



8th

ANNUAL GENERAL MEETING OF SOLID AUTOMOTIVE BERHAD

held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Tuesday, 29 September 2020 at 10.00 a.m.

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.

Follow the steps below to scan the **QR code** in 3 easy steps:-



1
Download the "QR Code Reader"
on Apple App Store or Google Play
Store



2
Run the QR Code Reader app and
point your camera to the QR Code



3
Get access to the softcopy of our
Annual Report



Access the full version of this report, or view a summary of our FYE 2020 performance at
www.solidautomotive.com

WHAT'S INSIDE THIS REPORT

002

Corporate Information

011

Statement on Management
Discussion and Analysis

043

Financial Statements

003

Corporate Structure

015

Sustainability Statement

120

List of Properties

004

Directors' Profile

021

Corporate Governance
Overview Statement

123

Analysis of Shareholdings

006

Profile of Key Senior
Management

034

Audit Committee Report

126

Analysis of Warrant Holdings

008

Financial Highlights

038

Statement of Risk
Management and Internal
Control

129

Notice of Eighth
Annual General Meeting

009

Event Highlights

133

Statement Accompanying
Notice of Eighth
Annual General Meeting

Proxy Form

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

MS. TAN LAY BENG

Independent Non-Executive Director

MR. CHAI YEE MAN

Independent Non-Executive Director

(Appointed on 26 February 2020)

EN. AZAHAR BIN BAHARUDIN

Independent Non-Executive Director

(Resigned on 28 November 2019)

MR. ONG KHENG SWEE

Executive Director

(Resigned on 21 February 2020)

AUDIT COMMITTEE

Chairman

Ms Tan Lay Beng

Member

Mr. Chai Yee Man
Mr. Kek Kok Swee

REMUNERATION COMMITTEE

Chairman

Ms Tan Lay Beng

Member

Mr. Chai Yee Man
Mr. Kek Kok Swee

NOMINATION COMMITTEE

Chairman

Mr. Kek Kok Swee

Member

Mr. Chai Yee Man
Ms Tan Lay Beng

COMPANY SECRETARIES

Ms. Leong Siew Foong

(MAICSA 7007572)

Ms. Santhi A/P Saminathan

(MAICSA 7069709)

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

Email : ir@solidautomotive.com

PRINCIPAL BANKERS

OCBC Bank (Malaysia) Berhad
Hong Leong Bank Berhad
AmBank (M) Berhad

AUDITORS

CROWE MALAYSIA PLT

Johor Bahru Office
(LLP0018817-LCA & AF 1018)
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

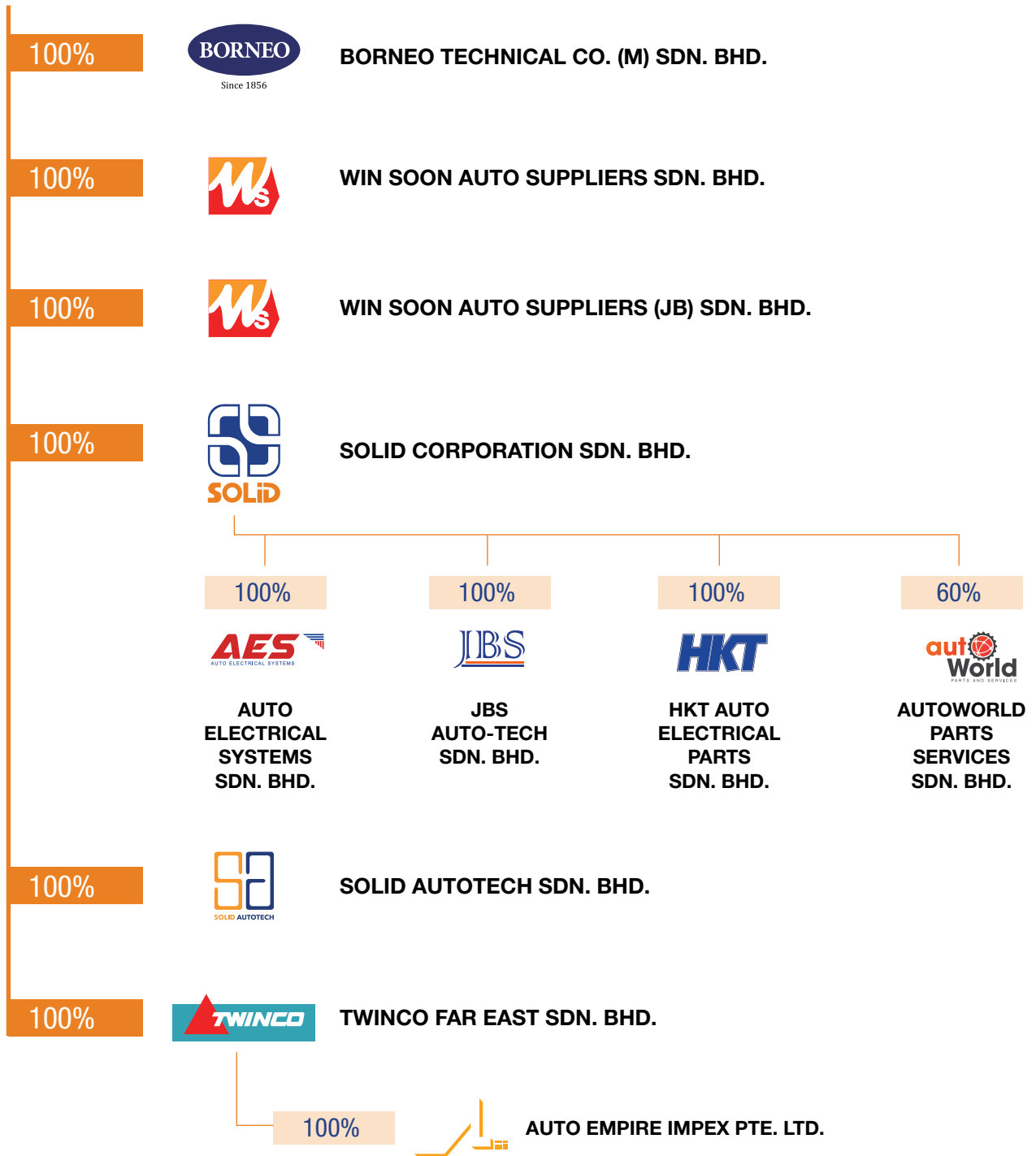
CORPORATE STRUCTURE



岩石汽车工业集团

SOLID AUTOMOTIVE BERHAD

Registration No. 201201032237 (1016725-P)



DIRECTORS' PROFILE



MR. KEK KOK SWEE

Independent Non-Executive, Chairman

Malaysian | aged 66

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 all the five (5) Board meetings held during the financial year ended 30 April 2020.



MR. KER MIN CHOO

Managing Director

Malaysian | aged 58

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 five (5) Board meetings held during the financial year ended 30 April 2020.



MR. KER MONG KENG

Executive Director

Malaysian | aged 65

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 all the 5 (five) Board meetings held during the financial year ended 30 April 2020.

Directors' Profile (Cont'd)



MR. KER MENG OI

Executive Director

Malaysian | aged 56

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 three (3) out of five (5) Board meetings held during the financial year ended 30 April 2020.



MS. TAN LAY BENG

Independent Non-Executive Director

Malaysian | aged 66

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 five (5) Board meetings held during the financial year ended 30 April 2020.



MR. CHAI YEE MAN

Independent Non-Executive Director

Malaysian | aged 42

He was appointed to the Board on 26 February 2020.

He is a graduate from University of London, England and held the Certificate in Legal Practice of Legal Profession Qualifying Board, Malaysia

He started his career as a pupillage in Messrs K.H. Teoh & Associates in year 2003 and with Messrs T.G. Koh, Chai & Song as partner from 2005 to 2008. He joined Mahkota Medical Centre Sdn Bhd as a Legal & Secretarial Manager from 2008 to 2010 and subsequently with Danga Bay Sdn Bhd and Iskandar Waterfront Holdings Sdn Bhd group of

companies as their legal adviser from 2010 to 2014. In 2015, he joined Messrs Choo & K.C. Kok as a partner and was subsequently appointed the Senior Partner.

Mr. Chai Yee Man has vast experience in contentious civil litigation, corporate and conveyancing matters and including litigation areas such as insurance claims, medical services, property development, construction, retail, food & beverage, plantation as well as strata management & maintenance and gated & guarded community matters.

He attended one (1) Board Meeting held after his appointment to the Board during the financial year ended 30 April 2020.

PROFILE OF KEY SENIOR MANAGEMENT

MR. LIEW CHEONG SENG

Chief Operating Officer - Solid Corporation Sdn. Bhd.

Malaysian | aged 42

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 37

Date Appointed as Key Senior Management : Year 2015

Qualification : **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 39

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 33

Date Appointed as Key Senior Management : Year 2014

Qualification

- : **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 32

Date Appointed as Key Senior Management : Year 2014

Qualification

- : **BSc. Business**
University of London
(London School of Economics & Political Science)

Working Experience : Auto Empire Impex Pte. Ltd. since 2011

Mr. Ker Shiloong 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 59

Date Appointed as Key Senior Management : Year 2019

Qualification : Not applicable

Working Experience

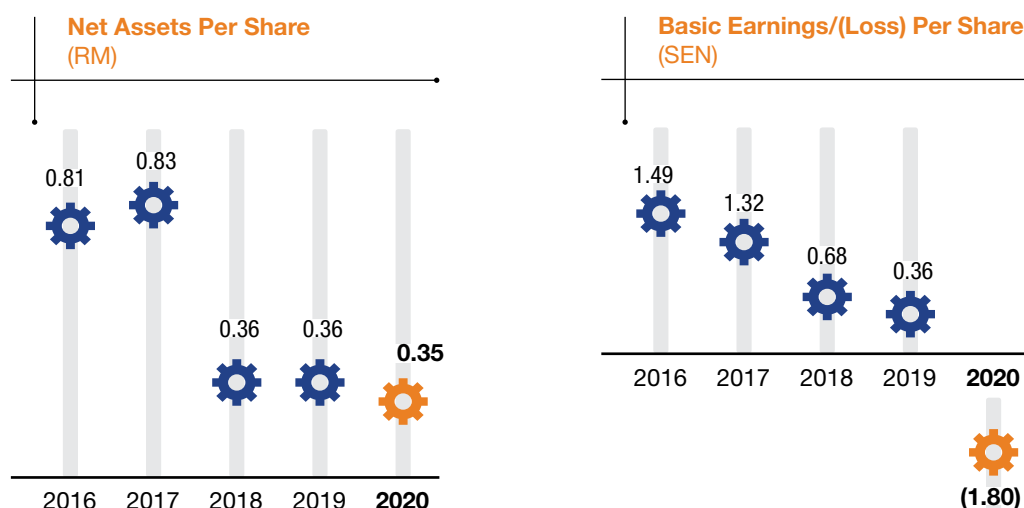
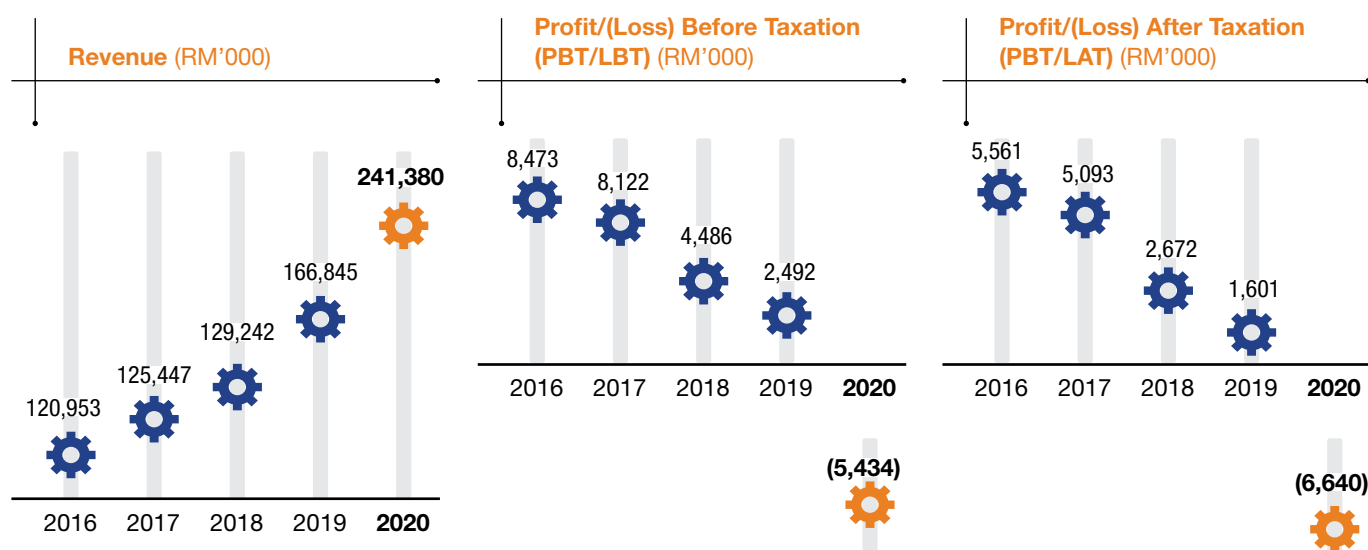
- : Sales - Juan Seng Motors Sdn. Bhd., Malaysia
- : Sales - Active Engineering Pty Ltd, Papua New Guinea
- : Sales - APM Auto Parts Marketing Sdn. Bhd., Malaysia
- : Win Soon Auto Suppliers Sdn. Bhd. / Win Soon Auto Suppliers (JB) Sdn. Bhd. since 2009

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.

FINANCIAL HIGHLIGHTS

		Financial Year Ended 30 April				
		2016	2017	2018	2019	2020
		RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	RM'000	120,953	125,447	129,242	166,845	241,380
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	11,663	11,038	7,691	7,193	2,753
Profit/(Loss) Before Taxation (PBT/LBT)	RM'000	8,473	8,122	4,486	2,492	(5,434)
Profit/(Loss) After Taxation (PAT/LAT)	RM'000	5,561	5,093	2,672	1,601	(6,640)
Profit/(Loss) After Taxation Attributable to Owners of the Company	RM'000	5,707	5,113	2,661	1,415	(7,063)
Shareholders' Equity	RM'000	134,107	138,483	140,202	141,565	140,395
Total Assets	RM'000	157,219	160,357	167,336	234,818	235,536
Net Assets Per Share	RM	0.81	0.83	0.36	0.36	0.35
Basic Earnings/(Loss) Per Share*	sen	1.49	1.32	0.68	0.36	(1.80)
Dividend Per Share	sen	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.



EVENT HIGHLIGHTS

Exhibition



Event Highlights

Company Event



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:

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

REVIEW OF OPERATING ACTIVITIES

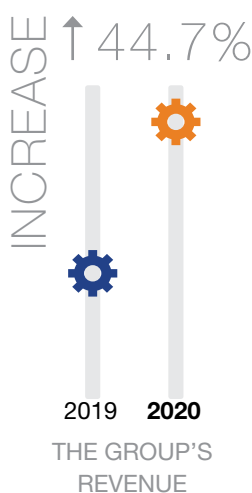
As at the end of the financial year under review, the Group has a total of 33 locations/branches/outlets throughout Malaysia and one subsidiary in Singapore. With the increased presence in these locations from the acquisition of Borneo and Win Soon Group, the Group has achieved improved performance for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

As for our international sales division, the contribution from Middle East and Africa segment increase due to the group focus back to the market. As result that our revenue derived from Middle East and Africa countries has improved 41.24% from total sales as RM20.922 million for Financial Year Ended (“FYE 2019”) to RM29.650 million in Financial Year Ended 30 April 2020 (“FYE 2020”).

In FYE 2020, the AE segment remains our main contributor of revenue source, which accounted for approximately 87% of the total revenue, while the AEM segment accounted for approximately 13% 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) which was expected to be completed this FYE 2020 is facing a slight delay and is expected to be completed by second quarter of financial year ending 30 April 2021.

FINANCIAL RESULTS AND CONDITIONS



Revenue

The Group’s revenue for FYE 2020 has increased to RM241.380 million or an increase of 44.7% as compared to RM166.845 million for the FYE 2019. The increase in revenue was predominantly from domestic sales. The domestic sales were increased to RM193.231 million which is an increase of approximately RM59.962 million for FYE 2020 or an increase of 45.0% as compared to the revenue of RM133.269 million for FYE 2019. The increase in domestic sales were mainly contributed by Borneo, whose revenues are from the domestic market.

Export sales has also increased to RM48.149 million for FYE 2020 compared to RM33.576 million in FYE 2019 due to focus placed back by management on the Middle East’s market and favourable USD exchange rate in FYE 2020.

The revenue from AEM segment has slightly decreased to RM30.597 million in FYE 2020 which is approximately RM4.065 million or a decrease of 11.7% as compared to the revenue of RM34.662 million in FYE 2019. The decrease in revenue is due to the lower sales from the subsidiaries, i.e. Twinco Far East Sdn Bhd and Auto Empire Impex Pte. Ltd. as the price is competitive in the market.

Loss Before Tax (“LBT”)


The LBT of the Group for FYE 2020 was RM5.434 million, a decrease in profit before tax (“PBT”) of RM7.926 million compared to the PBT of RM2.492 million for FYE 2019. This was mainly due to higher operating expenses and lower revenue for the fourth quarter subsequent to the Covid-19 pandemic. The higher operating expenses continued to be incurred for the fourth quarter coupled with impairment on inventories, trade receivables, goodwill and investment properties written off, amounting in total of RM6.483 million.

Statement on Management Discussion and Analysis

(Cont'd)

FINANCIAL RESULTS AND CONDITIONS (CONT'D)

Financial Position

INCREASE

 RM0.356
 MILLION
 THE INVENTORIES
 OF THE GROUP

The inventories of the Group have increased by RM0.356 million to RM81.416 million as at FYE 2020. The inventory turnover days have decreased to 160 days as compared to 241 days in FYE 2019.

As at the end of FYE 2020, the cash and cash equivalents of the Group stands at RM16.180 million, with RM1.600 million in fixed deposits and RM14.580 million in cash and bank balances. For FYE 2020, the total amount of proceeds from the issuance of new shares pursuant to the exercise of warrants was RM0.873 million.

The borrowings from financial institutions of the Group has decreased by RM0.034 million from RM48.058 million to RM48.024 million as at FYE 2020 mainly due to repayment of term loan and revolving credit. The Group's debt-to-equity ratio stands at 0.281 times as at the end of FYE 2020 compared to 0.175 times as at the end of FYE 2019. The Group continues to exercise prudence in its financial management as part of its strategic objectives in building and maintaining a strong financial position.

The increase in trade receivables, other receivables, trade payables and other payables for FYE 2020 were due to the deferred collection from receivables and payment to payables during the time of Movement Control Order ("MCO") implemented by the Government of Malaysia to mitigate and control the Covid-19 pandemic in Malaysia.

Capital Structure

During FYE 2020, there were no changes to the capital structure other than ordinary shares issued in respect of warrants exercised. No share options under the ESOS was granted by the Company.

ANTICIPATED OR KNOWN RISKS

1. Covid-19 and Movement Restrictions

Due to the global Covid-19 pandemic, the Government of Malaysia has imposed a Movement Control Order (MCO) on 18 March 2020, which has since progressed to a Recovery MCO in June 2020, with the ease in the movement restrictions as containment efforts have shown effectiveness in curbing the spread of the virus.

In compliance with MCO, Solid had experienced a temporary disruption in its trading and distribution activities for a period of six weeks spanning end March to early May 2020, which lead to a reduction in sales and collections.

Following the easing of MCO restrictions, we have secured full regulatory approvals and resumed our activities since May 2020, with strict health and safety protocols in place to reduce the risks of Covid-19 in our operations and to our employees.

While there remains uncertainties and risks associated with Covid-19, we would continue to enhance our existing business continuity and safety measures, to mitigate the potential impact of unforeseen developments.

2. 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.

Statement on Management Discussion and Analysis

(Cont'd)

ANTICIPATED OR KNOWN RISKS (CONT'D)

3. 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.

4. 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.

5. Political, Economic and Regulatory Risks

Given that the Group purchases and sells our products in both local and overseas 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.

6. 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

(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 expand its business through the use of its sales and marketing activities by increasing our market presence promoting our established in-house brands and leverage on their reputation to achieve improved market penetration.

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 second quarter of financial year ending 30 April 2021. The Group believes that upon the completion of the warehouse cum office, Solid is able to enhance its supply chain management and increase productivity and efficiency in the centre 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

The Board do not recommend the payment of any dividend for FYE 2020.

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

At **Solid Automotive Berhad**, we recognise that prioritising sustainability is vital in driving business continuity and equitable growth as well as in creating shared value for our stakeholders. We strive to address our economic, environmental and social (“EES”) responsibilities by embedding effective sustainable practices into our day-to-day operations and business policies.

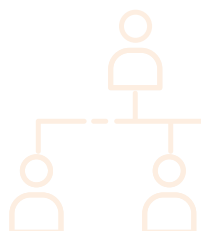
This Sustainability Statement (“Statement”) serves to communicate our EES practices and performance to our stakeholders.

ABOUT THIS STATEMENT

This Statement is prepared in accordance with the Main Market Listing Requirements (“MMLR”) and with reference to the Sustainability Reporting Guide (2nd Edition) (“the Guide”) issued by Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

All references to “the Company” in this Statement are to Solid Automotive Berhad, references to “the Group” are to the Company and its subsidiaries, and references to “the Board” are to the Board of Directors

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 ended 30 April 2020 and sustainability management process for the Group’s operations in Malaysia, 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 ended 30 April 2020 and to report the outcome in accordance with MMLR and the Guide in respective financial years.



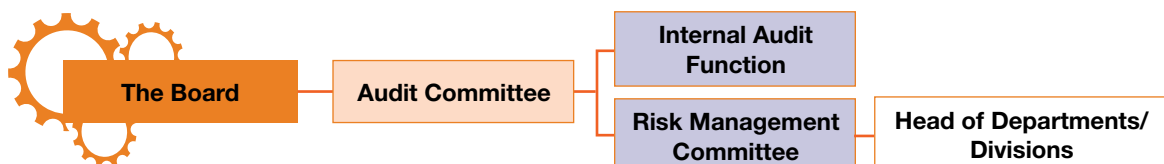
GOVERNANCE STRUCTURE AND PROCESS

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.

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:



Sustainability Statement

(Cont'd)

GOVERNANCE STRUCTURE AND PROCESS (CONT'D)

The governance structure defines clearly on the roles and responsibilities expected of the Board, Audit Committee, Risk Management Committee, 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 ended 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 Risk Management Committee 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 ended 30 April 2020. The Board has yet to undertake a formal material sustainability assessment to determine material sustainability matters that are important 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 or efficiency of the policies, measures or actions taken to manage associated sustainability risks for financial year ended 30 April 2020.

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.

Sustainability Statement

(Cont'd)

STAKEHOLDERS' ENGAGEMENT (CONT'D)

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.

Stakeholders Group	Engagement Objective(s)	Preferred Engagement Method(s)
Investor	<ul style="list-style-type: none"> To demonstrate financial sustainability To build up shareholder and investor confidence level 	<ul style="list-style-type: none"> Annual report Annual general meeting Shareholder communication Press releases and public announcements
Board of Directors	<ul style="list-style-type: none"> To ensure the going concern and substantiality of the Group 	<ul style="list-style-type: none"> Board meetings Electronic mail system
Employees	<ul style="list-style-type: none"> To retain competent employees To ensure a safe working environment for employees 	<ul style="list-style-type: none"> Management, operational and committee meetings Annual performance appraisal Briefing and training Events, celebrations and sporting activities Memorandums Employee dialogues Electronic mail system
Suppliers	<ul style="list-style-type: none"> To ensure a sustainable supply of quality services and materials To supply high quality products to the market To ensure product quality and safety 	<ul style="list-style-type: none"> Meetings Factory visits
Customers	<ul style="list-style-type: none"> To improve our distribution platform 	<ul style="list-style-type: none"> Marketing plans Product promotions Events and training Feedback and surveys
Media	<ul style="list-style-type: none"> To minimise negative reporting and protect the Group image To ensure reporting accuracy 	<ul style="list-style-type: none"> Press releases Company website and social media Face-to-face meetings
Financial institutions	<ul style="list-style-type: none"> To finance the Group 	<ul style="list-style-type: none"> Annual report Press releases and public announcements Face-to-face meetings
Industry peers	<ul style="list-style-type: none"> To maintain the business value, price advantage and market share 	<ul style="list-style-type: none"> Regular updates Marketing resurvey
Government and local authorities	<ul style="list-style-type: none"> To ensure full compliance with the relevant laws and regulations 	<ul style="list-style-type: none"> Official Submissions Official Letters Public dialogue involving government officials Public announcements Meetings Electronic mail system
Local community	<ul style="list-style-type: none"> To improve the overall well-being of the community 	<ul style="list-style-type: none"> Social activities organised by the Group's CSR Committee Press releases
Trade associations	<ul style="list-style-type: none"> To maintain fair competition To communicate and provide feedback the trade associations 	<ul style="list-style-type: none"> Trade member meetings Electronic mail system

The Board will continually seek to improve stakeholder engagement.

Sustainability Statement

(Cont'd)

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 2020, the Group and its network of over 33 branches located throughout Malaysia employed 485 local employees.

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 2020, the Group is one of the main sponsors for the annual dinner of The Johore Motor Parts Traders' Association, North Malaysia Engineering & Motor Parts Traders' Association and Johor State Tyre Dealers Association.

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 1974 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 2020 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.

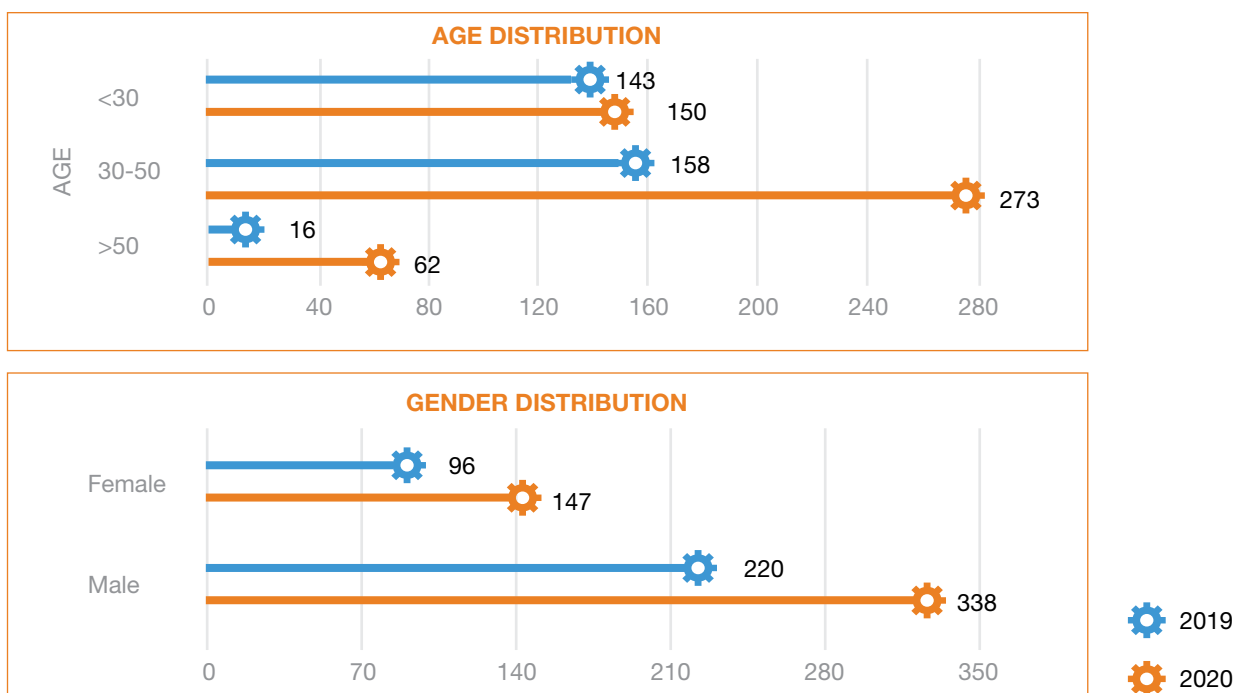
Sustainability Statement (Cont'd)

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 enables 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.

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.

Sustainability Statement

(Cont'd)

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

C. SOCIAL (CONT'D)

ii. Occupational Safety and Health (Cont'd)

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.

Periodical safety and health inspections are performed by Safety and Health Committee of the Company to ensure that incidents of non-compliance of safety and health rules are identified promptly, and the corresponding corrective actions are implemented in a timely manner. Identification of anticipated hazards and assessment of corresponding risks to safety and health arising from existing or proposed work environment via Hazard Identification, Risk Assessment and Risk Control ("HIRARC") are performed by the Safety and Health Committee with planned controls formulated to eliminate hazards or control risks at regular intervals.

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.

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.

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 the 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. This Statement is to be read in conjunction with the Corporate Governance which the Company explains its application on each of the MCCG best practices. The CG Report is available for download from the Company’s website at www.solidautomotive.com. The CG Report is disclosed to Bursa Malaysia in a prescribed format and publish together with this Annual Report and available on the Company’s website at 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 2020, 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 Secretaries and the details of the Company Secretaries 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.

- **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.

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	5/5
Ms. Tan Lay Beng	Independent Non-Executive Director	5/5
En. Azahar Bin Baharudin	Independent Non-Executive Director (Resigned on 28 November 2019)	3/3
Mr. Chai Yee Man	Independent Non-Executive Director (Appointed on 26 February 2020)	1/1
Mr. Ker Min Choo	Managing Director	5/5
Mr. Ong Kheng Swee	Executive Director (Resigned on 21 February 2020)	3/4
Mr. Ker Mong Keng	Executive Director	5/5
Mr. Ker Meng Oi	Executive Director	3/5

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.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

- **Composition of the Board**

The Board currently has six (6) members comprising one (1) Independent Non-Executive Chairman, three (3) 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. In the event of any vacancy in the Board composition resulting in non-compliance of Listing Requirements, the Company will fill the vacancy within 3 months.

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.

The Board 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 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 six (6) 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 2020, 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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

- **Independent Non-Executive Directors (Cont'd)**

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.

- **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 two (2) resignations and one (1) new appointments.

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 director 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 2020, the Board, through reports by the Nominating Committee, was satisfied with the composition, performance and effectiveness of the Board, Board Committees and directors.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

- Performance Assessment and Evaluation of Board and Senior Management (Cont'd)**

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.

- Director's and Key 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.

The total remuneration of the Directors for the financial year ended 30 April 2020 are set out below in Ringgit Malaysia (RM):-

Director	Fees	Salaries, Bonuses and Other Benefits	Defined Contribution Plan	Total
Mr. Kek Kok Swee	50,760	-	-	50,760
En. Azahar Bin Baharudin ^{*(a)}	9,920	-	-	9,920
Ms. Tan Lay Beng	40,000	-	-	40,000
Mr. Ker Min Choo	45,000	490,223	58,716	593,939
Mr. Ker Mong Keng	45,000	496,331	24,584	565,915
Mr. Ong Kheng Swee ^{*(a)}	33,070	353,789	15,740	402,599
Mr. Ker Meng Oi	45,000	436,057	52,216	533,273
Mr. Chai Yee Man ^{*(b)}	6,667	-	-	6,667

^{*(a)} The fees are prorated up to the date of their resignation.

^{*(b)} The annual fees for Mr. Chai Yee Man is RM40,000 and the fees payable to him for financial year 2020 is RM6,667 which is prorated from his appointment date. This fees payable is still within the proposed fees quantum for financial year 2020 which was approved by shareholders at the AGM held in year 2019.

Remuneration of Key Senior Management

For the financial year ended 30 April 2020, the aggregate total remuneration (in the band of RM50,000) of the top six (6) Key Senior Management personnel, who are not Directors of the Company, which comprises the Chef Operating Officers and Deputy Chief Operating Officers are as follows:

Remuneration bands per annum	Number of Key Management
RM200,000 to RM250,000	1
RM300,000 to RM350,000	1
RM350,000 to RM400,000	3
RM500,000 to RM550,000	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.

Corporate Governance Overview Statement (Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

• 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.

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 2020, 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	• Management Seminar (EMBA)
Mr. Ker Mong Keng	• National Exhibition and Convention (Shanghai)
Mr. Ker Meng Oi	• Malaysia Commercial Vehicle Expo 2019
Mr. Kek Kok Swee	• Malaysia Tax Budget 2020
Ms. Tan Lay Beng	• CFO Conference • Half year tax updates • MIA Town Hall 2019 • MIA International Accountants Conference 2019 • Budget Seminar 2020 • SST Updates • Mandatory Accreditation Program ("MAP")
Mr. Chai Yee Man (Appointed on 26 February 2020)	• Mandatory Accreditation Program ("MAP") • Note 1*
Mr. Ong Kheng Swee (Resigned on 21 February 2020)	• Transform to Outperform 3 Program (Stage 3) • Automating Excel Financial Functions for Decision Making • MIA International Accountants Conference 2019 • Malaysia Tax Budget 2020
En. Azahar Bin Baharudin (Resigned on 28 November 2019)	• Note 2*

Note 1* - Mr. Chai Yee Man did not attend any course from the appointment date on 26 February 2020 to the financial year ended date 30 April 2020. He attended the MAP in July 2020.

Note 2* - En. Azahar Bin Baharudin did not attend any course from 1 May 2019 to the resignation date on 28 November 2019.

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.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

- 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 34 to 37 of the Audit Committee Report.

There is a change in composition of the Audit Committee arising from the resignation of En Azahar Bin Baharudin. Ms Tan Lay Beng, an Independent Non-Executive Director is re-designated as Chairman of Audit Committee in place of En Azahar Bin Baharudin. Mr Chai Yee Man was appointed on 26 February 2020 as a member of Audit Committee. The changes were tabled and approved by the board during the year under review.

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

- 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.

The composition of the Nominating Committee and the attendance record of members for meetings held during the financial year ended 30 April 2020 are as follows: -

Name of Members	Designations	No. of Meetings Attended
Mr. Kek Kok Swee	Chairman	3/3
Ms. Tan Lay Beng	Member	3/3
Mr. Chai Yee Man	Member (<i>Appointed on 26 February 2020</i>)	1/1
En. Azahar Bin Baharudin	Member (<i>Resigned on 28 November 2019</i>)	1/1

During the financial year ended 30 April 2020, 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. the resignation of En Azahar Bin Baharudin and the appointment of Mr Chai Yee Man 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.

Corporate Governance Overview Statement

(Cont'd)

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

Board Responsibilities (Cont'd)

- 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 2020 are as follows: -

Name of Members	Designations	No. of Meetings Attended
Ms. Tan Lay Beng	Chairman	2/2
Mr. Kek Kok Swee	Member	2/2
Mr. Chai Yee Man	Member (<i>Appointed on 26 February 2020</i>)	1/1
En. Azahar Bin Baharudin	Member (<i>Resigned on 28 November 2019</i>)	1/1

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

There is a change in composition of the Remuneration Committee during the financial year under review and it was tabled and approved by the Board. En Azahar Bin Baharudin resigned and Mr Chai Yee Man was appointed in place of En Azahar.

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.

The Remuneration Committee held a meeting during the financial year ended 30 April 2020 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.

- 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 34 to 37 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.

Corporate Governance Overview Statement

(Cont'd)

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

• Relationship with External Auditors (Cont'd)

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:

	Company	Group	Description
Audit Fees	40,000	213,000	Statutory audit
Non-Audit Fees	11,300	73,300	Tax return and compliance, Review of Statement on Risk Management and Internal Control
Total	51,300	286,300	

• 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 38 to 42 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 38 to 42 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 34 to 37 of this Annual Report.

Corporate Governance Overview Statement

(Cont'd)

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 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.

• 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 8th 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. 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 2020, 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.

Corporate Governance Overview Statement

(Cont'd)

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: -

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	<p>KMK and KMC are the Directors and Substantial Shareholders of Solid.</p> <p>KMO is the Director and Shareholder of Solid.</p> <p>KBK is a Substantial Shareholder of Solid and the brother of KMK, KMC and KMO.</p>	<p>Rental of warehouse and office owned by KBK, KMK and KMC to a subsidiary, Auto Empire Impex Pte. Ltd.:</p> <ul style="list-style-type: none"> • 10 Admiralty Street #01-64, North Link Building, Singapore 757695 	207
b.	KMK	KMK is the Director and Substantial Shareholder of Solid.	<p>Rental of shophouse and office owned by KMK to a subsidiary, Autoworld Parts Services Sdn. Bhd.:</p> <ul style="list-style-type: none"> • 34, Jalan Ros Merah 2/17, Taman Johor Jaya, 81100 Johor Bahru, Johor. 	48
c.	Tampoi Enterprise Sdn. Bhd. ("TE")	<p>KBK is a Major Shareholder and Director of TE.</p> <p>KBK is the brother of KMK, KMC and KMO who are Directors and Shareholders of Solid.</p>	<p>Rental of warehouse and office owned by TE to a subsidiary, Twinco Far East Sdn. Bhd.:</p> <ul style="list-style-type: none"> • No. 53, Jalan 2/57B, Segambut Light Industries, 51200 Segambut, Kuala Lumpur <p>Sale of automotive spare parts to TE by subsidiaries, Solid Corporation Sdn Bhd and JBS Auto-Tech Sdn. Bhd.</p> <p>Purchase of automotive spare parts from TE by subsidiaries, Solid Corporation Sdn Bhd and Twinco Far East Sdn Bhd.</p>	<p>44</p> <p>389</p> <p>2</p>

Corporate Governance Overview Statement (Cont'd)

ADDITIONAL COMPLIANCE STATEMENT (CONT'D)

• Recurrent Related Party Transaction (Cont'd)

	Transacting Parties	Nature of Relationship	Nature of Recurrent Transactions	Transacted Value RM'000
d.	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
e.	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, Win Soon Auto Suppliers (JB) Sdn Bhd.: • 122, Jalan Lembah, Taman Tasek, 80200 Johor Bahru.	30
f.	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.	21

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	: Ms. Tan Lay Beng (Independent Non-Executive Director)
Members	: Mr. Kek Kok Swee (Independent Non-Executive Director)
	En. Azahar Bin Baharudin (Independent Non-Executive Director, resigned on 28 November 2019)
	Mr. Chai Yee Man (Independent Non-Executive Director, appointed on 26 February 2020)

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 is 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.

MEETINGS

During the financial year ended 30 April 2020, the Audit Committee held five (5) meetings. Details of each member's meeting attendances are as follows: -

Name of Members	No. of Meetings Attended
Ms. Tan Lay Beng	5/5
Mr. Kek Kok Swee	5/5
Mr. Chai Yee Man (<i>Appointed on 26 February 2020</i>)	1/1
En. Azahar Bin Baharudin (<i>Resigned on 28 November 2019</i>)	3/3

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/Assistant Finance Manager 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/Assistant Finance Manager. 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 and Tax Updates and 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 as disclosed in Note 31 to the financial statements were presented by the external auditors for review by the Audit Committee, where were then recommended to the Board for approval.

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.

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 (Cont'd)*

The Audit Committee reviewed the audited financial statements of the Company and the Group for the financial year ended 30 April 2020 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 2020, the Audit Committee met twice on 26 June 2019 and 28 April 2020 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 immaterial, 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 2020, the Audit Committee met three times, on 26 June 2019, 30 December 2019 and 28 April 2020 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 38 to 42 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 28 August 2019 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.

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.

Audit Committee Report (Cont'd)

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 38 to 42 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 RM56,000.

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 38 to 42 of this Annual Report.

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 2020, 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.

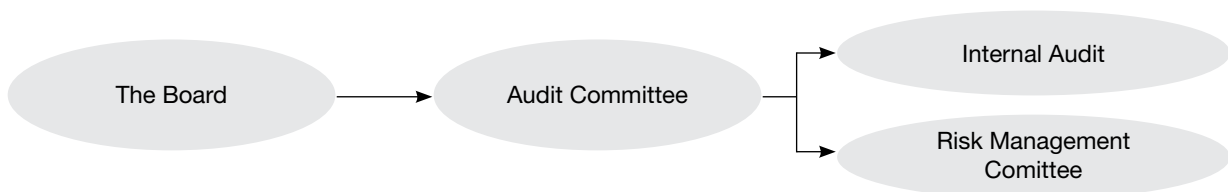
KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

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 Risk Management Committee 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 Risk Management Committee in the development of the management action plans and implementation of the action plans formulated; and
- c. Assist the Risk Management Committee 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 Risk Management Committee and the Management for risk identification, risk assessment, control identification, risk treatment and control activities.

As an important risk monitoring mechanism, the Risk Management Committee 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 Risk Management Committee 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 Risk Management Committee 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 Global. 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, treasury management, financial closing 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 2020 amount to RM56,000.

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 ASSISTANT FINANCE MANAGER

In compliance with the Guidelines, the Managing Director, being the highest ranking executive in the Company and the Assistant Finance Manager, 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 2020 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 Assistant Finance Manager, 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 10 August 2020.

FINANCIAL STATEMENTS

044

Directors' Report

050

Independent
Auditors' Report

055

Statements of
Changes in Equity

049

Statement by Directors

053

Statements of
Financial Position

057

Statements of Cash Flows

049

Statutory Declaration

054

Statements of Profit or Loss
and other Comprehensive
Income

059

Notes to the Financial
Statements

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 2020.

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
Loss after taxation for the financial year	(6,640,213)	(2,237,999)
Attributable to:-		
Owners of the Company	(7,063,190)	(2,237,999)
Non-controlling interests	422,977	-
	(6,640,213)	(2,237,999)

DIVIDENDS

No dividend was recommended by the Directors 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 RM98,416,408 to RM99,636,752 by way of an issuance of 4,157,900 new ordinary shares from the exercise of Warrants 2015/2020 at the exercise price as disclosed in Note 18.3 to the financial statements which amounted to RM1,220,344. 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.

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.

Directors' Report (Cont'd)

WARRANTS (CONT'D)

The salient terms of the Warrants 2015/2020 are disclosed in Note 18.3 to the financial statements. The movements of the Warrants since the listing and quotation thereof are as follows:-

	← Entitlement for Ordinary Shares →			At 30.4.2020
	At 1.5.2019	Issued	Exercised	
Number of unexercised Warrants	185,368,454	-	(4,157,900)	181,210,554

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
Ker Mong Keng
Kek Kok Swee
Ker Meng Oi
Tan Lay Beng
Chai Yee Man *(Appointed on 26.2.2020)*
Ong Kheng Swee *(Resigned on 21.2.2020)*
Azahar Bin Baharudin *(Resigned on 28.11.2019)*

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	Loo Chee How	
Ker Shiloong	Mah Kok Ming	
Ker Yan Ling	Lim Boon Siong	(Resigned on 17.2.2020)

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 unissued shares of the Company and its related corporations during the financial year are as follows:-

	Number of Ordinary Shares				At 30.4.2020
	At 1.5.2019	Transfer	Bought	Sold	
The Company					
<i>Direct Interests</i>					
Ker Min Choo	94,864,870	2,690,333	-	-	97,555,203
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 *</i>					
Ker Min Choo	11,773,297	(2,690,333)	2,900,000	-	11,982,964
Kek Kok Swee	10,521,000	-	-	-	10,521,000
Ker Mong Keng	56,000	-	-	-	56,000

	Number of Warrant 2015/2020 issued pursuant to the Deed Poll dated 11 November 2015 exercisable of any time from 17 December 2015 to 16 December 2020				At 30.4.2020
	At 1.5.2019	Transfer	Bought	Sold	
The Company					
<i>Direct Interests</i>					
Ker Min Choo	47,192,433	42,845,919	-	(88,838,352)	1,200,000
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 *</i>					
Ker Min Choo	2,802,648	-	2,182,016	(4,955,498)	29,166
Kek Kok Swee	5,491,033	-	-	-	5,491,033
Ker Mong Keng	29,166	-	-	-	29,166

* Held through spouse or children

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 38(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 29 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 42 to the financial statements.

AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 31 to the financial statements.

Signed in accordance with a resolution of the directors dated 10 August 2020.

Ker Min Choo

Ker Mong Keng

STATEMENT BY DIRECTORS

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

We, Ker Min Choo and Ker Mong Keng, being two of the directors of Solid Automotive Berhad, state that, in the opinion of the directors, the financial statements set out on pages 53 to 119 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 2020 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 10 August 2020.

Ker Min Choo

Ker Mong Keng

STATUTORY DECLARATION

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

I, Ker Min Choo, 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 53 to 119 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
Ker Min Choo
at Johor Bahru
in the State of Johor
on this 10 August 2020.

Before me

Ker Min Choo

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 2020 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 53 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2020, and of their financial performance and their cash flows for the 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' International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the 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.

Slow-Moving And Obsolete Inventories Refer to Note 12 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group is in the business of trading and distribution of automotive parts and components. The balance of inventories as at 30 April 2020 was RM81,416,261 after writing down slow moving and obsolete inventories. This represents the single largest asset component in the Group's statements 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 statements 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"> Assessing the reasonableness of management's methodology employed for estimating the inventories write down; 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; Assessing the reasonableness of the assumptions used to derive the estimated future sales; and Testing the mathematical accuracy of management's method by re-performing the calculations on selected samples, using the inventories aging report.

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, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current 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
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

Johor Bahru

10 August 2020

Tan Guan Seng
03387/08/2020 J
Chartered Accountant

STATEMENTS OF FINANCIAL POSITION

AT 30 APRIL 2020

	Note	The Group		The Company	
		2020 RM	2019 RM (Restated)	2020 RM	2019 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	101,774,365	101,244,365
Property, plant and equipment	6	35,417,150	56,190,886	-	-
Investment properties	7	12,735,540	13,413,462	-	-
Right-of-use assets	8	26,667,421	-	-	-
Other investments	9	238,610	238,610	-	-
Deferred tax assets	10	149,081	699,258	-	-
Goodwill	11	-	2,302,577	-	-
		75,207,802	72,844,793	101,774,365	101,244,365
CURRENT ASSETS					
Inventories	12	81,416,261	81,060,551	-	-
Trade receivables	13	52,797,939	50,012,995	-	-
Other receivables, deposits and prepayments	14	7,409,291	6,492,447	9,227	7,063
Amounts owing by subsidiaries	15	-	-	16,195,319	19,765,206
Current tax assets		2,525,376	2,070,608	136,412	-
Fixed deposits with licensed banks	16	1,600,000	7,722,205	-	-
Cash and bank balances		14,579,547	14,614,032	1,431,708	1,256,324
		160,328,414	161,972,838	17,772,666	21,028,593
TOTAL ASSETS		235,536,216	234,817,631	119,547,031	122,272,958
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	99,636,752	98,416,408	99,636,752	98,416,408
Reserves	18	40,758,105	43,148,522	16,650,058	19,235,242
Equity attributable to owners of the Company		140,394,857	141,564,930	116,286,810	117,651,650
Non-controlling interests	5	73,673	5,076,803	-	-
TOTAL EQUITY		140,468,530	146,641,733	116,286,810	117,651,650
NON-CURRENT LIABILITIES					
Long-term borrowings	19	16,149,604	20,116,538	-	-
Lease liabilities	22	6,176,043	-	-	-
		22,325,647	20,116,538	-	-
CURRENT LIABILITIES					
Trade payables	23	20,317,134	20,303,259	-	-
Other payables and accruals	24	7,300,362	6,291,005	397,206	127,000
Amounts owing to subsidiaries	15	-	-	2,863,015	4,484,808
Lease liabilities	22	2,224,044	-	-	-
Short-term borrowings	25	31,155,319	27,941,629	-	-
Derivative liabilities	26	16,021	9,842	-	-
Current tax liabilities		2,239	12,853	-	9,500
Provisions	27	11,726,920	13,500,772	-	-
		72,742,039	68,059,360	3,260,221	4,621,308
TOTAL LIABILITIES		95,067,686	88,175,898	3,260,221	4,621,308
TOTAL EQUITY AND LIABILITIES		235,536,216	234,817,631	119,547,031	122,272,958

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 2020

	Note	The Group		The Company	
		2020 RM	2019 RM	2020 RM	2019 RM
REVENUE	28	241,380,133	166,845,213	-	3,302,141
OTHER OPERATING INCOME		1,414,215	3,464,405	731,670	1,270,454
CHANGES IN INVENTORIES		(185,574,524)	(122,693,818)	-	-
EMPLOYEE BENEFITS	29	(31,734,790)	(22,951,196)	(273,786)	(312,038)
DEPRECIATION EXPENSES		(5,726,914)	(3,259,657)	-	-
FINANCE COSTS		(2,459,861)	(1,440,530)	(738,073)	(37,647)
OTHER OPERATING EXPENSES		(22,185,549)	(17,277,805)	(606,199)	(653,532)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	30	(547,117)	(194,153)	(1,264,197)	-
(LOSS)/PROFIT BEFORE TAXATION	31	(5,434,407)	2,492,459	(2,150,585)	3,569,378
INCOME TAX EXPENSE	32	(1,205,806)	(891,242)	(87,414)	(304,603)
(LOSS)/PROFIT AFTER TAXATION		(6,640,213)	1,601,217	(2,237,999)	3,264,775
OTHER COMPREHENSIVE INCOME	33				
<u>Items that Will be Reclassified</u> <u>Subsequently to Profit or Loss</u>					
Foreign currency translation differences		63,851	298,672	-	-
Cash flow hedge		-	266,017	-	-
TOTAL OTHER COMPREHENSIVE INCOME		63,851	564,689	-	-
TOTAL COMPREHENSIVE (EXPENSES)/INCOME FOR THE FINANCIAL YEAR		(6,576,362)	2,165,906	(2,237,999)	3,264,775
(LOSS)/PROFIT AFTER TAXATION					
ATTRIBUTABLE TO:-					
Owners of the Company		(7,063,190)	1,415,331	(2,237,999)	3,264,775
Non-controlling interests		422,977	185,886	-	-
		(6,640,213)	1,601,217	(2,237,999)	3,264,775
TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(6,999,339)	1,980,020	(2,237,999)	3,264,775
Non-controlling interests		422,977	185,886	-	-
		(6,576,362)	2,165,906	(2,237,999)	3,264,775
(LOSS)/EARNINGS PER SHARE (SEN)	34				
Basic		(1.80)	0.36		
Diluted		(1.60)	0.31		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

The Group	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 1.5.2018	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	-	-	-	-	266,017	-	266,017	-	266,017
- Cash flow hedge	-	-	-	-	-	-	-	-	-
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 distribution to owners of the Company:	-	-	-	-	-	-	-	-	-
- Issuance of shares:	-	-	-	-	-	-	-	-	-
- Exercise of warrants	233,166	-	-	(66,335)	-	-	166,831	-	166,831
- Acquisition of a subsidiary	-	-	-	-	-	-	-	4,700,000	4,700,000
- Subscription of additional shares in a subsidiary	-	-	-	-	-	-	-	80,000	80,000
- Dividends:	-	-	-	-	-	(783,835)	(783,835)	-	(783,835)
- by the Company	-	-	-	-	-	(783,835)	(783,835)	-	(783,835)
Total transactions with owners	233,166	-	-	(66,335)	-	(783,835)	(617,004)	4,780,000	4,162,996
Balance at 30.4.2019/1.5.2019	98,416,408	(43,360,988)	2,549,585	15,481,613	-	68,478,312	141,564,930	5,076,803	146,641,733
Loss after taxation for the financial year	-	-	-	-	-	(7,063,190)	(7,063,190)	422,977	(6,640,213)
Other comprehensive income for the financial year:	-	-	-	-	-	-	-	-	-
- Foreign currency translation differences	-	-	63,851	-	-	-	63,851	-	63,851
Total comprehensive income/(expenses) for the financial year	-	-	63,851	-	-	(7,063,190)	(6,999,339)	422,977	(6,576,362)
Contributions by and distribution to owners of the Company:	-	-	-	-	-	-	-	-	-
- Issuance of shares:	-	-	-	-	-	-	-	-	-
- Exercise of warrants	1,220,344	-	-	(347,185)	-	-	873,159	-	873,159
- Accretion in equity interests in a subsidiary	-	-	-	-	-	4,956,107	4,956,107	(5,426,107)	(470,000)
Total transactions with owners	1,220,344	-	-	(347,185)	-	4,956,107	5,829,266	(5,426,107)	403,159
Balance at 30.4.2020	99,636,752	(43,360,988)	2,613,436	15,134,428	-	66,371,229	140,394,857	73,673	140,468,530

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

Statements of Changes in Equity

For the Financial Year Ended 30 April 2020 (Cont'd)

The Company	Note	Share Capital RM	Warrants Reserve RM	Retained Profits RM	Total Equity RM
Balance at 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	17 & 18	233,166	(66,335)	-	166,831
- Dividends	36	-	-	(783,835)	(783,835)
Total transactions with owners		233,166	(66,335)	(783,835)	(617,004)
Balance at 30.4.2019/1.5.2019		98,416,408	15,481,613	3,753,629	117,651,650
Loss after taxation/Total comprehensive expenses for the financial year		-	-	(2,237,999)	(2,237,999)
Contributions by and distribution to owners of the Company:					
- Issuance of shares:					
- Exercise of Warrants	17 & 18	1,220,344	(347,185)	-	873,159
Total transactions with owners		1,220,344	(347,185)	-	873,159
Balance at 30.4.2020		99,636,752	15,134,428	1,515,630	116,286,810

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

	Note	The Group		The Company	
		2020 RM	2019 RM (Restated)	2020 RM	2019 RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
(Loss)/Profit before taxation		(5,434,407)	2,492,459	(2,150,585)	3,569,378
Adjustments for:-					
Bad debts written off		2,707	5,083	-	-
Bad debts recovered		(48,400)	-	-	-
Depreciation of:					
- property, plant and equipment	6	2,704,962	2,990,902	-	-
- investment properties	7	275,495	268,755	-	-
- right-of-use assets	8	2,746,457	-	-	-
Impairment losses:					
- investment in subsidiaries	5	-	-	240,000	-
- goodwill	11	2,302,577	255,627	-	-
- trade receivables	13	1,070,310	667,480	-	-
- other receivables	14	16,750	-	-	-
- amount owing by subsidiaries	15	-	-	1,264,197	-
Other interest expenses		1,948,538	1,263,277	736,877	36,370
Interest expense on lease liabilities	22	395,594	-	-	-
Inventories written down	12	2,641,369	422,400	-	-
Investment properties written off	7	469,036	-	-	-
Loss on foreign exchange/unrealised		169,857	29,479	-	-
Property, plant and equipment written off	6	870,927	67,315	-	-
Provisions	27	14,546,445	5,705,775	-	-
Fair value gain on short-term investments		-	(20,096)	-	(20,096)
Fair value loss/(gain) on derivative		6,179	(202,935)	-	-
Gain on bargain purchase of a subsidiary	35	-	(1,746,163)	-	-
Gain on disposal of property, plant and equipment		(144,261)	(50,228)	-	-
Interest income		(194,298)	(465,106)	(731,670)	(1,250,358)
Reversal of impairment losses on trade receivables	13	(539,943)	(473,327)	-	-
Reversal of inventories written down	12	(26,580)	-	-	-
Reversal of provisions	27	(2,158,216)	-	-	-
Waiver of other payable		(1,605)	-	-	-
Operating profit/(loss) before working capital changes		21,619,493	11,210,697	(641,181)	2,335,294
Increase in inventories		(2,990,497)	(2,448,676)	-	-
(Increase)/Decrease in trade and other receivables		(3,964,069)	(6,290,779)	(2,164)	55,752
Increase/(Decrease) in trade and other payables		949,777	(3,144,995)	270,206	(227,129)
Provisions claimed	27	(14,162,081)	(4,535,462)	-	-
CASH FROM/(FOR) OPERATIONS		1,452,623	(5,209,215)	(373,139)	2,163,917
Income tax paid		(2,142,348)	(1,811,732)	(233,326)	(276,084)
Income tax refunded		1,021,348	304,240	-	56,331
Interest received		124,846	311,511	1,577	3,854
NET CASH FROM/(FOR) OPERATING ACTIVITIES		456,469	(6,405,196)	(604,888)	1,948,018

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

Statements of Cash Flows

For the Financial Year Ended 30 April 2020 (Cont'd)

	Note	The Group		The Company	
		2020 RM	2019 RM (Restated)	2020 RM	2019 RM
CASH FLOWS FROM/(FOR)					
INVESTING ACTIVITIES					
Acquisition of subsidiaries, net of cash and cash equivalents acquired	35	-	(12,553,248)	-	(24,490,000)
Additional investment in an existing subsidiary	5	-	-	(770,000)	-
Advances to subsidiaries		-	-	(275,000)	(5,815,000)
Interest income received		69,452	153,595	730,093	1,246,504
Proceeds from disposal of property, plant and equipment		148,897	61,200	-	-
Proceeds from disposal of short term investment		-	5,993,214	-	5,993,214
Purchase of property, plant and equipment	37(a)	(2,507,361)	(3,604,466)	-	-
Withdrawal of fixed deposits		3,045,625	-	-	-
Repayment from subsidiaries		-	-	2,580,690	16,297,578
Subsequent expenditure on investment properties	7	(66,609)	(1,278,164)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		690,004	(11,227,869)	2,265,783	(6,767,704)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Acquisition of non-controlling interests	35.2	(470,000)	-	-	-
Advances from a subsidiary	37(b)	-	-	-	5,000,000
Dividends paid	36	-	(783,835)	-	(783,835)
Drawdown of bankers' acceptances	37(b)	20,499,557	29,502,000	-	-
Drawdown of foreign currency loans	37(b)	34,254,800	31,152,683	-	-
Drawdown of revolving credits	37(b)	-	7,771,500	-	-
Drawdown of term loans	37(b)	881,323	16,531,117	-	-
Drawdown of trust receipts	37(b)	87,903	658,956	-	-
Interest paid	37(b)	(2,344,132)	(1,263,277)	(736,877)	(36,370)
Proceeds from exercise of warrants	17	873,159	166,831	873,159	166,831
Proceeds from issuance of shares by a subsidiary to non-controlling interests		-	80,000	-	-
Repayment of lease liabilities	37(b)	(2,378,393)	-	-	-
Repayment of bankers' acceptance	37(b)	(13,530,557)	(24,349,000)	-	-
Repayment of foreign currency loans	37(b)	(32,962,782)	(30,135,376)	-	-
Repayment of hire purchase obligations	37(b)	-	(246,318)	-	-
Repayment of other payables	37(b)	-	(158,557)	-	-
Repayment of term loans	37(b)	(2,974,604)	(2,759,424)	-	-
Repayment of revolving credits	37(b)	(6,271,500)	-	-	-
Repayment to a subsidiary	37(b)	-	-	(1,621,793)	(515,192)
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(4,335,226)	26,167,300	(1,485,511)	3,831,434
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(3,188,753)	8,534,235	175,384	(988,252)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		77,688	320,247	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		19,290,612	10,436,130	1,256,324	2,244,576
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(d)	16,179,547	19,290,612	1,431,708	1,256,324

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2020

1. GENERAL INFORMATION

The Company is a public limited liability 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 10 August 2020.

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 IC interpretation (including the consequential amendments, if any):-

MFRSs and IC Interpretation (Including The Consequential Amendments)

MFRS 16 Leases

IC Interpretation 23 Uncertainty Over Income Tax Treatments

Amendments to MFRS 9: Prepayment Features with Negative Compensation

Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

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

MFRS 16 Leases

MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaced the previous guidance on lease accounting. 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 lease assets and the related lease obligations in the statement of financial position (with limited exceptions) as right-of-use assets and lease liabilities respectively. The right-of-use assets are subject to depreciation and the interest on lease liabilities are calculated using the effective interest method. The impacts on the financial statements of the Group upon its initial application of MFRS 16 are disclosed in Note 43 to the financial statements.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

- 3.2 The Group has not applied in advance the following accounting standards (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:-

MFRSs (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2021
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Amendments to MFRS 101 and MFRS 108: Definition of Material	1 January 2020
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Amendments to References to the Conceptual Framework in MFRS Standards	1 January 2020
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022

The adoption of the above accounting standards (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

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) 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 11 to the financial statements.

(c) 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 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(d) Write-down of Inventories

Reviews 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 12 to the financial statements.

(e) 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 13 to the financial statements.

(f) Impairment of Non-financial Assets

The Group determines whether its investments in subsidiaries, property, plant and equipment, investment properties and right-of-use assets 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 investments in subsidiaries, property, plant and equipment, investment properties and right-of-use assets as at the reporting date are disclosed in Notes 5, 6, 7 and 8 to the financial statements.

(g) 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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(h) 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 10 to the financial statements.

(i) Provision for Warranties

Judgement has been applied in determining the provision for warranties for products sold under the warranty terms ranging from one to two 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 27 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:-

Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

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 2020 (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 Group's 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 statements 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 2020 (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 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 2020 (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 the 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 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 2020 (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 2020 (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 2020 (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.

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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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	Not applicable (2019 - Over 50 to 99 years)
Buildings	2%
Furniture, fixtures 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.

4.8 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-of-use asset held 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 which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for its intended use. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVESTMENT PROPERTIES (CONT'D)

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 LEASES

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

Accounting Policies Applied Until 30 April 2019

(a) Finance Leases

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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 LEASES (CONT'D)

Accounting Policies Applied Until 30 April 2019 (CONT'D)

(b) Operating Leases

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.

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-months expected credit losses.

The Group recognises an impairment gain or loss in profit 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 positions.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (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 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 PROVISIONS (CONT'D)

(e) Advertising and promotion

Provision for advertising and promotion is in respect of travel campaigns, signboard, banner, poster, catalogue and other premium items payable to customers upon achieving the sales target of qualifying products set by the Group.

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

(f) Others

Provisions for others is in respect of the annual dinner, bonus, computer charges, royalty fee, staff training, tax fees and unutilised leave based on the management's best estimate of the total amount payable as at reporting date in the next reporting period.

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 is 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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.15 INCOME TAXES (CONT'D)

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.

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, adjusted 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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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 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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

5. INVESTMENTS IN SUBSIDIARIES

The details of the subsidiaries are as follows:-

	The Company	
	2020 RM	2019 RM
Unquoted shares, at cost	102,014,365	101,244,365
Accumulated impairment losses	(240,000)	-
	101,774,365	101,244,365

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020	2019	
		%	%	
<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. ("Borneo")	Malaysia	100	80.17	Trading and distribution of automotive spare parts, lubricants, batteries, and industrial supplies
Win Soon Auto Suppliers Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive spare parts and components
Win Soon Auto Suppliers (JB) Sdn. Bhd.	Malaysia	100	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 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

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2020 %	2019 %	

Subsidiaries of Solid Corporation (Cont'd)

HKT Auto Electrical Parts Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive spare parts, lubricants and batteries
Autoworld Parts Services Sdn. Bhd. ("Autoworld")	Malaysia	60	60	Trading, repairing and servicing of automotive electrical parts and components

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

- (a) On 8 January 2020, the Company acquired the remaining equity interest of 19.83% in its subsidiary, Borneo Technical Co. (M) Sdn. Bhd. ("Borneo") from its non-controlling interests for a consideration of RM470,000. Following the completion of the acquisition, Borneo become a wholly-owned subsidiary of the Company. The details of the acquisition are disclosed in Note 35.2 to the financial statements.
- (b) During the financial year, the Company acquired an additional 299,996 ordinary shares in Win Soon Auto Suppliers Sdn. Bhd by capitalising the amounts owing by the subsidiary of RM300,000.
- (c) The non-controlling interests at the end of the reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2020	2019	2020	2019
	%	%	RM	RM
Autoworld	40	40	73,673	121,930
Borneo	-	19.83	-	4,954,873
			73,673	5,076,803

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

	Borneo 2019 RM
At 30 April	
Non-current assets	1,510,022
Current assets	56,968,313
Current liabilities	(33,491,571)
Net assets	24,986,764
Financial Period Ended 30 April (Post-acquisition)	
Revenue	35,056,763
Loss/Total comprehensive expenses for the financial period	(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 2020 (Cont'd)

6. PROPERTY, PLANT AND EQUIPMENT

The Group	1.5.2019		As Restated RM	Additions (Note 37(a)) RM	Disposals RM	Write Off RM	Translation Differences RM	Depreciation Charges (Note 31) RM	At 30.4.2020 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM							
2020									
<i>Carrying Amount</i>									
Freehold land	6,006,328	-	6,006,328	-	-	-	-	-	6,006,328
Leasehold land	17,836,397	(17,836,397)	-	-	-	-	-	-	-
Buildings	16,918,232	-	16,918,232	-	-	-	20,159	(448,666)	16,489,725
Building under construction	5,882,455	(633,112)	5,249,343	1,602,497	-	-	-	-	6,851,840
Furniture, fixtures and equipment	4,613,978	-	4,613,978	414,639	(4,634)	(8,069)	760	(1,014,538)	4,002,136
Motor vehicles	3,457,250	(1,252,570)	2,204,680	160,800	-	-	588	(956,368)	1,409,700
Plant and machinery	285,442	-	285,442	84,000	(2)	(80,085)	-	(160,035)	129,320
Renovation and electrical installation	1,190,804	-	1,190,804	245,425	-	(782,773)	-	(125,355)	528,101
	56,190,886	(19,722,079)	36,468,807	2,507,361	(4,636)	(870,927)	21,507	(2,704,962)	35,417,150
2019									
<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	2,783,277	-	-	-	-	-	5,882,455
Furniture, fixtures and equipment	4,363,341	725,862	725,862	(765)	(44,909)	446,663	4,618	(880,832)	4,613,978
Motor vehicles	3,418,488	947,134	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	35,193	-	-	984,048	-	(123,240)	1,190,804
	47,083,667	4,491,466	4,491,466	(10,972)	(67,315)	7,577,036	107,906	(2,990,902)	56,190,886

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

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

The Group	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Carrying Amount RM
2020				
Freehold land	6,006,328	-	-	6,006,328
Buildings	54,048,197	(19,077,919)	(18,480,553)	16,489,725
Building under construction	6,851,840	-	-	6,851,840
Furniture, fixtures and equipment	26,065,721	(1,226,225)	(20,837,360)	4,002,136
Motor vehicles	10,858,655	(77,558)	(9,371,397)	1,409,700
Plant and machinery	2,548,501	-	(2,419,181)	129,320
Renovation and electrical installation	1,154,929	-	(626,828)	528,101
	107,534,171	(20,381,702)	(51,735,319)	35,417,150
2019				
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

- (a) 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	
	2020 RM	2019 RM
Motor vehicles	-	1,256,652

These leased assets had been pledged as security for the hire purchase payables of the Group as disclosed in Note 20 to the financial statements.

- (b) 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 Group as disclosed in Note 21 to the financial statements are as follows:-

	The Group	
	2020 RM	2019 RM
Leasehold land	-	4,226,483
Buildings	755,584	1,137,729
	755,584	5,364,212

- (c) Included in the building under construction are the following expenses capitalised during the financial year:-

	The Group	
	2020 RM	2019 RM
Interest expense, capitalisation rate was 5.32% (2019 - 5.65%) per annum	190,185	68,426

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

7. INVESTMENT PROPERTIES

	The Group	
	2020 RM	2019 RM
Cost:-		
At 1 May 2019/2018	58,683,971	56,133,826
Acquisition of a subsidiary (Note 35)	-	1,271,981
Additions	66,609	1,278,164
Written off	(469,036)	-
At 30 April 2020/2019	58,281,544	58,683,971
Accumulated depreciation:-		
At 1 May 2019/2018	(22,049,094)	(21,780,339)
Depreciation during the financial year (Note 31)	(275,495)	(268,755)
At 30 April 2020/2019	(22,324,589)	(22,049,094)
Accumulated impairment loss:-		
At 1 May 2019/2018	(23,221,415)	(22,949,434)
Acquisition of a subsidiary (Note 35)	-	(271,981)
At 30 April 2020/2019	(23,221,415)	(23,221,415)
	12,735,540	13,413,462
Represented by:-		
Freehold land	1,067,365	1,067,365
Leasehold land	6,077,204	6,105,448
Buildings	5,590,971	6,240,649
At 30 April 2020/2019	12,735,540	13,413,462
Fair value:-		
Freehold land	790,000	1,200,000
Leasehold land	7,804,588	6,446,588
Buildings	12,698,626	7,147,025
At 30 April 2020/2019	21,293,214	14,793,613

- (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 Group as disclosed in Note 21 to the financial statements are as follows:-

	The Group	
	2020 RM	2019 RM
Freehold land	480,000	480,000
Building	509,600	520,000
	989,600	1,000,000

- (b) The fair values of the investment properties are within level 2 of the fair value hierarchy and are arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers having appropriate recognised professional qualification and recent experience in the locations and category of properties being valued. The most significant input into this valuation approach is the price per square foot of comparable properties. Adjustments are then made for differences in location, size, facilities available, market conditions and other factors in order to arrive at a common basis.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

8. RIGHT-OF-USE ASSETS

The Group	1.5.2019		As Restated RM	Additions (Note 37(a)) RM	Translation Differences RM	Depreciation Charges (Note 31) RM	At 30.4.2020 RM
	As Previously Reported RM	Initial Application of MFRS 16 RM					
2020							
<i>Carrying Amount</i>							
Leasehold land	-	18,469,509	18,469,509	-	-	(223,366)	18,246,143
Premises	-	9,640,305	9,640,305	51,499	-	(2,171,226)	7,520,578
Motor vehicles	-	1,252,570	1,252,570	-	(5)	(351,865)	900,700
	-	29,362,384	29,362,384	51,499	(5)	(2,746,457)	26,667,421

Analysed by:-

Cost	31,979,498
Accumulated depreciation	(5,312,077)
	26,667,421

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

- (a) The Group has lease contracts for leasehold land, premises and motor vehicles used in its operations. Their lease terms are as below:-

	The Group 2020
Leasehold land	31 to 97 years
Premises	1 to 6 years
Motor vehicles	1 to 4 years

- (b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.
- (c) The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the portfolio of leased asset and align with the Group's business needs. Management exercises judgement in determining whether these extension and termination options are reasonably certain to be exercised.
- (d) The Group has leased its motor vehicles under hire purchase arrangements. The leases are secured by the leased assets. The Group has an option to purchase the asset at the expiry of the lease period at an insignificant amount.
- (e) Included in the right-of-use assets of the Group are leasehold land with a total carrying amount of RM4,196,418 (2019 - Nil) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Notes 21 and 22 to the financial statements.

9. OTHER INVESTMENTS

	The Group	
	2020 RM	2019 RM
Transferable golf club memberships, at cost	374,200	374,200
Less: Impairment losses	(135,590)	(135,590)
	238,610	238,610

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

10. DEFERRED TAX ASSETS

The Group	At 1.5.2019 RM	Recognised in Profit or Loss (Note 32) RM	At 30.4.2020 RM
2020			
<i>Deferred Tax Liabilities</i>			
Accerelated capital allowances	(945,804)	91,000	(854,804)
<i>Deferred Tax Assets</i>			
Impairment losses on trade receivables	266,400	(83,000)	183,400
Inventories written down	1,209,500	(634,100)	575,400
Provisions	57,900	-	57,900
Unrealised foreign exchange loss	22,600	(600)	22,000
Others	88,662	76,523	165,185
	1,645,062	(641,177)	1,003,885
	699,258	(550,177)	149,081

The Group	At 1.5.2018 RM	Acquisition of Subsidiaries (Note 35) RM	Recognised in Profit or Loss (Note 32) RM	At 30.4.2019 RM
2019				
<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
Provisions	59,300	-	(1,400)	57,900
Unrealised foreign exchange loss	-	-	22,600	22,600
Others	126,376	-	(37,714)	88,662
	1,643,776	-	1,286	1,645,062
	1,050,576	(439,232)	87,914	699,258

At the end of the reporting period, the Group has unused tax losses and unabsorbed capital allowances (stated at gross) of approximately RM41,842,600 (2019 - RM41,287,000) and RM3,300,000 (2019 - RM4,498,000) 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 are allowed to be utilised for 7 consecutive years of assessment while the unabsorbed capital allowances are allowed to be carried forward indefinitely.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

11. GOODWILL

	The Group	
	2020 RM	2019 RM
Cost:-		
At 1 May 2019/2018	2,558,204	-
Acquisition of subsidiaries (Note 35)	-	2,558,204
At 30 April 2020/2019	2,558,204	2,558,204
Accumulated impairment losses:-		
At 1 May 2019/2018	(255,627)	-
Impairment during the financial year (Note 31)	(2,302,577)	(255,627)
At 30 April 2020/2019	(2,558,204)	(255,627)
	-	2,302,577

- (a) In the previous financial year, the carrying amount of goodwill was allocated to Win Soon Auto Suppliers Sdn. Bhd.
- (b) During the financial year, an impairment loss of RM2,302,577 was recognised on Win Soon Auto Suppliers Sdn. Bhd. in "Other Operating Expenses" line item of the statement of profit or loss and other comprehensive income as the directors do not foresee the cash flows from this cash-generating unit to be adequate to maintain the goodwill in the near future.

12. INVENTORIES

	The Group	
	2020 RM	2019 RM
Trading goods	75,881,246	71,359,553
Goods-in-transit	5,535,015	9,700,998
	81,416,261	81,060,551
Recognised in profit or loss:-		
Inventories recognised as cost of sales	185,574,524	122,693,818
Inventories written down (Note 31)	2,641,369	422,400
Reversal of inventories written down (Note 31)	(26,580)	-

13. TRADE RECEIVABLES

	The Group	
	2020 RM	2019 RM
Trade receivables	56,445,024	53,203,580
Allowance for impairment losses	(3,647,085)	(3,190,585)
	52,797,939	50,012,995
Allowance for impairment losses:-		
At 1 May 2019/2018	3,190,585	1,655,572
Acquisition of subsidiaries during the financial year	-	1,339,349
Addition during the financial year (Note 30)	1,070,310	667,480
Reversal during the financial year (Note 30)	(539,943)	(473,327)
Written off during the financial year	(74,057)	-
Foreign exchange translation differences	190	1,511
At 30 April 2020/2019	3,647,085	3,190,585

The Group's normal trade credit terms range from 7 to 150 (2019 - 7 to 150) days.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Other receivables:-				
Third parties	976,990	804,498	-	-
Advances to suppliers	1,767,138	1,583,633	-	-
Goods and services tax recoverable	533,055	696,747	-	-
Sales tax recoverable	1,800,844	526,732	-	-
	5,078,027	3,611,610	-	-
Allowance for impairment losses (Note 30)	(16,750)	-	-	-
	5,061,277	3,611,610	-	-
Deposits	1,879,287	2,009,988	5,000	5,000
Prepayments	468,727	870,849	4,227	2,063
	7,409,291	6,492,447	9,227	7,063

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

15. AMOUNTS OWING BY/(TO) SUBSIDIARIES

	Note	The Company	
		2020 RM	2019 RM
Amount Owing by Subsidiaries			
<i>Current</i>			
Non-trade balances	a	17,459,516	19,765,206
Allowance for impairment losses		(1,264,197)	-
		16,195,319	19,765,206
Allowance for impairment losses:-			
At 1 May 2019/2018		-	-
Addition during the financial year (Note 30)		1,264,197	-
At 30 April 2020/2019		1,264,197	-
Amount Owing to Subsidiaries			
<i>Current</i>			
Non-trade balances	b	(2,863,015)	(4,484,808)

(a) The non-trade balances represent unsecured advances granted to subsidiaries which are repayable on demand. Interest is charged at 4.08% (2019 - 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% (2019 - 4.08%) per annum on the outstanding balance. The amounts owing are to be settled in cash.

16. FIXED DEPOSITS WITH LICENSED BANKS

The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest rate of 2.30% (2019 - 0.7% to 3.0%) per annum. The fixed deposits have maturity period of 7 (2019 - 32 to 369) days for the Group.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

17. SHARE CAPITAL

The movements in the issued and paid-up share capital of the Company are as follows:-

	The Group/The Company			
	2020 Number Of Shares	2019	2020 RM	2019 RM
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 May 2019/2018	392,130,861	391,336,428	98,416,408	98,183,242
Transfer from warrants reserve	-	-	347,185	66,335
Issuance of shares pursuant to:				
- Exercise of warrants	4,157,900	794,433	873,159	166,831
At 30 April 2020/2019	396,288,761	392,130,861	99,636,752	98,416,408

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

18. RESERVES

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Foreign exchange translation reserve	2,613,436	2,549,585	-	-
Merger deficit	(43,360,988)	(43,360,988)	-	-
Warrants reserve	15,134,428	15,481,613	15,134,428	15,481,613
Retained profits	66,371,229	68,478,312	1,515,630	3,753,629
	40,758,105	43,148,522	16,650,058	19,235,242

18.1 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.

18.2 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.

18.3 Warrants Reserve

The movements of the Warrants Reserve are as follows:-

	The Group/The Company	
	2020 RM	2019 RM
At 1 May 2019/2018	15,481,613	15,547,948
Exercise of Warrants	(347,185)	(66,335)
At 30 April 2020/2019	15,134,428	15,481,613

The salient terms of the Warrants are as follows:-

- The Warrants are constituted by a Deed Poll executed on 11 November 2015;
- The Warrants are traded separately;
- 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 (2019 - RM0.21) per Warrant. Warrants not exercised during the Exercise Period will lapse and cease to be valid;

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

18. RESERVES (CONT'D)

18.3 Warrants Reserve (Cont'd)

The salient terms of the Warrants are as follows (Cont'd):-

- (d) The exercise price is RM0.21 (2019 - 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.

19. LONG-TERM BORROWINGS

	The Group	
	2020 RM	2019 RM
Hire purchase payables (Note 20)	-	719,130
Term loans (Note 21)	16,149,604	19,397,408
	16,149,604	20,116,538

20. HIRE PURCHASE PAYABLES (SECURED)

	The Group 2019 RM
Minimum hire purchase payments:	
- not later than 1 year	407,432
- later than 1 year and not later than 5 years	749,732
- later than 5 years	22,903
	1,180,067
Less: Future finance charges	(93,436)
Present value of hire purchase payables	1,086,631
Analysed by:-	
Current liabilities (Note 25)	367,501
Non-current liabilities (Note 19)	719,130
	1,086,631

- (a) The hire purchase payables have been represented as 'lease liabilities' as shown in Note 22 to the financial statements following the application of MFRS 16 by the Group using the modified retrospective approach.
- (b) In the previous financial year, the hire purchase payables of the Group were secured by corporate guarantee provided by the Company and the Group's motor vehicles under finance leases as disclosed in Note 6(a) to the financial statements. The hire purchase arrangements were expiring from 2 to 6 years.
- (c) In the previous financial year, 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% per annum.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

21. TERM LOANS (SECURED)

	The Group	
	2020 RM	2019 RM
Current liabilities (Note 25)	4,140,081	2,974,216
Non-current liabilities (Note 19)	16,149,604	19,397,408
	20,289,685	22,371,624

(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 and right-of-use assets as disclosed in Notes 6, 7 and 8 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 are summarised below:-

	Effective Interest Rate %	The Group	
		2020 RM	2019 RM
Floating rate term loans	3.10 - 5.65	20,289,685	22,371,624

22. LEASE LIABILITIES

	The Group 2020 RM
At 1 May 2019	
- As previously reported	-
- Initial application of MFRS 16 (Note 43)	10,726,936
- As restated	10,726,936
Additions (Note 37(a))	51,499
Interest expense recognised in profit or loss (Note 31)	395,594
Repayment of principal	(2,378,393)
Repayment of interest expense	(395,594)
Effects on foreign exchange	45
At 30 April 2020	8,400,087
Analysed by:-	
Current liabilities	2,224,044
Non-current liabilities	6,176,043
	8,400,087

The comparative information is not presented as the Group has applied MFRS 16 using the modified retrospective approach.

Certain lease liabilities of the Group are secured by the Group's motor vehicles under the hire purchase arrangements as disclosed in Note 8(d) to the financial statements, with lease terms ranging from 1 to 4 years and bore effective interest rates ranging from 2.33% to 6.25%.

23. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2019 - 30 to 120) days.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

24. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2020 RM	2019 RM (Restated)	2020 RM	2019 RM
Other payables:-				
Third parties	2,164,682	836,808	35,673	10,000
Related party	11,184	2,406	-	-
	2,175,866	839,214	35,673	10,000
Accruals	3,609,040	4,045,561	361,533	117,000
Deposits received	1,515,456	1,406,230	-	-
	7,300,362	6,291,005	397,206	127,000

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	
	2020 RM	2019 RM
Bankers' acceptances	13,583,000	6,614,000
Foreign currency loans	11,181,604	9,628,206
Hire purchase payables (Note 20)	-	367,501
Revolving credits	1,500,000	7,698,750
Term loans (Note 21)	4,140,081	2,974,216
Trust receipts	750,634	658,956
	31,155,319	27,941,629

- Bankers' acceptances are drawn for a period ranging from 60 to 183 (2019 - 29 to 141) days and bore interests ranging from 3.96% to 4.90% (2019 - 4.16% to 4.42%) per annum.
- Foreign currency loans are drawn for a period from 86 to 234 (2019 - 71 to 127) days and bore interest ranging from 1.37% to 2.85% (2019 - 3.35% to 3.69%) per annum.
- Revolving credits are drawn for a period of 182 (2019 - 272 to 273) days and bore interests of 5.35% (2019 - 4.87% to 5.65%) per annum.
- Trust receipts are drawn for a period ranging from 55 to 74 (2019 - 27 to 64) days and bore interests ranging from 2.05% to 2.30% (2019 - 2.05% to 4.85%) per annum.
- The bankers' acceptances, foreign currency loans, revolving credits and trust receipts are secured by corporate guarantee provided by the Company.

26. DERIVATIVE LIABILITIES

	Contract/Notional Amount		The Group	
	2020 RM	2019 RM	2020 RM	2019 RM
Derivative Liabilities				
Forward currency contracts	2,831,096	690,958	16,021	9,842

The Group does not apply hedge accounting.

The forward currency contract is 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 1 to 3 (2019 - 2 to 3) months after the end of the reporting period.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

27. PROVISIONS

	Product Warranties RM	Rebates RM	Staff Sales Commission RM	Relocation and Restoration Costs RM	Advertising and Promotion RM (Restated)	Others RM (Restated)	Total RM (Restated)
The Group							
At 1 May 2018	252,200	-	-	-	-	-	252,200
Acquisition of a subsidiary during the financial year (Note 35)	4,690,116	1,365,742	789,457	1,867,718	1,396,310	1,968,916	12,078,259
Provision made during the financial year	3,014,566	940,749	528,700	26,000	561,758	634,002	5,705,775
Claimed/Utilised during the financial year	(2,411,087)	(852,931)	(722,905)	-	(245,064)	(303,475)	(4,535,462)
At 30 April 2019/ 1 May 2019	5,545,795	1,453,560	595,252	1,893,718	1,713,004	2,299,443	13,500,772
Provision made during the financial year	3,558,699	4,016,744	2,445,837	-	2,590,260	1,934,905	14,546,445
Claimed/Utilised during the financial year	(1,842,514)	(5,002,959)	(2,346,507)	(1,633,639)	(1,651,664)	(1,684,798)	(14,162,081)
Reversal during the financial year	(1,242,591)	-	-	(50,000)	-	(865,625)	(2,158,216)
At 30 April 2020	6,019,389	467,345	694,582	210,079	2,651,600	1,683,925	11,726,920

(a) Product warranties

The Group provides warranty on certain products and goods bearing in-house brand names sold in the past one (1) to two (2) years. 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 the next reporting period.

(e) Advertising and promotion

Provision for advertising and promotion is in respect of the travel campaigns, signboard, banner, poster, catalogue and other premium items payable to customers upon achieving the sales target of qualifying products set by the Group.

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

(f) Others

Provision for others is in respect of the annual dinner, bonus, computer charges, royalty fee, staff training, tax fees and utilised leave based on the management's best estimate of the total amount payable as at reporting date in the next reporting period.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

28. REVENUE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Sale of goods	240,842,863	166,528,213	-	-
Rental income	537,270	317,000	-	-
Dividend income	-	-	-	3,302,141
	241,380,133	166,845,213	-	3,302,141

The other information on the disaggregation of revenue is disclosed in Note 39 to the financial statements.

29. EMPLOYEE BENEFITS

The key management personnel of the Group and of the Company include executive directors and non-executive directors.

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Directors				
<i>Directors of the Company</i>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	168,070	180,000	168,070	180,000
- salaries, bonuses and other benefits	1,776,400	2,440,399	-	-
	1,944,470	2,620,399	168,070	180,000
Defined contribution plan	151,256	246,831	-	-
	2,095,726	2,867,230	168,070	180,000
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	100,680	132,000	100,680	132,000
	2,196,406	2,999,230	268,750	312,000
<i>Directors of the Subsidiaries</i>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	120,018	123,515	-	-
- salaries, bonuses and other benefits	2,512,050	2,160,882	-	-
	2,632,068	2,284,397	-	-
Defined contribution plan	325,275	308,670	-	-
	2,957,343	2,593,067	-	-
Total directors' remuneration	5,153,749	5,592,297	268,750	312,000
Other staff costs				
Short-term employee benefits:				
- salaries, bonuses and other benefits	23,716,140	15,446,365	5,036	38
- defined contribution plan	2,864,901	1,912,534	-	-
Total other staff costs	26,581,041	17,358,899	5,036	38
Total employee benefits	31,734,790	22,951,196	273,786	312,038

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM45,700 (2019 - RM50,200).

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

30. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Impairment losses:				
- trade receivables (Note 13)	1,070,310	667,480	-	-
- other receivables (Note 14)	16,750	-	-	-
- amount owing by subsidiaries (Note 15)	-	-	1,264,197	-
Reversal of impairment losses:				
- trade receivables (Note 13)	(539,943)	(473,327)	-	-
	547,117	194,153	1,264,197	-

31. (LOSS)/PROFIT BEFORE TAXATION

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before taxation is arrived at:				
<i>After Charging</i>				
Auditors' remuneration:				
- Statutory audit:				
- current financial year	230,765	225,040	40,000	32,000
- underprovision in the previous financial year	6,605	500	8,000	-
- Non-statutory audit	5,000	45,000	5,000	45,000
Bad debt written off	2,707	5,083	-	-
Depreciation of:				
- property, plant and equipment (Note 6)	2,704,962	2,990,902	-	-
- investment properties (Note 7)	275,495	268,755	-	-
- right-of-use assets (Note 8)	2,746,457	-	-	-
Fair value loss on derivative	6,179	-	-	-
Impairment loss:				
- investment in subsidiaries	-	-	240,000	-
- goodwill (Note 11)	2,302,577	255,627	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	518,134	297,955	-	-
- foreign currency loans	365,502	270,613	-	-
- hire purchase	-	38,277	-	-
- imputed interest on advances from a subsidiary	-	-	736,877	36,370
- other payables	-	62,432	-	-
- revolving credits	200,750	209,219	-	-
- term loans	842,923	368,368	-	-
- trust receipts	21,229	16,413	-	-
Interest expense on lease liabilities (Note 22)	395,594	-	-	-
Inventories written down (Note 12)	2,641,369	422,400	-	-
Investment properties written off (Note 7)	469,036	-	-	-
Lease expenses:				
- short-term leases	729,476	-	6,000	-
- low-value assets	145,250	-	-	-
Loss on foreign exchange:				
- realised	-	2,532	-	-
- unrealised	169,857	29,479	-	-
Property, plant and equipment written off (Note 6)	870,927	67,315	-	-

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

31. (LOSS)/PROFIT BEFORE TAXATION (CONT'D)

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before taxation is arrived at (Cont'd):				
<i>After Charging (Cont'd)</i>				
Rental expense on:				
- equipment	-	74,641	-	-
- hostel	-	46,950	-	-
- premises	-	1,906,837	-	6,000
<i>After Crediting</i>				
Bad debts recovered	48,400	-	-	-
Fair value gain on derivative	-	202,935	-	-
Fair value gain on short-term investment	-	20,096	-	20,096
Gain on bargain purchase of a subsidiary (Note 35)	-	1,746,163	-	-
Gain on disposal of property, plant and equipment	144,261	50,228	-	-
Gain on foreign exchange - realised	368,822	361,781	-	-
Interest income on financial assets measured at amortised cost:				
- bank interest	99,945	108,655	1,577	3,854
- fixed deposits interest	69,452	72,741	-	26,044
- imputed interest on trade receivables	24,901	202,856	-	-
- imputed interest on advances to subsidiaries	-	-	730,093	1,139,606
Interest income of financial asset at fair value through profit or loss:				
- short-term investment	-	80,854	-	80,854
Lease income:				
- Rental income from investment properties	537,270	317,000	-	-
Reversal of inventories written down (Note 12)	26,580	-	-	-
Waiver of other payable	1,605	-	-	-

32. INCOME TAX EXPENSE

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Current tax expense	700,800	1,101,473	90,300	257,000
(Over)/Underprovision in the previous financial year	(45,171)	(122,317)	(2,886)	47,603
	655,629	979,156	87,414	304,603
Deferred tax (Note 10):				
- origination and reversal of temporary differences	550,177	(157,586)	-	-
- underprovision in the previous financial year	-	69,672	-	-
	550,177	(87,914)	-	-
	1,205,806	891,242	87,414	304,603

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

32. INCOME TAX EXPENSE (CONT'D)

A reconciliation of income tax expense applicable to the (loss)/profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
(Loss)/Profit before taxation	(5,434,407)	2,492,459	(2,150,585)	3,569,378
Tax at the statutory tax rate of 24% (2019 - 24%)	(1,304,257)	598,190	(516,140)	856,651
Tax effects of:-				
Tax-exempt income	-	-	-	(792,514)
Non-taxable income	(9,622)	(428,628)	-	(24,228)
Non-deductible expenses	1,006,552	649,524	606,440	217,091
Deferred tax assets not recognised during the financial year	1,524,438	335,014	-	-
Utilisation of deferred tax assets previously not recognised	(13,642)	(170,370)	-	-
Effects of differential in tax rates of a foreign subsidiary	47,508	(40,090)	-	-
Effects of change in corporate income tax rate	-	247	-	-
(Over)/Underprovision of income tax in the previous financial year	(45,171)	(122,317)	(2,886)	47,603
Underprovision of deferred tax in the previous financial year	-	69,672	-	-
Income tax expense for the financial year	1,205,806	891,242	87,414	304,603

Income tax is calculated at the Malaysian statutory tax rate of 24% (2019 - 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.

33. OTHER COMPREHENSIVE INCOME

	The Group	
	2020 RM	2019 RM
Items that Will be Reclassified Subsequently to Profit or Loss		
Foreign currency translation:		
- changes during the financial year	63,851	298,672
Cash flow hedge:		
- changes during the financial year	-	266,017
	63,851	564,689

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

34. (LOSS)/EARNINGS PER SHARE

	The Group	
	2020	2019
(Loss)/Profit attributable to owners of the Company (RM)	(7,063,190)	1,415,331
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 May 2019/2018	392,130,861	391,336,428
Effect of exercise of warrants	1,149,858	652,533
Weighted average number of ordinary shares at 30 April 2020/2019	393,280,719	391,988,961
Basic (loss)/earnings per share (Sen)	(1.80)	0.36

	The Group	
	2020	2019
(Loss)/Profit attributable to owners of the Company (RM)	(7,063,190)	1,415,331
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 May 2019/2018	392,130,861	391,336,428
Effect of exercise of warrants	1,149,858	652,533
Effect of rights issue of warrants	49,083,165	62,317,782
Weighted average number of ordinary shares at 30 April 2020/2019	442,363,884	454,306,743
Diluted (loss)/earnings per share (Sen)	(1.60)	0.31

35. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS

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 Supplies 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 2020 (Cont'd)

35. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONT'D)

(b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition

	The Group 2019 RM (Restated)	The Company 2019 RM
Investment in subsidiaries	-	24,490,000
Property, plant and equipment (Note 6)	7,577,036	-
Investment property (Note 7)	1,000,000	-
Other investments	136,000	-
Inventories	27,378,658	-
Trade and other receivables	25,503,065	-
Current tax assets	401,850	-
Cash and bank balances	11,936,752	-
Fixed deposits with licensed banks	3,045,625	-
Trade and other payables	(31,228,548)	-
Amount owing to former holding company	(158,557)	-
Borrowings	(4,606,190)	-
Derivative liabilities	(87,024)	-
Current tax liabilities	(3,217)	-
Provisions (Note 27)	(12,078,259)	-
Deferred tax liabilities (Note 10)	(439,232)	-
Fair value of net identifiable assets acquired	28,377,959	24,490,000
Add: Goodwill on acquisition (Note 11)	2,558,204	-
Less: Gain on bargain purchase (Note 31)	(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.

35.1 ACQUISITION OF SUBSIDIARIES

35.1.1 ACQUISITION OF BORNEO TECHNICAL CO. (M) SDN. BHD. ("BORNEO")

(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 2020 (Cont'd)

35. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONT'D)

35.1 ACQUISITION OF SUBSIDIARIES (CONT'D)

35.1.1 ACQUISITION OF BORNEO TECHNICAL CO. (M) SDN. BHD. ("BORNEO") (CONT'D)

(b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition

	The Group 2019 RM (Restated)	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	(24,252,684)	-
Amount owing to former holding company	(158,557)	-
Derivative liabilities	(87,024)	-
Provisions	(12,078,259)	-
Fair value of net identifiable assets acquired	24,996,163	18,550,000
Less: Gain on bargain purchase (Note 31)	(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

35.1.2 ACQUISITION OF WIN SOON AUTO SUPPLIERS SDN. BHD. ("WSKL")

(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

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

35. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONT'D)

35.1 ACQUISITION OF SUBSIDIARIES (CONT'D)

35.1.2 ACQUISITION OF WIN SOON AUTO SUPPLIERS SDN. BHD. ("WSKL") (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	-	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 liability	(436,104)	-
Fair value of net identifiable assets acquired	3,397,423	5,700,000
Add: Goodwill on acquisition (Note 11)	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

35.1.3 ACQUISITION OF WIN SOON AUTO SUPPLIERS (JB) SDN. BHD. ("WSJB")

(a) Fair Value of Purchase Consideration

	The Group 2019 RM	The Company 2019 RM
Total purchase consideration, was settled by cash	240,000	240,000

(b) Identifiable Assets Acquired and Liabilities Assumed and Cash Flows Arising from Acquisition

	The Group 2019 RM	The Company 2019 RM
Investment in subsidiaries	-	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 liability	(3,217)	-
Deferred tax liability	(3,128)	-
Fair value of net identifiable assets acquired	(15,627)	240,000
Add: Goodwill on acquisition (Note 11)	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

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

35. ACQUISITIONS OF SUBSIDIARIES AND NON-CONTROLLING INTERESTS (CONT'D)

35.2 ACQUISITION OF NON-CONTROLLING INTERESTS

On 8 January 2020, the Company acquired the remaining 19.83% equity interests in Borneo for RM470,000 in cash, increasing its ownership from 80.17% to 100%. The carrying amount of Borneo's net assets in the Group's financial statements on that date was RM5,426,107. The Group recognised a decrease in non-controlling interests of RM5,426,107 and an increase in retained profits of RM4,956,107.

The following summarises the effect of changes in the equity interests in Borneo that is attributable to the owners of the Company:-

	The Group 2020 RM
Equity interest at 1 May 2019	20,031,889
Effect of increase in the Company's ownership interest	4,956,107
Share of post acquisition profits	1,046,726
Equity interest at 30 April 2020	26,034,722

36. DIVIDENDS

	The Group /The Company 2020 RM	2019 RM
Final dividends of 0.2 sen per ordinary share in respect of the financial year ended 30 April 2018	-	783,835

37. CASH FLOW INFORMATION

- (a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets are as follows:-

	The Group 2020 RM	2019 RM
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 6)	2,507,361	4,491,466
Amount financed through hire purchase (Note 37(b))	-	(887,000)
	2,507,361	3,604,466
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)		51,499
Less: Addition of new lease liabilities (Note 37(b))		(51,499)
		-

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bankers' Acceptances RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire Purchase RM	Revolving Credits RM	Lease Liabilities RM	Total RM
2020								
At 1 May 2019, as previously reported	6,614,000	658,956	9,628,206	22,371,624	1,086,631	7,698,750	-	48,058,167
Effects on adoption of MFRS 16 (Note 43)	-	-	-	-	(1,086,631)	-	10,726,936	9,640,305
At 1 May 2019, as restated	6,614,000	658,956	9,628,206	22,371,624	-	7,698,750	10,726,936	57,698,472
Changes in Financing								
Cash Flows								
Proceeds from drawdown	20,499,557	87,903	34,254,800	881,323	-	-	-	55,723,583
Repayment of principal	(13,530,557)	-	(32,962,782)	(2,974,604)	-	(6,271,500)	(2,378,393)	(58,117,836)
Repayment of interests	(518,134)	(21,229)	(365,502)	(1,033,108)	-	(200,750)	(395,594)	(2,534,317)
	6,450,866	66,674	926,516	(3,126,389)	-	(6,472,250)	(2,773,987)	(4,928,570)
Non-cash Changes								
Foreign exchange adjustments	-	3,775	261,380	11,342	-	72,750	45	349,292
Acquisition of new leases (Notes 8 and 37(a))	-	-	-	-	-	-	51,499	51,499
Interest expense recognised in profit or loss (Note 31)	518,134	21,229	365,502	842,923	-	200,750	395,594	2,344,132
Interest expense capitalised under construction in progress (Note 6(c))	-	-	-	190,185	-	-	-	190,185
	518,134	25,004	626,882	1,044,450	-	273,500	447,138	2,935,108
At 30 April 2020	13,583,000	750,634	11,181,604	20,289,685	-	1,500,000	8,400,087	55,705,010

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Group	Bankers' Acceptances RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire Purchase RM	Revolving Credits RM	Other Payables RM	Total RM
2019								
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 35)	-	-	-	4,603,791	2,399	-	158,557	4,764,747
Changes in Financing Cash Flows								
Proceeds from drawdown	29,502,000	658,956	31,152,683	16,531,117	-	7,771,500	-	85,616,256
Repayment of principal	(24,349,000)	-	(30,135,376)	(2,759,424)	(246,318)	-	(158,557)	(57,648,675)
Repayment of interests	(297,955)	(16,413)	(270,613)	(436,794)	(38,277)	(209,219)	(62,432)	(1,331,703)
	4,855,045	642,543	746,694	13,334,899	(284,595)	7,562,281	(220,989)	26,635,878
Non-cash Changes								
Foreign exchange adjustments	-	-	180,119	(531,466)	2,896	(72,750)	-	(421,201)
New hire purchase (Note 37(a))	-	-	-	-	887,000	-	-	887,000
Interest expense recognised in profit or loss (Note 31)	297,955	16,413	270,613	368,368	38,277	209,219	62,432	1,263,277
Interest expense capitalised under construction in progress (Note 6(c))	-	-	-	68,426	-	-	-	68,426
	297,955	16,413	450,732	(94,672)	928,173	136,469	62,432	1,797,502
At 30 April 2019	6,614,000	658,956	9,628,206	22,371,624	1,086,631	7,698,750	-	48,058,167

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

37. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Amount Owing to Subsidiaries	
	2020 RM	2019 RM
At 1 May 2019/2018	4,484,808	-
<u>Changes in Financing Cash Flows</u>		
Advances obtained	-	5,000,000
Repayment of principal	(1,621,793)	(515,912)
Repayment of interests	(736,877)	(36,370)
	(2,358,670)	4,447,718
<u>Non-cash Changes</u>		
Interest expense recognised in profit or loss (Note 31)	736,877	36,370
At 30 April 2020/2019	2,863,015	4,484,088

(c) The total cash outflows for leases as a lease are as follows:-

	The Group 2020 RM	The Company 2020 RM
Payment of short-term leases	729,476	6,000
Payment of low-value assets	145,250	-
Interest paid on lease liabilities	395,594	-
Payment of lease liabilities	2,378,393	-
	3,648,713	6,000

(d) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2020 RM	2019 RM	2020 RM	2019 RM
Cash and bank balances	14,579,547	14,614,032	1,431,708	1,256,324
Fixed deposits with licensed banks	1,600,000	7,722,205	-	-
	16,179,547	22,336,237	1,431,708	1,256,324
Less: Fixed deposits with tenure of more than 3 months	-	(3,045,625)	-	-
	16,179,547	19,290,612	1,431,708	1,256,324

38. 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 2020 (Cont'd)

38. 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	
	2020 RM	2019 RM
Companies in which certain directors have substantial financial interests		
- lease expense paid/payable	167,300	-
- lease income received/receivable	6,000	-
- rental of premises paid/payable	-	160,800
- sales of goods	389,018	702,237
- purchases of goods	25,400	-
Directors and a family member		
- lease expense paid/payable	255,019	-
- rental of premises paid/payable	-	211,653
<hr/>		
	The Company	
	2020 RM	2019 RM
Subsidiaries		
Advances received	-	5,000,000
Advances granted	275,000	5,815,000
Dividend received	-	3,302,141
Interest expense paid/payable	736,877	36,370
Interest income received/receivable	730,093	1,139,606

39. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Managing Director as its chief operating decision maker 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 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 assesses 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 Group'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 2020 (Cont'd)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS

2020	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Revenue				
External revenue	210,287,023	30,555,840	537,270	241,380,133
Inter-segment revenue	267,873	40,908	707,500	1,016,281
	210,554,896	30,596,748	1,244,770	242,396,414
Consolidation adjustments				(1,016,281)
Consolidated revenue				241,380,133
Represented by:-				
<u>Revenue recognised at a point of time</u>				
- Sales of goods	210,554,896	30,596,748	-	241,151,644
<u>Revenue recognised over time</u>				
- Rental income	-	-	1,244,770	1,244,770
	210,554,896	30,596,748	1,244,770	242,396,414
Consolidation adjustments				(1,016,281)
Consolidated revenue				241,380,133
Results				
Segment profit/(loss) before interest and taxation	2,287,115	(1,155,417)	493,774	1,625,472
Finance costs				(4,056,158)
Unallocated expenses				(2,144,182)
Consolidation adjustments				(859,539)
Consolidated loss before taxation				(5,434,407)
Segment profit/(loss) before interest and taxation includes the followings:-				
Depreciation of investment properties	(11,619)	-	(263,876)	(275,495)
Depreciation of property, plant and equipment	(2,033,690)	(479,271)	(192,001)	(2,704,962)
Depreciation of right-of-use assets	(2,477,631)	(247,631)	(21,195)	(2,746,457)
Fair value loss on derivative	(6,179)	-	-	(6,179)
Gain on disposal of property, plant and equipment	144,261	-	-	144,261
Gain on foreign exchange - realised	294,973	73,849	-	368,822
Impairment losses on:				
- trade receivables	(830,539)	(239,771)	-	(1,070,310)
- other receivables	(16,750)	-	-	(16,750)
Interest expenses	(2,197,015)	(147,117)	-	(2,344,132)
Interest income	163,171	29,393	1,734	194,298
Inventories written down	(1,441,820)	(1,199,549)	-	(2,641,369)
Loss on foreign exchange - unrealised	(174,071)	4,214	-	(169,857)
Property, plant and equipment written off	(870,927)	-	-	(870,927)
Provisions	(14,546,445)	-	-	(14,546,445)
Reversal of impairment losses				
on trade receivables	326,918	213,025	-	539,943
Reversal of provisions	2,158,216	-	-	2,158,216
Reversal of inventories written down	26,580	-	-	26,580

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2020	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Assets				
Segment assets	186,527,669	39,497,987	132,914,524	358,940,180
Unallocated assets:				
- current tax assets				2,525,376
- deferred tax assets				410,400
- assets used for general enterprised or head office purpose				125,554
Consolidation adjustments				(126,465,294)
Consolidated total assets				<u>235,536,216</u>
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Investment properties	12,800	-	53,809	66,609
Property, plant and equipment	2,447,749	59,612	-	2,507,361
Right-of-use assets	51,499	-	-	51,499
Liabilities				
Segment liabilities	49,460,960	13,795,195	8,494,360	71,750,515
Unallocated liabilities:				
- current tax liabilities				2,239
- bankers' acceptances				13,583,000
- foreign currency loans				11,181,604
- lease liabilities				8,400,087
- revolving credits				1,500,000
- term loans				20,289,685
- trust receipts				750,634
Consolidation adjustments				(32,390,078)
Consolidated total liabilities				<u>95,067,686</u>

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2019	Automotive Electrical Parts RM (Restated)	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM (Restated)
Revenue				
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
Consolidation 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
Consolidation adjustments				(4,439,605)
Consolidated revenue				166,845,213
Results				
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	(5,705,775)	-	-	(5,705,775)
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 2020 (Cont'd)

39. OPERATING SEGMENTS (CONT'D)

BUSINESS SEGMENTS (CONT'D)

2019	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
Assets				
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 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	4,491,466
Liabilities				
Segment liabilities	58,985,866	12,972,793	9,267,784	81,226,443
Unallocated liabilities:				
- current tax liabilities				12,853
- bankers' acceptances				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>

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	
	2020 RM	2019 RM	2020 RM	2019 RM
Malaysia	193,231,161	133,269,215	71,283,059	68,688,416
Middle East and Africa	29,650,423	20,992,348	-	-
Others	18,498,549	12,583,650	3,924,743	4,156,377
	<u>241,380,133</u>	<u>166,845,213</u>	<u>75,207,802</u>	<u>72,844,793</u>

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

39. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION (CONT'D)

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At A Point in Time 2020 RM	Over Time 2020 RM	Group 2020 RM
Malaysia	192,693,891	537,270	193,231,161
Middle East and Africa	29,650,423	-	29,650,423
Others	18,498,549	-	18,498,549
	240,842,863	537,270	241,380,133

	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

MAJOR CUSTOMERS

There is no single customer that contributed 10% or more to the Group's revenue.

40. CAPITAL COMMITMENTS

	The Group 2020 RM	2019 RM
Purchase of property, plant and equipment	753,581	1,309,326

41. 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.

41.1 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. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

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	Total RM
2020				
<u>Financial Assets</u>				
Trade receivables	5,984,198	-	262	5,984,460
Cash and bank balances	816,922	51,226	388	868,536
	6,801,120	51,226	650	6,852,996
<u>Financial Liabilities</u>				
Trade payables	(10,925,113)	(1,313,684)	(1,541,280)	(13,780,077)
Short-term borrowings	(11,932,238)	-	-	(11,932,238)
	(22,857,351)	(1,313,684)	(1,541,280)	(25,712,315)
Currency Exposure	(16,056,231)	(1,262,458)	(1,540,630)	(18,859,319)
2019				
<u>Financial Assets</u>				
Trade receivables	2,251,886	-	44,352	2,296,238
Cash and bank balances	612,372	6,615	424,308	1,043,295
	2,864,258	6,615	468,660	3,339,533
<u>Financial Liabilities</u>				
Trade payables	(5,654,522)	(1,072,841)	(1,795,042)	(8,522,405)
Short-term borrowings	(16,485,912)	-	-	(16,485,912)
	(22,140,434)	(1,072,841)	(1,795,042)	(25,008,317)
Currency Exposure	(19,276,176)	(1,066,226)	(1,326,382)	(21,668,784)

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	
		2020 RM	2019 RM
Effects on (Loss)/Profit After Taxation			
USD/RM	- strengthened by 9% (2019 - 7%)	(1,116,310)	(1,036,385)
	- weakened by 9% (2019 - 7%)	1,116,310	1,036,385
EUR/RM	- strengthened by 7% (2019 - 6%)	(66,816)	(48,180)
	- weakened by 7% (2019 - 6%)	66,816	48,180
JPY/RM	- strengthened by 12% (2019 - 8%)	(145,220)	(83,549)
	- weakened by 12% (2019 - 8%)	145,220	83,549

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Risk Sensitivity Analysis (Cont'd)

		The Group	
		2020	2019
		RM	RM
Effects on Other Comprehensive Income			
SGD/RM	- strengthened by 3% (2019 - 4%)	348,546	489,374
	- weakened by 3% (2019 - 4%)	(348,546)	(489,374)

(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 amounts 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 and 25 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

		The Group	
		2020	2019
		RM	RM
Effects on (Loss)/Profit After Taxation			
	Increase of 75 (2019 - 25) basis points	(77,493)	(9,709)
	Decrease of 75 (2019 - 25) basis points	77,493	9,709

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(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 given 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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

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:-

	The Group	
	2020	2019
	RM	RM
Malaysia	44,203,548	43,995,533
Middle East and Africa	3,680,264	1,045,289
Others	4,914,127	4,972,173
	52,797,939	50,012,995

(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 and of the Company 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 using a lifetime expected loss allowance for all trade receivables.

The Group considers any receivables having financial difficulty or with significant balances outstanding for more than 270 days overdue are deemed credit impaired and assesses for their risk of loss individually.

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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables (Cont'd)

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	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2020				
Current (not past due)	24,903,829	-	(120,417)	24,783,412
1 to 90 days past due	25,717,381	-	(170,282)	25,547,099
91 to 180 days past due	2,404,271	-	(135,210)	2,269,061
181 to 270 days past due	200,153	-	(1,786)	198,367
Credit impaired	3,219,390	(3,219,390)	-	-
	56,445,024	(3,219,390)	(427,695)	52,797,939
2019				
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
Credit impaired	2,878,413	(2,878,413)	-	-
	53,203,580	(2,878,413)	(312,172)	50,012,995

The movements in the loss allowances in respect of trade receivables are disclosed in Note 13 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.

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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 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 advance 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.

The information about the exposure to credit risk and the loss allowances calculated for the amount owing by subsidiaries are summarised below:-

	Gross Amount RM	Individual Impairment RM	Carrying Amount RM
The Company			
2020			
Low credit risk	16,195,319	-	16,195,319
Credit impaired	1,264,197	(1,264,197)	-
	17,459,516	(1,264,197)	16,195,319
The Company			
2019			
Low credit risk	19,765,206	-	19,765,206

The movement in the loss allowances are disclosed in Note 15 to the financial statements.

(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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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
2020						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	20,317,134	20,317,134	20,317,134	-	-
Other payables and accruals	-	5,784,906	5,784,906	5,784,906	-	-
Lease liabilities	4.16	8,400,087	9,063,930	2,558,206	6,505,724	-
Bankers' acceptances	4.53	13,583,000	13,583,000	13,583,000	-	-
Foreign currency loans	2.30	11,181,604	11,181,604	11,181,604	-	-
Revolving credits	5.35	1,500,000	1,500,000	1,500,000	-	-
Term loans	5.29	20,289,685	24,364,587	5,057,251	13,296,684	6,010,652
Trust receipts	3.35	750,634	750,634	750,634	-	-
<u>Derivative Financial Liabilities</u>						
<u>Foreign currency contracts</u>						
(gross settled):	-	16,021	-	-	-	-
- gross payments	-	-	2,831,096	2,831,096	-	-
- gross receipts	-	-	(2,815,075)	(2,815,075)	-	-
		81,823,071	86,561,816	60,748,756	19,802,408	6,010,652
2019						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	20,303,259	20,303,259	20,303,259	-	-
Other payables and accruals	-	4,884,775	4,884,775	4,884,775	-	-
Bankers' acceptances	4.16	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	3.95	658,956	658,956	658,956	-	-
<u>Derivative Financial Liabilities</u>						
<u>Foreign currency contracts</u>						
(gross settled):	-	9,842	-	-	-	-
- gross payments	-	-	690,958	690,958	-	-
- gross receipts	-	-	(681,116)	(681,116)	-	-
		73,256,043	77,581,253	54,028,505	16,982,031	6,570,717

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

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 Company	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM
2020			
Other payables and accruals	397,206	397,206	397,206
Amount owing to subsidiaries	2,863,015	2,863,015	2,863,015
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	*	40,198,221	40,198,221
	3,260,221	43,458,442	43,458,442
2019			
Other payables and accruals	127,000	127,000	127,000
Amount owing to subsidiaries	4,484,808	4,484,808	4,484,808
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	*	52,200,669	52,200,669
	4,611,808	56,812,477	56,812,477

* 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.

41.2 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 within net debts, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2020 RM	2019 RM
Bankers' acceptances (Note 25)	13,583,000	6,614,000
Foreign currency loans (Note 25)	11,181,604	9,628,206
Hire purchase payables (Note 20)	-	1,086,631
Lease liabilities (Note 22)	8,400,087	-
Revolving credits (Note 25)	1,500,000	7,698,750
Term loans (Note 21)	20,289,685	22,371,624
Trust receipts (Note 25)	750,634	658,956
	55,705,010	48,058,167
Less: Fixed deposits with licensed banks (Note 16)	(1,600,000)	(7,722,205)
Less: Cash and bank balances	(14,579,547)	(14,614,032)
Net debt	39,525,463	25,721,930
Total equity	140,468,530	146,641,733
Debt-to-equity ratio	0.28	0.18

The debt-to-equity ratio has increased from 0.18 to 0.28 following the adoption of MFRS 16 due to the recognition of lease liabilities on 1 May 2019 while the comparative information has not been restated.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2020	
	The Group RM	The Company RM
Financial Assets		
<u>Amortised Cost</u>		
Trade receivables (Note 13)	52,797,939	-
Other receivables (Note 14)	960,240	-
Amount owing by subsidiaries (Note 15)	-	16,195,319
Fixed deposits with licensed banks (Note 16)	1,600,000	-
Cash and bank balances	14,579,547	1,431,708
	69,937,726	17,627,027
Financial Liabilities		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Derivative liabilities (Note 26)	16,021	-
<u>Amortised Cost</u>		
Trade payables (Note 23)	20,317,134	-
Other payables and accruals (Note 24)	5,784,906	397,206
Amount owing to subsidiaries (Note 15)	-	2,863,015
Bankers' acceptances (Note 25)	13,583,000	-
Foreign currency loans (Note 25)	11,181,604	-
Lease liabilities (Note 22)	8,400,087	-
Revolving credits (Note 25)	1,500,000	-
Term loans (Note 21)	20,289,685	-
Trust receipts (Note 25)	750,634	-
	81,807,050	3,260,221
2019		
	The Group RM	The Company RM
Financial Assets		
<u>Amortised Cost</u>		
Trade receivables (Note 13)	50,012,995	-
Other receivables (Note 14)	804,498	-
Amount owing by subsidiaries (Note 15)	-	19,765,206
Fixed deposits with licensed banks (Note 16)	7,722,205	-
Cash and bank balances	14,614,032	1,256,324
	73,153,730	21,021,530

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	2019	
	The Group RM	The Company RM
Financial Liabilities		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Derivative liabilities (Note 26)	9,842	-
<u>Amortised Cost</u>		
Trade payables (Note 23)	20,303,259	-
Other payables and accruals (Note 24)	4,884,775	127,000
Amount owing to subsidiaries (Note 15)	-	4,484,808
Bankers' acceptances (Note 25)	6,614,000	-
Foreign currency loans (Note 25)	9,628,206	-
Hire purchase payables (Note 20)	1,086,631	-
Revolving credits (Note 25)	7,698,750	-
Term loans (Note 21)	22,371,624	-
Trust receipts (Note 25)	658,956	-
	73,246,201	4,611,808

41.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2020	
	The Group RM	The Company RM
Financial Assets		
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(67,793)	(532,527)
Financial Liabilities		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Net losses recognised in profit or loss	(6,179)	-
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(2,384,500)	(736,877)
2019		
	The Group RM	The Company RM
Financial Assets		
<u>Amortised Cost</u>		
Net gains recognised in profit or loss	167,993	1,169,504
Financial Liabilities		
<u>Mandatorily at Fair Value Through Profit or Loss</u>		
Net gains recognised in profit or loss	303,885	100,950
<u>Amortised Cost</u>		
Net losses recognised in profit or loss	(916,484)	(36,370)

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 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		
2020								
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	20,289,685	-	20,289,685	20,289,685
Derivative liabilities:								
- forward currency contracts	-	16,021	-	-	-	-	16,021	16,021

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		
2019								
<u>Financial Liabilities</u>								
Hire purchase payables	-	-	-	-	1,086,606	-	1,086,606	1,086,631
Term loans	-	-	-	-	22,399,575	-	22,399,575	22,399,575
Derivative liabilities:								
- forward currency contracts	-	9,842	-	-	-	-	9,842	9,842

(a) Fair Value of Financial Instruments Carried at Fair Value

- (i) The fair values above have been determined using the following basis:-

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).

- (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 the Group's term 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.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

41. FINANCIAL INSTRUMENTS (CONT'D)

41.5 FAIR VALUE INFORMATION (CONT'D)

(b) Fair Value of Financial Instruments Not Carried at Fair Value (Cont'd)

- (ii) The fair values of hire purchase payables that carry fixed interest rates are determined by discounting the relevant future contractual 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:-

	The Group	
	2020 %	2019 %
Hire purchase payables	-	2.33 - 6.25

42. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The outbreak of COVID-19 in early 2020 has affected the business and economic environments of the Group. The governments and various private corporations have taken different measures to prevent the spread of the virus such as travel bans, quarantines, closures of non-essential services, social distancing and home quarantine requirements which impacted consumers' spending pattern and the Group's operations directly or indirectly. As a result, the Group's operations were temporarily closed down since 18 March 2020 due to the COVID-19 pandemic. With the implementation of Conditional Movement Control Order, the Group's operations resumed on 4 May 2020.

43. INITIAL APPLICATION OF MFRS 16

The Group has adopted MFRS 16 retrospectively from 1 May 2019 and has not restated the comparative information as permitted under the specific transition provisions in the standard. The Group had applied MFRS 16 only to contracts that were previously identified as leases under MFRS 117 'Leases' and IC Interpretation 4 'Determining Whether an Arrangement Contains a Lease'. Therefore, MFRS 16 has been applied only to contracts entered into or changed on or after 1 May 2019.

(a) Lessee Accounting

At 1 May 2019, for leases that were classified as operating leases under MFRS 117, the Group measured the lease liabilities at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rates at that date ranging from 4.05% - 4.77%. The right-of-use assets were measured at the amount equal to the lease liability.

The Group has used the following practical expedients in applying MFRS 16 for the first time:-

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Applied for the exemption not to recognise operating leases with a remaining lease term of less than 12 months as at 1 May 2019;
- Excluded initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the lease contract contains options to extend or terminate the lease.

For leases that were classified as finance leases, the Group has recognised the carrying amount of the leased asset and lease liability immediately before 1 May 2019 as the carrying amount of the right-of-use asset and the lease liability as at the date of initial application.

Notes to the Financial Statements

For the Financial Year Ended 30 April 2020 (Cont'd)

43. INITIAL APPLICATION OF MFRS 16 (CONT'D)

(a) Lessee Accounting (Cont'd)

The following table explains the difference between the operating lease commitments (determined under MFRS 117) and the lease liabilities recognised at 1 May 2019:-

	The Group RM
Operating lease commitments as at 30 April 2019	13,702,324
Discounted using the incremental borrowing rate as at 1 May 2019	12,172,888
Add: Finance lease liabilities recognised as at 30 April 2019	1,086,631
Less: Recognition exemption for short-term leases	(2,532,583)
Lease liabilities recognised as at 1 May 2019 (Note 22 and 37(b))	10,726,936

There were no financial impacts to the Group's financial statements upon the transition to MFRS 16 at the date of initial application.

(b) Lessor Accounting

The Group did not make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of MFRS 16.

These were no financial impacts to the Group's and the Company's retained earnings as at 1 May 2019.

44. COMPARATIVE FIGURES

The following figures have been reclassified to conform with the presentation of the current financial year:-

	As Previously Reported RM	Reclassifi- cation RM	As Restated RM
Consolidated Statements of Financial Position (Extract):-			
CURRENT LIABILITIES			
Other payables and accruals	10,303,452	(4,012,447)	6,291,005
Provisions	9,488,325	4,012,447	13,500,772

Note:-

Reclassification of the above accounts in accordance to their respective nature.

LIST OF PROPERTIES

AS AT 30 APRIL 2020

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/ 28 years	43,559/ 41,360	2,427	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/ 26 years	43,560/ 23,025	3,993	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/ 36 years	115,432/ 43,527	2,031	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 27.06.2117	22,395	4,073	2008 & 2013
5	PN 197652, Lot 318007 Mukim of Hulu Kinta District of Kinta State of Perak Darul Ridzuan/ No. 10, Lalan Perusahaan Menglembu 6 Kawasan Perusahaan Menglembu 31450 Menglembu Perak Darul Ridzuan	Warehouse cum office	99 years leasehold expiring on 18.06.2098/ 15 years	7,201/ 5,400	256	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/ 11 years	6,265/ 7,470	599	2008

List of Properties

AS AT 30 APRIL 2020 (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/ 9 years	1,345/ 3,887	768	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 Jln Rahmat 3 Taman Malim Jaya 75250 Melaka	Warehouse cum office	99 years leasehold expiring on 12.04.2081/ 20 years	N/A/ 1,206 each	600	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/ 9 years	1,432 each/ 3,894 each	1,604	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/ 11 years	1,604/ 4,750	739	2011
11	HS(D) 79442 PT 11320 Mukim Bandar Selayang Daerah Gombak Negeri Selangor Darul Eshan Lot 27, Jalan Perusahaan 1 Pusat Industri Amari Kawasan Perindustrian Batu Caves 68100 Batu Caves Selangor Darul Eshan	Warehouse cum office	99 years leasehold expiring on 10.02.2113/ 6 years	8,808/ 14,000	6,948	2014

List of Properties

As at 30 April 2020 (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/ 29 years	435,605/ 352,193	17,835	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/ 27 years	16,619/ 24,705	1,352	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 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/ 29 years	N/A/ 5,568	303	2015
15	GRN 540531 Lot 37460 Mukim of Kulai District of Johor Bahru State of Johor Darul Takzim No. 1051, Jalan Muhibah 1 Taman Perindustrian Muhibah 81400 Kulai Johor Darul Takzim	Terraced Factory	Freehold 2 year	2,400/ 4,800	990	2016
16	HS(D) 79428 PT 11306 Mukim Bandar Selayang Daerah Gombak Negeri Selangor Darul Eshan No. 20, Jalan Perusahaan Amari Pusat Industri Amari Kawasan Perindustrian Batu Caves 68100 Batu Caves Selangor Darul Eshan	Terraced Factory	99 years leasehold expiring on 10.02.2113/ 6 years	6,594/ 6,512	5,366	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/ 29 years	521	SGD1,176/ MYR3,593	2017

ANALYSIS OF SHAREHOLDINGS

AS AT 7 AUGUST 2020

Total Number of Issued Shares	: 405,644,611
Paid-Up Share Capital	: RM 102,382,693
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) Vote Per Ordinary Share
Number of Holders	: 2090

DISTRIBUTION OF SHAREHOLDINGS

Category	Number of Holders	%	Number of Shares Held	%
1 - 99	110	5.263	4,625	0.001
100 - 1,000	345	16.507	103,321	0.026
1,001 - 10,000	596	28.517	3,490,298	0.860
10,001 - 100,000	802	38.373	30,123,970	7.426
100,001 - 19,616,397 *	235	11.244	210,979,019	52.011
19,616,398 and above **	2	0.096	160,943,378	39.676
Total	2,090	100.000	405,644,611	100.000

* less than 5% of issued shares

** 5% and above of issued shares

DIRECTORS' SHAREHOLDINGS

As at 7 August 2020

No	Name of Director	Direct Shareholding	%	Indirect Shareholding	%
1	Ker Min Choo	97,555,203	24.049	11,982,964 [#]	2.954
2	Ker Mong Keng	85,691,841	21.125	56,000 [#]	0.014
3	Ker Meng Oi	12,904,595	3.181	-	-
4	Kek Kok Swee	3,572,800	0.881	10,521,000 [#]	2.594
5	Chai Yee Man	-	-	-	-
6	Tan Lay Beng	-	-	-	-

[#] Deemed interest in shares held by his spouse and/or children**LIST OF SUBSTANTIAL SHAREHOLDERS**

As at 7 August 2020

No	Name of Director	Direct Shareholding	%	Indirect Shareholding	%
1	Ker Min Choo	97,555,203	24.049	11,982,964 [#]	2.954
2	Ker Mong Keng	85,691,841	21.125	56,000 [#]	0.014
3	Ker Boon Kee	32,683,617	8.057	1,183,266	0.292

[#] Deemed interest in shares held by his spouse and/or children

Analysis of Shareholdings

As at 7 August 2020 (Cont'd)

THIRTY LARGEST SHAREHOLDERS

As at 7 August 2020

NO.	NAME	NUMBER OF SHARES HELD	%
1	KER MONG KENG	85,691,841	21.125
2	KER MIN CHOO	75,251,537	18.551
3	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER BOON KEE (MY0847)	17,418,017	4.294
4	KER SOO HA	16,834,972	4.150
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (8109400)	16,333,333	4.027
6	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER BOON KEE (E-JBU)	10,609,200	2.615
7	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR KEK MENG KAI, KENNICK (27962)	10,500,000	2.588
8	KER MENG OI	9,404,595	2.318
9	NG CHIT PIN	4,789,466	1.181
10	KER BOON KEE	4,656,400	1.148
11	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR KEK KOK SWEE (27032)	3,572,800	0.881
12	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MENG OI (8123728)	3,500,000	0.863
13	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (MY1335)	3,170,333	0.782
14	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER YUN (6000621)	3,083,733	0.760
15	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB BANK FOR KER HONG (PB)	3,000,000	0.740
16	MERCSEC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR SIOW WONG YEN @ SIOW KWANG HWA	2,800,000	0.690
17	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER MIN CHOO (E-JBU)	2,800,000	0.690
18	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE LEP KIONG	2,637,000	0.650

Analysis of Shareholdings

As at 7 August 2020 (Cont'd)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

As at 7 August 2020

NO.	NAME	NUMBER OF SHARES HELD	%
19	ALLIANCEGROUP NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (7001308)	2,498,866	0.616
20	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER YUN	2,450,833	0.604
21	ALLIANCEGROUP NOMINEES (ASING) SDN BHD HAN XIANJUN (8111906)	1,866,666	0.460
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE MIEN YONG (MY2322)	1,842,633	0.454
23	RHB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SENG YONG	1,766,000	0.435
24	TONG YIU HOCK	1,700,000	0.419
25	TEO LAY YOKE	1,688,000	0.416
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ISMAIL NG BIN JAAFAR NG	1,639,100	0.404
27	ONG KHENG SWEE	1,633,834	0.403
28	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE HENG HAW (8112533)	1,619,320	0.399
29	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN MARY (JBU/UOB)	1,593,433	0.393
30	ISMAIL NG BIN JAAFAR NG	1,500,000	0.370

ANALYSIS OF WARRANT HOLDINGS

AS AT 7 AUGUST 2020

Number of Unexercised Warrants	: 171,854,704
Exercise Price	: RM0.21 per warrant
Warrants Issue Date	: 17 December 2015
Expiry Date	: 16 December 2020
Number of Warrant Holders:	: 616

DISTRIBUTION OF WARRANT HOLDINGS

Category	Number of Holders	%	Number of Warrants Held	%
1 - 99	85	13.799	4,027	0.002
100 - 1,000	38	6.169	11,594	0.007
1,001 - 10,000	145	23.539	554,943	0.323
10,001 - 100,000	201	32.630	8,242,480	4.796
100,001 - 9,258,566 *	145	23.539	133,086,527	77.441
9,258,567 and above **	2	0.324	29,955,133	17.431
Total	616	100.000	171,854,704	100.000

* less than 5% of issued warrants

** 5% and above of issued warrants

DIRECTORS' WARRANT HOLDINGS

As at 7 August 2020

No	Name of Director	Direct Warrant holdings	%	Indirect Warrant holdings	%
1	Ker Min Choo	-	-	29,166 [#]	0.017
2	Ker Mong Keng	-	-	29,166 [#]	0.017
3	Ker Meng Oi	-	-	-	-
4	Kek Kok Swee	1,750,000	1.018	5,491,033 [#]	3.195
5	Chai Yee Man	-	-	-	-
6	Tan Lay Beng	-	-	-	-

[#] Deemed interest in shares held by his spouse and/or children

Analysis of Warrant Holdings

As at 7 August 2020 (Cont'd)

THIRTY LARGEST WARRANT HOLDERS

As at 7 August 2020

NO.	NAME	NUMBER OF WARRANT HELD	%
1	TAN SIOK WEE	20,463,033	11.907
2	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NEO ENG HUI (7001308)	9,492,100	5.523
3	AMSEC NOMINEES (ASING) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR KEK MENG KAI, KENNICK (27962)	5,490,800	3.195
4	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG	5,100,000	2.968
5	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN SIOK WEE (7004890)	4,759,400	2.769
6	WONG GUEY FEON	4,686,000	2.727
7	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG	4,660,000	2.712
8	LIM KIM JYE	3,926,600	2.285
9	MAYBANK NOMINES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR EYO ZHEN SIN	3,393,900	1.975
10	LEE BEE GEOK	3,254,100	1.894
11	DESMOND CHEE KAI XIAN	3,196,000	1.860
12	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GAN BO TAN	3,060,000	1.781
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD CHEW CHEE YEN	3,000,000	1.746
14	MAYBANK NOMINEES (TEMPATAN) SDN BHD LEE LEP KIONG	2,752,000	1.601
15	KOH JING HAN	2,750,000	1.600
16	MAYBANK NOMINEES (TEMPATAN) SDN BHD TAN HENG CHIA	2,600,000	1.513
17	NG YOK PING @ NEO YOK PING	2,570,000	1.495
18	ISMAIL NG BIN JAAFAR NG	2,500,000	1.455

Analysis of Warrant Holdings

As at 7 August 2020 (Cont'd)

THIRTY LARGEST WARRANT HOLDERS (CONT'D)

As at 7 August 2020

NO.	NAME	NUMBER OF WARRANT HELD	%
19	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHIN KEAN PING	2,500,000	1.455
20	NG CHIT PIN	2,469,133	1.437
21	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE CHIN LOONG (B SUNWAY-CL)	2,295,000	1.335
22	LEE LIANG HOOI	2,282,500	1.328
23	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YEN YEN	2,131,000	1.240
24	MOHD RIZAL BIN MOHD JAAFAR	1,900,000	1.106
25	ONG HAN CIN	1,889,100	1.099
26	MAYBANK NOMINEES (TEMPATAN) SDN BHD FUAN CHAI LIKE	1,865,000	1.085
27	LEE CHIN LOONG	1,760,000	1.024
28	AMSEC NOMINEES (TEMPATAN) SDN BHD KGI SECURITIES (SINGAPORE) PTE. LTD. FOR KEK KOK SWEE (27032)	1,750,000	1.018
29	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR ONG YU BENG	1,700,000	0.989
30	YONG YEE YIN	1,700,000	0.989

NOTICE OF EIGHTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Eighth Annual General Meeting (“8th 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 Tuesday, 29 September 2020 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 2020 together with the Directors’ and Auditors’ reports thereon. | (Please refer to Note 1) |
| 2. | To sanction the payment of Directors’ fees for the financial year ending 30 April 2021, to be payable on quarterly basis in arrears. | RESOLUTION 1 |
| 3. | To re-elect the following Directors who retire in accordance with Clause 104 and Clause 111 of the Company’s Constitution: | |
| | 3.1 Mr. Ker Min Choo | RESOLUTION 2 |
| | 3.2 Ms. Tan Lay Beng | RESOLUTION 3 |
| | 3.3 Mr. Chai Yee Man | RESOLUTION 4 |
| 4. | To re-appoint the retiring Auditors, Messrs Crowe Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration. | RESOLUTION 5 |

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 75 and 76 of the Companies Act 2016 | |
| | “THAT, subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered, pursuant to Section 75 and 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 6 |
| 6. | Ordinary Resolution
Proposed 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 Constitution 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 2020, 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 Eighth 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 7

7. To transact any other business for which due notice shall have been given in accordance with the Company's Constitution and the Companies Act 2016.

FURTHER NOTICE IS HEREBY GIVEN that for the purpose of determining who shall be entitled to attend the 8th 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 22 September 2020 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

LEONG SIEW FOONG (MAICSA 7007572)
SANTHI A/P SAMINATHAN (MAICSA 7069709)
Company Secretaries

Johor Bahru
28 August 2020

Notice of Eighth 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. Vote by way of poll

Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in this Notice shall be put to vote by way of poll.

3. Form of Proxy

- i. A proxy must be of full age. A proxy may but need not be a member of the Company.
- ii. A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- iii. Where a Member 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.
- iv. If the appointor is a corporation, the Form of Proxy must be executed under its Seal or under the hand of an officer or attorney duly authorised.
- v. The appointment of a proxy may be made in hard copy form or by electronic form. In the case of an appointment made in hard copy form, the Form of Proxy, duly completed 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. In the case of electronic appointment, the Form of Proxy must be deposited via TIH Online at <https://tjih.online>. Please refer to the Administrative Guide for further information on electronic submission. All Form of Proxy submitted must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the meeting or adjourned meeting at which the person named in the appointment proposes to vote.

4. Explanatory Notes on Special Business

- i. **Ordinary Resolution 1 - To sanction the payment of Director's fees for the financial year ending 30 April 2021, 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 ("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 financial year ending 30 April 2021 of RM267,000.00 payable on the quarterly basis in arrears 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 2021.

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.

- ii. **Ordinary Resolution 2, 3 and 4 – Re-election of retiring Directors**

Clause 104 of the Company's Constitution expressly states that at the Annual General Meeting ("AGM") in every subsequent year, one-third of the Directors for the time being or, if their number is not three or a multiple of three, then, the number nearest to one-third shall retire from office and be eligible for re-election. Whereas Clause 111 of the Company's Constitution provides that any Director so appointed either to fill a casual vacancy or as an addition to the existing Directors shall hold office only until the next following AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Pursuant to Clause 104 of the Company's Constitution, Mr Ker Min Choo and Ms Tan Lay Beng are standing for re-election at this AGM. The profile of Mr Ker Min Choo and Ms Tan Lay Beng are provided on page 4 and page 5 of the Board of Directors' Profile in the 2020 Annual Report.

Pursuant to Clause 111 of the Company's Constitution, Mr Chai Yee Man is standing for re-election at this AGM. The profile of Mr Chai Yee Man is provided on page 5 of the Board of Directors' Profile in the 2020 Annual Report.

Notice of Eighth Annual General Meeting (Cont'd)

iii. **Ordinary Resolution 6 - Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016**

The proposed Ordinary Resolution 6, if passed, will empower 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 6 above is a renewal of an existing mandate and there was no proceed raised from the previous mandate up to the last practicable date, 7 August 2020.

The renewal of the general mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes funding current and/or future investment projects, working capital, repayment/paring down of borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.

iv. **Ordinary Resolution 7 - Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of A Revenue or Trading Nature ("Proposed Shareholders' Mandate")**

The proposed Ordinary Resolution 7, 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 2020. 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 2020 which was circulated together with the 2020 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 EIGHTH ANNUAL GENERAL MEETING

PURSUANT TO PARAGRAPH 8.27(2) OF THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

There is no person seeking for election as Director of the Company at this Annual General Meeting except for the following Directors standing for re-election as follows:

- | | | |
|-----|------------------|-----------------------|
| (a) | Mr. Ker Min Choo | (RESOLUTION 2) |
| (b) | Ms. Tan Lay Beng | (RESOLUTION 3) |
| (c) | Mr. Chai Yee Man | (RESOLUTION 4) |

Further details of the above named Directors who are standing for re-election and their securities holdings in the Company are set out in the Profile of Directors on page 4 and 5 of this Annual Report respectively.

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SOLID AUTOMOTIVE BERHAD
 Registration No. 201201032237 (1016725-P)
 (Incorporated in Malaysia)

FORM OF PROXY

No of Shares Held	CDS Account No.

*I/We *NRIC No./Passport No./Company No. of
 and telephone no./email address
 being a *member/members of **SOLID AUTOMOTIVE BERHAD** (the "Company"), hereby appoint:

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

*and/or

Full Name and Address (in Block Letters)	NRIC/Passport No.	No. of Shares	% of Shareholding

or failing *him/her, THE CHAIRMAN OF THE MEETING as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Eighth Annual General Meeting of the Company, to be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Tuesday, 29 September 2020 at 10.00 a.m., or at any adjournment thereof.

Please indicate with an "x" in the appropriate space(s) provided below on how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain from voting at *his/her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1	Payment of Directors' Fees		
2	Re-election of Retiring Director - Ker Min Choo		
3	Re-election of Retiring Director - Tan Lay Beng		
4	Re-election of Retiring Director - Chai Yee Man		
5	Re-appointment of Retiring Auditors, Crowe Malaysia PLT		
6	Authority to issue shares pursuant to Section 75 and Section 76 of the Companies Act 2016		
7	Proposed Shareholders' Mandate		

Signed this day of, 2020

.....
 Signature of Member/Common Seal of Member

*Strike out whichever is not desired.

Notes:

- A proxy must be of full age. A proxy may but need not be a member of the Company.
- A member entitled to attend, participate, speak and vote is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote instead of him. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy.
- Where a Member 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.
- If the appointor is a corporation, the Form of Proxy must be executed under its Seal or under the hand of an officer or attorney duly authorised.
- To be valid, the Form of Proxy, duly completed 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 forty-eight (48) hours before the time appointed for holding the meeting.
- For the purpose of determining who shall be entitled to attend the 8th 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 22 September 2020 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.
- Please bring along the ORIGINAL of the following documents (whichever applicable) for verification purposes at the registration counter:-
 - Identity Card (NRIC for Malaysian), or
 - Police report (for loss of NRIC for Malaysian), or
 - Passport (for Foreigner).

Please Fold Here

Affix
stamp

The Company Secretaries
SOLID AUTOMOTIVE BERHAD
Registration No. 201201032237 (1016725-P)
Suite 9D, Level 9
Menara Ansar
65, Jalan Trus
80000 Johor Bahru
Johor Darul Taksim, Malaysia

Please Fold Here



www.solidautomotive.com



岩石汽车工业集团

SOLID AUTOMOTIVE BERHAD

Registration No. 201201032237 (1016725-P)

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