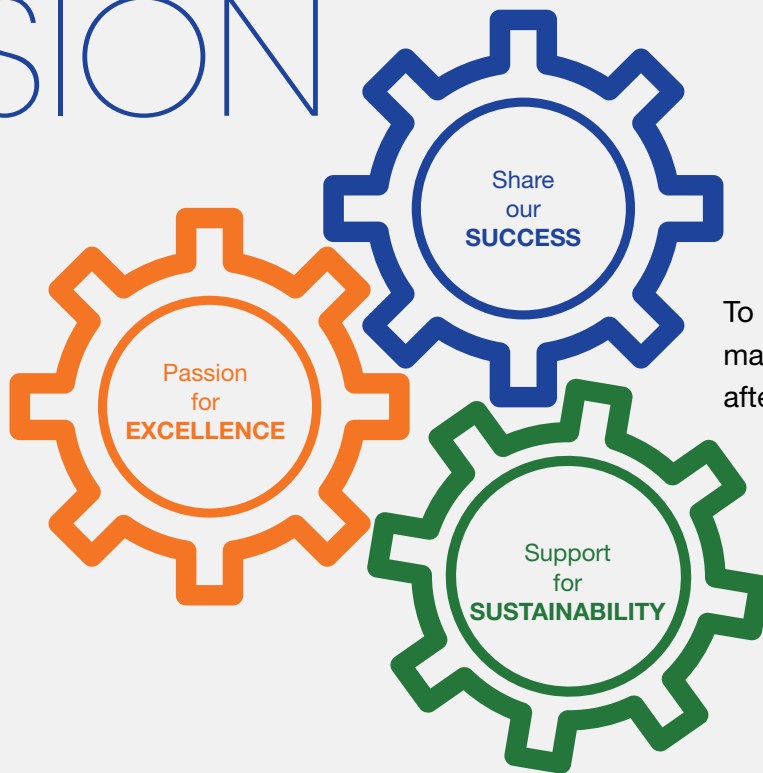




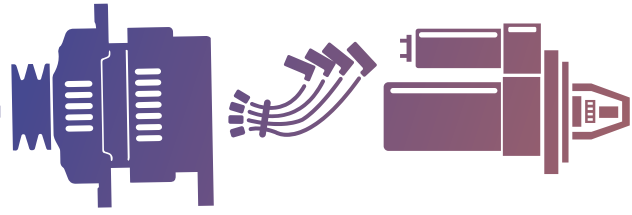
# VISION



To be the most successful & market leading automotive aftermarket parts provider.

# MISSION

- To create value for our stakeholders through profitable growth and sustainability.
- To relentlessly focus on value, quality and comprehensive automotive aftermarket parts.
- To excel in customer service.
- To constantly seek and develop markets for our automotive aftermarket parts.
- To actively engaged in our employees development.
- To continuously improve and inspire innovation.
- To leverage on technology to be at the leading edge of the automotive aftermarket parts industry.
- To operate with passion and share our success.



## WHAT'S INSIDE THIS REPORT

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### MR. KEK KOK SWEE

Independent Non-Executive  
Chairman

### MR. KER MIN CHOO

Managing Director

### MR. KER MONG KENG

Executive Director

### MR. KER MENG OI

Executive Director

### MR. ONG KHENG SWEE

Executive Director

### EN. AZAHAR BIN BAHARUDIN

Independent Non-Executive  
Director

### MS. TAN LAY BENG

Independent Non-Executive  
Director

## COMPANY SECRETARIES

Ms. Ang Mui Kiow (LS0001886)  
Ms. Chen Yew Ting (MAICSA 0869733)

## 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  
Fax : +603-2783 9222

## REGISTERED OFFICE

Suite 9D, Level 9  
Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor Darul Takzim, Malaysia

Tel : +607-224 1035  
Fax : +607-221 0891

## HEAD OFFICE

PLO 436, Jalan Gangsa  
Kawasan Perindustrian Pasir Gudang  
81700 Pasir Gudang  
Johor Darul Takzim, Malaysia

Tel : +607-288 1313  
Fax : +607-251 4668  
Website : [www.solidautomotive.com](http://www.solidautomotive.com)  
Email : [ir@solidautomotive.com](mailto:ir@solidautomotive.com)

## PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad  
Hong Leong Bank Berhad

## AUDITORS

### CROWE MALAYSIA PLT

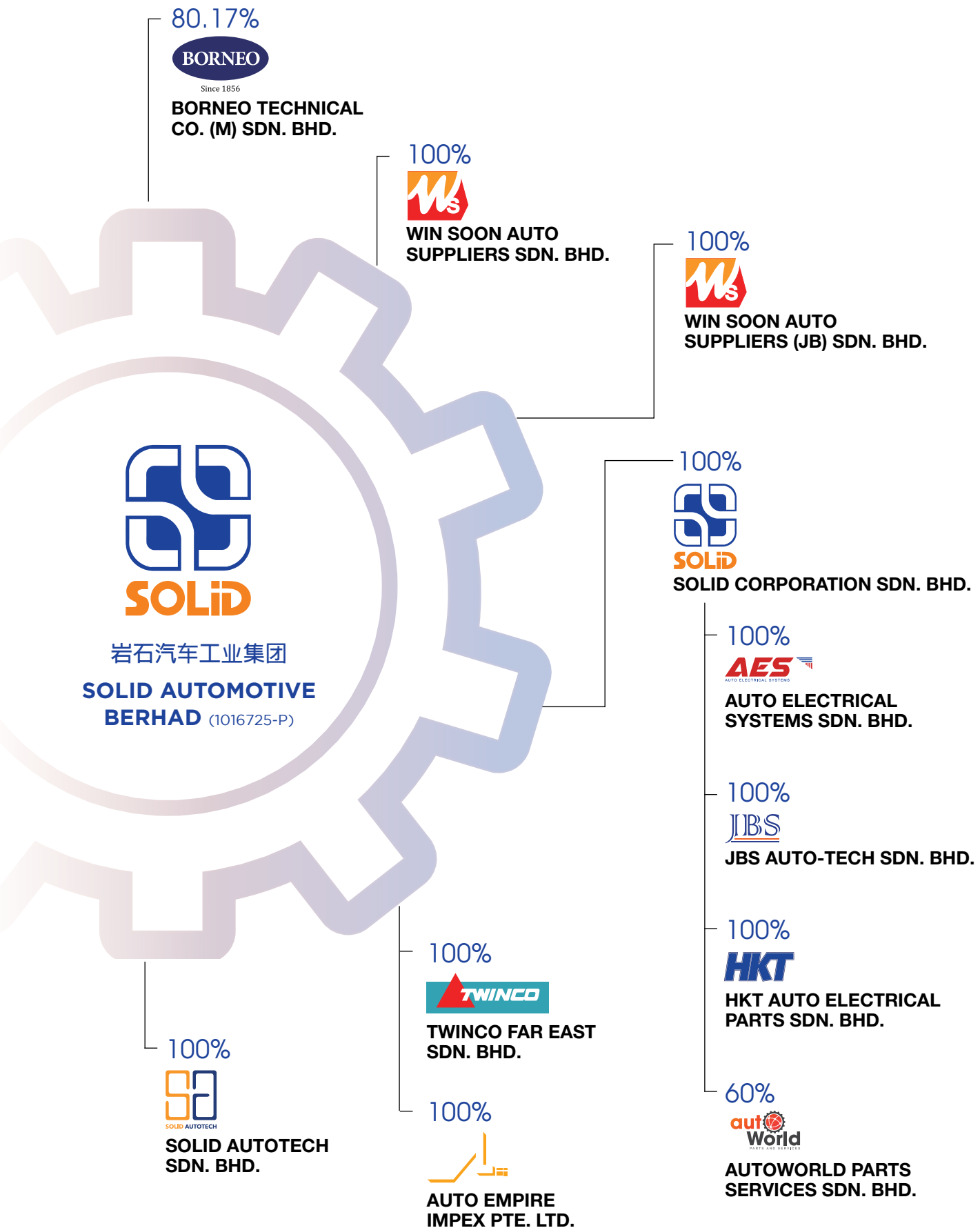
(LLP0018817-LCA & AF 1018)

Johor Bahru Office  
E-2-3, Pusat Komersial Bayu Tasek  
Persiaran Southkey 1, Kota Southkey  
80150 Johor Bahru  
Johor Darul Takzim, Malaysia

## STOCK EXCHANGE LISTING

Main Market of the Bursa Malaysia  
Securities Berhad ("Bursa Securities")  
Sector : Consumer Products  
and Services  
Sub Sector : Automotive  
Stock name : SOLID  
Stock Code : 5242

# CORPORATE STRUCTURE



## DIRECTORS' PROFILE

### MR. KEK KOK SWEE

*Independent Non-Executive  
Chairman*

Malaysian | aged 65

He was appointed to the Board on 9 October 2012. He is also a member of the Audit Committee and Chairman of the Nominating Committee and Remuneration Committee.

He holds a Bachelor's Degree in Commerce and Administration from Victoria University of Wellington, New Zealand. He is a member of the Malaysian Institute of Accountants.

He has vast experience and exposure in the field of accounting, finance and consulting in various countries, namely New Zealand, Singapore, China, Cambodia and Malaysia.

Mr. Kek Kok Swee does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended 3 (three) out of 4 (four) Board meetings held during the financial year ended 30 April 2019.

### MR. KER MIN CHOO

*Managing Director*

Malaysian | aged 57

He was appointed to the Board on 9 October 2012 and is one of the founding members of our Group.

He has extensive experience and in-depth knowledge of the automotive electrical parts trade in Malaysia as well as overseas. He has been actively involved in the automotive aftermarket for electrical parts and components in Malaysia for over 30 years.

Mr. Ker Min Choo does not have any family relationship with any Director or substantial shareholder of the Company except for Mr. Ker Mong Keng and Mr. Ker Meng Oi (directors of the Company) and Mr. Ker Boon Kee (a substantial shareholder) who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2019.

### MR. KER MONG KENG

*Executive Director*

Malaysian | aged 64

He was appointed to the Board on 9 October 2012 and is one of the founding members of our Group.

He has extensive exposure in the local automotive aftermarket for parts and components used in commercial and heavy-duty vehicles.

Mr. Ker Mong Keng does not have any family relationship with any Director or substantial shareholder of the Company except for Mr. Ker Min Choo and Mr. Ker Meng Oi (directors of the Company) and Mr. Ker Boon Kee (a substantial shareholder) who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended 3 (three) out of 4 (four) Board meetings held during the financial year ended 30 April 2019.

### MR. KER MENG OI

*Executive Director*

Malaysian | aged 55

He was appointed to the Board on 9 October 2012.

He graduated from Boise State University, USA with a Bachelor of Business Administration. He went to Japan in 1987 to pursue Japanese studies and worked with a Tokyo-based automotive parts manufacturing company. He returned to Malaysia in 1989 to join Solid Corporation Sdn Bhd.

Mr. Ker Meng Oi does not have any family relationship with any Director or substantial shareholder of the Company except for Mr. Ker Min Choo and Mr. Ker Mong Keng (directors of the Company) and Mr. Ker Boon Kee (a substantial shareholder) who are his siblings, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended 3 (three) out of 4 (four) Board meetings held during the financial year ended 30 April 2019.

## DIRECTORS' PROFILE (CONT'D)

**MR. ONG  
KHENG SWEE**

*Executive Director/  
Chief Financial Officer*

Malaysian | aged 61

He is a Director since the incorporation of our Company on 12 September 2012.

He is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia. He held various senior positions in both the professional sector (having worked with two major international accounting firms) and in the commercial sector as Financial Controller, Group Finance Director and Management Consultant in various industries including petrochemicals, ceramic tiles, minerals and glass. He is currently an Independent Non-Executive Director of Power Root Berhad which is listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr. Ong Kheng Swee does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2019.

**EN. AZAHAR  
BIN BAHARUDIN**

*Independent Non-Executive  
Director*

Malaysian | aged 63

He was appointed to the Board on 9 October 2012.

He is a graduate from MARA Institute of Technology. He has considerable experience in the banking and finance field with his tenure at two Malaysian financial institutions and subsequently as business development head and consultant in the financial services sector.

He is currently an Independent Non-Executive Director of Power Root Berhad and Gromutual Berhad, both of which are listed on the Main Market of Bursa Malaysia Securities Berhad.

En. Azahar bin Baharudin does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the past five (5) years.

He attended all the 4 (four) Board meetings held during the financial year ended 30 April 2019.

**MS. TAN  
LAY BENG**

*Independent Non-Executive  
Director*

Malaysian | aged 65

She was appointed to the Board on 18 August 2014.

She is a Fellow of the Association of Chartered Certified Accountants of United Kingdom, a member of the Malaysian Institute of Accountants and a Fellow of the Chartered Tax Institute of Malaysia.

She has wide experience in accounting, audit and tax having worked with a mid-size and an international accounting firm before starting her own consulting practice in 1999.

Ms. Tan Lay Beng does not have any family relationship with any Director or substantial shareholder of the Company, nor does she have any conflict of interest with the Group. She has not been convicted of any offences within the past five (5) years.

She attended all the 4 (four) Board meetings held during the financial year ended 30 April 2019.

## PROFILE OF KEY SENIOR MANAGEMENT

### MR. LIEW CHEONG SENG

Chief Operating Officer  
- Solid Corporation Sdn. Bhd.

Malaysian | aged 41

#### Date Appointed as Key Senior Management:

Year 2015

#### Qualification

Bachelor of Economics | University of Malaya, Malaysia

#### Working Experience

Solid Corporation Sdn Bhd since 2002

Mr. Liew Cheong Seng does not hold any directorships in public companies or listed issuers. He does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group. He has not been convicted of any offences within the last five (5) years.

### MR. KER KAI XIANG

Deputy Chief  
Operating Officer  
- Solid Corporation Sdn. Bhd.

Malaysian | aged 36

#### Date Appointed as Key Senior Management:

Year 2015

#### Qualifications

Bachelor of Mechanical Engineering | University of Applied Sciences, Germany  
Masters of Business Administration | Sabi University, Paris

#### Working Experience

Solid Corporation Sdn Bhd since 2007

Mr. Ker Kai Xiang does not hold any directorships in public companies or listed issuers. He is the nephew of Mr. Ker Min Choo, Mr. Ker Mong Keng and Mr. Ker Meng Oi and is the son of a substantial shareholder, Mr. Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

### MR. KER KEDDY

Deputy Chief  
Operating Officer  
- Twinco Far East Sdn. Bhd.

Malaysian | aged 38

#### Date Appointed as Key Senior Management:

Year 2010

#### Qualification

Bachelor of Management | University of Kinki, Japan

#### Working Experience

Overseas Business Development - Transcosmos Inc. Japan, Japan  
Twinco Far East Sdn Bhd since 2008

Mr. Ker Keddy does not hold any directorships in public companies or listed issuers. He is the nephew of Mr. Ker Min Choo, Mr. Ker Mong Keng and Mr. Ker Meng Oi and is the son of a substantial shareholder, Mr. Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.



## PROFILE OF KEY SENIOR MANAGEMENT (CONT'D)

**MR. KER HONG**

*Deputy Chief  
Operating Officer  
- Borneo Technical Co. (M)  
Sdn. Bhd.*

Malaysian | aged 32

**Date Appointed as Key Senior Management:**

Year 2014

**Qualifications**

Bachelor of Engineering | University of Adelaide, Australia  
Master of Business Administration | Universiti Teknologi Malaysia, Malaysia

**Working Experience**

Test Engineer - Molex Singapore Pte Ltd, Singapore  
Auto Empire Impex Pte Ltd / JBS Auto-Tech Sdn. Bhd. / Solid Corporation Sdn. Bhd. since 2012  
Borneo Technical Co. (M) Sdn. Bhd. since 2019

Mr. Ker Hong does not hold any directorships in public companies or listed issuers. He is the son of Mr. Ker Min Choo and the nephew of Mr. Ker Mong Keng, Mr. Ker Meng Oi and a substantial shareholder, Mr. Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

**MR. KER SHILOONG**

*Deputy Chief  
Operating Officer  
- Auto Empire Impex Pte Ltd,  
Singapore*

Malaysian | aged 31

**Date Appointed as Key Senior Management:**

Year 2014

**Qualifications**

BSc. Business | University of London (London School of Economics & Political Science)

**Working Experience**

Auto Empire Impex Pte Ltd since 2011

Mr. Ker Shilong does not hold any directorships in public companies or listed issuers. He is the son of Mr. Ker Mong Keng and the nephew of Mr. Ker Min Choo, Mr. Ker Meng Oi and a substantial shareholder, Mr. Ker Boon Kee. He does not have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

**MR. KWEE CHOON WAH**

*Deputy Chief  
Operating Officer  
- Win Soon Auto Suppliers  
Sdn. Bhd.  
- Win Soon Auto Suppliers  
(JB) Sdn. Bhd.*

Malaysian | aged 58

**Date Appointed as Key Senior Management:**

Year 2019

**Qualifications**

Not applicable

**Working Experiences**

Sales - Juan Seng Motors Sdn. Bhd., Malaysia  
Sales - Active Engineering Pty Ltd, Papua New Guinea  
Sales - APM Auto Parts Marketing Sdn. Bhd., Malaysia  
Win Soon Auto Suppliers Sdn. Bhd. / Win Soon Auto Suppliers (JB) Sdn. Bhd. since 2009

Mr. Kwee Choon Wah does not have any family relationship with any Director or substantial shareholder of the Company, nor does he have any conflict of interest with the Group and has not been convicted of any offences within the last five (5) years.

# EVENT HIGHLIGHTS

## FAIR & EXHIBITIONS

### Jakarta



### Vietnam



### Laos





EVENT HIGHLIGHTS (CONT'D)

**FAIR & EXHIBITIONS**

**Bangkok**



**Cambodia**





## EVENT HIGHLIGHTS (CONT'D)

### FAIR & EXHIBITIONS

#### Overseas Exhibitions



### CORPORATE EVENT

#### Annual Dinner



EVENT HIGHLIGHTS (CONT'D)

**CORPORATE EVENT**

**CSR Activities - "Good Samaritan Home" Orphanage Visit**



**Chinese New Year Celebration**





### EVENT HIGHLIGHTS (CONT'D)

## CORPORATE EVENT

### Borneo



### Opening of Twinco - Pasir Gudang Branch

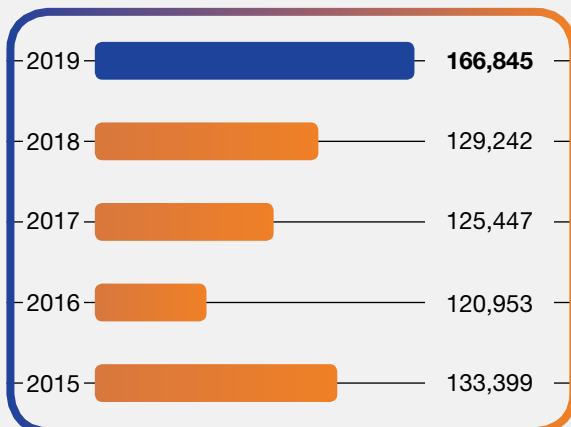


## FINANCIAL HIGHLIGHTS

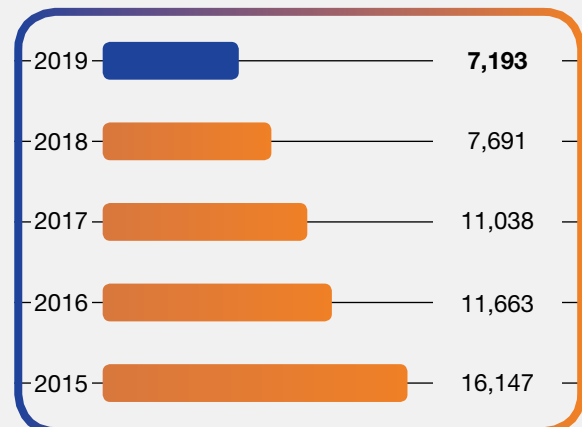
	Financial Year Ended 30 April				
	2015	2016	2017	2018	2019
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	133,399	120,953	125,447	129,242	166,845
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	16,147	11,663	11,038	7,691	7,193
Profit After Tax	9,494	5,561	5,093	2,672	1,601
Shareholders' Equity	97,259	134,107	138,483	140,202	141,565
Net Assets	97,668	134,107	138,583	140,313	146,642
Net Assets Per Share (RM)	0.65	0.81	0.83	0.36	0.37
Basis Earnings Per Share* (sen)	2.73	1.49	1.32	0.68	0.41
Dividend Per Share (sen)	3.20	1.60	0.80	0.20	-

\* Comparatives figures for the weighted average number of ordinary shares in issue have been restated to reflect the adjustments arising from the share split and bonus issues, which both were completed on 10 November 2017.

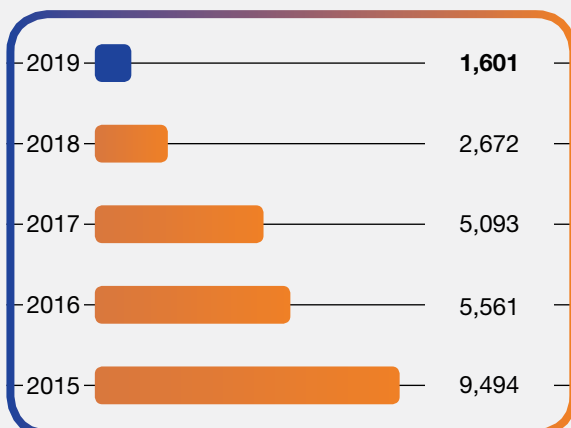
**Revenue**  
(RM'000)



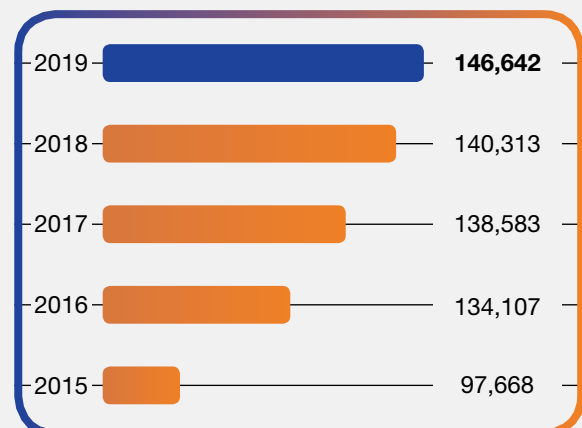
**Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)**  
(RM'000)



**Profit After Tax**  
(RM'000)



**Net Assets**  
(RM'000)



# STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW

Solid Automotive Berhad (“Solid” or “The Group”) was incorporated on 12 September 2012 and is principally an investment holding company. The business activities of the Group consist of mainly trading and distribution of automotive spare parts and components in the following segments:

- a. Automotive Electrical parts and components (“AE”) for passenger and commercial vehicles; and
- b. Automotive Engine and Mechanical parts and components (“AEM”) for commercial vehicles.

## REVIEW OF OPERATING ACTIVITIES

During the current financial year under review, the Group welcomed three (3) new subsidiaries to our Group, namely Borneo Technical Co. (M) Sdn. Bhd. (“Borneo”), Win Soon Auto Suppliers Sdn. Bhd. and Win Soon Auto Suppliers (JB) Sdn. Bhd. (collectively known as “Win Soon Group”). These acquisitions are part of the Group’s strategic plan to expand its product range, increase market penetration and acquiring higher market shares.

As at the end of the financial year under review, the Group has a total of 33 locations/branches/outlets throughout Malaysia and one subsidiary in Singapore. With the increased presence in these locations from the acquisition of Borneo and Win Soon Group, the Group has achieved improved performance for our domestic sales.

As for our international sales division, the contribution from Middle East and Africa segment remains weak due to volatile oil prices and uncertainty in the global economic environment. To mitigate these impacts, the Group has been focusing part of its international sales effort on ASEAN countries with the result that our revenue derived from ASEAN countries has improved from 21.04% of total international sales for Financial Year Ended (“FYE 2018”) to 27.62% in Financial Year Ended 30 April 2019 (“FYE 2019”).

In FYE 2019, the AE segment remains our main contributor of revenue source, which accounted for approximately 79% of the total revenue, while the AEM segment accounted for approximately 21% of the total revenue.

During the financial year under review, the construction of the new three storey warehouse cum office situated at Segambut (Wilayah Persekutuan) is still proceeding and expected to be completed by third quarter of financial year ending 30 April 2020.

## FINANCIAL RESULTS AND CONDITIONS

### Revenue

The Group’s revenue for FYE 2019 has increased to RM166.845 million or an increase of 29.1% as compared to RM129.242 million for the FYE 2018. The increase in revenue was predominantly from domestic revenue. The increase was approximately RM43.357 million to RM133.269 million for FYE 2018 or an increase of 48.2% as compared to the revenue of 89.912 million for FYE 2018. The increase in domestic revenue are mainly contributed by the acquisition of Borneo and Win Soon Group, which revenues are from the domestic market.

Export revenue however decreased to RM33.576 million for FYE 2019 compared to RM39.330 million in FYE 2018 due to uncertain economic and political environment in the Middle East and unfavourable USD exchange rate in FYE 2019.

Revenue from AE segment has seen a significant increase due to the inclusion of Borneo and Win Soon Group from RM97.220 in FYE 2018 to RM131.964 million in FYE 2019.

The revenue from AEM segment has increased from RM31.729 million in FYE 2018 to RM34.564 million in FYE 2019 due to slightly better market penetration from our new branch.

### Profit Before Taxation (“PBT”)

The PBT of the Group for FYE 2019 of RM2.492 million showed a decrease of RM1.994 million compared to RM4.486 million for FYE 2018 despite higher revenue achieved in FYE 2019. This was mainly due to higher finance costs and higher operating expenses which included higher depreciation and higher staff costs.



## STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW (CONT'D)

### FINANCIAL RESULTS AND CONDITIONS (CONT'D)

#### Financial Position

The inventories of the Group have increased by RM29.334 million to RM81.061 million as at FYE 2019 due mainly to the inclusion of Borneo and Win Soon Group. The inventory turnover days have increased to 241 days as compared to approximately 200 days in FYE 2018.

As at the end of FYE 2019, the cash and cash equivalents of the Group stands at RM19.291 million, with RM7.722 million in fixed deposits (of which RM3.046 million is pledged to a financial institution) and RM14.614 million in cash and bank balances. For FYE 2019, the total amount of proceeds from the issuance of new shares pursuant to the exercise of warrants was RM0.167 million.

The borrowings from financial institutions of the Group has increased by RM33.198 million to RM48.058 million as at FYE 2019 due to additional borrowings to finance the subscription of 80.17% equity shares in Borneo, acquisition and construction of property, plant and equipment and repayments to trade payables. The Group's debt-to-equity ratio stands at 0.175 times as at the end of FYE 2019 compared to 0.032 times as at the end of FYE 2018. The Group continues to exercise prudence in its financial management as part of its strategic objectives of building and maintaining a strong financial position.

The increase in trade receivables, other receivables, trade payables and other payables, provision for warranties for FYE 2019 were due to the inclusion of Borneo and Win Soon Group's financial position.

#### Capital Structure

During FYE 2019, there were no changes to the capital structure other than ordinary shares issued in respect of warrants exercised. No share options under the Employee Share Option Scheme ("ESOS") was granted by the Company.

### ANTICIPATED OR KNOWN RISKS

#### 1. Competition Risks

The automotive aftermarket for parts and components in Malaysia (which includes the automotive aftermarket for electrical and non-electrical parts and components) is large and growing and provides market opportunities to a large and wide range of participants. The Group faces competition from existing players as well as new entrants to the industry that may offer similar products of varying quality and price range. High product availability, wide range of reliable and quality products offering excellent value to our customers and stronger brand image are key factors to our continued profitability and growth.

With the above key factors, the Group has implemented strategic sales and marketing initiatives as well as enhancing our supply chain management to create a sustainable competitive advantage in the automotive aftermarket.

#### 2. Technological risks

Existing automotive parts and components are constantly being improved or innovated from the advancement in automotive technologies while new materials are also being explored for their potential usages in the manufacture of automotive parts and components that can offer cost savings and better performance.

As such, the automotive aftermarket parts and components industry that our Group participates in requires us to keep abreast with the latest models of automotive parts and components introduced to the market. This is important to our efforts in staying competitive by enabling us to expand our products range, increase our market share and penetrate into new markets.

Our Group strives to keep abreast with the latest development in the industry. In addition, we have been participating in various international trade fairs and exhibitions to get the necessary industry exposures. We also actively seek feedback from our customers in respect of their new product requirements.

## STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW (CONT'D)

### ANTICIPATED OR KNOWN RISKS (CONT'D)

#### 3. Foreign Exchange Risks

We are exposed to the foreign currency risks as a significant portion of our sales and purchases are transacted in foreign currencies, namely the United States Dollar ("USD"), Euro ("EUR") and Japanese Yen ("JPY").

To mitigate this risk, we maintain foreign currency accounts for the purpose of holding foreign currencies for future payments on purchases to be transacted in foreign currencies and/or for future receipts from export sales. We use the foreign currency denominated proceeds from our export sales to pay our imports when possible. We constantly monitor our foreign exchange exposure and will continue to evaluate the requirement for hedging our foreign currency exposure taking into account the foreign currency, transaction cost and period amongst other factors.

However, there can be no assurance that any future fluctuations in the foreign exchange will not adversely impact our Group's operating and financial performance.

#### 4. Political, Economic and Regulatory Risks

Given that the Group purchases and sells our products in both local and oversea markets, any adverse development in the political, economic and regulatory environment in the countries involved may adversely affect the financial and operational conditions as well as the overall profitability of the Group.

Political, economic and regulatory uncertainties include but are not limited to changes in general economic and business conditions, government legislations and policies affecting our industry, inflation, fluctuations in foreign exchange rates and interest rates, political and social development, risks of war, expropriation, nationalisation, renegotiation or nullification of existing contracts, methods of taxation and currency exchange controls.

The Group will continue to adopt a prudent management and precautionary measures but there can be no assurance that these measures are sufficient to address any future changes in the political, economic and regulatory environment in the countries involved.

#### 5. Dependence on Key Management Personnel

The Group's continued success depends, to a significant extent, upon the capabilities, skill, knowledge and continued efforts of its key management personnel to lead the Group to achieve its business and corporate objectives. The loss of key management personnel may adversely affect the Group performance.

The Group recognises the importance of attracting and retaining key management personnel and have in place competitive compensation packages and reward schemes. Further, the Group has a formal Succession Policy in place to ensure that a systematic succession planning process in place to identify, recruit and groom candidates for our management team to meet the Group's plans for the future.

Nevertheless, there can be no assurance that the above measures will always be successful in retaining key management or ensuring smooth succession should changes occur.

## STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS OVERVIEW (CONT'D)

### FORWARD LOOKING STATEMENT

From the current market and economic outlook, the Group is anticipating a challenging economic environment in both Malaysian and overseas market. Uncertainties from the unstable global political and economic environment has risen over the past few years with events that is creating a spill over effect to the Group. This is evidenced via the decrease in our revenue from the Middle East and Africa market. Nevertheless, despite the uncertain economic conditions, there are still available opportunities and markets that the Group can act on. Hence, the following measures are being currently taken to improve on overall profitability and market presence:

#### Domestic market

The Group will continue to focus its attention on expanding its business through higher sales and marketing activities to increase our market presence and promote our established in-house brands.

The Group is currently constructing a three-storey warehouse cum office in Segambut to serve as a central region distribution hub. The estimated completion of the building under construction will be in the third quarter of financial year ending 30 April 2020. The Group believes that upon the completion of the warehouse cum office, Solid will be able to better support its customers in the central region of West Malaysia.

#### International market

The Group continuously monitors developments in our key overseas markets on the political, economic and regulatory front. We are actively participating at international automotive exhibitions to promote our products and brand names with a focus on ASEAN region.

#### Others

The Group will continue to actively seek to expand its product range to provide our customers with the widest range of automotive aftermarket parts and increase efforts to enhance its supply chain management, productivity and cost management.

### DIVIDEND POLICY

On 25 October 2018, the Company paid a final single tier dividend of 0.2 sen per ordinary share amounted to RM0.784 million in respect of FYE 2018.

The Board do not recommend the payment of any dividend for FYE 2019.

### APPRECIATION

On behalf of the Board, I would like to take this opportunity to convey our appreciation to our shareholders as well as other stakeholders for their continuous trust and support. I would like to thank the Board of Directors, the management and employees of Solid Group for their continuous commitment and dedication without which we would not be where we are today.

#### Ker Min Choo

Managing Director

# SUSTAINABILITY STATEMENT



## INTRODUCTION

The Board of Directors (“the Board”) of Solid Automotive Berhad (“the Company”) recognises the importance of continuously developing and improving the business operations of the Group in a sustainable and responsible manner. The Board believes that placing sustainability as the core of its business operations will drive the long-term business growth of the Company and its subsidiaries (“the Group”) as well as establishing mutually favourable relationships with our stakeholders. The sustainable business practices of the Group can be enhanced by having its business operating strategies and corporate culture being continuously aligned to the Sustainable Development Goals (“SDGs”) developed by the United Nations to promote prosperity while protecting the environment.

The Board is committed to continuously promote good sustainability practices, update the sustainability progress and engage openly and responsively with the Group’s stakeholders through transparent sustainability reporting that captures the economic, environmental and social aspects of the Group’s business operations. The Board recognise that stakeholder engagement plays an important role to ensure the businesses pursued by the Group are sustainable in the long term. Through the Sustainability Statement, we provide stakeholders with a better understanding of the Group’s approach to create sustainable long-term value for stakeholders as well as the progress in meeting these commitments.

The Board acknowledges that businesses are not judged solely by its financial performance but also, not to a lesser extent, on its conducts in respect of governance, economic, environment and social aspects such that it is able to withstand the challenging environment and to generate value to its stakeholders on a long term sustainable manner. It is, therefore, the underlying value of the Group to achieve optimum equilibrium between short-term financial performance and its long-term business sustainability and value creation. In demonstrating the Board’s commitment towards embracing good sustainability practices, the Board will continuously integrate such practices into its working environment and culture, business processes and strategy making process in developing sustainable businesses that brings positive impact on the community, economy and environment. Hence, the Group is committed to be accountable and transparent in its sustainability initiatives and performance.

The Board is pleased to present this Sustainability Statement for the financial year ended 30 April 2019 prepared pursuant to paragraph 29 of Part A of Chapter 9 - Appendix 9C of Main Market Listing Requirements (“MMLR”) of Bursa Securities Malaysia Berhad (“Bursa Malaysia”), paragraph 6.1, 6.2 and 6.3 of Practice Note 9 of the MMLR and Sustainability Reporting Guide issued by Bursa Malaysia (“the Guide”).

## SCOPE OF THE STATEMENT

The contents of this Sustainability Statement primarily include activities carried out during the financial year ended 30 April 2019 and up to the date of this Statement. This Statement covers the Group’s economic, environmental and social management performance across all its business operations in Malaysia, excluding the three newly acquired companies (unless otherwise stated) during the financial year ended 30 April 2019.

The disclosures of the corporate governance practices and compliance with relevant provisions and requirements per MMLR and Malaysia Code on Corporate Governance 2017 are made in the Corporate Governance Overview Statement in the Annual Report and Corporate Governance Report.

The Group is primarily involved in the trading and distribution of automotive aftermarket parts and spare parts (i.e. automotive electrical parts and components (“AE”) for passenger and commercial vehicles and automotive engine and mechanical parts and components (“AEM”) for commercial vehicles) in Malaysia and Singapore, with significant portion of its sales presence in the Middle East, Africa and ASEAN region.

As at the date of this Statement, information disclosed in this Statement involves the informal Sustainability Framework to be adopted by the Group during financial year ending 30 April 2020 and sustainability management process for the Group’s operations in Malaysia, excluding the three newly acquired companies during the financial year under review (unless otherwise stated). The Board has yet to undertake a formal material sustainability assessment of sustainability matters for the Group and is committed to perform such assessment in stages starting from the financial year ending 30 April 2020 and to report the outcome in accordance with MMLR and the Guide in respective financial years.

## SUSTAINABILITY STATEMENT (CONT'D)

## SUSTAINABILITY PRINCIPLES

As the highest governance body within the Group, the Board assume the ultimate accountability for the integration of sustainability in the Group, including sustainability-related strategy and performance. The sustainability principles instilled by the Board are as follow:

- To observe and comply with all relevant legislation, regulations, recommended trade practice and code of practice applicable and relevant to the Group;
- To consider sustainability matters and integrate these considerations into the Group's business operations and when making and implementing business strategies;
- To manage sustainability matters in a structured and systematic manner, whereby sustainability matters are embedded throughout the Group and to be documented, continuously assessed and managed with reporting to the Board on scheduled interval or as and when the materiality of the sustainability matters requires such reporting;
- To continuously promote, train and communicate with all employees, suppliers, business partners and other relevant stakeholders to ensure that they are aware of, and are committed to, implementing and measuring sustainability activities as part of the Group's or their strategy, taking into consideration economic, environment, social and governance aspects;
- To continuously engage and communicate with all relevant stakeholders for the identification, assessment and management of material sustainable issues; and
- To strive to improve the Group's sustainability performance over times.

## SUSTAINABILITY POLICIES



The update on Sustainability Policies to be established by the Board as part of the proposed Sustainable Framework, is guided by the 17 SDGs developed by United Nations to address a range of social and economic development issues such as poverty, hunger, health, education, climate change, gender equality, water, sanitation, energy, environment and social justice.

## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY POLICIES (CONT'D)

#### A. Sustainable Economic Policies

- To ensure economic interest of all relevant stakeholders are preserved in all significant business operations and strategic business decisions
- To promote the economic development of the communities where the significant business operations are carried out, when making business strategy decision and when implementing business strategies

#### B. Sustainable Environment Policies

- To comply with all guidelines and regulations relating to the preservation of environmental aspects in relevant jurisdictions where the Group is operating in
- To avoid contamination and improve the quality of environmental management
- To reduce carbon footprint through usage of sustainable materials and packaging
- To conserve the consumption of water, electricity and other natural resources in the business operations
- To implement “Reduce, Reuse and Recycle” policy across the Group and along the value chain
- To ensure all our products, where possible, are sourced from sustainable, renewable or recycled means and assess and monitor external value chain partners to make sure the Group’s environment objectives and procedures are complied
- To protect, and proactively manage our impact on biodiversity in the ecosystems over which the Group is operating in

#### C. Sustainable Social Policies

- To ensure that all stakeholders should receive fair treatment and do not engage in or support discrimination based on race, nationality, religion, disability, gender, age, sexual orientation, union membership and political body
- To ensure that the Group’s, the suppliers’ and the subcontractors’ human resources are with the right to not be discriminated against, not to be enslaved, to be treated with dignity, to have the right to rest and leisure, including reasonable limitation of working hours and periodic holidays with pay and the right to freedom of opinion and expression
- To ensure that the Group, the suppliers and the subcontractors are in strict compliance of no child labour at the workplaces in accordance with applicable laws and regulations in relevant jurisdictions where the Group is operating in
- To provide a safe and healthy workplace for all of its human resources, customers, suppliers, subcontractors, business partners and the public at large and all the relevant stakeholders have the right to work in a safe and healthy environment, in compliance with the Occupational Safety and Health Act and any other applicable legislation
- To prohibit agreements or other coordinated activities with competitors, customers or suppliers that limit competition, abuse of a dominant position, monopolisation or attempted monopolisation and concentrations between companies that may substantially lessen competition
- To conduct its business in an open, honest and ethical manner with conflict of interest situation properly addressed and to adopt a zero-tolerance approach to all forms of bribery and corruption. To ensure that all level of employees, suppliers/subcontractors, customers, business partners and other stakeholders do not engage in corrupt practice, take unfair advantage of any other person, including without limitation, participating in illegal practices (for example, misleading and deceptive conduct, misrepresentation and undue influence, as well as conduct which are legal but unethical)

## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY POLICIES (CONT'D)

#### C. Sustainable Social Policies (Cont'd)

- To promote development of the local communities through direct support of local communities, charitable donations and support of non-profit agencies in the communities in which the Group is operating. To nurture long term relationship with the local communities and to provide safe and healthier environment for the local communities
- To preserve and respect local heritage and customs of the local communities
- To work with the local authorities and government bodies for the development of conducive environment for stakeholders
- To uphold the quality, safety and health of the Group's products and services with expected standard of legitimacy and integrity
- To uphold the highest standard in the preserving confidentiality and privacy of information collected by us in the course of the Group's business and to ensure employees, customers and business partners receive such information to observe the confidentiality and privacy of such information.

### GROUP PROFILE

The Company was incorporated in Malaysia as a public limited company in 2013 to facilitate the listing on the Main Market of Bursa Malaysia. The Group's history can be traced back to 1982, when Solid Corporation Sdn. Bhd. was established to undertake the trading of automotive electrical parts and components in Malaysia and has since then grown to its present size with over thirty (30) branches/outlets throughout Malaysia (including the three newly acquired companies during the FYE under review). To date, the Group, comprises the company, ten (10) subsidiaries in Malaysia and one (1) wholly owned subsidiary in Singapore.

During the financial year under review, there was no major changes of the composition of suppliers for AE and AEM division, However, during the same period the group has open two (2) new branches in Seri Manjung, Perak and Pasir Gudang, Johor and acquired 3 companies as follow:

1. 80.17% of Borneo Technical Co (M) Sdn. Bhd. ("Borneo") with its headquarters and central warehouse situated in Shah Alam, Selangor and seven (7) sales and service centres in West Malaysia and four (4) branches in East Malaysia;
2. 100% of Win Soon Auto Suppliers Sdn. Bhd. ("WSKL") and Win Soon Auto Suppliers (JB) Sdn. Bhd. ("WSJB") which operates in Batu Caves, Selangor and Johor Bahru, Johor.

As the date of this report, the Group is a member of Federation of Malaysian Manufacturers and Malaysian Employer Federation and there are no collective agreement entered between the Group and any trade union in Malaysia that remains effective other than the currently existing trade union agreement between Borneo and the National Union of Commercial Workers and the group do not intend to enter into any collective agreement with any other trade unions in Malaysia.

### GOVERNANCE STRUCTURE AND PROCESS

The Board affirms its overall responsibility for the integration of sustainable economic, environment and social practices throughout the Group to ensure business strategies of the Group take into consideration sustainability policies and to ensure sustainability performance is monitored for its achievement from time to time. The governance structure in relation to the Group's sustainability management is guided by the Guide and Toolkit: Governance issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group.

The Group's commitment towards sustainable business practices is imputed throughout all levels of its organisation. At the leadership level, the Board, Executive Directors and management recognise the importance of ensuring that good sustainable economic, environment and social practices are clearly understood and implemented by all level of organisation.

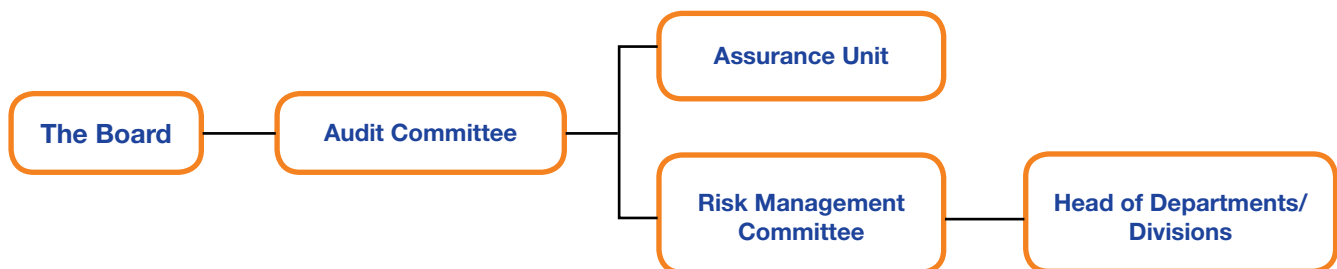


## SUSTAINABILITY STATEMENT (CONT'D)

### GOVERNANCE STRUCTURE AND PROCESS (CONT'D)

To ensure such commitment, good sustainable economic, environment and social practices are embedded throughout the Group, and the Board has put in place a formal structure to ensure accountability, oversight and review in the identification, management and reporting of sustainability matters and performance. Such formal structures are important to ensure that sustainable initiatives at all level of the organisation and business units are aligned with the Board's sustainability and business strategy are properly implemented and progress reported to management and the Board at predetermined intervals. The duties for identification, management and reporting of sustainability matters and performance are delegated to Risk Management Committee ("RMC").

The Board has yet to formalised the sustainability principles, policies and processes. However, formal governance structures, based on the existing geographical scope, scale and nature of the business the Group is pursuing, for the identification, management and reporting of sustainability matters and performance of the Group has been established by the Board in the following manner:



The governance structure defines clearly on the roles and responsibilities expected of the Board, Audit Committee, RMC, head of departments/ divisions and internal audit function. In a nutshell, the Board assumes the ultimate responsibility for sustainability management and performance within the Group, while the Audit Committee is tasked with the duties to oversee the sustainability management and performance of the Group for reporting to the Board.

The Board envisages that during the financial year ending 30 April 2020, the renamed Sustainability and Risk Management Committee ("SRMC") will implement the sustainability framework and strategies approved by the Board, to lead and implement the process of sustainability management and to monitor and devise appropriate action plans, to conduct periodic review of all sustainability matters of the Group (at least on an annual basis) and report the review results and recommendations to the Audit Committee, to implement the material sustainability matters' indicator and the targeting and monitoring thereof and the preparation of sustainability disclosures and ensure that relevant sustainability trainings are provided.

As for head of departments/divisions, their primary responsibilities are to manage sustainability matters of the business processes under his/her control and to assist the RMC with sustainability process including identification, assessment, management and monitoring of all sustainability matters.

### SUSTAINABILITY MANAGEMENT ACTIVITY

As at the date of this Statement, the Board has in place an informal Sustainability Framework, including the sustainability management process which will be formally approved by the Board and implemented in the financial year ending 30 April 2020. The Board has yet to undertake a formal material sustainability assessment to determine material sustainability matters that are of importance to the Group's internal and external stakeholders. The Board is committed to perform formal material sustainability assessment upon the formalisation of sustainability assessment process and to report the sustainability assessment activities undertaken, the performance indicator(s) and target(s) used to measure progress, the actual performance with comparison to preceding financial year(s) and target(s), effectiveness of the policies, measures or actions taken to manage associated sustainability risks for financial year ending 30 April 2020.



## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY MANAGEMENT ACTIVITY (CONT'D)

During the financial year under review and up to the date of this Statement, the Board relied on the informal assessment system at strategic and operation level and existing formal risk management process for the identification of the sustainability matters that requires the attention of the Board and responses to mitigate the sustainability risk factors. Based on the informal assessment at strategic and operation level and formal risk management process carried out during the financial year under review, the Group had identified several sustainability matters that may have a direct or indirect impact on the Group's ability to create, preserve or enhance economic, environment and social values and responses had been formulated by the Management to address potential sustainability risk(s) identified by incorporating adequate and effective control activities in that respect. Based on the above processes, the sustainability matters were identified through informal stakeholder engagement activities, operational and management reporting systems and key risk profile of the Group.

### STAKEHOLDERS' ENGAGEMENT

The Board recognises and admits that the contribution and support of the internal and external stakeholders are utmost important for the realisation the Group's missions and the Group's long-term business sustainability and excellence. By engaging with all stakeholders, the Board can identify risks and opportunities in the way the businesses of the Group are carried out. During such engagement, the Group can validate the sustainable matters identified by the Management of the Group. The Group's stakeholder engagement process is guided by the Guide and Toolkit: Stakeholder Engagement issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group.

During the financial year under review and up to the date of this Statement, the stakeholder engagement was largely led by the respective head of departments/divisions of the business unit whose operations were most impacted or depended by such stakeholder group. The Group engaged with the internal and external stakeholders in both formal (for example, formal performance appraisal) and informal manners (for example, meetings with stakeholders, and informal feedback from stakeholders). Based on the business model employed by the Group and the informal and formal engagement deployed, the Management had identified the investors, Board of Directors and employees as its internal stakeholder groups while its external stakeholder groups are suppliers, customers, media, financial institutions, industry peers, government and local authorities, local community and trade associations.

The Board will continually seek to improve stakeholder engagement.

### MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR

#### A. Economic

The Board recognises the importance in supporting the growth of local economy where the Group is operating in, and one of the ways is to encourage the development of local talents. It is the practice of the group to provides employment opportunity and priority to the locals, and to attract such local talents, competitive remuneration package, trainings and career development are in place to attract and develop locals to work in the group and for their career development. As at 30 April 2019, the Group and its network of over 20 branches located throughout Malaysia employs 309 local employees, 98% of the total workforce.

In line of the Group's mission, the group continues to support the development of the local industries that the Group is operating in by supporting and sponsoring the activities organised by relevant local trade associations. During the financial year ended 30 April 2019, the Group is one of the main sponsors for the annual dinner of The Johore Motor Parts Traders' Association and North Malaysia Engineering & Motor Parts Traders' Association.

## SUSTAINABILITY STATEMENT (CONT'D)

### MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (CONT'D)

#### B. Environment

The Group is committed to comply with the relevant environmental laws and regulatory requirements of relevant authorities the Group is operating, i.e. Environmental Quality Act and its regulations. The Group's business being trading in nature does not generate any harmful scheduled waste, as for Non-scheduled waste generated, it is scrapped or collected by selected waste collectors to be recycled or disposed at landfills.

The Group has consistently strived to improve its waste management and energy conservation through the practice of 3R's (Reduce, Reuse and Recycle), the Group's initiatives pertaining to the practice of 3R's during the financial year ended 30 April 2019 are as follow:

- Recycle/ Reuse program, the use of bin system for segregation of waste papers, stationery and envelopes for re-use or scrap at designated locations
- Encourages employees to go paperless whenever possible
- Use of sustainable materials and packaging
- Encourages employees to recycle through "Solid Go Green Campaign"
- Electricity and water conservation practice (such as the use of energy efficient lighting system, turn off unnecessary electrical appliances when not in use, turn off taps when not in use)
- Daily monitoring of electricity and water usage at head office by maintenance officer

To ensure the awareness and effectiveness of the environmental preservation effort by the Group, new employees will be briefed during induction training on the company's effort in preserving the environment to instil environment friendly mindset in all employees.

During the financial year under review and up to the date of this Statement, there was no legal action taken against the Group nor any fine related to environmental aspects during the year.

#### C. Social

##### i. Our People and workforce

The Board recognises that employees are valuable resources and a key business success factor for the Group. The Group's long-term business success and sustainability lies in each employee and it is critical for the Board to treat them equally, provide them with a safe, healthy and sustainable working environment as well as to develop and foster the growth of the employees. Formal Employee Handbook are established by the management for the management of human resources in a transparent manner.

To ensure the Group remains competitive and continues to attract the right talents, the Group provides our people with competitive remuneration and benefits that commensurate with duties and responsibilities, on-going opportunities for training and development, transparent career scale system and formal succession policy for long-term career prospects. The Group encourages employees to undergo trainings to support their career development improve their work knowledge, skills and abilities that are relevant to the current or future job function.

The Board is committed to build performance-based culture by allowing employees to demonstrate their capabilities, monitor their achievement and growth, and to continuously motivate the employees through the annual performance appraisals. Annual performance appraisals are performed not only for the performance-based remuneration, but also to have effective two-way communication with our people, whereby the past performance and expectations for the future by the Management are communicated while the commitment and concerns of our people are conveyed for future monitoring.

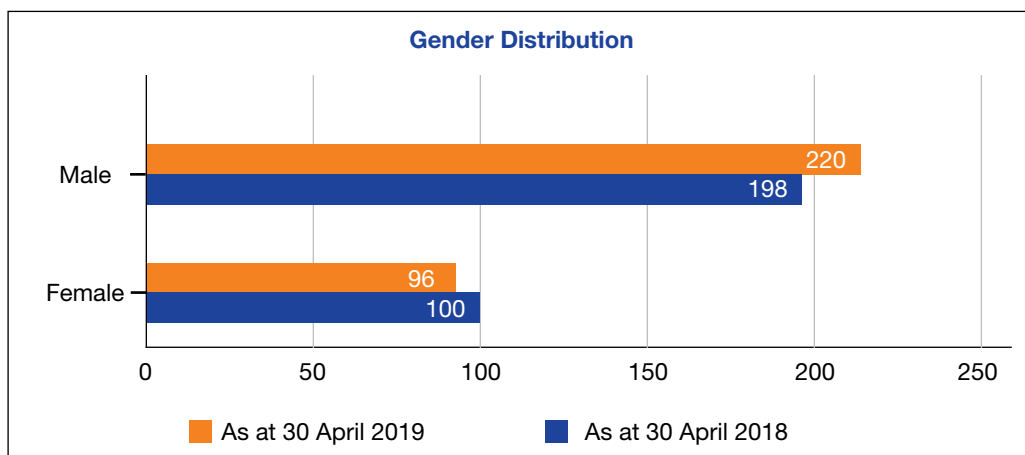
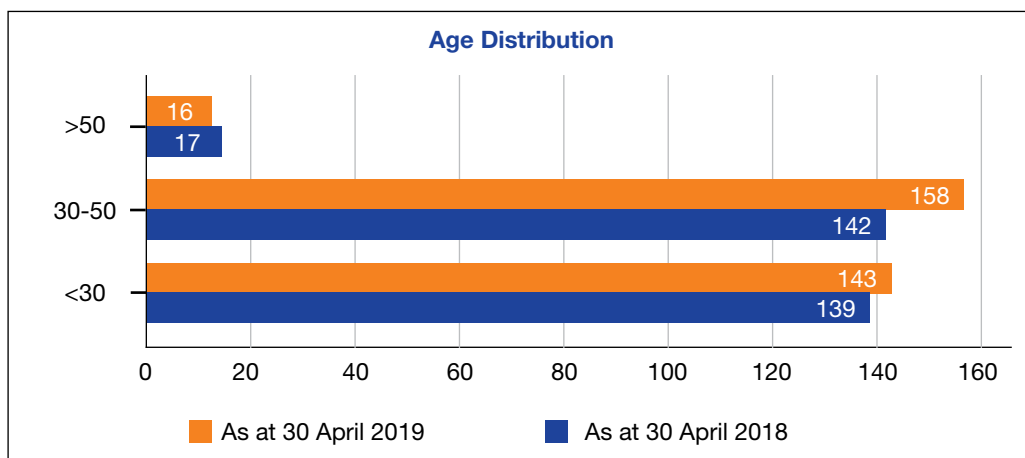
## SUSTAINABILITY STATEMENT (CONT'D)

## MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (CONT'D)

## C. Social (Cont'd)

## i. Our People and workforce (Cont'd)

The Board is committed in providing equal opportunity for all employees regardless of ethnicity, religion, nationality, age, gender, marital status or any other characteristics. In addition, equal access and opportunities are provided to our employees in terms of recruitment, training and retention. This is evidenced by the diversity profile of our people in the Company.



In order to accord our people with their rights as an employee of the Company, it is the policy of the Group to comply with all applicable laws and regulations for human resource, at the minimum. It is also paramount for the Group to also comply with other relevant laws and regulations, such as Federal Constitution of Malaysia, Minimum Wages Order, Competition Act, Personal Data Protection Act, Minimum Retirement Age Act and Child Act.

Formal code of conduct, whistle blowing policy and grievance procedure is included in the employee handbook and communicated to the employees, this enable our employees to report any inappropriate ethical behaviours, conducts and workplace grievances through formal channel to the appropriate level of authority. The confidentiality of the identification of the whistle-blowers is strictly maintained, unless prohibited by law.

## SUSTAINABILITY STATEMENT (CONT'D)

### MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (CONT'D)

#### C. Social (Cont'd)

##### i. Our People and workforce (Cont'd)

During the financial year under review and up to the date of this Statement, there was no major legal action taken against the Group, aside from a case where one of our ex-employee who was terminated on short notice due to unsatisfactory job performance and misconduct, the court handed down the judgement for the company to compensate one (1) month short notice to the employee due to improper termination, corrective action has been put in place to ensure that there are no future recurrence of similar oversight.

##### ii. Occupational Safety and Health

A safe and healthy workplace is not only the fundamental right of the employees but also relevant stakeholder groups, such as customers, suppliers and contractors. It is the priority of the Group to take responsibility to maintain a safe and healthy workplace by minimising the risk of accidents, injury and exposure to health hazards.

The safety and health management at workplace is managed by the Safety and Health Committee (made up of representatives from the management and the employees) in compliance with Occupational Safety and Health Act 1994 and Occupational Safety and Health (Safety and Health Committee) regulations 1996. The Committee is guided by a formal Terms of Reference, the responsibilities include overseeing the due observance of safety and health rules and regulations established at workplace and to promote safe and healthy conducts and environment at workplace.

The safety and health policy formulated by the Safety and Health Committee is included in the Employee Handbook which is approved by the Managing Director. New employees are briefed on such policy and safety and health rules and regulations during induction training to ensure there is sufficient awareness on the importance of workplace safety.

Scheduled meetings of the Safety and Health Committee are held at predetermined interval in accordance with the rules and regulations to monitor the trends of accident and immediately investigate near-miss accident, dangerous occurrence, occupational poisoning or occupational disease which occurs at the workplace. Awareness programme for safety and health are established and implement to ensure that all relevant stakeholders are competent to uphold the safety and health during the execution of their duties and responsibilities.

As safety measures, safety notices and indicators are placed at strategic and hazard-prone locations to convey safety messages and potential safety hazard to the employees, customers, suppliers, contractors, and other visitors. Personal protective equipment will be provided to relevant stakeholders with access to our warehouse, testing and packing area. Visitors are required to report to the security personnel for security clearance and visitor registration.

In addition, fire preventive equipment and systems are installed and inspected at regular interval to ensure its functionalities are not compromised over time and clear emergency escape route plans are placed at strategic locations. To ensure our readiness in the event of any unfortunate event, we have established emergency response teams and conduct drills and practice at predetermined intervals to ensure that such unlikely incident can be handled satisfactorily and promptly to minimise damage to the properties, people and surrounding communities.

During the financial year under review and up to the date of this Statement, there was no accident or near-miss accident reported and there was no legal action taken against the Group nor any fine or monetary sanction imposed related to occupational safety and health aspects.

## SUSTAINABILITY STATEMENT (CONT'D)

## MAJOR ECONOMIC, ENVIRONMENT AND SOCIAL ACTIVITIES UNDERTAKEN DURING FINANCIAL YEAR (CONT'D)

## C. Social (Cont'd)

## iii. Quality and Safety of Our Product

In line with the Group's Mission Statement to relentlessly focus on value, quality and comprehensive automotive markets parts while seeking to deliver the best value products to our customers, it is paramount that our customer can safely and confidently rely on our products installed into their vehicles.

One of the Company's subsidiary, Solid Corporation Sdn. Bhd. is ISO 9001:2015 certified, an international standard that specifies the requirements for a quality management system (QMS). The Group ensure the safety and the quality of the products through some of the following actions:

- Sourcing of quality products from reputable and reliable supplier via performance of Supplier Evaluation, Product testing and performance of annual appraisal for active suppliers;
- Where applicable, source for products that are safe for the environment with no health hazards (e.g. Brake pads that are asbestos free);
- Inhouse reliability laboratory for quality control;
- Product Traceability for some of our products through engraving/marketing to enable the tracking of product batch and origin; and
- Obtain feedback from customers to monitor on customer satisfaction.

## iv. Others

Lastly, the Company is committed in giving back to communities. During the financial year, we have supported through donation and visit to an orphanage. The Company is committed to continue investing in community programmes and other corporate social responsibility initiatives to contribute towards the betterment of local communities.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) of Solid Automotive Berhad (“Solid Automotive” or “the Company”) is fully committed to ensure that good corporate governance practices are adopted throughout the Company and its subsidiaries (“the Group”). The Board supports the Principles and Practices of good corporate governance practices (including the intended outcomes) as promulgated by the Malaysian Code of Corporate Governance 2017 (“MCCG”) to direct and manage the business and affairs of the Group towards promoting business and corporate governance with the ultimate objective of realising long-term shareholder value while taking into account the interest of other stakeholders.

The Board is pleased to set out the manner in which the Company has applied the Principles and Practices of good corporate governance practices (including the intended outcomes) as promulgated by the MCCG and the extent of compliance with the principles of MCCG and compliance with paragraph 15.25 and Practice Note 9 of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The Board acknowledges the importance of achieving best practice in its standard of business performance and corporate accountability and is committed to subscribe to the recommendations of the Code. The CG Report is available for download from the Company’s website at [www.solidautomotive.com](http://www.solidautomotive.com).

The following disclosure statements provides an overview of the Company’s application of the Principles set out in MCCG that has been in place throughout the financial year ended 30 April 2019, except as disclosed otherwise.

## PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS

### Board Responsibilities

The Board is responsible for the overall performance of the Group and focuses mainly on the strategic management, performance measurement and monitoring, enterprise risk management and internal controls, standards of conduct, corporate governance and sustainability, effective communication with shareholders and investors and key business issues and decisions. The Board comprises of a mix of directors who are entrepreneurs and highly knowledgeable in the Group’s business industry and in areas including business management, finance and accountancy, and whose combined skills and knowledge enables the Board to function effectively in discharging its fiduciary and leadership functions.

The Board is guided by the Board Charter approved by the Board and led by an Independent Non-Executive Chairman to ensure its effectiveness. Together with other Directors, the Chairman leads the Board in the discussion on the strategies and policies recommended by the Management. A summary of the responsibilities of the Chairman is disclosed in Practice 1.2 of CG Report.

The Board has established the Group’s Board Charter and relevant board policies and the Managing Director, with the assistance of the Management, is responsible for the implementation of operating policies and procedures that are in line with the Group’s Board Charter and relevant board policies.

The Board assumes amongst others, the following, roles and responsibilities:-

1. Establish and review the strategic direction of the Group;
2. Oversee the conduct and performance management of the business of the Group;
3. Set the tone from the Top;
4. Identify principal risks faced by the Group and ensure the implementation of appropriate controls and systems to monitor and manage these risks;
5. Succession planning and performance appraisal of the Board and Senior Management;
6. Overseeing the development and implementation of a shareholders’ communication policy;
7. Review the adequacy and the integrity of internal control systems and management information systems, including systems for ensuring compliance with applicable laws, regulations, rules, directives and guidelines; and
8. Review corporate governance compliance.

The roles and responsibilities of the Board and the application of the MCCG’s practice is disclosed in Practice 1.1 of the CG Report.

Aside from the core responsibilities listed above, significant matters required deliberation and approval from the Board are clearly defined by the Board in the Board Charter as Matters Reserved for the Board for consideration and approval during the Board’s meeting.

The Board has delegated specific duties to the Board Committees which operate within a clearly defined Terms of Reference approved by the Board.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

To ensure that there is a balance of power and authority within the Board, the position of the Chairman and the Managing Director is separated and there is a clear division of responsibility between the Chairman who is an Independent Non-Executive Director and the Managing Director who is an Executive Director. The Independent Non-Executive Chairman is responsible for the governance, orderly conduct and effectiveness of the Board while the Managing Director is responsible for managing the Group's business operations and implementation of policies and strategies approved by the Board.

The Independent Non-Executive Directors play a crucial role in ensuring that the strategies proposed by the management are properly deliberated and reviewed, and to ensure that the interest of the shareholders, including minority shareholders are given due consideration in the decision-making process.

The Board has not nominated a Senior Independent Non-Executive Director whom the shareholders and other stakeholders can address directly or to chair the Nominating Committee as the Independent Non-Executive Chairman can be directly addressed by the shareholders and other stakeholders and possesses the required skills, knowledge and experience to lead the Nominating Committee in ensuring an effective and well-balanced board composition.

All board members shall notify the Chairman of the Board before accepting any new directorship outside the Company, including an indication of the time that will be spent on the new appointment. All Directors have confirmed that their directorship in listed companies do not exceed 5 (five) to meet the expectation on time commitment.

The Board is assisted by a qualified Company Secretary and the details of the Company Secretary are disclosed in Practice 1.4 of CG Report.

- **Board Charter**

The Board is guided by a formal Board Charter approved by the Board. The Board Charter sets out the governance structure of the Board and the Management as well as composition, roles, functions, responsibilities and authorities of the Board and the Board Committees of the Company, including the roles and responsibilities of the Independent Non-Executive Chairman, Chairmen of the Board and the Managing Director, specific responsibilities and matters reserved for the Board, Independent Non-Executive Directors and their tenure's requirement, Board proceedings and activities, financial reporting responsibilities, unrestricted rights to access to information and independent advice, Board's evaluation and performance, Board's remuneration, Directors' training and continuing education, investors' relations, corporate disclosure, code of conduct and sustainable management.

The Board regularly review the Board Charter as and when required. The latest Board Charter is available on the company's website at [www.solidautomotive.com/investor\\_relations](http://www.solidautomotive.com/investor_relations).

- **Code of Conduct and Whistle-blowing Policy**

The Board is fully committed to the highest standards of integrity, transparency and accountability in the conduct of the Group's business and operations to ensure business sustainability through their conduct, individually or collectively, by way of the Code of Conduct approved by the Board that is applied to every employee, customer and vendor worldwide. The Code of Conduct focuses on the key principles of respecting others, serving our customers with integrity, avoiding conflict of interest, preserving confidentiality and privacy, effective channel of communication and corporate citizenship.

For employees, the acceptable conduct expected from them is stated in the Terms and Conditions of Employment established by the Group and briefings are conducted with them during induction training.

The Board has established a formal Whistle-Blowing Policy to foster an environment where integrity and ethical behaviour are maintained and any illegal or improper action and/or wrongdoing in the Company may be exposed.

The formal Whistle-Blowing Policy provides a mechanism for employees and other interested parties to confidentially bring to the attention of the members of the Audit Committee any concerns related to matters covered by the Group Code of Conduct, legal issues and financial, accounting or audit matters. The policy is also designed in such a way that any improper conduct (misconduct or criminal offence) is reported to representative of the Audit Committee directly. The whistle-blower will be accorded with protection of confidentiality of identity and be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed, to the extent reasonably practicable.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- **Code of Conduct and Whistle-blowing Policy (Cont'd)**

The Whistle-Blowing Policy is published on the Company's website at the Investor Relations section at [www.solidautomotive.com](http://www.solidautomotive.com).

To further enhance the ethical value throughout the Group, a formal Fraud Policy (reviewed by the Audit Committee) had been put in place by the Board to manage the risk of fraud within the Group.

Please refer to Practice 3.1 of CG Report for details.

- **Board Meetings**

The Board meets regularly to perform its main function on the development and implementation of strategic plans, formulation of policies, overseeing the conduct and operations of the businesses of the Group, succession planning and ensuring appropriateness of internal control and effectiveness of the risk management. The Board plans to meet at least four (4) times a year at quarterly intervals, with additional meetings convened when urgent and important decisions are required to be made between the scheduled meetings and the attendance of each Director at the Board Meetings are as follows:

Name of Members	Designations	No. of Meetings Attended
Mr. Kek Kok Swee	Chairman, Independent Non-Executive Director	3/4
Ms. Tan Lay Beng	Independent Non-Executive Director	4/4
En. Azahar Bin Baharudin	Independent Non-Executive Director	4/4
Mr. Ker Min Choo	Managing Director	4/4
Mr. Ong Kheng Swee	Executive Director	4/4
Mr. Ker Mong Keng	Executive Director	3/4
Mr. Ker Meng Oi	Executive Director	3/4

All meetings of the Board are duly recorded in the Board minutes by the Company Secretary who attended all the Board Meetings of the Company. The Company Secretary ensures that all Board meetings are properly convened and that accurate and proper records of the deliberations, proceedings and resolutions passed are recorded and maintained in the statutory register at the registered office of the Company.

- **Supply of Information**

The Board members in their individual capacity have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the board paper normally no later than seven (7) days before the meeting to enable them to have sufficient time in obtaining a comprehensive understanding of the issues to be deliberate.

Besides direct access to Senior Management, external independent professional advisers are also available to render their independent views and advice to the Board, whenever deemed necessary and in appropriate circumstances, at the Company's expense.

The Directors also have access to the advice and services of the Company Secretary who is responsible for ensuring that the Board's procedures are adhered to.

Please refer to Practice 1.5 of CG Report for details of the Board's proceedings on meeting materials and supply of information.

- **Composition of the Board**

The Board currently has seven (7) members comprising one (1) Independent Non-Executive Chairman, four (4) Executive Directors (including the Managing Director) and two (2) Independent Non-Executive Directors. The profile of each Director is presented on pages 4 to 5 of this Annual Report. The composition of Independent Non-Executive Directors is in compliance with the minimum prescribed in the MMLR to ensure that there is sufficient independent element in the Board to provide the necessary check and balance within the Board.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- **Composition of the Board (Cont'd)**

It is the responsibility of the Board to ensure that all members of the Board possess the necessary leadership experience, skilled and diverse background, integrity and professionalism to discharge their duties and responsibilities diligently and effectively and are subjected to performance appraisals annually.

While the above composition departs from Practice 4.1 of MCCG (which requires at least half of the Board comprises of independent non-executive directors), the Board is of the opinion that, through formal performance appraisals conducted on the Board, the Board Committees and the independence and objectivity of the Independent Non-Executive Directors, the Independent Non-Executive Directors are able to bring the required independent and objectivity elements to the Board and possess the requisite range of skills, knowledge and experiences in relevant fields required to discharge their duties and responsibilities as independent non-executive directors. The Board is also of the opinion that the Independent Non-Executive Directors had demonstrated their independence and objectivity during the Board's and Board committees' proceedings and adequate independence and objectivity within the Board have been maintained. The Board will continue to monitor and review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure its adequacy and effectiveness.

The position of the Chairman of the Board, an Independent Non-Executive Director who is responsible for the governance and orderly conduct and effectiveness of the Board and position of the Managing Director are separated to further enhance the independent element within the Board.

Please refer to Practice 4.1 of CG Report for further details.

- **Board Diversity**

In promoting diversity and to mitigate the risk of population ageing and new generation of workforce, the Board is promoting the right mix of gender, ethnic and age group at the all level of the Group and the composition of the Board to mitigate such risks. Currently, the Board does not have a formal gender diversity policy. Whilst the Board supports gender diversity, the Board firmly believes in recruiting and retaining the right talent for every position, regardless of gender, and taking into account the requisite knowledge, skill set, and experience required. The Board comprises of seven (7) members, one of which is a female director.

As at the date of this annual report, none of the Directors holds directorships in more than five (5) public listed companies as required under paragraph 15.06 of MMLR.

Please refer to Practice 4.4 of the CG Report for the detailed disclosure on the Boardroom Diversity and Practice 4.5 of the CG Report for the detailed disclosure on the gender diversity.

- **Independent Non-Executive Directors**

Independence of the candidates to act as Independent Non-Executive Director is assessed by the Nominating Committee prior to their appointment based on formal nomination and selection process with the results of the review are reported to the Board for consideration and decision.

On an annual basis, all Independent Non-Executive Directors are subjected to independence and objectivity assessment based on prescribed criteria via Independent Directors' Self-Assessment Form in line with the Corporate Governance Guide issued by Bursa Malaysia Berhad on their independence and objectivity, for the Nominating Committee's review and recommendation to the Board to form an opinion on the independence and objectivity of the Independent Non-Executive Directors. Based on the above assessment performed for the financial year ended 30 April 2019, the Board is satisfied with the level of independence demonstrated by all the Independent Non-Executive Directors, and their ability to bring independent and objective judgement to board deliberations.

The tenure of an Independent Non-Executive Director, as stated in the Board Charter, shall not exceed a cumulative term of 9 years. In the event such Director is to remain as Independent Non-Executive Director, the Board shall first justify and obtain annual shareholders' approval. If the Board continues to retain the Independent Non-Executive Director after the twelfth year, the Board should seek annual shareholders' approval through a 2-tier voting process.

As at the date of this Annual Report, no director has served for more than nine (9) years.

Please refer to Practice 4.2 of CG Report for further details.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- **Appointment to the Board and Re-election of Directors**

It is the policy of the Board that highly qualified candidates with sufficient and relevant knowledge, skills and competency are sought to serve as members of the Board to effectively discharge its responsibilities and duties and contribute to the governance of the Group while at the same time diversity is being upheld within the Board should such a potential candidate be available.

All Board members who are newly appointed are subject to retirement at the subsequent Annual General Meeting of the Company. All Directors (including the Managing Director) will retire at regular intervals by rotation at least once every three years and shall be eligible for re-election.

During the financial year under review, there were no resignations from or new appointments to the Board.

The Board intends to put in place a formal policy to diversify its dependency on existing board members, management or major shareholders for the nomination of new director by seeking recommendations by other professionals and open search. While it is the intention of the Nominating Committee and the Board to have independent sources for the identification of candidates for appointment of directors, the existing Non-Executive members of the Board of the Company were recommended by the Board member(s) and existing shareholder(s) of the Company.

Please refer to Practice 4.4 and 4.6 of CG Report for the details on the nomination and election process of the directors.

- **Performance Assessment and Evaluation of Board and Senior Management**

On an annual basis, the Company Secretary circulates to each directors with the relevant assessment and review forms/questionnaires with sufficient time for all directors to complete in advance of the meeting of the Nominating Committee and the Board in order for the Company Secretary to collate the evaluations results for the Nominating Committee to review and report to the Board.

The following evaluations were performed for the financial year under review:-

1. The Board Performance Evaluation via Board and Board Committee Evaluation Form;
2. Individual directors' self-evaluation via Directors'/Key Officers' Evaluation Form on the fit and proper, contribution and performance and calibre and personality of individual directors;
3. Self and peer review of the performance, knowledge, competency and skills of fellow directors by individual directors via Board Skill Matrix Form;
4. Performance evaluation of board committees, i.e. the Audit Committee, Nominating Committee, Remuneration Committee and Option Committee via Board and Board Committee Evaluation Form;
5. Self and peer evaluation by members of Audit Committee via Audit Committee Member's Self and Peer Evaluation Form and Audit Committee Evaluation; and
6. Independence and objectivity assessment of individual Independent Non-Executive Directors based on results of self-assessment conducted.

With the above evaluations, the Board, through the Nominating Committee, reviewed and assessed its required mix of skills and experience and other qualities, including core competencies which directors should bring to the Board, and the size and composition of the Board to ensure that it has the appropriate mix of skills and competencies to lead the Group effectively.

Based on the above evaluations conducted for financial year ended 30 April 2019, the Board, through reports by the Nominating Committee, was satisfied with the composition, performance and effectiveness of the Board, Board Committees and directors.

Please refer to Practice 5.1 of CG Report for the details on the performance evaluation of the Board, Board Committee (including the Audit Committee), the contribution of each individual Director, and independence assessment of Independent Non-Executive Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- **Director's and Senior Management's Remuneration**

The Board assumes the overall responsibility to establish and implement effective remuneration review practice for the members of the Board in order to attract, retain and motivate directors positively in pursue of the medium to long term objectives of the Group and are reflective of their experience and level of responsibilities. The Board had put in place a formal Board Remuneration Policy as guidance for the Remuneration Committee in its review and consideration of proposed remuneration package of the members of the Board. Major components of the remuneration package for executive directors and non-executive directors are identified for review based on criteria established in the formal policy.

The Remuneration Committee is responsible for reviewing and recommending to the Board the remuneration packages of the Executive Directors and Non-Executive Directors. None of the Directors participated in any way in determining their individual remuneration. The Board as a whole determines the remuneration of the Non-Executive Directors. Individual directors are abstained from deliberation and approval of his own remuneration.

- **Director's and Senior Management's Remuneration**

The total remuneration of the Directors for the financial year ended 30 April 2019 are set out below in Ringgit Malaysia (RM):-

Director	Fees	Salaries, Bonuses and Other Benefits	Defined Contribution Plan	Total
Mr. Kek Kok Swee	52,000	-	-	52,000
En. Azahar Bin Baharudin	40,000	-	-	40,000
Ms. Tan Lay Beng	40,000	-	-	40,000
Mr. Ker Min Choo	45,000	648,246	76,716	769,962
Mr. Ker Mong Keng	45,000	649,113	49,284	743,397
Mr. Ong Kheng Swee	45,000	571,349	53,175	669,524
Mr. Ker Meng Oi	45,000	571,691	67,656	684,347

*Remuneration of Key Senior Management*

For the financial year ended 30 April 2019, the aggregate total remuneration (in the band of RM50,000) of the top five (5) Key Senior Management personnel, who are not Directors of the Company, which comprises the Chef Operating Officer and Deputy Chief Operating Officers are as follows:

Remuneration bands per annum	Number of Key Management
RM300,000 to RM350,000	2
RM350,000 to RM400,000	2
RM650,000 to RM700,000	1

The MCCG has recommended that the Company should disclose on a named basis, the detailed remuneration of the top five (5) Key Senior Management. The Board has considered and is of the opinion that the disclosure on the remuneration of the Key Senior Management is not on a named basis as it is imperative for the Company to maintain employees' remuneration private and confidential and avoid discontentment among employees and talent retention issues.

The Company will consider disclosing the remuneration of individual key senior management in detail as and when it is deemed appropriate.

- **Directors' Training**

As per the Board Charter, the Board is assigned with the responsibility to ensure Directors update their knowledge and enhance their skills through attending training programs.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- **Directors' Training (Cont'd)**

All Executive Directors have been with the Company for several years and are familiar with their duties and responsibilities as Directors. In addition, any newly appointed directors will be given briefings and orientation by the Executive Directors and Senior Management of the Company on the business activities of the Group and its strategic directions, as well as their duties and responsibilities as Directors.

All the Directors have completed the Mandatory Accreditation Program prescribed by Bursa Securities and they are mindful that they should receive appropriate continuous training and to attend seminars and briefings in order to broaden their perspective and to keep abreast with new developments for the furtherance of their duties.

During the financial year ended 30 April 2019, all Directors received regular briefings and updates on the Group's business and operations as well as being updated on new regulations and statutory requirements.

During the financial year, all Directors have attended training(s) as shown in the following table: -

Name of Directors	Seminars and Briefings Attended
Mr. Ker Min Choo	<ul style="list-style-type: none"> <li>• Kuala Lumpur International Motor Show 2018</li> </ul>
Mr. Ker Mong Keng	<ul style="list-style-type: none"> <li>• Automechanika Shanghai 2018</li> </ul>
Mr. Ker Meng Oi	<ul style="list-style-type: none"> <li>• 2019 National Budget and Tax Planning Conference</li> </ul>
Ong Kheng Swee	<ul style="list-style-type: none"> <li>• Sustainability - What Directors Should Know</li> <li>• Transform to Outperform Programme (Stage 1 to 3)</li> <li>• The Bridge : Effective Applied Communication in Managing Work Challenges</li> <li>• Sales and Service Tax: Implementation of SST and Transition from GST</li> </ul>
Mr. Kek Kok Swee	<ul style="list-style-type: none"> <li>• 2019 National Budget and Tax Planning Conference</li> </ul>
En. Azahar Bin Baharudin	<ul style="list-style-type: none"> <li>• Sustainability - What Directors Should Know</li> <li>• 2019 National Budget and Tax Planning Conference</li> </ul>
Ms. Tan Lay Beng	<ul style="list-style-type: none"> <li>• Introduction to Malaysian Business Reporting System ("MBRS")</li> <li>• Getting Ready for Change : GST to SST</li> <li>• Value Proposition for Members in Public Practice : Strengthening the Profession Together (JB)</li> <li>• MIA International Accountants Conference 2018</li> <li>• 2019 Budget Seminar - Restoring Public Finances, Sustaining Growth, Enhancing Wellbeing</li> <li>• 2019 National Budget and Tax Planning Conference</li> <li>• Intensive SST &amp; Customs Seminar 2019 : Legal and Operational Perspectives</li> </ul>

It is the Board's commitment to ensure that all Directors are equipped with the right level of knowledge and skills through structured and unstructured training in order for them to fulfil their fiduciary duties and responsibilities and all directors shall continue to undergo relevant training programs and seminars as and when required and from time to time to update their knowledge and skills.

- **Board Committees**

In discharging its fiduciary duties, the Board has delegated specific duties to three (3) board committees (Audit Committee, Remuneration Committee, Nominating Committee). The Committees have the authority to examine particular issues under their duties and report to the Board with their recommendation. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

All committees have written terms of references and the Board receives reports on their proceedings and deliberations. The Chairman of the respective committees will brief the Board on the matters discussed at the committee meetings and minutes of these meetings are circulated at the Board meetings.

- **Audit Committee**

The terms of reference, the number of meetings held and activities carried out during the financial year and the attendance of each member can be found on pages 40 to 43 of the Audit Committee Report.

Please refer to Practice 8.1, 8.2, 8.3, 8.4 and 8.5 of CG report on disclosure in relation Audit Committee.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- Nominating Committee**

The Nominating Committee comprises exclusively of Independent Non-Executive Directors, which meet the requirement under MMLR. The Nominating Committee is guided by written terms of reference duly approved by the Board with rights, authorities and responsibilities. The Nominating Committee is chaired by the Independent Non-Executive Director.

The Nominating Committee's Terms of Reference are published in the Investor Relation section of the Company's website at [www.solidautomotive.com](http://www.solidautomotive.com).

The composition of the Nominating Committee and the attendance record of members for meetings held during the financial year ended 30 April 2019 are as follows:-

Name of Members	Designations	No. of Meetings Attended
Mr. Kek Kok Swee	Chairman	1/1
Ms. Tan Lay Beng	Member	1/1
En. Azahar Bin Baharudin	Member	1/1

During the financial year ended 30 April 2019, the Nominating Committee conducted evaluation/review of the performance of the Board, Board committees, Audit Committee and its members, performance/knowledge/competency/skills possessed by each individual director (including the Group Financial Controller), the independence assessment of independent non-executive directors based on the pre-determined processes and evaluation criteria as well as the training needs of the individual directors. The Nominating Committee reported the results of all evaluations to the Board for review and deliberation to enable effective actions to be formulated and implemented for the proper and effective functioning of the Board and its committees.

During the financial year, the Nominating Committee also reviewed and assessed the retirement and re-election of Directors pursuant to the Company's Articles of Association and reported to the Board for its review and decision. The change in composition of the Nominating Committee (i.e. re-designation of Ms Tan Lay Beng, an Independent Non-Executive Director, as Chairman of Nominating Committee in place of the Mr Kek Kok Swee who was re-designated a member of the Nominating Committee) were tabled and approved by the Board during the year under review.

Please refer to Practice 4.4, 4.5, 4.6, 4.7 and 5.1 of the CG Report for details on the Nominating Committee and its activities.

- Remuneration Committee**

The Remuneration Committee was formed to assist the Board in reviewing and recommending an appropriate remuneration policy and remuneration package for Directors so as to attract, retain and motivate the Directors. The Remuneration Committee is guided by formal terms of reference. Further disclosure on the Remuneration Committee (and its activities) and the Board Remuneration Policy are disclosed in Practice 6.1 and 6.2 of CG Report.

The Remuneration Committee is led by an Independent Non-Executive Director and comprises exclusively of Independent Non-Executive Directors. The attendance record of members for meetings held during the financial year ended 30 April 2019 are as follows:-

Name of Members	Designations	No. of Meetings Attended
Ms. Tan Lay Beng	Chairman	1/1
Mr. Kek Kok Swee	Member	1/1
En. Azahar Bin Baharudin	Member	1/1

The details of the members of the Remuneration Committee is set out in the Profile of Directors section of this Annual Report.

The full details of the Nominating Committee's Terms of Reference are published in the Investor Relation section of the Company's website at [www.solidautomotive.com](http://www.solidautomotive.com).

The Remuneration Committee held a meeting during the financial year ended 30 April 2019 to review the proposed remuneration package of Executive Directors and with such recommended remuneration packages were submitted to the Board for approval and/or recommendation to the shareholders for approval, as applicable.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****Board Responsibilities (Cont'd)**

- **Economic, Environment and Social**

In order to promote sustainability in the conduct of the business of the Group, one of the business strategies adopted by the Board is to ensure the economics, environmental and social aspects of the businesses undertaken are well taken care of. The Group upheld the principle to maintain effective sustainability management continuously in order to contribute positively to the socio-economic development of the communities, to promote environmental friendly business practices and to uphold good governance practice.

Please refer to the Sustainability Statement for the governance structure and process employed as well as the identification, assessment, management and reporting of sustainability matters during the financial year under review and up to the date of this Annual Report.

**PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT**

The Audit Committee is tasked with the oversight role on the effectiveness of Audit and Risk Management. The composition and terms of reference of Audit Committee, the number of meetings held, attendance, and activities carried out during the financial year are set out in the Audit Committee Report on pages 40 to 43 of this Annual Report and Practice 8.1 to 8.5 of CG Report.

- **Relationship with External Auditors**

The Group maintains a close and transparent relationship with its External Auditors and outsourced Internal Audit Function in seeking professional advice and ensuring compliance with the company policies and procedures, approved accounting standards and relevant regulations in Malaysia.

The role and responsibilities of the Audit Committee in relation to the External Auditors and outsourced Internal Audit Function are prescribed in the Audit Committee's Terms of Reference.

The engagement of the External Auditors is governed by the engagement letter with terms of engagement which includes, amongst others, the scope of coverage, the responsibilities of the External Auditors, confidentiality, independence and the proposed fees reviewed by the Audit Committee and its recommendation to the Board.

The Audit Committee meets with the External Auditors at least twice a year to discuss their Audit Plans, their audit findings and other special matters that require the Audit Committee's attention and the financial statements. During the financial year, the Audit Committee met twice privately with the External Auditors prior to the commencement of the audit and at the conclusion of the audit without the presence of the Executive Directors and management to encourage free exchange of information and views and for the External Auditors to freely express their opinion.

The oversight of the External Auditors is enhanced by the conduct of annual assessment of the suitability independence and objectivity of the external auditors by the Audit Committee via the External Auditor Performance and Independence Checklist which results are subsequently reported to the Board. The External Auditors of the Group confirmed to the Audit Committee on their independence and objectivity in relation to the audit work to be performed and their commitment to communicate to the Audit Committee on their independence and objectivity status on an ongoing manner.

The Audit Committee also considered the nature of other non-audit services provided during the year by the External Auditors and the quantum of the fees as tabulated in the table below and was satisfied that the provision of these services did not in any way compromise their independence.

The audit and non-audit fees incurred for services rendered by the External Auditors and their affiliated firms and companies to the Company and its subsidiaries for the financial year were as follows:

	<b>Company</b>	<b>Group</b>	<b>Description</b>
Audit Fees	32,000	225,040	Statutory audit
Non-Audit Fees	51,600	91,600	Tax return and compliance, Review of Statement on Risk Management and Internal Control, Due Diligence Audit for acquisition of Borneo Technical Co. (M) Sdn. Bhd.
<b>Total</b>	<b>83,600</b>	<b>316,640</b>	



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

**PRINCIPLE B - EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)**

- **Risk Management**

The Board recognises the importance of Risk Management in pursuing its company's objective and have in place a formal risk management framework. The details of the framework and risk management process is disclosed in the Statement on Risk Management and Internal Control on pages 44 to 48 of this Annual Report.

- **Internal Control & Internal Audit Function**

The Board recognises the importance of sound internal control for good corporate governance. The Internal Audit Function of the Group is carried out by an outsourced internal audit firm, reporting directly to the Audit Committee and provides the Audit Committee with the assurance it requires on the adequacy and effectiveness of the Group's internal control system.

The state of system of internal control and Internal Audit Function of the Group is explained in greater detail in Statement on Risk Management and Internal Control on pages 44 to 48 of this Annual Report and Practice 10.1 & 10.2 of the CG Report.

- **Uphold integrity in financial reporting**

The Directors strive to ensure that a balanced, clear and meaningful assessment of the financial position and prospects of the Group are made in all disclosures to shareholders, investors and the regulatory authorities.

All financial statements, both annual financial statements to shareholders and quarterly announcement of financial results, were reviewed by the Audit Committee and approved by the Board to ensure accuracy, adequacy and completeness of information and compliance with relevant accounting standards and regulations prior to release to regulatory authorities.

A summary of the work carried out by the Audit Committee in the discharge of its functions and duties during the financial year is set out in the Audit Committee Report on pages 40 to 43 of this Annual Report.

**PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS**

- **Corporate Disclosure and Stakeholders Communication**

The core communication channel with the stakeholders employed by the Company is the announcements made through Bursa Securities and it is the Company's procedure that all material announcements to be made through Bursa Securities are to be approved by the Board, prior to its release. The Board observes all disclosure requirements as laid down by MMLR and Capital Markets and Services Act 2007 in order to have all material event and information to be disseminated publicly and transparently on timely basis to ensure fair and equitable access by all stakeholders, without selective disclosure of such information to specific individual or groups. The corporate disclosure by the Company is further enhanced by way of the Chairman of the Board, Managing Director and Executive Director/ Chief Financial Officer assuming the role of authorized speakers for the Company during the General Meetings to ensure factual accurate and consistent disclosure.

To ensure that communications to the public are timely, factual, accurate and complete, the Board has adopted a Corporate Disclosure Policy which set out the policies and procedures for the disclosure of material information of the Group.

The Annual Report and quarterly interim financial report are the main communication tool between the Company and its stakeholders. The Annual Report communicates comprehensive information of the financial results and activities undertaken by the Group.

Please refer to Practice 11.1 of CG Report on further disclosure of stakeholders' communication.

- **Encourage shareholders participation at general meetings**

The Annual General Meeting is the principal forum for dialogue with shareholders. The shareholders are given the opportunity and are encouraged to participate in general meetings of the Company. Notice of the Annual General Meeting and Annual Reports are sent out to shareholders at least 21 days before the date of the meeting in compliance with Companies Act 2016 and MMLR.

Adequate time is given during general meetings to encourage and allow the shareholders to seek clarification or ask questions on pertinent and relevant matters. The External Auditors are also present at Annual General Meeting to provide their professional and independent clarification on issues and concerns that may be raised by the shareholders during the meeting.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE C - INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

- **Poll Voting**

Pursuant to the Paragraph 8.29A(1) of the MMLR of Bursa Securities, the Company is required to ensure that any resolution set out in the notice of general meetings is to be voted by poll. All resolutions put forth for shareholders' approval at the 13<sup>th</sup> Annual General Meeting to be held are to be voted by way of poll voting.

- **Leverage on Information Technology**

In order to promote transparency and thoroughness in public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via [www.solidautomotive.com](http://www.solidautomotive.com). The website enhances the Investor Relations function by including all announcements made by the Company, annual reports on the Company and relevant Board Charter and policies as well as terms of reference of relevant Board Committees established and implemented by the Board for the public to access. Furthermore, contact details of the personnel in-charge of investor relations are provided in "Investor Relations" section of Company's website to which concerns or request of any investor can be forwarded to.

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the annual financial statements of the Group and the Company are prepared in accordance with the provisions of the Malaysian Companies Act, 2016 and applicable approved accounting standards of Malaysia so as to give a true and fair view of the state of affairs of the Group and the Company as at 30 April 2019, and of the results of their operations and cash flows for the financial year ended on that date.

In preparing the annual audited financial statements the Directors have:

- applied the appropriate and relevant accounting policies on a consistent basis;
- made judgments and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

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

### ADDITIONAL COMPLIANCE STATEMENT

- **Material Contracts with Related Parties**

The Company and its subsidiaries did not enter into any material contract and/or loan with its directors and/or its chief executive who is not a director or major shareholder.

- **Employees' Share Option Scheme**

During the financial year under review, there was no Employees' Share Option Scheme ("ESOS") which was approved by the Company.

- **Recurrent Related Party Transaction**

The nature of transactions with the Related Parties which are necessary for the day-to-day operations of the Group and are based on normal commercial terms that are not more favourable to its related parties than those generally available to the public, involving the interest of the Major Shareholders and Directors of the Company, namely Mr. Ker Min Choo ("KMC"), Mr. Ker Mong Keng ("KMK") and Mr. Ker Meng Oi ("KMO") and the following person connected to them are as follows:-



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

## ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

- **Recurrent Related Party Transaction (Cont'd)**

1. Mr. Ker Boon Kee ("KBK"), a substantial shareholder of the Company and the sibling of KMC, KMK and KMO.

	Transacting Parties	Nature of Relationship	Nature of Recurrent Transactions	Transacted Value RM'000
a.	KBK, KMC and KMK	KMK and KMC are the Directors and Substantial Shareholders of Solid.  KMO is the Director and Shareholder of Solid.  KBK is a Substantial Shareholder of Solid and the brother of KMK, KMC and KMO.	Rental of warehouse and office owned by KBK, KMK and KMC to a subsidiary, Auto Empire Impex Pte. Ltd.:  • 10 Admiralty Street #01-64, North Link Building, Singapore 757695	212
b.	Tampoi Enterprise Sdn. Bhd. ("TE")	KBK is a majorshareholder and director of TE.  KBK is the brother of KMK, KMC and KMO who are directors and shareholders of Solid.	Rental of warehouse and office owned by TE to a subsidiary, Twinco Far East Sdn. Bhd.:  • No. 53, Jalan 2/57B, Segambut Light Industries, 51200 Segambut, Kuala Lumpur  Sale of automotive spare parts to TE by subsidiaries, Solid Corporation Sdn. Bhd. and JBS Auto-Tech Sdn. Bhd.  Purchase of automotive spare parts from TE by subsidiaries, Solid Corporation Sdn Bhd and Twinco Far East Sdn Bhd.	46  702  94
c.	Tampoi Auto Supply Sdn. Bhd. ("TAS")	KMC, KMK and KBK are substantial shareholders and directors of TAS.  KMO is a shareholder of TAS.  KMK, KMC and KMO are directors and shareholders of Solid.	Rental of shop lot and office owned by TAS to a subsidiary, Auto Electrical System Sdn. Bhd.:  • No. 77, Jalan Glasir , Taman Tasek, 80200 Johor Bahru, Johor, Malaysia	94
d.	PAM Machinery Components Sdn. Bhd. ("PAM")	KBK is a substantial shareholder and director of PAM.	Purchase of automotive spare parts from TE by a subsidiary, Twinco Far East Sdn Bhd.	57

**Key Focus Areas and Future Priorities**

The key focus areas of the Board on corporate governance practices during the financial year were to enhance the existing corporate governance practices by updating Board Charter, relevant Board Committees' terms of reference and Board's policies to take into account changes resulting from the revamped Companies Act and MCGG.

The Board's will continue to strengthen the compliance of the corporate governance practices as established in Board Charter and relevant Board Committees' terms of reference and Board's policies as well as the independent elements within the Board such that the independent non-executive directors make up at least half of the composition of the Board.

# AUDIT COMMITTEE REPORT

## ESTABLISHMENT AND COMPOSITION

The Audit Committee comprises the following members:-

Chairman : En. Azahar Bin Baharudin (Independent Non-Executive Director)  
 Members : Mr. Kek Kok Swee (Independent Non-Executive Director)  
               Ms. Tan Lay Beng (Independent Non-Executive Director)

The composition of the Audit Committee is in compliance with paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) where the Audit Committee consists of three (3) Independent Non-Executive Directors and two (2) of the members of the Audit Committee, namely Mr. Kek Kok Swee and Ms. Tan Lay Beng, are members of the Malaysian Institute of Accountants which fulfils the requirements under paragraph 15.09 (c) and paragraph 7.1 of Practice Note 13 of MMLR. In compliance with Practice 8.1 of the Malaysian Code on Corporate Governance (“MCCG”). The Audit Committee Chairman is not the Chairman of the Board of Directors of the Company.

All members of the Audit Committee (including the Chairman) are independent directors.

The profile of the members are shown on pages 4 to 5 of this Annual Report.

## TERMS OF REFERENCE

The terms of reference of the Committee is available for viewing on the Company’s website at the “Investors Relations” section of [www.solidautomotive.com](http://www.solidautomotive.com).

## MEETINGS

During the financial year ended 30 April 2019, the Audit Committee held four (4) meetings. Details of each member’s meeting attendances are as follows:-

Name of Members	No. of Meetings Attended
En. Azahar Bin Baharudin	4/4
Mr. Kek Kok Swee	3/4
Ms. Tan Lay Beng	4/4

The meetings were conducted with sufficient quorum under the Audit Committee’s term of reference.

The meetings were appropriately structured through the use of agendas, which were distributed to the members, together with the minutes of meetings and relevant papers and reports at least seven (7) days before the meeting, prior to the meetings with sufficient notification and time to allow for review by the members for the proper discharge of their duties and responsibilities and compliance with the MMLR and its terms of reference. The secretary of the Company, the appointed secretary of the Committee attended all the meetings during the financial year under review.

The representatives of the external auditors and internal auditors, executive directors, chief financial officer (“CFO”), chief operating officer, and key management, at the invitation of the Committee, attended the Committee meetings to present their reports and/or findings or required information and explanations for the proper deliberation of the matters on hand.

The Audit Committee reported to and updated the Board on significant issues and matters discussed during the Committee’s meetings and where appropriate, made the necessary recommendations to the Board.

Minutes of the Committee’s meeting were made available to all Board members for their review, clarification and confirmation from the Audit Committee Chairman where necessary.

## AUDIT COMMITTEE REPORT (CONT'D)

**SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR**

The Audit Committee carried out its duties in accordance with its terms of reference during the financial year. The main activities undertaken by the Audit Committee during the financial year included the following:-

1. *Reviewed the quarterly financial results announcement*

During each scheduled financial quarter meeting for the financial year under review, the CFO presented the draft unaudited quarterly results for the Audit Committee's review and briefed the Committee on the contents of the results, announcements and notes therein, answered all queries raised and clarifications sought by the Audit Committee. The review focused mainly on key financial results and comparison to the immediate preceding quarter and corresponding quarter of the preceding financial year with reasons for major variances explained by the CFO. In addition, the business prospects of the Group for the remainder of the financial year was presented by the Management to the Audit Committee for discussion.

The review of the quarterly financial results performed by the Audit Committee was done in conjunction with a review of the key financial information (such as trade receivables aging analysis, inventory aging analysis and write-down provision for inventories, trade payables aging analysis and major expenses) as well as comparison of actual results with budgeted financial results. The Audit Committee further assessed the reasonableness of the assumptions and estimates made in the draft quarterly financial statements based on the updates by management on the operations and proposed business strategies and business expansions.

The unaudited quarterly results reviewed by the Audit Committee were then recommended to the Board for approval prior to announcement to Bursa Malaysia Securities Berhad ("Bursa Securities").

2. *Review the Company's compliance with Regulatory, Statutory and Accounting Standards*

During the quarterly Audit Committee meeting, with respect of the quarterly and annual financial statements, the Audit Committee reviewed the Company's compliance with the MMLR, accounting standards promulgated by Malaysian Accounting Standards Board and other legal and regulatory requirements.

3. *Reviewed the latest changes of pronouncements issued by accountancy, statutory and regulatory bodies*

At such quarterly meetings, the Audit Committee sought clarification of the application and impact of new and revised accounting standards with the external auditors as necessary. The Audit Committee members also underwent training conducted by external trainers on Tax Budget, Sustainability during the financial year under review to keep themselves updated on the latest developments and to assess the impact on the financial reporting and corporate governance compliance requirements.

The minutes of the Committee's meetings were made available to all Board Members to review and to seek clarification and confirmation from the Audit Committee Chairman where necessary.

4. *Reviewed the External Auditors' Audit Plan, Scope of Work and Audit Fee*

During the financial year, the external auditors presented their Audit Planning Memorandum to the Audit Committee for review and comment prior to the commencement of the audit to ensure that the audit scope is adequate and reasonable time was allowed to ensure the audit was carried out effectively and not under undue time pressure. The audit plan presented included the engagement team, audit scope, materiality, audit approach and methodology, timing of audit, areas of audit emphasis and significant events for the financial year was discussed and clarifications sought from the external auditors prior to approval of the said plan by the Audit Committee. During the same meeting, the audit fees and non-audit fees were presented by the external auditors for review by the Audit Committee, which were then recommended to the Board for approval.

## AUDIT COMMITTEE REPORT (CONT'D)

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)

#### 5. *Reviewed the Audited Financial Statements and Audit Results with External Auditors*

Prior to announcement of the final quarterly financial statements, the external auditors presented their Audit Review Memorandum and briefed the Audit Committee on the audit findings for the current financial year under review.

During the meeting, the audit findings on the significant risk areas, deficiencies in internal control and status of the audit were presented to the Audit Committee for deliberations and approval. The audit findings were then presented to the Board by the Chairman of the Audit Committee.

The Audit Committee reviewed the audited financial statements of the Company and the Group for the financial year ended 30 April 2019 and satisfied themselves that the audit had been adequately carried out in accordance with the approved audit plan and approved auditing standards and that the presentation of the financial statements was in compliance with statutory requirements and applicable accounting standards. The Audit Committee then recommended the audited financial statements for the Board's approval and adoption.

#### 6. *Private Sessions with External Auditors*

For the financial year ended 30 April 2019, the Audit Committee met twice on 27 June 2018 and 20 March 2019 with the External Auditors without the presence of the executive directors and management in order for the Audit Committee and the external auditors to freely exchange views and opinions between both parties as well as discuss any significant audit issues.

#### 7. *Reviewed the Independence and Objectivity of the External Auditors*

During the financial year, confirmation on the independence of the external auditor was obtained by the Audit Committee from the external auditors in relation to their work on the statutory audit to be performed and their commitment to communicate to the Audit Committee their independence status on an ongoing basis. In addition, the Audit Committee reviewed the independence and objectivity of the external auditors and the services provided, including non-audit services and noted that the non-audit fee is not material, justifiable and does not impair the independence and objectivity of the external auditors.

#### 8. *Reviewed the Internal Audit Function*

During the financial year, the Audit Committee received internal audit reports presented by the outsourced internal auditor that contain the findings, recommendations and agreed management action plans for the internal audits conducted based on approved internal audit plan. Aside from reporting on the audit findings, the status of agreed management action plans for previous internal audit findings and the status of the approved internal audit plan was also presented to the Audit Committee. Additionally, the Audit Committee had assessed the adequacy and effectiveness of the outsourced internal audit function through the review of the resources, experience and continuous professional development of the outsourced internal auditor.

During the financial year, the internal audit plan and subsequent changes, if any, were presented by the outsourced internal auditor for the review and approval by the Audit Committee.

For the financial year ended 30 April 2019, the Audit Committee met twice on 27 June 2018 and 20 March 2019 with the outsourced internal auditors without the presence of the executive directors and management in order for the Audit Committee and the outsourced internal auditors to freely exchange views and opinions between both parties.

The oversight role of Audit Committee on the internal audit function is contained in the Statement on Risk Management and Internal Control set out on pages 44 to 48 of this Annual Report.

#### 9. *Reviewed Related Party Transactions*

During the scheduled quarterly meetings, the Audit Committee conducted review of related party transactions (including recurring related party transactions) entered into by the Group with related parties to ensure that all transactions are conducted at arms length's basis on normal commercial terms and are not prejudicial to the interest of the Company or its minority shareholders.

The Audit Committee also reviewed the Circular to Shareholders dated 30 August 2018 in relation to the proposed renewal of shareholders mandate for recurrent related party transactions of a revenue or trading nature and recommended to the Board for approval

## AUDIT COMMITTEE REPORT (CONT'D)

**SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR (CONT'D)***10. Reviewed the Annual Report*

For the financial year under review, the Audit Committee reviewed the Annual Report (which includes the Management Discussion and Analysis, Corporate Governance Overview Statement, Sustainability Statement, Audit Committee Report, Statement on Risk Management and Internal Control and Audited Financial Statements of the Group) and recommended to the Board for approval.

*11. Reviewed the Circular to Shareholders dated 19 November 2018*

For the financial year under review, the Audit Committee reviewed the Circular to Shareholders dated 19 November 2018 in relation to the proposed subscription by SOLID of 19,000,000 new ordinary shares in Borneo Technical Co. (M) Sdn Bhd ("Borneo") representing approximately 80.17% of the enlarged issued shares of Borneo, for a total consideration of RM19,000,000 to be satisfied entirely by way of cash and recommended to the Board for approval.

**INTERNAL AUDIT FUNCTION**

The internal audit function of the Group is outsourced to a professional consulting firm to undertake independent, objective, regular and systematic reviews of the internal controls system of the Group. The outsourced internal auditors report directly to the Audit Committee.

The outsourced internal audit functions are governed by the engagement letter with key terms including purpose and scope of work, accountability, independence, role and responsibilities, the management's responsibilities, authority accorded to the outsourced internal auditors, limitation of scope of work, confidentiality, proposed fees and engagement team. The appointment and resignation of the outsourced internal audit function as well as proposed audit fees are subject to review and approval of the Audit Committee for its reporting to the Board for final approval.

The Audit Committee reviews the internal audit plan tabled to ensure the adequacy of the audit scope and coverage in relation to the risk management framework, key business risk exposure and risk appetite of the Group prior to its approval for execution. The internal audit plan is duly carried out by the internal audit function with any subsequent changes to the plan reviewed and approved by the Audit Committee. Further, the Committee regularly reviewed the internal audit plans during the financial year to take into account any changes in the prevailing business environment, business structure and composition and its associated risks to ensure the continuing relevance of the approved internal audit plans, adequacy of the scope and resources being allocated to the outsourced internal audit function and any changes are approved by the Committee prior to execution.

The outsourced internal auditor tables the results of their review to the Audit Committee at their scheduled meetings highlighting their findings, recommendations, areas of improvement opportunities, management response and action plan. In addition, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation.

The area of review conducted by the outsourced internal auditor are disclosed in the Statement on Risk Management and Internal Control set out on pages 44 to 48 of the Annual Report.

The Audit Committee ensures the effectiveness and adequacy of the outsourced internal audit function, its competency and resources allocated to the internal audit function through the review of the outsourced internal auditor's resources and the qualifications, working experience and continuous professional development of the personnel of the outsourced internal audit function which was tabled by the outsourced internal audit function at the Audit Committee meetings during the financial year under review.

The cost incurred in connection with the internal audit function during the financial year amounted to RM54,000.

Further details of the internal audit function and the oversight roles of the Audit Committee in relation to the risk management and internal controls are disclosed in the Statement on Risk Management and Internal Control set out on pages 44 to 48 of this

# STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL

## INTRODUCTION

The Board of Directors (“the Board”) of Solid Automotive Berhad (“the Company”) (collectively with its subsidiaries, “the Group”) is pleased to present the statement on the risk management and internal control of the Group for the financial year ended 30 April 2019, pursuant to paragraph 15.26(b) and Practice Note 9 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”) and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“the Guidelines”).

## BOARD RESPONSIBILITY

The Board affirms its responsibility to maintain a sound risk management and internal control system and for reviewing their adequacy and effectiveness to safeguard its stakeholders’ interests and the Group’s assets. The Board has delegated these aforementioned responsibilities to the Audit Committee whereby the Audit Committee is assigned with the duty, through its terms of reference approved by the Board, to review and consider the adequacy and effectiveness of the risk management and internal control system of the Group. Through the Audit Committee, the Board is kept informed of all significant control issues brought to the attention of the Audit Committee by the management, the internal audit function and the external auditors.

However, the Board recognises that, in view of the limitations that are inherent in any system of internal controls, the system of internal controls is designed to manage, rather than to eliminate, the risk of failure to achieve the Group’s business objectives. Accordingly, the system of internal controls can only provide reasonable and not absolute assurance against material misstatement of losses and fraud.

## KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

### RISK MANAGEMENT

The Board recognise that an effective risk management process is key to good corporate governance in pursuit of the Group’s strategic business objectives and there is a continuous process to identify, evaluate and manage significant risks faced by the Group systematically during the financial year under review.

The Board has adopted a systematic risk management framework which are embedded into the Group processes and structure. The Board has a formal risk management reporting structure of the Board, the Audit Committee and management to ensure effective risk management as set out below:-



The Risk Management of the Group is delegated to the Risk Management Committee comprising an Executive Director and Senior Management to assess and monitor the Group’s risk as well as to discuss, evaluate and address matters associated with strategic, financial, operational and governance aspects of the Group.

The systematic risk management framework encompasses risk identification, risk assessment, control identification, risk treatment and control activities. Risk assessment, at gross and residual level, are guided by the likelihood rating and impact rating established by the Board. Based on the risk management process, key risks profiles were compiled, with relevant key risks identified and rated based on an agreed upon risk rating. The key risks profiles are used for the identification of high residual risks which are above the risk appetite of the Group that require the Management and the Board’s immediate attention.

The roles and responsibilities of the Executive Directors includes the following:-

- (a) Implementation of risk management framework as approved by the Board;
- (b) Develop and implement the risk management process;
- (c) Ensure that risk management exercise are aligned with the Group’s strategies (e.g. vision/mission, corporate strategies and goals);
- (d) Periodic review and update of Key Risks Register; and
- (e) Update the Audit Committee on changes to the Key Risk Registers on periodical basis.



## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

#### *RISK MANAGEMENT (CONT'D)*

The roles and responsibilities of operational management as defined in the Risk Management Policy are as follow:

- (a) Manage the risk under his/her control;
- (b) Assess risk and evaluate existing control to identify areas with controls that were ineffective, inadequate or non-existent and report and to assist the Executive Directors in the development of the management action plans and implementation of the action plans formulated;
- (c) Assist the Executive Directors with the periodic update on the changes in the Key Risks Registers.

The systematic risk management process as defined in the Risk Management Policy is employed by the Executive Directors and the Management for risk identification, risk assessment, control identification, risk treatment and control activities.

As an important risk monitoring mechanism, the Executive Directors and the Management reviews the key risk registers of key operating subsidiaries and assessment of emerging risks identified at strategic and operational level on an annual basis or on more frequent basis (if circumstances required) and report (if circumstances required) to the Audit Committee on the results of the review and assessment.

During the financial year under review, the Executive Directors and the Management followed-up on the existing strategic, governance and key operational risks of key subsidiaries that were reviewed with emerging risks identified assessed and incorporated into the key risk registers for on-going risk monitoring and assessment, after taking into consideration the internal audit findings. The key risk profile, which consists of strategic risks and key operational risks, was compiled from the key risk registers and tabled to the Audit Committee for review and deliberation and for its reporting to the Board, which assumes the primary responsibility of the risk management of the Group.

At the strategic level, business plans, strategies and investment proposals with risks consideration are formulated by the Managing Director and Senior Management and presented to the Board for review and deliberation to ensure proposed plans and strategies are in line with the Group's risk appetite. In addition, specific strategic and key operational risks are highlighted and deliberated by the Audit Committee and the Board during the review of the financial performance of the Group in the scheduled meetings.

At the operational level, the respective head of departments/divisions are responsible for managing the risks under their responsibilities. The respective heads of departments are responsible for adequate and effective operational monitoring and management by way of maintaining adequate and effective internal controls and executing control procedures on a day-to-day basis. Changes in the key operational risks or emergence of new key business risks are identified through daily operational management and controls as well as review of financial and operational reports by respective level of Management. The respective heads of departments/divisions are responsible to assess the changes to the existing operational risks and emerging new risks and to determine the risk treatment and implement effective controls to manage the risks, if applicable. Critical and material risks are highlighted to the Executive Directors for final decision on the risk treatment and implementation as well as its reporting to the Audit Committee and the Board.

The monitoring of the risk management process by the Group is enhanced by the internal audits carried out by the outsourced internal audit function with specific audit objectives and business risks identified for each internal audit cycle based on the internal audit plan approved by the Audit Committee.

The above process has been practiced by the Group for the financial year under review and up to the date of approval of this statement.

#### *INTERNAL AUDIT FUNCTION*

The Audit Committee, in carrying out its responsibilities, is supported by the outsourced internal audit function to ensure the adequacy and effectiveness of the Group's risk management and internal control systems.

The Group's internal audit function is outsourced to an independent professional firm, Messr. NeedsBridge Advisory Sdn. Bhd. The engagement director of the outsourced internal audit function, Mr. Pang Nam Ming, is a Certified Internal Auditor accredited by the Institute of Internal Auditors Inc. The internal audit function reports to the Audit Committee directly and is governed by the engagement letter detailing the scope of works, accountability/responsibility, authority, independence and confidentiality.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

#### INTERNAL AUDIT FUNCTION (CONT'D)

The Group relies on the internal audit function to provide the Board with the required level of assurance that its systems of internal controls are operating adequately and effectively in order to provide reasonable assurance that the business objectives of the Group are achievable.

The Group's outsourced internal audit function adopts a risk-based approach and prepares its internal audit plan based on the Group's key risks profile.

The risk-based internal audit plan takes into consideration the existing and emergent key business risks identified in the Group's key risk profile. The audit plan and any subsequent amendments are reviewed and approved by the Audit Committee prior to their execution.

The internal control review procedures performed by the internal audit function are designed to understand, document and evaluate risks and related controls to determine the adequacy and effectiveness of governance, risk and control structures and processes and to formulate recommendations for improvement thereon. The internal audit procedures applied principally consisted of process evaluations through interviews with relevant personnel involved in the process under review, review of the Standard Operating Procedures and/or process flows provided and observations of the functioning of processes in compliance with results of interviews and/or documented Standard Operating Procedures and/or process flows. Thereafter, testing of controls for the respective audit areas through the review of the samples selected based on sample sizes calculated in accordance to a predetermined formula, subject to the nature of testing and verification of the samples.

Regular internal audit reviews are performed based on the outsourced internal audit plan approved by the Audit Committee. For the financial year under review, the outsourced internal auditor conducted reviews for inventory management, branch management, procurement management and corporate governance. Upon completion of the internal audit work, the internal audit reports are presented to the Audit Committee during its quarterly meetings. During these meetings, the internal audit findings and recommendations as well as management responses and action plans are presented and deliberated. Updates on the status of action plans as identified in the previous internal audit reports were also presented for the Audit Committee's review and deliberation for the financial year under review. The Audit Committee reports the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that sound internal controls are in place to manage the risks within the risk appetite of the Group and for regulatory compliance.

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 30 April 2019 amount to RM54,000.

### OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The other key features of the Group's internal control systems are described below:

- *Board of Directors/Board Committees*

Board Committees (i.e. Audit Committee, Remuneration Committee, Nominating Committee and Employee Share Options Scheme ("ESOS") Committee) have been established to carry out duties and responsibilities delegated by the Board are governed by written terms of reference.

Meetings of Board of Directors and respective Board Committees are carried out on scheduled basis to review the business plans, business strategies and performance of the Group, from financial and operational perspectives. Business plans and business strategies are proposed by the Managing Director to the Board for their review and approval after taking into account risk consideration and responses.

- *Integrity and Ethical Value*

The tone from the top on integrity and ethical value are enshrined in the formal Code of Conduct established and approved by the Board. The Code forms the foundation of the integrity and ethical value of the Group.

Integrity and ethical value expected from the employees are incorporated in the Human Resource Policy whereby the ethical behaviours expected with customers, suppliers, employees to carry out their duties and responsibilities assigned are also established and formalised in the Human Resource Policy.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### OTHER KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM (CONT'D)

The other key features of the Group's internal control systems are described below (Cont'd):

- *Organisation Structure and Authorisation Procedures*

The Group has a well-defined organisation structure with clear reporting line in place to ensure appropriate level of authorities and responsibilities are delegated accordingly to competent staffs in achieving operational effectiveness and efficiency. The Group has established authorisation and approval levels for management to follow including those requiring approval from the Board.

- *Policies and Procedures*

The Group has documented policies and procedures for key business processes that are regularly reviewed and updated to ensure its relevance in support of the Group's business activities and business objectives. Standard operating procedures and work instructions are established by Solid Corporation Sdn. Bhd. in compliance with the International Standard Organisation ("ISO") certification.

The Group has a whistle blowing policy to provide employees with a transparent and confidential process to report instances of corruption, fraud, misconduct, abuse of rules and regulations, misuse of company assets or resources within the Group.

- *Annual Budget*

The Annual Budget for the Group is presented and approved by the Board on an annual basis and form one of the basis to monitor the actual performance and to identify significant variances for prompt action to be taken.

- *Human Resource Management*

Formal human resource policies are in place to ensure the Group's ability to employ and retain adequate level of suitably qualified and competent employees possessing necessary knowledge, skill and experience to carry out their duties and responsibilities effectively and efficiently.

Performance evaluations are carried out for all levels of staff to identify performance gaps, for training needs identification and talent management.

- *Information and Communication*

At operational levels, clear reporting lines are established across the Group. Management reports are prepared for dissemination to relevant personnel throughout the Group for effective and timely decision making and execution in pursuit of the business objectives. Matters that require the Board and Senior Management's attention are highlighted for review, deliberation and decision on a timely basis.

The Group has in place effective and efficient information and communication infrastructures and channels, i.e. computerised enterprise resources planning systems, secured intranet, electronic mail system and modern telecommunication, so that operational data and management information can be communicated with relevant external stakeholders. Relevant financial, operational and management reports are generated to cater to the varying requirements of the different level of management within the Group for information and decision making. The management and board meetings are regularly held for effective two-way communication of information at the different level of management and the Board.

- *Monitoring and Review*

The Executive Directors being closely involved in the daily operations regularly reviews the operational information including sales, inventory and financial information. The quarterly financial results containing key financial results and comparisons and management commentaries are presented to the Board for their review.

Further, internal audits are scheduled and carried out by the outsourced internal auditor on key areas identified based on the key risk profile of the Group and report their findings, recommendations, management responses and action plans directly to the Audit Committee.

The internal audit functions assess the adequacy and effectiveness of internal controls in relation to specific governance, risk and control processes and highlights potential risks and implications of its observations that may impact the Group as well as recommend improvements on the observations made to minimise the risks. The results and recommendations of the internal audits are reported to the Audit Committee.

## STATEMENT OF RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

### ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER

In compliance with the Guidelines, the Managing Director, being the highest ranking executive in the Company and the Chief Financial Officer, being the person primarily responsible for the management of the financial affairs of the Company have provided assurance to the Board that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, during the financial year under review.

### REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS

The external auditors have reviewed the Statement on Risk Management and Internal Control pursuant to Paragraph 15.23 of the Listing Requirements and in accordance with the Audit and Assurance Practice Guide 3 ("AAPG 3"), 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 of the Group for the financial year ended 30 April 2019 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 of the Group, 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.

AAPG 3 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.

### OPINION AND CONCLUSION

The Board believes that the Group's risk management and internal control systems provide reasonable, but not absolute, assurance that weaknesses or deficiencies are identified on a timely basis and dealt with appropriately. Based on the review of risk management process and internal control system as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Managing Director and the Chief Financial Officer, the Board is of the view that the risk management and internal control systems are operating satisfactory and have not resulted in any material losses, contingencies or uncertainties that would require disclosure in the Group's annual report. The Board continues to take measures to review and, where necessary, enhance the Group's risk management and internal control systems to meet the Group's strategic objectives.

The Board is committed towards maintaining a sound system of internal control and an effective risk management throughout the Group and reaffirms its commitment to continuously review and where necessary, enhance further the risk management and internal control systems.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 9 August 2019.

# FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 April 2019.

## PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## RESULTS

	The Group RM	The Company RM
Profit after tax for the financial year	1,601,217	3,264,775
Attributable to:-		
Owners of the Company	1,415,331	3,264,775
Non-controlling interests	185,886	-
	1,601,217	3,264,775

## DIVIDENDS

Since the end of previous financial year, the amount of dividends paid by the Company were as follows:-

A final dividend of 0.2 sen per ordinary share, amounting to RM783,835 for the financial year ended 30 April 2018 was approved by the shareholders at the Annual General Meeting held on 27 September 2018 and paid on 25 October 2018.

The directors do not recommend the payment of any further dividends for the financial year.

## RESERVES AND PROVISIONS

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

## ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) the Company increased its issued and paid-up share capital from RM98,183,242 to RM98,416,408 by way of an issuance of 794,433 new ordinary shares from the exercise of Warrants 2015/2020 at the exercise price as disclosed in Note 19.4 to the financial statements which amounted to RM233,166. The new shares were issued for cash consideration.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company; and

- (b) there were no issues of debentures by the Company.

## WARRANTS

On 17 December 2015, 82,500,000 Warrants were issued pursuant to the Rights Issue of Warrants on the basis of one Warrant for every two existing ordinary shares subscribed by entitled shareholders at an issue price of RM0.20 per Warrant of which had been adjusted to RM0.0835 upon the completion of share split and bonus issue.



## DIRECTORS' REPORT (CONT'D)

**WARRANTS (CONT'D)**

The exercise price had been adjusted from RM0.50 per Warrant to RM0.21 per Warrant upon the completion of share split and bonus issue.

The salient terms of the Warrants 2015/2020 are disclosed in Note 19.4 to the financial statements. The movements of the Warrants since the listing and quotation thereof are as follows:-

	←-----Entitlement for Ordinary Shares-----→			At 30.4.2019
	At 1.5.2018	Issued	Exercised	
Number of unexercised Warrants	186,162,887	-	(794,433)	185,368,454

**OPTIONS GRANTED OVER UNISSUED SHARES**

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employee Share Option Scheme below.

**EMPLOYEE SHARE OPTION SCHEME**

The Employee Share Option Scheme of the Company ("ESOS") is governed by the ESOS By-Laws and was approved by shareholders on 24 October 2017. The ESOS is to be in force for a period of 5 years effective from 12 February 2018.

The main features of the ESOS are as follows:-

- (a) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 6 months before the date of the offer;
- (b) The maximum number of new ordinary shares of the Company, which may be available under the scheme (excluding treasury shares), shall not exceed in aggregate 15%, or any such amount or percentage as may be permitted by the relevant authorities of the issued and paid-up share capital of the Company at any one time during the existence of the ESOS;
- (c) The option price shall be determined by the ESOS Committee based on the 5-day weighted average market price of ordinary shares of the Company immediately preceding the offer date of the option, with a discount of not more than 10% of the market price of ordinary shares of the Company, or such other percentage of discount as may be permitted by the relevant authorities;
- (d) The option may be exercised by the grantee by notice in writing to the Company within a period of thirty (30) days from the Date of Offer or such longer period as may be determined by the ESOS Committee on a case-to-case basis at its discretion in the prescribed form, accompanied with a payment to the Company of a nominal non-refundable sum of RM1.00 as consideration for the grant of the option during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS; and
- (e) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

During the financial year, no share options under the ESOS was granted by the Company.

**BAD AND DOUBTFUL DEBTS**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## DIRECTORS' REPORT (CONT'D)

### CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, 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 which would render the values attributed to the current assets in the financial statements misleading.

### VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

### CONTINGENT AND OTHER LIABILITIES

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

- (a) any charge on the assets of the Group and of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or
- (b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

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

### CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

### ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Ker Min Choo  
Ong Kheng Swee  
Azahar Bin Baharudin  
Kek Kok Swee  
Ker Meng Oi  
Ker Mong Keng  
Tan Lay Beng

## DIRECTORS' REPORT (CONT'D)

**DIRECTORS (CONT'D)**

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

Chu Kian Hoo	Kwee Choon Wah
Ker Hong	Lee Kok Ping
Ker Kai Xiang	Liew Cheong Seng
Ker Keddy	Lim Boon Siong
Ker Shiloong	Loo Chee How
Ker Yan Ling	Mah Kok Ming

**DIRECTORS' INTERESTS**

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

	←----- Number of Ordinary Shares -----→			
	At 1.5.2018	Bought	Sold	At 30.4.2019
<i>Direct Interests in the Company</i>				
Ker Min Choo	94,864,870	-	-	94,864,870
Ong Kheng Swee	4,817,134	-	-	4,817,134
Kek Kok Swee	3,572,800	-	-	3,572,800
Ker Meng Oi	12,904,595	-	-	12,904,595
Ker Mong Keng	85,691,841	-	-	85,691,841
<i>Indirect Interests in the Company *</i>				
Ker Min Choo	10,473,297	1,300,000	-	11,773,297
Ong Kheng Swee	2,916,666	-	-	2,916,666
Kek Kok Swee	10,500,000	-	-	10,500,000
Ker Mong Keng	56,000	-	-	56,000
<b>Number of Warrant 2015/2020 issued pursuant to the Deed Poll dated 11 November 2015 exercisable of any time from</b>				
←----- 17 December 2015 to 16 December 2020 -----→				
	At 1.5.2018	Bought	Sold	At 30.4.2019
<i>Direct Interests in the Company</i>				
Ker Min Choo	47,192,433	-	-	47,192,433
Ong Kheng Swee	2,519,066	-	-	2,519,066
Kek Kok Swee	1,750,000	-	-	1,750,000
Ker Meng Oi	6,452,296	-	-	6,452,296
Ker Mong Keng	42,845,919	-	-	42,845,919
<i>Indirect Interests in the Company *</i>				
Ker Min Choo	2,802,648	-	-	2,802,648
Ong Kheng Swee	814,333	-	-	814,333
Kek Kok Swee	5,490,800	-	-	5,490,800
Ker Mong Keng	29,166	-	-	29,166

\* Held through spouse or childrens

By virtue of their shareholdings in the Company, Ker Min Choo and Ker Mong Keng are deemed to have interests in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares and options over unissued shares of the Company or its related corporations during the financial year.

## DIRECTORS' REPORT (CONT'D)

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the financial statements or the fixed salary of a full-time employee of the Company or 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 except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 37(b) to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 28 to the financial statements.

### INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Company.

### SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 5 to the financial statements.

### SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 41 to the financial statements.

### AUDITORS

The auditors, Crowe Malaysia PLT (converted from a conventional partnership, Crowe Malaysia), have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 30 to the financial statements.

Signed in accordance with a resolution of the directors dated 9 August 2019.

**Ker Min Choo**

**Ong Kheng Swee**

## STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Ker Min Choo and Ong Kheng Swee, being two of the directors of Solid Automotive Berhad, state that, in the opinion of the directors, the financial statements set out on pages 59 to 120 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 30 April 2019 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 9 August 2019.

**Ker Min Choo**

**Ong Kheng Swee**

## STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Ong Kheng Swee, MIA Membership Number: 7786, being the director primarily responsible for the financial management of Solid Automotive Berhad, do solemnly and sincerely declare that the financial statements set out on pages 59 to 120 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned  
Ong Kheng Swee,  
at Johor Bahru  
in the State of Johor  
on this 9 August 2019

**Ong Kheng Swee**

Before me

**Nur Amreeta Kaur Gubachen Singh**  
Commissioner for Oaths  
No. J276

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

#### Opinion

We have audited the financial statements of Solid Automotive Berhad, which comprise the statements of financial position as at 30 April 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 59 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2019, and of their financial performance and their 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 2016 in Malaysia.

#### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<b>Slow-Moving And Obsolete Inventories</b>	
Refer to Note 11 to the financial statements	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group is in the business of trading and distribution of automotive parts and components. The balance of inventories as at 30 April 2019 was RM81,060,551 after writing down slow moving and obsolete inventories. This represents the single largest asset component in the Group's statement of financial position.</p> <p>Management determines the write down for obsolete inventories for each stock keeping unit ("SKU") when the age of the inventories exceed 2 years. The inventories to be written down are those which are expected to remain unsold after 3 years from the end of the reporting period based on past historical trend.</p> <p>We have identified this as a risk area in view of the significance of inventories as a component of the Group's statement of financial position and the judgement required in making the write down.</p>	<p>Our procedures included, amongst others:-</p> <ul style="list-style-type: none"> <li>Assessing the reasonableness of management's methodology employed for estimating the inventories write down;</li> <li>Performing aging test on inventories aging report by selecting samples and checking to the date of stock-in (purchase date) to the appropriate age band;</li> <li>Assessing the reasonableness of the assumptions used to derive the estimated future sales; and</li> <li>Testing the mathematical accuracy of management's method by re-performing the calculations on selected samples, using the inventories aging report.</li> </ul>



## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

#### Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:-

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD (CONT'D)

### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

#### Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also (Cont'd):-

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current financial year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 5 to the financial statements.

### OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**Crowe Malaysia PLT**  
LLP0018817-LCA & AF 1018  
Chartered Accountants

**Tan Guan Seng**  
03387/08/2020 J  
Chartered Accountant

Johor Bahru

9 August 2019

## STATEMENTS OF FINANCIAL POSITION

AT 30 APRIL 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>ASSETS</b>					
<b>NON-CURRENT ASSETS</b>					
Investments in subsidiaries	5	-	-	101,244,365	76,754,365
Property, plant and equipment	6	56,190,886	47,083,667	-	-
Investment properties	7	13,413,462	11,404,053	-	-
Other investments	8	238,610	102,610	-	-
Deferred tax assets	9	699,258	1,050,576	-	-
Goodwill	10	2,302,577	-	-	-
		72,844,793	59,640,906	101,244,365	76,754,365
<b>CURRENT ASSETS</b>					
Inventories	11	81,060,551	51,727,168	-	-
Trade receivables	12	50,012,995	34,848,372	-	-
Other receivables, deposits and prepayments	13	6,492,447	3,300,305	7,063	62,815
Amounts owing by subsidiaries	14	-	-	19,765,206	30,247,784
Short-term investment	15	-	5,973,118	-	5,973,118
Current tax assets		2,070,608	1,216,675	-	75,350
Derivative assets	16	-	193,190	-	-
Fixed deposits with licensed banks	17	7,722,205	1,501,136	-	1,501,136
Cash and bank balances		14,614,032	8,934,994	1,256,324	743,440
		161,972,838	107,694,958	21,028,593	38,603,643
<b>TOTAL ASSETS</b>		<b>234,817,631</b>	<b>167,335,864</b>	<b>122,272,958</b>	<b>115,358,008</b>
<b>EQUITY AND LIABILITIES</b>					
<b>EQUITY</b>					
Share capital	18	98,416,408	98,183,242	98,416,408	98,183,242
Reserves	19	43,148,522	42,018,672	19,235,242	16,820,637
Equity attributable to owners of the Company		141,564,930	140,201,914	117,651,650	115,003,879
Non-controlling interests	5	5,076,803	110,917	-	-
<b>TOTAL EQUITY</b>		<b>146,641,733</b>	<b>140,312,831</b>	<b>117,651,650</b>	<b>115,003,879</b>
<b>NON-CURRENT LIABILITY</b>					
Long-term borrowings	20	20,116,538	2,256,211	-	-
<b>CURRENT LIABILITIES</b>					
Trade payables	23	20,303,259	8,581,344	-	-
Other payables and accruals	24	10,303,452	3,177,203	127,000	354,129
Amount owing to a subsidiary	14	-	-	4,484,808	-
Short-term borrowings	25	27,941,629	12,603,829	-	-
Derivative liabilities	16	9,842	-	-	-
Current tax liabilities		12,853	152,246	9,500	-
Provisions	26	9,488,325	252,200	-	-
		68,059,360	24,766,822	4,621,308	354,129
<b>TOTAL LIABILITIES</b>		<b>88,175,898</b>	<b>27,023,033</b>	<b>4,621,308</b>	<b>354,129</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>234,817,631</b>	<b>167,335,864</b>	<b>122,272,958</b>	<b>115,358,008</b>

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
REVENUE	27	166,845,213	129,241,559	3,302,141	-
OTHER OPERATING INCOME		3,464,405	2,593,777	1,270,454	1,379,459
CHANGES IN INVENTORIES		(122,693,818)	(94,385,227)	-	-
EMPLOYEE BENEFITS	28	(22,951,196)	(16,980,411)	(312,038)	(312,367)
DEPRECIATION EXPENSES		(3,259,657)	(2,691,301)	-	-
FINANCE COSTS		(1,440,530)	(512,971)	(37,647)	(1,188)
OTHER OPERATING EXPENSES		(17,277,805)	(12,715,216)	(653,532)	(451,649)
NET IMPAIRMENT LOSS ON FINANCIAL ASSETS	29	(194,153)	(63,980)	-	-
PROFIT BEFORE TAXATION	30	2,492,459	4,486,230	3,569,378	614,255
INCOME TAX EXPENSE	31	(891,242)	(1,814,335)	(304,603)	(219,054)
PROFIT AFTER TAXATION		1,601,217	2,671,895	3,264,775	395,201
OTHER COMPREHENSIVE INCOME/(EXPENSE)	32				
<u>Items that Will be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		298,672	(591,368)	-	-
Cash flow hedge		266,017	-	-	-
TOTAL OTHER COMPREHENSIVE INCOME/(EXPENSE)		564,689	(591,368)	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		2,165,906	2,080,527	3,264,775	395,201
<b>PROFIT AFTER TAXATION ATTRIBUTABLE TO:-</b>					
Owners of the Company		1,415,331	2,661,011	3,264,775	395,201
Non-controlling interests		185,886	10,884	-	-
		1,601,217	2,671,895	3,264,775	395,201
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-</b>					
Owners of the Company		1,980,020	2,069,643	3,264,775	395,201
Non-controlling interests		185,886	10,884	-	-
		2,165,906	2,080,527	3,264,775	395,201
<b>EARNINGS PER SHARE (SEN)</b>	33				
Basic		0.36	0.68		
Diluted		0.31	0.55		

The annexed notes form an integral part of these financial statements.

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

The Group	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Warrants Reserve RM	Hedging Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-controlling Interests RM	Total Equity RM
Balance at 1.5.2017		97,503,167	(43,360,988)	2,842,281	15,742,017	(266,017)	66,022,958	138,483,418	100,033	138,583,451
Profit after taxation for the financial year		-	-	-	-	-	2,661,011	2,661,011	10,884	2,671,895
Other comprehensive expense for the financial year		-	-	(591,368)	-	-	-	(591,368)	-	(591,368)
- Foreign currency translation differences										
Total comprehensive income/ (expense) for the financial year		-	-	(591,368)	-	-	2,661,011	2,069,643	10,884	2,080,527
Contributions by and distributions to owners of the Company:										
- Issuance of shares:	18 & 19	680,075	-	-	(194,069)	-	-	486,006	-	486,006
- Exercise of warrants		-	-	-	-	-	(837,153)	(837,153)	-	(837,153)
- Dividends:	35	-	-	-	-	-	(837,153)	(351,147)	-	(351,147)
- by the Company										
Total transactions with owners		680,075	-	-	(194,069)	-	(837,153)	(351,147)	-	(351,147)
Balance at 30.4.2018/1.5.2018		98,183,242	(43,360,988)	2,250,913	15,547,948	(266,017)	67,846,816	140,201,914	110,917	140,312,831
Profit after taxation for the financial year		-	-	-	-	-	1,415,331	1,415,331	185,886	1,601,217
Other comprehensive income for the financial year		-	-	298,672	-	-	-	298,672	-	298,672
- Foreign currency translation differences										
- Cash flow hedge						266,017	-	266,017	-	266,017
Total comprehensive income for the financial year		-	-	298,672	-	266,017	1,415,331	1,980,020	185,886	2,165,906
Contributions by and distributions to owners of the Company:										
- Issuance of shares:	18 & 19	233,166	-	-	(66,335)	-	-	166,831	-	166,831
- Exercise of warrants		-	-	-	-	-	-	-	4,700,000	4,700,000
- Acquisition of a subsidiary	34	-	-	-	-	-	-	-	-	-
- Subscription of additional shares in a subsidiary		-	-	-	-	-	-	-	80,000	80,000
- Dividends:	35	-	-	-	-	-	(783,835)	(783,835)	-	(783,835)
- by the Company										
Total transactions with owners		233,166	-	-	(66,335)	-	(783,835)	(617,004)	4,780,000	4,162,996
Balance at 30.4.2019		98,416,408	(43,360,988)	2,549,585	15,481,613	-	68,478,312	141,564,930	5,076,803	146,641,733

The annexed notes form an integral part of these financial statements.

**STATEMENTS OF CHANGES IN EQUITY**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

<b>The Company</b>	<b>Note</b>	<b>Share Capital RM</b>	<b>Warrants Reserve RM</b>	<b>Retained Profits RM</b>	<b>Total Equity RM</b>
Balance at 1.5.2017		97,503,167	15,742,017	1,714,641	114,959,825
Profit after taxation/Total comprehensive income for the financial year		-	-	395,201	395,201
Contributions by and distribution to owners of the Company:					
- Issuance of shares:					
- Exercise of Warrants	18 & 19	680,075	(194,069)	-	486,006
- Dividends	35	-	-	(837,153)	(837,153)
Total transactions with owners		680,075	(194,069)	(837,153)	(351,147)
Balance at 30.4.2018/1.5.2018		98,183,242	15,547,948	1,272,689	115,003,879
Profit after taxation/Total comprehensive income for the financial year		-	-	3,264,775	3,264,775
Contributions by and distribution to owners of the Company:					
- Issuance of shares:					
- Exercise of Warrants	18 & 19	233,166	(66,335)	-	166,831
- Dividends	35	-	-	(783,835)	(783,835)
Total transactions with owners		233,166	(66,335)	(783,835)	(617,004)
Balance at 30.4.2019		98,416,408	15,481,613	3,753,629	117,651,650

The annexed notes form an integral part of these financial statements.



# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES</b>					
Profit before taxation		2,492,459	4,486,230	3,569,378	614,255
Adjustments for:-					
Bad debts written off		5,083	-	-	-
Depreciation of:					
- investment properties	7	268,755	256,049	-	-
- property, plant and equipment	6	2,990,902	2,435,252	-	-
Impairment losses:					
- goodwill	10	255,627	-	-	-
- trade receivables	12	667,480	423,753	-	-
Interest expenses		1,263,277	352,618	36,370	-
Inventories written down	11	422,400	1,973,336	-	-
Loss/(Gain) on foreign exchange:					
- unrealised		29,479	(122,887)	-	-
Property, plant and equipment written off	6	67,315	912,471	-	-
Provisions	26	4,510,015	2,123,290	-	-
Fair value (gain)/loss on derivative		(202,935)	563,084	-	-
Fair value (gain)/loss on short-term investments		(20,096)	5,300	(20,096)	5,300
Gain from bargain purchase of a subsidiary	34	(1,746,163)	-	-	-
Gain on disposal of property, plant and equipment		(50,228)	(160,700)	-	-
Interest income		(465,106)	(642,219)	(1,250,358)	(1,379,459)
Reversal of impairment losses on trade receivables	12	(473,327)	(359,773)	-	-
Operating profit/(loss) before working capital changes		10,014,937	12,245,804	2,335,294	(759,904)
Increase in inventories		(2,448,676)	(3,405,404)	-	-
(Increase)/Decrease in trade and other receivables		(6,290,779)	(152,488)	55,752	(57,815)
(Decrease)/Increase in trade and other payables		(2,497,774)	(2,424,485)	(227,129)	2,735
Warranties claimed	26	(3,986,923)	(2,013,290)	-	-
<b>CASH (FOR)/FROM OPERATIONS</b>		<b>(5,209,215)</b>	<b>4,250,137</b>	<b>2,163,917</b>	<b>(814,984)</b>
Income tax paid		(1,811,732)	(2,682,548)	(276,084)	(294,404)
Income tax refunded		304,240	81,400	56,331	-
Interest received		311,511	434,262	3,854	2,192
<b>NET CASH (FOR)/FROM OPERATING ACTIVITIES</b>		<b>(6,405,196)</b>	<b>2,083,251</b>	<b>1,948,018</b>	<b>(1,107,196)</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	34	(12,553,248)	-	(24,490,000)	-
Advances to subsidiaries		-	-	(5,815,000)	(9,274,073)
Interest income received		153,595	207,957	1,246,504	1,377,267
Proceeds from disposal of property, plant and equipment		61,200	170,789	-	-
Proceeds from disposal of short term investment		5,993,214	-	5,993,214	-
Purchase of property, plant and equipment	36(a)	(3,604,466)	(9,395,799)	-	-
Purchase of short-term investment		-	(2,805,868)	-	(2,805,868)
Repayment from subsidiaries		-	-	16,297,578	9,622,155
Subsequent expenditure on investment properties	7	(1,278,164)	(444,309)	-	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>		<b>(11,227,869)</b>	<b>(12,267,230)</b>	<b>(6,767,704)</b>	<b>(1,080,519)</b>

The annexed notes form an integral part of these financial statements.

**STATEMENTS OF CASH FLOWS**  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

	Note	The Group		The Company	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES</b>					
Advance from a subsidiary	36(b)	-	-	5,000,000	-
Dividends paid	35	(783,835)	(837,153)	(783,835)	(837,153)
Drawdown of bankers' acceptance	36(b)	29,502,000	4,260,000	-	-
Drawdown of foreign currency loans	36(b)	31,152,683	26,161,017	-	-
Drawdown of revolving credits	36(b)	7,771,500	-	-	-
Drawdown of term loans	36(b)	16,531,117	2,262,856	-	-
Drawdown of trust receipts	36(b)	658,956	245,250	-	-
Interest paid	36(b)	(1,263,277)	(352,618)	(36,370)	-
Proceeds from exercise of warrants		166,831	486,006	166,831	486,006
Proceed from issuance of shares by a subsidiary to non-controlling shareholder		80,000	-	-	-
Repayment of bankers' acceptance	36(b)	(24,349,000)	(2,799,000)	-	-
Repayment of foreign currency loans	36(b)	(30,135,376)	(20,021,419)	-	-
Repayment of hire purchase obligations	36(b)	(246,318)	(71,581)	-	-
Repayment of other payables	36(b)	(158,557)	-	-	-
Repayment of term loans	36(b)	(2,759,424)	(2,626,843)	-	-
Repayment of trust receipt	36(b)	-	(245,250)	-	-
Repayment to a subsidiary	36(b)	-	-	(515,192)	-
<b>NET CASH FROM/(FOR) FINANCING ACTIVITIES</b>		<b>26,167,300</b>	<b>6,461,265</b>	<b>3,831,434</b>	<b>(351,147)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>8,534,235</b>	<b>(3,722,714)</b>	<b>(988,252)</b>	<b>(2,538,862)</b>
<b>EFFECT OF FOREIGN EXCHANGE TRANSLATION</b>		<b>320,247</b>	<b>(668,524)</b>	<b>-</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>10,436,130</b>	<b>14,827,368</b>	<b>2,244,576</b>	<b>4,783,438</b>
<b>CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR</b>	36(c)	<b>19,290,612</b>	<b>10,436,130</b>	<b>1,256,324</b>	<b>2,244,576</b>

The annexed notes form an integral part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019

## 1. GENERAL INFORMATION

The Company is a public limited company, incorporated and domiciled in Malaysia. The registered office and principal place of business are as follows:-

Registered office	: Suite 9D, Level 9, Menara Ansar 65, Jalan Trus 80000 Johor Bahru Johor
Principal place of business	: PLO 436, Jalan Gangsa Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 9 August 2019.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding and the provision of management services. The principal activities of the subsidiaries are set out in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## 3. BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or IC interpretation (including the consequential amendments, if any):-

### **MFRSs and/or IC interpretation (Including The Consequential Amendments)**

MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

IC Interpretation 22 Foreign Currency Transactions and Advance Consideration

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

Amendments to MFRS 15: Effective Date of MFRS 15

Amendments to MFRS 15: Clarifications to MFRS 15 'Revenue from Contracts with Customers'

Amendments to MFRS 140 - Transfers of Investment Property

The adoption of the above accounting standards and/or IC interpretation (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except as follows:-

### MFRS 9 Financial Instruments (IFRS 9 as issued by IASB in July 2014)

MFRS 9 introduces a new classification and measurement requirements for financial assets that reflects the business model in which the financial assets are managed and their cash flow characteristics. MFRS 9 contains 3 principal classification categories for financial assets i.e. measured at amortised cost, fair value through profit or loss, fair value through other comprehensive income and eliminates the previous categories of held to maturity, loans and receivables and available-for-sale financial assets. In addition, MFRS 9 replaces the 'incurred loss' model in MFRS 139 with the 'expected credit loss' model. This new impairment approach is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised. The impacts on the financial statements upon initial application of this accounting standard are disclosed in Note 12 to the financial statements.

### MFRS 15 and related Amendments

MFRS 15 requires an entity to recognise revenue to depict the transfer of promised goods or services to customers for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services. In addition, more guidance has been added in MFRS 15 to deal with specific scenarios. There were no material financial impact arising from the adoption of MFRS 15.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards and/or IC interpretation (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

<b>MFRSs and/or IC Interpretation (Including The Consequential Amendments)</b>	<b>Effective Date</b>
MFRS 16 Leases	1 January 2019
MFRS 17 Insurance Contracts	1 January 2021
IC Interpretation 23 Uncertainty Over Income Tax Treatments	1 January 2019
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 9: Prepayment Features with Negative Compensation	1 January 2019
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2015 - 2017 Cycles	1 January 2019

The adoption of the above accounting standards and/or for IC interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application except as follows:-

#### **MFRS 16 Leases**

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and will replace the current guidance on lease accounting when it becomes effective. Under MFRS 16, the classification of leases as either finance leases or operating leases is eliminated for lessees. All lessees are required to recognise their leased assets and the related lease obligations in the statement of financial position (with limited exceptions). The leased assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The Group is currently assessing the financial impact that may arise from the adoption of this standard.

### 4. SIGNIFICANT ACCOUNTING POLICIES

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

##### *Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

##### **(a) Depreciation of Property, Plant and Equipment**

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its property, plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of property, plant and equipment as at the reporting date is disclosed in Note 6 to the financial statements.

##### **(b) Write-down of Inventories**

Review are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require management to consider the future demand for the products and subsequent events. The Group also adopts the write-down policy for slow-moving inventories which are aged more than 2 years by estimating the inventories which will remain unsold after 3 years from the end of the reporting period based on past historical trend for each stock keeping unit.

In general, such an evaluation process requires significant judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 11 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

*Key Sources of Estimation Uncertainty (Cont'd)*

**(c) Impairment of Trade Receivables**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying value of trade receivables. The carrying amounts of trade receivables as at the reporting date are disclosed in Note 12 to the financial statements.

**(d) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the year in which such determination is made. The carrying amount of current tax assets and liabilities of the Group as at the reporting date are RM2,070,608 (2018 - RM1,216,675) and RM12,853 (2018 - RM152,246) respectively.

**(e) Deferred Tax Assets**

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amount of deferred tax assets as at the reporting date is disclosed in Note 9 to the financial statements.

**(f) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at reporting date is disclosed in Note 10 to the financial statements.

**(g) Impairment of Non-financial Assets**

The Group determines whether its property, plant and equipment, investment properties and investments in subsidiaries are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of property, plant and equipment, investment properties and investments in subsidiaries as at the reporting date are disclosed in Notes 5, 6 and 7 to the financial statements.

**(h) Fair Value Estimates for Certain Financial Assets and Financial Liabilities**

The Group carries certain financial assets and financial liabilities that are not traded in an active market at fair value. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The amount of fair value changes would differ if the Group uses different valuation methodologies and assumptions, and eventually affect profit and/or other comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

##### *Key Sources of Estimation Uncertainty (Cont'd)*

##### **(i) Provision for Warranties**

Judgement has been applied in determining the provision for warranties for products sold under the warranty terms of one year from the date of sale. The provision is computed based on the past return percentage of those products sold with defects quality. Based on the past experience, it is probable that certain claims will be made within the given warranty period. The carrying amount of provision for warranties as at reporting date is disclosed in Note 26 to the financial statements.

##### *Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

##### **(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as investment property.

##### **(b) Classification of Leasehold Land**

The classification of leasehold land as a finance lease or an operating lease requires the use of judgement in determining the extent to which risks and rewards incidental to its ownership lie. Despite the fact that there will be no transfer of ownership by the end of the lease term and that the lease term does not constitute the major part of the indefinite economic life of the land, management considered that the present value of the minimum lease payments approximated to the fair value of the land at the inception of the lease. Accordingly, management judged that the Group has acquired substantially all the risks and rewards incidental to the ownership of the land through a finance lease.

#### 4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, 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.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.2 BASIS OF CONSOLIDATION (CONT'D)

##### (a) Business Combinations

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory.

An acquisition that resulted in a business combination involving common control entities is outside the scope of MFRS 3 Business Combinations. For such common control combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the audited financial statements.

In applying merger accounting, financial statements items of the combining entities or businesses for the reporting period in which common control combination occurs are included in the audited financial statements of the Group as if the combination had occurred from the date when the combining entities or business come under the control of the controlling party or parties.

Under merger accounting, the Group recognises the assets, liabilities and equity of the combining entities or businesses at the carrying amount as if such audited financial statements had been prepared by the controlling party including adjustments are required for conforming to the Groups' accounting policies and applying those policies to all period presented. There is no recognition of any goodwill or a gain from a bargain purchase at the time of the common control combination. The effect of all transactions and balances between combining entities, whether occurring before or after the combination, are eliminated in preparing the audited financial statements of the Group.

However, acquisitions of businesses are accounted for using the acquisition method subsequently. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

##### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### (c) Changes in Ownership Interests in Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.2 BASIS OF CONSOLIDATION (CONT'D)

**(d) Loss of Control**

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 (2018 - MFRS 139) or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

4.4 FUNCTIONAL AND FOREIGN CURRENCIES

**(a) Functional and Presentation Currency**

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

**(b) Foreign Currency Transactions and Balances**

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.4 FUNCTIONAL AND FOREIGN CURRENCIES (CONT'D)

##### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of an intragroup loan is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

#### 4.5 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as a liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 – Revenue from Contracts with Customers at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

##### *Debt Instruments*

###### (i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

###### (ii) Fair Value through Other Comprehensive Income

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

###### (iii) Fair Value through Profit or Loss

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

##### *Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

4.5 FINANCIAL INSTRUMENTS (CONT'D)

**(b) Financial Liabilities**

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

**(c) Equity Instruments**

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently. Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs. Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

**(d) Derivative Financial Instruments**

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in fair value on derivatives during the reporting period, other than those accounted for under hedge accounting, are recognised directly in profit or loss.

Any derivative embedded in a financial asset is not accounted for separately. Instead, the entire hybrid contract is classified and subsequently measured as either amortised cost or fair value as appropriate.

An embedded derivative is recognised separately from the host contract which is a financial liability as a derivative if, and only if, its risks and characteristics are not closely related to those of the host contract and the host contract is not measured at fair value through profit or loss.

**(e) 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 when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

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 expired. 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 profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.5 FINANCIAL INSTRUMENTS (CONT'D)

##### (f) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

##### (g) Hedge Activities

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including cross currency swap and interest rate swap.

The Group designates the derivative as hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

##### Cash Flow Hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the cash flow hedge reserve, limited to the lower of cumulative gain or loss on the hedging instrument and cumulative change in fair value of the hedged item, from inception of the hedge. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affects profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is transferred from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated, or exercised, or when a hedge no longer meets the criteria for hedge accounting. Any gain or loss accumulated in the cash flow hedge reserve at that time remains in equity and is reclassified to profit or loss when the forecast transaction occurs recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in the cash flow hedge reserve is reclassified immediately to profit or loss.

##### Accounting Policies Applied Until 30 April 2018

The Group has applied MFRS 9 retrospectively but has elected not to restate comparative information of its financial instruments. As a result, the comparative information of the Group's financial assets continues to be accounted for in accordance with its previous accounting policies as summarised below:-

- Trade and other receivables with fixed or determinable payments were classified as loans and receivables financial assets, measured at amortised cost using the effective interest method, less any impairment loss. Interest income was recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

#### 4.7 PROPERTY, PLANT AND EQUIPMENT

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Leasehold land	Over the lease period of 50 to 99 years
Buildings	2%
Furniture, fixture and equipment	10% to 50%
Motor vehicles	20%
Plant and machinery	10% to 20%
Renovation and electrical installation	10% to 20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or held under a 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.

Investment properties are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on a straight-line method over the estimated useful lives of the investment properties. Freehold land is not depreciated. The estimated useful lives of the investment properties are within 7 years to 60 years.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

#### 4.9 LEASED ASSETS

##### (a) Finance Lease

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. 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. The corresponding liability is included in the statements of financial position as hire purchase payables.

Minimum lease payments made under finance leases are apportioned between the finance costs and the reduction of the outstanding liability. The finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit or loss and allocated over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each accounting period.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or investment properties.

##### (b) Operating Lease

All leases that do not transfer substantially to the Group all the risks and rewards incidental to ownership are classified as operating leases and, the leased assets are not recognised on the statements of financial position of the Group and of the Company.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.10 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average cost method, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs necessary to make the sale.

#### 4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances and demand deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less.

#### 4.12 IMPAIRMENT

##### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs and trade receivables, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

##### Accounting Policy Applied Until 30 April 2018

The comparative information on the impairment of the Group's financial assets has been accounted for in accordance with its previous accounting policy as summarised below:-

- The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset was impaired. Impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that events had an impact on the estimated future cash flows of the financial asset that could be reliably estimated.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.12 IMPAIRMENT (CONT'D)

##### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

#### 4.13 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The unwinding of the discount is recognised as interest expense in profit or loss.

##### (a) Product warranties

A provision for warranties is recognised based on the best estimated liabilities to repair or replace products when the underlying products or services are sold. The estimated liabilities are based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

##### (b) Rebates

Provision for rebates is in respect of volume rebates and prompt payment rebates payable to customers upon achieving the sales target of qualifying products and prompt payment scheme set by the Group.

The provision is recognised for expected rebates to be paid based on sales during the reporting period and also past experience on the likelihood of the customers achieving sales target and meeting the prompt payment timeline.

##### (c) Staff sales commission

Provision for staff sales commission is based on management's best estimate of the total amount payable as at reporting date based on the performance conditions of individual employees over sales collections.

##### (d) Relocation and restoration costs

Provision for relocation and restoration cost is based on management's best estimate of the total amount payable as at reporting date on cost of moving to new office and warehouse in next reporting period.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.14 EMPLOYEE BENEFITS

##### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

##### (b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

#### 4.15 INCOME TAXES

##### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

##### (b) Deferred Tax

Deferred tax are recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

#### 4.17 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. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

#### 4.18 EARNINGS PER ORDINARY SHARE

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

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise Warrants.

#### 4.19 BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

#### 4.20 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 4.20 FAIR VALUE MEASUREMENTS (CONT'D)

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

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

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

#### 4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time. The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

#### **Sale of Automotive and Industrial Parts**

Revenue from sale of goods is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

The Group's obligation to repair or replace faulty products under the standard terms is recognised as a provision.

A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

#### 4.22 OTHER OPERATING INCOME

##### **(a) Interest Income**

Interest income is recognised on an accrual basis using the effective interest method.

##### **(b) Dividend Income**

Dividend income from investment is recognised when the right to receive dividend payment is established.

##### **(c) Rental Income**

Rental income is accounted for on a straight-line method over the lease term.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2019 RM	2018 RM
Unquoted shares, at cost	101,244,365	76,754,365

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2019 %	2018 %	
<i>Subsidiaries of the Company</i>				
Solid Corporation Sdn. Bhd. ("Solid Corporation")	Malaysia	100	100	Trading and distribution of automotive electrical parts and components
Twinco Far East Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive engine and mechanical parts and components
Solid Autotech Sdn. Bhd.	Malaysia	100	100	Property and investment holding
Borneo Technical Co. (M) Sdn. Bhd.	Malaysia	80.17	-	Trading and distribution of automotive batteries, lubricants, spare parts and industrial supplies.
Win Soon Auto Suppliers Sdn. Bhd.	Malaysia	100	-	Trading and distribution of automotive spare parts and components
Win Soon Auto Suppliers (JB) Sdn. Bhd.	Malaysia	100	-	Trading and distribution of automotive spare parts and components
Auto Empire Impex Pte. Ltd.*	Singapore	100	100	Trading and distribution of automotive engine and mechanical parts and components
<i>Subsidiaries of the Solid Corporation</i>				
JBS Auto-Tech Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive electrical parts and components
Auto Electrical Systems Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive electrical parts and components
HKT Auto Electrical Parts Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive spare parts, lubricants and batteries
Autoworld Parts Services Sdn. Bhd.	Malaysia	60	70	Trading, repairing and servicing of automotive electrical parts and components

\* This subsidiary was audited by other firm of chartered accountants.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**5. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

- (a) During the current financial year, the Company had subscribed 80.17% equity interests in Borneo Technical Co. (M) Sdn. Bhd. and 100% equity interests in Win Soon Auto Suppliers Sdn. Bhd. and Win Soon Auto Suppliers (JB) Sdn. Bhd. respectively. The details of the acquisitions are disclosed in Note 34 to the financial statements.
- (b) During the financial year, the Company acquired an additional 20,000 ordinary shares in Autoworld Parts Services Sdn. Bhd. for a cash consideration of RM20,000.
- (c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2019 %	2018 %	2019 RM	2018 RM
Autoworld	40	30	121,930	110,917
Borneo	19.83	-	4,954,873	-
			5,076,803	110,917

- (d) The summarised financial information (before intra-group elimination) for each subsidiary that has of non-controlling interests that are material to the Group is as follows:-

	Borneo 2019 RM
<u>At 30 April</u>	
Non-current assets	1,510,022
Current assets	56,968,313
Current liabilities	(33,491,571)
Net assets	24,986,764
<u>Financial Year Ended 30 April (Post-acquisition)</u>	
Revenue	35,056,763
Loss/Total comprehensive expenses for the financial year	(9,399)
Total comprehensive expenses attributable to non-controlling interests	(1,864)
Net cash flows for operating activities	(888,973)
Net cash flows for investing activities	(2,970,240)
Net cash flows from financing activities	6,260,737

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2018 RM	Additions (Note 36(a)) RM	Disposals RM	Write Off RM	Acquisition of Subsidiaries (Note 34) RM	Translation Differences RM	Depreciation Charges RM	At 30.4.2019 RM
<b>2019</b>								
<i>Carrying amount</i>								
Freehold land	6,006,328	-	-	-	-	-	-	6,006,328
Leasehold land	13,772,454	-	-	-	4,273,744	-	(209,801)	17,836,397
Buildings	16,117,632	-	-	-	1,139,666	93,429	(432,495)	16,918,232
Building under construction	3,099,178	2,783,277	-	-	-	-	-	5,882,455
Furniture, fixtures and equipment	4,363,341	725,862	(765)	(44,909)	446,663	4,618	(880,832)	4,613,978
Motor vehicles	3,418,488	947,134	(5)	(22,406)	400,388	9,859	(1,296,208)	3,457,250
Plant and machinery	11,443	-	(10,202)	-	332,527	-	(48,326)	285,442
Renovation and electrical installation	294,803	35,193	-	-	984,048	-	(123,240)	1,190,804
	47,083,667	4,491,466	(10,972)	(67,315)	7,577,036	107,906	(2,990,902)	56,190,886

The Group	At 1.5.2017 RM	Additions (Note 36(a)) RM	Disposals RM	Write Off RM	Translation Differences RM	Depreciation Charges RM	At 30.4.2018 RM
<b>2018</b>							
<i>Carrying amount</i>							
Freehold land	6,006,328	-	-	-	-	-	6,006,328
Leasehold land	13,980,196	-	-	-	-	(207,742)	13,772,454
Buildings	13,723,284	3,868,011	-	(907,875)	(130,449)	(435,339)	16,117,632
Building under construction	309,968	2,789,210	-	-	-	-	3,099,178
Furniture, fixtures and equipment	3,523,349	1,560,671	(5,505)	(4,596)	(9,619)	(700,959)	4,363,341
Motor vehicles	3,034,214	1,465,361	(4,584)	-	(20,373)	(1,056,130)	3,418,488
Plant and machinery	13,732	-	-	-	-	(2,289)	11,443
Renovation and electrical installation	273,276	54,320	-	-	-	(32,793)	294,803
	40,864,347	9,737,573	(10,089)	(912,471)	(160,441)	(2,435,252)	47,083,667

The Group	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2019</b>				
Freehold land	6,006,328	-	-	6,006,328
Leasehold land	19,893,885	-	(2,057,488)	17,836,397
Buildings	54,048,197	(19,077,919)	(18,052,046)	16,918,232
Building under construction	5,882,455	-	-	5,882,455
Furniture, fixtures and equipment	25,717,659	(1,226,225)	(19,877,456)	4,613,978
Motor vehicles	13,247,967	(77,558)	(9,713,159)	3,457,250
Plant and machinery	2,899,305	(179,457)	(2,434,406)	285,442
Renovation and electrical installation	2,527,601	-	(1,336,797)	1,190,804
	130,223,397	(20,561,159)	(53,471,352)	56,190,886

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)**

The Group	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2018</b>				
Freehold land	6,006,328	-	-	6,006,328
Leasehold land	15,453,979	-	(1,681,525)	13,772,454
Buildings	52,864,222	(19,077,919)	(17,668,671)	16,117,632
Building under construction	3,099,178	-	-	3,099,178
Furniture, fixtures and equipment	21,554,700	(1,105,232)	(16,086,127)	4,363,341
Motor vehicles	9,182,550	(77,558)	(5,686,504)	3,418,488
Plant and machinery	41,000	-	(29,557)	11,443
Renovation and electrical installation	363,652	-	(68,849)	294,803
	108,565,609	(20,260,709)	(41,221,233)	47,083,667

Included in the carrying amount of the property, plant and equipment of the Group are the following assets acquired under hire purchase terms:-

	The Group	
	2019 RM	2018 RM
Motor vehicles	1,256,652	554,778

These leased assets have been pledge as security for the related finance lease liabilities of the Group as disclosed in Note 21 to the financial statements.

Included in the carrying amount of the property, plant and equipment of the Group are the following assets pledged to licensed banks for banking facilities extended to the Company are disclosed in Note 22 to the financial statements are as follows:-

	The Group	
	2019 RM	2018 RM
Leasehold land	4,226,483	-
Buildings	1,137,729	-
	5,364,212	-

**7. INVESTMENT PROPERTIES**

	The Group	
	2019 RM	2018 RM
Cost:-		
At 1 May 2018/2017	56,133,826	55,689,517
Acquisition of a subsidiary (Note 34)	1,271,981	-
Additions	1,278,164	444,309
At 30 April 2019/2018	58,683,971	56,133,826
Accumulated depreciation:-		
At 1 May 2018/2017	(21,780,339)	(21,524,290)
Depreciation during the financial year	(268,755)	(256,049)
At 30 April 2019/2018	(22,049,094)	(21,780,339)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

7. INVESTMENT PROPERTIES (CONT'D)

	The Group	
	2019 RM	2018 RM
Accumulated impairment loss:-		
At 1 May 2018/2017	(22,949,434)	(22,949,434)
Acquisition of a subsidiary (Note 34)	(271,981)	-
At 30 April 2019/2018	(23,221,415)	(22,949,434)
	13,413,462	11,404,053
Represented by:-		
Freehold land	1,067,365	587,365
Leasehold land	6,105,448	4,926,686
Buildings	6,240,649	5,890,002
At 30 April 2019/2018	13,413,462	11,404,053
Fair value:-		
Freehold land	1,200,000	720,000
Leasehold land	6,446,588	6,446,588
Buildings	7,147,025	6,627,025
At 30 April 2019/2018	14,793,613	13,793,613
Recognised in profit or loss:-		
Rental income	317,000	300,200
Direct operating expenses:		
- income generating investment properties	623,106	586,626
- non-income generating investment properties	17,157	10,926

- (a) Included in the carrying amount of the investment properties of the Group are the following assets pledged to licensed bank for banking facilities extended to the Company are disclosed in Note 22 to the financial statements are as follows:-

	The Group	
	2019 RM	2018 RM
Freehold land	480,000	-
Building	520,000	-
	1,000,000	-

- (b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are estimated by the directors of the Group by reference to market evidence of transacted prices for similar properties at the same or nearby vicinity. The most significant input into this valuation approach is the price per square foot of comparable properties.

8. OTHER INVESTMENTS

	The Group	
	2019 RM	2018 RM
Transferable golf club memberships, at cost	374,200	238,200
Less: Impairment losses	(135,590)	(135,590)
	238,610	102,610



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**9. DEFERRED TAX ASSETS**

The Group	At 1.5.2018 RM	Acquisition of Subsidiaries (Note 34) RM	Recognised in Profit or Loss (Note 31) RM	At 30.4.2019 RM
<b>2019</b>				
<i>Deferred Tax Liabilities</i>				
Accerelated capital allowances	(563,700)	(439,232)	57,128	(945,804)
Unrealised foreign exchange gain	(29,500)	-	29,500	-
	(593,200)	(439,232)	86,628	(945,804)
<i>Deferred Tax Assets</i>				
Fair value loss on derivative	30,200	-	(30,200)	-
Impairment losses on trade receivables	242,700	-	23,700	266,400
Inventories written down	1,185,200	-	24,300	1,209,500
Provision for warranties	59,300	-	(1,400)	57,900
Unrealised foreign exchange loss	-	-	22,600	22,600
Other	126,376	-	(37,714)	88,662
	1,643,776	-	1,286	1,645,062
	1,050,576	(439,232)	87,914	699,258

The Group	At 1.5.2017 RM	Recognised in Profit or Loss (Note 31) RM	At 30.4.2018 RM
<b>2018</b>			
<i>Deferred Tax Liabilities</i>			
Accerelated capital allowances	(403,400)	(160,300)	(563,700)
Fair value gain on derivative	(105,000)	105,000	-
Unrealised foreign exchange gain	(6,000)	(23,500)	(29,500)
	(514,400)	(78,800)	(593,200)
<i>Deferred Tax Assets</i>			
Fair value loss on derivative	-	30,200	30,200
Impairment losses on trade receivables	200,500	42,200	242,700
Inventories written down	713,300	471,900	1,185,200
Provision for warranty	34,100	25,200	59,300
Other	125,011	1,365	126,376
	1,072,911	570,865	1,643,776
Deferred Tax Assets	558,511	492,065	1,050,576

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM41,287,000 (2018 - RM2,200,000) and RM4,498,000 (2018 - RM119,000) respectively that are available for offset against future taxable profits of the subsidiaries in which the losses arose. No deferred tax assets are recognised in respect of these items as it is not probable that taxable profits of the subsidiaries will be available against which the deductible temporary differences can be utilised.

The unused tax losses expire at end of the year of assessment 2025 but the unabsorbed capital allowances can be carried forward indefinitely to be utilised against income from the same business source, subject to no substantial change in shareholders of the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

10. GOODWILL

	The Group 2019 RM
Cost:-	
At 1 May 2018	-
Acquisition of subsidiaries (Note 34)	2,558,204
At 30 April 2019	2,558,204
Accumulated impairment losses:-	
At 1 May 2018	-
Impairment during the financial year (Note 30)	(255,627)
At 30 April 2019	(255,627)
	2,302,577

- (a) The carrying amount of goodwill is allocated to Win Soon Auto Suppliers Sdn. Bhd.
- (b) During the financial year, an impairment loss of RM255,627 was recognised on Win Soon Auto Suppliers (JB) Sdn. Bhd. in "Other Operating Expenses" line item of the Statement of Profit or Loss and Other Comprehensive Income which the Directors did not foresee any cash flows from this cash-generating unit in the near future.

The Group has assessed the recoverable amounts of goodwill allocated and determined that no additional impairment is required. The recoverable amounts of the cash-generating units are determined using the value in use approach, and this is derived from the present value of the future cash flows from each cash-generating unit computed based on the projections of financial budgets approved by management covering a period of 5 years. The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin 2019 %	Growth Rate 2019 %	Discount Rate 2019 %
Win Soon Auto Suppliers Sdn. Bhd.	23	4.79	4.87

- (i) Budgeted gross margin      Average gross margin achieved in previous financial year immediately before the budgeted period increased for expected efficiency improvements and cost saving measures.
- (ii) Growth rate                      Based on the average Gross Domestic Product Annual Growth Rate in Malaysia.
- (iii) Discount rate (pre-tax)      Reflects specific risks relating to the relevant cash-generating unit.

The values assigned to the key assumptions represent management's assessment of future trends in the cash-generating units and are based on both external sources and internal historical data.

11. INVENTORIES

	The Group	
	2019 RM	2018 RM
Trading goods	71,359,553	47,709,170
Goods-in-transit	9,700,998	4,017,998
	81,060,551	51,727,168
Recognised in profit or loss:-		
Inventories recognised as cost of sales	122,693,818	94,385,227
Inventories written down (Note 30)	422,400	1,973,336

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

## 12. TRADE RECEIVABLES

	The Group	
	2019 RM	2018 RM
Trade receivables	53,203,580	36,503,944
Allowance for impairment losses	(3,190,585)	(1,655,572)
	50,012,995	34,848,372
Allowance for impairment losses:-		
At 1 May 2018/2017	1,655,572	1,595,452
Acquisition of subsidiaries during the financial year	1,339,349	-
Addition during the financial year (Note 29)	667,480	423,753
Reversal during the financial year (Note 29)	(473,327)	(359,773)
Foreign exchange translation differences	1,511	(3,860)
At 30 April 2019/2018	3,190,585	1,655,572

The Group's normal trade credit terms range from 7 to 150 (2018 - 7 to 150) days. Late interest is charged at 1.50% (2018 - 1.50%) per annum on the overdue balance.

## 13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other receivables:-				
Third parties	1,331,230	457,637	-	55,548
Advances to suppliers	1,583,633	923,050	-	-
Goods and services tax recoverable	696,747	909,534	-	-
	3,611,610	2,290,221	-	55,548
Deposits	2,009,988	548,166	5,000	5,000
Prepayments	870,849	461,918	2,063	2,267
	6,492,447	3,300,305	7,063	62,815

The advances to suppliers are unsecured and interest-free. The amount owing will be offset against future purchases from the suppliers.

## 14. AMOUNTS OWING BY SUBSIDIARIES

	Note	The Company	
		2019 RM	2018 RM
<b>Amount Owing by Subsidiary</b>			
<i>Current</i>			
Non-trade balances	a	19,765,206	30,247,784
<b>Amount Owing (to) a Subsidiary</b>			
<i>Current</i>			
Non-trade balances	b	(4,484,808)	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**14. AMOUNTS OWING BY SUBSIDIARIES (CONT'D)**

- (a) The non-trade balances represent unsecured advances granted to subsidiaries which are repayable on demand. Interest is charged at 4.08% (2018 - 3.72% to 4.08%) per annum on the outstanding balance. The amounts owing are to be settled in cash.
- (b) The non-trade balances represent unsecured advances received from a subsidiary which are repayable on demand. Interest is charged at 4.08% (2018 - Nil) per annum on the outstanding balance. The amounts owing are to be settled in cash.

**15. SHORT-TERM INVESTMENT**

	The Group/The Company			
	2019			2018
	Carrying Amount RM	Market Value RM	Carrying Amount RM	Market Value RM
Equity fund unit trusts, at fair value	-	-	5,973,118	5,973,118

**16. DERIVATIVE ASSETS/(LIABILITIES)**

	Note	Contract/Notional Amount		The Group	
		2019 RM	2018 RM	2019 RM	2018 RM
<b>Derivative Assets</b>					
Cross currency interest rate swap	a	-	1,866,900	-	193,190
<b>Derivative Liabilities</b>					
Forward currency contracts	b	690,958	-	(9,842)	-

The Group does not apply hedge accounting.

- (a) The cross currency interest rate swap was used to hedge cash flow interest rate risk arising from the floating rate term loans amounting to RM Nil (2018 - RM1,866,900). This cross currency interest rate swap receives United States Dollar at a floating interest equal to 3 months LIBOR + 1.75%, pays Ringgit Malaysia at a fixed rate interest of 5.30% plus the differential between LIBOR + 1.75% and Cost of Funds + 1.75% and has the same maturity terms with the term loans as disclosed in Note 22 to the financial statements.
- (b) The forward currency contract are used to hedge a subsidiary's purchases denominated in United States Dollar for which firm commitments existed at the end of the reporting period. The settlement dates on forward currency contracts range between 2 to 3 months after the end of the reporting period.

**17. FIXED DEPOSITS WITH LICENSED BANK**

The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging of 0.7% to 3.0% (2018 - 3.95%) per annum. The fixed deposits have maturity periods ranging from 32 to 369 (2018 - 90) days for the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

## 18. SHARE CAPITAL

The movements in the issued and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2019 Number of Shares	2018 Number of Shares	2019 RM	2018 RM
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares				
At 1 May 2018/2017	391,336,428	166,738,100	98,183,242	97,503,167
Issuance of shares pursuant to:				
- Exercise of warrants	-	692,500	-	346,250
Transfer from warrants reserve	-	-	-	138,500
Ordinary shares before share split and bonus issue	391,336,428	167,430,600	98,183,242	97,987,917
Transfer from warrants reserve	-	-	66,335	55,569
Share split	-	167,430,600	-	-
Bonus issue	-	55,809,728	-	-
Issuance of shares pursuant to:				
- Exercise of warrants	794,433	665,500	166,831	139,756
At 30 April 2019/2018	392,130,861	391,336,428	98,416,408	98,183,242

In the previous financial year, the Company:-

- (a) subdivided 167,430,600 ordinary shares into 334,861,200 ordinary shares ("share split"); and
- (b) issued 55,809,728 new ordinary shares on the basis of one (1) bonus share for every six (6) existing shares held ("bonus issue") after share split.

The new ordinary shares issued rank pari passu in all respects with the existing ordinary shares of the Company.

## 19. RESERVES

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Foreign exchange translation reserve	2,549,585	2,250,913	-	-
Hedging reserve	-	(266,017)	-	-
Merger deficit	(43,360,988)	(43,360,988)	-	-
Warrants reserve	15,481,613	15,547,948	15,481,613	15,547,948
Retained profits	68,478,312	67,846,816	3,753,629	1,272,689
	43,148,522	42,018,672	19,235,242	16,820,637

### 19.1 Foreign Exchange Translation Reserve

The foreign exchange translation reserve arose from the translation of the financial statements of a foreign subsidiary whose functional currency is different from the Group's presentation currency.

### 19.2 Hedging Reserve

The hedging reserve represents the effective portion of the cumulative net changes in the fair value of cash flow hedges related to forecast transaction that has not yet been occurred. The Group opted to discontinue prospectively the hedge accounting in previous financial year as there was no accounting mismatch. In this case, the hedging reserve shall remain separately in equity until the forecast transaction occurs.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

## 19. RESERVES (CONT'D)

### 19.3 Merger Deficit

The merger deficit represents the difference between the carrying value of the investment in subsidiaries and the nominal value of shares of the Company's subsidiaries upon consolidation under the merger accounting principle.

### 19.4 Warrants Reserve

In the previous financial year, additional 106,758,987 free Warrants were issued pursuant to the share split and bonus issue. The additional free Warrants were listed and quoted on the Main Market of Bursa Malaysia Securities Berhad on an even day.

The exercise price had been adjusted from RM0.50 per Warrant to RM0.21 per Warrant upon the completion of share split and bonus issue.

The Warrants Reserve arose from proceeds received from the issuance of the warrants is at RM0.0835 per Warrant.

The movements of the Warrants Reserve are as follows:-

	<b>The Group/The Company</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
At 1 May 2018/2017	15,547,948	15,742,017
Exercise of Warrants	(66,335)	(194,069)
At 30 April 2019/2018	15,481,613	15,547,948

The salient terms of the Warrants are as follows:-

- (a) The Warrants are constituted by a Deed Poll executed on 11 November 2015;
- (b) The Warrants are traded separately;
- (c) The Warrants are exercisable any time during the tenure of 5 years commencing the date of issue of 17 December 2015 to 16 December 2020 ("Exercise Period") at an exercise price of RM0.21 (2018 - RM0.21) per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;
- (d) The exercise price is RM0.21 (2018 - RM0.21) per Warrant. The exercise price and the number of outstanding Warrants may be subject to adjustments that may be required during the exercise period in accordance with the terms and provisions of the Deed Poll;
- (e) Subject to the provisions in the Deed Poll, the exercise price and the number of Warrants held by each Warrant holder may from time to time be adjusted by the Company in consultation with the approved adviser and certified by the auditors appointed by the Company; and
- (f) Subject to the provisions in the Deed Poll, the Company is at liberty to issue shares or other securities convertible to shares to shareholders either for cash or as a bonus distribution and further subscription rights upon such terms and conditions as the Company sees fit but the Warrant holders will not have any participating rights in such issues unless and until the Warrant holders exercise their Warrants into new shares of the Company or otherwise resolved by the Company in general meeting.

## 20. LONG-TERM BORROWINGS

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Hire purchase payables (Note 21)	719,130	326,131
Term loans (Note 22)	19,397,408	1,930,080
	20,116,538	2,256,211



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

## 21. HIRE PURCHASE PAYABLES (SECURED)

	The Group	
	2019 RM	2018 RM
Minimum hire purchase payments:		
- not later than 1 year	407,432	134,322
- later than 1 year and not later than 5 years	749,732	351,606
- later than 5 years	22,903	-
	1,180,067	485,928
Less: Future finance charges	(93,436)	(45,274)
Present value of hire purchase payables	1,086,631	440,654
Analysed by:-		
Current liabilities (Note 25)	367,501	114,523
Non-current liabilities (Note 20)	719,130	326,131
	1,086,631	440,654

- (a) Hire purchase payables of the Group are secured by corporate guarantee provided by the Company and the Group's motor vehicles under finance leases as disclosed in Note 6 to the financial statements. The hire purchase arrangements are expiring from 2 to 6 (2018 - 2 to 5) years.
- (b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rates ranging from 2.33% to 6.25% (2018 - 4.40% to 6.25%) per annum.

## 22. TERM LOANS (SECURED)

	The Group	
	2019 RM	2018 RM
Current liabilities (Note 25)	2,974,216	2,597,526
Non-current liabilities (Note 20)	19,397,408	1,930,080
	22,371,624	4,527,606

- (a) The term loans are secured by:
- (i) corporate guarantee provided by the Company;
  - (ii) a first party legal charge over the Group's property, plant and equipment and investment properties as disclosed in Notes 6 and 7 to the financial statements; and
  - (iii) jointly and severally guaranteed by certain directors of the Company's subsidiaries.
- (b) The interest rate profile of the term loans is summarised below:-

	Effective Interest Rate %	The Group	
		2019 RM	2018 RM
Semi-fixed rate term loans	5.30	-	2,451,860
Fixed rate term loan	4.75	965,833	-
Floating rate term loan	3.15 - 5.65	21,405,791	2,075,746
		22,371,624	4,527,606

- (c) In the previous financial year, the semi-fixed rate term loans of RM2,451,860 have been hedged by a cross currency interest rate swap as disclosed in Note 16 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2018 - 30 to 120) days.

### 24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Other payables:-				
Third parties	836,808	1,101,454	10,000	5,129
Related party	2,406	33,039	-	-
Goods and service tax payable	-	92,693	-	-
	839,214	1,227,186	10,000	5,129
Accruals	8,058,008	990,673	117,000	349,000
Deposits received	1,406,230	959,344	-	-
	10,303,452	3,177,203	127,000	354,129

The amount owing to related party represents unsecured interest-free advances from certain directors of a subsidiary. The amount is repayable on demand and is to be settled in cash.

### 25. SHORT-TERM BORROWINGS

	The Group	
	2019 RM	2018 RM
Bankers' acceptances	6,614,000	1,461,000
Foreign currency loans	9,628,206	8,430,780
Hire purchase payables (Note 21)	367,501	114,523
Revolving credits	7,698,750	-
Term loans (Note 22)	2,974,216	2,597,526
Trust receipts	658,956	-
	27,941,629	12,603,829

- (a) Bankers' acceptances are drawn for a period ranging from 29 to 141 (2018 - 86 to 128) days and bore interests ranging from 4.16% to 4.42% (2018 - 4.16% to 4.65%) per annum.
- (b) Foreign currency loans are drawn for a period from 71 to 127 (2018 - 84 to 136) days and bore interest ranging from 3.35% to 3.69% (2018 - 2.40% to 2.99%) per annum.
- (c) Revolving credits are drawn for a period ranging from 272 to 273 (2018 - Nil) days and bore interests ranging from 4.87% to 5.65% per annum.
- (d) Trust receipts are drawn for a period ranging from 27 to 64 (2018 - Nil) days and bore interests ranging from 2.05% to 4.85% (2018 - Nil) per annum.
- (e) The bankers' acceptances, foreign currency loans, revolving credits and trust receipts are secured by corporate guarantee provided by the Company.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

## 26. PROVISION

	Product Warranties RM	Rebates RM	Staff Sales Commission RM	Relocation and Restoration costs RM	Total RM
<b>The Group</b>					
At 1 May 2017	142,200	-	-	-	142,200
Provision made during the financial year	2,123,290	-	-	-	2,123,290
Claimed/Utilised during the financial year	(2,013,290)	-	-	-	(2,013,290)
At 1 May/30 Apr 2018	252,200	-	-	-	252,200
Acquisition of a subsidiary during the financial year (Note 34)	4,690,116	1,365,742	789,457	1,867,718	8,713,033
Provision made during the financial year	3,014,566	940,749	528,700	26,000	4,510,015
Claimed/Utilised during the financial year	(2,411,087)	(852,931)	(722,905)	-	(3,986,923)
At 30 April 2019	5,545,795	1,453,560	595,252	1,893,718	9,488,325

### (a) Product warranties

The Group provides warranty on certain products and goods bearing in-house brand names sold in the past one (1) year. The provision is derived based on the past return percentage of those products sold with defect quality. Based on the past experience, it is probable that certain claims will be made within the given warranty period.

### (b) Rebates

Provision for rebates is in respect of volume rebates and prompt payment rebates payable to customers upon achieving the sales target of qualifying products and prompt payment scheme set by the Group.

The provision is recognised for expected rebates to be paid based on sales during the reporting period and also past experience on the likelihood of the customers achieving sales target and meeting the prompt payment timeline.

### (c) Staff sales commission

Provision for staff sales commission is based on management's best estimate of the total amount payable as at reporting date based on the performance conditions of individual employees over sales collections.

### (d) Relocation and restoration costs

Provision for relocation and restoration cost is based on management's best estimate of the total amount payable as at reporting date on cost of moving to new office and warehouse in next reporting period.

## 27. REVENUE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Sale of goods	166,528,213	128,941,359	-	-
Rental income	317,000	300,200	-	-
Dividend income	-	-	3,302,141	-
	166,845,213	129,241,559	3,302,141	-

The information on the disaggregation of revenue is disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

## 28. EMPLOYEE BENEFITS

The key management personnel of the Group and of the Company include executive directors and nonexecutive directors.

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
<b>Directors</b>				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	180,000	180,000	180,000	180,000
- salaries, bonuses and other benefits	2,440,399	1,719,387	-	-
	2,620,399	1,899,387	180,000	180,000
Defined contribution plan	246,831	216,104	-	-
	2,867,230	2,115,491	180,000	180,000
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	132,000	132,000	132,000	132,000
	2,999,230	2,247,491	312,000	312,000
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	123,515	108,662	-	-
- salaries, bonuses and other benefits	2,160,882	2,042,063	-	-
	2,284,397	2,150,725	-	-
Defined contribution plan	308,670	240,181	-	-
	2,593,067	2,390,906	-	-
Total directors' remuneration	5,592,297	4,638,397	312,000	312,000
<b>Other staff costs</b>				
Short-term employee benefits:				
- defined contribution plan	1,912,534	1,357,866	-	-
- salaries, bonuses and other benefits	15,446,365	10,984,148	38	367
Total other staff costs	17,358,899	12,342,014	38	367
Total employee benefits	22,951,196	16,980,411	312,038	312,367

## 29. NET IMPAIRMENT LOSS ON FINANCIAL ASSETS

	The Group	
	2019 RM	2018 RM
Impairment losses during the financial year:		
- Individually impaired under MFRS 129 (Note 12)	-	423,753
- Additions under MFRS 129 (Note 12)	667,480	-
Reversal of impairment losses (Note 12)	(473,327)	(359,773)
At 30 April 2019/2018	194,153	63,980

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**30. PROFIT BEFORE TAXATION**

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before taxation is arrived at after charging:-				
Auditors' remuneration:				
- Statutory audit:				
- current financial year	225,040	157,893	32,000	32,000
- underprovision in the previous financial year	500	500	-	-
- Non-statutory audit	45,000	20,800	45,000	20,800
Bad debt written off	5,083	-	-	-
Depreciation of :				
- investment properties (Note 7)	268,755	256,049	-	-
- property, plant and equipment (Note 6)	2,990,902	2,435,252	-	-
Fair value loss on derivative	-	563,084	-	-
Fair value loss on short-term investments	-	5,300	-	5,300
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptance	297,955	41,729	-	-
- foreign currency loans	270,613	54,325	-	-
- hire purchase	38,277	10,428	-	-
- imputed interest on advances from subsidiary	-	-	36,370	-
- other payables	62,432	-	-	-
- revolving credits	209,219	-	-	-
- term loans	368,368	244,342	-	-
- trust receipts	16,413	1,794	-	-
Impairment loss on goodwill (Note 10)	255,627	-	-	-
Inventories written down (Note 11)	422,400	1,973,336	-	-
Loss on foreign exchange:				
- realised	2,532	146,840	-	-
- unrealised	29,479	8	-	-
Property, plant and equipment written off (Note 6)	67,315	912,471	-	-
Rental expense on:				
- equipment	74,641	9,600	-	-
- hostel	46,950	49,950	-	-
- premises	1,906,837	1,115,562	6,000	6,000
After crediting:-				
Fair value gain on derivative	202,935	-	-	-
Fair value gain on short-term investment	20,096	-	20,096	-
Gain from bargain purchase of a subsidiary (Note 34)	1,746,163	-	-	-
Gain on disposal of property, plant and equipment	50,228	160,700	-	-
Gain on foreign exchange:				
- realised	361,781	844,390	-	-
- unrealised	-	122,895	-	-
Interest income on financial assets measured at amortised cost				
- bank interest	108,655	90,851	3,854	2,192
- fixed deposit interest	72,741	72,089	26,044	72,089
- imputed interest on trade receivables	202,856	343,701	-	-
- imputed interest on advances to subsidiaries	-	-	1,139,606	1,169,310
Interest income of financial asset at fair value through profit or loss:				
- short-term investment	80,854	135,578	80,854	135,868
Rental income from:				
- investment properties	317,000	300,200	-	-
- property, plant and equipment	-	17,579	-	-

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

31. INCOME TAX EXPENSE

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Current tax expense	1,101,473	2,254,784	257,000	157,066
(Over)/Underprovision in the previous financial year	(122,317)	51,616	47,603	61,988
	979,156	2,306,400	304,603	219,054
Deferred tax (Note 9):				
- origination and reversal of temporary differences	(157,586)	(551,265)	-	-
- underprovision in the previous financial year	69,672	59,200	-	-
	(87,914)	(492,065)	-	-
	891,242	1,814,335	304,603	219,054

A reconciliation of income tax expense applicable to the profit before tax at the statutory tax rate to income tax expense at the effective tax rate of the Group and the Company is as follows:-

	The Group		The Company	
	2019 RM	2018 RM	2019 RM	2018 RM
Profit before tax	2,492,459	4,486,230	3,569,378	614,255
Tax at the statutory tax rate of 24% (2018 - 24%)	598,190	1,076,695	856,651	147,421
Tax effects of:-				
Tax-exempt income	-	-	(792,514)	-
Non-taxable income	(428,628)	(19,375)	(24,228)	(31,267)
Non-deductible expenses	649,524	670,184	217,091	40,912
Deferred tax assets not recognised during the financial year	335,014	179,246	-	-
Utilisation of deferred tax assets previously not recognised	(170,370)	(163,682)	-	-
Effects of differential in tax rates of a foreign subsidiary	(40,090)	(10,694)	-	-
Effects of change in corporate income tax rate	247	(28,855)	-	-
(Over)/Underprovision of income tax in the previous financial year	(122,317)	51,616	47,603	61,988
Underprovision of deferred tax in the previous financial year	69,672	59,200	-	-
Income tax expense for the financial year	891,242	1,814,335	304,603	219,054

Income tax is calculated at the Malaysian statutory tax rate of 24% (2018 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

32. OTHER COMPREHENSIVE INCOME

	The Group	
	2019 RM	2018 RM
<b>Items that Will be Reclassified Subsequently to Profit or Loss</b>		
Foreign currency translation:		
- changes during the financial year	298,672	(591,368)
Cash flow hedge:		
- changes during the financial year	266,017	-
	564,689	(591,368)



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 33. EARNINGS PER SHARE

	The Group	
	2019	2018
Profit attributable to owners of the Company (RM)	1,415,331	2,661,011
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 May 2018/2017	391,336,428	166,738,100
Effect of share split	-	167,377,175
Effect of bonus issue	-	55,792,116
Effect of exercise of warrants	652,533	804,492
Weighted average number of ordinary shares at 30 April 2019/2018	391,988,961	390,711,883
Basic earnings per share (Sen)	0.36	0.68

	The Group	
	2019	2018
Profit attributable to owners of the Company (RM)	1,415,331	2,661,011
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 May 2018/2017	391,336,428	166,738,100
Effect of share split	-	167,377,175
Effect of bonus issue	-	55,792,116
Effect of exercise of warrants	652,533	804,492
Effect of rights issue of warrants	62,317,782	95,179,757
Weighted average number of ordinary shares at 30 April 2019/2018	454,306,743	485,891,640
Diluted earnings per share (Sen)	0.31	0.55

### 34. ACQUISITIONS OF SUBSIDIARIES

On 8 January 2019, the Company subscribed 19,000,000 new ordinary shares in Borneo Technical Co. (M) Sdn. Bhd. ("Borneo"), representing approximately 80.17% of the enlarged equity interests.

On 31 January 2019, the Company acquired 100% equity interests in Win Soon Auto Suppliers Sdn. Bhd. ("WSKL") and Win Soon Auto Suppliers (JB) Sdn. Bhd. ("WSJB").

These business acquisitions are to enable the Group to:-

- i) Distribute new range of automotive products and brands thereby expanding its existing product range and adding more brand variety to its existing product portfolio;
- ii) Access into the existing customer base of Borneo and enlarge the Group's customer base; and
- iii) Expand into the general automotive parts segment for passenger cars and tap into a different distribution channel for automotive parts.

The following summarises the major classes of consideration transferred, and recognised amounts of assets acquired and liabilities at the date of acquisition.

#### (a) Fair Value of Purchase Consideration

	The Group 2019 RM	The Company 2019 RM
Cash	24,940,000	24,940,000
Contribution from non-controlling interests	4,700,000	-
Less: Settlement of pre-existing relationship	(450,000)	(450,000)
Total purchase consideration	29,190,000	24,490,000

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)**

**(b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition**

	The Group 2019 RM	The Company 2019 RM
Investment in subsidiaries	-	24,490,000
Property, plant and equipment	7,577,036	-
Investment property	1,000,000	-
Other investments	136,000	-
Inventories	27,378,658	-
Trade and other receivables	25,503,065	-
Current tax asset	401,850	-
Cash and bank balances	11,936,752	-
Fixed deposits with licensed banks	3,045,625	-
Trade and other payables	(34,593,774)	-
Amount owing to former holding company	(158,557)	-
Borrowings	(4,606,190)	-
Derivative liabilities	(87,024)	-
Current tax liabilities	(3,217)	-
Provisions	(8,713,033)	-
Deferred tax liabilities	(439,232)	-
Fair value of net identifiable assets acquired	28,377,959	24,490,000
Add: Goodwill on acquisition (Note 10)	2,558,204	-
Less: Gain on bargain purchase (Note 30)	(1,746,163)	-
Total purchase consideration, was settled by cash	29,190,000	24,490,000
Less: Cash and cash equivalents of subsidiaries acquired	(11,936,752)	-
Less: Contribution from non-controlling interests	(4,700,000)	-
Net cash outflow from the acquisition of subsidiaries	12,553,248	24,490,000

**(c) Impact of Acquisition on the Group's Results**

The subsidiaries have contributed revenue of RM37,743,997 and incurred loss after taxation of RM145,436 to the Group since the date of acquisition.

If the acquisition was effective at the beginning of the current financial year, the Group's revenue and loss after taxation for the current financial year would have been RM265,771,340 and RM7,544,134 respectively.

There were no acquisitions of new subsidiaries in the last financial year.

**34.1 ACQUISITION OF BORNEO TECHNOLOGY CO. (M) SDN. BHD.**

**(a) Fair Value of Purchase Consideration**

	The Group 2019 RM	The Company 2019 RM
Cash	19,000,000	19,000,000
Contribution from non-controlling interests	4,700,000	-
Less: Settlement of pre-existing relationship	(450,000)	(450,000)
Total purchase consideration	23,250,000	18,550,000

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)

#### 34.1 ACQUISITION OF BORNEO TECHNOLOGY CO. (M) SDN. BHD. (CONT'D)

##### (b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition

	The Group 2019 RM	The Company 2019 RM
Investment in subsidiaries	-	18,550,000
Property, plant and equipment	1,666,039	-
Other investments	136,000	-
Inventories	24,412,526	-
Trade and other receivables	21,499,813	-
Current tax asset	334,380	-
Cash and bank balances	10,478,304	-
Fixed deposits with licensed banks	3,045,625	-
Trade and other payables	(27,617,910)	-
Amount owing to former holding company	(158,557)	-
Derivative liabilities	(87,024)	-
Provisions	(8,713,033)	-
Fair value of net identifiable assets acquired	24,996,163	18,550,000
Less: Gain on bargain purchase (Note 30)	(1,746,163)	-
Total purchase consideration, was settled by cash	23,250,000	18,550,000
Less: Cash and cash equivalents of a subsidiary	(10,478,304)	-
Less: Contribution from non-controlling interests	(4,700,000)	-
Net cash outflow from the acquisition of a subsidiary	8,071,696	18,550,000

#### 34.2 ACQUISITION OF WIN SOON AUTO SUPPLIERS SDN. BHD.

##### (a) Fair Value of Purchase Consideration

	The Group 2019 RM	The Company 2019 RM
Total purchase consideration, was settled by cash	5,700,000	5,700,000

##### (b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition

	The Group 2019 RM	The Company 2019 RM
Investment in subsidiaries	-	5,700,000
Property, plant and equipment	5,864,761	-
Inventories	2,764,461	-
Trade and other receivables	3,297,545	-
Current tax asset	67,470	-
Cash and bank balances	1,345,930	-
Trade and other payables	(5,868,349)	-
Borrowings	(3,638,291)	-
Deferred tax liabilities	(436,104)	-
Fair value of net identifiable assets acquired	3,397,423	5,700,000
Add: Goodwill on acquisition (Note 10)	2,302,577	-
Total purchase consideration, was settled by cash	5,700,000	5,700,000
Less: Cash and cash equivalents of a subsidiary	(1,345,930)	-
Net cash outflow from the acquisition of a subsidiary	4,354,070	5,700,000

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**34. ACQUISITIONS OF SUBSIDIARIES (CONT'D)**

34.3 ACQUISITION OF WIN SOON AUTO SUPPLIERS (JB) SDN. BHD.

**(a) Fair Value of Purchase Consideration**

	<b>The Group 2019 RM</b>	<b>The Company 2019 RM</b>
Total purchase consideration, was settled by cash	240,000	240,000

**(b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition**

	<b>The Group 2019 RM</b>	<b>The Company 2019 RM</b>
Investment in subsidiaries	-	240,000
Property, plant and equipment	46,236	-
Investment property	1,000,000	-
Inventories	201,671	-
Trade and other receivables	705,707	-
Cash and bank balances	112,518	-
Trade and other payables	(1,107,515)	-
Borrowings	(967,899)	-
Current tax liabilities	(3,217)	-
Deferred tax liabilities	(3,128)	-
Fair value of net identifiable assets acquired	(15,627)	240,000
Add: Goodwill on acquisition (Note 10)	255,627	-
Total purchase consideration, was settled by cash	240,000	240,000
Less: Cash and cash equivalents of a subsidiary	(112,518)	-
Net cash outflow from the acquisition of a subsidiary	127,482	240,000

**35. DIVIDENDS**

	<b>The Group/The Company 2019 RM</b>	<b>2018 RM</b>
Final dividends of 0.2 (2018: 0.5) sen per ordinary share in respect of the financial year ended 30 April 2018/2017	783,835	837,153

**36. CASH FLOW INFORMATION**

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	<b>The Group</b>	
	<b>2019 RM</b>	<b>2018 RM</b>
Cost of property, plant and equipment purchased (Note 6)	4,491,466	9,737,573
Amount financed through hire purchase (Note (b) below)	(887,000)	(341,774)
Cash disbursed for purchase of property, plant and equipment	3,604,466	9,395,799

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**36. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers' Acceptance RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire Purchase RM	Revolving Credits RM	Other Payables RM	Total RM
<b>2019</b>								
At 1 May 2018	1,461,000	-	8,430,780	4,527,606	440,654	-	-	14,860,040
Acquisition of subsidiaries during the financial year (Note 34)	-	-	-	4,603,791	2,399	-	158,557	4,764,747
<b>Changes in Financing</b>								
<u>Cash Flows</u>								
Proceeds from drawdown	29,502,000	658,956	31,152,683	16,531,117	-	7,771,500	-	85,616,256
Repayment of borrowing principal	(24,349,000)	-	(30,135,376)	(2,759,424)	(246,318)	-	(158,557)	(57,648,675)
Repayment of borrowing interests	(297,955)	(16,413)	(270,613)	(368,368)	(38,277)	(209,219)	(62,432)	(1,263,277)
	4,855,045	642,543	746,694	13,403,325	(284,595)	7,562,281	(220,989)	26,704,304
<u>Non-cash Changes</u>								
Foreign exchange adjustments	-	-	180,119	(531,466)	2,896	(72,750)	-	(421,201)
New hire purchase (Note (a) above)	-	-	-	-	887,000	-	-	887,000
Finance charges recognised in profit or loss	297,955	16,413	270,613	368,368	38,277	209,219	62,432	1,263,277
	297,955	16,413	450,732	(163,098)	928,173	136,469	62,432	1,729,076
At 30 April 2019	6,614,000	658,956	9,628,206	22,371,624	1,086,631	7,698,750	-	48,058,167

The Group	Bankers' Acceptance RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire Purchase RM	Total RM
<b>2018</b>						
At 1 May 2017	-	-	2,350,360	4,965,560	176,945	7,492,865
<u>Changes in Financing Cash Flows</u>						
Proceeds from drawdown	4,260,000	245,250	26,161,017	2,262,856	-	32,929,123
Repayment of borrowing principal	(2,799,000)	(245,250)	(20,021,419)	(2,626,843)	(71,581)	(25,764,093)
Repayment of borrowing interests	(41,729)	(1,794)	(54,325)	(244,342)	(10,428)	(352,618)
	1,419,271	(1,794)	6,085,273	(608,329)	(82,009)	6,812,412
<u>Non-cash Changes</u>						
Foreign exchange adjustments	-	-	(59,178)	(73,967)	(6,484)	(139,629)
New hire purchase (Note (a) above)	-	-	-	-	341,774	341,774
Finance charges recognised in profit or loss	41,729	1,794	54,325	244,342	10,428	352,618
	41,729	1,794	(4,853)	170,375	345,718	554,763
At 30 April 2018	1,461,000	-	8,430,780	4,527,606	440,654	14,860,040

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**36. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliations of liabilities arising from financing activities are as follows (cont'd):-

<b>The Company</b>	<b>Amount Owing to Subsidiary RM</b>
<b>2019</b>	
At 1 May 2018	-
<u>Changes in Financing Cash Flows</u>	
Advances obtained	5,000,000
Repayment of borrowing principal	(515,192)
Repayment of borrowing interests	(36,370)
	4,448,438
<u>Non-cash Changes</u>	
Finance charges recognised in profit or loss	36,370
At 30 April 2019	4,484,808

(c) The cash and cash equivalents comprise the following:-

	<b>The Group</b>		<b>The Company</b>	
	<b>2019 RM</b>	<b>2018 RM</b>	<b>2019 RM</b>	<b>2018 RM</b>
Cash and bank balances	14,614,032	8,934,994	1,256,324	743,440
Fixed deposits with licensed bank	7,722,205	1,501,136	-	1,501,136
	22,336,237	10,436,130	1,256,324	2,244,576
Less: Fixed deposits with tenure of more than 3 months	(3,045,625)	-	-	-
	19,290,612	10,436,130	1,256,324	2,244,576

**37. RELATED PARTY DISCLOSURES**

**(a) Identities of Related Parties**

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.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel, entities in which certain directors have substantial financial interests and entities within the same group of companies.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 37. RELATED PARTY DISCLOSURES (CONT'D)

#### (b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group	
	2019 RM	2018 RM
<b>Companies in which certain directors have substantial financial interests</b>		
- rental of premises paid/payable	160,800	139,200
- sales of goods	702,237	249,931
<b>Directors and a family member</b>		
- rental of premises paid/payable	211,653	271,359
<hr/>		
	The Company	
	2019 RM	2018 RM
<b>Subsidiaries</b>		
Advances received	5,000,000	-
Advances granted	5,815,000	9,274,073
Dividend received	3,302,141	-
Interest income	1,139,606	1,169,310

### 38. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director and Chief Financial Officer as its chief operating decision makers in order to allocate resources to segments and to assess their performance on a monthly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into the 3 main reportable segments as follows:-

- Automotive electrical parts - involved in the trading and distribution of automotive batteries, lubricants, industrial supplies, electrical parts and components;
- Automotive engine and mechanical parts - involved in the trading and distribution of automotive engine and mechanical parts and components; and
- Others - involved in the property and investment holding and provision of management services.

(a) The Managing Director and Chief Financial Officer assess the performance of the reportable segments based on their profit before interest expenses and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

(b) Each reportable segment assets is measured based on all assets (including goodwill) of the segment.

(c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings.

(d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2019	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Revenue</b>				
External revenue	131,964,267	34,563,946	317,000	166,845,213
Inter-segment revenue	391,755	97,709	3,950,141	4,439,605
	132,356,022	34,661,655	4,267,141	171,284,818
Consolidated adjustments				(4,439,605)
Consolidated revenue				166,845,213
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods	132,356,022	34,661,655	-	167,017,677
- Dividend income	-	-	3,302,141	3,302,141
<u>Revenue recognised over time</u>				
- Rental income	-	-	965,000	965,000
	132,356,022	34,661,655	4,267,141	171,284,818
Consolidated revenue				(4,439,605)
Consolidated revenue				166,845,213
<b>Results</b>				
Segment profit before interest and taxation	2,875,134	954,795	4,007,032	7,836,961
Finance costs				(2,697,075)
Unallocated expenses				(965,570)
Consolidation adjustments				(1,681,857)
Consolidated profit before taxation				2,492,459
Segment profit before interest and taxation includes the followings:-				
Depreciation of property, plant and equipment	(2,198,647)	(588,565)	(203,690)	(2,990,902)
Depreciation of investment properties	(2,387)	-	(266,368)	(268,755)
Fair value gain on derivative	202,935	-	-	202,935
Fair value gain on short-term investment	20,096	-	-	20,096
Gain on foreign exchange:				
- realised	258,381	103,400	-	361,781
Gain on disposal of property, plant and equipment	15,171	19,998	15,059	50,228
Impairment losses on trade receivables	(473,866)	(193,614)	-	(667,480)
Interest expenses	(1,105,893)	(157,384)	-	(1,263,277)
Interest income	334,241	19,988	110,877	465,106
Inventories written down	(55,842)	(366,558)	-	(422,400)
Loss on foreign exchange:				
- realised	(2,532)	-	-	(2,532)
- unrealised	(27,180)	(2,299)	-	(29,479)
Property, plant and equipment written off	(67,315)	-	-	(67,315)
Provisions	(4,510,015)	-	-	(4,510,015)
Reversal of allowance for impairment losses on trade receivables	324,207	149,120	-	473,327

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**38. OPERATING SEGMENTS (CONT'D)**

BUSINESS SEGMENTS (CONT'D)

2019	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Assets</b>				
Segment assets	189,586,394	39,996,244	135,626,890	365,209,528
Unallocated assets:				
- current tax assets				2,070,608
- deferred tax assets				1,037,100
- assets used for general enterprised or head office purpose				144,164
Consolidation adjustments				(133,643,769)
Consolidated total assets				<u>234,817,631</u>
Additions to non-current assets other than other than financial instruments and deferred tax assets are:-				
Investment properties	1,207,007	-	71,157	1,278,164
Property, plant and equipment	4,205,812	284,434	1,220	<u>4,491,466</u>
<b>Liabilities</b>				
Segment liabilities	58,985,866	12,972,793	9,267,784	81,226,443
Unallocated liabilities:				
- current tax liabilities				12,853
- bankers' acceptance				6,614,000
- foreign currency loans				9,628,206
- hire purchase payables				1,086,631
- revolving credits				7,698,750
- term loans				22,371,624
- trust receipts				658,956
Consolidation adjustments				(41,121,565)
Consolidated total liabilities				<u>88,175,898</u>
<b>2018</b>				
<b>Revenue</b>				
External revenue	97,220,122	31,729,237	292,200	129,241,559
Inter-segment revenue	418,895	106,896	654,000	1,179,791
	<u>97,639,017</u>	<u>31,836,133</u>	<u>946,200</u>	<u>130,421,350</u>
Consolidated adjustments				(1,179,791)
Consolidated revenue				<u>129,241,559</u>
<b>Results</b>				
Segment profit before interest and taxation	4,606,007	1,441,535	890,770	6,938,312
Finance costs				(1,682,377)
Unallocated expenses				(764,016)
Consolidation adjustments				(5,689)
Consolidated profit before taxation				<u>4,486,230</u>

The information on the disaggregation of revenue is not presented for the comparative period as the Group has applied MFRS 15 using the modified retrospective application.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

38. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2018	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Segment profit before interest and taxation includes the followings:-				
Depreciation of property, plant and equipment	(1,710,595)	(522,870)	(201,787)	(2,435,252)
Depreciation of investment properties	(3,581)	-	(252,468)	(256,049)
Fair value loss on derivative	(563,084)	-	-	(563,084)
Gain on foreign exchange:				
- realised	795,502	48,888	-	844,390
- unrealised	110,349	12,546	-	122,895
Gain/(loss) on disposal of property, plant and equipment	133,763	(2,646)	29,583	160,700
Interest expenses	(264,040)	(88,578)	-	(352,618)
Interest income	410,709	21,030	210,480	642,219
Impairment losses on trade receivables	(202,177)	(221,576)	-	(423,753)
Inventories written down	(1,179,572)	(793,764)	-	(1,973,336)
Loss on foreign exchange:				
- realised	(24,519)	(122,321)	-	(146,840)
- unrealised	(8)	-	-	(8)
Provision for warranties	(2,123,290)	-	-	(2,123,290)
Property, plant and equipment written off	(912,471)	-	-	(912,471)
Reversal of allowance for impairment losses on trade receivables	190,647	169,126	-	359,773
<b>Assets</b>				
Segment assets	105,644,772	38,997,868	129,075,504	273,718,144
Unallocated assets:				
- current tax assets				1,216,675
- deferred tax assets				924,200
- assets used for general enterprised or head office purpose				161,533
Consolidation adjustments				(108,684,688)
Consolidated total assets				167,335,864
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Investment properties	-	-	444,309	444,309
Property, plant and equipment	5,268,063	4,425,086	44,424	9,737,573
<b>Liabilities</b>				
Segment liabilities	30,762,072	13,427,793	4,748,158	48,938,023
Unallocated liabilities:				
- bankers' acceptances				1,461,000
- current tax liabilities				152,246
- foreign currency loans				8,430,780
- hire purchase payables				440,654
- term loans				4,527,606
Consolidation adjustments				(36,927,276)
Consolidated total liabilities				27,023,033

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

### 38. OPERATING SEGMENTS (CONT'D)

#### GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

The Group	Revenue		Non-Current Assets	
	2019 RM	2018 RM	2019 RM	2018 RM
Malaysia	133,269,215	89,911,715	68,688,416	55,332,629
Middle East and Africa	20,992,348	26,641,182	-	-
Others	12,583,650	12,688,662	4,156,377	4,308,277
	166,845,213	129,241,559	72,844,793	59,640,906

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time 2019 RM	Over Time 2019 RM	Group 2019 RM
Malaysia	132,952,215	317,000	133,269,215
Middle East and Africa	20,992,348	-	20,992,348
Others	12,583,650	-	12,583,650
	166,528,213	317,000	166,845,213

No information is presented for the comparative period as the Group has applied MFRS 15 using the modified retrospective application.

#### MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

### 39. CAPITAL COMMITMENTS

	The Group	
	2019 RM	2018 RM
Purchase of property, plant and equipment	1,309,326	4,032,129
Subsequent expenditure on investment properties	-	25,028
	1,309,326	4,057,157

### 40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily, United States Dollar ("USD"), Euro ("EUR"), Japanese Yen ("JPY") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. On occasion, the Group enters into forward foreign currency contracts to hedge against its foreign currency risk. Some financial liabilities in foreign currency are hedged with derivative instrument such as cross currency interest rate swap. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes. The Group maintains a natural hedge, whenever is possible, by matching the receivables and the payables in the same currency.

The Group's exposure to foreign currency risk (a currency which is other than the functional currencies of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

*Foreign Currency Exposure*

The Group	USD RM	EUR RM	JPY RM
<b>2019</b>			
<u>Financial Assets</u>			
Trade receivables	2,251,886	-	44,352
Cash and bank balances	612,372	6,615	424,308
	2,864,258	6,615	468,660
<u>Financial Liabilities</u>			
Trade payables	(5,654,522)	(1,072,841)	(1,795,042)
Short-term borrowings	(16,485,912)	-	-
	(22,140,434)	(1,072,841)	(1,795,042)
Currency Exposure	(19,276,176)	(1,066,226)	(1,326,382)
<b>2018</b>			
<u>Financial Assets</u>			
Trade receivables	3,931,132	8,142	168,994
Other receivables	835,437	35,117	-
Cash and bank balances	711,128	5,516	-
	5,477,697	48,775	168,994
<u>Financial Liabilities</u>			
Trade payables	(4,067,641)	(1,744,124)	(952,978)
Other payables and accruals	(769,195)	-	-
Short-term borrowings	(8,430,780)	-	-
	(13,267,616)	(1,744,124)	(952,978)
Currency Exposure	(7,789,919)	(1,695,349)	(783,984)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the foreign currencies at the end of the reporting period, with all other variables held constant:-

	The Group	
	2019 RM	2018 RM
<b>Effects on Profit After Tax</b>		
USD/RM - strengthened by 7% (2018 - 13%)	(1,036,385)	(766,637)
- weakened by 7% (2018 - 13%)	1,036,385	766,637
EUR/RM - strengthened by 6% (2018 - 9%)	(48,180)	(115,738)
- weakened by 6% (2018 - 9%)	48,180	115,738
JPY/RM - strengthened by 8% (2018 - 12%)	(83,549)	(71,525)
- weakened by 8% (2018 - 12%)	83,549	71,525
<b>Effects on Other Comprehensive Income</b>		
SGD/RM - strengthened by 4% (2018 - 7%)	489,374	795,619
- weakened by 4% (2018 - 7%)	(489,374)	(795,619)

###### (ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with floating rate. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate borrowings and fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as defined in MFRS 7 since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 21, 22 and 25 to the financial statements.

###### *Interest Rate Risk Sensitivity Analysis*

Any reasonably possible change in the interest rates of floating rate borrowings at the end of the reporting period does not have material impact on the profit after taxation and other comprehensive income of the Group and hence, no sensitivity analysis is presented.

###### (iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

Short-term investment represents fund invested in the money market of which is subject to insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**40. FINANCIAL INSTRUMENTS (CONT'D)**

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

**(b) Credit Risk**

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by Nil (2018 - 1) customer which constituted approximately Nil (2018 - 14%) of its trade receivables at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables at the end of the reporting period is as follows:-

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>RM</b>	<b>RM</b>
Malaysia	25,896,593	29,826,758
Middle East and Africa	1,045,289	1,228,014
Others	23,071,113	3,793,600
	50,012,995	34,848,372

(ii) Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery (i.e. the debtor does not have assets or sources of income to generate sufficient cash flows to repay the debt) despite the fact that they are still subject to enforcement activities.

*Trade Receivables*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

##### (iii) Assessment of Impairment Losses (Cont'd)

##### *Trade Receivables (Cont'd)*

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 270 days overdue are deemed credit impaired.

The expected loss rates are based on the loss given default and probability of default assigned, and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for trade receivables are summarised below:-

The Group	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
<b>2019</b>			
Current (not past due)	41,949,614	(226,130)	41,723,484
1 to 90 days past due	6,717,226	(35,896)	6,681,330
91 to 180 days past due	1,558,343	(48,841)	1,509,502
181 to 270 days past due	99,984	(1,305)	98,679
	50,325,167	(312,172)	50,012,995
Credit impaired:			
- individually impaired	2,878,413	(2,878,413)	-
	53,203,580	(3,190,585)	50,012,995

In the last financial year, the loss allowance on trade receivables was calculated under MFRS 139. The ageing analysis of trade receivables is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
<b>2018</b>			
Not past due	23,209,621	(31)	23,209,590
Past due:			
- less than 3 months	8,855,971	(21,181)	8,834,790
- 3 to 6 months	819,053	(47,461)	771,592
- more than 6 months	554,964	(275,954)	279,010
- more than 1 year	3,064,335	(1,310,945)	1,753,390
	36,503,944	(1,655,572)	34,848,372

The movements in the loss allowances in respect of trade receivables are disclosed in Note 12 to the financial statements.

##### *Other Receivables*

Other receivables are also subject to the impairment requirements of MFRS 9, the identified impairment loss was immaterial and hence, it is not provided for.

##### *Fixed Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

*Amount Owing By Subsidiaries (Non-trade Balances)*

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded. The Company considers a subsidiary's loan or advances to be credit impaired when the subsidiary is unlikely to repay its loan or advance in full or the subsidiary is continuously loss making or the subsidiary is having a deficit in total equity.

The Company determines the probability of default for these loans and advances individually using internal information available.

No expected credit loss is recognised on amount owing by subsidiaries as it is negligible.

*Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
<b>2019</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	20,303,259	20,303,259	20,303,259	-	-
Other payables and accruals	-	8,897,222	8,897,222	8,897,222	-	-
Bankers' acceptances	4.23	6,614,000	6,614,000	6,614,000	-	-
Hire purchase payables	3.87	1,086,631	1,180,067	407,432	749,732	22,903
Foreign currency loans	3.49	9,628,206	9,628,206	9,628,206	-	-
Revolving credits	5.02	7,698,750	7,698,750	7,698,750	-	-
Term loans	5.29	22,371,624	26,603,398	3,823,285	16,232,299	6,547,814
Trust receipts	7.25	658,956	658,956	658,956	-	-
<u>Derivative Financial Liabilities</u>						
Foreign currency contracts (gross settled):	-	9,842	-	-	-	-
- gross payments	-	-	690,958	690,958	-	-
- gross receipts	-	-	(681,116)	(681,116)	-	-
		77,268,490	81,593,700	58,040,952	16,982,031	6,570,717

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (c) Liquidity Risk

###### *Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

The Group	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
<b>2018</b>						
<u>Non-derivative Financial Liabilities</u>						
Trade payables	-	8,581,344	8,581,344	8,581,344	-	-
Other payables and accruals	-	2,125,166	2,125,166	2,125,166	-	-
Bankers' acceptances	4.50	1,461,000	1,461,000	1,461,000	-	-
Foreign currency loans	2.59	8,430,780	8,430,780	8,430,780	-	-
Hire purchase payables	4.98	440,654	485,928	134,322	351,606	-
Term loans	4.31	4,527,606	4,966,833	2,656,797	776,923	1,533,113
		25,566,550	26,051,051	23,389,409	1,128,529	1,533,113

The Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
<b>2019</b>			
Other payables and accruals	127,000	127,000	127,000
Amount owing to a subsidiary	4,484,808	4,484,808	4,484,808
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	52,200,669	52,200,669
	4,611,808	56,812,477	56,812,477
<b>2018</b>			
Other payables and accruals	354,129	354,129	354,129
Financial guarantee contracts in relation to corporate guarantee given to subsidiaries	*	15,223,990	15,223,990
	354,129	15,578,119	15,578,119

\* The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

40. FINANCIAL INSTRUMENTS (CONT'D)

40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2019 RM	2018 RM
Bankers' acceptances (Note 25)	6,614,000	1,461,000
Foreign currency loan (Note 25)	9,628,206	8,430,780
Hire purchase payables (Note 21)	1,086,631	440,654
Revolving credits (Note 25)	7,698,750	-
Term loans (Note 22)	22,371,624	4,527,606
Trust receipts (Note 25)	658,956	-
	48,058,167	14,860,040
Less: Fixed deposits with licensed banks (Note 17)	(7,722,205)	(1,501,136)
Less: Cash and bank balances	(14,614,032)	(8,934,994)
Net debt	25,721,930	4,423,910
Total equity	146,641,733	140,312,831
Debt-to-equity ratio	0.18	0.03

There was no change in the Group's approach to capital management during the financial year.

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2019	
	The Group RM	The Company RM
<b>Financial Assets</b>		
<u>Amortised Cost</u>		
Trade receivables (Note 12)	50,012,995	-
Other receivables (Note 13)	1,331,230	-
Fixed deposits with licensed banks (Note 17)	7,722,205	-
Amount owing by subsidiaries (Note 14)	-	19,765,206
Cash and bank balances	14,614,032	1,256,324
	73,680,462	21,021,530

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**40. FINANCIAL INSTRUMENTS (CONT'D)**

40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	The Group RM	The Company RM
<b>Financial Liabilities</b>		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Derivative liabilities (Note 16)	9,842	-
<u>Amortised Cost</u>		
Trade payables (Note 23)	20,303,259	-
Other payables and accruals (Note 24)	8,897,222	127,000
Amount owing to a subsidiary (Note 14)	-	4,484,808
Bankers' acceptances (Note 25)	6,614,000	-
Foreign currency loans (Note 25)	9,628,206	-
Hire purchase payables (Note 21)	1,086,631	-
Revolving credits (Note 25)	7,698,750	-
Term loans (Note 22)	22,371,624	-
Trust receipts (Note 25)	658,956	-
	77,258,648	4,611,808
<b>Financial Assets</b>		
<u>Loans and Receivables</u>		
Trade receivables (Note 12)	34,848,372	-
Other receivables (Note 13)	457,637	55,548
Fixed deposits with licensed banks (Note 17)	1,501,136	1,501,136
Amount owing by subsidiaries (Note 14)	-	30,247,784
Cash and bank balances	8,934,994	743,440
	45,742,139	32,547,908
<u>Fair Value through Profit or Loss</u>		
Derivative assets (Note 16)	193,190	-
Short-term investment (Note 15)	5,973,118	5,973,118
	6,166,308	5,973,118



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**40. FINANCIAL INSTRUMENTS (CONT'D)**

**40.5 FAIR VALUE INFORMATION**

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

The Group	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
<b>2019</b>								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,086,606	-	1,086,606	1,086,631
Term loans	-	-	-	-	22,399,575	-	22,399,575	22,371,624
<u>Derivative liabilities:</u>								
- forward currency contracts	-	9,842	-	-	-	-	9,842	9,842
<b>2018</b>								
<u>Financial Assets</u>								
Short-term investment	5,973,118	-	-	-	-	-	5,973,118	5,973,118
<u>Derivative assets:</u>								
- cross currency interest rate swap	-	193,190	-	-	-	-	193,190	193,190
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	440,654	-	440,654	440,654
Term loans	-	-	-	-	4,527,606	-	4,527,606	4,527,606



NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019 (CONT'D)

**40. FINANCIAL INSTRUMENTS (CONT'D)**

40.5 FAIR VALUE INFORMATION (CONT'D)

**(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair values above have been determined using the following basis:-
- (1) The fair value of the short-term investment is determined by reference to statements provided by the financial institution, with which the investments were entered into.
  - (2) The fair value of cross currency interest rate swap is the calculated present value of the estimated future cash flows derived from the observable yield curves.
  - (3) The fair values of forward currency contracts are determined by discounting the difference between the contractual forward prices and the current forward prices for the residual maturity of the contracts using a risk-free interest rate (government bonds).
  - (4) The fair values of the Group's terms loans and hire purchase payables that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.
- (ii) There were no transfer between level 1 and level 2 during the financial year.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

- (i) The fair values of hire purchase payables and term loans are determined by discounting the relevant future contracted cash flows using current market interest rates for similar instruments at the end of the reporting period. The interest rates used to discount the estimated cash flows are as follows:-

	<b>The Group</b>	
	<b>2019</b>	<b>2018</b>
	%	%
Hire purchase payables	2.33 - 6.25	4.40 - 6.25
Term loans	3.70 - 5.65	3.15 - 5.30

**41. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR**

- (a) On 8 January 2019, the Company subscribed 19,000,000 new ordinary shares in Borneo Technical Co. (M) Sdn. Bhd. ("Borneo"), representing approximately 80.17% of the enlarged issued shares of Borneo, for a total consideration of RM19,000,000 which was satisfied entirely by way of cash.
- (b) On 31 January 2019, the Company acquired 100% equity interest in Win Soon Auto Suppliers Sdn. Bhd. and 100% equity interest in Win Soon Auto Suppliers (JB) Sdn. Bhd. for a total consideration of RM5,940,000 which was satisfied entirely by way of cash.

# LIST OF PROPERTIES

AS AT 30 APRIL 2019

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Carrying Amount RM'000	Year of Acquisition
1	H.S.(D) 160852, PTD 28180 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim/ No. 5, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	Warehouse cum office	Freehold/ 27 years	43,559/ 41,360	2,450	2005
2	H.S.(D) 160851, PTD 28179 Mukim of Tebrau District of Johor Bahru State of Johor Darul Takzim/ No. 7, Jalan Dataran 5 Taman Kempas 81200 Johor Bahru Johor Darul Takzim	Warehouse cum office	Freehold/ 25 years	43,560/ 23,025	4,034	2011
3	H.S.(D) 11901, PTB 4970 Bandar of Johor Bahru District of Johor Bahru State of Johor Darul Takzim/ No. 17, Jalan Kukuh Off Jalan Tampoi Kawasan Perusahaan Tampoi, Larkin 80350 Johor Bahru Johor Darul Takzim	Vacant warehouse, factory cum office	60 years leasehold expiring on 21.01.2079/ 35 years	115,432/ 43,527	2,568	2009
4	H.S.(D) 120704, PT 27183 Mukim of Batu District of Kuala Lumpur State of Wilayah Persekutuan/ No. 28 & 30 Persiaran Segambut Tengah 51200 Kuala Lumpur	Warehouse cum office under construction	99 years leasehold expiring on 16.06.2067	22,395	9,402	2008 & 2013
5	PN 197652, Lot 318007 Mukim of Hulu Kinta District of Kinta State of Perak Darul Ridzuan/ No. 10, Laluan Perusahaan Menglembu 6 Kawasan Perusahaan Menglembu 31450 Menglembu Perak Darul Ridzuan	Warehouse cum office	99 years leasehold expiring on 18.06.2098/ 14 years	7,201/ 5,400	262	2004
6	GM 3636, Lot 4740 Place of Payar Makbar Mukim of Kuala Kuantan District of Kuantan State of Pahang Darul Makmur/ Lot 4740, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	Vacant Warehouse cum office	Freehold/ 10 years	6,265/ 7,470	587	2008

**LIST OF PROPERTIES**  
AS AT 30 APRIL 2019 (CONT'D)

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Carrying Amount RM'000	Year of Acquisition
7	H.S.M 72578, PT 104549 Place of Payar Makbar Mukim of Kuala Kuantan District of Kuantan State of Pahang Darul Makmur/ A249, Jalan Wong Ah Jang 25100 Kuantan Pahang Darul Makmur	Warehouse cum office	Freehold/ 8 years	1,345/ 3,887	774	2011
8	PM 3775/M1/1/1 (Lot 4360) PM3776/M1/1/1 (Lot 4361) PM3777/M1/1/1 (Lot 4362) & PM3778/M1/1/1 (Lot 4363) Bangunan M1, Tingkat 1, Petak 1 Mukim of Bachang District of Melaka Tengah State of Melaka/ G4, G5, G6 & G7, Blok B4 Jalan Rahmat 3 Taman Malim Jaya 75250 Melaka	Warehouse cum office	99 years leasehold expiring on 12.04.2081/ 19 years	N/A/ 1,206 each	615	2008
9	H.S.(D) 27733 & 27734, PT 533 & 534 Seksyen 4 Bandar Butterworth District of Seberang Perai Utara State of Pulau Pinang/ No.3 & 5 Lorong Limbungan Indah 1 Taman Limbungan Indah 12100 Butterworth Pulau Pinang	Warehouse cum office	Freehold/ 8 years	1,432 each/ 3,894 each	1,617	2010
10	H.S.(M) 44365, PT 3663 (29, 29A, 29B) Place of Telok Gadong Besar Bandar of Klang District of Klang State of Selangor/ No.29, Jalan Jelai 10/KS1 Taman Teluk Gadong Besar 41200 Port Klang	Warehouse cum office	Freehold/ 10 years	1,604/ 4,750	745	2011
11	HS(D) 79442 PT 11320 Mukim of Bandar Selayang District of Gombak Negeri Selangor Darul Ehsan Lot 27, Jalan Perusahaan 1 Pusat Industri Amari Kawasan Perindustrian Batu Caves 68100 Batu Caves Selangor Darul Ehsan	Warehouse cum office	99 years leasehold expiring on 10.02.2113/ 5 years	8,808/ 14,000	7,040	2014

LIST OF PROPERTIES  
AS AT 30 APRIL 2019 (CONT'D)

No.	Title/Address	Existing use	Tenure of land/ Age of building	Land area/ built up area (sq feet)	Carrying Amount RM'000	Year of Acquisition
12	H.S.(D) 500355, PTD 101353 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ PLO 436, Jalan Gangsa Kawasan Perindustrian Pasir Gudang 81700 Pasir Gudang Johor Darul Takzim	Warehouse cum office	60 years leasehold expiring on 29.03.2051/ 28 years	435,605/ 352,193	18,210	2015
13	H.S.(D) 500354, PTD 71016 Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ Block 76, Jalan Tembusu Taman Air Biru 81700 Pasir Gudang Johor Darul Takzim	Residential Flat	99 years leasehold expiring on 02.11.2085/ 26 years	16,619 / 24,705	1,380	2015
14	Parcel No 05-66; 05-68; 05-70; 05-72; 05-74; 05-76;05-78 & 05-80 (under Parent Lot PTD No. 71045) Mukim of Plentong District of Johor Bahru State of Johor Darul Takzim/ Unit No 05-66; 05-68; 05-70; 05-72; 05-74; 05-76;05-78 & 05-80 Block Mawar 7 Jalan Mawar Putih, Taman Mawar 81700 Pasir Gudang Johor Darul Takzim	Residential Flat	99 years leasehold expiring on 22.02.2087/ 28 years	N/A / 5,568	305	2015
15	GRN 540531 Lot 37460 Mukim of Kulai District of Kulai State of Johor Darul Takzim/ No. 1051, Jalan Muhibah 1 Taman Perindustrian Muhibah 81400 Kulai Johor Darul Takzim	Terraced Factory	Freehold 1 year	2,400 / 4,800	1,000	2016
16	H.S.(D) 79428 PT 11306 Mukim of Bandar Selayang District of Gombak Negeri Selangor Darul Ehsan/ No. 20, Jalan Perusahaan Amari Pusat Industri Amari Kawasan Perindustrian Batu Caves 68100 Batu Caves Selangor Darul Ehsan	Warehouse cum office	99 years leasehold expiring on 10.02.2113/ 5 years	6,594 / 6,512	5,404	2015
17	Title Volume : 899 Folio : 194 Lot No. MK13-U85663N 10 Admiralty Street #01-86 Singapore 757695	Warehouse cum office	60 years leasehold expiring on 08.10.2059 / 28 years	521	3,664	2017

# ANALYSIS OF SHAREHOLDINGS

AS AT 6 AUGUST 2019

Total Number of Issued Shares	:	392,327,961
Paid-Up Share Capital	:	RM 98,461,901
Class of Shares	:	Ordinary Shares
Voting Rights	:	One (1) Vote Per Ordinary Share
Number of Holders	:	1365

## DISTRIBUTION OF SHAREHOLDINGS

Category	Number of Holders	%	Number of Shares Held	%
1 - 99	58	4.249	2,405	0.001
100 - 1,000	317	23.223	81,764	0.021
1,001 - 10,000	348	25.494	1,606,189	0.409
10,001 - 100,000	464	33.993	16,077,433	4.098
100,001 - 19,616,397 *	176	12.894	210,816,792	53.735
19,616,398 and above **	2	0.147	163,743,378	41.736
<b>Total</b>	<b>1,365</b>	<b>100.000</b>	<b>392,327,961</b>	<b>100.000</b>

\* less than 5% of issued shares

\*\* 5% and above of issued shares

## DIRECTORS' SHAREHOLDINGS

as at 6 August 2019

No.	Name of Director	Direct Shareholdings	%	Indirect Shareholdings	%
1	Ker Min Choo	94,864,870	24.180	14,673,297 #	3.740
2	Ker Mong Keng	85,691,841	21.842	56,000 #	0.014
3	Ker Meng Oi	12,904,595	3.289	-	-
4	Ong Kheng Swee	4,817,134	1.228	2,916,666 #	0.743
5	Kek Kok Swee	3,572,800	0.911	10,521,000 #	2.682
6	Azahar Bin Baharudin	-	-	-	-
7	Tan Lay Beng	-	-	-	-

# Deemed interest in shares held by his spouse and/or childrens

## LIST OF SUBSTANTIAL SHAREHOLDERS

as at 6 August 2019

No.	Name	Direct Shareholdings	%	Indirect Shareholdings	%
1	Ker Min Choo	94,864,870	24.180	14,673,297 #	3.740
2	Ker Mong Keng	85,691,841	21.842	56,000 #	0.014
3	Ker Boon Kee	30,268,784	7.715	1,593,666 #	0.406

# Deemed interest in shares held by his spouse and/or childrens

## ANALYSIS OF SHAREHOLDINGS AS AT 6 AUGUST 2019 (CONT'D)

### THIRTY LARGEST SHAREHOLDERS

as at 6 August 2019

NO.	NAME	NUMBER OF SHARES HELD	%
1	KER MONG KENG	85,691,841	21.842
2	KER MIN CHOO	78,051,537	19.894
3	KER SOO HA	16,834,972	4.291
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	16,333,333	4.163
5	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER BOON KEE (MY0847)	15,003,184	3.824
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER BOON KEE (E-JBU)	10,609,200	2.704
7	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR KEK MENG KAI, KENNICK (27962)	10,500,000	2.676
8	KER MENG OI	9,404,595	2.397
9	CIMSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	9,000,000	2.293
10	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YAP KWEE YIN (7001224)	6,699,199	1.707
11	ONG KHENG SWEE	4,817,134	1.227
12	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES FOR YEO ANN SECK (MY0696)	4,720,006	1.203
13	KER BOON KEE	4,656,400	1.186
14	NG CHIT PIN	4,433,566	1.130
15	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE LTD FOR KEK KOK SWEE (27032)	3,572,800	0.911
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	3,500,000	0.892
17	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER YUN (6000621)	3,083,733	0.786
18	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER HONG (PB)	3,000,000	0.764

## ANALYSIS OF SHAREHOLDINGS AS AT 6 AUGUST 2019 (CONT'D)

### THIRTY LARGEST SHAREHOLDERS (CONT'D)

as at 6 August 2019

NO. NAME	NUMBER OF SHARES HELD	%
19 FOO YIT LAN	2,916,666	0.743
20 KER YUN	2,690,333	0.685
21 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER YUN	2,450,833	0.624
22 MERSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN	2,170,000	0.553
23 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER SOO HA (E-JBU)	2,116,333	0.539
24 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HENG HAW (8112533)	2,046,420	0.521
25 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	2,013,600	0.513
26 THEU BOON OOI	1,990,333	0.507
27 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE MIEN YONG (MY2322)	1,892,633	0.482
28 ALLIANCEGROUP NOMINEES (ASING) SDN BHD HAN XIANJUN (8111906)	1,866,666	0.475
29 KER OHM	1,845,733	0.470
30 KER KAI XIANG	1,836,333	0.468



## ANALYSIS OF WARRANT HOLDINGS

AS AT 6 AUGUST 2019

Number of Unexercised Warrants	:	185,171,354
Exercise Price	:	RM0.21 per warrant
Warrants Issue Date	:	17 December 2015
Expiry Date	:	16 December 2020
Number of Warrant Holders	:	532

## DISTRIBUTION OF WARRANT HOLDINGS

Category	Number of Holders	%	Number of Warrants Held	%
1 - 99	23	4.323	1,098	0.001
100 - 1,000	32	6.015	8,594	0.005
1,001 - 10,000	161	30.263	610,717	0.330
10,001 - 100,000	201	37.782	6,878,618	3.714
100,001 - 9,258,566 *	113	21.241	95,900,641	51.790
9,258,567 and above **	2	0.376	81,771,686	44.160
Total	532	100.000	185,171,354	100.000

\* less than 5% of issued warrants

\*\* 5% and above of issued warrants

## DIRECTORS' WARRANT HOLDINGS

as at 6 August 2019

No.	Name of Director	Direct Warrant Holdings	%	Indirect Warrant Holdings	%
1	Ker Min Choo	47,192,433	25.486	4,984,664 #	2.692
2	Ker Mong Keng	42,845,919	23.139	29,166 #	0.016
3	Ker Meng Oi	6,452,296	3.485	-	-
4	Ong Kheng Swee	2,428,966	1.311	814,333 #	0.440
5	Kek Kok Swee	1,750,000	0.945	5,491,033 #	2.965
6	Azahar Bin Baharudin	-	-	-	-
7	Tan Lay Beng	-	-	-	-

# Deemed interest in shares held by his spouse and/or children

## LIST OF SUBSTANTIAL WARRANT HOLDERS

as at 6 August 2019

No.	Name	Direct Warrant Holdings	%	Indirect Warrant Holdings	%
1	Ker Min Choo	47,192,433	25.486	4,984,664 #	2.692
2	Ker Mong Keng	42,845,919	23.139	29,166 #	0.016

# Deemed interest in shares held by his children

## ANALYSIS OF WARRANT HOLDINGS AS AT 6 AUGUST 2019 (CONT'D)

### THIRTY LARGEST WARRANT HOLDERS

as at 6 August 2019

NO.	NAME	NUMBER OF WARRANTS HELD	%
1	KER MONG KENG	42,845,919	23.138
2	KER MIN CHOO	38,925,767	21.021
3	KER SOO HA	8,417,486	4.545
4	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	8,266,666	4.464
5	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER BOON KEE (MY0847)	6,318,242	3.412
6	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR KEK MENG KAI, KENNICK (27962)	5,490,800	2.965
7	KER MENG OI	4,702,296	2.539
8	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE MIEN YONG (MY2322)	3,164,533	1.708
9	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER YUN	2,694,299	1.455
10	ONG KHENG SWEE	2,428,966	1.311
11	NG CHIT PIN	2,329,133	1.257
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (7001308)	2,325,000	1.255
13	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	2,267,000	1.224
14	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MENG SENG (MY1542)	2,216,666	1.197
15	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER HONG (6000688)	2,044,900	1.104
16	MALACCA EQUITY NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI	1,995,000	1.077
17	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM LI WEI	1,801,333	0.972

## ANALYSIS OF WARRANT HOLDINGS AS AT 6 AUGUST 2019 (CONT'D)

### THIRTY LARGEST WARRANT HOLDERS (CONT'D)

as at 6 August 2019

NO. NAME	NUMBER OF WARRANTS HELD	%
18 ALLIANCEGROUP NOMINEES (ASING) SDN BHD JING DONG NING (6000573)	1,752,966	0.946
19 ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	1,750,000	0.945
20 AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR KEK KOK SWEE (27032)	1,750,000	0.945
21 CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO ANN SECK (MY0696)	1,730,000	0.934
22 THEU BOON OOI	1,665,066	0.899
23 MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG AIK SERN	1,420,000	0.766
24 BEH ENG PAR	1,148,233	0.620
25 PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MARY (JBU-UOB)	1,102,733	0.595
26 ALLIANCEGROUP NOMINEES (ASING) SDN BHD HAN XIANJUN (8111906)	933,333	0.504
27 TEO LAY YOKE	933,333	0.504
28 KER KAI XIANG	919,333	0.496
29 RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH YONG HUAT	886,900	0.478
30 MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ANG YONG SOON	814,566	0.439

# NOTICE OF SEVENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Seventh Annual General Meeting (“7<sup>th</sup> AGM”) of Solid Automotive Berhad (“Solid” or “the Company”) will be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Wednesday, 25 September 2019 at 10.00 a.m. for the following purposes:-

## ORDINARY BUSINESS

- |   |                                 |
|---|---------------------------------|
| 1. To receive the Audited Financial Statements for the financial year ended 30 April 2019 together with the Directors’ and Auditors’ reports thereon.       | <b>(Please refer to Note 1)</b> |
| 2. To sanction the payment of Director’s fees for the financial year ending 30 April 2020, to be payable on quarterly basis in arrears.                     | <b>RESOLUTION 1</b>             |
| 3. To re-elect the following Directors who retire by rotation in accordance with Regulation 106(b) of the Company’s Articles of Association of the Company: |                                 |
| 3.1 Mr. Ker Meng Oi   | <b>RESOLUTION 2</b>             |
| 3.2 Mr. Kek Kok Swee  | <b>RESOLUTION 3</b>             |
| 4. To re-appoint the retiring Auditors, Messrs Crowe Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.                     | <b>RESOLUTION 4</b>             |

## SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

5. **Ordinary Resolution**  
**Proposed Authority to Issue Shares Pursuant to Section 76 of the Companies Act 2016**
- “THAT, subject always to the Companies Act 2016, the Memorandum and Articles of Association of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 76 of the Companies Act 2016, to issue shares in the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten percent (10%) of the total issued and paid-up share capital of the Company for the time being and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.”
- RESOLUTION 5**
6. **Ordinary Resolution**  
**Proposed New and Renewal of Shareholders’ Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature (“Proposed Shareholders’ Mandate”)**
- “THAT subject to the Companies Act 2016 (“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/or its subsidiaries to enter into Recurrent Related Party Transactions of A Revenue or Trading Nature (“RRPTs”) with the related parties as set out in Section 2.3 of the Circular to Shareholders dated 28 August 2019, subject to the following:
- (i) the RRPTs are:
- (a) necessary for the day-to-day operations;
- (b) undertaken in the ordinary course of business and at arm’s length basis and are on terms not more favourable to the related parties than those generally available to the public; and
- (c) are not detrimental to the minority shareholders of the Company; and

## NOTICE OF SEVENTH ANNUAL GENERAL MEETING (CONT'D)

- (ii) the disclosure is made in the Annual Report of the Company of the aggregate value of the RRPTs based on the type of transactions, the names of the related parties and their relationship with the Company pursuant to the Proposed Shareholders' Mandate during the period in which the Proposed Shareholders' Mandate for RRPTs is in force; and
- (iii) the Proposed Shareholders' Mandate is subject to annual renewal and will continue to be in full force until:
  - (a) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - (b) the expiration of the period within which the next AGM after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
  - (c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things as they may consider expedient or necessary (including executing such documents as may be required) to give effect to the RRPTs contemplated and/or authorised by this Ordinary Resolution."

**RESOLUTION 6**

**7. Special Resolution**  
**Proposed Adoption of New Constitution of the Company**

"THAT the Company's existing Memorandum and Articles of Association be deleted in its entirety and that the new Constitution as set out in PART B of the Company's Circular to Shareholders dated 28 August 2019 dispatched together with the Company's 2019 Annual Report be and is hereby adopted as the new Constitution of the Company.

And That the Directors of the Company be and are hereby authorised to do all such acts and things as necessary and/or expedient in order to give full effect to the Proposed Adoption of New Constitution with full power to assent to any conditions, modifications, and/or amendments as may be required by any relevant authorities to give effect to the Proposed Adoption of New Constitution."

**SPECIAL  
RESOLUTION**

8. To transact any other business for which due notice shall have been given in accordance with the Company's memorandum and Articles of Association and the Companies Act 2016.

**FURTHER NOTICE IS HEREBY GIVEN** that for the purpose of determining who shall be entitled to attend the 7<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18 September 2019 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.

By Order of the Board

**ANG MUI KIEW**  
**CHEN YEW TING**  
 Company Secretaries

Johor Bahru  
 28 August 2019

## NOTICE OF SEVENTH ANNUAL GENERAL MEETING (CONT'D)

### NOTES:

#### 1. Audited Financial Statements

The audited financial statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not be put forward for voting.

#### 2. Form of Proxy

- i. A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- ii. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- iii. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- iv. Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.

Where a Member or authorised nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.

- v. All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

#### 3. Explanatory Notes on Special Business

- i. **Ordinary Resolution 1** - To sanction the payment of Director's fees for the financial year ending 30 April 2020, to be payable on quarterly basis in arrears

Section 230(1) of the CA 2016 provides that "fees" of the directors and "any benefits" payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. Pursuant thereto, shareholders' approval shall be sought at this Annual General Meeting (7<sup>th</sup> AGM) for the payment of Directors' fees to the Directors of the Company under Resolution 1.

Under Ordinary Resolution 1, the quantum of the Directors' fees proposed for the Directors for the financial year ending 30 April 2020 are the same as the quantum paid for each of the Directors in the financial year ended 30 April 2019 and assuming that all the Directors will hold office until the conclusion of the aforesaid financial year and there is no appointment of additional Board member(s) during the said financial year ending 30 April 2020.

The proposed Resolution 1, if passed, is to facilitate the payment of Directors' fees on a quarterly basis and/or as and when incurred. The Board opined that it is just and equitable for the Directors to be paid such payment on such basis upon them discharging their responsibilities and rendering their services to the Company. In the event, where the payment of Directors' fees payable during the above period exceeded the estimated amount sought at this AGM, a shareholders' approval will be sought at the next AGM.

## NOTICE OF SEVENTH ANNUAL GENERAL MEETING (CONT'D)

**3. Explanatory Notes on Special Business (Cont'd)****ii. Ordinary Resolution 5 - Proposed Authority to Issue Shares Pursuant to Section 76 of the Companies Act 2016**

The proposed Ordinary Resolution 5, if passed, will give the Directors of the Company, from the date of the above Annual General Meeting, authority to issue and allot shares from the unissued capital of the Company up to an amount not exceeding in total ten percent (10%) of the total issued and paid-up share capital of the Company for such purposes and to such person or persons as the Directors in their absolute discretion consider to be in the interest of the Company. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company.

The mandate sought under Ordinary Resolution 5 above is a renewal of an existing mandate and there was no proceed raised from the previous mandate up to the last practicable date, 6 August 2019.

The renewed general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital, acquisitions and/or paring down borrowings.

**iii. Ordinary Resolution 6 - Proposed New and Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

The proposed Ordinary Resolution 6, will authorise the Company and/or its subsidiaries to enter into RRPTs with the respective related parties as set out in Section 2.3 of the Circular to the Shareholders dated 28 August 2019. This authority, unless revoked or varied at a general meeting, will expire at the next Annual General Meeting of the Company. For further information on the proposed renewal of shareholders' mandate for RRPTs, please refer to the Circular to Shareholders dated 28 August 2019 which was circulated together with the 2019 Annual Report.

**iv. Special Resolution - Proposed Adoption of New Constitution**

The proposed Special Resolution, if passed, will align the Company's Constitution with the Companies Act 2016 which came into force on 31 January 2017, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and prevailing laws, guidelines or requirements of the relevant authorities, to enhance administrative efficiency and provide greater clarity.

Further details relating to this proposed resolution are set out in PART B of the Company's Circular to Shareholders dated 28 August 2019 dispatched together with the Company's 2019 Annual Report.

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof) and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representatives for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.



# STATEMENT ACCOMPANYING NOTICE OF SEVENTH ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

The Directors who are standing for re-election are as follows:

- (a) Mr. Ker Meng Oi
- (b) Mr. Kek Kok Swee

**(RESOLUTION 2)**

**(RESOLUTION 3)**

Further details of the above named Directors and their interest in the securities of the Company are set out in the Profile of Directors on page 4 of the annual report respectively.



**SOLID AUTOMOTIVE BERHAD**  
(Company No.: 1016725-P)  
(Incorporated in Malaysia)

**FORM OF PROXY**

CDS Account No.<sup>(i)</sup> \_\_\_\_\_  
No. of Shares held : \_\_\_\_\_

\*I/ We \_\_\_\_\_ \*NRIC/ Company No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

being \*a member / members of **SOLID AUTOMOTIVE BERHAD** (1016725-P) hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/ her \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN BLOCK CAPITALS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing \*him/ her, the Chairman of the Meeting as \*my/ our proxy to attend, participate, speak and vote on \*my/ our behalf at the Seventh General Meeting of Solid Automotive Berhad ("Company") to be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Wednesday, 25 September 2019 at 10.00 a.m. and at any adjournment thereof.

\*My/ our proxy is to vote as indicated below:-

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Sanction the payment of Directors' fees for the financial year ending 30 April 2020, to be payable on quarterly basis in arrears		
2	Re-election of Retiring Director - Ker Meng Oi		
3	Re-election of Retiring Director - Kek Kok Swee		
4	Re-appointment of Retiring Auditors, Crowe Malaysia PLT		
5	Authority to issue shares pursuant to Section 76 of the Companies Act 2016		
6	Proposed Shareholders' Mandate		
	<b>SPECIAL RESOLUTION:</b> Proposed Adoption of New Constitution of the Company		

(Please indicate with an "X" in the appropriate boxes on how you wish your vote to be cast. Unless voting instructions are indicated in the space above, the proxy will vote as he/ she thinks fit.)

<sup>(i)</sup> Applicable to shares held through a nominee account

\* Delete where applicable

For appointment of 2 proxies, percentage of shareholdings to be represented by the proxies:-

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

	No. of shares	Percentage
Proxy 1		
Proxy 2		
<b>Total</b>		<b>100%</b>

\_\_\_\_\_  
Signature/ Common Seal of Member

**Notes:**

- A member of the Company entitled to attend and vote at the above meeting is entitled to appoint not more than two (2) proxies to attend and vote in his stead. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
- The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under Seal or under the hand of an officer or attorney duly authorised. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the member to speak at the meeting.
- Where a Member of the Company is an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("Omnibus Account"), there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.  
Where a Member or authorised nominee appoints two (2) proxies, or where an Exempt Authorised Nominee appoints two (2) or more proxies, the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- All forms of proxy must be deposited at the Registered Office of the Company situated at Suite 9D, Level 9, Menara Ansar, 65, Jalan Trus, 80000 Johor Bahru, Johor, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.
- For the purpose of determining who shall be entitled to attend the 7<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 18 September 2019 and only a Depositor whose name appears on such Record of Depositors shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.



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Affix  
stamp

The Company Secretary  
**SOLID AUTOMOTIVE BERHAD**  
(Company No. 1016725-P)  
Suite 9D, Level 9  
Menara Ansar  
65, Jalan Trus  
80000 Johor Bahru  
Johor Darul Taksim, Malaysia

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[www.solidautomotive.com](http://www.solidautomotive.com)

# Passion for Excellence



岩石汽车工业集团

**SOLID AUTOMOTIVE BERHAD** (Company No : 1016725-P)

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