCIAL STATEMENTS

### 32. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
<b>Incorporated in Malaysia: cont'd</b>			
APM Automotive Indonesia Ltd. <sup>Δ</sup>	Investment holding	100	100
APM Automotive IndoChina Ltd. <sup>Δ</sup> (held via 100% owned subsidiary, APM Automotive International Ltd.)	Investment holding	100	100
APM Automotive Thailand Ltd. <sup>Δ</sup> (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.)	Investment holding	100	100
APM Automotive Myanmar Ltd. <sup>Δ</sup> (held via 100% owned subsidiary, APM Automotive IndoChina Ltd.)	Investment holding	100	100
APM Chalmers Suspensions Sdn. Bhd (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
APM Interiors Sdn. Bhd.	Dormant	100	100
APM Metal Industries Sdn. Bhd.	Dormant	100	100
APM Chemicals Sdn. Bhd. (formerly known as APM Radiators Sdn. Bhd., (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.))	Dormant	100	100
APM Tooling Centre Sdn. Bhd.	Dormant	100	100
Atsugi Parts Manufacturing Sdn. Bhd.	Dormant	100	100
Pandamaran Special Steel Sdn. Bhd.	Dormant	100	100
APM Suspension Systems Sdn. Bhd.	Dormant	100	100
APM Thermal Systems Sdn. Bhd.	Dormant	100	100
<b>Incorporated in Canada:</b>			
APM Holdings Inc. <sup>Δ</sup> (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Investment holding	100	100
APM Components America Inc. <sup>Δ</sup> (held via 100% owned subsidiary, APM Holdings Inc.)	Dormant	100	100

# NOTES TO THE FINANCIAL STATEMENTS

## 32. SUBSIDIARIES (cont'd)

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
<b>Incorporated in Vietnam:</b>			
APM Springs (Vietnam) Co., Ltd.* (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive suspension parts	100	100
APM Auto Components (Vietnam) Co., Ltd. * (held via 100% owned subsidiary, APM Automotive International Ltd.)	Manufacture and sale of automotive seats and its components, shock absorbers, radiators and air-conditioner parts for automobiles	100	100
<b>Incorporated in Thailand:</b>			
APM Auto Components (Thailand) Ltd.* (held via 100% owned subsidiary, APM Automotive Thailand Ltd., APM Automotive IndoChina Ltd. and APM Automotive International Ltd.)	Dormant	100	100
<b>Incorporated in United States of America:</b>			
APM Auto Components (USA) Inc. <sup>Δ</sup> (held via 100% owned subsidiary, APM Automotive International Ltd.)	Marketing and sale of automotive parts and accessories	100	100
APM Components (USA) Inc. <sup>Δ</sup> (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd.)	Dormant	100	100
<b>Incorporated in Australia:</b>			
McConnell Seats Australia Pty. Ltd.* (held via 100% owned subsidiary, Auto Parts Holdings Sdn. Bhd.)	Manufacture of transportation seating for trains, buses and trams	100	100
<b>Incorporated in Indonesia:</b>			
P.T. APM Auto Components Indonesia* (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and sale of automotive heat exchange products	100	100
P.T. APM Armada Suspension* (held via 100% owned subsidiaries, Auto Parts Holdings Sdn. Bhd. and APM Automotive International Ltd.)	Manufacture and distribution of coil springs and leaf springs	100	100
P.T. APM Automotive Indonesia* (held via 100% owned subsidiary, APM Automotive Indonesia Ltd. and APM Automotive International Ltd.)	Dormant	100	100

## NOTES TO THE FINANCIAL STATEMENTS

### 32. SUBSIDIARIES *(cont'd)*

Name of subsidiary	Principal activities	Effective ownership interest	
		2015 %	2014 %
<b>Incorporated in Indonesia:</b> <i>cont'd</i>			
P.T. APM Leaf Springs Indonesia* (held via 100% owned subsidiary, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Dormant	100	100
P.T. APM Shock Absorbers Indonesia* (held via 100% owned subsidiary, P.T. APM Automotive Indonesia and P.T. APM Auto Components Indonesia)	Dormant	100	100
<b>Incorporated in Myanmar:</b>			
APM Auto Components Myanmar Co., Ltd.* (held via 100% owned subsidiary, APM Automotive Myanmar Ltd. and APM Automotive IndoChina Ltd.)	Dormant	100	100
<b>Incorporated in Netherlands:</b>			
APM Auto Components Europe B.V. # (held via 100% owned subsidiary, APM Automotive Global Ltd.)	Investment holding	100	-
APM-TS B.V. @ (held via 100% owned subsidiary, APM Auto Components Europe B.V.)	Develop springs, absorbers and coilovers for the automotive markets	80	-

Ω Incorporated on 12 October 2015 under the Companies Act, 1965.

Δ Subsidiary is not required to be audited and consolidation is based on the management financial statements.

\* Audited by another firm of Public Accountants.

# Incorporated on 7 August 2015 under laws of the Netherlands, no audit was conducted and consolidation is based on the management financial statements.

@ Incorporated on 12 November 2015 under laws of the Netherlands, no audit was conducted and consolidation is based on management financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 33. OPERATING SEGMENTS

The Group has six divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. For each of the strategic business units, the Chief Operating Decision Makers ("CODM"), which in this case is the Executive Directors of the Group, review internal management reports on a monthly basis. The following summary describes the operations in each of the Group's division:

- *Suspension Division, Malaysia:* Business in products such as leaf springs, parabolic springs, coil springs, shock absorbers, gas springs, U-bolts and metal parts.
- *Interior & Plastics Division, Malaysia:* Business in products such as plastics parts, interiors, seatings for motor vehicles, buses, auditoriums, cinemas and rails and light rails system.
- *Electrical & Heat Exchange Division, Malaysia:* Business in products such as air-conditioning systems, radiators, starter motors, alternators, wiper system, distributors and other electrical parts.
- *Marketing Division, Malaysia:* Trading and distribution of automotive components/parts manufactured by the Group for the replacement and export market.
- *All other segments:* Business in Thailand, Indonesia, Vietnam, Australia, United States of America and Netherlands.
- *Non-reportable segment:* Operations related to the rental of investment properties in Malaysia, distribution of motor vehicles, provision of management services for companies within the Group, and provision of automotive research and development services.

The manufacturing and distribution of automotive products within the Group are being managed by four different operating segments within the Group. These operating segments are aggregated to form a reportable segment due to the similar nature and economic characteristics of the products. The nature, production process and methods of distribution of the products for these divisions are similar. The type of customers for the products are similar, which consist of consumers and industrial customers.

Performance is measured based on segment revenue and profit before tax, as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

### Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the CODM. Segment total asset is used to measure the return of assets of each segment.

### Segment liabilities

Segment liabilities information is neither included in the internal management reports nor provided regularly to the CODM. Hence no disclosure is made on segment liabilities.

### Segment capital expenditure

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets other than goodwill.

## NOTES TO THE FINANCIAL STATEMENTS

### 33. OPERATING SEGMENTS (cont'd)

	Suspension	Interior and plastics	Electrical and heat exchange	Marketing	All other segments	Non- reportable segment	Eliminations	Total
	2015 RM'000	2015 RM'000	2015 RM'000	2015 RM'000	2015 RM'000	2015 RM'000	2015 RM'000	2015 RM'000
<b>Segment profit</b>	22,040	44,016	15,065	7,646	4,727	1,258	274	95,026
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	108,827	613,960	154,604	168,379	100,030	7,039	-	1,152,839
Inter-segment revenue	115,483	140,005	18,840	10,761	13,600	36,746	(335,435)	-
Provisions for warranties	(1,099)	(2,900)	(577)	(18)	(567)	-	-	(5,161)
Reversal of warranties	3,850	218	119	-	-	-	-	4,187
Depreciation and amortisation	(8,227)	(21,153)	(2,964)	(286)	(6,031)	(8,671)	1,190	(46,142)
Finance income	1,714	5,900	1,508	388	814	2,771	(2,009)	11,086
<i>Not included in the measure of segment profit but provided to CODM:</i>								
Income tax expense	(3,688)	(5,733)	(4,039)	(1,434)	(6,518)	(1,701)	-	(23,113)
Segment assets	197,196	504,404	138,745	73,967	311,295	1,056,666	(731,867)	1,550,406
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	8,409	35,242	943	128	54,135	7,955	(894)	105,918
	Suspension	Interior and plastics	Electrical and heat exchange	Marketing	All other segments	Non- reportable segment	Eliminations	Total
	2014 RM'000	2014 RM'000	2014 RM'000	2014 RM'000	2014 RM'000	2014 RM'000	2014 RM'000	2014 RM'000
<b>Segment profit/(loss)</b>	21,739	89,812	25,225	8,096	2,971	(2,268)	(290)	145,285
<i>Included in the measure of segment profit are:</i>								
Revenue from external customers	123,078	668,737	182,531	193,885	57,355	2,284	-	1,227,870
Inter-segment revenue	122,648	179,843	21,300	8,400	17,146	35,434	(384,771)	-
Provisions for warranties	(1,241)	(1,012)	(1,512)	-	-	-	-	(3,765)
Reversal of warranties	-	444	704	-	-	-	-	1,148
Depreciation and amortisation	(7,000)	(14,581)	(3,486)	(210)	(2,729)	(5,452)	1,236	(32,222)
Finance income	1,369	5,820	1,275	486	903	2,223	(2,285)	9,791
<i>Not included in the measure of segment profit but provided to CODM:</i>								
Income tax expense	(4,136)	(22,228)	(4,638)	(1,305)	(367)	(1,437)	(22)	(34,133)
Segment assets	204,558	554,302	155,242	66,510	207,335	891,562	(580,907)	1,498,602
<i>Included in the measure of segment assets are:</i>								
Additions to non-current assets other than financial instruments and deferred tax assets	3,904	33,397	2,543	417	40,768	20,664	627	102,320

## NOTES TO THE FINANCIAL STATEMENTS

### 33. OPERATING SEGMENTS *(cont'd)*

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment assets are based on the geographical location of the assets. The amounts of non-current assets do not include financial instruments and deferred tax assets.

Geographical information	Group	
	Revenue	Non-current assets
2015	RM'000	RM'000
Malaysia	965,605	471,224
Indonesia	16,794	134,332
Vietnam	26,714	12,372
Europe	27,331	929
America	22,787	292
Australia	63,424	11,207
Other countries	30,184	15,826
	1,152,839	646,182
<b>2014</b>		
Malaysia	1,078,701	455,386
Indonesia	19,317	79,493
Vietnam	16,701	12,197
Europe	30,124	-
America	19,208	73
Australia	35,105	12,960
Other countries	28,714	13,173
	1,227,870	573,282

#### Major customers

The following are the top three customers with significant contribution to the Group's total revenue:

	Revenue		Segments
	2015	2014	
	RM'000	RM'000	
All common control companies of:			
- Company A	398,032	427,187	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Company B	101,975	96,989	Suspension, Interior and Plastics and Electrical and Heat Exchange
- Company C	83,151	91,417	Suspension, Interior and Plastics and Electrical and Heat Exchange

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS

#### 34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL");  
- Held for trading ("HFT"); and
- (c) Other financial liabilities measured at amortised cost ("OL").

	<b>Carrying amount RM'000</b>	<b>L&amp;R/ (OL) RM'000</b>	<b>FVTPL - HFT RM'000</b>
<b>2015</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	141,969	-	141,969
Trade and other receivables, including derivatives	210,218	209,898	320
Cash and cash equivalents	264,214	264,214	-
	<b>616,401</b>	<b>474,112</b>	<b>142,289</b>
<b>2015</b>			
<b>Financial assets</b>			
<b>Company</b>			
Other investments	10,286	-	10,286
Trade and other receivables, including derivatives	36,680	36,680	-
Cash and cash equivalents	1,413	1,413	-
	<b>48,379</b>	<b>38,093</b>	<b>10,286</b>
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	(56,194)	(56,194)	-
Trade and other payables, including derivatives	(208,787)	(208,728)	(59)
	<b>(264,981)</b>	<b>(264,922)</b>	<b>(59)</b>
<b>Company</b>			
Trade and other payables, including derivatives	(2,540)	(2,540)	-
<b>2014</b>			
<b>Financial assets</b>			
<b>Group</b>			
Other investments	78,506	-	78,506
Trade and other receivables, including derivatives	282,824	281,923	901
Cash and cash equivalents	279,384	279,384	-
	<b>640,714</b>	<b>561,307</b>	<b>79,407</b>

## NOTES TO THE FINANCIAL STATEMENTS

### 34. FINANCIAL INSTRUMENTS *(cont'd)*

#### 34.1 Categories of financial instruments *(cont'd)*

	Carrying amount RM'000	L&R/ (OL) RM'000	FVTPL - HFT RM'000
<b>2014</b>			
<b>Financial assets</b>			
<b>Company</b>			
Other investments	500	-	500
Trade and other receivables, including derivatives	41,363	41,363	-
Cash and cash equivalents	7,058	7,058	-
	48,921	48,421	500
<b>Financial liabilities</b>			
<b>Group</b>			
Loans and borrowings	(37,029)	(37,029)	-
Trade and other payables, including derivatives	(221,464)	(221,389)	(75)
	(258,493)	(258,418)	(75)
<b>Company</b>			
Trade and other payables, including derivatives	(4,386)	(4,386)	-

#### 34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Loans and receivables	10,477	11,442	1,985	1,106
Financial liabilities measured at amortised cost	(1,471)	(1,326)	(165)	(186)
Fair value through profit or loss	261	826	-	-
	9,267	10,942	1,820	920

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 35.1 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to a credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

##### **Receivables**

*Risk management objectives, policies and processes for managing the risk*

The Group has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers who wish to trade on credit terms.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables is represented by the carrying amounts in the statement of financial position.

The Group has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. Due to the nature of the industry, 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. Significant past due receivables, if deemed as high risks, are normally being monitored individually.

The exposure of credit risk for trade receivables as at the end of the reporting period by geographic region was:

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Malaysia	164,530	238,712
Asia	10,980	6,111
Europe	5,479	976
North America	3,655	1,813
Central America	660	1,204
South America	183	-
Oceania	9,562	10,890
Africa	190	2,422
Middle East	236	3,101
	195,475	265,229

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

#### 35.1 Credit risk *(cont'd)*

##### **Receivables** *(cont'd)*

##### *Impairment losses*

The ageing of trade receivables as at the end of the reporting period was:

<b>Group</b>	<b>Gross RM'000</b>	<b>Impairment RM'000</b>	<b>Net RM'000</b>
<b>2015</b>			
Not past due	146,050	-	146,050
Past due 0 - 90 days	42,161	-	42,161
Past due 91 - 180 days	3,028	-	3,028
Past due more than 180 days	4,782	(546)	4,236
	196,021	(546)	195,475
<b>2014</b>			
Not past due	176,604	-	176,604
Past due 0 - 90 days	66,621	-	66,621
Past due 91 - 180 days	19,119	(18)	19,101
Past due more than 180 days	3,478	(575)	2,903
	265,822	(593)	265,229

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	<b>2015 RM'000</b>	<b>2014 RM'000</b>
At 1 January	593	1,301
Impairment loss recognised	57	100
Impairment loss reversed	(104)	(528)
Impairment loss written off	-	(280)
At 31 December	546	593

The allowance account in respect of trade receivables is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

#### 35.1 Credit risk *(cont'd)*

##### ***Inter-company balances***

*Risk management objectives, policies and processes for managing the risk*

The Company provides advances to subsidiaries and monitors the results of the subsidiaries regularly.

*Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risks is represented by their carrying amounts in the statement of financial position.

*Impairment losses*

As at the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable.

##### ***Other financial assets***

*Risk management objectives, policies and processes for managing the risk*

The Group and the Company are also exposed to counterparty credit risk from financial institutions through fund placement activities. These exposures are managed in accordance with the existing guidelines and procedures that define the parameters within which the investment activities shall be undertaken in order to achieve the Group's investment objective of preserving capital and generating additional returns above appropriate benchmarks within allowable risk parameters. Investments are only made with reputable licensed financial institutions with high creditworthiness.

*Exposure to credit risk, credit quality and collateral*

The maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

#### 35.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalent and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

Certain treasury functions, particularly for wholly-owned subsidiaries, are managed centrally by Group Treasury to ensure sufficient cash to cover the expected cash demands. Surplus cash held by the subsidiaries over and above balances required for working capital management are placed in fixed deposits and money market deposits with appropriate maturities to provide sufficient liquidity to meet the Group's liabilities when they fall due.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

#### 35.2 Liquidity risk *(cont'd)*

##### *Maturity analysis*

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

2015	Carrying amount RM'000	Contractual interest rate %	Contractual cash flow RM'000	Under 1 year RM'000	1 -3 years RM'000
<b>Group</b>					
<i>Non-derivative financial liabilities</i>					
Unsecured revolving credit	15,000	4.00	15,608	15,608	-
Unsecured foreign currency loan	41,194	4.23	42,936	42,936	-
Trade and other payables, excluding derivatives	208,728	-	208,728	208,728	-
	264,922		267,272	267,272	-
<i>Derivative financial liabilities</i>					
Forward exchange contracts (gross settled):					
Outflow	-	-	29,165	29,165	-
Inflow	(261)	-	(29,426)	(29,426)	-
	264,661		267,011	267,011	-
<b>Company</b>					
<i>Non-derivative financial liabilities</i>					
Trade and other payables, excluding derivatives	2,540	-	2,540	2,540	-

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

#### 35.2 Liquidity risk *(cont'd)*

##### *Maturity analysis (cont'd)*

<b>2014</b>	<b>Carrying amount RM'000</b>	<b>Contractual interest rate %</b>	<b>Contractual cash flow RM'000</b>	<b>Under 1 year RM'000</b>	<b>1 -3 years RM'000</b>
<b>Group</b>					
<i>Non-derivative financial liabilities</i>					
Unsecured revolving credit	15,000	4.05	15,608	15,608	-
Unsecured foreign currency loan	22,029	1.36	22,329	22,329	-
Trade and other payables, excluding derivatives	221,389	-	221,389	221,389	-
	258,418		259,326	259,326	-
<i>Derivative financial liabilities</i>					
Forward exchange contracts (gross settled):					
Outflow	-	-	46,455	46,455	-
Inflow	(826)	-	(47,281)	(47,281)	-
	257,592		258,500	258,500	-
<b>Company</b>					
<i>Non-derivative financial liabilities</i>					
Trade and other payables, excluding derivatives	4,386	-	4,386	4,386	-

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

### 35.3 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices will affect the Group's financial position or cash flows. The Group is exposed to risk arising from foreign exchange rates and interest rates.

#### 35.3.1 Currency risk

The Group is exposed to foreign currency risk through normal trading activities on sales and purchases transactions that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily U.S. dollar ("USD"), Japanese Yen ("JPY"), Euro Dollar ("EURO"), Australian Dollar ("AUD"), Thai Baht ("THB") and Indonesia Rupiah ("IDR").

*Risk management objectives, policies and processes for managing the risk*

The Group monitors regularly its exchange exposures and may hedge its position selectively depending on the size of the exposure and the future outlook of the particular currency unit. The Group uses forward exchange contracts to hedge its foreign currency risk. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

*Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group <i>In thousands RM</i>	Denominated in					
	USD	JPY	EURO	AUD	IDR	THB
<b>2015</b>						
Trade receivables	11,278	170	4,438	9,132	3,240	-
Trade payables	(11,986)	(17,411)	(5)	(3,376)	(723)	(9,491)
Forward exchange contracts	2,991	8,090	(2,086)	(1,904)	-	5,810
<b>Net exposure</b>	<b>2,283</b>	<b>(9,151)</b>	<b>2,347</b>	<b>3,852</b>	<b>2,517</b>	<b>(3,681)</b>
<b>2014</b>						
Trade receivables	10,432	142	4,346	9,645	1,747	-
Trade payables	(11,705)	(8,010)	(2,203)	(2,095)	(5,792)	(2,589)
Forward exchange contracts	3,808	6,586	(1,260)	(329)	-	15,221
<b>Net exposure</b>	<b>2,535</b>	<b>(1,282)</b>	<b>883</b>	<b>7,221</b>	<b>(4,045)</b>	<b>12,632</b>

As foreign currency risks arising from Group's operations is not material, sensitivity analysis is hence not presented.

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

#### 35.3 Market risk *(cont'd)*

##### 35.3.2 Interest rate risk

The Group's exposure to a risk of change in their fair value due to changes in interest rates relates primarily to the interest-bearing bank loans and borrowings, deposits placed with licensed banks and liquid investment with licensed financial institutions. The management considers interest rate risks on borrowings to be low as the level of borrowings are relatively insignificant.

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
<b>Fixed rate instruments</b>				
<b><i>Financial asset</i></b>				
Deposits placed with licensed banks	172,494	181,492	629	5,862
<b><i>Financial liabilities</i></b>				
Unsecured foreign currency loan	(41,194)	(22,029)	-	-
Unsecured revolving credit	(15,000)	(15,000)	-	-
	116,300	144,463	629	5,862
<b>Floating rate instruments</b>				
<b><i>Financial assets</i></b>				
Liquid investment with licensed financial institutions	141,969	78,506	10,286	500
Corporate management accounts	31,244	47,522	125	497
	173,213	126,028	10,411	997

As the Group does not fair value its fixed rate instruments, the Group is not exposed to fair value risk.

As cash flow risk arising from floating rate instruments is not material, sensitivity analysis is not presented.

# NOTES TO THE FINANCIAL STATEMENTS

## 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

### 35.4 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments.

Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>										
Forward exchange contracts	-	320	-	320	-	-	-	-	320	320
Liquid investment with licensed financial institutions	-	141,969	-	141,969	-	-	-	-	141,969	141,969
	-	142,289	-	142,289	-	-	-	-	142,289	142,289
<b>Financial liabilities</b>										
Forward exchange contracts	-	(59)	-	(59)	-	-	-	-	(59)	(59)
<b>2014</b>										
<b>Financial assets</b>										
Forward exchange contracts	-	901	-	901	-	-	-	-	901	901
Liquid investment with licensed financial institutions	-	78,506	-	78,506	-	-	-	-	78,506	78,506
	-	79,407	-	79,407	-	-	-	-	79,407	79,407
<b>Financial liabilities</b>										
Forward exchange contracts	-	(75)	-	(75)	-	-	-	-	(75)	(75)

## NOTES TO THE FINANCIAL STATEMENTS

### 35. FINANCIAL RISK MANAGEMENT *(cont'd)*

#### 35.4 Fair value information *(cont'd)*

Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
2015	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Financial assets</b>										
Liquid investment with licensed financial institutions	-	10,286	-	10,286	-	-	-	-	10,286	10,286
<hr/>										
<b>2014</b>										
<b>Financial assets</b>										
Liquid investment with licensed financial institutions	-	500	-	500	-	-	-	-	500	500

#### Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

#### Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

#### *Liquid investment with licensed financial institution*

The fair value of the liquid investment with licensed financial institution are determined by reference to fair value quoted by counter-party.

#### *Derivatives*

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

#### Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year (2014: no transfer in either directions).

## NOTES TO THE FINANCIAL STATEMENTS

### 36. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risks and by securing access to finance at a reasonable cost.

The Group reviews and manages its capital structure maintaining a balance between the expected risk against expected return and makes relevant adjustment to the capital structure in the light of changes in economic conditions. As at 31 December 2014 and 2015, the Group was in net cash position.

	<b>Group</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Other investments (Note 12)	141,969	78,506
Cash and cash equivalents (Note 15)	264,214	279,384
Less: Loans and borrowings (Note 18)	(56,194)	(37,029)
Net cash	349,989	320,861

There were no changes in the Group's approach to capital management during the year.

### 37. SUBSEQUENT EVENT

On 9 March 2016, McConnell Seats Australia Pty. Ltd., a wholly-owned subsidiary of Auto Parts Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of the Company, had completed the acquisition from RBC Bearings Pty. Ltd. of all its assets associated with its locomotive seat manufacturing and services business known as "Locomotive Seats Australia" including all goodwill free from encumbrances for a total cash consideration of AUD1,659,000. The acquisition did not have any material financial effect to the Group.

## NOTES TO THE FINANCIAL STATEMENTS

### 38. SUPPLEMENTARY INFORMATION ON THE BREAKDOWN OF REALISED AND UNREALISED PROFITS OR LOSSES

The breakdown of the retained earnings of the Group and of the Company as at 31 December 2015, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
- realised profits	806,453	775,618	270,509	222,514
- unrealised profits	70,684	70,323	-	-
	877,137	845,941	270,509	222,514
Total share of retained earnings of associate:				
- realised profits	10,742	8,488	-	-
Total share of retained earnings of joint ventures:				
- realised profits	19,540	24,079	-	-
	907,419	878,508	270,509	222,514
Less: consolidation adjustments	(30,867)	(24,302)	-	-
Total retained earnings	876,552	854,206	270,509	222,514

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia and should not be applied for any other purpose.

## STATEMENT BY DIRECTORS

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 42 to 114 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2015 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 38 on page 115 has been properly compiled in accordance with the Guidance of Special Matter No.1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

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

**Low Seng Chee**

**Dato' Tan Eng Hwa**

Selangor Darul Ehsan,

Date: 8 April 2016

## STATUTORY DECLARATION

pursuant to Section 169(16) of the Companies Act, 1965

I, **Khoo Peng Peng**, the officer primarily responsible for the financial management of APM Automotive Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 115 are, to the best of my knowledge and belief, 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 above named in Selangor on 8 April 2016.

**Khoo Peng Peng**

Before me:

**Subramaniam a/l Sinnappayan**

No. B322

Commissioner for Oaths

Selangor Darul Ehsan

# INDEPENDENT AUDITORS' REPORT

## to the Members of APM Automotive Holdings Berhad

### Report on the Financial Statements

We have audited the financial statements of APM Automotive Holdings Berhad, which comprise the statements of financial position as at 31 December 2015 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 42 to 114.

#### *Directors' Responsibility for the Financial Statements*

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

### Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the following:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of the subsidiaries of which we have not acted as auditors, which are indicated in Note 32 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the financial statements of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

# INDEPENDENT AUDITORS' REPORT

## to the Members of APM Automotive Holdings Berhad

### Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 38 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards or International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

### Other Matters

We draw attention to the fact that USD equivalent statement of financial position and statement of profit or loss and other comprehensive income on page 43 and page 45 do not form part of audited financial statements. We have not audited these statements and accordingly, we do not express an opinion on these statements.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

### KPMG

Firm Number: AF 0758  
Chartered Accountants

### Thong Foo Vung

Approval Number: 2867/08/16(J)  
Chartered Accountant

Petaling Jaya,

Date: 8 April 2016

## GROUP PROPERTIES

Location	Description	Land Area (sq m)	Tenure Expiry Date	Net Book Value @ 31 Dec 2015 (RM'000)	Age of Building (years)	Date of last revaluation	Date of acquisition
Lot 1 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang Selangor	Factory, office, warehouse & vacant land	40,545	Leasehold/ 21.06.2092	43,230	18	2015	1984
Lot 3 Jalan 6/3 Seri Kembangan Industrial Estate 43300 Serdang, Selangor	Factory, office, warehouse & vacant land	42,046	Leasehold/ 21.06.2092	46,940	21	2015	1984
No. 23 & 25 Jalan Selat Selatan 21 Sobena Jaya Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	2,358	Freehold	4,834	5	2015	2000
Lot 13 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,400	19	2015	1995
Lot 14 Lorong Durian 3 Kian Yap Industrial Estate Off Km 9 Jalan Tuaran 88300 Kota Kinabalu, Sabah	Light industrial building	195	Leasehold/ 16.11.2922	1,450	19	2015	2001
Lot 600 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	40,353	Leasehold/ 27.02.2076	52,156	29	2014	1977
Lot 601 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	20,234	Leasehold/ 19.10.2076	23,604	37	2014	1977
Lot 1622 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory & warehouse	16,186	Leasehold/ 06.04.2079	18,555	6	2014	2005
Lot 1621 Jalan Raja Lumu Kawasan Perindustrian Pandamaran 42000 Port Klang, Selangor	Factory, office & warehouse	22,573	Leasehold/ 06.04.2079	24,506	4 -19	2014	1996
Lot 19712 - 19717 Persiaran Raja Muda Musa 42000 Port Klang, Selangor	Vacant industrial land	1,220	Freehold	2,300	-	2014	2011
PT 9 Block C (CG05, C105, C205, C305 and C3A05) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	10,730	2	2014	2013
PT 9 Block C (CG3A, C13A, C23A, C33A, C3A3A) Oasis Square No. 2 Jalan PJU 1A/7A Ara Damansara 47301 Petaling Jaya, Selangor	Office building, design, research and development centre	N/A	Freehold	6,804	2	2014	2013

## GROUP PROPERTIES

Location	Description	Land Area (sq m)	Tenure Expiry Date	Net Book Value @ 31 Dec 2015 (RM'000)	Age of Building (years)	Date of last revaluation	Date of acquisition
HS (D) 45445, PT 16073 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang Selangor	Factory, office & warehouse	32,326	Freehold	33,927	7 - 13	2014	2002
Lot 30081 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office, warehouse & vacant land	32,354	Freehold	29,124	6-11	2014	2002
No 5 Jalan Jasmine 3 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory & warehouse	16,172	Freehold	29,320	10	2014	2013
No 12 Lot 9378 Jalan Jasmine 4 Bandar Bukit Beruntung 48300 Rawang, Selangor	Factory, office & warehouse	8,094	Freehold	7,604	16	2014	2012
Lot 17295, 17296, 17297 Proton City Vendors Park Tanjung Malim, Perak	Factory, office, warehouse & vacant land	39,882	Freehold	12,042	11	2014	2004
GM65, Lot 911 Padang Meha Pekan Sungai Karangan Daerah Kulim, Kedah	Vacant industrial land	35,429	Freehold	6,350	-	2014	2014
25 Dai Lo Tu Do, Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office & warehouse	10,215	Leasehold 08.08.2054	3,531	11	2014	2004
25A Dai Lo Tu Do, Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Factory, office & warehouse	9,777	Leasehold 08.08.2054	3,855	6	2014	2004
27 Dai Lo Tu Do, Vietnam Singapore Industrial Park Thuan An District Binh Duong Province Socialist Republic of Vietnam	Vacant industrial land	9,514	Leasehold 08.08.2054	2,812	-	2014	2010
Suryacipta City of Industry Jl Surya Utama Kav I-15A Ciampel, Karawang Jawa Barat 41361 Indonesia	Factory, office & warehouse	20,131	Leasehold 25.05.2025	9,895	8	2014	2008
Jl Surya Utama Kav I-15A Ciampel Karawang Jawa Barat	Vacant industrial land	37,516	Leasehold 25.05.2025	10,657	-	-	2012
Plot A215, Amata City Industrial Estate Rayong Province, Thailand	Vacant industrial land	56,404	Freehold	12,593	-	2014	2014

## ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

Authorised Share Capital	:	RM300,000,000.00
Issued and Paid-Up Share Capital	:	RM201,600,000.00
Class of Shares	:	Ordinary Shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

### ANALYSIS BY SIZE OF HOLDINGS

(Based on Record of Depositors as at 31 March 2016)

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 – 99	443	7.804	14,998	0.007
100 – 1,000	3,337	58.791	1,349,873	0.690
1,001 – 10,000	1,569	27.642	5,351,739	2.736
10,001 – 100,000	242	4.263	6,800,038	3.476
100,001 – 9,779,374 (less than 5% of issued shares)	84	1.479	119,738,126	61.219
9,779,375 and above (5% and above of issued shares)	1	0.017	62,332,726	31.869
<b>Sub Total</b>	<b>5,676</b>	<b>100.000</b>	<b>195,587,500</b>	<b>100.000</b>
Treasury Shares			6,012,500	
	<b>5,676</b>	<b>100.000</b>	<b>201,600,000</b>	<b>100.000</b>

### SHAREHOLDINGS OF SUBSTANTIAL SHAREHOLDERS

(Based on Register of Substantial Shareholders as at 31 March 2016)

Name of Substantial Shareholders	Direct No. of Shares Held	% (*)	Indirect No. of Shares Held	% (*)
Tan Chong Consolidated Sdn Bhd	73,382,326	37.52	-	-
Wealthmark Holdings Sdn Bhd	15,260,600	7.80	-	-
Dato' Tan Heng Chew	5,924,999	3.03	88,642,926	45.32 <sup>(1)</sup>
Tan Eng Soon	-	-	88,642,926	45.32 <sup>(1)</sup>
Tan Kheng Leong	30,000	0.02	73,382,326	37.52 <sup>(2)</sup>

Notes:

<sup>(1)</sup> Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd ("TCC") and Wealthmark Holdings Sdn Bhd ("WH") pursuant to Section 6A of the Companies Act, 1965 ("Act").

<sup>(2)</sup> Deemed interest by virtue of interest in TCC pursuant to Section 6A of the Act.

<sup>(\*)</sup> Percentage is based on issued shares less treasury shares.

# ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

## SHAREHOLDINGS OF DIRECTORS

(Based on Register of Directors as at 31 March 2016)

Name of Directors	Direct No. of Shares Held	% (*)	Indirect No. of Shares Held	% (*)
Dato' Tan Heng Chew	5,924,999	3.03	92,157,784	47.12 <sup>(1)</sup>
Dato' Tan Eng Hwa	207,008	0.11	15,267,728	7.81 <sup>(2)</sup>
Dato' Haji Kamaruddin@ Abas Bin Nordin	5,448	- <sup>(3)</sup>	-	-
Siow Tiang Sae	2,050	- <sup>(3)</sup>	-	-
Nicholas Tan Chye Seng	185,600	0.09	-	-

The other directors namely, Dato' N. Sadasivan s/o N.N. Pillay, Dato' Heng Ji Keng, Mr. Low Seng Chee and Mr. Sow Soon Hock do not have any shares, whether direct or indirect, in the Company.

<sup>(1)</sup> Deemed interest by virtue of interests in TCC and WH pursuant to Section 6A of the Act and interests of spouse and son by virtue of Section 134(12)(c) of the Act.

<sup>(2)</sup> Deemed interest by virtue of interests in WH and Solomon House Sdn. Bhd. pursuant to Section 6A of the Act and interest of spouse by virtue of Section 134(12)(c) of the Act.

<sup>(3)</sup> Less than 0.01%.

<sup>(\*)</sup> Percentage is based on issued shares less treasury shares.

## LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS

(Based on Record of Depositors as at 31 March 2016)

No.	Name	No. of Shares Held	% (*)
1.	Tan Chong Consolidated Sdn Bhd	62,332,726	31.869
2.	Amsec Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account – Ambank (M) Berhad for Wealthmark Holdings Sdn Bhd</i>	9,010,000	4.606
3.	Tan Kim Hor	8,847,451	4.523
4.	Tan Chong Consolidated Sdn Bhd	8,839,600	4.519
5.	Citigroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i>	6,327,000	3.234
6.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Yayasan Hasanah (AUR-VCAM)</i>	5,895,700	3.014
7.	HSBC Nominees (Asing) Sdn Bhd <i>TNTC for Mondrian Emerging Markets Small Cap Equity Fund, L.P.</i>	5,296,800	2.708
8.	CIMB Group Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)</i>	4,250,000	2.172
9.	Amanahraya Trustees Berhad <i>Public SmallCap Fund</i>	3,487,100	1.782
10.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for the Bank of New York Mellon (Mellon ACCT)</i>	3,353,800	1.714
11.	Kumpulan Wang Persaraan (Diperbadankan)	3,148,100	1.609
12.	CIMB Group Nominees (Asing) Sdn Bhd <i>Exempt AN for DBS Bank Ltd (SFS)</i>	3,064,500	1.566
13.	Pang Sew Ha @ Phang Sui Har	2,980,195	1.523

## ANALYSIS OF SHAREHOLDINGS

as at 31 March 2016

### LIST OF THIRTY (30) LARGEST SECURITIES ACCOUNTS HOLDERS *(cont'd)* *(Based on Record of Depositors as at 31 March 2016)*

No.	Name	No. of Shares held	% (*)
14.	Cartaban Nominees (Asing) Sdn Bhd <i>BBH (Lux) SCA for Fidelity Funds Asean</i>	2,568,700	1.313
15.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Khor Swee Wah @ Koh Bee Leng (PBCL-0G0031)</i>	2,522,508	1.289
16.	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for JPMorgan Chase Bank, National Association (JPMEL AIF-UK)</i>	2,501,100	1.278
17.	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Tan Heng Chew (MM1063)</i>	2,463,600	1.259
18.	Amanahraya Trustees Berhad <i>Public Strategic SmallCap Fund</i>	2,353,300	1.203
19.	Tan Boon Pun	2,328,276	1.190
20.	Tan Chong Consolidated Sdn Bhd	2,210,000	1.129
21.	Tan Ban Leong	2,048,885	1.047
22.	Tan Beng Keong	2,048,885	1.047
23.	Tan Chee Keong	2,048,885	1.047
24.	Tan Hoe Pin	2,048,885	1.047
25.	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	1,960,600	1.002
26.	Hong Leong Assurance Berhad <i>As Beneficial Owner (Life Par)</i>	1,779,800	0.909
27.	ChinChoo Investment Sdn. Berhad	1,735,300	0.887
28.	Malaysia Nominees (Tempatan) Sendirian Berhad <i>Great Eastern Life Assurance (Malaysia) Berhad (PAR 1)</i>	1,698,300	0.868
29.	Amanahraya Trustees Berhad <i>Public Islamic Optimal Growth Fund</i>	1,390,700	0.711
30.	Gan Teng Siew Realty Sdn. Berhad	1,389,000	0.710

Note:

(\*) Percentage is based on issued shares less treasury shares.

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Nineteenth Annual General Meeting of APM AUTOMOTIVE HOLDINGS BERHAD ("Company") will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia, on Wednesday, 25 May 2016 at 11.00 a.m. to transact the following businesses:

## As Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2015 together with the Reports of the Directors and Auditors thereon. *(Resolution 1)*
2. To declare a final single-tier dividend of 12 sen per ordinary share for the financial year ended 31 December 2015. *(Resolution 2)*
3. To re-elect the following Directors who are eligible and have offered themselves for re-election, in accordance with Article 96 of the Company's Articles of Association:-
  - (i) Dato' Tan Eng Hwa *(Resolution 3)*
  - (ii) Mr. Nicholas Tan Chye Seng *(Resolution 4)*
4. To consider and if thought fit, to pass the following resolutions:-
  - (i) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Haji Kamaruddin @ Abas Bin Nordin be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." *(Resolution 5)*
  - (ii) "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' N. Sadasivan s/o N.N. Pillay be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." *(Resolution 6)*
5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. *(Resolution 7)*

## As Special Business

To consider and if thought fit, to pass the following resolutions:

6. **PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT, subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are hereby authorised pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM1.00 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company." *(Resolution 8)*

## NOTICE OF ANNUAL GENERAL MEETING

### 7. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES**

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares of RM1.00 each in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company at any point in time of the purchase.

THAT an amount not exceeding the Company’s share premium and retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire:

- (i) at the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) at the expiration of the period within which the next AGM of the Company is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities.”

*(Resolution 9)*

## NOTICE OF ANNUAL GENERAL MEETING

### 8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.1 of the Circular to Shareholders dated 29 April 2016 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

*(Resolution 10)*

### 9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.2 of the Circular to Shareholders dated 29 April 2016 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

*(Resolution 11)*

## NOTICE OF ANNUAL GENERAL MEETING

**10. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES**

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("APM Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the APM Group ("Related Parties") including those set out under section 3.2.3 of the Circular to Shareholders dated 29 April 2016 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

*(Resolution 12)*

**11. PROPOSED ACQUISITION OF THE ASSETS OF TC ALUMINIUM CASTINGS SDN BHD (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TAN CHONG MOTOR HOLDINGS BERHAD) BY APM THERMAL SYSTEMS SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF THE COMPANY) FOR A TOTAL CASH CONSIDERATION OF RM5,701,318**

"THAT pursuant to Section 132E of the Companies Act, 1965 ("Act"), approval be and is hereby given for the proposed acquisition (the "Proposed Acquisition") by APM Thermal Systems Sdn Bhd ("APMTS" or "Purchaser"), a wholly-owned subsidiary of the Company, from TC Aluminium Castings Sdn Bhd ("TCAC" or "Vendor"), an indirect wholly-owned subsidiary of Tan Chong Motor Holdings Berhad ("TCMH"), of its Assets [as defined in the Company's Circular to Shareholders dated 29 April 2016 (the "Circular")], for a total cash consideration of RM5,701,318 subject to such adjustment as provided in the Circular and upon such arm's length and commercially acceptable terms and conditions as the Purchaser and Vendor shall determine and agree upon AND THAT the Board of Directors of the Company be and is hereby given full power to determine and assent to the terms and conditions of the contract of sale of the Assets to be executed between APMTS and TCAC and to take all such steps and to execute all such documents as they may deem necessary or expedient in order to implement, finalise and give full effect to the aforesaid Proposed Acquisition".

*(Resolution 13)*

12. To transact any other business of the Company of which due notice shall have been received.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT, subject to the approval of the shareholders at the Nineteenth Annual General Meeting of APM Automotive Holdings Berhad, a final single-tier dividend of 12 sen per ordinary share for the financial year ended 31 December 2015 will be paid on 24 June 2016. The entitlement date shall be 6 June 2016.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- (1) shares transferred into the depositor's securities account before 4.00 p.m. on 6 June 2016 in respect of ordinary transfers; and
- (2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By order of the Board  
**KHOO PENG PENG** (MIA 19749)  
**QUAH KHIAN KHOON** (MAICSA 7030264)  
Company Secretaries

Kuala Lumpur  
29 April 2016

### Notes:

1. A depositor whose name appears in the Record of Depositors of the Company as at 17 May 2016 ("Record of Depositors") shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
4. Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
  - (i) the securities account number;
  - (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
  - (iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.
6. Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.
7. Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), not less than forty-eight (48) hours before the time appointed for the meeting.

# NOTICE OF ANNUAL GENERAL MEETING

## Explanatory Notes on Special Business:

### (1) Resolution 5 & 6 – Re-appointment of Dato' Haji Kamaruddin @ Abas Bin Nordin and Dato' N. Sadasivan s/o N. N. Pillay as Directors pursuant to Section 129(6) of the Act and their designation as Independent Non-Executive Directors of the Company

In accordance with Section 129 of the Act, the office of a Director of public company who is of or over the age of 70 years, shall become vacant at the conclusion of the annual general meeting unless he is re-appointed under Section 129(6) of the Act.

Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of the shareholders be sought in the event the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

Following an assessment and recommendation by the Nominating Committee, the Board recommended that Dato' Haji Kamaruddin @ Abas Bin Nordin and Dato' N. Sadasivan s/o N. N. Pillay, who are over the age of 70 years and have each served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, be re-appointed as Directors and they continue to be designated as Independent Non-Executive Directors of the Company subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for retaining them as Independent Non-Executive Directors as follows:

- (a) They fulfil the Independent Director criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore, are able to bring independent and objective judgement to the Board;
- (b) Their relevant experience and expertise in legal, economics, finance and accounting would enable them to provide the Board and Board Committees, as the case may be, with pertinent and a diverse set of expertise, skills and competence;
- (c) Their long service with the Company enhances their knowledge and developed valuable insights of the business operations of the Group which enable them to contribute actively and effectively during deliberations at Board Committees and Board meetings, as the case may be; and
- (d) They devote sufficient time and exercise due care as Independent Directors of the Company and carry out their duty in the interest of the Company and shareholders.

### (2) Resolution 8 - Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under normal circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued and paid-up share capital (excluding treasury shares) of the Company.

To avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, the Directors of the Company had obtained the general mandate at the Company's 18th Annual General Meeting held on 27 May 2015 to allot and issue shares in the Company up to an amount of not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being, for such purpose. The Company has not issued any new shares under the general mandate granted to the Directors at the 18th Annual General Meeting which will lapse at the conclusion of the 19th Annual General Meeting to be held on 25 May 2016.

A renewal of the mandate is being sought at the 19th Annual General Meeting under proposed Resolution 8. The renewed mandate, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

### (3) Resolution 9 – Proposed Renewal of Authority for the Company to Purchase its Own Ordinary Shares

The proposed Resolution 9, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company at any point in time of the purchase ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the retained profits and share premium of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on Resolution 9 is set out in the Circular to Shareholders dated 29 April 2016 despatched together with the Company's 2015 Annual Report.

### (4) Resolutions 10, 11 and 12 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Resolutions 10, 11 and 12 if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on Resolutions 10, 11 and 12 are set out in the Circular to Shareholders dated 29 April 2016 despatched together with the Company's 2015 Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING

**(5) Resolution 13 – Proposed Acquisition of the Assets of TC Aluminium Castings Sdn Bhd by APM Thermal Systems Sdn Bhd**

APM Thermal Systems Sdn Bhd (“Purchaser”), proposes to acquire from TC Aluminium Castings Sdn Bhd (“Vendor”), its Assets (as defined in the Circular) for a total cash consideration of RM5,701,318 (“Proposed Acquisition”). The Proposed Acquisition falls under the provision of Section 132E of the Act, in that both Vendor and Purchaser are deemed to be persons connected with Dato’ Tan Heng Chew, a Director and substantial shareholder of the Company, and Tan Eng Soon and Tan Kheng Leong, substantial shareholders of the Company by virtue of Section 122A of the Companies Act, 1965 and prior approval of the shareholders of the Company at a general meeting is required to implement the Proposed Acquisition.

Further details on the Proposed Acquisition are set out in the Circular to Shareholders dated 29 April 2016 despatched together with the Company’s 2015 Annual Report.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 19th Annual General Meeting of the Company (“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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

<b>CDS Account No.</b>	
<b>Number of shares held</b>	

I/We \_\_\_\_\_ (name of shareholder, in capital letters)  
 NRIC No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_  
 \_\_\_\_\_ (full address)  
 telephone no. \_\_\_\_\_ being a member(s) of APM AUTOMOTIVE HOLDINGS BERHAD,  
 hereby appoint \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)  
 NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) and/or  
 \_\_\_\_\_ (name of proxy as per NRIC, in capital letters)  
 NRIC No. \_\_\_\_\_ (new) \_\_\_\_\_ (old) or failing him/her,  
 the Chairman of the meeting, as my/our proxy to vote for me/us on my/our behalf at the Nineteenth Annual General Meeting of the Company to be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia, on Wednesday, 25 May 2016 at 11.00 a.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Resolution 1	Audited Financial Statements and Reports of the Directors and Auditors thereon		
Resolution 2	Final single-tier dividend of 12 sen per ordinary share		
Resolution 3	Re-election of Dato' Tan Eng Hwa		
Resolution 4	Re-election of Mr. Nicholas Tan Chye Seng		
Resolution 5	Re-appointment of Dato' Haji Kamaruddin @ Abas Bin Nordin pursuant to Section 129(6) of the Companies Act, 1965 and his designation as an Independent Non-Executive Director		
Resolution 6	Re-appointment of Dato' N. Sadasivan s/o N.N. Pillay pursuant to Section 129(6) of the Companies Act, 1965 and his designation as an Independent Non-Executive Director		
Resolution 7	Re-appointment of Messrs KPMG as Auditors		
Resolution 8	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong Motor Holdings Berhad and its subsidiaries		
Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its subsidiaries		
Resolution 12	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited and its subsidiaries		
Resolution 13	Proposed Acquisition of the Assets of TC Aluminium Castings Sdn Bhd by APM Thermal Systems Sdn Bhd		

*(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)*

	For the appointment of two (2) proxies, percentage of shareholdings to be represented by each proxy:	
	Number of shares	%
_____	Proxy 1 _____	
Signature/Common Seal	Proxy 2 _____	
Date: _____	Total	100%

**Notes:**

1. A depositor whose name appears in the Record of Depositors of the Company as at 17 May 2016 ("Record of Depositors") shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149(1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
4. Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
  - (i) the securities account number;
  - (ii) the name of beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
  - (iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.

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AFFIX  
STAMP

**Tricor Investor & Issuing House Services Sdn Bhd** (11324-H)  
Registrar for **APM AUTOMOTIVE HOLDINGS BERHAD** (424838-D)  
Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3  
Bangsar South, No. 8, Jalan Kerinchi  
59200 Kuala Lumpur, Malaysia

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6. Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.
7. Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), not less than forty-eight (48) hours before the time appointed for the meeting.

**Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 19th Annual General Meeting of the Company ("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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

Fold this flap for sealing

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# PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice ("Notice") is issued to all shareholders (including substantial shareholders) ("Shareholders") of APM AUTOMOTIVE HOLDINGS BERHAD ("Company", "APM", "we", "us" or "our") in accordance with the Personal Data Protection Act 2010 ("Act") which came into force on 15 November 2013. The Act regulates the processing of personal data and requires us to notify you on matters relating to your personal data that is being processed, or that is to be collected and further processed by us. For the purpose of this Notice, the terms "personal data" and "processing" used in this Notice shall have the meaning prescribed in the Act.

Bursa Malaysia Securities Berhad ("Bursa Malaysia") has also on 15 November 2013 amended the Main Market Listing Requirements ("Listing Requirements") consequential to the Act. Under Paragraph 2.14A of the Listing Requirements, any person who provides or has provided personal data to Bursa Malaysia should read and be aware of Bursa Malaysia's personal data notice available at Bursa Malaysia's website [www.bursamalaysia.com](http://www.bursamalaysia.com) ("Bursa Malaysia's personal data notice"). If the Company provides Bursa Malaysia with personal data of the Shareholders, the Company must notify the Shareholders of Bursa Malaysia's personal data notice.

As Shareholders of APM, your personal data which may include your name, national registration identity card number (NRIC no.), passport number, address, date of birth/age, contact details and number, email address, gender, nationality, shareholding in APM, bank account number, CDS account number and any other personal data required, may be processed by APM and its related companies ("APM Group") for the following purposes ("Purposes"):

- (a) Compliance with the Companies Act, 1965, Listing Requirements and applicable relevant laws, regulations and guidelines, as may be amended, from time to time;
- (b) Verification of information to authorities and governmental agencies;
- (c) Deliver, communicate and transmit to the Shareholders of APM's annual report, circular to shareholders, and any other information through modes of communication and delivery we deem appropriate;
- (d) Payment of dividends and giving of other benefits to you as Shareholders, if applicable;
- (e) Maintain, upkeep and update our records regarding our Shareholders' information; and
- (f) Dealings with all matters in connection with your shareholding in APM; or such other purposes as may be related to the foregoing.

The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.

Your personal data may be disclosed by us in connection with the Purposes to parties including but not limited to companies within APM Group (whether present or future), our professional advisers, insurance companies, auditors, lawyers, banks, share registrars and other service providers, governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligations which is imposed on APM Group. Your personal data may be transferred to a place outside Malaysia.

If you fail to supply to us your personal data, we may not be able to process your personal data for any of the Purposes.

We are committed to ensuring that your personal data is stored securely. You are responsible for ensuring that the personal data you provide to us is accurate, complete and not misleading and that such personal data is kept up to date.

Please also be notified that you have the right to request access to and correction of your personal data and you have a choice to limit the consent of the processing of your personal data.

# PERSONAL DATA PROTECTION NOTICE

Your written requests or queries pertaining to your personal data should be addressed to:

The Company Secretaries  
APM Automotive Holdings Berhad  
62-68 Jalan Sultan Azlan Shah  
51200 Kuala Lumpur  
Tel No. : +603-4047 8888  
Facsimile : +603-4047 8636  
Email address : [apmah@apm.com.my](mailto:apmah@apm.com.my)

By providing to us your personal data, you hereby consent to the processing of your personal data in accordance with all of the foregoing. You shall also procure the consent of your proxy appointed to attend any general meeting of APM on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.

In accordance with the Act, the Notice is issued in both English and Bahasa Malaysia. In the event of inconsistency between the English version and the Bahasa Malaysia version, the English version shall prevail.

Issued by: APM Automotive Holdings Berhad

# NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama) ("Pemegang Saham") APM AUTOMOTIVE HOLDINGS BERHAD ("Syarikat", "APM" atau "kami") menurut Akta Perlindungan Data Peribadi 2010 ("Akta") yang berkuatkuasa pada 15hb November 2013. Akta ini mengawal selia pemprosesan data peribadi dan menghendaki kami untuk memaklumkan anda berkenaan perkara-perkara yang berkaitan dengan data peribadi anda yang sedang diproses, atau yang akan dikumpul dan diproses oleh kami. Untuk tujuan Notis ini, terma-terma "data peribadi" dan "pemprosesan" yang digunakan dalam Notis ini hendaklah membawa maksud sepertimana yang ditakrifkan dalam Akta tersebut.

Bursa Malaysia Securities Berhad ("Bursa Malaysia") telah membuat pindaan kepada Keperluan Penyenaraian Pasaran Utama ("Keperluan Penyenaraian") pada 15hb November 2013 akibat daripada Akta ini. Seperti yang tertakluk di bawah perenggan 2.14A Keperluan Penyenaraian, sesiapa yang memberi atau telah memberi data peribadi kepada Bursa Malaysia, haruslah membaca dan menyedari tentang notis data peribadi Bursa Malaysia yang terdapat di laman web Bursa Malaysia di [www.bursamalaysia.com](http://www.bursamalaysia.com) ("notis data peribadi Bursa Malaysia"). Sekiranya Syarikat membekalkan data peribadi Pemegang Saham kepada Bursa Malaysia, Syarikat mesti memaklumkan Pemegang Saham tentang notis data peribadi Bursa Malaysia.

Sebagai Pemegang Saham APM, data peribadi anda mungkin termasuk nama, nombor kad pengenalan, nombor pasport, alamat, tarikh lahir/umur, maklumat dan nombor perhubungan, alamat emel, jantina, kewarganegaraan, pegangan saham dalam APM, nombor akaun bank, nombor akaun Sistem Depositori Pusat (CDS) anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh APM dan syarikat-syarikat yang berkaitan dengannya ("Kumpulan APM") untuk tujuan-tujuan berikut ("Tujuan"):

- (a) Mematuhi Akta Syarikat 1965, Keperluan Penyenaraian dan undang-undang, peraturan-peraturan dan garis panduan yang berkaitan yang mungkin dipinda dari semasa ke semasa;
- (b) Pengesahan maklumat kepada pihak berkuasa dan agensi kerajaan;
- (c) Menyampaikan, menghubungi dan menghantar laporan tahunan APM, pekeliiling kepada Pemegang Saham, dan lain-lain maklumat kepada Pemegang Saham melalui cara komunikasi dan penyampaian yang kami anggap sesuai;
- (d) Pembayaran dividen dan manfaat lain kepada anda sebagai Pemegang Saham, jika berkenaan;
- (e) Mengekal, menyelia dan mengemaskinikan rekod kami yang berkaitan dengan maklumat-maklumat Pemegang Saham; dan
- (f) Untuk berurusan dengan semua perkara yang berkaitan dengan pegangan saham anda dalam APM; atau bagi tujuan-tujuan lain yang mungkin berkaitan dengan perkara-perkara yang dinyatakan di atas.

Data peribadi anda yang diproses oleh kami merangkumi segala maklumat yang diberi oleh anda serta maklumat lain yang mungkin kami perolehi berkenaan anda.

Maklumat peribadi anda mungkin didedahkan oleh kami untuk Tujuan di atas kepada pihak lain termasuk dan tidak terhad kepada syarikat-syarikat dalam Kumpulan APM (sama ada pada masa kini atau masa depan), penasihat profesional, syarikat-syarikat insurans, juruaudit, peguam, bank, pendaftar saham dan pembekal perkhidmatan lain, semua jabatan dan/atau agensi kerajaan dan/atau kuasi-kerajaan, badan-badan penguatkuasa dan/atau berkanun dan sebarang pihak ketiga, sebagaimana yang dikehendaki undang-undang atau timbul daripada apa-apa kewajipan undang-undang yang dikenakan ke atas Kumpulan APM. Data peribadi anda mungkin akan dipindahkan ke suatu tempat di luar Malaysia.

Sekiranya anda gagal membekalkan data peribadi anda kepada kami, kami mungkin tidak dapat memproses data peribadi anda bagi mana-mana Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

# NOTIS PERLINDUNGAN DATA PERIBADI

Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

Setiausaha-setiausaha Syarikat  
APM Automotive Holdings Berhad  
62-68 Jalan Sultan Azlan Shah  
51200 Kuala Lumpur  
Tel No. : +603-4047 8888  
Faks : +603-4047 8636  
Alamat Emel : [apmah@apm.com.my](mailto:apmah@apm.com.my)

Dengan membekalkan data peribadi anda kepada kami, bermaksud anda bersetuju membenarkan kami memproses data peribadi anda selaras dengan apa-apa yang dinyatakan di atas. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menghadiri apa-apa mesyuarat agung APM bagi pihak anda sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Mengikut Akta tersebut, Notis ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan diguna pakai.

Dikeluarkan oleh : APM Automotive Holdings Berhad

[www.apm.com.my](http://www.apm.com.my)

**APM AUTOMOTIVE HOLDINGS BERHAD** (424838-D)

Lot 600, Pandamaran Industrial Estate  
Locked Bag No. 218, 42009 Port Klang, Selangor Darul Ehsan, Malaysia  
Tel: 603-3161 8888 Fax: 603-3161 8833 Email: [apmah@apm.com.my](mailto:apmah@apm.com.my)

