



岩石汽车工业集团

**SOLID AUTOMOTIVE BERHAD**

REGISTRATION NO. 201201032237 (1016725-P)

THE SPECIALIST IN AUTOMOTIVE PARTS

# 2023 ANNUAL REPORT



**ACCELERATING  
EXCELLENCE**

- 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.



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

# MISSION VISION



Access the full version of this report, or view a summary of our FYE 2023 performance at [www.solidautomotive.com](http://www.solidautomotive.com)



# 11<sup>TH</sup> ANNUAL GENERAL MEETING OF

## SOLID AUTOMOTIVE BERHAD

### VENUE

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

### DATE & TIME

Wednesday, 27 Sep 2023 at 10.00 a.m.

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**Form of Proxy**



## CORPORATE INFORMATION



# BOARD OF DIRECTORS

**Mr. Ker Min Choo**
*Managing Director*
**Mr. Ker Keddy**
*Executive Director*
**Mr. Ker Hong**
*Alternate Director to Mr. Ker Min Choo (Resigned on 16 June 2023)*
*Executive Director (Appointed on 16 June 2023)*
**Mr. Ker Shilong**
*Executive Director (Appointed on 16 June 2023)*
**Ms. Tan Lay Beng**
*Independent Non-Executive Director*
**Mr. Chai Yee Man**
*Independent Non-Executive Director*
**Ms. Tan Siew Peng**
*Independent Non-Executive Director (Appointed on 16 June 2023)*
**Mr. Ker Mong Keng**
*Executive Director (Resigned on 16 June 2023)*
**Mr. Kek Kok Swee**
*Independent Non-Executive Chairman (Resigned on 31 March 2023)*
**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  
Email : boardroom-kl@  
boardroomlimited.com

**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  
Al Rajhi Banking & Investment  
Corporation (Malaysia) Bhd  
Hong Leong Bank Berhad  
CIMB Bank Berhad  
Malayan Banking Berhad  
Maybank Singapore Limited  
Public Bank 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**

**AUDIT COMMITTEE**
Chairperson

Ms. Tan Lay Beng

Members

Mr. Chai Yee Man  
Ms. Tan Siew Peng  
(Appointed on 16 June 2023)  
Mr. Kek Kok Swee  
(Resigned on 31 March 2023)

**REMUNERATION COMMITTEE**
Chairperson

Ms. Tan Siew Peng  
(Appointed on 16 June 2023)

Members

Ms. Tan Lay Beng  
(Redesignated from Chairman to  
Member on 16 June 2023)  
Mr. Chai Yee Man  
Mr. Kek Kok Swee  
(Resigned on 31 March 2023)

**NOMINATION COMMITTEE**
Chairman

Mr. Chai Yee Man

Members

Ms. Tan Lay Beng  
Ms. Tan Siew Peng  
(Appointed on 16 June 2023)  
Mr. Kek Kok Swee  
(Resigned on 31 March 2023)

**COMPANY SECRETARIES**

**Ms. Santhi A/P Saminathan**  
(MAICSA 7069709)

**Ms. Tai Yit Chan**  
(MAICSA 7009143)

**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

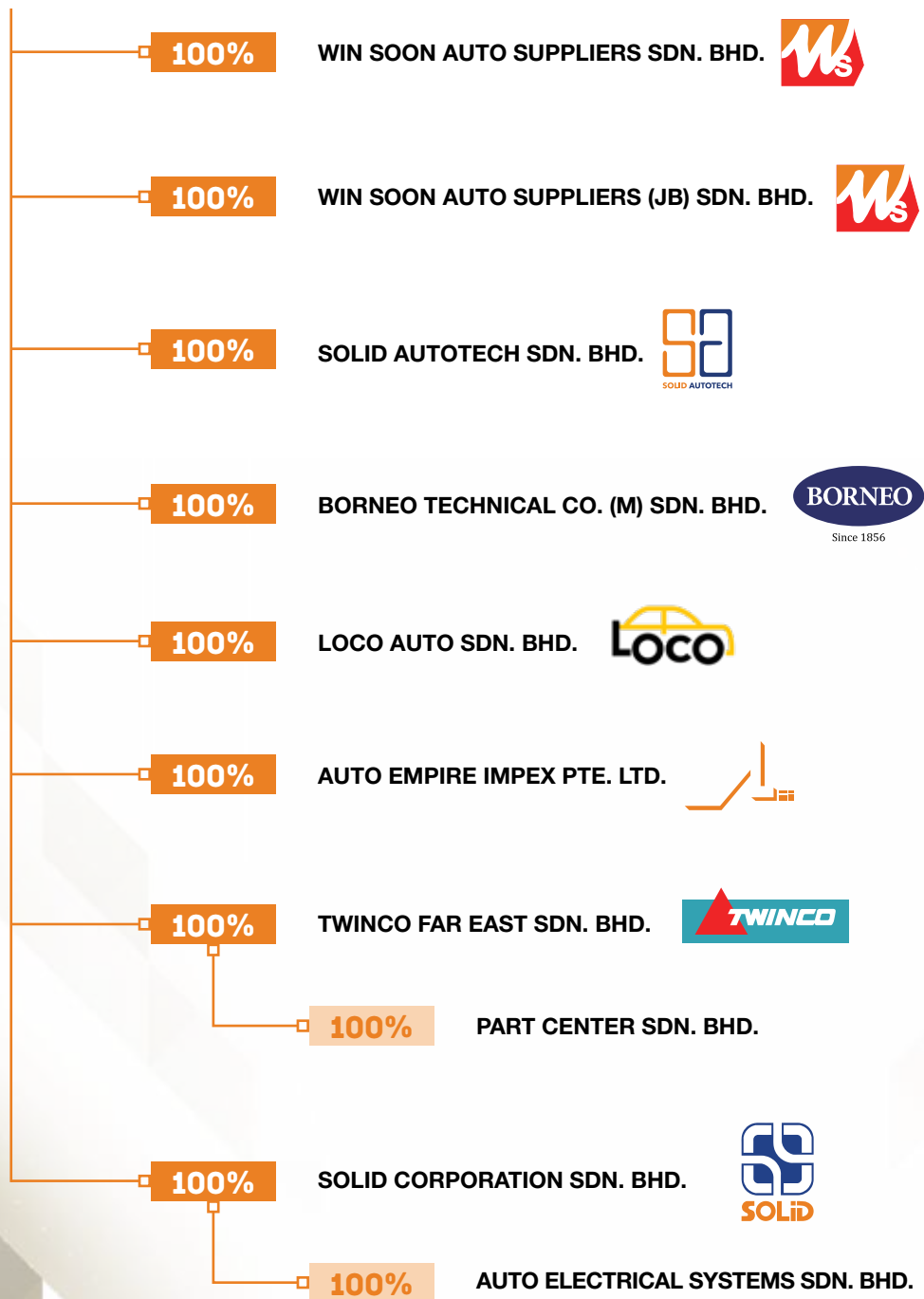
Tel : (603) 2783 9299  
Fax : (603) 2783 9222  
Email : is.enquiry@my.tricorglobal.com

**CORPORATE STRUCTURE**



岩石汽车工业集团

**SOLID AUTOMOTIVE BERHAD**  
Registration No. 201201032237 (1016725-P)



## DIRECTORS' PROFILE

### MR. KER MIN CHOO

*Managing Director*

Aged 61, Malaysian, Male

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 Boon Kee (a substantial shareholder) who is his siblings, Mr. Ker Keddy (a director of the Company) and Mr. Ker Shiloong (a director of the Company) who are his nephews, Mr. Ker Hong (a director of the Company) who is his son, 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 2023.

### MR. KER KEDDY

*Executive Director*

Aged 42, Malaysian, Male

He was appointed to the Board on 1 May 2021.

He holds a Bachelor's Degree in Management from University of Kinki, Japan.

Mr. Ker Keddy has 15 years of experience in the commercial and truck spare parts industry.

Mr. Ker Keddy does not have any family relationship with any Director or substantial shareholder of the Company except for

Mr. Ker Min Choo (a director of the Company) who is his uncle, Mr. Ker Boon Kee (a substantial shareholder) who is his father, Mr. Ker Hong and Mr. Ker Shiloong (both are directors of the Company) who are his cousins, 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 2023.

### MR. KER HONG

*Executive Director*

Aged 36, Malaysian, Male

He was appointed to the Board on 17 January 2022 as alternate director of Mr. Ker Min Choo and resigned on 16 June 2023. On the same date, he was appointed to the Board as Executive Director.

He holds a Bachelor's Degree in Electrical and Electronics Engineering from University of Adelaide, Australia and a Master of Business Administration specializing in Strategic Management from University of Technology Malaysia (UTM), Malaysia.

Mr. Ker Hong was appointed as the Purchasing Manager at Solid Corporation Sdn Bhd in March 2012, with the additional responsibility of serving as the Quality Management Representative (QMR) in charge of implementing and maintaining the ISO 9001 system. Following his tenure at Solid Corporation Sdn Bhd, he transitioned to Borneo Technical Co. (M) Sdn Bhd in January 2019, where he currently holds

the esteemed position of Chief Operating Officer (COO) within the organization. His professional journey is marked by a remarkable 11-year tenure in the automotive aftermarket industry, which has endowed him with a wealth of valuable experience.

Mr. Ker Hong does not have any family relationship with any Director or substantial shareholder of the Company except for Mr. Ker Min Choo (a director of the Company) who is his father, Mr. Ker Boon Kee (a substantial shareholder) who is his uncle, Mr. Ker Keddy and Mr. Ker Shiloong (both are directors of the Company) who are his cousins, 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 2023.

**DIRECTORS' PROFILE (CONT'D)****MR. KER SHILOONG***Executive Director*

Aged 35, Malaysian, Male

He was appointed to the Board on 16 June 2023.

He has a Bachelor of Science in Business from the University of London, UK and an Executive Master of Business Administration from Quantic School of Business and Technology, USA.

With 12 years of experience in the spare parts for commercial vehicles segment, Mr. Ker Shiloong brings valuable expertise to the Board. His extensive knowledge and comprehensive understanding of this industry equips him with invaluable insights into the intricacies and dynamics of this specific sector.

Mr. Ker Shiloong does not have any family relationship with any Director or substantial shareholder of the Company except for Mr. Ker Min Choo (a director of the Company) and Mr. Ker Boon Kee (a substantial shareholder) who are his uncles, Mr. Ker Keddy and Mr. Ker Hong (both are directors of the Company) who are his cousins, 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 did not attend any Board meetings held during the financial year ended 30 April 2023.

**MS. TAN LAY BENG***Independent Non-Executive Director*

Aged 69, Malaysian, Female

She was appointed to the Board on 18 August 2014. She is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee.

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 2023.

## DIRECTORS' PROFILE (CONT'D)

### MR. CHAI YEE MAN

*Independent Non-Executive Director*

Aged 45, Malaysian, Male

He was appointed to the Board on 26 February 2020. He is the Chairman of the Nomination Committee and a member of the Audit Committee and the Remuneration Committee.

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 2003 and with Messrs T.G. Koh, Chai & Song as a 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 and its group of companies as their legal adviser from 2010 to 2014. In 2015, he joined Messrs Choo & K.C. Kok as a partner and he is now 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.

Mr. Chai Yee Man 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 2023.

### MS. TAN SIEW PENG

*Independent Non-Executive Director*

Aged 54, Malaysian, Female

She was appointed to the Board on 16 June 2023. She is the Chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee.

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

She has 30 years' experience in the areas of financial management, treasury management, tax planning and compliance as well as enterprise risk management. She started her career with Price Waterhouse Johor Bahru in 1994 before transiting into the commercial sector where she held senior positions in companies involved in the electronics, construction and property development activities.

Currently, as the Assistant Director of Finance in the Southern Region for the UMLand Group, she is entrusted with the role to take charge of the Finance Division of all UMLand's townships in the Southern Region.

She is the Independent Non-Executive Director of Ingenieur Gudang Berhad where she held the position of Chairman of the Audit Committee and a member of the Nomination Committee and Remuneration Committee since her appointment in March 2019.

Ms. Tan Siew Peng 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 did not attend any Board meetings held during the financial year ended 30 April 2023.



## PROFILE OF KEY SENIOR MANAGEMENT

### MR. LIEW CHEONG SENG

Chief Operating Officer - Solid Corporation Sdn. Bhd.

Aged 45, Malaysian, Male

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. LOO CHEE HOW

Director - Win Soon Auto Suppliers Sdn. Bhd. /  
Win Soon Auto Suppliers (JB) Sdn. Bhd.

Aged 55, Malaysian, Male

Date Appointed as Key Senior Management:  
Year 2019

Qualification:  
Sijil Pelajaran Malaysia (SPM)

Working Experience:  
• Sales Representative in SM Mechanical (M) Sdn. Bhd. since 1990  
• Sales Representative in APM Auto Parts Marketing (Malaysia) Sdn. Bhd. since 1992  
• Director of Win Soon Auto Suppliers Sdn. Bhd. / Win Soon Auto Suppliers (JB) Sdn. Bhd. since 2009

Mr. Loo Chee How 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 MENG OI

Chief Operating Officer - Loco Auto Sdn. Bhd.

Aged 59, Malaysian, Male

Date Appointed as Key Senior Management:  
Year 2022

Qualification:  
Bachelor of Business Administration (Boise State University, USA)

Working Experience:  
• Solid Corporation Sdn. Bhd. since 1989  
• Chief Operating Officer of Loco Auto Sdn. Bhd. since 2022.

Mr. Ker Meng Oi 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 except for Mr. Ker Min Choo (a director of the Company) and Mr. Ker Boon Kee (a substantial shareholder) who are his siblings, Mr. Ker Keddy, Mr. Ker Hong and Mr. Ker Shiloong (directors of the Company) who are his nephews, 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.

### MR. MAH KOK MING

Director - Win Soon Auto Suppliers Sdn. Bhd. /  
Win Soon Auto Suppliers (JB) Sdn. Bhd.

Aged 47, Malaysian, Male

Date Appointed as Key Senior Management:  
Year 2019

Qualification:  
Sijil Pelajaran Malaysia (SPM)

Working Experience:  
• Sales Representative in Gee Heng Trading since 1995  
• Sales Representative in Poal & Yik Auto Parts (M) Sdn. Bhd. since 1996  
• Sales Representative in German Auto Electric Sdn. Bhd. since 1997  
• Sales Representative in APM Auto Parts Marketing (Malaysia) Sdn. Bhd. since 2000  
• Director of Win Soon Auto Suppliers Sdn. Bhd. / Win Soon Auto Suppliers (JB) Sdn. Bhd. since 2008

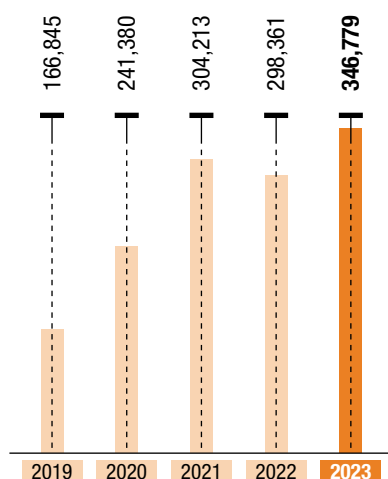
Mr. Mah Kok Ming does not hold any directorships in public companies or listed issuers.

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.

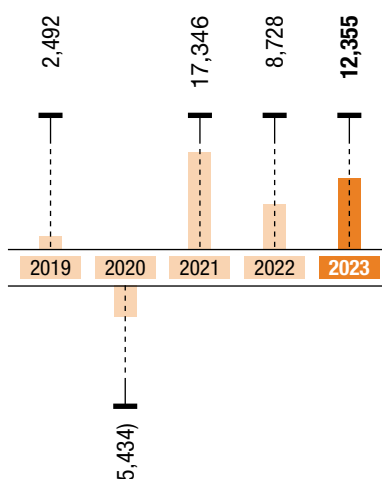
## FINANCIAL HIGHLIGHTS

Financial Year Ended 30 April						
		2019	2020	2021	2022	2023
Revenue	RM'000	166,845	241,380	304,213	298,361	<b>346,779</b>
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	RM'000	7,193	2,753	24,278	15,167	<b>20,431</b>
Profit/(Loss) Before Taxation (PBT/LBT)	RM'000	2,492	(5,434)	17,346	8,728	<b>12,355</b>
Profit/(Loss) After Taxation (PAT/LAT)	RM'000	1,601	(6,640)	15,444	6,646	<b>9,691</b>
Profit/(Loss) Attributable to Owners of the Company	RM'000	1,415	(7,063)	15,481	6,661	<b>9,691</b>
Shareholders' Equity	RM'000	141,565	140,395	181,847	187,164	<b>196,028</b>
Total Assets	RM'000	234,818	235,536	250,889	288,221	<b>293,272</b>
Net Assets Per Share	RM	0.36	0.35	0.35	0.36	<b>0.38</b>
Basic Earnings/(Loss) Per Share	sen	0.36	(1.80)	3.42	1.28	<b>1.87</b>
Dividend Per Share	sen	-	-	0.30	-	<b>0.30</b>

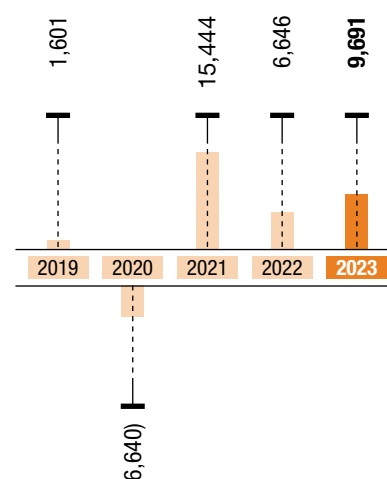
**Revenue**  
(RM'000)



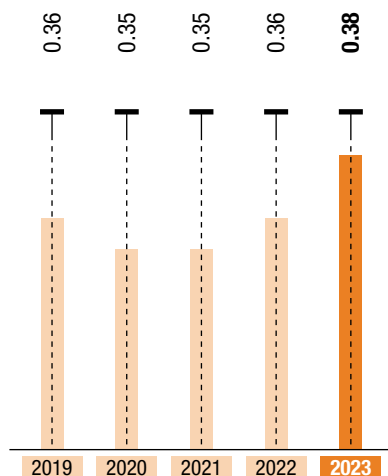
**Profit/(Loss) Before Taxation**  
(PBT/LBT) (RM'000)



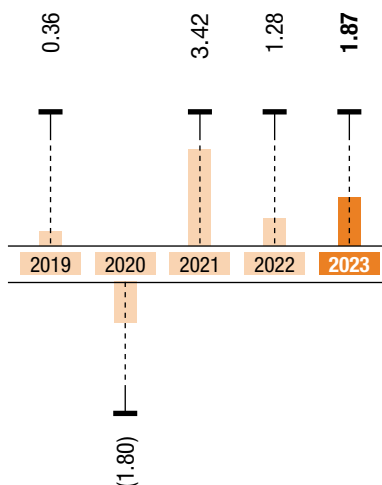
**Profit/(Loss) After Taxation**  
(PAT/LAT) (RM'000)



**Net Assets Per Share**  
(RM)



**Basic Earnings/(Loss) Per Share**  
(SEN)



## STATEMENT ON MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW



Solid Automotive Berhad (“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 service, electrical, spare and related parts (“AE”) for passenger and commercial vehicles - involved in the trading and distribution of automotive batteries, lubricants, electrical parts, spare parts and components;
- Automotive engine and mechanical parts (“AEM”) for commercial vehicles - involved in the trading and distribution of automotive engine and mechanical parts and components; and
- Others - involved in the management of investment and properties holding and provision of management services trading and distribution of industrial supplies.

### REVIEW OF OPERATING ACTIVITIES

In the Financial Year (“FY”) 2023, the automotive aftermarket for parts and components is relatively stable despite the on-going macro-economy issues.

With high adaptability, the Group managed to gain more market share from local and South East Asia (“SEA”) markets. At the end of the financial year under review, the Group has 29 branches/outlets throughout Malaysia and 1 subsidiary in Singapore. As a result, revenue of the Group has increased compared to the previous year. AE segment remains as the main contributor of revenue, accounted for approximately 84% of total revenue, while AEM segment accounted for approximately 10% of total revenue.

### FINANCIAL RESULTS AND CONDITIONS

#### Revenue

The Group’s revenue for FY 2023 increased to RM346.779 million, an increase of 16% as compared to RM298.361 million in FY 2022.

The revenue was predominantly from domestic sales, which made up of RM300.072 million for FY 2023, an increase of RM42.565 million or 16.53% as compared to RM257.507 million for FY 2022. The increase was primarily contributed by new marketing strategies, products and customer groups.

Additionally, international sales increased from RM40.854 million in FY 2022 to RM46.706 million in FY 2023, an increase of RM5.852 million or 14.32%, mainly due to captured demand in SEA market and exposures in international exhibitions.

#### Profit Before Tax

Profit before tax of the Group for FY 2023 was RM12.355 million, an increase of RM3.627 million as compared to RM8.728 million in FY 2022, mainly due to the higher revenue achieved.

#### Financial Position

Inventories of the Group increased by RM19.826 million to RM103.965 million as at end of FY 2023. Inventory turnover days increased to 140 days as compared to 133 days as at end of FY 2022. This led to higher short-term borrowing and lower cash and cash equivalents. The Group expects better sales in H1 2024.

As at end of FY 2023, cash and cash equivalents of the Group decreased from RM39.319 million to RM28.518 million mainly due to purchase of inventories.

Borrowings from financial institutions of the Group increased by RM5.753 million, from RM49.631 million to RM55.384 million, as at end of FY 2023 mainly due to increased trade financing for working capital purposes. The Group’s debt-to-equity ratio stood at 0.162 times as at end of FY 2023 compared to 0.083 times as at end of FY 2022.

The Group continues to exercise prudence in its financial management as part of its strategic objectives in building and maintaining a strong financial position.

#### Capital Structure

During FY 2023, there were no changes to the capital. No share options under the ESOS were granted by the Company.

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

### ANTICIPATED OR KNOWN RISKS

#### 1. Competition Risks

The automotive aftermarket for parts and components in Malaysia (which includes the automotive aftermarket for electrical and non-electrical parts and components) is large, 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 with low entry barrier 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 enhanced our supply chain management to create a sustainable competitive advantage in the automotive aftermarket.

#### 2. Technological Risks

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

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

Our Group strives to keep abreast with the latest development in the industry. We actively participate in various international trade fairs and exhibitions to get the necessary industry exposures and seek feedback from our customers in respect of their new product requirements.

#### 3. Foreign Exchange Risks

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

To mitigate this risk, we maintain foreign currency accounts for the purposes 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 whenever possible. We constantly monitor our foreign exchange exposures and will continue to evaluate the requirement for hedging our foreign currency exposures taking into account the foreign currency, transaction cost and period amongst other factors.

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

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

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

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

Current on-going global issues, such as Russia-Ukraine war, United States-China trade tension, inflation, interest rate hike, climate change, political instability and volatilities in currencies, lead to market uncertainties.

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.



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

### ANTICIPATED OR KNOWN RISKS (Cont'd)

#### 5. Dependence on Key Management Personnel

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

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

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

### FORWARD LOOKING STATEMENT

From the current market and economic outlook, the Group is anticipating a challenging economic environment in both Malaysia and overseas market. Uncertainties from above mentioned unstable global political and economic environment have risen over the past few years with events that are creating a spill over effect to the Group. 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 apply its sales and marketing strategies to boost its market presence and promote its established in-house brands and leverage on their reputations to achieve improved market penetration.

#### *International market*

The Group continuously monitors developments in our key overseas markets on the political, economic and regulatory front. We actively promote our products and brand names with a focus on ASEAN region. Additionally, we will aggressively participate in international automotive exhibitions.

#### *Others*

The Group continuously and actively seeks to expand its product range to provide its customers with the widest range of automotive aftermarket parts and increases efforts to enhance its supply chain management, productivity and cost management.

Developing new product groups which are suitable for both Internal Combustion Engines and Electric Vehicles is one of our main strategies.

### DIVIDEND POLICY

On 11 January 2023, the Company has declared an interim single tier dividend of RM0.0030 per ordinary share, amounting to RM1,558,109 in respect of FY 2023.

The Board does not recommend the payment of any final dividend for FY 2023.

### 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.

**MR. 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 and with reference to the Sustainability Reporting Guide (2<sup>nd</sup> 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 adopted by the Group during financial year ended 30 April 2023 and status of discussed formal sustainability management process for the Group’s operations. The Board has yet to undertake a formal material sustainability assessment of sustainability matters for the Group and is committed to perform such assessment by stages and report the outcome in accordance with MMLR and the Guide in the near future.

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



The governance structure defines clearly on the roles and responsibilities expected of the Board, Audit Committee, 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 in the near future, the RMC will present formal sustainability management process, framework and strategies for approval by the Board; lead and implement the process of sustainability management and monitor and devise appropriate action plans; 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; implement the material sustainability matters’ indicator and the targeting and monitoring thereof; prepare the sustainability disclosures and ensure that the relevant sustainability trainings are provided.

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

## SUSTAINABILITY STATEMENT (CONT'D)

### SUSTAINABILITY MANAGEMENT ACTIVITY

As at the date of this Statement, the Board has in place an informal Sustainability Framework. To ensure appropriate implementation, the Group is taking a soft-landing approach, including but not limited to structuring, developing and managing its human capital. Even though discussed formal sustainability management process has yet to be implemented, the Group targets to finalise it in the near future. The Board has yet to undertake a formal material sustainability assessment to determine material sustainability matters that are of importance to the Group's internal and external stakeholders. The Board is committed to perform formal material sustainability assessment upon the formalisation of sustainability assessment process and to report the sustainability assessment activities undertaken, the performance indicator(s) and target(s) used to measure progress, the actual performance with comparison to preceding financial year(s) and target(s), effectiveness or efficiency of the policies, measures or actions taken to manage associated sustainability risks in near future.

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 mitigating actions had been formulated by the Management to address the potential sustainability risk(s). Based on the above processes, the sustainability matters were identified through informal stakeholder engagement activities, operational and management reporting systems and key risk profiles 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 issued by Bursa Malaysia with necessary adaption based on the nature and scale of the businesses of the Group.

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

Stakeholders Group	Engagement Objective(s)	Preferred Engagement Method(s)
Investor	<ul style="list-style-type: none"> <li>To demonstrate financial sustainability</li> <li>Transparent reporting with credible data</li> <li>To increase shareholders' and investors' confidence</li> </ul>	<ul style="list-style-type: none"> <li>Annual report</li> <li>Annual general meeting</li> <li>Shareholder communication</li> <li>Press releases and public announcements</li> </ul>
Board of Directors	<ul style="list-style-type: none"> <li>Business Strategy</li> <li>Financial performance</li> </ul>	<ul style="list-style-type: none"> <li>Board meetings</li> <li>General meetings</li> <li>Electronic mail system</li> </ul>
Employees	<ul style="list-style-type: none"> <li>To retain competent employees</li> <li>To ensure a safe working environment for employees</li> </ul>	<ul style="list-style-type: none"> <li>Management, operational and committee meetings</li> <li>Annual performance appraisal</li> <li>Briefing and training</li> <li>Memorandums</li> <li>Employee dialogues</li> <li>Electronic mail system</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>To ensure a sustainable supply of quality services and materials</li> <li>To supply high quality products to the market</li> <li>To ensure product quality and safety</li> </ul>	<ul style="list-style-type: none"> <li>Meetings</li> <li>Factory visits</li> </ul>
Customers	<ul style="list-style-type: none"> <li>To improve our distribution platform</li> <li>To have competitive pricing</li> <li>To ensure customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Marketing plans</li> <li>Product promotions</li> <li>Events and training</li> <li>Feedback and surveys</li> </ul>
Media	<ul style="list-style-type: none"> <li>To minimise negative reporting and protect the Group image</li> <li>To ensure reporting accuracy</li> </ul>	<ul style="list-style-type: none"> <li>Press releases</li> <li>Company website and social media</li> <li>Meetings</li> </ul>

## SUSTAINABILITY STATEMENT (CONT'D)

### STAKEHOLDERS' ENGAGEMENT (CONT'D)

Stakeholders Group	Engagement Objective(s)	Preferred Engagement Method(s)
Financial institutions	<ul style="list-style-type: none"> <li>To provide financing to the group</li> </ul>	<ul style="list-style-type: none"> <li>Annual report</li> <li>Press releases and public announcements</li> <li>Meetings</li> </ul>
Industry peers	<ul style="list-style-type: none"> <li>To maintaining the business value, price advantage and market share</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates</li> <li>Marketing resurvey</li> </ul>
Government and local authorities	<ul style="list-style-type: none"> <li>To ensure full compliance with the relevant laws and regulations</li> </ul>	<ul style="list-style-type: none"> <li>Official Submissions</li> <li>Official Letters</li> <li>Public dialogue involving government officials</li> <li>Public announcements</li> <li>Meetings</li> <li>Electronic mail system</li> </ul>
Local community	<ul style="list-style-type: none"> <li>To improve the overall well-being of the community</li> </ul>	<ul style="list-style-type: none"> <li>Social activities organised by the Group's CSR Committee</li> <li>Press releases.</li> </ul>
Trade associations	<ul style="list-style-type: none"> <li>To maintain fair competition</li> <li>To communicate and provide feedback the trade associations</li> </ul>	<ul style="list-style-type: none"> <li>Trade member meetings</li> <li>Electronic mail system</li> </ul>

The Board will continually seek to improve stakeholder engagement.

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

#### A. ECONOMIC



The Board recognises the importance in supporting the growth of local economy where the Group is operating in, and one of the ways is to encourage the development of local talents. It is the practice of the group to provides employment opportunity and priority to the locals, and to attract such local talents. Competitive remuneration package, trainings and career development are in place to attract and develop locals to work in the Group and for their career development. As at 30 April 2023, the Group and its network of over 29 locations/branches/outlets located throughout Malaysia and 1 subsidiary in Singapore employed 508 local employees.

In line with 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.

#### B. ENVIRONMENT



The Group is committed to comply with the relevant environmental laws and regulatory requirements of relevant authorities where 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 2023 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"; and
- 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).

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 environmental 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.



## SUSTAINABILITY STATEMENT (CONT'D)

### C. SOCIAL



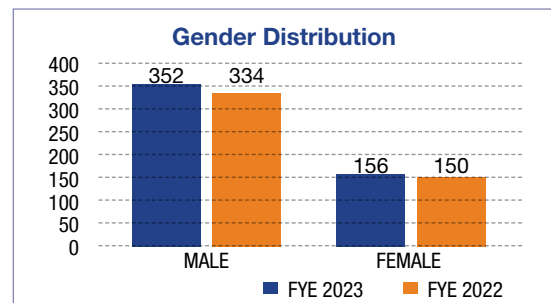
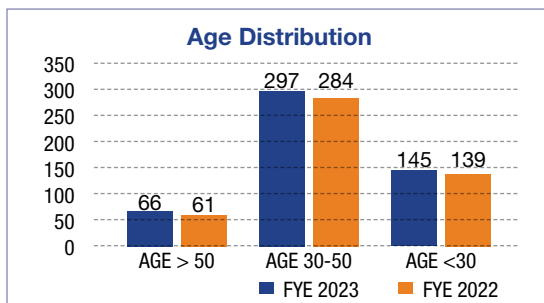
#### i. Our People and Workforce

The Board recognises that the 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. A Formal Employee Handbook is 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.

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.

#### 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 policy. 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)

### 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, 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 risk identification, assessment and control 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);
- In-house reliability laboratory for quality control;
- Product Traceability for some of our products through engraving/markings 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 the communities. The Company will continue to invest in community programmes and other corporate social responsibility initiatives, with the intention 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 2021 (“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 MCCG. The CG Report is available for download from the Company’s website at [www.solidautomotive.com](http://www.solidautomotive.com).

The following disclosure statements provides an overview of the Company’s application of the Principles set out in MCCG that has been in place throughout the financial year ended 30 April 2023, 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 Nomination 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 Nomination Committee in ensuring an effective and well-balanced board composition.

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

The Board is assisted by a qualified Company Secretary and the details of the Company Secretary are disclosed in Practice 1.5 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, Chairman 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 reviews the Board Charter as and when required. The latest Board Charter is available on the company's website at [www.solidautomotive.com/investor\\_relations](http://www.solidautomotive.com/investor_relations).

- **Code of Conduct, Whistle-blowing Policy and Anti-Bribery & Corruption 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)

The formal Anti-bribery & Corruption policy aims to prevent corruption by establishing clear guidelines, promoting ethical behaviour, and ensuring compliance with anti-bribery laws. It safeguards the organisation's reputation, builds trust, and fosters a culture of integrity while mitigating legal risks and promoting fair competition in business practices.

- **Code of Conduct, Whistle-blowing Policy and Anti-Bribery & Corruption Policy**

At the same time, the Board has in accordance with the requirements of Paragraph 15.29 of Listing Requirement of Bursa Securities adopted the Anti-Bribery and Anti-Corruption Policy, to prevent corrupt practices, and to provide a measure of assurance and a defence against corporate liability for corruption under Section 17A of the Malaysian Anti-Corruption Commission Act 2009 and Malaysian Anti-Corruption Commission (Amendment) Act 2018.

The Code of Conduct, Whistle-blowing policy and Anti-Bribery & Corruption Policy are published on the Company's website at the Investor Relations section at [www.solidautomotive.com](http://www.solidautomotive.com).

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

Please refer to Practice 3.1 of CG Report for details.

- **Board Meetings**

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

Name of Members	Designations	No. of Meetings Attended
Mr. Kek Kok Swee	Chairman, Independent Non-Executive Director (Resigned on 31 March 2023)	5/5
Ms. Tan Lay Beng	Independent Non-Executive Director	5/5
Mr. Chai Yee Man	Independent Non-Executive Director	5/5
Mr. Ker Min Choo	Managing Director	5/5
Mr. Ker Mong Keng	Executive Director (Resigned on 16 June 2023)	5/5
Mr. Ker Keddy	Executive Director	5/5
Mr. Ker Hong	Executive Director (Appointed on 16 June 2023)	0/0
Mr. Ker Shilong	Executive Director (Appointed on 16 June 2023)	0/0
Ms. Tan Siew Peng	Independent Non-Executive Director (Appointed on 16 June 2023)	0/0

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (Cont'd)

- **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 1.6 of CG Report for details of the Board's proceedings on meeting materials and supply of information.

- **Composition of the Board**

The Board currently has seven (7) members comprising four (4) Executive Directors (including the Managing Director) and three (3) Independent Non-Executive Directors. The profile of each Director is presented on pages 4 to 7 of this Annual Report. The composition of Independent Non-Executive Directors of at least 2 directors or one third (1/3) of the Board are independent, whichever is the higher 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 resulting in non-compliance with the minimum requirement of the number of Independent Directors prescribed in the MMLR, the Company is to fill the vacancy within three (3) months.

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

While the above composition departs from Practice 5.2 of MCCG (which requires at least half of the Board comprises of independent non-executive directors), the Board is of the opinion that, through formal performance appraisals conducted on the Board, the Board Committees and the independence and objectivity of the Independent Non-Executive Directors, the Independent Non-Executive Directors are able to bring the required independent and objectivity elements to the Board and possess the requisite range of skills, knowledge and experiences in relevant fields required to discharge their duties and responsibilities as independent non-executive directors. The Board is also of the opinion that the Independent Non-Executive Directors had demonstrated their independence and objectivity during the Board's and Board committees' proceedings and adequate independence and objectivity within the Board have been maintained. The Board will continue to monitor and review the adequacy and effectiveness of the independent and objectivity element within the Board from time to time to ensure its adequacy and effectiveness. The position of the Chairman of the Board, an Independent Non-Executive Director who is responsible for the governance and orderly conduct and effectiveness of the Board and position of the Managing Director are separated to further enhance the independent element within the Board.

Please refer to Practice 5.2 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 seven (7) members, two (2) of whom are female directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (Cont'd)

- **Board Diversity (Cont'd)**

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 5.5 of the CG Report for the detailed disclosure on the Boardroom Diversity and Practice 5.9 and 5.10 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 Nomination Committee prior to their appointment based on formal nomination and selection process and 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 Securities on their independence and objectivity, for the Nomination 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 2023, 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 for board deliberations.

The tenure of an Independent Non-Executive Director, as stated in the Board Charter, shall not exceed a cumulative term of 9 years. If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

As at the date of this Annual Report, there is one (1) director who has served for more than nine (9) years.

Please refer to Practice 5.3 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 was one (1) resignation.

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 Nomination 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 5.5 and 5.6 of CG Report for the details on the nomination and election process of the 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**

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 Nomination Committee and the Board in order for the Company Secretary to collate the evaluations results for the Nomination 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, Nomination 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 Nomination 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 2023, the Board, through reports by the Nomination Committee, was satisfied with the composition, performance and effectiveness of the Board, Board Committees and directors.

Please refer to Practice 6.1 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.



## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (Cont'd)

- Directors' and Key Senior Management's Remuneration**

The total remuneration of the Directors for the financial year ended 30 April 2023 are set out below in Ringgit Malaysia (RM):-

Director	Fees	Salaries, Bonuses and Other Benefits	Defined Contribution Plan	Total
Mr. Kek Kok Swee*	47,666	-	-	47,666
Ms. Tan Lay Beng	40,000	-	-	40,000
Mr. Chai Yee Man	40,000	-	-	40,000
Ms. Ker Min Choo	45,000	626,101	59,306	730,407
Mr. Ker Mong Keng	45,000	614,990	24,552	684,542
Mr. Ker Keddy	45,000	429,300	50,616	524,916
Mr. Ker Hong*	-	-	-	-
Mr. Ker Shiloong*	-	-	-	-
Ms. Tan Siew Peng*	-	-	-	-

\* Kek Kok Swee resigned on 31 March 2023. His director's fee is prorated to the date of his resignation.

\* Ker Hong and Ker Shiloong were appointed on 16 June 2023, therefore remuneration received during the financial year ended 30 April 2023 was not included under director remuneration.

\* Tan Siew Peng was appointed on 16 June 2023, therefore there were no remuneration received during the financial year ended 30 April 2023.

#### Remuneration of Key Senior Management

For the financial year ended 30 April 2023, the aggregate total remuneration (in the band of RM50,000) of the top four (4) Key Senior Management personnel, who are not Directors of the Company, which comprises the Chief Operating Officers and Deputy Chief Operating Officers are as follows:

Remuneration bands per annum	Number of Key Management
RM350,001 to RM400,000	1
RM400,001 to RM450,000	1
RM450,001 to RM500,000	1
RM600,001 to RM650,000	1

The MCCG has recommended that the Company should disclose on a named basis, the detailed remuneration of the top four (4) Key Senior Management. The Board has considered and is of the opinion that the disclosure on the remuneration of the Key Senior Management is not on a named basis as it is imperative for the Company to maintain employees' remuneration private and confidential and avoid discontentment among employees and talent retention issues.

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

- Directors' Training**

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

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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (Cont'd)

- Directors' Training (Cont'd)**

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 2023, 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 under review, all Directors have attended training(s) as shown in the following table: -

Name of Directors	Seminar and Briefing Attended
Mr. Ker Min Choo	• 2023 Budget Seminar
Mr. Ker Mong Keng	• 2023 Budget Seminar
Mr. Ker Keddy	• 2023 Budget Seminar
Mr. Kek Kok Swee	• Note 1*
Ms. Tan Lay Beng	• Board of Directors 101 Series • Advanced Data Analytics for Accountants • Virtual MIA International Accountants Conference 2022 • Quarter Tax Updates 2022 • Amazing Microsoft Excel Time Saving Workshop • Tax issues for SME
Mr. Chai Yee Man	• 2023 Budget Seminar

*Note 1 - Mr. Kek Kok Swee did not attend any course from 1 May 2022 to resignation date on 31 March 2023.*

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

- Board Committees**

In discharging its fiduciary duties, the Board has delegated specific duties to three (3) board committees (Audit Committee, Remuneration Committee, Nomination 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 30 to 33 of the Audit Committee Report.

There is a change in composition of the Audit Committee, i.e. the resignation of Mr. Kek Kok Swee was tabled and approved by the Board during the year under review.

Please refer to Practice 9.1, 9.2, 9.3, 9.4 and 9.5 of CG report on disclosure in relation Audit Committee.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (Cont'd)

- **Nomination Committee**

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

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

The composition of the Nomination Committee and the attendance record of members for meetings held during the financial year ended 30 April 2023 are as follows: -

Name of Members	Designations	No. of Meetings Attended
Mr. Chai Yee Man	Chairman	2/2
Ms. Tan Lay Beng	Member	2/2
Mr. Kek Kok Swee (Resigned on 31 March 2023)	Member	2/2

During the financial year ended 30 April 2023, the Nomination 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 Nomination 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 Nomination Committee also reviewed and assessed the retirement and re-election of Directors pursuant to the Company's Constitution and reported to the Board for its review and decision. There is a change in composition of the Nomination Committee, i.e. the resignation of Mr. Kek Kok Swee was tabled and approved by the Board during the year under review.

Please refer to Practice 5.5, 5.6, 5.7, 5.8 and 6.1 of the CG Report for details on the Nomination Committee and its activities.

- **Remuneration Committee**

The Remuneration Committee assists the Board in reviewing and recommending appropriate remuneration policies and 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 7.1 and 7.2 of CG Report.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A - BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### Board Responsibilities (Cont'd)

- **Remuneration Committee (Cont'd)**

The Remuneration Committee is led by an Independent Non-Executive Director and comprises exclusively of Independent Non-Executive Directors. The attendance record of the members for meetings held during the financial year ended 30 April 2023 are as follows: -

Name of Members	Designations	No. of Meetings Attended
Ms. Tan Lay Beng	Chairman	2/2
Mr. Kek Kok Swee (Resigned on 31 March 2023)	Member	2/2
Mr. Chai Yee Man	Member	2/2

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, i.e. the resignation of Mr. Kek Kok Swee was tabled and approved by the Board during the year under review.

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

- **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 economic, 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 30 to 33 of this Annual Report and Practice 9.1 to 9.5 of CG Report.

- **Relationship with External Auditors**

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

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

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

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

- Relationship with External Auditors (Cont'd)**

The Audit Committee meets with the External Auditors at least once 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 under review, the Audit Committee met once 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 under review were as follows: -

	Company (RM)	Group (RM)	Description
Audit Fees	42,000	276,626	Statutory audit
Non-Audit Fees	32,000	90,000	Tax return and compliance, Review of Statement on Risk Management and Internal Control
<b>Total</b>	<b>74,000</b>	<b>366,626</b>	

- Risk Management**

The Board recognises the importance of Risk Management in pursuing its company's objective and has 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 34 to 40 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 the Statement on Risk Management and Internal Control on pages 34 to 40 of this Annual Report and Practice 11.1 & 11.2 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 the 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 30 to 33 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 events and information to be disseminated publicly and transparently on a timely basis to ensure fair and equitable access by all stakeholders, without selective disclosure of such information to specific individual or groups. The corporate disclosure by the Company is further enhanced by way of the Chairman of the Board, Managing Director and Executive Director/ Chief Financial Officer assuming the role of authorised speakers for the Company during the General Meetings to ensure timely, 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 reports are the main communication tools 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 12.1 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 11<sup>th</sup> Annual General Meeting to be held are to be voted by way of poll voting.

- **Leverage on Information Technology**

In order to promote transparency and thoroughness in public dissemination of material information, the Company's website incorporates an "Investor Relations" section which provides all relevant information on the Company and is accessible by the public via [www.solidautomotive.com](http://www.solidautomotive.com). The website enhances the Investor Relations function by including all the announcements made by the Company, annual reports of 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.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are responsible for ensuring that the annual audited 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 2023, 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 judgements and estimates that are reasonable and prudent; and
- prepared the annual audited financial statements on a going concern basis.

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

### ADDITIONAL COMPLIANCE STATEMENT

- **Material Contracts with Related Parties**

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

- **Employees' Share Option Scheme**

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

### KEY FOCUS AREAS AND FUTURE PRIORITIES

The key focus areas of the Board on corporate governance practices during the financial year under review 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 MCCG.

The Board 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

### COMPOSITION

The Audit Committee comprises the following members:-

Chairman	: Ms. Tan Lay Beng (Independent Non-Executive Director)
Members	: Mr. Chai Yee Man (Independent Non-Executive Director)
	Mr. Kek Kok Swee (Independent Non-Executive Director, resigned on 31 March 2023)
	Ms. Tan Siew Peng (Independent Non-Executive Director, appointed on 16 June 2023)

The composition of the Audit Committee is in compliance with paragraph 15.09 of the Main Market Listing Requirements (“MMLR”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”), where the Audit Committee consists of three (3) Independent Non-Executive Directors. The Chairman and one (1) of the members of the Audit Committee, namely Ms. Tan Lay Beng and Ms. Tan Siew Peng, are members of the Malaysian Institute of Accountants which fulfils the requirements under paragraph 15.09(1)(c)(i) and paragraph 7.1 of Practice Note 13 of MMLR. No alternate director has been appointed as a member of the Audit Committee

In compliance with Practice 9.1 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 6 of this Annual Report.

### TERMS OF REFERENCE

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

### MEETINGS

During the financial year ended 30 April 2023, 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	5/5

^ Resigned on 31 March 2023

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 meetings with sufficient notification and time allowed for review by the members of the Audit Committee for the proper discharge of their duties and responsibilities and compliance with the MMLR and its Terms of Reference. The Company Secretary of the Company, the appointed secretary of the Audit Committee attended all the meetings during the financial year under review.

The representatives of the external auditors and internal auditors, Executive Directors, Group Financial Controller, Chief Operating Officer, and key management, at the invitation of the Audit Committee, attended the Audit Committee meetings to present their reports and/or findings or required information and explanations for the proper deliberation of the matters on hand. The Secretary of the Audit Committee is the Company Secretary and is responsible, together with the Chairman, to draft the agenda and circulating it prior to each meeting.

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

Minutes of the Audit Committee’s meetings were made available to all Board members for their review and to seek 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 Group Financial Controller/Finance Manager presented the draft unaudited quarterly results for the Audit Committee's review and briefed the Audit Committee on the contents of the financial 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 Group Financial Controller/Finance Manager. In addition, the business prospects of the Group for the remainder of the financial year and the business prospects of next year on last quarter were 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). 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 financial results reviewed by the Audit Committee were then recommended to the Board for approval prior to the announcement to 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 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 Audit Committee's meetings were made available to all Board Members for 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. The audit plan was discussed and clarifications were 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, which were then recommended to the Board for approval.

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

Prior to the 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 2023 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 2023, the Audit Committee met once, i.e. on 7 June 2023 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 under review, 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. The Audit Committee also received the Transparency Report from the external auditor to support the performance evaluation process.

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

During the financial year under review, the Audit Committee received internal audit reports presented by the outsourced internal audit function 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 were 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 audit function.

During the financial year under review, the internal audit plan (including progress of approved internal audit plan) and subsequent changes, if any, were presented by the outsourced internal audit function for the review and approval by the Audit Committee.

For the financial year ended 30 April 2023, the Audit Committee met once, i.e. on 28 June 2022 with the outsourced internal audit function without the presence of the Executive Directors and management in order for the Audit Committee and the outsourced internal audit function to freely exchange views and opinions between both parties, as well as discuss any significant audit issues.

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 34 to 40 of this Annual Report.

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

During the scheduled quarterly meetings, the Audit Committee conducted a review of related party transactions (including recurring related party transactions) entered 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.

#### 10. *Reviewed the Annual Report and Corporate Governance 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 Corporate Governance Report 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 an independent professional firm, namely NeedsBridge Advisory Sdn. Bhd. to undertake independent, objective, regular and systematic review of the internal control system of the Group. The outsourced internal audit function reports directly to the Audit Committee. The appointment and resignation of the outsourced internal audit function as well as the proposed audit fees are subject to review and approval by the Audit Committee for its reporting to the Board for final approval.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include the purpose and scope of works, accountability, independence, the outsourced internal audit function's responsibilities, the Management's responsibilities, authority accorded to the outsourced internal audit function, limitation of scope of works, confidentiality, proposed fees and engagement team.

On the other hand, the Internal Audit Charter governs the internal audit function by specifying the purpose and mission of internal audit function, its roles, professionalism required (that is adherence to The Institute of Internal Auditors' mandatory guidance including the Core Principles for the Professional Practice of Internal Auditing, Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing (hereinafter referred to as "Standards"), its authorities, the reporting structure, independence and objectivity, its responsibilities, purpose of internal audit plan, reporting and monitoring, as well as the quality assurance and improvement programme. The internal audits are carried out, in material aspects, in accordance with the International Professional Practices Framework ("IPPF") established by the Institute of Internal Auditors Global.

The Audit Committee reviews the internal audit plan tabled by the outsourced internal audit function to ensure the adequacy of the audit scope and coverage in relation to the key business risk exposure and risk appetite of the Group prior to its approval for execution. The approved internal audit plan is duly carried out by the outsourced internal audit function with any subsequent change to the plan determined and approved by the Audit Committee with feedback from the Senior Management. Furthermore, the Audit 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 Audit Committee prior to execution.

The Audit Committee ensures the effectiveness and adequacy of the outsourced internal audit function, its competency and adequacy of resources allocated to the outsourced internal audit function through the review of the resources of the outsourced internal audit function provided in terms of the qualification, experience, exposure 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 performance, independence and objectivity of the internal audit function is formally evaluated by the Audit Committee through prescribed evaluation form adapted from Corporate Governance Guide issued by Bursa Securities.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of the Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee. The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

During the financial year under review, the outsourced internal audit function conducted scheduled internal audits in accordance with the internal audit plan approved by the Audit Committee. Areas of improvement in internal controls identified together with the risks/ potential implications, recommendations, management action plans, person in-charge as well as the target dates of implementation were presented directly to the Audit Committee during the corresponding Audit Committee meetings. In addition, the outsourced internal audit function performed follow up reviews to ascertain the status of implementation of the agreed management action plans. The results of the follow up reviews were reported to the Audit Committee for their review and deliberation.

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

Further details of the outsourced internal audit function and activities as well as the oversight roles of the Audit Committee in relation to the risk management and internal controls are disclosed in the Statement of Risk Management and Internal Control set out on pages 34 to 40 in 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 2023, 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”) and the Malaysian Code on Corporate Governance 2021.

### 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 is to establish risk appetite of the Group based on the risk capacity, strategies, internal and external business context, business nature and corporate lifecycle. 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.

The system of internal control covers, inter-alia, control environment, risk assessment, control activities, information and communication and monitoring activities. However, the Board recognises that, in view of the limitations that are inherent in any system of internal control, the system of internal control 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.

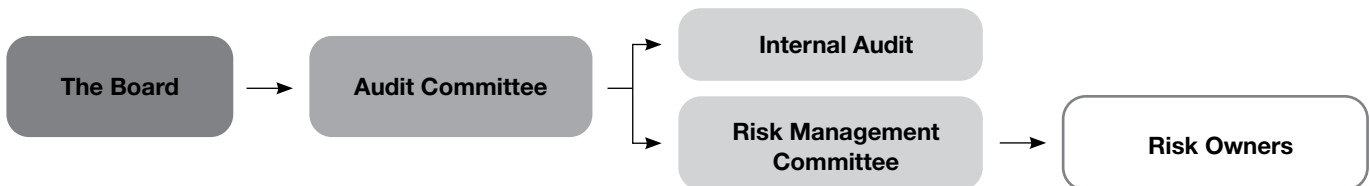
### KEY ELEMENTS OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

#### RISK MANAGEMENT

The Board recognises 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 and activities 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 principles, practices and process of the Risk Management Framework established by the Board are, in material respect, guided by the ISO 31000:2018 - Risk Management- Principles and Guidelines.

The Board has a formal risk management reporting structure and responsibilities of the Board, the Audit Committee and Risk Management Committee established in Risk Management Framework to ensure effective risk management as set out below:



The Risk Management of the Group is delegated to the Risk Management Committee comprising Managing Director as Chairperson, Financial Controller as Key Risk Officer and Chief Operating Officer of operating subsidiaries as member 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.

## 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 systematic risk management framework per 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 risk registers were compiled, with relevant key risks identified and rated based on an agreed upon risk rating. The key risk registers 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 include 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 exercises 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.

The roles and responsibilities of the risk owner, as defined in the Risk Management Framework are as follow: -

- (a) Manage the risk under his/her control;
- (b) Continuously 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;
- (c) Report to the Risk Management Committee of the emergence of new business risks or change in the existing business risks on a timely manner and assist the Risk Management Committee with the development of the management action plans and implement these action plans;
- (d) Assist the Risk Management Committee with the periodic update on the changes in the key risk registers; and
- (e) Ensure staffs working under him/her understand the risk exposure of the relevant process under his/her duty and the importance of the related controls.

The systematic risk management process as defined in the Risk Management Framework is employed by the Risk Management Committee and risk owners for risk identification, risk assessment, control identification, risk treatment and control activities.

As an important risk monitoring mechanism, the Risk Management Committee and risk owners review 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 risk owners 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.

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.

## 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)*

At the operational level, respective risk owners are responsible for managing the risks under their responsibilities. Respective risk owners 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. Respective risk owners 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 Group relies on the internal audit function to provide the Board and the Management with the required level of assurance that the governance, risk management and internal control system are operating adequately and effectively in order to provide reasonable assurance that the business objectives of the Group are achievable. The Group's internal audit function is outsourced to an independent professional firm, namely, NeedsBridge Advisory Sdn. Bhd. To uphold the professional firm's independence and objectivity, the outsourced internal audit function is reporting to the Audit Committee directly. At least once annually, the Audit Committee will meet with the outsourced internal audit function without the presence of the Executive Directors and Management to promote free flow of information.

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, a professional member of the Institute of Internal Auditors Malaysia and is accorded with Certification in Risk Management Assurance by the same professional body. As a Certified Internal Auditor accredited by Institute of Internal Auditors, the engagement director is required to declare the compliance of the Standards to Institute of Internal Auditors during his renewal as Certified Internal Auditor. The internal audits are carried out, in all material aspects, in accordance with the International Professional Practices Framework ("IPPF"), i.e. Mission, Core Principles for the Professional Practice of Internal Auditing, Code of Ethics and the International Standards for the Professional Practice of Internal Auditing established by the Institute of Internal Auditors Global.

The audit engagement of the outsourced internal audit function is governed by the engagement letter and Internal Audit Charter approved by the Board during the financial year under review. Key terms of the engagement include the purpose and scope of works, accountability/responsibility, authority, independence, limitation of scope of works, confidentiality, proposed fees and engagement team. The appointment and resignation of the internal audit function as well as the proposed audit fees are subject to review by the Audit Committee and for its reporting to the Board for ultimate approval. During the financial year under review, the resources allocated to the fieldworks of the internal audit by the outsourced internal audit function were one (1) associate director and assisted by at least one (1) senior consultant and one (1) consultant per one (1) engagement with oversight performed by the director.

To preserve the independence and objectivity, the outsourced internal audit function is not permitted to act on behalf of Management, decide and implement management action plan, perform on-going internal control monitoring activities (except for follow up on progress of action plan implementation), authorise and execute transactions, prepare source documents on transactions, have custody of assets or act in any capacity equivalent to a member of the Management or the employee. The outsourced internal audit function is accorded unrestricted access to all functions, records, property, personnel, Audit Committee and other specialised services from within or outside the Group and necessary assistance of personnel in units of the Group where they perform audits.

## 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's outsourced internal audit function adopts a risk-based approach and prepares its internal audit plan based on the Group's key risk registers. The risk-based internal audit plan takes into consideration the existing and emergent key business risks identified in the Group's key risk registers. The audit plan and any subsequent amendments are reviewed by the Audit Committee and approved by the Board prior to their execution. Each internal audit cycles within the internal audit plan are specific with regard to audit objective, key risks to be assessed and scopes of the internal control review.

The internal control review procedures performed by the outsourced 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. The recommendations formulated by the outsourced internal audit function are based on the root cause(s) of the internal audit observations.

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 was in accordance with a predetermined formula, subject to the nature of testing and verification of the samples.

Regular internal audit reviews were performed based on the internal audit plan reviewed by the Audit Committee and approved by the Board. For the financial year under review, the outsourced internal audit function conducted review of Management Information System ("MIS") Management of Borneo Technical Co. (M) Sdn. Bhd. - Headquarters, Procurement Management of Twinco Far East Sdn. Bhd., Inventory Management of Borneo Technical Co. (M) Sdn. Bhd., as well as Sales and Inventory Management of Twinco Far East Sdn. Bhd. - Kota Kinabalu Branch based on the internal audit plan (and any amendments thereof) reviewed by the Audit Committee and approved by the Board.

Upon completion of the internal audit work, the internal audit reports were presented to the Audit Committee during its quarterly meetings. During these meetings, the internal audit findings, priority levels, risks/potential implications, recommendations, management responses/action plans and person-in-charge together with dates of implementation were presented by the outsourced internal audit function to the Audit Committee for review and deliberation.

Progress follow up was performed by the outsourced internal audit function on the management action plans that were not implemented in the previous internal audit fieldworks by way of verification via physical observation or through verification of sample provided by person-in-charge to substantiate the implementation of the management action plan. The updates on the status of action plans as identified in the previous internal audit reports were also presented via the Action Plan Progress Follow Up Report for the Audit Committee's review and deliberation. The Audit Committee reported the results of the review and deliberation to the Board in order for the Board to discharge its responsibility to ensure that the risk management and sound internal controls are in place to manage the risks within the risk appetite of the Group and for regulatory compliance.

In addition, during the Audit Committee meeting, the outsourced internal audit function reported its staff strength, qualification and experience as well as continuous professional education to the Audit Committee for their review and assessment on the adequacy and effectiveness of the outsourced internal audit function. Based on the formal evaluation of the internal audit function and review of the works performed and deliverables by the outsourced internal audit function during the financial year, the Audit Committee and the Board are satisfied: -

- that the outsourced internal audit function is free from any relationships or conflicts of interest which could impair their objectivity and independence;
- with the scope of the outsourced internal audit function;
- that the outsourced internal audit function possesses relevant experience, knowledge, competency and authority to discharge its functions effectively, possesses sufficient resources and has unrestricted access to employees and information for the internal audit activities; and
- with the internal audit plan, processes, the results of the internal audit and/or investigation undertaken (if any).

The cost incurred in maintaining the outsourced internal audit function for the financial year ended 30 April 2023 amounted to RM54,000.

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

### KEY ELEMENTS OF THE INTERNAL CONTROL SYSTEM

The key features of the Group's internal control systems are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows: -

- *Board of Directors/Board Committees*

The role, composition, operation and processes of the Board are guided by the Board Charter whereby roles and responsibilities of the Board, the Chairman and the Managing Director are specified to maintain the independence of the Board from the Management and to enhance oversight roles of the Board.

Board Committees (i.e. Audit Committee, Remuneration Committee, Nomination 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. Codes of conduct expected from employees to carry out their duties and responsibilities assigned are also established and formalised in the Employee Handbook.

In order to bring the ethical value throughout the Group in line with the Code of Conduct, a formal Anti Bribery Corruption Policy had been put in place to prevent the risk of bribery and conflict of interest within the Group with Whistle Blowing Policy implemented for all stakeholders to raise genuine concerns about possible improprieties in matters of unethical behaviour, malpractices, illegal acts or failure to comply with regulatory requirements at the earliest opportunity.

Code of Conduct is monitored via control activity monitoring mechanism implemented with non-compliances timely detected and investigated with appropriate corrective action, including but not limited to disciplinary actions.

- *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.

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

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

The key features of the Group's internal control systems are made up of five core components, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication and Monitoring Activities with principles representing the fundamental concepts associated with each component as follows (cont'd): -

- *Human Resource Management*

Formal human resource policies and Employee Handbook are in place to ensure the Group's ability to operate in an effective and efficient manner by employing and retaining 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.

- *Risk Assessment and Control Activities*

Risk assessment is performed by risk owners at scheduled interval or when there is a change in internal and/or business context in accordance with Risk Management Framework. Internal controls, as risk responses, are formulated and put in place to mitigate risks identified to a level acceptable by the Board.

The Group's policies and procedures are regularly reviewed and updated to ensure it continues to support the Group's business activities in achieving the Group's business objectives.

- *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 the 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 held regularly for effective two-way communication of information at different level of management and the Board.

Communication of policies and procedures of the Group are conducted via written format, electronic mail system and in-house trainings by respective risk or control owners.

- *Monitoring and Review*

Executive Directors are closely involved in the daily operations and regularly review 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 audit function on key areas identified based on the key risk registers of the Group and report their findings, recommendations, management responses and action plans directly to the Audit Committee.

The outsourced internal audit function assesses 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 recommends improvements on the observations made to minimise the risks. The results and recommendations of the internal audits carried out are reported to the Audit Committee.

In addition to the internal audits, significant control issues were highlighted by the external auditors as part of their statutory audits as well as the independent consultants engaged by the Group for surveillance audit in relation to ISO certification.



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

### ASSURANCE PROVIDED BY THE MANAGING DIRECTOR AND GROUP FINANCIAL CONTROLLER

In compliance with the Guidelines, the Managing Director, being the highest-ranking executive in the Company and the Group Financial Controller, 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 MMLR 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"). Based on their review, 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 Public Listed Companies; or
- (b) Is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the 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 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 systems as well as the monitoring and review mechanism stipulated above coupled with the assurance provided by the Managing Director and the Group Financial Controller, 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 an adequate and effective governance, risk management and internal control system throughout the Group and reaffirms its commitment to continuously review and where necessary, to further enhance the Group's governance, 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 25 August 2023.

# FINANCIAL STATEMENTS

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**46** Statutory Declaration

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**51** Statements of Profit or Loss and Other Comprehensive Income

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**53** Statements of Cash Flows

**55** 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 2023.

### PRINCIPAL ACTIVITIES

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

### RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	9,691,000	707,380

### DIVIDENDS

Dividends paid or declared by the Company since 30 April 2022 is as follows:-

Ordinary Share	RM
<u>In respect of the financial year 30 April 2023</u>	
An interim dividend of 0.30 sen per ordinary share, paid on 30 January 2023	1,558,109

### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

### ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

### 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.

### 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' REPORT (CONT'D)

### 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 Hong	(Alternate to Ker Min Choo, Resigned on 16.6.2023; Appointed on 16.6.2023)
Ker Keddy	
Chai Yee Man	
Tan Lay Beng	
Ker Shiloong	(Appointed on 16.6.2023)
Tan Siew Peng	(Appointed on 16.6.2023)
Kek Kok Swee	(Resigned on 31.3.2023)
Ker Mong Keng	(Resigned on 16.6.2023)

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	
Ker Yan Ling	
Ker Young	
Ker Yun	
Liew Cheong Seng	
Loo Chee How	
Mah Kok Ming	
Voon Kwee Loon	
Lai Kian Yoeng	
Ker Meng Oi	(Appointed on 7.10.2022)
Ker Eu Jack	(Appointed on 7.10.2022)

### DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares →			At 30.4.2023
	At 1.5.2022	Bought	Transfer	
<b>The Company</b>				
<i>Direct Interests</i>				
Ker Min Choo	97,555,203	2,238,986	-	99,794,189
Ker Hong	4,143,899	-	-	4,143,899
Ker Keddy	322,000	-	-	322,000
Ker Mong Keng	43,515,945	-	(43,000,000)	515,945
<i>Indirect Interests *</i>				
Ker Min Choo	12,012,130	-	-	12,012,130
Ker Hong	459,700	-	-	459,700
Ker Mong Keng	56,000	-	43,000,000	43,056,000

\* Deemed interested through spouse's and children's shareholding in the Company.

By virtue of his shareholdings in the Company, Ker Min Choo is 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 directors' remuneration as disclosed in the "Directors' Remuneration" of this report) 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 Company during the financial year are as follows:-

	<b>The Group RM</b>	<b>The Company RM</b>
Fees	282,666	262,666
Salaries, bonuses and other benefits	2,171,304	-
Defined contribution benefits	193,801	-
	2,647,771	262,666

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM70,600.

**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 subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are disclosed in Note 5 to the financial statements.

The available auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

**AUDITORS**

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

The details of the auditors' remuneration for the financial year are as follows:-

	<b>The Group RM</b>	<b>The Company RM</b>
Audit fees	276,626	42,000
Non-audit fees	5,000	5,000
	281,626	47,000

Signed in accordance with a resolution of the directors dated 25 August 2023.

**Ker Min Choo**

**Ker Hong**



## **STATEMENT BY DIRECTORS**

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

We, Ker Min Choo and Ker Hong, being two of the directors of Solid Automotive Berhad, state that, in the opinion of the directors, the financial statements set out on pages 50 to 107 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 2023 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 25 August 2023.

**Ker Min Choo**

**Ker Hong**

## **STATUTORY DECLARATION**

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

I, Tan Wee Kiat, MIA Membership Number: 46819, being the officer primarily responsible for the financial management of Solid Automotive Berhad, do solemnly and sincerely declare that the financial statements set out on pages 50 to 107 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  
Tan Wee Kiat  
at Johor Bahru  
in the State of Johor  
on this 25 August 2023

Before me

**Tan Wee Kiat**

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

**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD**  
**(INCORPORATED IN MALAYSIA)**  
**REGISTRATION NO: 201201032237 (1016725-P)**

## 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 2023 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 50 to 107.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 April 2023, and of their financial performance and their cash flows for the 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.

<b>Slow-Moving And Obsolete Inventories</b>	
<b>Refer to Notes 4.1(d) and 12 to the financial statements</b>	
<b>Key Audit Matter</b>	<b>How our audit addressed the Key Audit Matter</b>
<p>The Group is in the business of trading and distribution of automotive parts and components. The balance of inventories as at 30 April 2023 was RM103,964,948 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"> <li>• Assessing the reasonableness of management's methodology employed for estimating the inventories write down;</li> <li>• Performing aging test on inventories aging report by selecting samples and checking to the date of stock-in (purchase date) to the appropriate age band;</li> <li>• Assessing the reasonableness of the assumptions used to derive the estimated future sales; and</li> <li>• Testing the mathematical accuracy of management's method by re-performing the calculations on selected samples, using the inventories aging report.</li> </ul>

## **INDEPENDENT AUDITORS' REPORT (CONT'D)**

**TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD  
(INCORPORATED IN MALAYSIA)  
REGISTRATION NO: 201201032237 (1016725-P)**

### **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 (CONT'D)**  
**TO THE MEMBERS OF SOLID AUTOMOTIVE BERHAD**  
**(INCORPORATED IN MALAYSIA)**  
**REGISTRATION NO: 201201032237 (1016725-P)**

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

**Auditors' Responsibilities for the Audit of the Financial Statements (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 subsidiaries of which we have not acted as auditors, are 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

25 August 2023

**Tan Guan Seng**  
03387/08/2024 J  
Chartered Accountant

## STATEMENTS OF FINANCIAL POSITION

### AS AT 30 APRIL 2023

	Note	The Group		The Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>ASSETS</b>					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	101,774,366	101,774,365
Property, plant and equipment	6	26,595,426	31,146,176	-	-
Investment properties	7	18,257,198	14,294,800	-	-
Right-of-use assets	8	22,799,613	23,792,628	-	-
Other investments	9	238,610	238,610	-	-
Deferred tax assets	10	225,884	120,588	-	-
Other receivable	11	161,315	230,498	-	-
		68,278,046	69,823,300	101,774,366	101,774,365
CURRENT ASSETS					
Inventories	12	103,964,948	84,139,307	-	-
Trade receivables	13	69,921,451	70,907,091	-	-
Other receivables, deposits and prepayments	11	5,338,093	9,349,471	6,211	11,548
Amounts owing by subsidiaries	14	-	-	21,331,457	24,247,404
Short-term investments	15	15,680,231	13,263,343	15,680,231	13,263,343
Current tax assets		1,565,297	1,310,731	162,525	155,675
Derivative assets	16	5,882	108,649	-	-
Fixed deposit with a licensed bank	17	4,940,000	4,347,000	-	-
Cash and bank balances		23,577,585	34,971,811	1,210,964	1,563,682
		224,993,487	218,397,403	38,391,388	39,241,652
<b>TOTAL ASSETS</b>		<b>293,271,533</b>	<b>288,220,703</b>	<b>140,165,754</b>	<b>141,016,017</b>
<b>EQUITY AND LIABILITIES</b>					
EQUITY					
Share capital	18	135,761,642	135,761,642	135,761,642	135,761,642
Reserves	19	60,266,504	51,402,054	4,286,896	5,137,625
<b>TOTAL EQUITY</b>		<b>196,028,146</b>	<b>187,163,696</b>	<b>140,048,538</b>	<b>140,899,267</b>
NON-CURRENT LIABILITIES					
Long-term borrowings	20	4,856,503	17,079,187	-	-
Lease liabilities	23	2,751,022	3,348,636	-	-
		7,607,525	20,427,823	-	-
CURRENT LIABILITIES					
Trade payables	24	18,011,792	26,875,300	-	-
Other payables and accruals	25	7,945,415	6,189,336	117,216	116,750
Lease liabilities	23	2,045,212	1,811,701	-	-
Short-term borrowings	26	50,527,396	32,551,956	-	-
Provisions	27	11,106,047	13,200,891	-	-
		89,635,862	80,629,184	117,216	116,750
<b>TOTAL LIABILITIES</b>		<b>97,243,387</b>	<b>101,057,007</b>	<b>117,216</b>	<b>116,750</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>293,271,533</b>	<b>288,220,703</b>	<b>140,165,754</b>	<b>141,016,017</b>

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

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Note	The Group		The Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
REVENUE	28	346,778,785	298,360,885	-	-
OTHER OPERATING INCOME		4,504,882	6,566,777	1,360,870	1,151,300
CHANGES IN INVENTORIES		(270,338,378)	(230,071,008)	-	-
EMPLOYEE BENEFITS	29	(39,333,274)	(35,670,320)	(268,673)	(277,297)
DEPRECIATION EXPENSES		(5,077,640)	(4,811,209)	-	-
FINANCE COSTS		(2,997,733)	(1,627,722)	(880)	(882)
OTHER OPERATING EXPENSES		(20,997,855)	(22,597,875)	(234,774)	(297,176)
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS	30	(184,120)	(1,422,227)	-	-
PROFIT BEFORE TAXATION	31	12,354,667	8,727,301	856,543	575,945
INCOME TAX EXPENSE	32	(2,663,667)	(2,081,848)	(149,163)	(104,987)
PROFIT AFTER TAXATION		9,691,000	6,645,453	707,380	470,958
OTHER COMPREHENSIVE INCOME <u>Item that Will be Reclassified</u> <u>Subsequently to Profit or Loss</u> Foreign currency translation differences	33	731,559	214,128	-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		10,422,559	6,859,581	707,380	470,958
<b>PROFIT AFTER TAXATION</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		9,691,000	6,660,851	707,380	470,958
Non-controlling interests		-	(15,398)	-	-
		9,691,000	6,645,453	707,380	470,958
<b>TOTAL COMPREHENSIVE INCOME</b>					
<b>ATTRIBUTABLE TO:-</b>					
Owners of the Company		10,422,559	6,874,979	707,380	470,958
Non-controlling interests		-	(15,398)	-	-
		10,422,559	6,859,581	707,380	470,958
<b>EARNINGS PER SHARE (SEN)</b>					
Basic	34	1.87	1.28		

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

## STATEMENTS OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

The Group	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Attributable to Owners of the Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.5.2021		135,761,642	(43,360,988)	2,768,739	86,677,432	181,846,825	18,916	181,865,741
Profit after taxation for the financial year		-	-	-	6,660,851	6,660,851	(15,398)	6,645,453
Other comprehensive income for the financial year:								
- Foreign currency translation differences		-	-	214,128	-	214,128	-	214,128
Total comprehensive income/(expenses) for the financial year		-	-	214,128	6,660,851	6,874,979	(15,398)	6,859,581
Dividends by the Company	36	-	-	-	(1,558,108)	(1,558,108)	-	(1,558,108)
Disposal of a subsidiary	35	-	-	-	-	-	(3,518)	(3,518)
Balance at 30.4.2022		135,761,642	(43,360,988)	2,982,867	91,780,175	187,163,696	-	187,163,696

The Group	Note	Share Capital RM	Merger Deficit RM	Foreign Exchange Translation Reserve RM	Retained Profits RM	Total Equity RM
Balance at 30.4.2022/1.5.2022		135,761,642	(43,360,988)	2,982,867	91,780,175	187,163,696
Profit after taxation for the financial year		-	-	-	9,691,000	9,691,000
Other comprehensive income for the financial year:						
- Foreign currency translation differences		-	-	731,559	-	731,559
Total comprehensive income for the financial year		-	-	731,559	9,691,000	10,422,559
Dividends by the Company	36	-	-	-	(1,558,109)	(1,558,109)
Balance at 30.4.2023		135,761,642	(43,360,988)	3,714,426	99,913,066	196,028,146

The Company	Note	Share Capital RM	Retained Profits RM	Total Equity RM
Balance at 1.5.2021		135,761,642	6,224,775	141,986,417
Profit after taxation/Total comprehensive income for the financial year		-	470,958	470,958
Dividend	36	-	(1,558,108)	(1,558,108)
Balance at 30.4.2022/1.5.2022		135,761,642	5,137,625	140,899,267
Profit after taxation/Total comprehensive income for the financial year		-	707,380	707,380
Dividend	36	-	(1,558,109)	(1,558,109)
Balance at 30.4.2023		135,761,642	4,286,896	140,048,538

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



## STATEMENTS OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Note	The Group		The Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>CASH FLOWS FOR OPERATING ACTIVITIES</b>					
Profit before taxation		12,354,667	8,727,301	856,543	575,945
Adjustments for:-					
Bad debts written off		1	86	-	-
Bad debts recovered		(48,705)	(27,479)	-	-
COVID-19-related rent concessions	23	-	(3,587)	-	-
Depreciation of:					
- property, plant and equipment	6	2,335,842	2,415,310	-	-
- investment properties	7	461,091	292,505	-	-
- right-of-use assets	8	2,280,706	2,103,394	-	-
Fair value loss/(gain) on derivative asset		102,767	(155,446)	-	-
Fair value gain on short term investment		(392,695)	(81,824)	(392,695)	(81,824)
Impairment losses on trade receivables	13	749,436	1,946,248	-	-
Interest expense on lease liabilities	23	232,632	215,817	-	-
Other interest expenses		2,524,316	1,070,107	-	-
Other receivable written off		-	23,793	-	-
Inventories written down	12	1,324,288	830,224	-	-
Inventories written off	12	-	2,880,353	-	-
(Gain)/Loss on foreign exchange - unrealised		(93,902)	77,196	-	-
Property, plant and equipment written off	6	19,962	22,261	-	-
Provisions	27	20,528,597	18,756,242	-	-
Gain on disposal of property, plant and equipment		(327,193)	(463,613)	-	-
Gain on disposal of subsidiary	35	-	(41,791)	-	-
Gain on lease modification		(4,243)	(14,094)	-	-
Interest income		(353,564)	(512,268)	(968,175)	(1,069,476)
Reversal of impairment losses on trade receivables	13	(565,316)	(524,021)	-	-
Reversal of inventories written down	12	(430,126)	(1,708,694)	-	-
Reversal of provisions	27	(2,328,602)	(668,002)	-	-
Operating profit/(loss) before working capital changes		38,369,959	35,160,018	(504,327)	(575,355)
Increase in inventories		(20,509,207)	(19,172,883)	-	-
Decrease/(Increase) in trade and other receivables		4,864,556	(13,370,361)	5,337	(2,321)
(Decrease)/Increase in trade and other payables		(7,122,515)	7,297,135	466	21,772
Provisions claimed	27	(20,294,839)	(18,255,443)	-	-
<b>CASH FOR OPERATIONS</b>		(4,692,046)	(8,341,534)	(498,524)	(555,904)
Income tax paid		(3,024,147)	(1,861,624)	(156,013)	(110,000)
Income tax refunded		-	296,176	-	35,053
Interest received		329,370	381,598	441	1,816
<b>NET CASH FOR OPERATING ACTIVITIES</b>		(7,386,823)	(9,525,384)	(654,096)	(629,035)

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

## STATEMENTS OF CASH FLOWS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

	Note	The Group		The Company	
		2023 RM	2022 RM (Restated)	2023 RM	2022 RM
CASH FLOWS (FOR)/FROM					
INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(1,094,000)	(950,000)
Interest income received		24,194	130,670	967,734	1,067,660
Acquisition of subsidiary		-	-	(1)	-
Proceeds from disposal of property, plant and equipment		451,272	557,461	-	-
Purchase of property, plant and equipment	37(a)	(1,196,401)	(1,622,752)	-	-
Placement of short-term investment		(2,024,193)	(3,130,671)	(2,024,193)	(3,130,671)
Repayment from subsidiaries		-	-	4,009,947	3,076,370
Disposal of a subsidiary, net of cash and cash equivalents	35	-	(5,019)	-	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		(2,745,128)	(4,070,311)	1,859,487	63,359
CASH FLOWS (FOR)/FROM					
FINANCING ACTIVITIES					
Dividends paid	36	(1,558,109)	(1,558,108)	(1,558,109)	(1,558,108)
Drawdown of bankers' acceptances	37(b)	56,674,184	43,144,684	-	-
Drawdown of foreign currency loans	37(b)	67,357,681	48,063,226	-	-
Drawdown of term loans	37(b)	-	20,000,000	-	-
Drawdown of trust receipts	37(b)	1,382,114	3,650,001	-	-
Interest paid	37(b)	(2,756,948)	(1,285,924)	-	-
Repayment of lease liabilities	37(b)	(2,079,971)	(1,855,765)	-	-
Repayment of hire purchase payables	37(b)	(593,610)	(481,345)	-	-
Repayment of bankers' acceptances	37(b)	(50,801,000)	(39,043,000)	-	-
Repayment of foreign currency loans	37(b)	(54,608,944)	(41,882,469)	-	-
Repayment of term loans	37(b)	(12,384,508)	(4,610,919)	-	-
Repayment of trust receipts	37(b)	(1,589,842)	(3,956,608)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(958,953)	20,183,773	(1,558,109)	(1,558,108)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(11,090,904)	6,588,078	(352,718)	(2,123,784)
EFFECTS OF FOREIGN EXCHANGE TRANSLATION		289,678	502,184	-	-
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		39,318,811	32,228,549	1,563,682	3,687,466
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	37(d)	28,517,585	39,318,811	1,210,964	1,563,682

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 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 25 August 2023.

#### 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 (including the consequential amendments, if any):-

##### **MFRSs (Including The Consequential Amendments)**

Amendments to MFRS 3: Reference to the Conceptual Framework  
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use  
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract  
Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

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)**

	<b>Effective Date</b>
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 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 (Cont'd):-

<b>MFRSs (Including The Consequential Amendments)</b>	<b>Effective Date</b>
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

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 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 respectively.

###### **(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 (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

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

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

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 (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 amount of trade receivables as at the reporting date is disclosed in Note 13 to the financial statements.

###### **(f) Impairment of Non-trade Receivables**

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 11 and 14 to the financial statements respectively.

###### **(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. The carrying amount of current tax assets of the Group and of the Company as at the reporting date were RM1,565,297 (2022 - RM1,310,731) and RM162,525 (2022 - RM155,675) respectively.

###### **(h) Discount Rates used in Leases**

Where the interest rate implicit in the lease cannot be readily determined, the Group uses the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

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

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

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 (Cont'd):-

###### **(i) 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.

###### **(j) 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 years 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 (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 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 (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 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 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.

###### (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 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

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

###### (c) Foreign Operations (Cont'd)

In addition, in relation to 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.

##### 4.4 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 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.

###### (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).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

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

###### (a) Financial Assets (Cont'd)

###### *Debt Instruments (Cont'd)*

###### (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 fair value changes do not include interest or dividend income.

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.

###### (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 (excluding interest expense) 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).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

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

###### (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.

###### (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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.5 INVESTMENTS IN SUBSIDIARIES

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

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

##### 4.6 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:-

Buildings	2%
Furniture, fixtures and equipment	10% to 50%
Motor vehicles	20%
Plant and machineries	10% to 20%
Renovation and electrical installation	10% to 20%

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.

##### 4.7 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.7 INVESTMENT PROPERTIES (CONT'D)

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 50 years to 99 years.

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

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

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

##### 4.8 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.

##### 4.9 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments 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.

##### 4.11 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 statements of financial position.

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

The carrying values of assets, other than those to which MFRS 136 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 immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.12 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) 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.

##### (e) Others

Provisions for others is in respect of the relocation and restoration cost, 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.

##### 4.13 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.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.14 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 the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

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

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

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

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

##### 4.15 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.

##### 4.16 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.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.17 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.

##### 4.18 BORROWING COSTS

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

##### 4.19 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. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. 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.

The fair value for measurement and disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but not are fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

##### 4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of 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.

The Group transfers control of a good or service at a point in time unless one of the following overtime 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 automotive and industrial parts is recognised when the Group has transferred control of the goods to the customer, being when the goods have been delivered to the customer and upon its acceptance. Following delivery, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

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

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

##### 4.21 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) Lease Income**

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2023 RM	2022 RM
Unquoted shares, at cost	102,014,366	102,014,365
Accumulated impairment losses	(240,000)	(240,000)
	101,774,366	101,774,365

The details of the subsidiaries are as follows:-

Name of Subsidiaries	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2023	2022	
		%	%	
<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. ("Twinco")	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	100	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
Loco Auto Sdn. Bhd. ("Loco Auto") <sup>(a)</sup>	Malaysia	100	-	Trading and distribution of motor spare parts and car accessories
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>				
Auto Electrical Systems Sdn. Bhd.	Malaysia	100	100	Trading and distribution of automotive electrical parts and components
Loco Auto Sdn. Bhd. ("Loco Auto")	Malaysia	-	100	Trading and distribution of motor spare parts and car accessories
<i>Subsidiary of Twinco</i>				
Part Center Sdn. Bhd. ("Part Center") <sup>(b)</sup>	Malaysia	100	100	Dormant

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

- (a) During the current financial year, Solid Corporation has disposed of its entire equity interest in Loco Auto to Solid Automotive Berhad for a cash consideration of RM1.
- (b) In the previous financial year, Borneo has disposed of its entire equity interest in Part Center to Twinco for a cash consideration of RM1.
- (c) In the previous financial year, Solid Corporation has disposed of its entire equity interest in Autoworld Part Services Sdn. Bhd. ("Autoworld"). The details of the disposal are disclosed in Note 35 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

### 6. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.5.2022		Additions (Note 37(a))	Disposals	Write Off (Note 31)	Transfer to Investment Properties (Note 7)	Translation Differences	Depreciation Charges (Note 31)	At 30.4.2023
	RM	RM							
<i>Carrying Amount</i>									
Freehold land	3,706,328	-	-	-	-	-	-	-	3,706,328
Buildings	21,133,833	-	-	-	(3,991,069)	(3,991,069)	210,845	(403,779)	16,949,830
Furniture, fixtures and equipment	3,519,228	686,159	(10,325)	(19,885)	-	-	5,552	(975,425)	3,205,304
Motor vehicles	2,306,014	794,375	(113,754)	(2)	-	-	40,404	(833,178)	2,193,859
Plant and machineries	41,514	89,007	-	(70)	-	-	-	(13,926)	116,525
Renovation and electrical installation	439,259	93,860	-	(5)	-	-	-	(109,534)	423,580
	31,146,176	1,663,401	(124,079)	(19,962)	(3,991,069)	(3,991,069)	256,801	(2,335,842)	26,595,426
The Group	At 1.5.2021	Additions (Note 37(a))	Disposals	Write Off (Note 31)	Transfer to Investment Properties (Note 7)	Translation Differences	Depreciation Charges (Note 31)	Disposal of a subsidiary (Note 35)	At 30.4.2022
	RM	RM	RM	RM	RM	RM	RM	RM	RM
<i>2022 (Restated)</i>									
<i>Carrying Amount</i>									
Freehold land	6,006,328	-	-	-	(2,300,000)	-	-	-	3,706,328
Buildings	23,008,358	238,365	-	-	(1,652,639)	62,936	(523,187)	-	21,133,833
Furniture, fixtures and equipment	3,896,153	736,671	(33,794)	(22,258)	-	1,943	(1,001,942)	(57,545)	3,519,228
Motor vehicles	1,435,213	1,750,561	(60,054)	-	-	11,855	(795,269)	(36,292)	2,306,014
Plant and machineries	22,762	19,598	-	(3)	-	-	(843)	-	41,514
Renovation and electrical installation	468,417	64,911	-	-	-	-	(94,069)	-	439,259
	34,837,231	2,810,106	(93,848)	(22,261)	(3,952,639)	76,734	(2,415,310)	(93,837)	31,146,176

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

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

The Group	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2023</b>				
Freehold land	3,706,328	-	-	3,706,328
Buildings	30,124,061	(5,578,624)	(7,595,607)	16,949,830
Furniture, fixtures and equipment	27,017,294	(1,205,139)	(22,606,851)	3,205,304
Motor vehicles	10,228,819	(77,558)	(7,957,402)	2,193,859
Plant and machineries	2,135,579	-	(2,019,054)	116,525
Renovation and electrical installation	1,234,113	-	(810,533)	423,580
	74,446,194	(6,861,321)	(40,989,447)	26,595,426

The Group	At Cost RM	Accumulated Impairment Losses RM	Accumulated Depreciation RM	Carrying Amount RM
<b>2022 (Restated)</b>				
Freehold land	3,706,328	-	-	3,706,328
Buildings	59,278,587	(19,077,919)	(19,066,835)	21,133,833
Furniture, fixtures and equipment	26,589,088	(1,222,515)	(21,847,345)	3,519,228
Motor vehicles	10,963,150	(77,558)	(8,579,578)	2,306,014
Plant and machineries	2,289,055	-	(2,247,541)	41,514
Renovation and electrical installation	1,185,845	-	(746,586)	439,259
	104,012,053	(20,377,992)	(52,487,885)	31,146,176

- (a) Included in the property, plant and equipment of the Group were motor vehicles and equipment with a total carrying amount of RM2,054,600 (2022 - RM2,095,971) held under hire purchases agreements. These assets have been pledged as security for the hire purchase payables of the Group as disclosed in Note 21 to the financial statements.
- (b) Included in the carrying amount of the property, plant and equipment of the Group are the following asset pledged to licensed banks for banking facilities extended to the Group as disclosed in Note 22 to the financial statements are as follows:-

	The Group	
	2023 RM	2022 RM
Building	4,362,143	4,257,272

#### 7. INVESTMENT PROPERTIES

	The Group	
	2023 RM	2022 RM
Cost:-		
At 1 May 2022/2021	59,278,738	54,939,302
Transfer from property, plant and equipment (Note 6)	29,395,472	4,339,436
Transfer from right-of-use assets (Note 8)	879,680	-
At 30 April 2023/2022	89,553,890	59,278,738

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 7. INVESTMENT PROPERTIES (CONT'D)

	The Group	
	2023 RM	2022 RM
Accumulated depreciation:-		
At 1 May 2022/2021	(21,682,523)	(21,003,221)
Depreciation during the financial year (Note 31)	(461,091)	(292,505)
Transfer from property, plant and equipment (Note 6)	(11,905,108)	(386,797)
Transfer from right-of-use assets (Note 8)	(447,260)	-
At 30 April 2023/2022	(34,495,982)	(21,682,523)
Accumulated impairment loss:-		
At 1 May 2022/2021	(23,301,415)	(23,301,415)
Transfer from property, plant and equipment (Note 6)	(13,499,295)	-
At 30 April 2023/2022	(36,800,710)	(23,301,415)
	<u>18,257,198</u>	<u>14,294,800</u>
Represented by:-		
Freehold land	3,287,365	3,287,365
Leasehold land	5,043,279	4,679,754
Buildings	9,926,554	6,327,681
At 30 April 2023/2022	<u>18,257,198</u>	<u>14,294,800</u>
Fair value:-		
Freehold land	4,290,000	4,190,000
Leasehold land	10,580,597	6,661,926
Buildings	16,322,931	11,494,892
At 30 April 2023/2022	<u>31,193,528</u>	<u>22,346,818</u>

The fair value of the investment properties have been determined based on valuations performed by independent professional valuers at the end of the reporting date using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size, location, market trends and facilities available. The most significant input into this valuation approach is the price per square foot of comparable properties. There has been no change to the valuation technique during the financial year.

The fair values of the investment properties are within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

The fair value measurements of the investment properties are based on the highest and best use which does not differ from their actual use.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 8. RIGHT-OF-USE ASSETS

	At 1.5.2022 RM	Additions (Note 37(a)) RM	Derecognition Due to Lease Modification RM	Transfer to Investment Properties (Note 7) RM	Modification of Lease Liabilities (Note 23) RM	Depreciation Charges (Note 31) RM	At 30.4.2023 RM
<b>The Group</b>							
<b>2023</b>							
<i>Carrying Amount</i>							
Leasehold land	18,961,154	-	-	(432,420)	-	(179,968)	18,348,766
Premises	4,831,474	1,523,798	(45,681)	-	241,994	(2,100,738)	4,450,847
	23,792,628	1,523,798	(45,681)	(432,420)	241,994	(2,280,706)	22,799,613

	At 1.5.2021 RM	Additions (Note 37(a)) RM	Derecognition Due to Lease Modification RM	Disposal of A Subsidiary (Note 35) RM	Modification of Lease Liabilities (Note 23) RM	Depreciation Charges (Note 31) RM	At 30.4.2022 RM
<b>The Group</b>							
<b>2022 (Restated)</b>							
<i>Carrying Amount</i>							
Leasehold land	19,184,521	-	-	-	-	(223,367)	18,961,154
Premises	6,022,000	1,381,819	(351,800)	(154,659)	(185,859)	(1,880,027)	4,831,474
	25,206,521	1,381,819	(351,800)	(154,659)	(185,859)	(2,103,394)	23,792,628

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

	The Group	
	2023 RM	2022 RM
Leasehold land	28 to 99 years	29 to 95 years
Premises	1 to 3 years	1 to 6 years

- (b) The Group also has several leases with lease terms of 12 months or less and leases of 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) Included in the right-of-use assets of the Group are leasehold land with a total carrying amount of RM4,106,222 (2022 - RM4,136,288) which has been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 22 to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

### 9. OTHER INVESTMENTS

	The Group	
	2023 RM	2022 RM
Transferable golf club memberships, at cost	374,200	374,200
Less: Impairment losses	(135,590)	(135,590)
	238,610	238,610

### 10. DEFERRED TAX ASSETS

The Group	Recognised in		
	At 1.5.2022 RM	Profit or Loss (Note 32) RM	At 30.4.2023 RM
<b>2023</b>			
<i>Deferred Tax Liability</i>			
Accelerated capital allowances	(854,804)	-	(854,804)
<i>Deferred Tax Assets</i>			
Impairment losses on trade receivables	183,400	-	183,400
Inventories written down	575,400	-	575,400
Provisions	57,900	-	57,900
Unrealised foreign exchange loss	22,000	-	22,000
Others	136,692	105,296	241,988
	975,392	105,296	1,080,688
	120,588	105,296	225,884

The Group	Recognised in		
	At 1.5.2021 RM	Profit or Loss (Note 32) RM	At 30.4.2022 RM
<b>2022</b>			
<i>Deferred Tax Liability</i>			
Accelerated capital allowances	(854,804)	-	(854,804)
<i>Deferred Tax Assets</i>			
Impairment losses on trade receivables	183,400	-	183,400
Inventories written down	575,400	-	575,400
Provisions	57,900	-	57,900
Unrealised foreign exchange loss	22,000	-	22,000
Others	184,105	(47,413)	136,692
	1,022,805	(47,413)	975,392
	168,001	(47,413)	120,588

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 10. DEFERRED TAX ASSETS (CONT'D)

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group	
	2023 RM	2022 RM
Unused tax losses:		
- expires by 30 April 2028	25,635,000	27,652,000
- expires by 30 April 2029	260,000	260,000
- expires by 30 April 2030	426,000	426,000
- expires by 30 April 2031	475,000	475,000
- expires by 30 April 2032	1,359,000	1,591,000
- expires by 30 April 2033	24,000	-
Unabsorbed capital allowances	417,000	600,000
Unabsorbed reinvestment allowance	1,805,000	1,805,000
Other deductible temporary differences	25,851,000	25,981,000
	56,252,000	58,790,000

Certain comparative figure has been restated to reflect the revised tax losses carry-forward, unabsorbed capital allowances, unabsorbed reinvestment allowance and other deductible temporary differences available to the Group.

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital are allowed to be carried forward indefinitely.

The use of tax losses of subsidiary in other country is subject to agreement of the tax authority and compliance with certain provisions of the Income Tax Act of the country in which the subsidiary operates.

#### 11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<u>Non-current</u>				
Other receivable	161,315	230,498	-	-
<u>Current</u>				
Other receivables:-				
Third parties	522,733	3,694,437	-	4,486
Advances to suppliers	2,232,110	2,369,756	-	-
Sales tax recoverable	744,497	1,011,883	-	-
	3,499,340	7,076,076	-	4,486
Allowance for impairment losses	(53,311)	(53,311)	-	-
	3,446,029	7,022,765	-	4,486
Deposits	1,164,702	1,682,752	3,600	5,000
Prepayments	727,362	643,954	2,611	2,062
	5,338,093	9,349,471	6,211	11,548
	5,499,408	9,579,969	6,211	11,548
Allowance for impairment losses:- At 30 April 2023/2022	53,311	53,311	-	-

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 12. INVENTORIES

	The Group	
	2023 RM	2022 RM
Trading goods	102,178,663	72,945,326
Goods-in-transit	1,786,285	11,193,981
	103,964,948	84,139,307
Recognised in profit or loss:-		
Inventories recognised as cost of sales	270,338,378	230,071,008
Inventories written down (Note 31)	1,324,288	830,224
Inventories written off (Note 31)	-	2,880,353
Reversal of inventories written down (Note 31)	(430,126)	(1,708,694)

#### 13. TRADE RECEIVABLES

	The Group	
	2023 RM	2022 RM
Trade receivables	73,593,635	74,579,210
Allowance for impairment losses	(3,672,184)	(3,672,119)
	69,921,451	70,907,091
Allowance for impairment losses:-		
At 1 May 2022/2021	3,672,119	2,774,799
Addition during the financial year (Note 30)	749,436	1,946,248
Reversal during the financial year (Note 30)	(565,316)	(524,021)
Written off during the financial year	(195,235)	(455,186)
Foreign exchange translation differences	11,180	2,757
Disposal of a subsidiary	-	(72,478)
At 30 April 2023/2022	3,672,184	3,672,119

The Group's normal trade credit terms range from 7 to 180 (2022 - 7 to 180) days.

#### 14. AMOUNTS OWING BY SUBSIDIARIES

	The Company	
	2023 RM	2022 RM
<b>Amount Owing by Subsidiaries</b>		
<i>Current</i>		
Non-trade balances	22,595,654	25,511,601
Allowance for impairment losses	(1,264,197)	(1,264,197)
	21,331,457	24,247,404
Allowance for impairment losses:-		
At 30 Apr 2023/2022	1,264,197	1,264,197

The non-trade balances represent unsecured advances granted to subsidiaries which are repayable on demand. Interest is charged at 3.68% to 4.80% (2022 - 3.42% to 3.87%) per annum on the outstanding balance. The amounts owing are to be settled in cash.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 15. SHORT-TERM INVESTMENTS

	The Group/The Company	
	2023 RM	2022 RM
Money market funds, at fair value	15,680,231	13,263,343

The funds invest mainly into debentures, deposits and money market instruments and thus have minimum exposure to changes in market value. There is no maturity period for money market funds as these money is callable on demand.

#### 16. DERIVATIVE ASSETS

	Contract/Notional Amount		The Group	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Derivative Assets</b>				
Forward currency contracts	1,358,713	7,660,010	5,882	108,649

The Group does not apply hedge accounting.

The forward currency contracts are used to hedge a subsidiary's purchases denominated in United States Dollar (USD) for which firm commitments existed at the end of the reporting period. The settlement dates on forward currency contracts range within 1 (2022 - 1 to 2) months after the end of the reporting period.

#### 17. FIXED DEPOSIT WITH A LICENSED BANK

The fixed deposit with a licensed bank of the Group at the end of the reporting period bore effective interest rate of 1.55% (2022 - 1.55%) per annum. The fixed deposit has maturity period of 4 (2022 - 6) days for the Group.

#### 18. SHARE CAPITAL

	The Group/The Company			
	2023 Number Of Shares	2022	2023 RM	2022 RM
<b>Issued and Fully Paid-Up</b>				
Ordinary Shares At 30 April 2023/2022	519,371,864	519,371,864	135,761,642	135,761,642

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

#### 19. RESERVES

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Foreign exchange translation reserve	3,714,426	2,982,867	-	-
Merger deficit	(43,360,988)	(43,360,988)	-	-
Retained profits	99,913,066	91,780,175	4,286,896	5,137,625
	60,266,504	51,402,054	4,286,896	5,137,625

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 19. RESERVES (CONT'D)

##### (a) 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.

##### (b) 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.

#### 20. LONG-TERM BORROWINGS

	The Group	
	2023 RM	2022 RM (Restated)
Hire purchase payables (Note 21)	704,263	948,792
Term loans (Note 22)	4,152,240	16,130,395
	4,856,503	17,079,187

#### 21. HIRE PURCHASE PAYABLES

	The Group	
	2023 RM	2022 RM (Restated)
Current liabilities (Note 26)	557,493	496,068
Non-current liabilities (Note 20)	704,263	948,792
	1,261,756	1,444,860

(a) The hire purchases payables of the Group are secured by the Group's motor vehicles and equipment under finance lease are disclosed in Note 6 to the financial statements. The hire purchase arrangements are expiring range from 1 to 5 years (2022 - 1 to 6) years.

(b) The hire purchase payables of the Group at the end of the reporting period bore effective interest rate of 2.07% to 6.21% (2022 - 2.07% to 6.07%) per annum.

#### 22. TERM LOANS (SECURED)

	The Group	
	2023 RM	2022 RM
Current liabilities (Note 26)	5,056,456	5,370,394
Non-current liabilities (Note 20)	4,152,240	16,130,395
	9,208,696	21,500,789

(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 right-of-use assets as disclosed in Notes 6 and 8 to the financial statements; and
- (iii) jointly and severally guaranteed by certain directors of the Group and of the Company.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 22. TERM LOANS (SECURED) (CONT'D)

(b) The interest rate profile of the term loans are summarised below:-

	Effective Interest Rate %	The Group	
		2023 RM	2022 RM
Fixed rate term loan	1.75	1,520,944	1,589,049
Floating rate term loans	4.33 - 5.15	7,687,752	19,911,740
		9,208,696	21,500,789

#### 23. LEASE LIABILITIES

	The Group	
	2023 RM	2022 RM (Restated)
At 1 May 2022/2021	5,160,337	6,413,450
Additions (Note 37(a))	1,523,798	1,381,819
Interest expense recognised in profit or loss (Note 31)	232,632	215,817
COVID-19-related rent concessions (Notes 31 and 37(b))	-	(3,587)
Changes due to lease modification (Notes 8 and 37(b))	241,994	(185,859)
Disposal of a subsidiary (Notes 35 and 37(b))	-	(223,827)
Derecognition due to lease modification (Note 37(b))	(49,924)	(365,894)
Repayment of principal	(2,079,971)	(1,855,765)
Repayment of interest expense	(232,632)	(215,817)
At 30 April 2023/2022	4,796,234	5,160,337
Analysed by:-		
Current liabilities	2,045,212	1,811,701
Non-current liabilities	2,751,022	3,348,636
	4,796,234	5,160,337

#### 24. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 120 (2022 - 30 to 120) days.

Included in trade payables is an amount of RM39,575 (2022 - RM66,920) owing to companies in which a director has financial interest.

#### 25. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other payables:				
- third parties	1,322,767	1,108,662	1,800	-
- unpaid balances for acquisition of property, plant and equipment (Note 37(a))	81,000	-	-	-
	1,403,767	1,108,662	1,800	-
Accruals	5,265,506	3,862,693	115,416	116,750
Deposits received	1,276,142	1,217,981	-	-
	7,945,415	6,189,336	117,216	116,750

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 26. SHORT-TERM BORROWINGS

	The Group	
	2023 RM	2022 RM (Restated)
Bankers' acceptances	17,729,868	11,856,684
Foreign currency loans	27,183,579	14,636,205
Hire purchase payables (Note 21)	557,493	496,068
Term loans (Note 22)	5,056,456	5,370,394
Trust receipts	-	192,605
	50,527,396	32,551,956

- (a) Bankers' acceptances are drawn for a period ranging from 50 to 149 (2022 - 58 to 120) days and bore interests ranging from 4.11% to 4.95% (2022 - 2.54% to 3.85%) per annum.
- (b) The bankers' acceptances are secured by the Group's property, plant and equipment and right-of-use assets as disclosed in Notes 6 and 8 to the financial statements.
- (c) Foreign currency loans are drawn for a period from 95 to 172 (2022 - 99 to 147) days and bore interest ranging from 5.46% to 6.41% (2022 - 1.10% to 2.36%) per annum.
- (d) In previous financial year, trust receipts were drawn for a period of 90 days and bore interests 2.05% per annum.
- (e) The bankers' acceptances, foreign currency loans and trust receipts are secured by corporate guarantee provided by the Company.

#### 27. PROVISIONS

	Product Warranties RM	Rebates RM	Staff Sales Commission RM	Advertising and Promotion RM	Others RM	Total RM
<b>The Group</b>						
At 1 May 2021	5,028,104	1,257,214	867,649	3,741,384	2,473,743	13,368,094
Provision made during the financial year	3,233,706	6,291,820	3,318,873	1,915,045	3,996,798	18,756,242
Claimed/Utilised during the financial year	(3,172,394)	(6,169,398)	(3,191,134)	(2,953,607)	(2,768,910)	(18,255,443)
Reversal during the financial year	(18,000)	-	-	-	(650,002)	(668,002)
At 30 April 2022/1 May 2022	5,071,416	1,379,636	995,388	2,702,822	3,051,629	13,200,891
Provision made during the financial year	3,890,689	6,850,652	3,266,173	2,245,871	4,275,212	20,528,597
Claimed/Utilised during the financial year	(4,100,634)	(7,171,752)	(3,471,604)	(2,831,323)	(2,719,526)	(20,294,839)
Reversal during the financial year	-	-	-	-	(2,328,602)	(2,328,602)
At 30 April 2023	4,861,471	1,058,536	789,957	2,117,370	2,278,713	11,106,047

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 27. PROVISIONS (CONT'D)

##### (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) 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.

##### (e) Others

Provision for others is in respect of the relocation and restoration costs, 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.

#### 28. REVENUE

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
<b>Revenue from Contracts with Customers</b>		
<u>Recognised at a point in time</u>		
Sale of goods	346,294,825	297,873,485
<b>Revenue from Other Sources</b>		
Rental income	483,960	487,400
	346,778,785	298,360,885

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



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 29. EMPLOYEE BENEFITS

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

The key management personnel compensation during the financial year are as follows:-

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Directors</b>				
<u>Directors of the Company</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	155,000	155,000	135,000	135,000
- salaries, bonuses and other benefits	2,171,304	1,448,651	-	-
	2,326,304	1,603,651	135,000	135,000
Defined contribution plan	193,801	140,775	-	-
	2,520,105	1,744,426	135,000	135,000
<i>Non-executive Directors</i>				
Short-term employee benefits:				
- fees	127,666	139,987	127,666	139,987
	2,647,771	1,884,413	262,666	274,987
<u>Directors of the Subsidiaries</u>				
<i>Executive Directors</i>				
Short-term employee benefits:				
- fees	119,615	73,333	-	-
- salaries, bonuses and other benefits	3,032,836	3,147,835	-	-
	3,152,451	3,221,168	-	-
Defined contribution plan	370,481	361,600	-	-
	3,522,932	3,582,768	-	-
Total directors' remuneration	6,170,703	5,467,181	262,666	274,987
<b>Other staff costs</b>				
Short-term employee benefits:				
- salaries, bonuses and other benefits	29,857,900	27,380,738	6,007	2,310
- defined contribution plan	3,304,671	2,822,401	-	-
Total other staff costs	33,162,571	30,203,139	6,007	2,310
Total employee benefits	39,333,274	35,670,320	268,673	277,297

The estimated monetary value of benefits-in-kind provided by the Group to the directors of the Company were RM70,600 (2022 - RM60,295).

#### 30. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS

	The Group	
	2023 RM	2022 RM
Impairment losses:		
- trade receivables (Note 13)	749,436	1,946,248
Reversal of impairment losses:		
- trade receivables (Note 13)	(565,316)	(524,021)
	184,120	1,422,227

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 31. PROFIT BEFORE TAXATION

	The Group		The Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Profit before taxation is arrived at:				
<i>After Charging/(Crediting)</i>				
Auditors' remuneration:				
- audit fee:				
- current financial year	276,626	251,880	42,000	40,000
- non-audit fee	5,000	31,000	5,000	31,000
Bad debt written off	1	86	-	-
Depreciation of:				
- property, plant and equipment (Note 6)	2,335,842	2,415,310	-	-
- investment properties (Note 7)	461,091	292,505	-	-
- right-of-use assets (Note 8)	2,280,706	2,103,394	-	-
Fair value loss on derivative assets	102,767	-	-	-
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bankers' acceptances	663,612	259,554	-	-
- foreign currency loans	1,085,528	149,741	-	-
- term loans	690,771	596,502	-	-
- trust receipts	15,752	15,752	-	-
- hire purchase payables	68,653	48,558	-	-
Interest expense on lease liabilities (Note 23)	232,632	215,817	-	-
Inventories written down (Note 12)	1,324,288	830,224	-	-
Inventories written off (Note 12)	-	2,880,353	-	-
Lease expenses:				
- short-term leases	502,093	367,166	3,600	6,000
- low-value assets	327,271	224,634	-	-
Loss on foreign exchange:				
- realised	46,125	33,114	-	-
- unrealised	69,989	170,918	-	-
Other receivable written off	-	23,793	-	-
Property, plant and equipment written off (Note 6)	19,962	22,261	-	-
Bad debts recovered	(48,705)	(27,479)	-	-
COVID-19-related rent concessions (Note 23)	-	(3,587)	-	-
Gain on disposal of property, plant and equipment	(327,193)	(463,613)	-	-
Gain on disposal of subsidiary (Note 35)	-	(41,791)	-	-
Gain on foreign exchange:				
- realised	(744,757)	(684,041)	-	-
- unrealised	(163,891)	(93,722)	-	-
Gain on lease modification	(4,243)	(14,094)	-	-
Fair value gain on financial asset measured at fair value profit or loss:				
- derivative assets	-	(155,446)	-	-
- short-term investments	(392,695)	(81,824)	(392,695)	(81,824)
Interest income on financial assets measured at amortised cost:				
- bank interest	(232,284)	(242,674)	(441)	(1,816)
- fixed deposit interest	(78,764)	(121,019)	-	-
- imputed interest on trade receivables	(6,899)	(10,977)	-	-
- imputed interest on other receivables	(11,423)	(6,928)	-	-
- imputed interest on advances to subsidiaries	-	-	(943,540)	(936,990)
- short-term investments	(24,194)	(130,670)	(24,194)	(130,670)
Lease income:				
- rental income from investment properties	(229,680)	(57,000)	-	-
Reversal of inventories written down (Note 12)	(430,126)	(1,708,694)	-	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 32. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current tax expense	2,876,004	1,975,910	145,300	142,900
(Over)/Under provision in the previous financial year	(107,041)	58,525	3,863	(37,913)
	<u>2,768,963</u>	<u>2,034,435</u>	<u>149,163</u>	<u>104,987</u>
Deferred tax (Note 10):				
- origination and reversal of temporary differences	(105,296)	47,413	-	-
	<u>2,663,667</u>	<u>2,081,848</u>	<u>149,163</u>	<u>104,987</u>

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before taxation	12,354,667	8,727,301	856,543	575,945
Tax at the statutory tax rate of 24% (2022 - 24%)	2,965,120	2,094,552	205,570	138,227
Tax effects of:-				
Non-taxable income	(147,239)	(42,455)	(100,053)	(31,361)
Non-deductible expenses	578,396	782,455	39,783	36,034
Utilisation of deferred tax assets previously not recognised	(609,649)	(800,612)	-	-
Effects of differential in tax rates of a foreign subsidiary	(15,920)	(10,617)	-	-
(Over)/Under provision of income tax in the previous financial year	(107,041)	58,525	3,863	(37,913)
Tax expense for the financial year	<u>2,663,667</u>	<u>2,081,848</u>	<u>149,163</u>	<u>104,987</u>

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 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	
	2023 RM	2022 RM
<b>Items that Will be Reclassified Subsequently to Profit or Loss</b>		
Foreign currency translation:		
- changes during the financial year	731,559	214,128

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 34. EARNINGS PER SHARE

	The Group	
	2023	2022
Profit attributable to owners of the Company (RM)	9,691,000	6,660,851
Weighted average number of ordinary shares at 30 April 2023/2022	519,371,864	519,371,864
Basic earnings per share (sen)	1.87	1.28

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

#### 35. DISPOSAL OF A SUBSIDIARY

On 25 August 2021, the Group disposed of its entire equity interests in Autoworld for a total consideration of RM50,000.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group 2022 RM
Property, plant and equipment (Note 6)	93,837
Right-of-use assets (Note 8)	154,659
Inventories	256,677
Trade receivables	139,356
Other receivables, deposits and prepayments	11,122
Current tax assets	16,120
Cash and bank balances	55,019
Trade payables	(86,627)
Other payables and accruals	(404,609)
Lease liabilities (Note 23)	(223,827)
Non-controlling interests	(3,518)
Carrying amount of net assets disposed of	8,209
Gain on disposal of a subsidiary (Note 31)	41,791
Consideration received, satisfied in cash	50,000
Less: Cash and bank balances of a subsidiary disposed of	(55,019)
Net cash outflow for the disposal of a subsidiary	(5,019)

#### 36. DIVIDENDS

	The Group/The Company	
	2023 RM	2022 RM
<b>Ordinary Shares</b>		
Final dividends of 0.30 sen per ordinary share in respect of the previous financial year	-	1,558,108
Interim dividends of 0.30 sen per ordinary share in respect of the current financial year	1,558,109	-

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 37. CASH FLOW INFORMATION

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

	The Group	
	2023 RM	2022 RM (Restated)
<b>Property, plant and equipment</b>		
Cost of property, plant and equipment purchased (Note 6)	1,663,401	2,810,106
Less: Acquired through hire purchase arrangements (Note 37(b))	(386,000)	(1,187,354)
Less: Other payables - balances remained unpaid at financial year ended (Note 25)	(81,000)	-
	1,196,401	1,622,752
<b>Right-of-use assets</b>		
Cost of right-of-use assets acquired (Note 8)	1,523,798	1,381,819
Less: Addition of new lease liabilities (Notes 23 and 37(b))	(1,523,798)	(1,381,819)
	-	-

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

	Bankers' Acceptances RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire purchase Payables RM	Lease Liabilities RM	Total RM
<b>The Group</b>							
<b>2023</b>							
At 1 May 2022	11,856,684	192,605	14,636,205	21,500,789	1,444,860	5,160,337	54,791,480
<u>Changes in Financing</u>							
<u>Cash Flows</u>							
Proceeds from drawdown	56,674,184	1,382,114	67,357,681	-	-	-	125,413,979
Repayment of principal	(50,801,000)	(1,589,842)	(54,608,944)	(12,384,508)	(593,610)	(2,079,971)	(122,057,875)
Repayment of interests	(663,612)	(15,752)	(1,085,528)	(690,771)	(68,653)	(232,632)	(2,756,948)
	5,209,572	(223,480)	11,663,209	(13,075,279)	(662,263)	(2,312,603)	599,156
<u>Other Changes</u>							
Derecognition due to lease modification (Note 23)	-	-	-	-	-	(49,924)	(49,924)
Foreign exchange adjustments	-	15,123	(201,363)	92,415	24,506	-	(69,319)
New hire purchases (Note 37(a))	-	-	-	-	386,000	-	386,000
Acquisition of new leases (Notes 23 and 37(a))	-	-	-	-	-	1,523,798	1,523,798
Changes due to lease modification (Notes 8 and 23)	-	-	-	-	-	241,994	241,994
Interest expense recognised in profit or loss (Note 31)	663,612	15,752	1,085,528	690,771	68,653	232,632	2,756,948
	663,612	30,875	884,165	783,186	479,159	1,948,500	4,789,497
At 30 April 2023	17,729,868	-	27,183,579	9,208,696	1,261,756	4,796,234	60,180,133

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 37. CASH FLOW INFORMATION (CONT'D)

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

	Bankers' Acceptances RM	Trust Receipts RM	Foreign Currency Loans RM	Term Loans RM	Hire purchase Payables RM	Lease Liabilities RM	Total RM
<b>The Group</b>							
<b>2022 (Restated)</b>							
At 1 May 2021	7,755,000	506,724	7,920,029	6,083,046	732,079	6,413,450	29,410,328
<u>Changes in Financing</u>							
<u>Cash Flows</u>							
Proceeds from drawdown	43,144,684	3,650,001	48,063,226	20,000,000	-	-	114,857,911
Repayment of principal	(39,043,000)	(3,956,608)	(41,882,469)	(4,610,919)	(481,345)	(1,855,765)	(91,830,106)
Repayment of interests	(259,554)	(15,752)	(149,741)	(596,502)	(48,558)	(215,817)	(1,285,924)
	3,842,130	(322,359)	6,031,016	14,792,579	(529,903)	(2,071,582)	21,741,881
<u>Other Changes</u>							
COVID-19-related rent concessions (Note 23)	-	-	-	-	-	(3,587)	(3,587)
Disposal of a subsidiary (Note 23)	-	-	-	-	-	(223,827)	(223,827)
Derecognition due to lease modification (Note 23)	-	-	-	-	-	(365,894)	(365,894)
Foreign exchange adjustments	-	(7,512)	535,419	28,662	6,772	-	563,341
New hire purchases (Note 37(a))	-	-	-	-	1,187,354	-	1,187,354
Acquisition of new leases (Notes 23 and 37(a))	-	-	-	-	-	1,381,819	1,381,819
Changes due to lease modification (Notes 8 and 23)	-	-	-	-	-	(185,859)	(185,859)
Interest expense recognised in profit or loss (Note 31)	259,554	15,752	149,741	596,502	48,558	215,817	1,285,924
	259,554	8,240	685,160	625,164	1,242,684	818,469	3,639,271
At 30 April 2022	11,856,684	192,605	14,636,205	21,500,789	1,444,860	5,160,337	54,791,480

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

	The Group		The Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
Payment of short-term leases	502,093	367,166	3,600	6,000
Payment of low-value assets	327,271	224,634	-	-
Interest paid on lease liabilities	232,632	215,817	-	-
Payment of lease liabilities	2,079,971	1,855,765	-	-
	3,141,967	2,663,382	3,600	6,000

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

### 37. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Fixed deposit with a licensed bank	4,940,000	4,347,000	-	-
Cash and bank balances	23,577,585	34,971,811	1,210,964	1,563,682
	28,517,585	39,318,811	1,210,964	1,563,682

### 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.

#### (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	
	2023 RM	2022 RM
<b>Companies in which certain directors have substantial financial interests</b>		
Lease expense paid/payable	84,000	84,000
Lease income received/receivable	-	4,000
Sales of goods	36,222	54,924
Purchases of goods	215,893	242,555
<b>Directors and a family member</b>		
Lease expense paid/payable	223,162	212,131
<b>The Company</b>		
<b>Subsidiaries</b>		
Advances granted	1,094,000	950,000
Interest income received/receivable	943,540	936,990

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 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. In addition, the businesses are also considered from a geographical perspective.

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 other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (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.

#### 39.1 BUSINESS SEGMENTS

2023	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Revenue</b>				
External revenue	311,593,116	34,701,709	483,960	346,778,785
Inter-segment revenue	8,890,472	1,642,695	862,700	11,395,867
	320,483,588	36,344,404	1,346,660	358,174,652
Consolidation adjustments				(11,395,867)
Consolidated revenue				346,778,785
Represented by:-				
<u>Revenue recognised at a point in time</u>				
- Sales of goods	320,483,588	36,344,404	-	356,827,992
<u>Revenue recognised over time</u>				
- Rental income	-	-	1,346,660	1,346,660
	320,483,588	36,344,404	1,346,660	358,174,652
Consolidation adjustments				(11,395,867)
Consolidated revenue				346,778,785



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 39. OPERATING SEGMENTS (CONT'D)

##### 39.1 BUSINESS SEGMENTS (CONT'D)

2023	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Results</b>				
Segment profit before interest and taxation	13,927,765	873,003	987,517	15,788,285
Finance costs				(2,997,733)
Unallocated expenses				(503,447)
Consolidation adjustments				67,562
Consolidated profit before taxation				<u>12,354,667</u>
<u>Other Information</u>				
Depreciation of investment properties	(81,420)	-	(379,671)	(461,091)
Depreciation of property, plant and equipment	(1,603,830)	(659,166)	(72,846)	(2,335,842)
Depreciation of right-of-use assets	(2,082,747)	(191,761)	(6,198)	(2,280,706)
Fair value loss on derivative assets	(102,767)	-	-	(102,767)
Fair value gain on short-term investments	-	-	392,695	392,695
Gain on foreign exchange:				
- realised	744,757	-	-	744,757
- unrealised	153,865	10,026	-	163,891
Gain on disposal of property, plant and equipment	306,494	20,699	-	327,193
Impairment losses on:				
- trade receivables	(633,108)	(116,328)	-	(749,436)
Interest expenses on financial liabilities that are not at fair value through profit or loss	(2,328,533)	(195,783)	-	(2,524,316)
Interest expense on lease liabilities	(202,614)	(30,018)	-	(232,632)
Interest income	311,560	17,369	24,635	353,564
Inventories written down	(1,324,288)	-	-	(1,324,288)
Loss on foreign exchange:				
- realised	(31,742)	(14,383)	-	(46,125)
- unrealised	(56,230)	(13,759)	-	(69,989)
Property, plant and equipment written off	(19,962)	-	-	(19,962)
Provisions	(20,528,597)	-	-	(20,528,597)
Reversal of allowance for impairment losses on trade receivables	251,689	313,627	-	565,316
Reversal of inventories written down	161,497	268,629	-	430,126
Reversal of provision	2,328,602	-	-	2,328,602
<b>Assets</b>				
Segment assets	219,737,782	40,361,125	152,485,260	412,584,167
Unallocated assets:				
- current tax assets				1,565,297
- deferred tax assets				225,884
- assets used for general enterprised or head office purpose				160,212
Consolidation adjustments				(121,264,027)
Consolidated total assets				<u>293,271,533</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 39. OPERATING SEGMENTS (CONT'D)

##### 39.1 BUSINESS SEGMENTS (CONT'D)

2023	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Assets (Cont'd)</b>				
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	1,316,002	257,399	90,000	1,663,401
Right-of-use assets	1,400,819	122,979	-	1,523,798
<b>Liabilities</b>				
Segment liabilities	49,046,027	12,800,230	3,085,014	64,931,271
Unallocated liabilities:				
- bankers' acceptances				17,729,868
- foreign currency loans				27,183,579
- hire purchase payables				1,261,756
- lease liabilities				4,796,234
- term loans				9,208,696
Consolidation adjustments				(27,868,017)
Consolidated total liabilities				97,243,387
<b>2022 (Restated)</b>				
<b>Revenue</b>				
External revenue	265,774,968	32,098,517	487,400	298,360,885
Inter-segment revenue	4,158,649	1,477,367	664,000	6,300,016
	269,933,617	33,575,884	1,151,400	304,660,901
Consolidation adjustments				(6,300,016)
Consolidated revenue				298,360,885
Represented by:-				
<u>Revenue recognised at a point in time</u>				
- Sales of goods	269,933,617	33,575,884	-	303,509,501
<u>Revenue recognised over time</u>				
- Rental income	-	-	1,151,400	1,151,400
	269,933,617	33,575,884	1,151,400	304,660,901
Consolidation adjustments				(6,300,016)
Consolidated revenue				298,360,885
<b>Results</b>				
Segment profit before interest and taxation	9,504,861	213,069	710,118	10,428,048
Finance costs				(1,627,722)
Unallocated expenses				(574,473)
Consolidation adjustments				501,448
Consolidated profit before taxation				8,727,301

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 39. OPERATING SEGMENTS (CONT'D)

##### 39.1 BUSINESS SEGMENTS (CONT'D)

2022 (Restated)	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Results (Cont'd)</b>				
<u>Other Information</u>				
Depreciation of investment properties	(53,018)	-	(239,487)	(292,505)
Depreciation of property, plant and equipment	(1,668,220)	(551,758)	(195,332)	(2,415,310)
Depreciation of right-of-use assets	(1,919,682)	(162,517)	(21,195)	(2,103,394)
Fair value gain on derivative assets	155,446	-	-	155,446
Fair value gain on short-term investments	-	-	81,824	81,824
Gain on foreign exchange:				
- realised	536,580	147,461	-	684,041
- unrealised	70,190	23,532	-	93,722
Gain on disposal of property, plant and equipment	172,805	290,808	-	463,613
Gain on disposal of subsidiary	-	-	41,791	41,791
Impairment losses on:				
- trade receivables	(1,130,668)	(815,580)	-	(1,946,248)
Interest expenses on financial liabilities that are not at fair value through profit or loss	(948,408)	(121,699)	-	(1,070,107)
Interest expense on lease liabilities	(206,424)	(9,393)	-	(215,817)
Interest income	368,306	11,476	132,486	512,268
Inventories written down	(731,366)	(98,858)	-	(830,224)
Inventories written off	(2,880,353)	-	-	(2,880,353)
Loss on foreign exchange:				
- realised	(33,114)	-	-	(33,114)
- unrealised	(170,918)	-	-	(170,918)
Other receivable written off	-	(23,793)	-	(23,793)
Property, plant and equipment written off	(19,461)	(2,800)	-	(22,261)
Provisions	(18,756,242)	-	-	(18,756,242)
Reversal of allowance for impairment losses on trade receivables	217,756	306,265	-	524,021
Reversal of inventories written down	1,706,008	2,686	-	1,708,694
Reversal of provision	668,002	-	-	668,002
<b>Assets</b>				
Segment assets	218,233,156	38,818,564	153,590,025	410,641,745
Unallocated assets:				
- current tax assets				1,310,731
- deferred tax assets				120,588
- assets used for general enterprised or head office purpose				91,396
Consolidation adjustments				(123,943,757)
Consolidated total assets				288,220,703
Additions to non-current assets other than financial instruments and deferred tax assets are:-				
Property, plant and equipment	1,671,818	1,131,238	7,050	2,810,106
Right-of-use assets	1,381,189	-	-	1,381,189

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 39. OPERATING SEGMENTS (CONT'D)

##### 39.1 BUSINESS SEGMENTS (CONT'D)

2022 (Restated)	Automotive Electrical Parts RM	Automotive Engine and Mechanical Parts RM	Others RM	The Group RM
<b>Liabilities</b>				
Segment liabilities	61,406,625	12,283,625	2,938,439	76,628,689
Unallocated liabilities:				
- bankers' acceptances				11,856,684
- foreign currency loans				14,636,205
- hire purchase payables				1,444,860
- lease liabilities				5,160,337
- term loans				21,500,789
- trust receipts				192,605
Consolidation adjustments				(30,363,162)
Consolidated total liabilities				<u>101,057,007</u>

##### 39.2 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 and deferred tax assets.

The Group	Revenue		Non-current Assets	
	2023 RM	2022 RM	2023 RM	2022 RM
Malaysia	300,072,446	257,506,472	63,748,625	65,438,864
Middle East and Africa	27,347,476	17,167,963	-	-
Other	19,358,863	23,686,450	4,303,537	4,263,848
	<u>346,778,785</u>	<u>298,360,885</u>	<u>68,052,162</u>	<u>69,702,712</u>

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

	At A Point in Time	Over Time	Group
	2023 RM	2023 RM	2023 RM
Malaysia	299,588,486	483,960	300,072,446
Middle East and Africa	27,347,476	-	27,347,476
Other	19,358,863	-	19,358,863
	<u>346,294,825</u>	<u>483,960</u>	<u>346,778,785</u>

	At A Point in Time	Over Time	Group
	2022 RM	2022 RM	2022 RM
Malaysia	257,019,072	487,400	257,506,472
Middle East and Africa	17,167,963	-	17,167,963
Other	23,686,450	-	23,686,450
	<u>297,873,485</u>	<u>487,400</u>	<u>298,360,885</u>

##### 39.3 MAJOR CUSTOMERS

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

### 40. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

#### 40.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

##### (a) Market Risk

##### (i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than the respective functional currencies of entities within the Group. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR") and Japanese Yen ("JPY"). 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.

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
<b>2023</b>				
<u>Financial Assets</u>				
Trade receivables	6,145,904	228,723	-	6,374,627
Other receivables	547,890	633,858	-	1,181,748
Cash and bank balances	981,150	49,305	82,652	1,113,107
	<u>7,674,944</u>	<u>911,886</u>	<u>82,652</u>	<u>8,669,482</u>
<u>Financial Liabilities</u>				
Trade payables	(6,101,762)	(813,797)	(1,780,261)	(8,695,820)
Other payables	(808,179)	-	(50,809)	(858,988)
Short-term borrowings	(29,877,579)	(541,961)	-	(30,419,540)
	<u>(36,787,520)</u>	<u>(1,355,758)</u>	<u>(1,831,070)</u>	<u>(39,974,348)</u>
Currency Exposure	<u>(29,112,576)</u>	<u>(443,872)</u>	<u>(1,748,418)</u>	<u>(31,304,866)</u>
<b>2022</b>				
<u>Financial Assets</u>				
Trade receivables	5,097,690	70,371	-	5,168,061
Other receivables	1,062,173	5,707	72,929	1,140,809
Cash and bank balances	1,676,713	137,977	-	1,814,690
	<u>7,836,576</u>	<u>214,055</u>	<u>72,929</u>	<u>8,123,560</u>
<u>Financial Liabilities</u>				
Trade payables	(9,819,853)	(777,958)	(762,932)	(11,360,743)
Other payables	(532,677)	(38)	(132,658)	(665,373)
Short-term borrowings	(14,636,205)	(192,605)	-	(14,828,810)
	<u>(24,988,735)</u>	<u>(970,601)</u>	<u>(895,590)</u>	<u>(26,854,926)</u>
Currency Exposure	<u>(17,152,159)</u>	<u>(756,546)</u>	<u>(822,661)</u>	<u>(18,731,366)</u>

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (a) Market Risk (Cont'd)

###### (i) Foreign Currency Risk (Cont'd)

###### *Foreign Currency Risk Sensitivity Analysis*

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

		<b>The Group</b>	
		<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>
<b>Effects on Profit After Taxation</b>			
USD/RM	- strengthened by 12% (2022 - 6%)	(2,549,888)	(826,279)
	- weakened by 12% (2022 - 6%)	2,549,888	826,279
EUR/RM	- strengthened by 11% (2022 - 11%)	(36,401)	(88,957)
	- weakened by 11% (2022 - 11%)	36,401	88,957
JPY/RM	- strengthened by 10% (2022 - 14%)	(122,478)	(88,863)
	- weakened by 10% (2022 - 14%)	122,478	88,863
<b>Effects on Equity</b>			
SGD/RM	- strengthened by 7% (2022 - 4%)	516,850	479,506
	- weakened by 7% (2022 - 4%)	(516,850)	(479,506)

###### (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 deposit with a licensed bank 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 20 and 26 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:-

		<b>The Group</b>	
		<b>2023</b>	<b>2022</b>
		<b>RM</b>	<b>RM</b>
<b>Effects on Profit After Taxation</b>			
	Increase of 93 (2022 - 25) basis points	(80,987)	(24,773)
	Decrease of 93 (2022 - 25) basis points	80,987	24,773

There is no impact on the Group's equity.

###### (iii) Equity Price Risk

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

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

###### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances and derivatives), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company'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.

###### (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:-

	<b>The Group</b>	
	<b>2023</b>	<b>2022</b>
	<b>RM</b>	<b>RM</b>
Malaysia	63,571,583	65,976,499
Middle East and Africa	4,734,190	3,162,081
Other	1,615,678	1,768,511
	69,921,451	70,907,091

###### (ii) Maximum 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 of RM49,388,725 (2022 - RM31,652,830), 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

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an ongoing basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of financial assets at amortised cost are credit impaired.

The gross carrying amounts of financial assets are written off against the associated impairment, if any, when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

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

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Company in full or is more than 90 days past due. However, the Group uses a more lagging past due criterion for certain trade receivables when it is more appropriate to reflect their loss patterns.

##### Trade Receivables

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the Group's historical credit losses experienced. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the trade receivables to settle their debts using the linear regressive analysis. The Group has identified the gross domestic product (GDP), local car sales and unemployment rate as the key macroeconomic factors of the forward-looking information.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

##### *Allowance for Impairment Losses*

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2023</b>				
Current (not past due)	54,452,126	-	(300,422)	54,151,704
1 to 90 days past due	15,488,980	-	(932,690)	14,556,290
91 to 180 days past due	1,267,300	-	(226,845)	1,040,455
181 to 270 days past due	382,278	(7,042)	(203,760)	171,476
270 to 365 days past due	2,277	(751)	-	1,526
Credit impaired	2,000,674	(2,000,674)	-	-
	<b>73,593,635</b>	<b>(2,008,467)</b>	<b>(1,663,717)</b>	<b>69,921,451</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

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

##### Trade Receivables (Cont'd)

##### *Allowance for Impairment Losses (Cont'd)*

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
<b>2022</b>				
Current (not past due)	57,753,476	-	(394,065)	57,359,411
1 to 90 days past due	11,866,930	-	(804,273)	11,062,657
91 to 180 days past due	2,171,157	-	(225,604)	1,945,553
181 to 270 days past due	687,679	(124,503)	(23,706)	539,470
Credit impaired	2,099,968	(2,099,968)	-	-
	74,579,210	(2,224,471)	(1,447,648)	70,907,091

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 Deposit with a Licensed Bank, Cash and Bank Balances

The Group considers the licensed banks and financial institutions have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

##### Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

##### *Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers 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 advances when they are payable, the Company considers the advances to be in default when the subsidiaries are not able to pay when demanded.

For advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiaries.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (b) Credit Risk (Cont'd)

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

##### Amount Owing By Subsidiaries (Non-trade Balances) (Cont'd)

For advances that are not repayable on demand, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the subsidiary would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Company considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

##### *Allowance for Impairment Losses*

	<b>Gross Amount RM</b>	<b>Individual Impairment RM</b>	<b>Carrying Amount RM</b>
<b>The Company</b>			
<b>2023</b>			
Low credit risk	21,331,457	-	21,331,457
Credit impaired	1,264,197	(1,264,197)	-
	22,595,654	(1,264,197)	21,331,457
<b>The Company</b>			
<b>2022</b>			
Low credit risk	24,247,404	-	24,247,404
Credit impaired	1,264,197	(1,264,197)	-
	25,511,601	(1,264,197)	24,247,404

The movement in the loss allowances are disclosed in Note 14 to the financial statements.

##### 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. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

##### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

##### *Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Contractual Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
<b>2023</b>						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	18,011,792	18,011,792	18,011,792	-	-
Other payables and accruals	-	6,669,273	6,669,273	6,669,273	-	-
Lease liabilities	1.69 - 4.42	4,796,234	4,962,100	2,188,555	2,773,545	-
Hire purchase payables	2.07 - 6.21	1,261,756	1,335,364	612,933	722,431	-
Bankers' acceptances	4.11 - 4.95	17,729,868	17,729,868	17,729,868	-	-
Foreign currency loans	5.46 - 6.41	27,183,579	27,183,579	27,183,579	-	-
Term loans	1.75 - 5.15	9,208,696	10,877,904	5,246,326	2,556,326	3,075,252
		84,861,198	86,769,880	77,642,326	6,052,302	3,075,252
<b>2022 (Restated)</b>						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Trade payables	-	26,875,300	26,875,300	26,875,300	-	-
Other payables and accruals	-	4,971,355	4,971,355	4,971,355	-	-
Lease liabilities	1.69 - 4.77	5,160,337	5,376,425	1,975,175	3,373,050	28,200
Hire purchases payables	2.07 - 6.07	1,444,860	1,578,920	561,272	948,879	68,769
Bankers' acceptances	2.54 - 3.85	11,856,684	11,856,684	11,856,684	-	-
Foreign currency loans	1.10 - 2.36	14,636,205	14,636,205	14,636,205	-	-
Term loans	2.50 - 3.90	21,500,789	24,442,680	6,057,386	14,141,851	4,243,443
Trust receipts	2.05	192,605	192,605	192,605	-	-
		86,638,135	89,930,174	67,125,982	18,463,780	4,340,412

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.1 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
<b>2023</b>			
Other payables and accruals	117,216	117,216	117,216
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	*	49,388,725	49,388,725
	117,216	49,505,941	49,505,941
<b>2022</b>			
Other payables and accruals	116,750	116,750	116,750
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	*	31,652,830	31,652,830
	116,750	31,769,580	31,769,580

\* 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.

##### 40.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.2 CAPITAL RISK MANAGEMENT (CONT'D)

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 debt, 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	
	2023 RM	2022 RM (Restated)
Term loans (Note 22)	9,208,696	21,500,789
Lease liabilities (Note 23)	4,796,234	5,160,337
Hire purchase payables (Note 21)	1,261,756	1,444,860
Bankers' acceptances (Note 26)	17,729,868	11,856,684
Foreign currency loans (Note 26)	27,183,579	14,636,205
Trust receipts (Note 26)	-	192,605
	60,180,133	54,791,480
Less: Fixed deposit with a licensed bank (Note 17)	(4,940,000)	(4,347,000)
Less: Cash and bank balances	(23,577,585)	(34,971,811)
Net debt	31,662,548	15,472,669
Total equity	196,028,146	187,163,696
Debt-to-equity ratio	0.16	0.08

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

##### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 15)	15,680,231	13,263,343	15,680,231	13,263,343
Derivative assets (Note 16)	5,882	108,649	-	-
	15,686,113	13,371,992	15,680,231	13,263,343
<u>Amortised Cost</u>				
Trade receivables (Note 13)	69,921,451	70,907,091	-	-
Other receivables (Note 11)	630,737	3,871,624	-	4,486
Amount owing by subsidiaries (Note 14)	-	-	21,331,457	24,247,404
Fixed deposit with a licensed bank (Note 17)	4,940,000	4,347,000	-	-
Cash and bank balances	23,577,585	34,971,811	1,210,964	1,563,682
	99,069,773	114,097,526	22,542,421	25,815,572

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2023 RM	2022 RM (Restated)	2023 RM	2022 RM
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Trade payables (Note 24)	18,011,792	26,875,300	-	-
Other payables and accruals (Note 25)	6,669,273	4,971,355	117,216	116,750
Bankers' acceptances (Note 26)	17,729,868	11,856,684	-	-
Foreign currency loans (Note 26)	27,183,579	14,636,205	-	-
Lease liabilities (Note 23)	4,796,234	5,160,337	-	-
Hire purchase payables (Note 21)	1,261,756	1,444,860	-	-
Term loans (Note 22)	9,208,696	21,500,789	-	-
Trust receipts (Note 26)	-	192,605	-	-
	84,861,198	86,638,135	117,216	116,750

##### 40.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2023 RM	2022 RM	2023 RM	2022 RM
<b>Financial Assets</b>				
<u>Fair Value Through Profit or Loss</u>				
Net gains recognised in profit or loss	314,122	367,940	416,889	212,494
<u>Amortised Cost</u>				
Net gains/(losses) recognised in profit or loss	157,485	(28,204)	943,981	938,806
<b>Financial Liabilities</b>				
<u>Amortised Cost</u>				
Net losses recognised in profit or loss	(1,927,945)	(1,539,014)	-	-

##### 40.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 40. FINANCIAL INSTRUMENTS (CONT'D)

##### 40.5 FAIR VALUE INFORMATION (CONT'D)

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	Carrying Amount
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3		
	RM	RM	RM	RM	RM	RM		
<b>2023</b>								
<u>Financial Asset</u>								
Derivative assets								
- forward currency contracts	-	5,882	-	-	-	-	5,882	5,882
<u>Financial Liability</u>								
Term loans	-	-	-	-	9,208,696	-	9,208,696	9,208,696
<b>2022</b>								
<u>Financial Assets</u>								
Derivative assets:								
- forward currency contracts	-	108,649	-	-	-	-	108,649	108,649
<u>Financial Liabilities</u>								
Term loans	-	-	-	-	21,500,789	-	21,500,789	21,500,789

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

- (i) 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 of the Group's term loans 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 (CONT'D)

### FOR THE FINANCIAL YEAR ENDED 30 APRIL 2023

#### 41. COMPARATIVE FIGURES

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

<b>The Group</b>	<b>As Previously Reported RM</b>	<b>As Restated RM</b>
Statements of Financial Position (Extract):		
NON-CURRENT ASSETS		
Property, plant and equipment	29,093,204	31,146,176
Right-of-use assets	25,845,600	23,792,628
NON-CURRENT LIABILITIES		
Lease liabilities	4,297,428	3,348,636
Long-term borrowings	16,130,395	17,079,187
CURRENT LIABILITIES		
Lease liabilities	2,307,769	1,811,701
Short-term borrowings	32,055,888	32,551,956
Statements of Cash Flows (Extract):		
CASH FLOWS FOR OPERATING ACTIVITIES		
Depreciation of property, plant and equipment	2,058,640	2,415,310
Depreciation of right-of-use assets	2,460,064	2,103,394
Other interest expenses	1,021,549	1,070,107
Interest expenses on lease liabilities	264,375	215,817
CASH FLOWS FOR INVESTING ACTIVITIES		
Addition to right-of-use assets	(432,207)	-
Purchase of property, plant and equipment	(1,190,545)	(1,622,752)
CASH FLOWS FOR FINANCING ACTIVITIES		
Repayment of lease liabilities	(2,337,110)	(1,855,765)
Repayment of hire purchase payables	-	(481,345)



## LIST OF PROPERTIES

### AS AT 30 APRIL 2023

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/ 31 years	43,559/ 34,012	2,356	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/ 29 years	43,560/ 23,025	3,871	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/ 39 years	115,432/ 43,527	1,928	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	99 years leasehold expiring on 27.06.2117/ 2 year	22,395/ 29,637	10,647	2008 & 2013
5	PN 197652, Lot 318007 Mukim of Hulu Kinta District of Kinta State of Perak Darul Ridzuan/ No. 10, Laluan Perusahaan Menglembu 6 Kawasan Perusahaan Menglembu 31450 Menglembu Perak Darul Ridzuan	Warehouse cum office	99 years leasehold expiring on 18.06.2098/ 18 years	7,201/ 5,400	239	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/ 14 years	6,265/ 7,470	593	2008

**LIST OF PROPERTIES (CONT'D)**  
AS AT 30 APRIL 2023

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/ 12 years	1,345/ 3,887	748	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/ 23 years	N/A/ 1,206 each	553	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/ 12 years	1,432 each/ 3,894 each	1,568	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/ 14 years	1,604/ 4,750	722	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/ 9 years	8,808/ 14,000	6,649	2014

**LIST OF PROPERTIES (CONT'D)****AS AT 30 APRIL 2023**

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/ 32 years	435,605/ 352,193	10,812	2015
13	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/ 32 years	N/A/ 5,568	104	2015
14	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/ 5 year	2,400/ 4,800	878	2016
15	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/ 9 years	6,594/ 6,512	3,475	2015
16	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/ 32 years	521	SGD1,086/ MYR3,631	2017

## ANALYSIS OF SHAREHOLDINGS

### AS AT 15 AUGUST 2023

Total Number of Issued Shares	: 519,371,864
Paid-Up Share Capital	: RM 135,761,642
Class of Shares	: Ordinary Shares
Voting Rights	: One (1) Vote Per Ordinary Share
Number of Holders	: 2,706

#### DISTRIBUTION OF SHAREHOLDINGS

Category	Number of Holders	%	Number of Shares Held	%
1 - 99	147	5.432	6,238	0.001
100 - 1,000	379	14.005	123,112	0.023
1,001 - 10,000	727	26.866	4,486,508	0.863
10,001 - 100,000	1,114	41.167	41,933,385	8.073
100,001 - 25,968,592 *	336	12.416	314,682,788	60.589
25,968,593 and above **	3	0.110	158,139,833	30.448
<b>Total</b>	<b>2,706</b>	<b>100.000</b>	<b>519,371,864</b>	<b>100.000</b>

\* less than 5% of issued shares

\*\* 5% and above of issued shares

#### DIRECTORS' SHAREHOLDINGS

AS AT 15 AUGUST 2023

No	Name of Director	Direct Shareholding	%	Indirect Shareholding	%
1	Ker Min Choo	99,794,189	19.214	12,012,130	2.313
2	Ker Keddy	322,000	0.062	-	-
3	Ker Hong	4,143,899	0.798	459,700	0.089
4	Ker Shiloong	43,056,000	8.290	-	-
5	Chai Yee Man	-	-	-	-
6	Tan Lay Beng	-	-	-	-
7	Tan Siew Peng	-	-	-	-

#### LIST OF SUBSTANTIAL SHAREHOLDERS

AS AT 15 AUGUST 2023

No	Name of Shareholder	Direct Shareholding	%	Indirect Shareholding	%
1	Ker Min Choo	99,794,189	19.214	12,012,130	2.313
2	Ker Shiloong	43,056,000	8.290	-	-
3	Ker Boon Kee	68,441,513	13.178	1,593,666	0.307

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

### AS AT 15 AUGUST 2023

#### LIST OF TOP 30 HOLDERS

##### AS AT 15 AUGUST 2023

No.	Name	Holdings	%
1	Ker Min Choo	75,251,537	14.488
2	Ker Shilong	43,000,000	8.279
3	Ker Boon Kee	35,175,896	6.772
4	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Min Choo (8109400)	17,875,719	3.441
5	Ker Soo Ha	16,834,972	3.241
6	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Boon Kee (My0847)	15,000,017	2.888
7	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Boon Kee (E-Jbu)	10,609,200	2.042
8	Amsec Nominees (Asing) Sdn Bhd KGI Securities (Singapore) Pte. Ltd. For Kek Meng Kai, Kennick (27962)	10,500,000	2.021
9	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Neo Eng Hui	10,454,000	2.012
10	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Neo Eng Hui (7001308)	9,393,366	1.808
11	Ng Chit Pin	8,895,599	1.712
12	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Keng How	7,026,033	1.352
13	Ker Eu Jack	5,000,000	0.962
14	Ker Boon Kee	4,656,400	0.896
15	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Siok Wee	4,488,000	0.864
16	Maybank Nominees (Tempatan) Sdn Bhd Ker Meng Oi	4,404,595	0.848
17	Wong Guey Feon	4,036,000	0.777
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Tan Siok Wee (7004890)	4,000,000	0.770
19	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Kai Xiang	4,000,000	0.770
20	CimSec Nominees (Tempatan) Sdn Bhd CIMB For Tan Ah Guan @ Tang Koon Guan (Pb)	3,973,000	0.764
21	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Min Choo (My1335)	3,866,933	0.744
22	Amsec Nominees (Tempatan) Sdn Bhd KGI Securities (Singapore) Pte. Ltd. For Kek Kok Swee (27032)	3,572,800	0.687
23	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Meng Oi (8123728)	3,500,000	0.673

## ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 15 AUGUST 2023

### LIST OF TOP 30 HOLDERS (CONT'D)

AS AT 15 AUGUST 2023

No.	Name	Holdings	%
24	AllianceGroup Nominees (Asing) Sdn Bhd Han Xianjun (8111906)	3,383,066	0.651
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Lee Kah Koon (Mf00045)	3,321,000	0.639
26	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Yun (6000621)	3,083,733	0.593
27	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Sett Ee-Rlan (7001593)	3,060,000	0.589
28	CimSec Nominees (Tempatan) Sdn Bhd CIMB For Ker Hong (Pb)	3,000,000	0.577
29	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ker Boon Kee	3,000,000	0.577
30	Tye Lim Huat	3,000,000	0.577
	<b>Total</b>	<b>327,361,866</b>	<b>63.030</b>

## NOTICE OF ELEVENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN that the Eleventh Annual General Meeting (“11<sup>th</sup> AGM”) of Solid Automotive Berhad (“Solid” or “the Company”) will be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Wednesday, 27 September 2023 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 2023 together with the Directors’ and Auditors’ reports thereon. | <b>(Please refer to Note 1)</b> |
| 2.  | To sanction the payment of Directors’ fees for the financial year ending 30 April 2024, to be payable on quarterly basis in arrears.               | <b>RESOLUTION 1</b>             |
| 3.  | To re-elect the following Directors who retire in accordance with Clause 110 and Clause 117 of the Company’s Constitution:                         |                                 |
| 3.1 | Mr. Chai Yee Man   | <b>RESOLUTION 2</b>             |
| 3.2 | Ms. Tan Siew Peng  | <b>RESOLUTION 3</b>             |
| 3.3 | Mr. Ker Shiloong   | <b>RESOLUTION 4</b>             |
| 3.4 | Mr. Ker Hong   | <b>RESOLUTION 5</b>             |
| 4.  | To re-appoint the retiring Auditors, Messrs Crowe Malaysia PLT as Auditors and to authorise the Directors to fix their remuneration.               | <b>RESOLUTION 6</b>             |

### SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions:

- |    |   |                     |
|----|---|---------------------|
| 5. | <p><b>Ordinary Resolution</b><br/> <b>Proposed Authority to Issue Shares Pursuant to Section 75 and 76 of the Companies Act 2016 (“CA 2016”) and waiver of pre-emptive rights pursuant to the CA 2016</b></p> <p>“<b>THAT</b>, subject always to the CA 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 CA 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.</p> <p>THAT in connection with the above, pursuant to Section 85 of the CA 2016 to be read together with Clause 59 of the Constitution of the Company, the shareholders do hereby waive the statutory pre-emptive rights of the offered shares in proportion to their holdings at such price and on such terms to be offered arising from any issuance of the new shares above by the Company.”</p> | <b>RESOLUTION 7</b> |
| 6. | <p><b>Retention of Independent Non-Executive Director, Ms. Tan Lay Beng</b></p> <p>“<b>THAT</b> Ms. Tan Lay Beng be retained as an Independent Non-Executive Director of the Company notwithstanding that she has served the Company for a cumulative term of more than nine (9) years in accordance with the Malaysian Code on Corporate Governance.”</p>  | <b>RESOLUTION 8</b> |
| 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.   |                     |

## NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

**FURTHER NOTICE IS HEREBY GIVEN** that for the purpose of determining who shall be entitled to attend the 11<sup>th</sup> AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company pursuant to Paragraph 7.16(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, a Record of Depositors as at 20<sup>th</sup> September 2023 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

**TAI YIT CHAN** (SSM PC No. 202008001023) (MAICSA 7009143)  
**SANTHI A/P SAMINATHAN** (SSM PC No. 201908002933) (MAICSA 7069709)  
Company Secretaries

Johor Bahru  
29 August 2023

### 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 member of the Company who is entitled to attend and vote at the meeting, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting, and that a proxy may but need not be a Member. There shall be no restriction as to the qualification of the proxy.
- ii. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- iii. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
- iv. Appointment of proxies (2) 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.
- v. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- vi. 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 Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the Form of Proxy must be deposited via TIH Online at <https://tiah.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.
- vii. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.



## NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

### 3. Form of Proxy (Cont'd)

- viii. Last date and time for lodging the Form of Proxy is Monday, 25 September 2023 at 10.00 a.m.
- ix. For the purpose of determining who shall be entitled to participate in the meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 75 of the Company's Constitution to issue a Record of Depositors as at 20 September 2023. Only members whose names appear in the said Record of Depositors shall be eligible to participate, speak and vote at the meeting or appoint proxy(ies) to participate, speak and vote on his/her behalf.
- x. A member is permitted to give the Company notice of revocation of a person's authority to act as proxy not less than forty eight (48) hours before the time appointed for holding the meeting. The notice of revocation must be in writing and be deposited at the registered office of the Company or by Electronic Communication, be send to TIIH Online at <https://tjih.online>.
- xi. Please bring along the ORIGINAL of the following documents (whichever applicable) for verification purposes at the registration counter:- (a) Identity Card (NRIC for Malaysian), or (b) Police report (for loss of NRIC for Malaysian), or (c) Passport (for Foreigner).

### 4. Explanatory Notes :

- i. Ordinary Resolution 1 - To sanction the payment of Director's fees for the financial year ending 30 April 2024, 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 2024 of RM412,000.00 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 2024. The total Directors' fees paid for the financial year ended 30 April 2023 did not exceed the amount of RM267,000.00 approved by the shareholders at the Company's Tenth AGM held on 27 September 2022.

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, 4 and 5 - Re-election of retiring Directors

Clause 110 of the Company's Constitution expressly states that at the 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 117 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 110 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 6 of the Board of Directors' Profile in the Annual Report 2023.

Pursuant to Clause 117 of the Company's Constitution, Ms. Tan Siew Peng, Mr Ker Shiloong and Mr Ker Hong are standing for re-election at this AGM. The profile of Ms. Tan Siew Peng, Mr Ker Shiloong and Mr Ker Hong are provided on page 4, 5 and 6 of the Board of Directors' Profile in the Annual Report 2023.

- iii. Ordinary Resolution 6 - Re-appointment of Auditors

The Audit Committee and the Board have considered the re-appointment of Crowe Malaysia PLT as Auditors of the Company and collectively agreed that Crowe Malaysia PLT has met the relevant criteria prescribed under Paragraph 15.21 of the MMLR of Bursa Malaysia Securities Berhad. Crowe Malaysia PLT have indicated their willingness to continue their service to the Company.

## NOTICE OF ELEVENTH ANNUAL GENERAL MEETING (CONT'D)

### 4. Explanatory Notes (Cont'd) :

- iv. Ordinary Resolution 7- Proposed Authority to Issue Shares Pursuant to Section 75 and Section 76 of the Companies Act 2016 (“CA 2016”) and waiver of pre-emptive rights pursuant to the CA 2016.

The proposed Ordinary Resolution 7, if passed, will empower the Directors of the Company, from the date of the above AGM, 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 AGM of the Company.

The mandate sought under Ordinary Resolution 7 above is a renewal of an existing mandate and there was no proceed raised from the previous mandate up to the last practicable date, 15 August 2023.

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.

- v. Ordinary Resolution 8 - Retention of Independent Non-Executive Director, Ms. Tan Lay Beng pursuant to the Malaysian Code on Corporate Governance:

Ms. Tan Lay Beng was appointed as an Independent Non-Executive Director on 18 August 2014. As at the date of the notice of the 11<sup>th</sup> AGM, she has served the Company for more than nine (9) years. She has met the independence guidelines as set out in Chapter 1 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements (“MMLR”). The Board, therefore, considers her to be independent and believes that she should be retained as Independent Non-Executive Director based on the justifications as set out below:

- a) She fulfilled the criteria under the definition on Independent Non-Executive Director as stated in the MMLR of Bursa Malaysia Securities Berhad, and therefore is able to bring independent and objective judgement to the Board.
- b) She has been with the Company for more than nine years as Independent Non-Executive Director and therefore understand the Company’s business operations which enable her to participate actively and contribute during deliberations or discussions at Board meetings without compromising her independence and objective judgement.
- c) She has contributed sufficient time and efforts and attended all Board meetings.
- d) She has exercised her due care during her tenure as Independent Non-Executive of the Company and carried out her professional duties in the interest of the Company and shareholders.

Ms. Tan Lay Beng shall be subjected to two tier voting in accordance with the Malaysian Code on Corporate Governance as she has served the Company for more than nine (9) years.

### PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof) and in order for the Company (or its agents) 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 ELEVENTH ANNUAL GENERAL MEETING**

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

1. 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. Chai Yee Man  | <b>(RESOLUTION 2)</b> |
| (b) Ms. Tan Siew Peng | <b>(RESOLUTION 3)</b> |
| (c) Mr. Ker Shilong   | <b>(RESOLUTION 4)</b> |
| (d) Mr. Ker Hong      | <b>(RESOLUTION 5)</b> |

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 pages 4, 5 and 6 of this Annual Report respectively.

2. The general mandate for issuance of shares by the Company under Section 75(1) and 76(1) of the Companies Act 2016 is for the purpose of granting renewal of the mandate obtained from its shareholders at the Tenth Annual General Meeting held on 27 September 2022. The Company did not issue any shares pursuant to this mandate obtained.

The purpose of this general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purposes of funding current and/or future investment projects, working capital, repayment of bank borrowings, acquisitions and/or for issuance of shares as settlement of purchase consideration.



**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 Eleventh Annual General Meeting of the Company, to be held at PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang, 81700 Pasir Gudang, Johor, Malaysia on Wednesday, 27 September 2023 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 - Chai Yee Man		
3	Re-election of Retiring Director - Tan Siew Peng		
4	Re-election of Retiring Director - Ker Shiloong		
5	Re-election of Retiring Director - Ker Hong		
6	Re-appointment of Retiring Auditors, Crowe Malaysia PLT		
7	Authority to issue and allot shares pursuant to Sections 75 and 76 of the Companies Act 2016 and waiver of pre-emptive rights.		
8	Retention of Independent Non-Executive Director - Tan Lay Beng		

Subject to the above stated voting instructions, \*my/our proxy(ies) may vote or abstain from voting on any resolutions as \*he/she/they may think fit.

Signed this ..... day of ....., 2023

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

\*Strike out whichever is not desired.



Notes:

- i. A member of the Company who is entitled to attend and vote at the meeting, shall be entitled to appoint not more than two (2) proxies to attend and vote in his stead at the meeting, and that a proxy may but need not be a Member. There shall be no restriction as to the qualification of the proxy.
- ii. Where a member appoints more than one (1) proxy, he shall specify the proportion of his holdings to be represented by each proxy, failing which the appointment shall be invalid.
- iii. A proxy appointed to attend and vote at a meeting of the Company shall have the same rights as the Member to speak at the meeting.
- iv. Appointment of proxies (2) 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.
- v. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
- vi. 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 Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. In the case of electronic appointment, the Form of Proxy must be deposited via TIH Online at <https://tih.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.
- vii. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly. If no name is inserted in the space provided for the name of your proxy, the Chairman of the meeting will act as your proxy.
- viii. Last date and time for lodging the Form of Proxy is Monday, 25 September 2023 at 10.00 a.m.
- ix. For the purpose of determining who shall be entitled to participate in the meeting, the Company will be requesting Bursa Malaysia Depository Sdn Bhd in accordance with Clause 75 of the Company's Constitution to issue a Record of Depositors as at 20 September 2023. Only members whose names appear in the said Record of Depositors shall be eligible to participate, speak and vote at the meeting or appoint proxy(ies) to participate, speak and vote on his/her behalf.
- x. A member is permitted to give the Company notice of revocation of a person's authority to act as proxy not less than forty eight (48) hours before the time appointed for holding the meeting. The notice of revocation must be in writing and be deposited at the registered office of the Company or by Electronic Communication, be send to TIH Online at <https://tih.online>.
- ix. Please bring along the ORIGINAL of the following documents (whichever applicable) for verification purposes at the registration counter:- (a) Identity Card (NRIC for Malaysian), or (b) Police report (for loss of NRIC for Malaysian), or (c) Passport (for Foreigner).

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 11<sup>th</sup> AGM dated 29 August 2023.

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Affix  
stamp

**SOLID AUTOMOTIVE BERHAD**  
Registration No. 201201032237 (1016725-P)

C/O The Share Registrar  
**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD**  
(Registration No. 197101000970 (11324-H))  
Unit 32-01, Level 32, Tower A,  
Vertical Business Suite,  
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur  
Malaysia

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岩石汽车工业集团

**SOLID AUTOMOTIVE BERHAD**

REGISTRATION NO. 201201032237 (1016725-P)

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PLO 436, Jalan Gangsa, Kawasan Perindustrian Pasir Gudang  
81700 Pasir Gudang, Johor Darul Takzim, Malaysia  
Tel No : (+607) 288 1313 | Fax No : (+607) 251 4668



**WWW.SOLIDAUTOMOTIVE.COM**