

ANNUAL REPORT 2021

# SYNERGISED FOR THE FUTURE





## C O V E R R A T I O N A L E

As a leading name in the industry, Sapura Industrial paves the way forward with innovation and digitalisation designed for optimised productivity and cost efficiency.

This vision of digital-driven growth is reflected in the cover visual showcasing our custom-built OEE (Overall Equipment Effectiveness) interface at work – a step towards technology-driven systems as the core of our future growth.

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T A B L E O F

# C O N T E N T S

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**PROXY FORM**

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## OUR SHARED ATTRIBUTES

Over the years, our people have been defined by a common set of qualities - qualities that collectively differentiate us from our industry peers. They remind us of our heritage and form the foundation in us seeking new road to discover, fresh ideas to unravel - to serve and grow with our customers and stakeholders.

- ▶ HONOURABLE
- ▶ PROFESSIONAL
- ▶ RESOURCEFUL
- ▶ RESILIENT
- ▶ AGILE

## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT the 45<sup>th</sup> Annual General Meeting of the Company will be conducted on a fully virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Monday, 21 June 2021 at 11.00 a.m. to transact the following businesses:**

### AGENDA

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#### ORDINARY BUSINESS

- |   |   |
|---|---|
| 1. To receive the Audited Financial Statements together with the Directors’ and Auditors’ reports for the financial year ended 31 January 2021.   | <b>Please refer to Note 2</b>                           |
| To consider and if thought fit, to pass the following Ordinary Resolutions:   |   |
| 2. To approve payment of a final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 January 2021.   | <b>Ordinary Resolution 1</b>                            |
| 3. (i) To re-elect Dato’ Shahrman bin Shamsuddin who retires by rotation pursuant to Article 110 of the Company’s Constitution and being eligible, offers himself for re-election.  | <b>Ordinary Resolution 2</b>                            |
| (ii) To re-elect Datuk Kisai bin Rahmat who retires by rotation pursuant to Article 110 of the Company’s Constitution and being eligible, offers himself for re-election.   | <b>Ordinary Resolution 3</b>                            |
| (iii) To re-elect Encik Wan Ahamad Sabri bin Wan Daud who retires by rotation pursuant to Article 110 of the Company’s Constitution and being eligible, offers himself for re-election.   | <b>Ordinary Resolution 4</b>                            |
| (iv) To re-elect Puan Sri Datin Seri Mariam Parineh who retires pursuant to Article 114 of the Company’s Constitution and being eligible, offers herself for re-election.   | <b>Ordinary Resolution 5</b>                            |
| (v) To re-elect Datuk Wira Jalilah binti Baba who retires pursuant to Article 114 of the Company’s Constitution and being eligible, offers herself for re-election.   | <b>Ordinary Resolution 6</b>                            |
| 4. To reappoint Messrs. Ernst & Young PLT as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.  | <b>Ordinary Resolution 7</b>                            |
| 5. Directors’ Fees  |   |
| (i) To approve the payment of Directors’ fees amounting to RM335,002 for the Non-Executive Directors in respect of the financial year ended 31 January 2021.  | <b>Ordinary Resolution 8<br/>Please refer to Note 5</b> |
| (ii) To approve the payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors up to an amount of RM140,000, from the date of this Annual General Meeting until the next Annual General Meeting of the Company in year 2022. | <b>Ordinary Resolution 9<br/>Please refer to Note 5</b> |

## Notice of Annual General Meeting

### SPECIAL BUSINESS

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

6. Authority For Directors To Issue Shares Under Section 75 & 76 Of The Companies Act, 2016

THAT subject to the provisions of the Company's Constitutions and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia), the Directors be and are hereby empowered, pursuant to Section 75 & 76 of the Companies Act, 2016, to issue shares in the Company at any time and upon such terms and conditions and for such purpose as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance and that the Directors be and are also empowered to obtain all necessary approvals from the relevant authorities for the issuance and the listing of and quotation for the additional shares so issued on Bursa Malaysia and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

**Ordinary Resolution 10**  
Please refer to Note 6

7. (i) To approve the retention of Datuk Kisai bin Rahmat as an Independent Non-Executive Director who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than twelve (12) years pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 until the conclusion of the next Annual General Meeting.

**Ordinary Resolution 11**  
Please refer to Note 7

(ii) To approve the retention of Encik Wan Ahamad Sabri bin Wan Daud as an Independent Non-Executive Director who has served the Board as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017 until the conclusion of the next Annual General Meeting.

**Ordinary Resolution 12**  
Please refer to Note 7

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## NOTICE OF DIVIDEND ENTITLEMENT

**NOTICE IS HEREBY GIVEN THAT** a final single tier dividend of 1 sen per ordinary share in respect of the financial year ended 31 January 2021, if approved by the shareholders at the 45<sup>th</sup> Annual General Meeting, will be payable on 19 July 2021 to Depositors registered in the Record of Depositors at the close of business on 6 July 2021.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor's Securities Account before 4.00 p.m. on 6 July 2021 in respect of ordinary transfers; and
- b) Shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

### BY ORDER OF THE BOARD

**LIYANA LEE BINTI ABDULLAH**  
(SSM Practising Certificate No. 202008001402)  
(MIA 10293)  
Company Secretary

Bandar Baru Bangi, Selangor Darul Ehsan  
21 May 2021

## Notice of Annual General Meeting

### NOTES:

#### 1. IMPORTANT NOTICE

In light of the current Covid-19 pandemic and considering the well-being and safety of our Shareholders, the 45<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming. Shareholders are to participate and vote remotely at the 45<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiah.online>. Please follow the procedures in the Administrative Guide on 45<sup>th</sup> Annual General Meeting and take note of Notes (3) and (4) below in order to participate remotely via RPV. The Administrative Guide can also be found at the Company's corporate website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my).

The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act, 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting.

Shareholders **WILL NOT BE ALLOWED** to attend the 45<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

#### 2. Audited Financial Statements

This Agenda is meant for discussion only as under the provisions of Section 340(1)(a) of the Companies Act, 2016 and the Company's Constitution, the Audited Financial Statements need not be approved by the shareholders and hence, the matter will not be put forward for voting.

#### 3. Proxy Forms

Only a member whose name appears in the Record of Depositors of the Company as at 14 June 2021 shall be entitled to participate and vote at this Meeting via RPV.

A member of the Company who is entitled to participate and vote at this Meeting is entitled to appoint not more than two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation as to the qualification of the proxy.

Where a member is an authorised nominee (as defined under the Securities Industry (Central Depositories) Act 1991), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member appoints two (2) proxies to participate at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney duly authorised in writing

and in the case of a corporate member, shall be either under its Common Seal or signed by its attorney or an officer of the corporation duly authorised.

The instrument appointing a proxy must be deposited with the Share Registrar of the Company, 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, or alternatively, deposit the proxy form electronically via TIH online at <https://tiah.online>, not less than forty eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

#### 4. Corporate Representative

As an alternative to the appointment of a proxy, a corporate member may appoint its corporate representative to participate and vote at this Meeting pursuant to Section 333(1) of the Companies Act, 2016. For this purpose and pursuant to Section 333(5) of the Companies Act, 2016, the corporate member shall provide a certificate as prima facie evidence of appointment of the corporate representative. The corporate member may submit the certificate to the Registrar's Office of the Company prior to the commencement of this Meeting.

#### 5. Directors' Fees and Remuneration

Section 230(1) of the Companies Act, 2016 provides amongst others, that "the 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. In this respect, the Board agreed that the shareholders' approval shall be sought at the 45<sup>th</sup> Annual General Meeting on the directors' remuneration in two (2) separate resolutions as below:

- Ordinary Resolution 8 on payment of Directors' fees for the financial year ended 31 January 2021 amounting RM335,002.
- Ordinary Resolution 9 on payment of Directors' remuneration (excluding Directors' fees) in respect of the period from the date of this Annual General Meeting until the next Annual General Meeting in year 2022 up to an amount of RM140,000, comprising meeting allowances, directors' and officers' liability insurance premium, medical coverage and other claimable benefits.

The Company pays Directors' fees and benefits to the Non-Executive Directors. The Executive Directors do not receive any fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their Employment Contracts.

#### 6. Ordinary Resolution pursuant to Section 75 & 76 of the Companies Act, 2016

Subject to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the proposed

Ordinary Resolution 10 is for the purpose of granting a renewed mandate and if passed, would enable the Directors to issue up to a maximum of ten per centum (10%) of the total number of issued shares of the Company as at the date of such issuance ("Renewed Mandate"). The Renewed Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

The Renewed Mandate will enable Directors to take swift action in case of a need for corporate exercises or fund-raising activities or in the event business opportunities arise which involve issuance of new shares and to avoid delay and cost in convening general meetings to approve such issuance of shares. Proceeds raised from the corporate exercises or fund-raising activities will be utilised for funding future investment projects, working capital and/or acquisitions.

As at the date of this Notice, no new shares were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting held on 29 July 2020 which will lapse at the conclusion of the Annual General Meeting.

#### 7. Proposed Retention of Independent Director

Practice 4.2 of the Malaysian Code on Corporate Governance 2017 provides that shareholders' approval be sought in the event the Company intends for an Independent Director who has served in the capacity for more than nine (9) years, to continue to act as Independent Director of the Company and if the Company wishes to retain an independent director beyond twelve (12) years, the company should use the two-tier voting process in seeking annual shareholders' approval.

Datuk Kisai bin Rahmat and Encik Wan Ahamad Sabri bin Wan Daud have been the Company's Independent Directors for more than twelve (12) years and nine (9) years on a cumulative basis respectively. The proposed Ordinary Resolutions 11 and 12, if passed, will allow both Datuk Kisai bin Rahmat and Encik Wan Ahamad Sabri bin Wan Daud to continue acting as Independent Directors of the Company until the conclusion of the next Annual General Meeting.

The Board recommends that the shareholders' approval for retention of Datuk Kisai bin Rahmat who has served as Independent Director for a cumulative term of twelve (12) years be sought through a two-tier voting process.

Details of the Board's justification and recommendation for the retention of both Datuk Kisai bin Rahmat and Encik Wan Ahamad Sabri bin Wan Daud as Independent Directors are set out in the Corporate Governance Overview Statement on page 46 of the Annual Report.

## STATEMENT ACCOMPANYING NOTICE OF THE 45<sup>th</sup> ANNUAL GENERAL MEETING

Pursuant to paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The details of the Directors who are standing for re-election and retention as per Agenda 3 & 7 of the Notice of 45<sup>th</sup> Annual General Meeting are provided for in the "Directors' Profile" on pages 12 to 19 of this Annual Report. Details of their interests in the securities of the Company are set out in the "Analysis of Shareholdings" on page 147 of this Annual Report.



# HIGH PRECISION MACHINING

We manufacture high value precision and critical parts for the automotive industry that meet the strictest quality standards.

## CORPORATE PROFILE



Sapura Industrial Berhad started its business in automotive components manufacturing in the early 1980s through an acquisition of a coil spring business from Henderson's Ltd., Australia. Taking off from just the coil spring - Sapura Industrial has since expanded its business to include high precision machining of engine, transmission and brake components, manufacture of stabiliser bars and assembly of chassis modular components for the automotive industry as well as producing cold drawn high-grade structured steel bars used in the automotive, electrical & electronics industries.

As the business expanded in tandem with Malaysia's automotive industry, a holding company was established in 1994 under the name of Sapura Motors Berhad. The Company was subsequently listed on the Second Board of Bursa Securities Malaysia Berhad on 9 May 1997, before it was transferred to the Main Board on 14 January 2004. In August that same year, the Company assumed its present name of Sapura Industrial Berhad, to reflect its diverse business activities.

As the Company continues to evolve with the times, the one thing that has remained constant is our corporate core values. In every phase of Sapura Industrial Berhad's transformation journey, these core values have been the driving force behind our success and form the basis of a performance-based culture. Today, Sapura Industrial has become a name synonymous with

quality, reliability and service excellence and this has been borne out by the awards and accolades we have received from industry peers and giants in the automotive industry at home and abroad.

Sapura Industrial has earned its standing in the industry through sheer determination, far-sightedness and plain hard work. Backed by a solid track record and with all the prerequisites in place, Sapura Industrial is preparing for the next thrust forward. The Company is now set to take on the entrepreneurial challenge of carving out a larger presence in the international marketplace. The way to success is through our people and because of their dedication, professionalism and teamwork, we are confident we will grow our businesses and achieve further value for the benefit of all our stakeholders.

## CORPORATE INFORMATION

### Board of Directors

**Tan Sri Dato' Seri Ir.  
Shamsuddin bin Abdul Kadir**  
*Executive Chairman*

**Dato' Shahrizan bin Shamsuddin**  
*Executive Director*

**Datuk Kisai bin Rahmat**  
*Independent Non-Executive Director*

**Dato' Azlan bin Hashim**  
*Non-Independent Non-Executive Director*

**Puan Sri Datin Seri Mariam Parineh**  
*Non-Independent Non-Executive Director*

**Datuk Wira Jalilah binti Baba**  
*Independent Non-Executive Director*

**Md. Shah bin Hussin**  
*Independent Non-Executive Director*

**Wan Ahamad Sabri bin Wan Daud**  
*Independent Non-Executive Director*

### Audit Committee

**Datuk Kisai bin Rahmat** (*Chairman*)  
**Dato' Azlan bin Hashim**  
**Wan Ahamad Sabri bin Wan Daud**

### Board Nomination and Remuneration Committee

**Datuk Kisai bin Rahmat** (*Chairman*)  
**Wan Ahamad Sabri bin Wan Daud**  
**Md. Shah bin Hussin**

### Director in Charge of Shareholders' Communications

**Datuk Kisai bin Rahmat**  
*Senior Independent Non-Executive  
Director*

**Email:**  
[director-sib@sapuraindustrial.com.my](mailto:director-sib@sapuraindustrial.com.my)

or  
**Mail to:**  
Lot 2 & 4, Jalan P/11, Seksyen 10  
Kawasan Perindustrian Bangi  
43650 Bandar Baru Bangi  
Selangor Darul Ehsan

### Company Secretary

**Liyana Lee binti Abdullah**  
(SSM Practising Certificate  
No. 202008001402)  
(MIA No : 10293)

### Registered Office

Lot 2 & 4, Jalan P/11, Seksyen 10  
Kawasan Perindustrian Bangi  
43650 Bandar Baru Bangi  
Selangor Darul Ehsan  
Tel : +603-8925 6011  
Fax : +603-8925 8292

### Auditors

**Ernst & Young PLT**  
*Chartered Accountants*  
Level 23A, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
50490 Kuala Lumpur  
Tel : +603-7495 8000  
Fax : +603-2095 9076/78

### Share Registrar

**Tricor Investor & Issuing House  
Services Sdn. Bhd.**

**Office:**  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Tel : +603-2783 9299  
Fax : +603-2783 9222

### Customer Service Centre:

Unit G-3, Ground Floor  
Vertical Podium  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur

### Stock Exchange Listing

**Main Market**  
**Bursa Malaysia Securities Berhad**  
Stock Name : SAPIND  
Stock Code : 7811

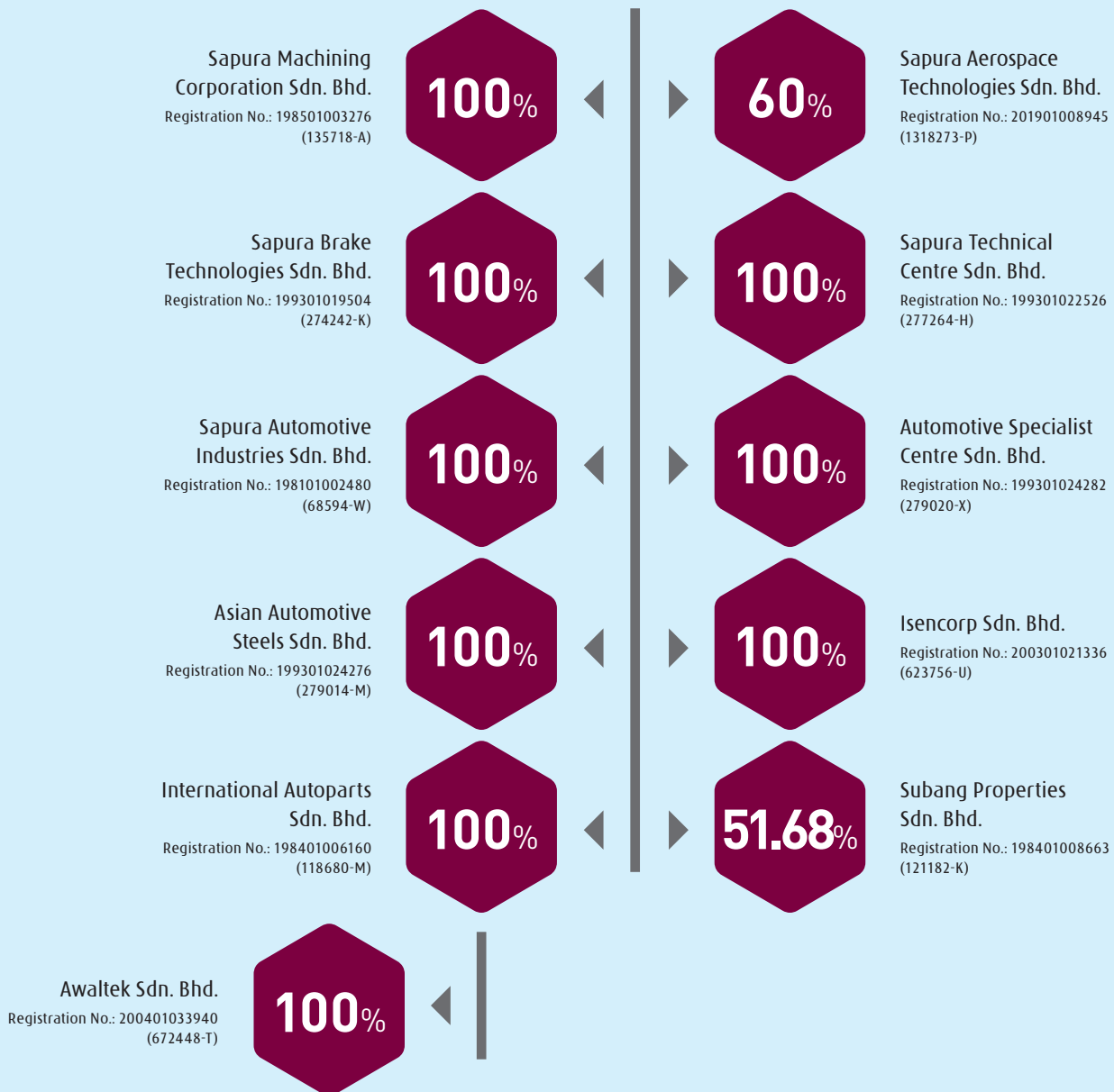
# CORPORATE STRUCTURE

As at 4 May 2021



## S a p u r a I n d u s t r i a l B e r h a d

Registration No.: 197401000510  
(17547-W)



## BOARD OF DIRECTORS



From left to right

**DATO' SHAHRIMAN  
BIN SHAMSUDDIN**

Executive Director

**TAN SRI DATO' SERI IR.  
SHAMSUDDIN BIN ABDUL KADIR**

Executive Chairman

**DATUK KISAI  
BIN RAHMAT**

Senior Independent  
Non-Executive Director

**DATO' AZLAN  
BIN HASHIM**

Non-Independent  
Non-Executive Director



From left to right

**MD. SHAH  
BIN HUSSIN**

Independent  
Non-Executive Director

**PUAN SRI DATIN SERI  
MARIAM PARINEH**

Non-Independent  
Non-Executive Director

**WAN AHAMAD SABRI  
BIN WAN DAUD**

Independent  
Non-Executive Director

**DATUK WIRA JALILAH  
BINTI BABA**

Independent  
Non-Executive Director



## DIRECTORS' PROFILE

**TAN SRI  
DATO' SERI IR. SHAMSUDDIN  
BIN ABDUL KADIR**  
*Executive Chairman*

Age: 89  
Gender: Male  
Nationality: Malaysian

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir was appointed to the Board of Sapura Industrial Berhad as Non-Executive Director and Chairman on 12 March 1974. He was appointed as Executive Chairman on 26 June 2013.

Tan Sri Shamsuddin is the Chairman and Founder of the Sapura Group. Well into its 46<sup>th</sup> year, the Sapura Group has since diversified and currently participates in key industries through three public listed companies. Sapura Industrial Berhad started its business in automotive components manufacturing in the early 1980s when Tan Sri Shamsuddin first acquired the coil spring business from Henderson's Ltd, Australia. Sapura Industrial Berhad has since evolved into a leading player in the automotive industry.

Tan Sri Shamsuddin graduated from Brighton Technical College in the United Kingdom and began his career at Telekom Malaysia where he held several key positions. In 1975, he formed the Sapura Group which has since grown into a leading knowledge and technology company in Malaysia.

Tan Sri Shamsuddin's strong commitment to life-long education led him to co-found the Universiti Tun Hussein Onn Malaysia Foundation where he had served as Chairman of Universiti Tun Hussein Onn Malaysia from 2001 to 2009 and was inaugurated as the Pro Chancellor in 2009. In 2007, University of Brighton, United Kingdom conferred the Honorary Degree of Doctor of Science to Tan Sri Shamsuddin in recognition of his outstanding contribution to engineering development in Malaysia and the development of the Brighton Alumni Association of Malaysia. For his numerous contributions, he has been awarded with Honorary Doctorates from various Malaysian universities.

Tan Sri Shamsuddin is a senior fellow of the Institute of Engineers Malaysia and Academy of Science Malaysia. In conjunction with UMNO's 60th Anniversary Celebrations in 2006, Tan Sri Shamsuddin was conferred with the prestigious "Malay Personality of Distinction" award. In 2011, he received the "Jewels of Muslim World" award from OIC Today Magazine in collaboration with OIC International Business Centre, for his contributions in the development of the Malaysian and Muslim world economy.



*Directors' Profile*

**DATO' SHAHRIMAN  
BIN SHAMSUDDIN**  
*Executive Director*

.....

Age: 52  
Gender: Male  
Nationality: Malaysian

Dato' Shahrizan bin Shamsuddin was appointed to the Board of Sapura Industrial Berhad as an Executive Director on 29 January 2002.

Dato' Shahrizan holds a Master of Science in Engineering Business Management from Warwick University, United Kingdom and a Bachelor of Science in Industrial Technology from Purdue University, United States of America.

Dato' Shahrizan began his career with Sapura Group in 1991 and has held a number of key senior positions within the Group. As the Managing Director of Sapura Resources Berhad, he manages a diversified portfolio which includes property investment, private aviation services and commercial aviation base maintenance. He is also a Non-Independent Non-Executive Director of Sapura Energy Berhad and sits on the Boards of Sapura Technology Sdn. Bhd. and Sapura Holdings Sdn. Bhd.

*Directors' Profile*



**DATUK KISAI BIN RAHMAT**

*Independent  
Non-Executive Director*

.....  
Age: 70  
Gender: Male  
Nationality: Malaysian

Datuk Kisai bin Rahmat was first appointed to the Board of Sapura Industrial Berhad on 18 October 2006. Datuk Kisai is the Chairman of the Audit Committee and the Board Nomination and Remuneration Committee of Sapura Industrial Berhad.

Prior to joining Sapura Industrial Berhad, Datuk Kisai was the Executive Director, Engineering and Manufacturing for Proton Holdings Berhad and a Director of several Proton's subsidiary companies. At present, Datuk Kisai is the Vice Executive Chairman of Yasmin Jurumuda Sdn. Bhd.

Datuk Kisai holds a Master of Science in Industrial Engineering and Production Management from Cranfield Institute of Technology, England and a Bachelor of Science in Mechanical Engineering from University of Strathclyde, Scotland.



*Directors' Profile*

**DATO' AZLAN BIN HASHIM**  
*Non-Independent  
Non-Executive Director*

.....

Age: 79  
Gender: Male  
Nationality: Malaysian

Dato' Azlan bin Hashim was first appointed to the Board of Sapura Industrial Berhad on 20 December 1996. Dato' Azlan is a member of the Audit Committee of Sapura Industrial Berhad.

Dato' Azlan served with the Malayan Railways from 1966 to 1971 and was its Chief Accountant for 2 years. In 1972, he became a Partner of a public accounting firm, Azman Wong Salleh & Co. and was a Senior Partner of the firm prior to joining the Board of Amcorp Properties Berhad in 1982 to July 2007.

Dato' Azlan is a Fellow of the Institute of Chartered Accountants (Ireland), Economic Development Institute (World Bank, Washington) and Institute of Bankers Malaysia. Dato' Azlan is also a qualified Chartered Accountant registered with Malaysian Association of Certified Public Accountants (MACPA).

*Directors' Profile*



**PUAN SRI DATIN SERI  
MARIAM PARINEH**

*Non-Independent  
Non-Executive Director*

Age: 44

Gender: Female

Nationality: American/Malaysian PR

**Puan Sri Datin Seri  
Mariam Parineh was first  
appointed to the Board of  
Sapura Industrial Berhad on  
7 September 2020 as a  
Non-Independent and  
Non-Executive Director.**

Puan Sri Mariam is a business development and marketing strategist. She has guided many companies through expansion and is experienced in business strategy pivoting. She has a keen interest in the entrepreneurial journey of new organisations as well as innovations within established organisations. She manages several private companies involved in property investments, consultancy in landscape architectural & design solutions and has an advisory role in an international digital health and wellness platform.

Outside her professional life, she is very passionate about and supports the empowerment and advancement of disadvantaged or marginalised women around the world. She is a co-founder and impact investor of the Malaysia Baby Box Project.

Puan Sri Mariam studied a Bachelor of Science in Managerial Economics at University of California, Davis. She later continued her studies in the Executive Management Program at Columbia University, New York. Puan Sri Mariam also attended a Disruptive Strategy Program organised by Harvard Business School, Massachusetts.



*Directors' Profile*

**DATUK WIRA JALILAH  
BINTI BABA**

*Independent  
Non-Executive Director*

Age: 67  
Gender: Female  
Nationality: Malaysian

Datuk Wira Jalilah binti Baba was first appointed to the Board of Sapura Industrial Berhad on 7 September 2020 as an Independent and Non-Executive Director.

Datuk Jalilah began her career as an Economist with Malaysian Investment Development Authority (MIDA), under Ministry of International Trade & Industry (MITI) in 1976. Datuk Jalilah served in several key positions at MIDA, including Overseas Director based in Europe and Director General & Chief Executive Officer between 2008 to 2011. With over 30 years experience in MIDA, she has led numerous international business negotiations for Malaysia and introduced numerous prudent action plans and policies that helped position the country as a premier foreign investment destination. At present, Datuk Jalilah is the Non-Independent and Non-Executive Chairman of PKT Logistics Group Sdn. Bhd.

In 2015, Datuk Jalilah was appointed as the first female President of the Malaysian International Chamber of Commerce & Industry (MICCI). She is currently an advisor and council member for SME Association Malaysia which has over 10,000 member companies.

She is a regular speaker at international forums, conferences and business platforms. She is also a frequent speaker at seminars and knowledge sharing sessions covering corporate risk and governance practices for Malaysian Directors Academy (MINDA) and Malaysian Institute of Corporate Governance (MICG).

She is passionate about developing skills for women in business and young entrepreneurs and is an active speaker at workshops run by the Ministry of Women Development of Malaysia and Asian Strategy and Leadership Institute (ASLI).

Datuk Jalilah has received various accolades over the years for her contribution to the country, industry and society, some of which include "Woman of the Year Award 2011" and "The Most Eminent Brand Icon Leadership Award" by the Brand Laureate & Asia Brand Foundation, and "Outstanding Asia Entrepreneur Award 2017 and 2018" by Passion and Commitment Foundation of Sunway Group.

Datuk Jalilah holds a Bachelor of Arts (Economics) from University of Malaya.

*Directors' Profile*



**ENCIK MD. SHAH BIN HUSSIN**

*Independent  
Non-Executive Director*

.....  
Age: 70  
Gender: Male  
Nationality: Malaysian

Encik Md. Shah bin Hussin was first appointed to the Board of Sapura Industrial Berhad on 1 September 1997. He became a Non-Independent Non-Executive Director on 1 August 2009 and was appointed as Independent Non-Executive Director on 25 September 2013. Encik Md. Shah is a member of the Board Nomination and Remuneration Committee of Sapura Industrial Berhad.

Encik Md. Shah was the Managing Director of Sapura Industrial Berhad from 1997 to 2009. Prior to his appointment as Managing Director, he was the Group General Manager of Sapura Industrial Berhad. He was formerly an Assistant General Manager of HICOM-Yamaha Manufacturing (M) Sdn. Bhd., General Manager of Body Fashion (M) Sdn. Bhd. and H & R Johnson (M) Berhad. He is currently the Executive Chairman of ZDA Corporation Sdn. Bhd.

Encik Md. Shah is a member of the Institute of Engineers, Malaysia since 1990. He holds a Master in Business Administration from Ohio University, United States of America and a Bachelor of Science in Mechanical Engineering from West Virginia University, United States of America.



Encik Wan Ahamad Sabri bin Wan Daud was first appointed to the Board of Sapura Industrial Berhad on 9 March 2011. Encik Wan Ahamad Sabri is the member of the Audit Committee and Board Nomination and Remuneration Committee of Sapura Industrial Berhad.

Encik Wan Ahamad Sabri has over 32 years of experience in marketing and trading of non-ferrous metals, coal and minerals in the international market. He also has extensive international business contacts. He had served in various senior management positions within the MMC Group both locally and overseas. He is currently a Management Consultant of a company dealing in the sourcing of non-ferrous metals and mineral products.

Encik Wan Ahamad Sabri holds a Bachelor of Economics from University of Malaya.

## ADDITIONAL INFORMATION ON BOARD OF DIRECTORS

### 1. FAMILY RELATIONSHIP WITH DIRECTOR AND/OR SUBSTANTIAL SHAREHOLDERS

None of the directors and/or the substantial shareholders of the Company have any family relationship with the other directors and/or substantial shareholders of the Company except for Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir who is the spouse of Puan Sri Datin Seri Mariam Parineh and father to Dato' Shahrizan bin Shamsuddin.

### 2. CONFLICT OF INTEREST

None of the directors of the Company have any conflict of interest with the Company, other than direct or indirect interest in shares of the Company as disclosed in the Directors' Report on page 64 of this Annual Report.

### 3. CONVICTIONS FOR OFFENCES

None of the directors of the Company have any conviction for offences within the past 5 years.

### 4. ATTENDANCE AT BOARD MEETINGS

The Board of Directors' attendance record at Board Meetings held during the financial year ended 31 January 2021 can be found on page 47 of this Annual Report.

## CHIEF EXECUTIVE OFFICER'S PROFILE

### **ENCIK HELMI BIN SHEIKH MAHMOOD**

*Chief Executive Officer*

Age: 57

Gender: Male

Nationality: Malaysian

Encik Helmi bin Sheikh Mahmood was appointed as the Chief Executive Officer of Sapura Industrial Berhad (SIB) on 1 October 2014.

Encik Helmi holds a Master of Science in Manufacturing Systems Engineering from Warwick University, United Kingdom and a Bachelor of Science in Mechanical Engineering from University of Tri-State, United States of America.

Encik Helmi began his career as an Engineer in Sapura Machining Corporation Sdn. Bhd., a subsidiary of SIB in 1994. With over 25 years of experience in the manufacturing sector he has held various senior positions in SIB Group since 2002, which includes General Manager of various subsidiaries and Chief Operating Officer of SIB Group effective 1 January 2012 before assuming his present position.

Currently Encik Helmi does not hold any directorship in other public companies.

Encik Helmi does not have any family relationship with any of the Directors and/or major shareholders of the Company nor has he any conflict of interests with the Company, other than those disclosed in this Annual Report. He also has no conviction for offences within the past 5 years.

As at 4 May 2021 Encik Helmi holds 61,917 shares in the Company.

## SENIOR MANAGEMENT'S PROFILE

### **ENCIK ADNAN BIN JAMAL**

*Senior General Manager*

Age: 59  
Gender: Male  
Nationality: Malaysian

Encik Adnan bin Jamal was appointed as Senior General Manager of Sapura Industrial Berhad (SIB) on 1 July 2014.

Encik Adnan holds a Bachelor of Engineering (Electrical & Electronic) from Thames Polytechnic London (currently known as University of Greenwich).

With over 27 years of experience in automotive industries, he has held various positions in SIB Group since 1993, which includes Assistant Manager (QA & Engineering) for Metal Formers Sdn. Bhd., Production Manager for Asian Automotive Steels Sdn. Bhd., Plant Manager for Sapura Machining Corporation Sdn. Bhd., General Manager for Asian Automotive Steels Sdn. Bhd. and General Manager for Sapura Technical Centre Sdn. Bhd. before assuming his present position with SIB.

Encik Adnan does not have any family relationship with any of the Directors and/or major shareholders of the Company nor has he any conflict of interest with the Company. He also has no conviction for offences within the past 5 years.

### **PUAN LIYANA LEE BINTI ABDULLAH**

*Group Financial Controller*

Age: 54  
Gender: Female  
Nationality: Malaysian

Puan Liyana Lee binti Abdullah was appointed as Group Financial Controller of Sapura Industrial Berhad (SIB) on 1 February 2009.

Puan Liyana obtained a professional qualification with Chartered Institute of Management Accountants (UK).

Puan Liyana has over 25 years of financial experience in a listed conglomerate involved in automotive manufacturing, property investment, education and car dealership. She has held various senior management positions within the Sapura Group with experience in corporate restructuring and fund raising projects. She is a licensed Company Secretary with 20 years of experience in corporate secretarial matters. She started her career with Arthur Andersen as an auditor, and is an Associate Member of the Chartered Institute of Management Accountants (UK) and a qualified Chartered Accountant registered with the Malaysian Institute of Accountants.

Puan Liyana does not have any family relationship with any of the Directors and/or major shareholders of the Company nor has she any conflict of interest with the Company. She also has no conviction for offences within the past 5 years.

### **ENCIK KELANA BIN SAJARI**

*Senior General Manager*

Age: 59  
Gender: Male  
Nationality: Malaysian

Encik Kelana bin Sajari was appointed as Senior General Manager, Group New Business Development/Strategic Planning of Sapura Industrial Berhad (SIB) on 1 January 2019.

Encik Kelana holds a Bachelor Degree in Engineering (Civil) from Universiti Teknologi MARA, Malaysia.

Encik Kelana started his career in SIB as General Manager of one of the subsidiaries of SIB in 2006. Apart from being a significantly long member of the Sapura Industrial team, another highlight in his career is his tenure with the global oil major BP Group in Malaysia. His twelve (12) years at BP includes two working stints at BP America and BP Singapore; with job experience and responsibilities covering engineering, downstream network development and operations.

Encik Kelana does not have any family relationship with any of the Directors and/or major shareholders of the Company nor has he any conflict of interest with the Company. He also has no conviction for offences within the past 5 years.



## CHASSIS & MODULAR ASSEMBLY

Besides being one of the major brake systems and modular suppliers, we also produce high-end and high-value assembly components for the manufacture of finished modules.

## MANAGEMENT DISCUSSION AND ANALYSIS

**Our performance for the financial year ended 31 January 2021 is reflective of the Group's inherent strength and sound fundamentals in weathering a challenging year fraught with the COVID-19 pandemic and the effect it still has on global markets and economies.**

**A strong brand presence and a track record of delivering only the best to our customers pulled the Group through the year. Working together as a resilient team, ever more committed to move forward and pursue synergistic growth opportunities.**

### Malaysian Economy

The year 2020 experienced an unprecedented health crisis which triggered a large global economic downturn. The COVID-19 pandemic forced containment measures which affected demand, production and major disruptions to global value-chains.

Amidst this backdrop, the Malaysian economy contracted 5.6% in 2020 as compared to a 4.3% growth seen in 2019. Private consumption dropped 4.3% due to decreased domestic economic activities as states in the country experienced a mix of various forms of Movement Control Orders (MCO) for the most part of 2020.

However, swift coordinated policies introduced by the government assisted to minimise pandemic effects, and in some cases mitigated further erosion into the very existence of entire industries.

This coupled with key stimulus packages aimed directly at individual consumers and households lifted private consumption as demand and spending showed positive signs of recovery moving into 2021.

Average headline inflation was at -1.2% for 2020 mainly due to substantially lower global crude oil prices (Source: Bank Negara Malaysia Annual Report 2020).

### Malaysian Automotive Industry

2020 proved to be a challenging year for the Malaysian automotive industry due to the COVID-19 outbreak and subsequent measures undertaken nationwide to curb its spread.

Total Industry Volume (TIV) of new motor vehicles registered in 2020 was 529,434 units against 604,281 units in 2019 (Source: Malaysian Automotive Association (MAA) Market Review 2020). The Passenger Vehicles segment declined by 69,212 units or 12.6%. While the Commercial Vehicles segment registered a decline of 10.4% or 5,635 units.

Monthly sales took a dip during the MCO period but total sales in the last quarter of the year recovered to perform even better than pre-pandemic levels recording 184,121 units compared to 161,296 units achieved in fourth quarter 2019. (Source: Malaysian Automotive Industry Report 2020).

Announced under the PENJANA package on 15 June 2020, Sales Tax incentives created demand which resulted in the increase in sales that came to a peak in December 2020 with 68,836 units registered compared to 54,842 units in December 2019. The Sales Tax exemption of up to 100 percent for completely-knocked-down (CKD) passenger vehicles and 50 percent on completely built-up cars not only boosted 2020 sales but is also expected to be positive for 2021 following the exemption extension to June 2021.



## Management Discussion and Analysis

### FINANCIAL PERFORMANCE

**For FY2021, the Group generated a revenue of RM155.9 million (FY2020: RM225.0 million) whilst profit for the year was recorded at RM0.7 million (FY2020: RM2.3 million).**

Overall revenue for financial year ended January 2021 was lower at RM155.9 million as compared to previous corresponding year's RM225.0 million. This was mainly attributed to non-production period in March and April 2020 as a result of the MCO imposed by the government to curb the spread of COVID-19.

Despite these challenges, the Group managed to achieve a modest net profit of RM0.7 million for the year. The results of FY2021 is reflective of several Business Continuity Plan initiatives implemented Group-wide since the pandemic containment measures were introduced in March 2020. These mitigation initiatives include manpower rationalisation, voluntary pay-cuts, reduction in personnel-related expenses and savings realised from production-related expenses. It also takes into consideration the government's incentive packages aimed at saving jobs and easing cashflow challenges. The Group benefited from the Wage Subsidy Program and loan repayment moratorium from April to September 2020.

Results for FY2021 has included recognition of non-recurring claims from customers and yearly impairment assessment of inventories and spares.

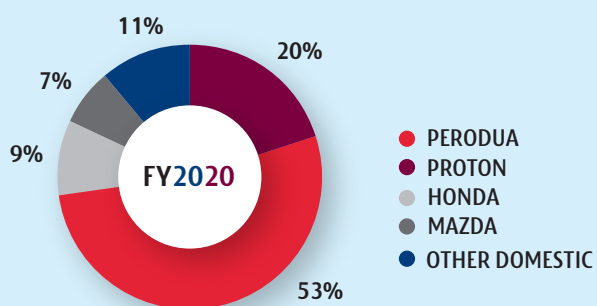
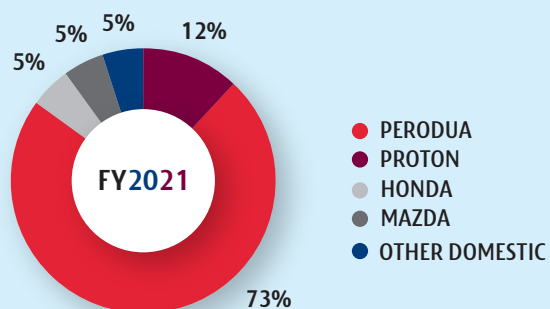


Diagram 1: Revenue by Customers

As illustrated in Diagram 1 above, our main customer contributing the highest revenue in current financial year was Perodua at 73% (RM114 million) as compared to FY2020 at 53% (RM119 million). Despite halting their production in March until May 2020, sales from Perodua came back stronger in the subsequent months due to greater market demand owing to the Sales Tax exemption and a backlog of their best-selling model, the Myvi.

Total revenue contribution from other OEMs such as Proton, Honda and Mazda decreased from RM106 million to RM42 million, representing 27% of the Group's FY2021 revenue.

Total Group borrowings and gearing ratio remained comparable at RM35.0 million and 0.3 times for both FY2021 and FY2020, due to the loan moratorium extended by MIDF for six months from April to September 2020.

As at the end of the financial year, the Group's cash position, including short term placement in money market funds increased from RM22.0 million to RM35.0 million. This was mainly due to more prudent cash management and stringent cost improvement measures in various areas across the Group.

### DIVIDENDS

The Group has always been committed to rewarding shareholders through annual dividends. In respect of the financial year ended 31 January 2021, the Board of Directors has recommended a final single tier dividend of 1 sen per ordinary share, with a total of RM727, 757 to be approved by shareholders at the forthcoming Annual General Meeting of the Company.

In the previous financial year ending 31 January 2020, the Group had paid a total dividend of 2 sen per ordinary share at a total of RM1,455,515 in line with a higher profit achieved at RM2.3 million.

The Group appreciates the support our shareholders have given us throughout this challenging financial year, and we will push forth to put in place sound business measures for the creation of more sustainable value, moving forward.

### OPERATIONAL PERFORMANCE

The financial year ended 31 January 2021 presented us with an unprecedented set of 'New Normals' which forced the Group to swiftly adopt and adapt to ensure a safe and effective resumption of operations after the MCO and months thereafter.

Throughout the year, we prioritised our main asset - our people, and implemented strict safety and health Standard Operating Procedures (SOP) to ensure their wellbeing at work and protecting their job security while faced with a challenging and uncertain economic environment. The Group participated in relevant economic stimulus and incentive packages introduced by the Government, which positively supported our business continuity.

## Management Discussion and Analysis



*Honda's Most Improved Delivery partner for 2020 awarded to Sapura Machining*

Post-MCO, the Group made a quick resumption of operations with a robust Business Continuity Plan in place. The Plan aimed at ensuring operations resumed to fulfil all delivery commitments to our customers which were affected negatively by the shutdown period and to minimise or avoid further value-chain disruptions. The team met these objectives and we fulfilled all backlogged orders without any major issues.

The disruption and subsequent transition to the new normal was an opportunity for the Group to look inward and strategise growth steps to build a more sustainable future, crafted by inherent synergies we have developed internally over the past many years.

### New Awards

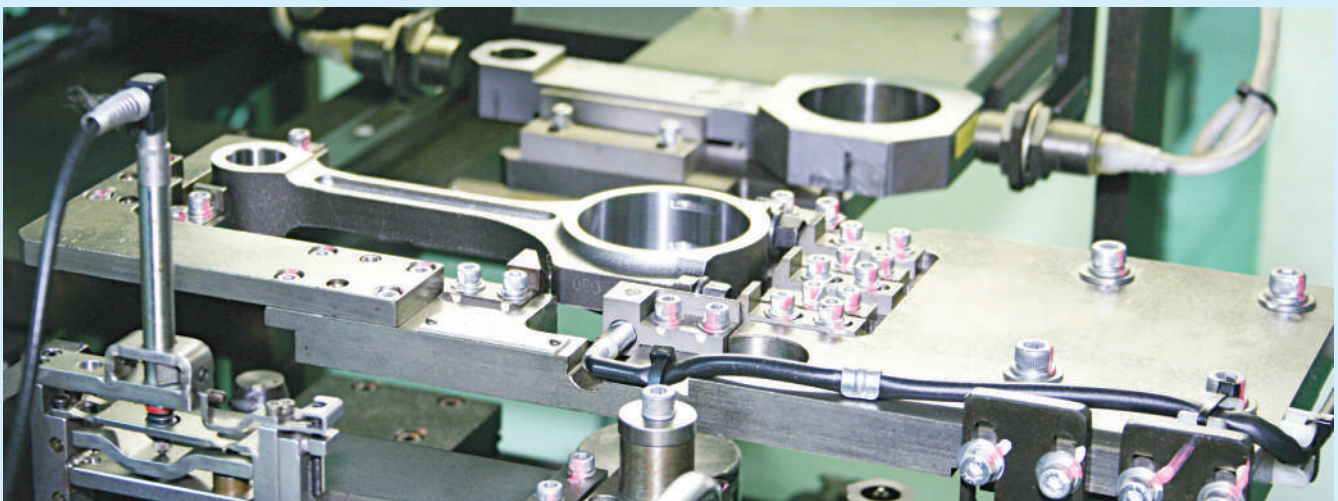
SIB is actively pursuing contracts for new Perodua models based on their latest Daihatsu New Global Architecture (DNGA) platform. DNGA represents a modular platform that aims to improve fuel efficiency, drive-ability and cost particularly for the A and B segment models in emerging markets. We have secured various parts for the newly launched Ativa - a compact SUV based on the DNGA platform,

with a 1.0 litre turbo engine paired with a CVT gearbox featuring a stepless automatic transmission.

We are currently in the development phase of parts awarded for the Alza replacement model (D27A) expected to be launched by end 2021. We have also been awarded the supply of Case Differential Assembly by Akashi Kikai Industry Malaysia, a Tier-1 vendor for Perodua's transmission module, forecasted for mass production in December 2021. The partnership with Akashi Kikai is a direct result of our ability to meet stringent customer requirements with high-value, high-quality products and our competitive standing within the value chain.

Proton is aggressively gaining market share with the introduction of new models. SIB shall continue to align with Proton's vision to become a global automotive brand and aspire to be a part of their global supply chain as they ramp up their export market. We will actively participate in Proton-Geely's new engine program, which translates into an opportunity to supply new parts consistent with our strategy to create greater innovation, higher value and distinctive product differentiation in partnership with our customers. These include components for their new GEP3 Engine Program (1.5T and 1.5TD) for all new models, including their best-selling model the X70. Letters of Award were received for Torsional Vibration Damper and Exhaust & Intake Camshaft. The new GEP3 engine replaces the current Campro/Phoenix engine.

During the year, we participated in Honda's localisation program for assembly of hub and disc for their new City Hybrid model. For both Honda and Mazda, we will actively continue to pursue opportunities for new components in line with their plans for new model introductions as well as replacement models. Sapura Machining Corporation Sdn. Bhd. was awarded Honda's Most Improved Delivery partner for 2020. It is an award which recognises our continuous drive to fulfil customer expectations with in-house innovation and commitment to quality.



## Management Discussion and Analysis



Trailer Landing Gear Pads being shipped to USA

Part of our strategy moving forward is an expansion of the Group's core business into products and markets which are in synergy with our current capabilities and product line. We have been actively looking at collaborations that complement the Group's competencies while presenting an opportunity for us to reach new markets.

To this end, in August 2020, SIB entered into a partnership with MMT Duncha Co. Ltd. South Korea. Their core business closely mirrors the Group's and we believe synergies exist in exploring new related products and technologies that would have a greater market reach. The first phase of our collaboration is the production of Trailer Landing Gear Pads. The first batch has been shipped to MMT Duncha's customer in USA in April 2021.

Other products for joint development with MMT Duncha have been identified for production in the near future.



Image-based inspection at machining line

### Precision Machining

SIB is at the forefront in high precision machining of automotive engine, transmission and brake components. Over the years, we have invested in the latest technology and equipment necessary to offer products of precise specifications and of highest quality standards necessary for critical safety components such as connecting rods, camshafts, brake discs, brake drums, front hubs and bracket engine mounting.

Our customer base includes national car makers Perodua and Proton, as well as OEMs with operations in Malaysia such as Honda and Mazda.

Precision Machining contributes 70% of the Group's total revenue for FY2021 (FY2020: 59%).

### Chassis and Modular Assembly

SIB has established itself as one of the major brake systems and modular suppliers in the domestic market, particularly in chassis and modular assembly operations. The Group's expertise is further enhanced with long-term technical relationships with Japan's Advics Co. Ltd. and South Korea's Erae Automotive Systems Co. Ltd.

Our experience and expertise coupled with an established supply chain management system have enabled our growth from assembly of modular components to total chassis integration for customers such as Proton, Mazda, Great Wall and Naza-Peugeot. We are currently undertaking modular assembly operations for Mazda and Naza-Peugeot in their respective car assembly plants in Kulim and Gurun, Kedah.

The chassis and modular assembly division contributes 4% of total Group revenue for FY2021 (FY 2020: 21%).

## Management Discussion and Analysis

### Hot and Cold Forming

The Hot and Cold Forming division specialises in suspension components including production of high-quality coil springs, strut assemblies and stabiliser bars. We are able to create differentiation both locally and for the export market due to our in-house Research and Development capabilities in product research, design and analysis coupled with extensive testing facilities to ensure our products meet the exacting standards of our customers.

Our capabilities in this segment have enabled us to partner with customers such as Proton, Perodua, Honda, Mazda, Mitsubishi and UMW Kayaba, in addition to overseas markets such as Thailand, India, and Ecuador.

The Hot and Cold Forming division contributes 26% of total Group revenue for FY2021 (FY2020: 20%).

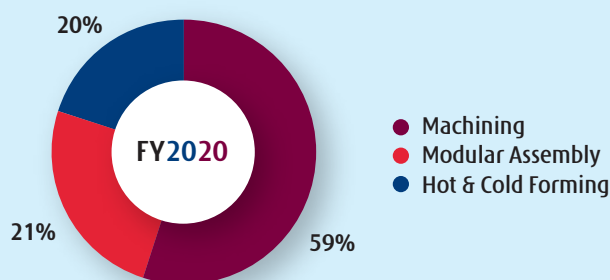
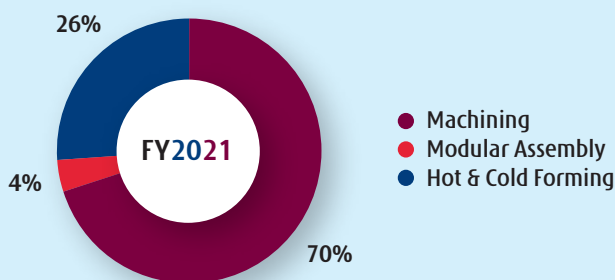


Diagram 2: Revenue by Core Business

## STRATEGIES FOR GROWTH

### Synergy for the Future

The Group is now in a position poised for greater growth moving forward. We have created synergy within the organisation to enable us to propel forth as a strong competitive player of the local automotive ecosystem and global value chain. In order to achieve sustainable growth for the future, we believe in a two-pronged approach. First, strengthening the competitive edge we have built,

and secondly, exploring other business opportunities which leverage upon the expertise, skills and experience within the Group.

The current automotive business will be continuously developed and refined through enhanced technical capabilities stemming from our Research and Development activities. We will work closely with our customers to create clearly differentiated and high-value products which present less threat of commoditisation. Our production capabilities is geared towards ensuring continuous delivery of quality and cost efficient products and services to customers.

Diversification into other growth areas are being explored based on synergies inherent within the Group. Our core engineering capabilities, Research and Development, advanced testing facilities, supply chain management and prudent financial management will be factors anchoring our diversification strategies for future growth.

### Commercial Strategies

The automotive manufacturing industry in Malaysia will continue to be a significant contributor to the nation's economy. It has gone through a gradual transformation from building domestic capabilities and competitiveness to now shifting to Smart Manufacturing technologies in the era of digital industrial transformation.

The Group will move towards more diversification into market segments which share our synergies both in automotive as well as non-automotive industries. Fundamental to our diversification strategy will be high-value high-technology products and services and a rapid adoption of IR4.0 enabling technologies to drive value and overall efficiency.

We will continue to invest in Research and Development and partner closely with our customers to create high quality products with clear differentiation. We aim to work in tandem with their vision and growth strategies in order to grow our customer base, consolidate the market positioning we have built over the years and enhance our competitiveness within the global value chain. We will do this with sound financial management and a high level of revenue and cost optimisation.

### Technical and Operational Strategies

The Group acknowledges the need to evolve our manufacturing process and facilities in line with rapid changes in the global automotive industry. Transformation is imperative for us in order to strengthen positioning in the domestic market and build global competitiveness, comply with increased industry standards and regulations yet be nimble enough to adapt to growing customer needs.

Internally, we have embarked on a series of initiatives infusing enabling IR4.0 based technologies that transform our production line into fully integrated systems.

## Management Discussion and Analysis

The adoption of these higher value-added manufacturing processes results in a more unified and connected system that enables interaction within and between different systems. This allows accurate and timely failure predictions, self-configurations and more efficient resource utilisation. Besides reducing complex production problems into simple and accessible information for swift decision-making and improved efficiency, it also reduces operating expenses which ultimately increase competitiveness.

Following a successful pilot in 2019, we successfully integrated real-time Overall Equipment Effectiveness (OEE) systems monitoring hardware, software and robotics in Precision Machining involving our brake pads and brake drums machining lines. Measuring OEE is critical to understand weaknesses in our manufacturing process which in turn enables quick and efficient mitigation steps are undertaken to improve productivity and reduce or eliminate wastage.

Lessons learnt from this implementation will be gradually deployed to other lines and we will further explore other IR4.0 enabling technologies to be integrated into current systems.

The Group's coil spring manufacturing currently garners 60 percent of the domestic market share. It is essential that we continuously upgrade our systems and facilities to improve product quality whilst optimising overall output and efficiency to protect our leadership position within this product segment.

To this end, we will be deploying a new Stress Peening machine within the coil spring line. Stress peening results in improved product durability and performance. Integrated within our current process, the new machines will enable us to achieve highest production quality while optimising product quality enhancements.

Continuous operational excellence initiatives underscore the need for us to be agile in adapting to the fluid developments within the automotive industry. Our operational strategies are implemented based on the Lean Production System framework which include 5S, Kaizen, Lean Six Sigma, Value-Add Value Engineering (VAE) and Innovative Creative Circle (ICC).

### Industry Outlook

For 2021, The Malaysian Automotive Association is projecting an 8% increase to 570,000 of Total Industry Volume as compared to 529,434 TIV achieved in 2020. Passenger vehicles are expected to increase by 7% while commercial vehicles will experience a better uptick at 18% as compared to year 2020. TIV is forecasted to grow at an average rate of 3% through 2025 at 662,100 units.

The encouraging forecast is based on assumptions that global and local economy will recover due to positive outlook as a result of extensive COVID-19 vaccination programs easing resumption of economic activities in global markets. Locally, it is also contingent upon extension of Sales Tax exemption under the PENJANA package which will end on 30 June 2021 as well as



## Management Discussion and Analysis

lower hire purchase loan interest rates. These would act as key drivers for a rise in consumer demand.

The introduction of new and replacement models with upgraded specifications and innovative styling at competitive price points will assist to sustain buying interest across the industry. Car makers are expected to embark on aggressive promotional campaigns with attractive cash incentives to push sales and regain market share.

Combined with the various economic stimulus packages initiated by our government, MAA is optimistic that the local automotive market will rebound in 2021. (Source: MAA Market Review 2020).

### National Automotive Policy (NAP 2020)

NAP 2020 developed by the Ministry of Trade and Industry was launched in February 2020 building upon the objectives set in NAP 2014.

NAP 2014 placed emphasis on green initiatives, market expansion, as well as enhancement of the entire automotive ecosystem through development of technology, human capital and supply chain. The ultimate objective of the NAP 2014 was to establish Malaysia as a regional Energy Efficient Vehicle (EEV) hub by the year 2020.

NAP 2020 will continue to promote participation of local companies in the domestic and global supply chain, encourage R&D and engineering activities, augment human capital in tandem with the development of current and future automotive technologies, support national car projects as well as enhancing exports, investments and local production volume.

NAP 2020 maintains and refines the NAP 2014 framework while further introducing three new technological elements namely:

- a) Next Generation Vehicles (NxGV) - To develop the NxGV technology ecosystem to position Malaysia as a Regional Hub for the production of NxGV;
- b) Mobility-as-a-Service (MaaS) - To expand the participation of domestic automotive industry in the sector of MaaS which not only focuses on the development of technology, but also the overall transportation ecosystem;
- c) Industrial Revolution 4.0 (IR4.0) - To ensure the domestic automotive industry is better equipped with new paradigm in the automotive sector closely related to the development of IR4.0;

The Government aims to introduce initiatives that can attract strategic investments and high technology adaptations in line with NAP 2020's technology thrust to ensure the sustainability of the automotive industry's competitiveness in tandem with the development of global technology.

Another key initiative is to enhance supply chain competitiveness in the pursuit of high-quality higher value products that meet the standards of vehicle manufacturers and consumer needs.



The Group will ensure our future growth strategies are in tandem with these objectives to enhance competitiveness and ensure sustainability.

### Future Prospects

Malaysian economy is expected to expand 6% – 7.5% in 2021 anchored by an increase in private consumption and gradual improvement in labour market conditions. Less stringent movement restrictions and improvement in consumer sentiments amid the national vaccine rollout will gradually lift consumer spending.

The automotive sector is forecasting a TIV increase by 8% to 570,000 units in 2021. Greater consumer demand will reinvigorate the local automotive ecosystem. The Group will be prudent as we continue to protect and grow our market share. Technology driven high value differentiated products, improved productivity and stringent cost optimisation will be our main focus as we move forward.

We aim to further grow the Group's value by exploring synergies in our current capabilities into scalable and sustainable new ventures. Our strategy is to diversify through partnerships with established players to accelerate market reach as well as create a platform for sharing and transfer of knowledge and capabilities.

In 2020 we announced collaboration with Japan's Wada Aircraft Technology Co., Ltd. and Aero Inc. for manufacturing and assembly services of aerospace components, sub-assemblies, tooling, jigs and fixtures, for the aerospace industry in Malaysia, Japan and globally. The pandemic resulted in a short pause for us, but this venture is currently gearing up to address anticipated post-pandemic recovery of the aviation industry.

Global E Mobility is slated for exponential growth in the coming years amid growing environmental concerns. Critical areas identified under NAP 2020 includes Energy Efficient Vehicles (EEV), Next-Generation Vehicles (NxGV) and the corresponding development of their critical components.

### Management Discussion and Analysis

The Group is positioned to pursue opportunities within this growth segment through Research & Development of critical EEV components using lightweight materials, miniaturisation, intelligence and electrification technologies. We will also emphasise on building expertise in software and services aimed at enhancing product performance.

We will continue to explore diversification outside the automotive sector, in industries with niche markets and synergies with our existing capabilities. These include medical, oil & gas and renewable energy.

Global shifts in the automotive industry warrants us to accelerate the deployment of critical digital enablers and digitalising existing operations. These steps would raise productivity and enhance competitiveness to unlock new strategic growth engines for the Group on a global platform.



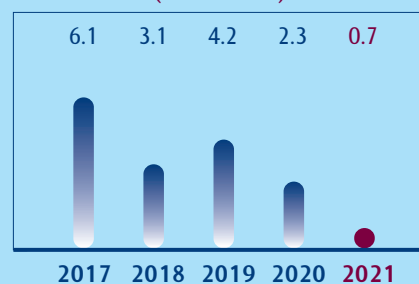
## FINANCIAL HIGHLIGHTS

		← 31 January →				
		2017	2018	2019	2020	2021
Revenue	(RM' million)	223.2	211.7	228.8	225.0	<b>155.9</b>
Profit attributable to owners of the parent	(RM' million)	6.1	3.1	4.2	2.3	<b>0.7</b>
Equity	(RM' million)	104.1	103.5	104.7	107.7	<b>106.8</b>
Basic/diluted earnings per share	(sen)	8.45	4.23	5.82	3.15	<b>1.00</b>
Net asset per share attributable to owners of the parent	(RM)	1.46	1.42	1.44	1.48	<b>1.47</b>

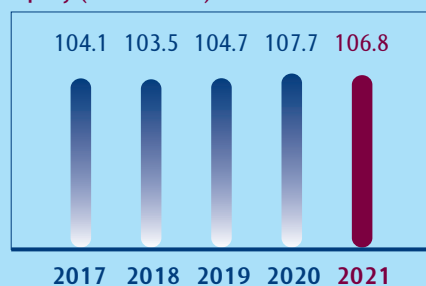
Revenue (RM' Million)



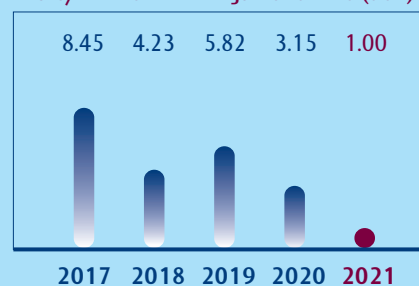
Profit Attributable to Owners of the Parent (RM' Million)



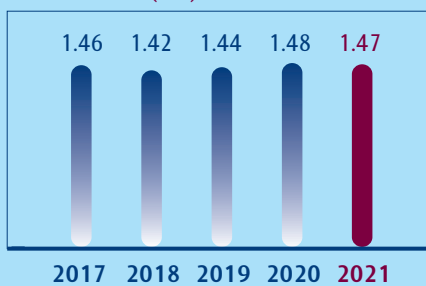
Equity (RM' Million)



Basic/Diluted Earnings Per Share (Sen)



Net Asset Per Share Attributable to Owners of the Parent (RM)





## HOT & COLD FORMING

Our advance hot and cold forming technology produces high strength steel components that have become the staple of the modern automotive industry.

# SUSTAINABILITY REPORT

At Sapura Industrial Berhad (“SIB” or “the Group”), we recognise that we have a social responsibility in driving positive change across our four pillars: at work, in the industry, the communities in which we operate, and the impact on the environment. With successful automotive manufacturing experience behind us and building on a strong foundation of corporate governance, we are committed as a Group to incorporate sustainability principles and practices across those pillars, in both good and challenging times. Sustainable long-term business value is even more crucial under the “new normal” in which high standards of products and solutions and innovative approaches are expected, as well as, an increased sense of employee well-being and community goodwill.

## Our Sustainability Approach

SIB’s sustainability framework is centred upon the evaluation of economic, environmental and social (“EES”) risks and opportunities accompanied with the Group’s corporate governance framework and social responsibilities. By applying good corporate governance framework, environmentally responsible practices and sound social policies, SIB is able to achieve sustainable growth and enhance long-term value for our shareholders.

We continuously focus in improving our internal capabilities to manage, communicate and report on our progress on sustainability-related activities as per Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) and core option of Global Reporting Initiative (GRI) framework.

## Scope of Reporting

SIB’s Sustainability Report 2021 covers the progress of EES aspects in our core businesses and daily operations for the financial year ended 31 January 2021 (FY2021). The report also highlights the systems and measures that we have developed and implemented in ensuring our products, operational processes and supply chains are consistently robust, balanced and resilient; our working environment are safe and healthy; and international standards and local regulations are complied with. This report was also reviewed by the Group’s Sustainability Committee and Internal Audit.

There is no change in the scope of reporting from the Sustainability Report of FY2020.

## Sustainability Governance

Sustainability permeates every aspect of the business, therefore the Board of Directors oversees the Group’s sustainability framework and strategy, and provides direction to the Audit Committee and Sustainability Committee. The latest trends and emerging EES issues that could become relevant to the Group are discussed by the Committees, and embedded appropriately within the organisation.

The Chief Executive Officer (CEO) leads the Sustainability Committee which comprises heads of business units and corporate functions in SIB that have sustainability-related issues. Where necessary, experts and representatives from other areas in the organisation are invited to the Committee. The Sustainability Committee prepares and submits the Sustainability Report to the Board of Directors for approval.

The CEO develops sustainability plans and initiatives for the Group, while the Audit Committee ensures the adequacy and effectiveness of the Group’s governance, risk management and internal control systems as well as monitors compliance with policies and procedures.



## Sustainability Report

The role of the Sustainability Committee, as delegated by the Board, consists of the following:

- To identify and recommend sustainability strategies for approval and adoption by the Board;
- To ensure that sustainability strategies incorporate Economic, Environment and Social areas;
- To monitor and report on a timely basis to the Board on execution, progress and results of sustainability strategies and action plans;
- To conduct sustainability assessment and stakeholder engagement for prioritisation; and
- To oversee the preparation of Sustainability Report in accordance with the Sustainability Reporting Guide of Bursa Malaysia.

The approach of sustainability is based on SIB's vision, mission and core values:

**Our Vision** - To Create Indigenous Technological Platforms Through Entrepreneurship That Propagates Technical Competence Resulting In Sustainable Profits

**Our Mission** - Our Goal Is To Be Technology Competent And Distinctive In Our Area Of Business By Providing Solutions That Exceed Customers' Expectations Through Professional Leadership And To Consistently Deliver Improved Performance

**Our Core Values** - Define who we are and form the basis of a performance driven culture – **Honourable, Professional, Resourceful, Resilient and Agile**

Underlying all efforts is an overriding commitment towards the principles of discipline, good conduct, professionalism, loyalty, integrity and cohesiveness. These principles are outlined in our Code of Ethics and Business Conduct - principles by which business should be executed and the conduct that is expected of our employees at the workplace. In addition, our Code of Ethics and Business Conduct is supported by a robust Whistle-Blowing Policy.

### Key Stakeholders Engagement

Strong engagement with our key stakeholders is our priority. We recognise that we can further improve and make headways in our sustainability journey by collaborating with our stakeholders, and understanding their expectations and responding to their concerns. We have undertaken various activities and implement new initiatives as part of our engagement approach with various key stakeholders.

STAKEHOLDERS	DESCRIPTION	ENGAGEMENT APPROACH
Shareholders	Owners of the Company	Annual general meeting, annual report, quarterly report, board of directors
Investors	An entity which commits capital in expectation of financial returns	Annual report, quarterly report, corporate website, press release
Employees	People engaged by the Company to provide services to facilitate operations	Meetings, briefings, social activities, intranet, employee training, survey
Customers	OE Manufacturers, REM distributors, end users	Meetings, customer satisfaction surveys, customer audits, annual report, corporate website
Suppliers	Business partners providing goods or services	Meetings, supplier audits, site visits
Government	Government bodies and ministries, regulators	Forums, summits, support government initiatives, site visits
Communities	Local communities surrounding our business, as well as remote communities affected by our business	Corporate social responsibility events

## MATERIALITY ASSESSMENT

The materiality assessment enables SIB to identify potential key sustainability risks and opportunities that may impact the Group's business and its stakeholders, by conducting a thorough screening process of our business activities and any changes within the internal and external environments. The assessment conforms to Bursa Malaysia's Sustainability Reporting Guidelines.

The materiality assessment process is as follows:



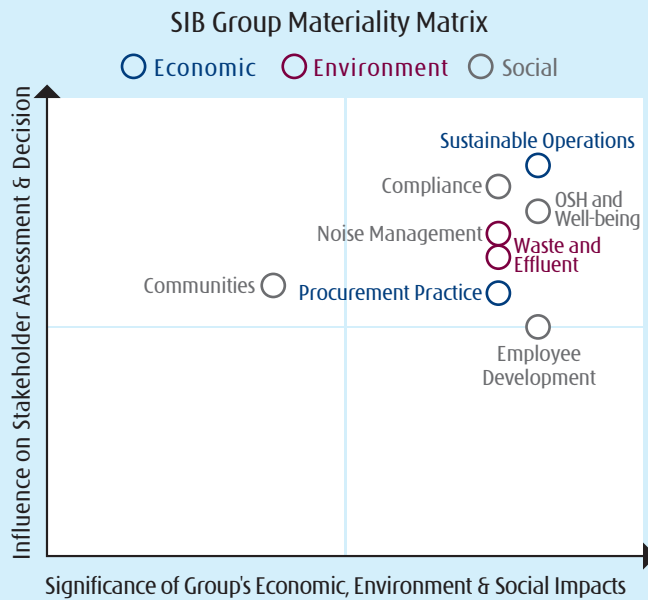
A review was conducted during the reporting period to determine whether the materiality assessment needed to be updated or modified due to any significant changes in key influencing factors both inside and outside the Group. The review did not result in any major change in materiality except for improvement in business focus areas.

The materiality assessment produced the following list of topics, which was presented to and approved by the Board of Directors.

PILLARS	INDICATORS	OBJECTIVES
<b>Economic</b>		
Sustainable Operations	<ul style="list-style-type: none"> <li>Economic Performance</li> </ul>	<ul style="list-style-type: none"> <li>Generate sustainable financial and business solutions for our customers while managing costs effectively and maintaining high quality standards</li> <li>Continuously improve operational performance and advancement in product design and development</li> <li>Quality and customer satisfaction</li> </ul>
Procurement Practice	<ul style="list-style-type: none"> <li>Procurement Practices</li> <li>Vendor Development Programme</li> <li>Vendor Performance Assessment</li> </ul>	<ul style="list-style-type: none"> <li>Promote local and sustainable procurement</li> <li>Enhance vendor capability</li> <li>Gain accreditation to international quality certifications</li> </ul>
<b>Environment</b>		
Waste & Effluent Management	<ul style="list-style-type: none"> <li>Waste &amp; Effluent Generation and Treatment</li> </ul>	<ul style="list-style-type: none"> <li>Comply strictly with international environmental standards</li> <li>The 3Rs of Waste Management (Reduce, Reuse &amp; Recycle)</li> </ul>
Noise Management	<ul style="list-style-type: none"> <li>Noise Generation</li> </ul>	<ul style="list-style-type: none"> <li>Reduce noise pollution.</li> </ul>
<b>Social</b>		
Employee Development	<ul style="list-style-type: none"> <li>Training &amp; Development</li> </ul>	<ul style="list-style-type: none"> <li>Regular engagement with employees to attract and retain good employees</li> </ul>
Occupational Safety, Health & Well-being	<ul style="list-style-type: none"> <li>Compliance with Safety Standards</li> <li>No Major Accident</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a safe work environment with injury prevention procedures in place</li> </ul>
Employee & Community Engagement	<ul style="list-style-type: none"> <li>Health &amp; Wellness</li> <li>Local Communities</li> </ul>	<ul style="list-style-type: none"> <li>Strengthen relationships with surrounding communities</li> <li>Corporate Social Responsibility</li> <li>Community Health and Well-Being</li> </ul>
Compliance	<ul style="list-style-type: none"> <li>Environmental Compliance</li> <li>Socio-economic Compliance</li> </ul>	<ul style="list-style-type: none"> <li>Comply with regulatory requirements and all applicable laws in environment, labour, safety and health</li> </ul>

## Sustainability Report

This matrix shows key material sustainability matters that are most critical to our business and stakeholders:



## MATERIAL SUSTAINABILITY MATTERS

### ECONOMICS

#### Sustainable Operations

Overarching every area of our business, our operating model is designed to preserve the sustainability of our business for the long-term. Throughout the years, we have always adopted a consistent and focused approach in driving operational excellence in productivity and efficiency, emphasising on superior quality and standards, and delivering innovative solutions to our customers while managing costs effectively.

To ensure that we are on the right track in the pursuit of exceeding customers' expectations in products and services quality, we conducted a survey among our customers to evaluate their satisfaction levels towards our products and services. These survey insights provide SIB an opportunity for continual improvement for its future developments. The overall Customer Satisfaction Index score was 8.2 out of 10 in FY2021, a slight decline from 8.3 out of 10 in FY2020.

In product design and development, 26 parts (FY2020) were made during the financial year with 100% success for sample submission. Advancement was also made in engineering and process improvement especially in the area of Image-Base Inspection (IBI) where its usage has now been extended to another production line while improvement can be seen

in our Overall Equipment Effectiveness (OEE) whereby our engineering and technical team has developed usage of software and designed its hardware. The team is now exploring ways to commercialise these expertise. Advancement was also seen in the area of electric motor knowledge by designing and producing a Brushless DC Motor (BLDC) driver using a two-motor controller.

All SIB operating plants are certified with IATF 16949 quality management standards. The certification affirms our culture of continuous improvement and customer satisfaction and our ability to deliver market innovative solutions to customers.

	FY 2019	FY 2020	FY 2021
<b>Number of Customers' Complaints</b>	49	19	22

We also believe that exceeding customers' expectations derives from the knowledge, experience and ingenuity of our people, therefore we recognise the importance of recruiting the right people, developing and providing them with the right opportunities to realise their true potential.

As part of ensuring sustainable operations, Operational Transformation Program was launched with the aim of achieving world class manufacturing practices across four strategic turning points: people, manufacturing, quality and supply chain.

Enhancements were made to systems and documentations through the Teach, Test and Verify (TTV) method which requires in-built checks, audits and measuring performance in the workplace through scorecards, campaigns and slogans and frequent patrols to identify and address abnormality findings immediately.

On 6<sup>th</sup> February 2020, Sapura Transformation 2.0 was launched with the aim to elevate those measuring performance to higher and superior quality and standards. After achieving consistent and stable results, the Initiative has now entered a new phase whereby with the elevation of the operational fundamental, effort is now towards Process Stability Upgrading through staff engagement and specific projects with established targets. Continuous process improvement through standardisation, measurement and strengthening operational method to ensure better financial result will still be the main focus in this Initiative.

#### Procurement Practice

The Group is committed to ensure that speed, efficiency and quality are adhered to in the supply chain management

## Sustainability Report

process. As we progress up the value chain, we remain engaged with our Vendor Development Programme (VDP) through which our vendors work towards improving and strengthening their capabilities to Levels 3, 4 and 5 as well as pursuing accreditation to international quality certifications.

Although with more stringent standards implemented through the Sapura Transformation Program, the number of Defect Countermeasure Request Sheet (DCRS) issued to suppliers decreased from 77 in FY2020 to 32 in FY2021. The Group will continue to enhance supplier improvement programs by focusing on the recurring issues and those which are critical to our customers.

We continue to provide support and advice to all our vendors and suppliers in striving for excellence in key areas of quality, safety, cost and delivery. As an active member of the OEMs Vendor Associations, SIB serves as an intermediary between the car makers and vendors, thus we contribute to the overall productivity and efficiency of the automotive supply chain.

### ENVIRONMENT

#### Waste and Effluent Management

The Group is cognizant of the biggest environmental challenge that our planet has ever seen. The pressing issue of climate change and its detrimental effects of greenhouse gases, toxic emissions and waste on the Earth's ecosystem are driving SIB in advocating the sustainable use of renewable natural resources and promoting minimal pollution and wasteful consumption. In upholding a corporate responsibility to build a future in which current and future generations live in harmony with nature, we closely monitor our environmental footprint and minimise any negative environmental impact, if any. To this end, we strictly comply with environmental laws and regulations pertaining to emission standards, noise level management and treatment of plant effluents and waste water.

To mitigate adverse impact on the environment, our manufacturing facilities are in compliance with ISO 14001:2015 Environmental Management System through which we implement processes and procedures that reduce the impact of emissions and waste materials as well as conserve energy and material resources. As part of its certification audit process during the financial year of 2021, three locations were inspected and affirmed that the Environment, Health & Safety (EHS) management system was properly implemented.

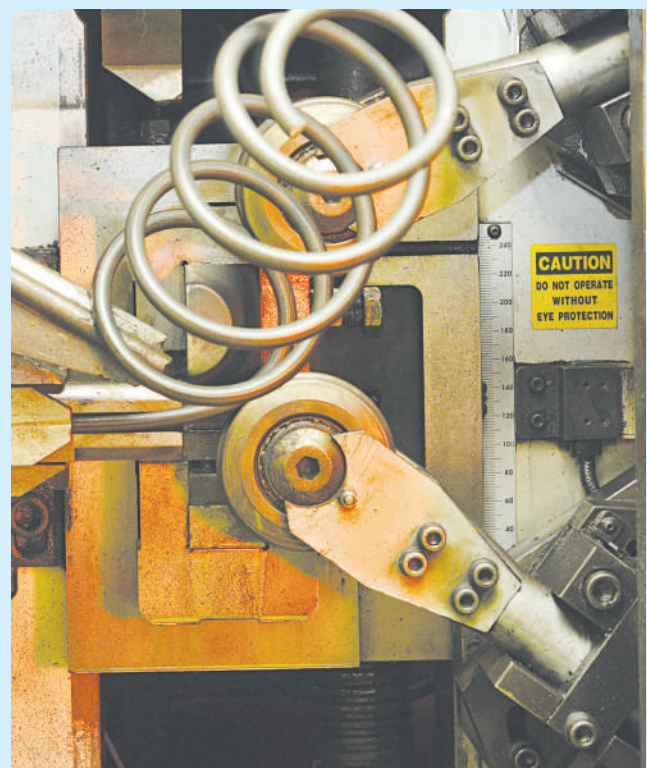
Employees working in the treatment of plant effluents and waste water are fully trained as per local regulations. Continuous training and awareness on EHS-related issues are conducted for relevant personnel on a regular basis, to prevent negative environmental impact and regulatory breaches.

Minimal wasteful consumption is a high priority in SIB. Waste materials such as coolants, hydraulic oil, zinc phosphates and other chemical compounds are accounted for and safely disposed through licensed waste transporter and contractor in accordance with local regulations. We have also established an internal monitoring system on the transport of hazardous materials. For FY2021, we are pleased to report that there were no operational spills on both water and land.

#### Noise Management

Long-term hearing loss is linked to occupational noise, especially where employees are exposed to continuous and intermittent noise from processes and machinery. This makes noise a significant material issue for the Group's manufacturing plant where specific policies are in place to protect workers from damaging noise levels. We have also implemented a system to mitigate noise pollution as far as possible at our factories.

A KPI based on the total area exposed to noise level above 82 dB (International Standard) has been established at our factories and we continuously work towards reducing these areas. In addition to engineering change, employees are provided with PPE and hearing protection, with appropriate signage placed in high noise level areas. Regular awareness and briefings are conducted to ensure work and occupational health standards are complied with in the workplace.



## Sustainability Report

### SOCIAL

#### Employee Development

As our business evolves and the environment in which we operate becomes more complex and challenging, the quality of our workforce is just as crucial in ensuring our success into the future. Employee development at SIB is a vital strategic approach in improving our business competitiveness over the long-term. Hence, the Group remains attentive to hiring people with the right talents and skills for the jobs, developing them in tandem with changes at the workplace and in the industry, and providing them opportunities for professional development, all of which empower them in reaching their highest potential. Throughout the financial year in review, SIB has invested RM170,646 (FY2020: RM301,000) in its employees' continuing professional development.

Our employees benefit from a range of developmental programmes in every area of the Group's business, which include formal trainings, job rotations, workshops, seminars and mentoring. These dedicated development programmes are targeted for employees at different stages of their career, from factory operators and entry level to mid-career up to senior leadership. Suitable and qualified candidates are also given the opportunity to further their studies under the Career Development Programme (CDP) at local universities in a discipline relevant to the Group's business. To date, 30 employees have benefited from CDP since 2001.

Our internship programs play a major role in securing the next generation of employees. These interns are given opportunities to understand how businesses function in real-life settings, and to gain exposure in the areas of technical and commercial trades, thereby accelerating their career experience. In FY2021, 6 interns served an apprenticeship with SIB (FY2020: 44 interns) while 22 interns were accepted for a study program in collaboration with Malaysia Automotive, Robotics & IoT Institute (MARii) for a period of five months.

To promote a sustainable and engaging experience at the workplace, we connect and communicate with our employees regularly through various far-reaching initiatives. These initiatives include townhalls, "teh tarik" meetings with SIB management, and periodic meetings with in-house and trade union representatives. Employees are also encouraged to share their honest feedback and concerns through formal appraisal channels from which we use to guide our initiatives and management decisions in encouraging collaboration for greater success, driving accountability and rewarding high performance.

Employee motivation and satisfaction are also enhanced with other organisational benefits such as "early bird" allowance and

rewards for staff with no medical leave and medical expense. In recognition of employees' overall performance and work contribution, monthly recognitions were given as Monthly Best Worker in every operating companies with monetary and non-monetary benefits given.

SIB recognises the importance of work-life balance and believes that healthy and happy employees are key to the Group's productivity. As such, SIB has continuously sponsored and organised various sports activities to promote healthy and active lifestyle among the employees such as weekly futsal and badminton games before implementation of MCO in March 2020. Our employees also came together for the Company's frequent "small group gotong-royong" where management and staff rolled up their sleeves to spruce up our own factory compounds. By committing themselves to a shared activity, it has helped strengthened ties among our people and broadened the support network through fun and fulfilling activities.

#### Occupational Safety, Health & Well-being

SIB is committed in upholding an incident-free and a safe and healthy working environment for our employees. Safety and Health remains of highest priority across the Group, as it underscores our work culture and is central to our operations.

Our Group's Occupational Safety & Health Policy requires production facilities to adhere to the OHSAS 18001:2007 Occupational Health and Safety Management Certification Standards and Occupational Safety and Health Act 1994. Internal and external audits are conducted to ensure compliance.

The following principles are outlined in the Group's Occupational Safety & Health Policy:

- Compliance with applicable safety, health and environmental laws and regulations;
- Establish Health, Safety and Environment (HSE) Committees at all operating units;
- Develop and implement HSE management systems in all operating units with a dedicated Safety Officer to ensure that the system is enforced;
- Provide information and training on HSE and conduct safety campaigns to create awareness on a regular basis;
- Inspect and supervise that HSE is maintained in all workplaces and work systems; and
- Report immediately, investigate and implement corrective actions on all incidents.

### HSE Activities

A host of Occupational, Health and Safety-related activities and measures were carried out throughout the year. These includes

- special work safety days
- various health talks on healthy lifestyle with the aim to share best practices and increase awareness on safety
- optimise personal safety equipment usage
- weekly and monthly workplace inspection by operating units' HSE management committee
- quarterly Safety and Health Committee meetings to report and evaluate HSE concerns
- emergency preparedness trainings and exercises for Emergency Response Teams (ERT), including basic first aid, emergency evacuation, firefighting and more.

For HSE performance, the Group has posted an increase number of cases compared to previous years.

Lost Time Injury (LTI)	2019	2020	2021
Fatalities	0	0	0
Injuries: Major	3	0	4
Minor	4	4	6
<b>Total LTI -Days</b>	<b>104</b>	<b>9</b>	<b>78</b>

Effective implementation of the Group's Occupational Safety & Health Policy across the organisation allows a safe, secure and healthy working environment in SIB at all times.

### COVID-19 Precautionary Measures

The Group continuously observes the health and safety measures and Standard Operating Procedures (SOP) outlined by relevant Ministries especially the Ministry of Health for the COVID-19 pandemic to safeguard the health and safety of all our employees and the extended community. This is to ensure the pandemic will not adversely affect daily business operations and performance as well as to break the chain of COVID-19 infections in this country. Regular communications regarding the danger of the COVID-19 pandemic and preventive measures have been taken to ensure a high level of awareness among employees.

Highlights on the precautionary actions taken by the Group are as follows:

<b>Limiting Number of On-site Employees</b>	During the MCO, CMCO and RMCO, the Group set a limit on the number of employees who could be on-site or in the office. The remaining employees were instructed to work from home or work on rotation basis to ensure business continuity.
<b>Physical Distancing</b>	All working and common spaces such as reception area, canteen, discussion rooms, surau, etc. were properly marked to ensure 1-metre physical distancing.
<b>Face Masks</b>	All employees were provided with face masks free of charge.
<b>Hand Sanitisers</b>	Hand sanitisers were made available throughout our business premises.
<b>Temperature Checks and Registration</b>	Having body temperature scans at main entrances and registration via MySejahtera app or manually upon arrival at office or factory.
<b>Posters, E-mails and Notices</b>	Posters, e-mails and notices to remind employees and visitors of COVID-19 safe steps and practices were strategically placed and shared.
<b>Travel Restriction / Advisory</b>	Employees' movement between business units were restricted and visits to business partners were not encouraged.
<b>Virtual Meetings</b>	All internal and external meetings were mostly done virtually.
<b>Enhanced Cleaning and Disinfecting</b>	Offices, operation areas and high touch points were frequently cleaned and disinfected.
<b>COVID-19 Tests</b>	Approximately 123 foreign workers and employees who travelled inter-state as part of their work were tested for COVID-19.



## Sustainability Report

### Employee & Community Engagement

SIB sees itself as being part of the greater community which means that our responsibilities also extend beyond the confines of the Group. In affirming our position as a responsible corporate citizen, we are dedicated in establishing a strong relationship with the surrounding communities in which we operate, contributing to their overall health and well-being through community projects and supply of local goods and services.

Employee and community engagement, teamwork and camaraderie outside the workplace are essential in building a dynamic and committed workforce. In turn, SIB employees feel a sense of belonging to the Group, motivating them to take ownership of their roles and responsibilities, respecting the need for work-life integration and overall well-being.

FY2021 has been an extremely challenging year whereby economic activities and livelihoods have been impacted by the COVID-19 pandemic. Since the implementation of MCO in March 2020, many of the Group's regular social and community engagement activities were kept on hold. However, it was replaced by initiatives to support frontline workers at public hospitals who put their lives at risk to keep the rest of us safe.

At the height of the PPE shortage, we contributed face masks, medical shields, vinyl gloves and shoe covers to:

- Hospital Canselor Tuanku Muhriz (PPUKM)
- Hospital Kuala Lumpur
- Pusat Perubatan Universiti Malaya (PPUM)
- Hospital Sungai Buloh

Apart from the above, the Group contributed some basic needs of our factory workers and donated for the development of a local mosque. In FY2022, we will continue to support the vulnerable communities and those in need.

The Group also values the contributions of our employees, even those who are no longer with us. For the children of employees who have passed away whilst in service, we continue to support them through a small monthly contribution of RM100 until they complete secondary school education. During the reporting period, there were 11 children who benefited from this financial support. Additionally, school vouchers worth RM100 were given to those 11 children and children of non-executive staff. A total of 73 children received school vouchers worth RM7,300 in value.



SIB Group's contribution of Personal Protective Equipment to public hospitals

## Compliance

Complying with regulatory requirements is crucial in ensuring that all necessary standards, processes and systems are in place in running our operations without risking either the Group's commerciality or competitiveness.

The Group's risk management framework sets out the process for risk identification, measurement and treatment with continuous monitoring, review and communication. To achieve the right balance, every employee is involved in identifying and mitigating sustainability risks across all areas of operations with Group Internal Audit Department overseeing the adequacy and effectiveness of the risk management framework while monitoring compliance with policies and procedures. External Auditors are also appointed to ensure that the Group complies with relevant professional and regulatory requirements.

With the introduction of Corporate Liability provision in the newly-introduced Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009), which came into force on 1 June 2020, the Group has taken proactive actions to ensure adequate procedures are in place across the organisation to prevent associated persons from undertaking conduct that would be in breach of that provision. A breach of the Corporate Liability provision is a criminal offence.

Therefore, SIB has undertaken the following activities in FY2021:

- Introduced SIB Anti-Bribery and Corruption Policy and Framework, approved by the Board on 29<sup>th</sup> May 2020.
- Revised SIB Whistle-Blowing Policy was approved by the Board on 29<sup>th</sup> May 2020.
- Organised group-wide anti-bribery and anti-corruption training programmes for all employees.
- Established Integrity and Governance function led by an Integrity Officer which undertakes the following functions:
  - ▶ Complaints Management
  - ▶ Detection and Verification
  - ▶ Integrity Compliance and Enhancement
  - ▶ Governance

As a result, we are pleased to report that the Group has not been fined or penalised for any major environmental or statutory violation by the relevant authorities during this reporting period.

## OUR COMMITMENT

Sustainability is an on-going process, and to integrate sustainable practices in all that we do require inclusive and strong partnerships built upon principles and values, a shared vision and shared goals. To strive for a purposeful and responsible growth, we endeavour to collaborate with our stakeholders in responding swiftly to changes in demands of the business, environment and communities. We are also clear about the important role we play in driving positive change and will continuously work towards enhancing our shareholder value, strengthening our risk management framework, adopting and applying good corporate governance framework, environmentally responsible practices and sound social policies, as well as empowering our employees and communities that we engage with.

Our core values of being honourable, professional, resourceful, resilient and agile underpin the way we do business and our conduct with the communities where we operate and serve. We shall maintain our commitment to further integrate SIB's core values in our journey towards achieving sustainability across all aspects of our business.



## RESEARCH & DEVELOPMENT

Our strength in R&D ensures the Company is kept abreast with the latest technical and technological advancements and know-how.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

Sapura Industrial Berhad (“SIB” or “the Company”) Board of Directors (“the Board”) regards sound Corporate Governance as vital to the success of the Company’s business. It is about commitment to values and ethical conduct. Thus, the Board is fully committed to ensuring that the interests of all stakeholders are not just safeguarded, but continually enhanced to ensure the sustainability and the long-term growth of the Group’s businesses. Accordingly, the stakeholders’ expectations must be assessed and managed, and not assumed.

This Corporate Governance Overview Statement is augmented with Corporate Governance Report, based on prescribed format as enumerated in Paragraph 15.25(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) so as to provide a detailed articulation on the application of the Group’s corporate governance practices vis-à-vis the Malaysian Code on Corporate Governance 2017 (“the Code”). The Corporate Governance Report is available at Bursa Malaysia’s official website at [www.bursamalaysia.com](http://www.bursamalaysia.com). This Corporate Governance Overview Statement should also be read together with the Statement on Risk Management & Internal Control, the Audit Committee’s Report and Sustainability Report stated in this Annual Report.

The Board is pleased to report to shareholders the manner in which the Company has applied the Code.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. ROLES AND RESPONSIBILITIES OF THE BOARD

The Board is entrusted with the responsibility to promote the success of the Group by directing and supervising the Group’s affairs. To discharge the Board’s stewardship responsibilities, the Board has assumed the following principal roles and responsibilities:-

- i) Review and approve annual corporate plan, which includes overall corporate strategy, marketing plan, human resources plan, financial plan and budget and risk management plan;
- ii) Oversee and review the performance of the business and to evaluate whether the business is being properly managed;
- iii) Identify principal risks and ensure the implementation of appropriate systems to manage these risks;
- iv) Ensure that there is an appropriate succession plan for members of the Board and Senior Management;
- v) Develop and implement an investor relations program or shareholders’ communications policy;
- vi) Review the adequacy and integrity of internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives, and guidelines; and
- vii) Review and approve financial statements.

To assist in the discharge of its stewardship role, the board has established Board committees, namely the Audit Committee and the Board Nomination & Remuneration Committee to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making however, lies with the Board.

## *Corporate Governance Overview Statement*

### **Board Charter**

The Board has established and adopted the Board Charter with the objective of ensuring good Corporate Governance is applied in all of the Company's business dealings. The Board Charter serves as reference and guidance, providing Board members and Management insight into the functions of SIB Board. The Board shall update the Charter as and when the need arises to reflect changes to the Company's policies and procedures as well as to comply with the latest regulations and legislations.

### **Code of Ethics & Business Conduct**

The Board recognises the importance of having in place a Code of Ethics, setting out the standards of conduct expected from Directors and employees, to cultivate and promote good corporate behavior. Through its "Code of Ethics and Business Conduct", the Board strives to adhere to the highest ethical standards in discharging its responsibilities and continues to promote integrity and ethical conduct among its members, employees and third parties in all aspects of the Company's business operations, including confidentiality of information, conflicts of interest, safety and health, insider trading as well as establishing a Whistle-Blowing Policy.

### **Whistle-Blowing Policy**

The Company is committed to promote a highly ethical culture of integrity and accountability. The Board has adopted a Whistle-Blowing Policy to provide and facilitate the handling of wrongdoings and protection to whistle blowers. The Policy outlines how and to whom a genuine concern may be raised in good faith about fraud and illegal, unethical or improper business conduct within the Group.

### **Anti-Bribery and Corruption Policy**

Acknowledging the need to raise awareness and inculcate a zero corruption culture throughout the Group, an Anti-Bribery and Corruption Task Force has been set up to formalise the Anti-Bribery and Corruption Policy as well as to implement the Anti-Bribery and Corruption Programmes ("ABC Programmes"). The ABC Programmes involve continuous education for our employees, suppliers, subcontractors and business partners. In addition, monitoring potential corruption risk is included in the annual risk assessment of the Group.

The Board Charter, Code of Ethics and Business Conduct, Whistle-Blowing Policy and Anti-Bribery and Corruption Policy are available on the Company's corporate website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my).

### **The Chairman and Chief Executive Officer (CEO)**

The Company aims to ensure a balance of power and authority between the Chairman and the CEO with a clear vision of responsibility between the running of the Board and the Company's business respectively. The positions of Chairman and CEO are separated and clearly defined.

### **Role of Chairman**

The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role. The Chairman is responsible for managing the business of the Board to ensure that all Directors are properly briefed on issues arising at Board meetings, leading the Board in setting the values and standards of the Company, maintaining a relationship of trust with and between the Executive and Non-Executive Directors and ensuring the provision of accurate, timely and clear information to Directors.

The Chairman, in consultation with the CEO and the Company Secretary, sets the agenda for Board meetings and ensures that all relevant issues are on the agenda and that sufficient time is allowed for the discussion of complex or contentious issues. Where appropriate,

## *Corporate Governance Overview Statement*

informal meetings are arranged beforehand to enable thorough preparation for the Board discussion. The Chairman also ensures that every Board resolution is put to vote to ensure the will of the majority prevails.

### **Role of Chief Executive Officer**

The CEO is the conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. The appointment of the CEO is governed by the applicable laws and regulations including without limitation the guidelines and directives as may be issued by the regulatory authorities which may be applicable to the Company from time to time as well as the Internal Guidelines.

The CEO has the executive responsibility for the day-to-day operation of the Company's business, ensuring business excellence and operational efficiency on behalf of the Board. He implements and coordinates the policies, corporate strategies and decisions adopted by the Board.

### **Role of Executive Director**

The Executive Director's role is to assist the Executive Chairman in carrying out his responsibilities. The Executive Director is responsible for providing strategic leadership and managing relationship with all stakeholders. The Executive Director shall ensure that the Group's strategies and corporate policies are effectively followed through.

### **Conduct of the Company's business**

The Executive Directors and CEO are assisted and supported by its Management Team with vast experience, skills and knowledge of the industry in ensuring that the business of the Company is well managed. A brief profile of the key management personnel of the Group are stated at page 21 of this Annual Report.

## **II. BOARD COMPOSITION**

The Board is mindful that the Code recommends at least half of the Board comprises independent directors. The composition of the Company's current Board of Directors is well balanced, with an effective mix of executive directors, independent and non-executive directors. In line with the Code on gender diversity, Board appointed two (2) new female Directors on 7 September 2020. With the new appointments made, Board now has two (2) executive directors, two (2) non-independent non-executive directors and four (4) independent non-executive directors. The diverse professional backgrounds of the directors provide the Board with an effective mix of members with industry-specific knowledge and broad business and commercial experience. A brief profile of the directors is presented on pages 12 to page 19 of this Annual Report.

The Board continually assesses the composition and the tenure of its independent directors to ensure that they have the appropriate balance of skills, expertise and experience to bring an independent view in the consideration of Board issues and provide the appropriate advice to maintain the highest level of corporate ethics. SIB measures the independence of its Directors based on the criteria prescribed under the MMLR in which a Director should be independent and free from any business or other relationships that could interfere with the exercise of independent judgement or the ability to act in the best interests of the Company. Our independent directors, who are professionals of credibility and repute, demonstrate independent judgement and objectivity in the Board's deliberations.

Practice 4.2 of the Code recommended that the tenure of an Independent Director does not exceed a cumulative term limit of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond a cumulative term limit of nine (9) years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after twelve (12) years, the Board should seek annual shareholders' approval through a two-tier voting process.

Datuk Kisai bin Rahmat and Encik Wan Ahamad Sabri bin Wan Daud have been the Company's Independent Director for more than twelve (12) and nine (9) years cumulatively respectively. Following an assessment by the Board Nomination and Remuneration Committee

## *Corporate Governance Overview Statement*

(BNRC) and the Board, the Company will be seeking shareholders' approval at the forthcoming AGM for the retention of both Datuk Kisai bin Rahmat and Encik Wan Ahamad Sabri bin Wan Daud as Independent Directors based on the following justifications:-

- i. Their appointment is made in accordance with the requirements of the MMLR and therefore are able to bring independent and objective judgement to the Board;
- ii. They are able to provide proper check and balance in the proceedings of the Board and the Committees;
- iii. Their vast experience, knowledge and skills in a diverse range of businesses allows them to participate actively and contribute during the deliberations or discussions at the Board and Committee meetings; and
- iv. They exercise due care as Independent Non-Executive Director of the Company and carry out their professional and fiduciary duties in the interest of the Company and shareholders.

The non-executive directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls. They also ensure that the strategies proposed by the management are fully discussed and examined, and take into account the long term interest not only of the shareholders, but also of employees, customers and suppliers. Together with the CEO who has an in-depth knowledge of the business, the Board constitutes individuals who are committed to steer the business with vision, integrity and professionalism.

The Board recognises and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage. A truly diverse Board will include and make good use of differences in the skills, regional and industry experience, background, race, gender and other distinctions between directors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made on merit, taking into account the skills, experience, independence and knowledge which the Board as a whole requires to be effective.

We believe a more diversified Board with the addition of Puan Sri Datin Seri Mariam Parineh and Datuk Wira Jalilah binti Baba would promote multiple-perspective analysis of issues and deliberations, and therefore result in higher quality decision-making. Leveraging on input from a broader and more varied experience and knowledge base, the Board would also benefit from a more comprehensive oversight into a wider range of possible risks and sensitivities including reputation and compliance risks.

The value of a more strengthened Board composition is critical to provide necessary oversight and leadership as the Company navigates a challenging post pandemic business landscape and charts a more sustainable growth on the global platform.

Each Board member is expected to commit sufficient time to carry out his role as Director and/or member of the Board Committee in which he is a member. In accordance with the requirements of the MMLR, none of the Directors of the Company holds more than five (5) directorships in public listed companies. The current Independent Directors of the Company do not sit on the Board of any other public listed companies. This ensures the Independent Directors' commitment, resources and time are focused for an effective input to the Board.

### **Board Meetings**

#### **Meetings and Procedure**

All Board and Board Committee meetings for the ensuing financial year are scheduled in advance so as to enable the Directors to plan and organise their respective schedules for the year.

The Board ordinarily meets at least four (4) times a year at quarterly intervals, with additional/special meetings convened as and when deemed necessary. At each regularly scheduled meeting, there is a full financial and business review and discussions, including evaluating the performance to date against the annual budget and business plan previously approved by the Board for that year. Whenever necessary, Senior Management and/or external advisors may be invited to attend the Board and/or the Board Committee meetings to provide their professional views, advice and explanation on specific items so as to enable the Board and/or the Committees to arrive at a considered and informed decision.

### *Corporate Governance Overview Statement*

During the current financial year under review, the Board held three (3) meetings. Details of attendance at Board meetings are as follows:-

NO.	NAME OF DIRECTORS	POSITION	MEETING ATTENDANCE
1.	<b>Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir</b>	Executive Chairman	3/3
2.	<b>Dato' Shahrman bin Shamsuddin</b>	Executive Director	3/3
3.	<b>Dato' Azlan bin Hashim</b>	Non-Independent Non-Executive	3/3
4.	<b>Datuk Kisai bin Rahmat</b>	Independent Non-Executive	3/3
5.	<b>Encik Md. Shah bin Hussin</b>	Independent Non-Executive	3/3
6.	<b>Encik Wan Ahamad Sabri bin Wan Daud</b>	Independent Non-Executive	3/3
7.	<b>Puan Sri Datin Seri Mariam Parineh (appointed w.e.f. 7 September 2020)</b>	Non-Independent Non-Executive	2/2
8.	<b>Datuk Wira Jalilah binti Baba (appointed w.e.f. 7 September 2020)</b>	Independent Non-Executive	2/2

To facilitate an effective discharge of responsibilities, dedicated Board Committees have been established guided by clear terms of reference. The Board Committees are chaired by non-executive directors who exercise skilful leadership with in-depth knowledge of the relevant industry.

- Audit Committee**

The primary objective of the Audit Committee is to assist the Board of Directors in discharging its responsibilities relating to financial accounting and reporting matters. In compliance with the MMLR and the Code, the Audit Committee comprises three (3) directors, a majority of whom are independent non-executive directors:

Chairman : **Datuk Kisai bin Rahmat**  
*(Senior Independent Non-Executive Director)*

Members : **Dato' Azlan bin Hashim**  
*(Non-Independent Non-Executive Director)*

**Encik Wan Ahamad Sabri bin Wan Daud**  
*(Independent Non-Executive Director)*

The terms of reference of Audit Committee is set out in the Audit Committee's Report on page 53 and also available on the Company's corporate website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my).

The Audit Committee held four (4) meetings during the financial year.

- Board Nomination and Remuneration Committee**

The Board Nomination and Remuneration Committee (BNRC) was set up with the primary responsibility of proposing and recommending to the Board, candidates for directorships to be filled in the Board and Board Committees. The BNRC, in recommending candidates for appointment to the Board and Board Committees, assesses the candidates' experience, background, capabilities and skills required by the Board. The Board believes that individuals with diverse backgrounds, independence, competencies and diversity represented on the Board could improve its effectiveness and bring differing perspectives in its deliberations and decision making processes.

The BNRC, in determining candidates for appointment to the Board Committees, considers various factors which include time commitment of the Board Committee members in discharging their roles and responsibilities through attendance at their respective meetings.

## Corporate Governance Overview Statement

The BNRC is also responsible to propose, consider and recommend to the Board the remuneration packages for the executive directors and the CEO. The remuneration of the executive directors and the CEO is competitive and attractive as it has been benchmarked against the industry and commensurate with the performance of the Group's business.

Currently, the composition of the BNRC complies with the MMLR. The BNRC comprises wholly independent and non-executive directors.

Chairman : **Datuk Kisai bin Rahmat**  
(Senior Independent Non-Executive Director)

Members : **Encik Wan Ahamad Sabri bin Wan Daud**  
(Independent Non-Executive Director)

**Encik Md. Shah bin Hussin**  
(Independent Non-Executive Director)

The above composition ensures that any decisions made are impartial and are in the best interest of the Company without any element of fear or favour.

The BNRC meets as and when required and at least once every financial year. During the financial year under review, BNRC held two (2) meetings wherein all the members of BNRC attended the meeting.

The BNRC's Terms of Reference cover the following areas:

- Objectives;
- Composition and appointment of its members;
- Meetings and procedures;
- Functions and duties;
- Selection and Assessment of Directors;
- Remuneration and terms of employment of the Executive Directors and CEO.

The BNRC's Terms of Reference is available on the Company's corporate website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my).

### Minutes of Meetings

The proceedings and resolutions passed at each Board and Board Committee meeting are minuted and kept in the statutory register at the registered office of the Company. In the event of any potential conflict of interests, the directors in such a position will make a declaration to that effect as soon as is practicable. The directors concerned will then abstain from any decision making process in which they are involved.

### Supply of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. The Company Secretary ensures that all Board meetings are furnished with proper agendas. Board papers, which include reports on Group performance and major operational, financial, strategic and regulatory matters, are circulated to all the directors not less than seven (7) days prior to the meeting, to allow the directors sufficient time for review. In most instances, senior management of the Company as well as external advisors are invited to be in attendance at Board meetings to provide fresh insights and to furnish clarification on issues that may be raised by the Board.

### Company Secretary

The Directors have full and unrestricted access to the advice and services of the Company Secretary who supports and plays an advisory role to the Board in relation to the Board's policies and procedures and ensures compliance with the relevant regulatory requirements, codes, guidance, legislations and best practices on governance. The Company Secretary is also responsible for management of the Company's registers. The Company Secretary provides support to the Chairman of the Company to ensure the effective functioning of the Board and also organises and attends all Board meetings and Board Committees meetings, ensuring that an accurate and proper record of deliberation of issues discussed, decisions and conclusions are taken.

## *Corporate Governance Overview Statement*

The Company Secretary records, prepares and circulates the minutes of the meetings of the Board and Board Committees and ensures that the minutes are properly kept at the registered office of the Company and produced for inspection, if required. In addition, the Company Secretary also updates the Board regularly on amendments to the Listing Requirements, practice and guidance notes, circular from Bursa Malaysia Securities Berhad, legal and regulatory developments and impact, if any, to the Company and its business. The appointment and removal of the Company Secretary is also a matter for the Board to decide to ensure a qualified and suitable individual is selected.

### **Independent Professional Advice**

There is a formal procedure sanctioned by the Board of Directors, whether as a full board or in their individual capacity, to seek independent professional advice, where necessary, at the Group's expense from time to time. This is to enable the Board to discharge its duties in relation to matters being deliberated. The procedure will involve informing the Company Secretary who will propose a list of advisors for consideration. The advice given could also be shared with the other Board members. Similar access is also extended to the Board Committees on the same basis.

### **Appointment to the Board**

The proposed appointment of new Board members is reviewed and assessed by the BNRC. Thereafter the BNRC submits its recommendation on the proposed appointment to the Board for approval. The BNRC's primary role is to review the required mix of skills and experience of the directors on the Board, and determine the appropriate Board balance and size of non-executive directors. It will establish procedures and processes towards an annual assessment of the effectiveness of the Board as a whole, the committees of the Board and for assessing the contribution of each individual director including time commitment. The Board is satisfied that the current composition of the Board brings the required mix of skills and experience required for the Board to function effectively.

### **Directors' Training**

The Board acknowledges that its directors must keep abreast of developments in the Group's operating environment and business and will need to enhance their knowledge and business acumen to meet challenging commercial risks. All Directors including the newly appointed Directors have completed the Mandatory Accreditation Programme prescribed by Bursa Malaysia.

The Board endeavours to provide continual training and development of its current and new directors, by ensuring that the Directors participate in a specifically tailored training and induction program. However, the COVID-19 pandemic situation in 2020 limited the ability for Directors to attend physical training programs. Moving forward, relevant virtual training sessions are planned for all Directors. During the financial year and up to issuance of Annual Report 2021, the following training sessions were attended by some of the Board members:

- 2020 Baker Tilly Tax and Budget Seminar
- Presentation of Financial Statements
- Ethics & Compliance in Anti Corruption
- Covid-19 Transformation Program
- Custom Procedures & Trade Facilitation
- Team Building - Transitioning with New Challenges

In addition, all Directors have been briefed on the latest Malaysian Code on Corporate Governance 2021 issued by Securities Commission on 28 April 2021 on introduction of new best practices and further guidance to strengthen the corporate governance culture of listed companies.

### **Re-election and Reappointment of Directors**

The Company's Constitution provides that all directors appointed by the Board are subject to election by the shareholders at their first Annual General Meeting and thereafter shall retire from office by rotation at least once in each three (3) years, but shall be eligible for re-election at each Annual General Meeting.

The Board makes recommendations concerning the re-election, reappointment and the continuation in office of any Director for shareholders' approval at the Annual General Meeting.

## Corporate Governance Overview Statement

### III. REMUNERATION

#### Level and Make-up of Remuneration

The BNRC is responsible for evaluating and recommending to the Board the level and make-up of the remuneration of the Executive Chairman, Executive Director and CEO ensuring that they commensurate with the scope of responsibilities held in order to attract and retain the persons of necessary calibre, experience and quality needed to successfully lead the Company.

The BNRC is also responsible for reviewing and making recommendations to the Board the framework and remuneration packages of the Non-Executive Directors to ensure that the levels of remuneration are sufficient to attract and retain the directors needed to run the Company successfully. In its review, the BNRC considers various factors including the Directors' fiduciary duties, time commitments expected of them and the Company's performance.

For the financial year ended 31 January 2021, the total Directors' fees payable to the Non-Executive Directors amounting to RM335,002 have been recommended to the shareholders for approval at the Company's forthcoming Annual General Meeting.

#### Remuneration Committee

The Board is satisfied that the BNRC has effectively and efficiently discharged its roles and responsibilities with respect to its nomination and remuneration functions. As such, it is not necessary to separate the Nomination and Remuneration functions into distinct nomination and remuneration committees.

The Details of the directors' remuneration for the financial year ended 31 January 2021 are as follows:

	Executive RM	Non-Executive RM	Total RM
Fees	-	335,002	335,002
Salaries and other emoluments	3,048,000	-	3,048,000
Bonus	-	-	-
Other emoluments	-	38,000	38,000
Benefits-in-kind	36,556	-	36,556
Contributions to defined contribution plan	191,724	-	191,724
<b>Total</b>	<b>3,276,280</b>	<b>373,002</b>	<b>3,649,282</b>

The number of directors whose remuneration fall into the following bands are as follows:

Bands	Executive	Non-Executive	Total
Below RM50,000	-	2	2
RM50,001 – RM100,000	-	4	4
RM1,450,001 – RM1,500,000	1	-	1
RM1,750,001 – RM1,800,000	1	-	1
<b>Total</b>	<b>2</b>	<b>6</b>	<b>8</b>

Details of the remuneration of the top five (5) Senior Management for the financial year ended 31 January 2021 are disclosed in the Corporate Governance Report which is available at Bursa Malaysia's official website at [www.bursamalaysia.com](http://www.bursamalaysia.com).

## Corporate Governance Overview Statement

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Financial Reporting

The Board is committed to provide a balanced and meaningful assessment of the Group's financial performance and prospects. The usual channel for release of this information is through the audited financial statement, quarterly announcements and the Annual Report. In discharging its fiduciary responsibility, the Board is assisted by the Audit Committee whose primary responsibility is to oversee the Group's financial reporting processes and ensure the quality of its financial reporting.

#### Risk Management and Internal Control

The Board acknowledges its overall responsibility for maintaining a sound system of internal control and a risk management framework to safeguard shareholders' investment and Group assets and for reviewing the effectiveness of these systems. The Statement on Risk Management and Internal Control is presented on pages 56 to 58 of the Annual Report providing an overview of the risk management and status of internal control system within the Group.

#### Relationship with Auditors

The Board, through the Board Audit Committee, maintains a formal and transparent professional relationship with both the Group internal and external auditors.

The function of the Audit Committee in relation to the external auditors and the number of meetings held since the previous financial year end as well as the attendance record of each member is shown in the Audit Committee's Report on pages 53 to 55 of the Annual Report.

The membership of the Audit Committee, the terms of reference and a summary of the activities of the Committee are presented in the Audit Committee's Report on pages 53 to 55 of the Annual Report.

#### Directors' Responsibility Statement

The Directors are required by the Companies Act, 2016 to ensure that financial statements prepared for each financial year give a true and fair view of the state of the affairs of the Company and the Group as at the end of the financial year and of the results and cash flow of the Group for the financial year.

### PRINCIPAL C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

#### General Meetings

The Company has been using the general meetings as a platform for communicating with its shareholders. All shareholders are welcome to attend the Company's general meetings and to actively participate in the proceedings. They are encouraged to give their views and suggestions for the benefit of the Company. Every opportunity is given to shareholders to ask questions and seek clarification on the business and performance of the Company. The Board, Senior Management of the Group as well as the Company's auditors are present to respond to issues raised during the meeting.

Notice of general meetings and annual reports/circulars are sent out with sufficient notice so as to enable shareholders to have the required information to make informed decisions. In line with MMLR, voting by poll shall be conducted for any resolution set out in the notice of any general meetings in the presence of Independent Scrutineer.

In view of the outbreak of COVID-19 and the guidance issued by the Securities Commission Malaysia and standard operating procedure regarding physical distancing issued by the Ministry of Health, the Company's Forty Fourth Annual General Meeting ("44<sup>th</sup> AGM") in 2020 was held as a fully virtual meeting through live streaming and online remote voting using the Remote Participation and

## *Corporate Governance Overview Statement*

Voting Facilities (“RPV”). To ensure effective participation of and engagement with shareholders, the Company encouraged the shareholders and proxies to submit their questions electronically to the Company before and during the AGM. Members of the Board, Senior Management and external auditors were present at the broadcast venue of the 44<sup>th</sup> AGM to respond to questions raised by the shareholders or proxies. The Company had conducted poll voting via RPV for all resolutions set out in the Notice of the 44<sup>th</sup> AGM. The shareholders were provided with the Administrative Guide which sets out the guidelines for shareholders and proxies on the conduct and voting procedures in a fully virtual meeting together with the Notice of the 44<sup>th</sup> AGM. The results of the poll were verified by the independent scrutineer. The Company continues to explore ways to leverage on technology to enhance the quality of engagement with its shareholders, and facilitate further participation by shareholders at all general meetings of the Company.

### **Communication with Stakeholders**

The Board recognises the importance of being transparent and accountable to the Company’s stakeholders and as such has various channels to maintain communication with them. The annual report, quarterly announcements on financial results, relevant announcements on the Group’s business and activities, as well as the Company’s website are the primary mode of communication to all its stakeholders.

The key objective of the Company’s dialogue with its shareholders at the Annual General Meeting or Extraordinary General Meeting is to provide an opportunity for a two-way communication process between the Company and its private and institutional investors. In a process of engaging our stakeholders, the Company is able to answer any questions that may be raised while gaining insights into their views and perspectives. At the Annual General Meeting or Extraordinary General Meeting, shareholders are also encouraged to ask questions about the resolutions being proposed as well as the Group’s operations in general.

### **Senior Independent Director**

The Board has identified Datuk Kisai bin Rahmat as the Senior Independent Non-Executive Director of the Board to whom any concerns on issues affecting the Company and the Group may be conveyed. He may be contacted at [director-sib@sapuraindustrial.com.my](mailto:director-sib@sapuraindustrial.com.my).

### **Corporate Website**

The Company has established a website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my) where shareholders and stakeholders can access information regarding Sapura Industrial Berhad Group. Information on the website includes amongst others, the Group’s corporate structure, main business activities and announcements to Bursa Malaysia.

The Corporate Governance Overview Statement and the Corporate Governance Report are made in accordance with a resolution of the Board of Directors dated 5 May 2021.

## AUDIT COMMITTEE'S REPORT

The Audit Committee of Sapura Industrial Berhad is pleased to present their report for the financial year ended 31 January 2021 in compliance with paragraph 15.15 of the Main Market Listing Requirement of Bursa Malaysia Security Berhad (MMLR).

### COMPOSITION

The current composition is in compliance with paragraph 15.09(1)(b) of the MMLR where all three Audit Committee members are Non-Executive Directors including two Independent Directors who fulfill the criteria of independence as defined in the MMLR. None of the Independent Directors has appointed alternate directors.

As at the date of this Report, the members of the Audit Committee during the financial year comprised the following Directors:

**Datuk Kisai bin Rahmat, Chairman**  
Senior Independent Non-Executive Director

**Dato' Azlan bin Hashim, Member**  
Non-Independent Non-Executive Director

**Encik Wan Ahamad Sabri bin Wan Daud, Member**  
Independent Non-Executive Director

Dato' Azlan bin Hashim is a qualified accountant, currently a Fellow of the Institute of Chartered Accountants (Ireland) and member of Malaysian Institute of Certified Public Accountant which is in compliance with paragraph 15.09(1)(c) of MMLR which requires at least one member of the Committee to be a qualified accountant.

The Chairman of the Committee is not the Chairman of the Board. This is in line with Practice 8.1 under the new Malaysian Code on Corporate Governance (MCCG).

### TERMS OF REFERENCE

The Terms of Reference of the Audit Committee set out the authority, duties and responsibilities of the Committee which are consistent with the requirements of the MMLR and the MCCG. This Terms of Reference is accessible on the Group official website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my).

### MEETINGS HELD FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

The Audit Committee held four (4) meetings during the financial year ended 31 January 2021 with the Head of Internal Audit and the Group Financial Controller cum Company Secretary in attendance. The Chief Executive Officer, External Auditors and the Head of the Auditee Companies were also invited to brief the Audit Committee on issues tabled for discussion.

The meetings were structured through distribution of relevant papers to members with sufficient notification.

#### Audit Committee Meeting Attendance

There were four (4) meetings held during the financial year ended 31 January 2021 and the details of attendance are as follows:-

No.	Name of Directors	Attendance
1.	Datuk Kisai bin Rahmat <i>(Chairman, Independent)</i>	4 out of 4
2.	Dato' Azlan bin Hashim <i>(Non-Independent)</i>	4 out of 4
3.	Encik Wan Ahamad Sabri bin Wan Daud <i>(Independent)</i>	4 out of 4

## Audit Committee's Report

### CONTINUOUS TRAINING

Audit Committee members acknowledge the need for continuous education training. However, the COVID-19 pandemic situation in 2020 limited the ability for Directors to attend physical training programs. Moving forward, relevant virtual training sessions are planned for all Directors. During the financial year, Audit Committee members were briefed by External Auditors on development of new or amended accounting standards and how it impacted SIB Group; including amended standards on classification of liabilities, treatment of proceeds before intended use of new property plant & equipment, determination of costs of fulfilling contracts, and amendments to the definition and how judgements of materiality are to be made.

### SUMMARY OF ACTIVITIES DURING THE FINANCIAL YEAR

The Committee carried out its duties in accordance with its terms of reference during the financial year.

The main activities undertaken by the Committee were as follows:

#### Financial Reporting

- Reviewed the quarterly and year end financial statements before recommending to the Board for approval to announce to Bursa Malaysia Securities Berhad.
- Ensuring that financial statements comply with applicable financial reporting standard and considered the following on a regular basis:
  - Changes in accounting policies and practices and implementation thereof.
  - Significant adjustments arising from the external audit process.
  - Going concern assumption.
  - Adequacy and appropriateness of disclosure.

#### External Audit

- Reviewed the External Auditor's scope of work and audit plan for the financial year.
- Considered significant issues arising from the annual audit by the External Auditor.
- Held separate meetings with the External Auditors, excluding the attendance of the Management, to discuss any problems and reservations.
- Considered the suitability and independence of the External

Auditor with the Management. Factors considered including the adequacy of experience and resources of the firm and professional staff assigned to the audit and level of non-audit services rendered for the financial year under review. The Audit Committee procures a confirmation from them that they are and have been independent throughout the conduct of the audit engagement.

- Considered together with Management the audit fees of External Auditors for recommendation to the Board for approval.

#### Internal Audit

- Reviewed the internal audit plan to confirm the annual audit of the Group.
- Reviewed and appraised the audit reports by the Internal Auditors.
- Reviewed the adequacy of Internal Audit Department's resources and budget to meet the planned activities across the Group.
- Reviewed and appraised the audit reports by the Internal Auditors and Management's response and follow-up actions to major findings.
- Monitored the implementation of the audit recommendations in subsequent meetings to obtain assurances that all key risks and control concerns have been fully addressed.
- Held separate meetings with the Internal Auditors, excluding the attendance of the Management, to discuss any problems and reservations.

#### Risk Management and Internal Control

- Reviewed and appraised the various corporate governance, risk management and internal control systems.
- Reviewed the adequacy and effectiveness of the governance and risk management processes as well as the internal control system through risk assessment reports from the Group Risk Management Committee and the Internal Audit Department. Significant risk issues were summarised and communicated to the Board for consideration and resolution.
- Recommended to the Management any improvement on internal controls, procedures and systems of the Group to improve the robustness of its risk monitoring and control activities.

#### Related Party Transactions

- Reviewed the related party transactions entered into by the Group and any conflict of interest situation that may arise within the Group as to ensure that transactions are fair and reasonable, and are not detrimental to the interest of the Group.

## Audit Committee's Report

### Others

- Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control and Corporate Sustainability Report before submission to the Board for consideration and approval for inclusion in Company's Annual Report.

The Audit Committee Chairman also continuously engaged with Senior Management and the auditors in order to be kept informed of matters affecting the Group. Through such engagements, relevant issues were brought to the attention of the Audit Committee in a timely manner.

## INTERNAL AUDIT FUNCTION

The Audit Committee is supported by an in-house Internal Audit Department in the discharge of its duties and responsibilities. The Department reports directly to the Audit Committee and its principle responsibility is to provide independent and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes. The purpose, authority and responsibility of Internal Audit Department are articulated in an Internal Audit Charter.

The Internal Audit function is headed by Encik Nik Lukman, a qualified accountant with over 25 years' experience in a wide range of accounting and internal audit works. He is a member of The Institute of Internal Auditors Malaysia, Malaysian Institute of Accountants and CPA Australia. There are one internal audit manager, two executives and audit assistant assisting the department head to carry out various audit assignments. All the internal audit personnel are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The Internal Audit Department reviewed and evaluated the adequacy and effectiveness of the internal control system to anticipate any potential risks and recommended improvements, where necessary. The Department also assessed:

- a. the Group's compliance to its established policies and procedures, guidelines and statutory requirements;
- b. reliability and integrity of financial and operational information;
- c. safeguarding of assets; and
- d. operational effectiveness and efficiency.

The Management was required to explain any purported lack of compliance pursuant to the audit reports issued. The audit reports, incorporating relevant action plans agreed with the Management, were circulated to the respective Senior Management, Business Units Head and Group Financial Controller and were reviewed by the Audit Committee.

The Internal Audit Department also conducted several special assignments and investigations requested by Management. Validation of controls based on the key risk profile identified under the Enterprise - Wide Risk Management framework were also conducted in all subsidiaries to ensure those controls are in place and adequate. The resulting report was forwarded to the Management and Audit Committee for recommendations.

A follow-up audit review was also conducted to monitor and ensure that all audit recommendations have been effectively implemented.

Internal Audit's function, including its activities are guided by its Charter, Audit Manuals and the International Standards for the Professional Practice of Internal Auditing.

There were no areas of the internal audit function which were outsourced. The total cost incurred for the internal audit function of the Group for the financial year was RM514, 489.

## REPORTING TO THE EXCHANGE

In the financial year ended 31 January 2021, the Audit Committee was of the view that the Group was in compliance with MMLR and as such, the reporting to Exchange under paragraph 15.16 of the MMLR is not required.

### DATUK KISAI BIN RAHMAT

*Chairman*

*Audit Committee*

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Main Market Listing Requirements of Bursa Malaysia Securities Berhad (MMLR) requires the Board of Directors (the Board) to include in their annual report a statement about state of its internal control. Part II of Principle B in the Malaysian Code on Corporate Governance issued in 2017 (MCCG 2017) requires the Board to maintain a sound risk management framework and internal control system to safeguard shareholders' investment and the Group's assets.**

The Board is pleased to provide the following statement, which is prepared in accordance with paragraph 15.26(b) of the MMLR and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

### RESPONSIBILITY

The Board acknowledges its overall responsibility for a sound system of risk management and internal control for the Group and for reviewing its adequacy, effectiveness and integrity so as to safeguard shareholders' investment and the Group's assets. Such system covers not only financial controls but also operational and compliance controls and risk management procedures.

However, due to inherent limitations, the Board recognises that such a system is designed to manage rather than eliminate the risks of failure in achieving business objectives and they can only provide reasonable and not absolute assurance against material misstatement, fraud or loss.

The Management is responsible for implementing the Board's policies and procedures on risk and control by identifying and assessing the risks faced and in design, operation and monitoring of suitable internal control to mitigate and control these risks.

In pursuing its responsibility, the Board has an ongoing process for identifying, evaluating and managing significant risks faced by the Group and the statement outlines the nature and scope of its risk management and internal control which has been in place during the financial year under review and up to the date of approval of this statement for inclusion in the annual report.

#### COVID-19 Pandemic

The Group's risk management and internal control systems were put to test to ensure continuity of operations and effective mitigation of risks in the management of the COVID-19 pandemic. A structured framework was introduced to ensure business continuity by enabling coordinated and prompt responses for continuity of critical operations while protecting human life, assets, and reputation. Preparatory measures have been taken since March 2020 in view of the fast spreading human-to-human transmission of COVID-19 in the world. A taskforce, led by the Chief Executive Officer was formed to enhance the Group's preparedness since the virus spreading to Malaysia. The

taskforce, in collaboration with the Group's critical operations, had enhanced relevant business continuity plans with the following objectives:

- Ensure availability and reliability of material supply to the Group.
- Safeguard the safety and health of all employees.
- Effective communication of COVID-19 related matters.

Additional preparatory mitigations include split team arrangement for critical operations, preparations for work from home for non-critical employees, strict access controls with temperature screening, supply of masks and sanitisers to employees and intensified sanitisation of all premises. Since March 2020, a standard operating procedure has been activated to manage the pandemic and ensure continuity of business, especially during the Movement Control Order implemented nationwide. Decisions were made in relation to providing care to employees and families affected by COVID-19, issuance of guidelines for split teams and working from home for non-critical employees, enhancement of ICT facilities for continued productivity and internal communication providing advisory, updates and reminders to comply with safety measures. The Board and Management are committed towards ensuring the availability and reliability of product supply to our customers whilst safeguarding the safety and health of employees and their families throughout the pandemic.

### RISK MANAGEMENT

The Board regards risk management as an integral part of the Group's business operations and has oversight over this critical area through the Audit Committee. The Audit Committee has delegated the oversight of risk management to Group Risk Management Committee (GRMC), although the Board retains overall accountability of the Group's risk profile.

An Enterprise - Wide Risk Management framework through the application of the Corporate Risk Scorecard (CRS) has been established for Sapura Industrial Berhad. The framework allows for comprehensive probes by which all the key risks can be identified and controls documented. Risks are scored and ranked by priority of "Impact" and "Possibility" for management actions. Preventive, detective and corrective controls are then

identified, classified and evaluated for appropriateness and effectiveness. Residual risks will then be identified and managed in a proper manner as well as assign responsibility to relevant levels of management and operations.

An overview of the Group's overall risk management framework is illustrated in the following diagram:



The risk assessment and findings were identified through a combination of interviews and a facilitated workshop. The process used in the interviews and workshop provided a structured approach to assist the Board in identifying, prioritising and managing the risks.

Monitoring

Monitoring of the Group's significant business risks is embedded within the Group's risk management process described above. A control self-assessment system is also in place for management to monitor critical and routine risk areas under their jurisdiction using the Risk Scorecard.

The adequacy and effectiveness of the Group's risk management, internal control and governance processes are reviewed and monitored by the Audit Committee, which receives regular reports from the internal auditors. Formal procedures are in place for action to be taken to remedy any significant failings or weaknesses identified in these reports.

This process has been in place throughout the financial year under review and up to the date of this report, and has been reviewed by the Board.

The Group will continue its focus on institutionalising risk management as a business culture within the Group.

**INTERNAL CONTROL**

The Audit Committee assists the Board in reviewing the adequacy and integrity of the system of internal control of the Group. The Audit Committee, assisted by the Internal Audit Department carries out regular and systematic review of the system of risk management and internal control of the Group and also the extent of compliance with the Group's operating policies and procedures.

The Internal Audit Department carries out internal control reviews on the financial and operating activities of the Group

based on an annual plan that was presented and approved by the Audit Committee. Internal Audit function reports directly to the Audit Committee and is independent of the activities it audits.

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

- All major decisions require the approval of the Board and are only made after appropriate in-depth analysis. The Board meets regularly on a quarterly basis, and reviews the financial and operational performance of the Group.
- Clear Group organisation structure that is aligned with the business and operational requirements, defined lines of responsibilities and appropriate levels of delegation.
- All Departments and Divisions of the Group have clearly documented policies and procedures incorporating control and scope of responsibilities. Periodic review is done to ensure their relevance and effectiveness.

The policies revised during the year are:

- ▶ Group Code of Ethics
- ▶ Group Whistle-Blowing Policy
- ▶ Group Anti-Bribery and Anti-Corruption Policy and Framework
- ▶ Group Purchasing Policy



## *Statement on Risk Management and Internal Control*

- A manual called the Limit of Authority (LoA) is used throughout the Group and set out the authority limits in the areas of corporate, operation, financial and human resource. The LoA prescribes limits of authority and prohibits unfettered power within the various levels of management and Group members. The LoA may be reviewed by the Board upon recommendation by management, to ensure its provisions are effective in managing risk and are practical for implementation.
- The Internal Audit Department monitors compliance with the Group's policies and procedures and applicable laws, regulations and standards, and provides independent assurance on adequacy and effectiveness of the risk management and internal control system by conducting regular audit and continuous assessment. Major audit findings and recommendations for corrective actions and improvement are highlighted to Audit Committee and Senior Management. Audit follow-up is carried out to ensure the implementation of corrective action plans in a timely manner.
- The Audit Committee, on behalf of the Board, regularly reviews and holds discussion with management on the action taken on internal control issues identified in various reports prepared by the Internal Audit Department, the external auditors and the management.
- An Annual Budget and Business Plan are prepared and adopted by the Board to facilitate the Group in its business and financial performance. The Board reviews and monitors the achievements of the Group's performance on a quarterly basis.
- Weekly Group Management Committee Meetings attended by Senior Management Team and chaired by the Chief Executive Officer to deliberate on business, financial and operational issues which include reviewing and approving all key business strategic measures and policies. Progress status of any internal control measures recommended to the business units during the course of internal audit was also reviewed.
- Monthly Operational Performance Meetings at Group and Company levels attended by respective Business Unit Heads and chaired by the Chief Executive Officer to review operational performance and issues including progress of ongoing initiatives.
- Code of Ethics and Business Conduct is established and adopted for all directors, officers and staff, and a Whistle-Blowing Policy to facilitate disclosure of any improper conduct within the Group.
- Quality Management Systems has been implemented in all of the Group's manufacturing subsidiaries where documented internal procedures and standards operating procedures have been put in place. Internal quality audits are carried out by qualified management representatives and periodical surveillance audits are conducted by an independent certification bodies to ensure compliance.

## **ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM**

The Board confirms that it has reviewed the adequacy and effectiveness of the risk management and internal control framework of the Group for the year under review and up to the date of approval of this statement. Although control lapses were identified for certain business processes within the Group, there were no significant failures or weaknesses that has resulted in material loss that requires disclosure in the Group's annual report for the financial period under review.

The Chief Executive Officer and Group Financial Controller have provided assurance to the Board that the Group's risk management and internal control systems are operating adequately and effectively in all material aspects, to ensure the achievement of its business objectives. Taking into consideration on its review and the assurance from the Management Team, the Board is of the view that the system of risk management and internal control is satisfactory and adequate to safeguard shareholders' investment and the Group's assets.

The Group will continue to identify, evaluate and monitor all major risks and take measures to strengthen the internal control and risk management environment.

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

As required by paragraph 15.23 of MMLR, the external auditors, Messrs. Ernst & Young PLT, have reviewed this Statement on Risk Management and Internal Control in accordance with the Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control (AAPG 3) issued by Malaysian Institute of Accountants for inclusion in this Annual Report and reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and effectiveness of risk management and internal control within the Group.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Statement made in accordance with a resolution of the Board of Directors dated 5 May 2021.

## ADDITIONAL COMPLIANCE INFORMATION

### Pursuant to Paragraph 9.25 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

#### 1. MATERIAL CONTRACTS

There were no material contracts entered into by the Company and/or its subsidiary companies involving the Company's directors and/or major shareholders' interests either still subsisting at the end of financial year, or which were entered into since the end of the previous financial year.

#### 2. MATERIAL CONTRACTS RELATED TO LOAN

There were no material contracts related to loans entered into by the Company and/or its subsidiary companies involving the Company's directors and/or major shareholder's interests during the financial year under review.

#### 3. RECURRENT RELATED PARTY TRANSACTIONS ENTERED INTO DURING FINANCIAL YEAR ENDED 31 JANUARY 2021 PURSUANT TO SHAREHOLDERS' MANDATE

Shareholders' mandate was not required to be procured for recurrent related party transactions entered into during financial year ended 31 January 2021.

#### 4. AUDIT AND NON-AUDIT FEES

The amount of annual audit fees payable to Messrs. Ernst & Young PLT by the Group and the Company is RM169,100 and RM43,900 respectively.

Apart from the annual audit fees, there were non-audit fees amounting RM6,900 paid to Messrs. Ernst & Young PLT by the Group and the Company during the financial year under review.

#### 5. PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast or projection made or released by the Company during the financial year under review.

## STATEMENT OF DIRECTORS' RESPONSIBILITY IN RESPECT OF THE AUDITED FINANCIAL STATEMENTS

### Pursuant to Paragraph 15.26(a) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

The Directors are responsible for the preparation of the audited financial statements for each financial year in accordance with the applicable approved accounting standards in Malaysia and give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year and of the results and the cash flow of the Group and of the Company for the financial year.

In preparing the financial statements of the Group and of the Company, the Directors have adopted appropriate accounting policies and applied them consistently and prudently. The Directors have also ensured that those applicable accounting

standards have been followed and confirmed that the financial statements have been prepared on a going concern basis.

The Directors are responsible for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements are in compliance with the provisions of the Companies Act, 2016.

The Directors are also responsible for taking such steps that are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.





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## DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 January 2021.

### PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries.

The principal activities of the subsidiaries are described in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities during the financial year.

### RESULTS

	Group RM	Company RM
Profit net of tax	731,372	843,218
Attributable to:		
Owners of the parent	730,479	843,218
Non-controlling interests	893	-
	731,372	843,218

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

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

### DIVIDENDS

During the financial year, the Company has paid final single tier dividend of 2 sen per ordinary share amounting to RM1,455,515 in respect of financial year ended 31 January 2020 as reported in the Directors' Report for that year. The dividend was declared on 26 June 2020 and paid on 10 September 2020.

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 January 2021 of 1 sen per ordinary share, amounting to a dividend payable of RM727,757 will be proposed for shareholders' approval.

The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of distributable reserves in the financial year ending 31 January 2022.

*Directors' Report*

**DIRECTORS**

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

Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir

Dato' Shahrizan bin Shamsuddin

Dato' Azlan bin Hashim

Datuk Kisai bin Rahmat

Md. Shah bin Hussin

Wan Ahamad Sabri bin Wan Daud

Puan Sri Datin Seri Mariam Parineh

(appointed on 7 September 2020)

Datuk Wira Jalilah binti Baba

(appointed on 7 September 2020)

Azmi bin Hashim

(alternate director to Dato' Azlan bin Hashim)

The names of the directors of the subsidiaries in office since the beginning of the financial year end at the date of this report are:

Helmi bin Sheikh Mahmood

Adnan bin Jamal

Liyana Lee binti Abdullah

Kelana bin Sajari

Mohd Salleh bin Jani

Abdul Halim bin Baharom

Noriyuki Wada

Noriharu Noshimura

**DIRECTORS' BENEFITS**

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements or other than benefits included in remuneration as director and/or employee of related corporations) by reason of a contract made by the Company or a related corporation with any 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 as disclosed in Note 30 to the financial statements.

The Company maintains a liability insurance for the directors and officers of the Group. The total amount of sum insured for the directors and officers of the Group for the financial year amounted to RM10,000,000.

The total amount of insurance premium effected for any director and officer of the Company as at the financial year end is RM13,000.

## Directors' Report

### DIRECTORS' INTERESTS

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

	Number of ordinary shares			At 31.1.2021
	At 1.2.2020	Acquired	Transferred	
<b>The Company</b>				
<b>Sapura Industrial Berhad</b>				
Direct interest:				
Dato' Shahrman bin Shamsuddin	663,175	-	-	663,175
Indirect interest:				
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	20,377,300	-	-	20,377,300
Puan Seri Datin Seri Mariam Parineh	-	20,377,300	-	20,377,300

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

### OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that there were no known bad debts and that adequate provision had been made for doubtful debts.
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
- (i) it necessary to write off any bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

**OTHER STATUTORY INFORMATION (CONT'D.)**

- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the abilities of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

**AUDITORS**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 7 to the financial statements.

**INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 January 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 5 May 2021.

**Datuk Kisai bin Rahmat**

**Md. Shah bin Hussin**

STATEMENT BY  
**DIRECTORS**

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

We, **Datuk Kisai bin Rahmat** and **Md. Shah bin Hussin**, being two of the directors of Sapura Industrial Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 71 to 146 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and 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 at 31 January 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 5 May 2021.

**Datuk Kisai bin Rahmat**

**Md. Shah bin Hussin**

STATUTORY  
**DECLARATION**

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

I, **Liyana Lee binti Abdullah**, being the officer primarily responsible for the financial management of Sapura Industrial Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 71 to 146 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly  
declared by the abovenamed  
**Liyana Lee binti Abdullah**  
at Bandar Baru Bangi, Selangor Darul Ehsan  
on 5 May 2021.

**Liyana Lee binti Abdullah**  
(MIA Membership No.: 10293)

Before me,

# INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SAPURA INDUSTRIAL BERHAD

(Incorporated in Malaysia)

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### *Opinion*

We have audited the financial statements of Sapura Industrial Berhad, which comprise the statements of financial position as at 31 January 2021 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 71 to 146.

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 31 January 2021, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### *Basis for opinion*

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

### *Independence and other ethical responsibilities*

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

### *Key audit matters*

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the financial statements of the Group are described below. The matters were addressed in the context of our audit of the financial statement of the Group as a whole and in forming our opinion thereon, and we do not provide a separate opinion on this matter. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.

*Independent Auditors' Report to the Members of Sapura Industrial Berhad (cont'd.)  
(Incorporated in Malaysia)*

**Revenue from sales of automotive parts  
(Refer to Note 4 to the financial statements)**

Revenue from sales of automotive parts recognised by the Group during the year amounted to RM156 million. We identified revenue from sales of automotive parts to be an area of audit focus, as we consider the voluminous transactions for numerous types of products to be a possible cause of material misstatement in the timing and recognition of revenue.

Our audit procedures for revenue from sales of automotive parts included amongst others the following procedures:

- (a) We obtained an understanding of the Group's relevant internal controls and tested the controls over timing and amount of revenue recognised;
- (b) We inspected the terms of significant sales contracts to determine the point in time at which customers obtained control of the promised goods and the Group satisfied the performance obligation;
- (c) We focused on using analytics by obtaining general ledger and subledger data that enables us to focus establishing the correlation, between revenue, trade receivables and cash collection;
- (d) We reperformed testing over cash entries that settled trade receivables and inspected documents evidencing customers acceptance; and
- (e) We focused on testing the recording of sales transactions close to the year end, including credit notes issued after year end, to establish whether the transactions were recorded in the correct accounting period.

We also considered the Group's description of the accounting policy related to revenue, and the adequacy of the disclosures in Note 4 to the financial statements.

**Impairment assessment of property, plant and equipment and development expenditure  
(Refer to Note 13 and Note 15 to the financial statements)**

As at 31 January 2021, the carrying amounts of the property, plant and equipment and development expenditure amounting to RM56.1 million and RM1.4 million, which represents 31% and 1% of the Group's total assets respectively. At the reporting date, the Group reviewed for indications of impairment on these assets and where such indications exist, the Group performed an impairment assessment to determine the recoverable amounts. The Group has identified the COVID-19 pandemic and the challenging environment which resulted in declining volume and margin as indicators of impairment.

Accordingly, the Group has performed an impairment review on these property, plant and equipment and development expenditure by estimating the recoverable amount using Value-in-Use ("VIU"). Estimating the VIU involves estimating the future cashflows that will be derived from these assets and discounting them at an appropriate rate. The estimation of VIU is significant to our audit as it is complex and contains assumptions, particularly on profit margins, growth rates, discount rates and anticipated sales volumes that are inherently uncertain.

Our audit procedures for impairment assessment for property, plant and equipment and development expenditure included amongst others the following procedures:

- (a) We obtained an understanding of the Group's relevant processes and internal controls over estimation of recoverable amounts of the cash-generating units;
- (b) We assessed the assumptions to determine if they are appropriate and supportable by comparing those assumptions with internally derived information and external market data;
- (c) We evaluated the discount rates, long-term growth rates and methodology used in deriving the present value of the cash flow, with support of our valuation specialists; and
- (d) We performed sensitivity analysis over key inputs to understand the impact of alternative assumptions on the carrying amount.

We also considered the adequacy of disclosures in the significant accounting judgments and estimates in Note 3.2(c) to the financial statements.

*Independent Auditors' Report to the Members of Sapura Industrial Berhad (cont'd.)  
(Incorporated in Malaysia)*

*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 of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

*Independent Auditors' Report to the Members of Sapura Industrial Berhad (cont'd.)  
(Incorporated in Malaysia)*

*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, related safeguards.

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

**OTHER MATTERS**

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

**Ernst & Young PLT**  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

**Ismed Darwis bin Bahatiar**  
No. 02921/04/2022 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
5 May 2021

STATEMENTS OF  
**COMPREHENSIVE INCOME**  
For the year ended 31 January 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	4	155,869,622	224,999,375	17,664,619	21,802,393
Cost of sales		(131,789,097)	(193,987,221)	-	-
Gross profit		24,080,525	31,012,154	17,664,619	21,802,393
Other income	5	5,206,038	6,798,835	2,144,404	2,069,837
Administrative expenses		(25,158,368)	(30,142,267)	(18,337,138)	(20,951,900)
Selling and marketing expenses		(178,101)	(1,182,381)	(89,708)	(928,445)
Other expenses		(250,546)	(88,435)	(100,229)	(13,078)
Profit from operations		3,699,548	6,397,906	1,281,948	1,978,807
Finance costs	6	(1,416,629)	(2,648,462)	(225,227)	(439,422)
Profit before tax	7	2,282,919	3,749,444	1,056,721	1,539,385
Taxation	10	(1,551,547)	(1,462,976)	(213,503)	-
Profit net of tax		731,372	2,286,468	843,218	1,539,385
Other comprehensive income:					
Actuarial loss on retirement benefit net of tax		(156,659)	(730,353)	(56,657)	(510,372)
Total comprehensive income for the year		574,713	1,556,115	786,561	1,029,013
Profit attributable to:					
Owners of the parent		730,479	2,293,365	843,218	1,539,385
Non-controlling interests		893	(6,897)	-	-
		731,372	2,286,468	843,218	1,539,385
Total comprehensive income attributable to:					
Owners of the parent		573,820	1,563,012	786,561	1,029,013
Non-controlling interests		893	(6,897)	-	-
		574,713	1,556,115	786,561	1,029,013
Earnings per share attributable to owners of the parent (sen):					
Basic/diluted	11	1.00	3.15		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF  
**FINANCIAL POSITION**  
as at 31 January 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	56,120,609	60,060,842	2,090,240	3,571,036
Investment property	14	32,129,689	32,360,926	13,748,280	13,941,987
Development expenditure	15	1,414,427	1,621,047	-	-
Investments in subsidiaries	16	-	-	30,457,878	30,457,878
Other receivables	18	-	-	18,030,211	17,625,826
Deferred tax assets	25	114,778	-	-	-
		89,779,503	94,042,815	64,326,609	65,596,727
<b>Current assets</b>					
Inventories	17	26,720,085	25,884,685	-	-
Tax recoverable		727,513	473,873	-	41,620
Trade and other receivables	18	24,878,584	32,431,837	12,574,678	15,263,579
Other current assets	19	4,782,583	2,389,770	103,220	208,447
Dividend receivable		-	-	6,030,000	4,080,000
Short term investments	20	17,949,152	9,949,163	-	-
Cash and bank balances		16,960,346	12,439,364	1,565,562	989,393
		92,018,263	83,568,692	20,273,460	20,583,039
<b>Total assets</b>		181,797,766	177,611,507	84,600,069	86,179,766
<b>Equity and liabilities</b>					
<b>Current liabilities</b>					
Retirement benefit obligations	21	245,128	26,934	137,643	10,804
Trade and other payables	26	26,978,223	23,164,696	3,476,911	3,726,632
Provisions	27	96,067	65,776	-	-
Tax payable		138,614	587,192	42,744	-
Loans and borrowings	22	10,775,770	9,040,449	1,707,742	1,310,803
		38,233,802	32,885,047	5,365,040	5,048,239
<b>Net current assets</b>		53,784,461	50,683,645	14,908,420	15,534,800

*Statements of Financial Position  
as at 31 January 2021 (cont'd)*

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-current liabilities</b>					
Retirement benefit obligations	21	8,942,146	8,423,377	3,331,898	3,287,583
Loans and borrowings	22	23,828,463	25,643,280	496,749	1,768,608
Deferred tax liabilities	25	3,910,279	2,910,536	-	-
Provisions	27	70,773	56,162	-	-
		36,751,661	37,033,355	3,828,647	5,056,191
<b>Total liabilities</b>		74,985,463	69,918,402	9,193,687	10,104,430
<b>Net assets</b>		106,812,303	107,693,105	75,406,382	76,075,336
<b>Equity attributable to owners of the parent</b>					
Share capital	28	74,975,863	74,975,863	74,975,863	74,975,863
Retained profits		30,345,844	31,227,539	430,519	1,099,473
		105,321,707	106,203,402	75,406,382	76,075,336
<b>Non-controlling interests</b>		1,490,596	1,489,703	-	-
<b>Total equity</b>		106,812,303	107,693,105	75,406,382	76,075,336
<b>Total equity and liabilities</b>		181,797,766	177,611,507	84,600,069	86,179,766

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY** for the year ended 31 January 2021

	Note	← Attributable to owners of the parent →			Non-controlling interests ("NCI") RM	Total equity RM
		Non-distributable Share capital RM	Distributable Retained profits RM	Total RM		
<b>As at 1 February 2020</b>		74,975,863	31,227,539	106,203,402	1,489,703	107,693,105
Total comprehensive income for the year		-	573,820	573,820	893	574,713
Dividends on ordinary shares	12	-	(1,455,515)	(1,455,515)	-	(1,455,515)
<b>At 31 January 2021</b>		74,975,863	30,345,844	105,321,707	1,490,596	106,812,303
<b>As at 1 February 2019</b>		74,975,863	31,847,799	106,823,662	(2,092,706)	104,730,956
Total comprehensive income for the year		-	1,563,012	1,563,012	(6,897)	1,556,115
Share of NCI on acquisition of subsidiary	12	-	-	-	1,000,000	1,000,000
Share of NCI on disposal of subsidiary		-	-	-	2,589,306	2,589,306
Dividends on ordinary shares		-	(2,183,272)	(2,183,272)	-	(2,183,272)
<b>At 31 January 2020</b>		74,975,863	31,227,539	106,203,402	1,489,703	107,693,105

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF  
**CHANGES IN EQUITY**  
for the year ended 31 January 2021

	Note	Non-distributable Share capital RM	Distributable Retained profits RM	Total RM
<b>As at 1 February 2020</b>		74,975,863	1,099,473	76,075,336
Total comprehensive income for the year		-	786,561	786,561
Dividends on ordinary shares	12	-	(1,455,515)	(1,455,515)
<b>At 31 January 2021</b>		74,975,863	430,519	75,406,382
<b>As at 1 February 2019</b>		74,975,863	2,253,732	77,229,595
Total comprehensive income for the year		-	1,029,013	1,029,013
Dividends on ordinary shares	12	-	(2,183,272)	(2,183,272)
<b>At 31 January 2020</b>		74,975,863	1,099,473	76,075,336

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

## STATEMENTS OF CASH FLOWS

for the year ended 31 January 2021

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Operating activities</b>				
Profit before tax	2,282,919	3,749,444	1,056,721	1,539,385
Adjustments for:				
Depreciation of property, plant and equipment	11,590,696	12,311,050	369,176	292,995
Property, plant and equipment written off	1,128,422	1,767,197	-	3,929
Gain on disposal of property, plant and equipment	(96,524)	-	(69,832)	-
Depreciation of investment property	231,237	231,237	193,707	193,706
Amortisation of development expenditure	555,942	1,525,520	-	-
Depreciation of right-of-use assets	1,144,862	4,132,968	1,054,239	1,115,845
Gain on lease modification	(1,606)	-	-	-
Short term accumulating compensated absences	61,943	5,215	32,363	(2,459)
Profit from short term investments	(425,367)	(422,218)	-	-
Interest income	-	-	-	(5,000)
Impairment loss on other receivables	25,012	631,533	820,183	796,883
Net movement in provisions	166,840	126,939	-	-
Gain on deconsolidation of subsidiary	-	(2,563,309)	-	-
Net unrealised (gain)/loss on foreign exchange	(19,483)	236	-	-
Increase in liability for defined benefit plan	767,812	643,678	285,213	261,897
(Reversal)/impairment loss on trade receivables	(1,104,178)	1,104,178	-	-
Writeback of impairment loss on trade receivables	(735,113)	-	-	-
Dividend income	-	-	(1,950,000)	(4,080,000)
Net reversal of provision for slow moving inventories	(1,065,069)	(164,123)	-	-
Inventories written off	2,469,706	661,111	-	-
Interest expense	1,416,629	2,648,462	225,227	439,422
Development expenditure written off	46,442	90,393	-	-
Operating profit before working capital changes	18,441,122	26,479,511	2,016,997	556,603
(Increase)/decrease in inventories	(2,240,037)	2,018,450	-	-
Decrease/(increase) in trade and other receivables	9,418,079	18,585,797	1,464,333	(104,707)
(Increase)/decrease in other current assets	(2,392,813)	(708,905)	105,227	(99,505)
Increase/(decrease) in trade and other payables	3,720,519	(12,171,920)	(281,888)	708,082
Utilisation of provisions	(121,938)	(94,149)	-	-
Cash generated from/(used in) operations	26,824,932	34,108,784	3,304,669	(355,691)
Interest paid	(1,320,489)	(2,562,717)	(108,169)	(330,581)
Taxes paid	(1,339,005)	(1,193,076)	(130,715)	(89,428)
Retirement benefits paid	(217,302)	(647,472)	(170,716)	(186,266)
Net cash generated from/(used in) operating activities	23,948,136	29,705,519	2,895,069	(961,966)

*Statements of Cash Flows*  
for the year ended 31 January 2021 (con'td)

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Investing activities</b>				
Dividend received	-	-	-	11,546,071
Purchase of property, plant and equipment	(7,892,266)	(7,200,332)	(35,029)	(915,683)
Proceeds from disposal of property, plant and equipment	96,524	-	69,832	-
Placement of investment in money market funds	(7,574,622)	(7,429,947)	-	-
Interest received	-	-	-	5,000
Acquisition of subsidiary, net of cash required	-	1,000,000	-	-
Net cash outflow from deconsolidation of subsidiary	-	(5,793)	-	-
Investment in subsidiary	-	-	-	(1,500,000)
Development expenditure incurred	(395,764)	(253,588)	-	-
<b>Net cash (used in)/generated from investing activities</b>	<b>(15,766,128)</b>	<b>(13,889,660)</b>	<b>34,803</b>	<b>9,135,388</b>
<b>Financing activities</b>				
Repayment of term loans	(2,352,926)	(1,720,747)	-	-
Net drawdown/(repayment) of other short term borrowings	1,414,373	(4,307,814)	368,000	-
Repayment of revolving credit	-	(8,000,000)	-	(7,000,000)
Net (repayment)/drawdown of hire purchase	(96,860)	522,359	(96,860)	532,393
Repayment of lease liabilities	(1,170,098)	(1,182,798)	(1,170,708)	(1,170,708)
Dividends on ordinary shares	(1,455,515)	(2,183,272)	(1,454,135)	(2,183,272)
<b>Net cash used in financing activities</b>	<b>(3,661,026)</b>	<b>(16,872,272)</b>	<b>(2,353,703)</b>	<b>(9,821,587)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,520,982</b>	<b>(1,056,413)</b>	<b>576,169</b>	<b>(1,648,165)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>12,439,364</b>	<b>13,495,777</b>	<b>989,393</b>	<b>2,637,558</b>
<b>Cash and cash equivalents at end of year</b>	<b>16,960,346</b>	<b>12,439,364</b>	<b>1,565,562</b>	<b>989,393</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

- 31 January 2021

## 1. CORPORATE INFORMATION

Sapura Industrial Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad (“Bursa Malaysia”). The registered office of the Company is located at Lot 2 & 4, Jalan P/11 Seksyen 10, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi, Selangor.

The principal activities of the Company are investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note 16.

There have been no significant changes in the nature of the principal activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 5 May 2021.

## 2. SIGNIFICANT ACCOUNTING POLICIES

### 2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) as issued by Malaysian Accounting Standards Board (“MASB”), International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board, and the Companies Act 2016 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) except when otherwise indicated.

As of 1 February 2020, the Group and the Company have adopted new, amendments and revised MFRS (collectively referred to as “pronouncements”) that have been issued by the Malaysian Accounting Standard Board (“MASB”) as described fully in Note 2.2.

### 2.2 Changes in accounting policies

On 1 February 2020, the Group and the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2020.

#### Effective for annual periods beginning on or after 1 January 2020

Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendments to MFRS 101 and MFRS 108	Definition of Material
Amendments to MFRS 3	Definition of a Business

#### Effective for annual periods beginning on or after 1 June 2020

Amendments to MFRS 16	Covid-19 Related Rent Concessions
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The adoption of the above new and amended standards did not have any significant effect on the financial performance or position of the Group and the Company.

### 2.3 New and revised pronouncements yet in effect

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective.

#### Effective for annual periods beginning on or after 1 January 2021

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2
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## 2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D.)

### 2.3 New and revised pronouncements yet in effect (cont'd.)

#### Effective for annual periods beginning on or after 1 April 2021

Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021
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#### Effective for annual periods beginning on or after 1 January 2022

Amendments to MFRS 3	Reference to Conceptual Framework
Amendments to MFRS 116	Proceeds Before Intended Use
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract
Amendments to MFRS 1, MFRS 9 MFRS 16 and MFRS 141	Annual Improvements to MFRS Standards 2018 - 2020

#### Effective for annual periods beginning on or after 1 January 2023

MFRS 17	Insurance Contracts
Amendments to MFRS 101	Classification of Liabilities as Current or Non-Current
Amendments to MFRS 101	Disclosure of Accounting Policies
Amendments to MFRS 108	Definition of Accounting Estimates

#### Deferred yet to be effective

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group and the Company are expected to apply the abovementioned pronouncements beginning from the respective dates the pronouncements become effective. The initial application of the abovementioned pronouncements are not expected to have any material impact to the financial statements of the Group and the Company.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has the following:

- (i) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its investment with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company's voting rights in an investee are sufficient to give it power over the investee:

- (i) The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- (ii) Potential voting rights held by the Company, other vote holders or other parties;
- (iii) Rights arising from other contractual arrangements; and
- (iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

*Notes to the Financial Statements*  
- 31 January 2021

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

### 2.4 Basis of consolidation (cont'd.)

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

### 2.5 Transactions with non-controlling interests

Non-controlling interest at the reporting period, being the portion of the net assets of the subsidiaries attributable to equity interest that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statements of financial position and statement of changes in equity within equity, separately from equity attributable to the equity shareholders of the Company. Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

### 2.6 Subsidiaries

Subsidiaries are entities controlled by the Company.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control when such rights are substantive. The Company 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.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment charges. Dividends received from subsidiaries are recorded as a component of revenue in the Company's profit or loss.

### 2.7 Foreign currency

#### (a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

#### (b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

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

### 2.7 Foreign currency (cont'd.)

#### (b) Foreign currency transactions (cont'd.)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

### 2.8 Property, plant and equipment and depreciation

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Leasehold lands are depreciated over the period of respective leases of 99 years. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Building	2%
Plant, machinery, electrical installation, factory equipment and application tools	10% to 33%
Furniture, fittings, office equipment, renovation, computers and motor vehicles	10% to 25%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

### 2.9 Investment properties

Investment properties are land or buildings held by the Group or held under finance leases, to earn rental income or for capital appreciation or both. Investment property is stated at cost less accumulated depreciation and accumulated impairment losses.

*Notes to the Financial Statements*  
- 31 January 2021

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

### 2.9 Investment properties (cont'd.)

Freehold land is not depreciated. Depreciation of other investment properties is provided for on a straight-line basis to write off the cost to its residual value over its estimated useful life at the following periods:

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Leasehold land	Over lease period of 50 - 99 years
Buildings	Over a period of 50 years or period of the lease whichever is the shorter

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

When an indication of impairment exists, the carrying amount of the asset is written down immediately to its recoverable value. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

### 2.10 Intangible asset - Development expenditure

Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criterias for recognition are fulfilled:

- It is technically feasible to complete the intangible assets so that it will be available for use;
- Management's intention to complete the intangible asset for use;
- There is an ability to use the intangible asset;
- It can be demonstrated that the intangible asset will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use the intangible asset are available; and
- The expenditure attributable to the intangible asset during its development can be reliably measured

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

### 2.11 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

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

### 2.11 Impairment of non-financial assets (cont'd.)

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis. Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

### 2.12 Financial assets

#### (a) Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets or both. Financial assets held with the objective to only collect contractual cash flows are classified and measured at amortised cost. Otherwise, the financial assets are classified as fair value through OCI and measured at fair value.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place ("regular way trades") are recognised on the trade date, that is the date that the Group or the Company commit to purchase or sell the asset.

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

### 2.12 Financial assets (cont'd.)

#### (b) Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in two categories:

- (i) Financial assets at amortised cost (debt instruments)
- (ii) Financial assets at fair value through profit or loss

#### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- (i) The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- (ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's and the Company's financial assets at amortised cost includes trade and other receivables, cash and bank balances.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Group designated its short-term investment in money market funds as financial assets at fair value through profit or loss.

#### (c) Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- (i) The rights to receive cash flows from the asset have expired; or
- (ii) The Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
  - (a) The Group and the Company have transferred substantially all the risks and rewards of the asset, or
  - (b) The Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

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

### 2.12 Financial assets (cont'd.)

#### (c) Derecognition (cont'd.)

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a pass-through arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company would be required to repay.

### 2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-month (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

The Group considers a financial asset in default when contractual payments are 30 to 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.14 Cash and bank balances

Cash and bank balances comprise cash at bank and on hand and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Materials and component parts, spares and tools and consumables: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

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

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

### 2.16 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### 2.17 Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's and the Company's financial liabilities include trade and other payables and loans and borrowings.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

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

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

#### (b) Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Borrowings are classified as current liabilities unless the Group and the Company have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

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

### 2.17 Financial liabilities (cont'd.)

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### 2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

### 2.19 Employee benefits

#### **(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

#### **(b) Defined contribution plans**

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employees Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

#### **(c) Defined benefit plan**

The Group operates an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's obligation under the Scheme, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries, through which the amount of benefit that employees have earned in return for their service in the current and prior years is estimated. That benefit is discounted in order to determine its present value. Actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statements of financial position to reflect the full value of the plan deficit or surplus. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised on a straight-line basis over the average period until the amended benefits become vested.

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

**2.19 Employee benefits (cont'd.)**

**(c) Defined benefit plan (cont'd.)**

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised past service costs, and reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the net total of any past service costs, and the present value of any economic benefits in the form of refunds or reductions in future contributions to the plan.

**2.20 Leases**

**As a lessee**

**(a) Right-of-use assets**

Right-of-use assets represent land, building, plant, machinery and factory equipment leased by the Group from third parties under operating leases.

Depreciation of right-of-use assets is provided for on a straight-line basis calculated to write-off the cost of each asset to its residual value over the estimated useful life at the following annual rates of depreciation:

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Land and building	20% to 25%
Plant, machinery and factory equipment	25%

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The Group presents right-of-use assets in 'property, plant and equipment' in the statement of financial position and the accounting policy for leased assets are the same for property, plant and equipment in all respects.

**(b) Lease liabilities**

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date if the implicit interest rate to the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease payments associated with short-term leases of twelve months or less and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss over the lease term.

The Group presents lease liabilities in 'loans and borrowings' in the statement of financial position.

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

### 2.20 Leases (cont'd.)

#### As a lessee (cont'd.)

##### (b) Lease liabilities (cont'd.)

###### As a lessor

When the Group and the Company act as a lessor, they determine at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term.

### 2.21 Revenue

The Group is in the business of manufacturing and sale of automotive parts in the automotive industry. Revenue from contracts with customers is recognised when control of goods are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods.

The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods before transferring them to the customer.

#### (i) Revenue from contracts with customers

##### (a) Sale of automotive parts

Sales are recognised at a point in time upon control of the goods being transferred to the customers, generally on delivery of goods.

Advance payments received from customers are recognised as contract liabilities and are recognised as revenue when the Group satisfies its performance obligation under the contract.

#### (ii) Interest income

Interest income is recognised using the effective interest method.

#### (iii) Management fees

The performance obligation is satisfied over time upon services being rendered to the customers.

#### (iv) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

### 2.22 Income taxes

#### (a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

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

**2.22 Income taxes (cont'd.)**

**(a) Current tax (cont'd.)**

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

**(b) Deferred tax**

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries and associate, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

### 2.23 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

### 2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

### 2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group or the Company.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group and the Company.

### 2.26 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all conditions attached will be met. Where the grant relates to an asset, the fair value is recognised as deferred capital grant in the statement of financial position and is amortised over the expected useful life of the relevant asset by equal annual instalments. Government grants receivable as compensation for expenses already incurred are recognised by the Group and the Company during the period that it becomes receivable as a deduction to the related expense.

## 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

### 3.1 Judgements made in applying accounting policies

There were no critical judgements made by management in the process of applying accounting policies that have significant effect on the amount recognised in the financial statements in the current year.

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### 3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D.)

#### 3.2 Key sources of estimation uncertainty

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

##### (a) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses and unutilised capital allowances to the extent that it is probable that taxable profit will be available against which the losses and capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details of recognised and unrecognised deferred tax assets is disclosed in Note 25.

##### (b) Provision for expected credit losses of trade and other receivables

The Group uses simplified approach to calculate ECLs for trade receivables and other investments. The provision rates are based on various customer's historical observed default rates. The Group will consider and assess the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 18.

##### (c) Impairment on property, plant and equipment and development expenditure

The Group determines whether its property, plant and equipment and development expenditure are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. The Group considers the higher of fair value less cost to sell method or value-in-use method to determine the recoverable amount.

In determining recoverable amount, significant judgement is required in the estimation of the present value of future cash flows generated by the assets. The key assumptions used in developing the estimate are future sales volumes and the discount rate, which are subject to changes in economic conditions. The carrying amount of property, plant and equipment and development expenditure as at the reporting date are disclosed in Note 13 and Note 15 respectively.

#### 4. REVENUE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Type of goods or services</b>				
Sales of automotive parts	155,869,622	224,999,375	-	-
Management fees from subsidiaries	-	-	15,714,619	17,722,393
<b>Total revenue from contract with customers</b>	155,869,622	224,999,375	15,714,619	17,722,393
Dividends from subsidiaries, representing total revenue from other sources	-	-	1,950,000	4,080,000
	155,869,622	224,999,375	17,664,619	21,802,393
<b>Geographical markets</b>				
Malaysia	155,868,577	224,998,372	15,714,619	17,722,393
Outside Malaysia	1,045	1,003	-	-
<b>Total revenue from contract with customers</b>	155,869,622	224,999,375	15,714,619	17,722,393
Total revenue from other sources - Malaysia	-	-	1,950,000	4,080,000
	155,869,622	224,999,375	17,664,619	21,802,393
<b>Timing of revenue recognition</b>				
At a point of time	155,869,622	224,999,375	-	-
Over time	-	-	15,714,619	17,722,393
<b>Total revenue from contract with customers</b>	155,869,622	224,999,375	15,714,619	17,722,393
Total revenue from other sources	-	-	1,950,000	4,080,000
	155,869,622	224,999,375	17,664,619	21,802,393

#### PERFORMANCE OBLIGATIONS

##### Sales of automotive parts

The performance obligation is satisfied upon delivery of the automotive parts. Payment is generally due within 30 to 90 days from delivery.

##### Management fees from subsidiaries

The Company recognises management fees over time upon services being rendered to subsidiaries.

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 January are, as follows:

	Group	
	2021 RM	2020 RM
Within 1 year	3,874,712	-

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**5. OTHER INCOME**

Included in other income are:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Rental income	930,780	912,436	1,939,017	1,934,195
Profit from short term investments (Note 20)	425,367	422,218	-	-
Interest income from advances to subsidiaries	-	-	-	5,000
Income from sales of scrap	1,392,515	2,067,503	-	-
Gain on disposal of property, plant and equipment	96,524	-	69,832	-
Gain from tenancy contract termination	1,606	-	-	-
Reversal of impairment loss on trade receivables (Note 18(a))	1,104,178	-	-	-
Writeback of impairment loss on trade receivables	735,113	-	-	-
Gain on disposal of a subsidiary	-	2,563,309	-	-

The Group recognised its scrap sales with local customers at a point in time.

**6. FINANCE COSTS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Interests expense on:				
Term loans	907,033	1,520,357	-	-
Revolving credit	-	364,060	-	308,291
Hire purchase	16,120	17,057	16,120	16,882
Bankers' acceptances	352,152	613,518	92,049	-
Letter of credits	40,157	47,725	-	-
Advances from subsidiaries	-	-	-	5,408
Bank guarantee charges	5,027	-	-	-
Lease liabilities (Note 24)	96,140	85,745	117,058	108,841
	1,416,629	2,648,462	225,227	439,422

## 7. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Employee benefits expense (Note 8)	34,610,805	41,468,163	14,379,245	16,301,814
Non-executive directors' remuneration (Note 9)	373,002	359,833	373,002	359,833
Amortisation of development expenditure (Note 15)	555,942	1,525,520	-	-
Auditors' remuneration				
- Statutory audit	169,100	169,100	43,900	43,900
- Other services	6,900	6,900	-	-
Depreciation of property, plant and equipment (Note 13)	11,590,696	12,311,050	369,176	292,995
Depreciation of right-of-use assets (Note 13)	1,144,862	4,132,968	1,054,239	1,115,845
Depreciation of investment property (Note 14)	231,237	231,237	193,707	193,706
Foreign exchange (gain)/loss				
- Unrealised	(19,483)	236	-	-
Development expenditure written off (Note 15)	46,442	90,393	-	-
Net reversal of provision for slow moving inventories	(1,065,069)	(164,123)	-	-
Inventories written off	2,469,706	661,111	-	-
Property, plant and equipment written off	1,128,422	1,767,197	-	3,929
Gain on disposal of property plant and equipment	(96,524)	-	(69,832)	-
(Reversal)/impairment loss on trade receivables (Note 18(a))	(1,104,178)	1,104,178	-	-
Impairment loss on other receivables (Note 18(b))	25,012	631,533	820,183	796,883
Provisions (Note 27)	166,840	126,939	-	-
Rental expenses of low value and short term leases (Note 24):				
- Equipments	260,007	288,010	30,320	35,627
Wage subsidies	(1,923,000)	-	(237,600)	-

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8. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Wages and salaries	23,969,541	29,603,767	9,595,741	10,985,899
Social security contribution	330,477	335,962	74,386	79,975
Contributions to defined contribution plan	2,809,861	2,940,876	1,209,719	1,357,143
Increase in liability for defined benefit plan (Note 21)	767,812	643,678	285,213	261,897
Short term accumulating compensated absences	61,943	5,215	32,363	(2,459)
Other benefits	6,671,171	7,938,665	3,181,823	3,619,359
	34,610,805	41,468,163	14,379,245	16,301,814

Included in employee benefits expense of the Group and of the Company are remuneration of executive directors of the Group and of the Company excluding benefit-in-kind amounting to RM3,239,724 (2020: RM3,672,283) as further disclosed in Note 9.

9. DIRECTORS' REMUNERATION

	Group and Company	
	2021 RM	2020 RM
<b>Directors of the Company</b>		
Executive:		
Salaries and other emoluments	3,048,000	3,458,000
Contributions to defined contribution plan	191,724	214,283
Benefits-in-kind	36,556	36,786
	3,276,280	3,709,069
Non-Executive:		
Fees	335,002	315,833
Other emoluments	38,000	44,000
	373,002	359,833
	3,649,282	4,068,902
Analysis excluding benefits-in-kind:		
Total executive director's remuneration, excluding benefits-in-kind (Note 8)	3,239,724	3,672,283
Total non-executive directors' remuneration, excluding benefits-in-kind (Note 7)	373,002	359,833
Total directors' remuneration excluding benefits-in-kind	3,612,726	4,032,116

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**9. DIRECTORS' REMUNERATION (CONT'D.)**

The number of directors of the Company whose total remuneration during the financial year fell within the following bands is analysed below:

	Number of Directors	
	2021	2020
Executive directors:		
RM2,000,001 - RM2,050,000	-	1
RM1,750,001 - RM1,800,000	1	-
RM1,700,001 - RM1,750,000	-	1
RM1,450,001 - RM1,500,000	1	-
Non-executive directors:		
RM50,001 - RM100,000	4	4
Below RM50,000	2	1

**10. TAXATION**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Current income tax:				
Malaysia income tax	547,163	1,984,946	108,826	-
Under/(over) provision in prior years	89,625	(118,769)	104,677	-
	636,788	1,866,177	213,503	-
Deferred tax (Note 25):				
Relating to origination and reversal of temporary differences	511,382	46,468	-	-
Under/(over) provision in prior years	403,377	(449,669)	-	-
	914,759	(403,201)	-	-
	1,551,547	1,462,976	213,503	-

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year.

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10. TAXATION (CONT'D.)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit before tax	2,282,919	3,749,444	1,056,721	1,539,385
Tax at Malaysian statutory tax rate of 24%	547,903	899,867	253,616	369,452
Income not subject to tax	-	(617,357)	(468,000)	(979,200)
Expenses not deductible for tax purposes	768,976	885,585	563,792	642,584
Deferred tax assets not recognised during the year	153,772	896,155	45,237	-
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(412,106)	(32,836)	(285,819)	(32,836)
Under/(over) provision of deferred tax expense in prior years	403,377	(449,669)	-	-
Under/(over) provision of income tax expense in prior years	89,625	(118,769)	104,677	-
	1,551,547	1,462,976	213,503	-

11. EARNINGS PER SHARE

(a) Basic/diluted

Basic earnings per share amounts are calculated by dividing profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	2021	2020
Profit net of tax attributable to owners of the parent (RM)	730,479	2,293,365
Weighted average number of ordinary shares in issue (unit)	72,775,737	72,775,737
Basic/diluted earnings per share (sen)	1.00	3.15

(b) Diluted

The Group does not have any potential dilutive ordinary shares. Accordingly, the diluted earnings per share equals the basic earnings per share.

**12. DIVIDENDS**

	<b>Group and Company</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Recognised during the year:		
Final single tier dividend for 2020: 2 sen per share	1,455,515	-
Final single tier dividend for 2019: 3 sen per share	-	2,183,272
	<b>1,455,515</b>	<b>2,183,272</b>

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 January 2021 of 1 sen per ordinary share, amounting to a dividend payable of RM727,757 will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders will be accounted for in equity as an appropriation of distributable reserves in the financial year ending 31 January 2022.

13. PROPERTY, PLANT AND EQUIPMENT

	Right-of-Use Asset		Owned Assets				Total RM
	Land and building RM	Plant, machinery and factory equipment RM	Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM		
<b>Group</b>							
<b>At 31 January 2021</b>							
<b>Costs</b>							
At 1 February 2020	9,190,436	195,884	19,139,721	210,545,224	11,244,461	250,315,726	
Additions	-	-	-	7,522,013	370,253	7,892,266	
Disposal	-	-	-	-	(412,948)	(412,948)	
Contract termination	(136,763)	-	-	-	-	(136,763)	
Lease modification	2,083,303	(536)	-	-	-	2,082,767	
Write offs	-	-	-	(27,313,352)	(552,499)	(27,865,851)	
<b>At 31 January 2021</b>	<b>11,136,976</b>	<b>195,348</b>	<b>19,139,721</b>	<b>190,753,885</b>	<b>10,649,267</b>	<b>231,875,197</b>	

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

Group	Right-of-Use Asset		Owned Assets			Total RM
	Land and building RM	Plant, machinery and factory equipment RM	Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM	
At 31 January 2021 (cont'd.)						
<b>Accumulated depreciation and impairment</b>						
At 1 February 2020	5,648,457	84,367	10,447,369	164,518,274	9,556,417	190,254,884
Depreciation charge for the year (Note 7)	1,061,940	82,922	390,069	10,504,698	695,929	12,735,558
Disposal	-	-	-	-	(412,948)	(412,948)
Contract termination	(85,477)	-	-	-	-	(85,477)
Write offs	-	-	-	(26,196,530)	(540,899)	(26,737,429)
At 31 January 2021	6,624,920	167,289	10,837,438	148,826,442	9,298,499	175,754,588

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

	Right-of-Use Asset		Owned Assets			Total RM
	Land and building RM	Plant, machinery and factory equipment RM	Building RM	Plant, machinery, electrical instalation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM	
<b>Group</b>						
<b>At 31 January 2021 (cont'd.)</b>						
Analysed as:						
Accumulated depreciation	6,624,920	167,289	10,837,438	148,826,442	9,298,499	175,754,588
Accumulated impairment losses	-	-	-	-	-	-
	6,624,920	167,289	10,837,438	148,826,442	9,298,499	175,754,588
<b>Net carrying amount</b>	<b>4,512,056</b>	<b>28,059</b>	<b>8,302,283</b>	<b>41,927,443</b>	<b>1,350,768</b>	<b>56,120,609</b>

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

	Right-of-Use Asset		Owned Assets				Total RM
	Land and building RM	Plant, machinery and factory equipment RM	Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM		
<b>Group</b>							
<b>At 31 January 2020</b>							
<b>Costs</b>							
At 1 February 2019	10,678,977	195,884	20,619,721	256,759,140	11,062,331	299,316,053	
Additions	139,459	-	-	5,999,332	1,061,541	7,200,332	
Disposal	-	-	-	-	(8,026)	(8,026)	
Effect of deconsolidation of a subsidiary	(1,628,000)	-	(1,480,000)	(40,594,805)	(170,850)	(43,873,655)	
Write offs	-	-	-	(11,618,443)	(700,535)	(12,318,978)	
<b>At 31 January 2020</b>	<b>9,190,436</b>	<b>195,884</b>	<b>19,139,721</b>	<b>210,545,224</b>	<b>11,244,461</b>	<b>250,315,726</b>	

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

	Right-of-Use Asset		Owned Assets			Total RM
	Land and building RM	Plant, machinery and factory equipment RM	Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM	
<b>Group</b>						
<b>At 31 January 2020 (cont'd.)</b>						
<b>Accumulated depreciation and impairment</b>						
At 1 February 2019	1,822,264	-	11,537,300	203,705,197	9,773,975	226,838,736
Depreciation charge for the year	4,048,601	84,367	390,069	11,273,520	647,461	16,444,018
Disposal	-	-	-	-	(8,026)	(8,026)
Effect of deconsolidation of a subsidiary	(222,408)	-	(1,480,000)	(40,594,805)	(170,850)	(42,468,063)
Write offs	-	-	-	(9,865,638)	(686,143)	(10,551,781)
At 31 January 2020	5,648,457	84,367	10,447,369	164,518,274	9,556,417	190,254,884

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

	Right-of-Use Asset		Owned Assets			Total RM
	Land and building RM	Plant, machinery and factory equipment RM	Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM	
<b>Group</b>						
<b>At 31 January 2020 (cont'd.)</b>						
Analysed as:						
Accumulated depreciation	5,648,457	84,367	10,447,369	164,358,437	9,556,417	190,095,047
Accumulated impairment losses	-	-	-	159,837	-	159,837
	5,648,457	84,367	10,447,369	164,518,274	9,556,417	190,254,884
<b>Net carrying amount</b>	<b>3,541,979</b>	<b>111,517</b>	<b>8,692,352</b>	<b>46,026,950</b>	<b>1,688,044</b>	<b>60,060,842</b>

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

	Right-of-Use Asset	Owned Assets		Total RM
	Land and Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM	
<b>Company</b>				
<b>At 31 January 2021</b>				
<b>Cost</b>				
At 1 February 2020	3,347,535	10,423	4,540,512	7,898,470
Additions	-	-	35,029	35,029
Disposal	-	-	(426,658)	(426,658)
Lease modification	(92,410)	-	-	(92,410)
At 31 January 2021	3,255,125	10,423	4,148,883	7,414,431
<b>Accumulated depreciation</b>				
At 1 February 2020	1,115,845	10,423	3,201,166	4,327,434
Charge for the year (Note 7)	1,054,239	-	369,176	1,423,415
Disposal	-	-	(426,658)	(426,658)
At 31 January 2021	2,170,084	10,423	3,143,684	5,324,191
<b>Net carrying amount</b>	<b>1,085,041</b>	<b>-</b>	<b>1,005,199</b>	<b>2,090,240</b>

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

	Right-of-Use Asset	Owned Assets		Total RM
	Land and Building RM	Plant, machinery, electrical installation, factory equipment and application tools RM	Furniture, fittings, office equipment, renovation, computers and motor vehicles RM	
<b>Company</b>				
<b>At 31 January 2020</b>				
<b>Cost</b>				
At 1 February 2019	3,347,535	10,423	3,857,562	7,215,520
Additions	-	-	915,683	915,683
Write offs	-	-	(232,733)	(232,733)
At 31 January 2020	3,347,535	10,423	4,540,512	7,898,470
<b>Accumulated depreciation</b>				
At 1 February 2019	-	10,423	3,136,975	3,147,398
Charge for the year (Note 7)	1,115,845	-	292,995	1,408,840
Write offs	-	-	(228,804)	(228,804)
At 31 January 2020	1,115,845	10,423	3,201,166	4,327,434
<b>Net carrying amount</b>	<b>2,231,690</b>	<b>-</b>	<b>1,339,346</b>	<b>3,571,036</b>

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

- (a) During the financial year, the Group and the Company acquired property, plant and equipment at aggregate costs of RM7,892,266 (2020: RM7,060,873) and RM35,029 (2020: RM915,683) respectively, of which RM Nil (2020: RM648,000) was acquired by means of hire purchase.

The net carrying amounts of property, plant and equipment held under hire purchases are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Motor vehicle	733,608	983,543	733,608	983,543

Details of the terms and conditions of the finance leases are disclosed in Note 23.

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 22) are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Plant and machinery	15,127,025	14,342,372	-	-

- (c) Included in the property, plant and equipment of the Group and the Company are fully depreciated assets which are still in use with their carrying costs as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Plant, machinery and equipments	91,688,627	108,994,908	10,423	10,423
Furniture, fittings, office equipments, renovation and computers	6,348,707	6,058,792	2,116,849	2,419,360

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

(d) During the year, the Group and the Company has written off certain property, plant and equipment as it is no longer in use and machinery that relates to phased out model amounting to RM1,128,422 (2020: RM1,767,197) and RM Nil (2020: RM3,929) respectively.

(e) Right-of-use assets

The Group and the Company have lease contracts that include extension options for land and building. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and to align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

**Operating lease commitment - Group and Company as lessor**

The Group and the Company have entered into operating lease agreements for the use of buildings. These leases have an average life of between 1 and 5 years with renewal but no purchase option included in the contracts.

The future aggregate minimum lease receivables under operating leases contracted for as at the reporting date are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Future minimum lease receivables:				
Not later than 1 year	418,346	787,607	1,285,330	1,913,953
Later than 1 year and not later than 5 years	801,831	300,070	311,152	300,070
	1,220,177	1,087,677	1,596,482	2,214,023

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**14. INVESTMENT PROPERTY**

	Freehold land RM	Leasehold land RM	Building RM	Total RM
<b>Group</b>				
<b>At 31 January 2021</b>				
<b>Costs</b>				
At 1 February 2020/31 January 2021	16,691,967	16,443,220	3,199,034	36,334,221
<b>Accumulated depreciation</b>				
At 1 February 2020	-	3,041,256	932,039	3,973,295
Charge for the year (Note 7)	-	167,255	63,982	231,237
At 31 January 2021	-	3,208,511	996,021	4,204,532
<b>Net carrying amount</b>	<b>16,691,967</b>	<b>13,234,709</b>	<b>2,203,013</b>	<b>32,129,689</b>
<b>At 31 January 2020</b>				
<b>Costs</b>				
At 1 February 2019/31 January 2020	16,691,967	16,443,220	3,199,034	36,334,221
<b>Accumulated depreciation</b>				
At 1 February 2019	-	2,874,001	868,057	3,742,058
Charge for the year (Note 7)	-	167,255	63,982	231,237
At 31 January 2020	-	3,041,256	932,039	3,973,295
<b>Net carrying amount</b>	<b>16,691,967</b>	<b>13,401,964</b>	<b>2,266,995</b>	<b>32,360,926</b>

Fair value of investment properties as at 31 January 2021 was estimated by an independent valuer to be approximately RM60,300,000 (2020: RM60,300,000).

The net carrying amounts of investment property pledged as securities for borrowings (Note 22) is RM16,691,967 (2020: RM16,691,967).

Fair value disclosed in the financial statements are categorised within the Level 3 fair value hierarchy which is described as inputs for the assets or liabilities that are based on unobservable market data.

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14. INVESTMENT PROPERTY (CONT'D.)

	Leasehold land RM	Building RM	Total RM
<b>Company</b>			
<b>At 31 January 2021</b>			
<b>Costs</b>			
At 1 February 2020/31 January 2021	16,571,044	2,265,637	18,836,681
<b>Accumulated depreciation</b>			
At 1 February 2020	3,250,845	1,643,849	4,894,694
Charge for the year (Note 7)	168,935	24,772	193,707
At 31 January 2021	3,419,780	1,668,621	5,088,401
<b>Net carrying amount</b>	<b>13,151,264</b>	<b>597,016</b>	<b>13,748,280</b>
<b>At 31 January 2020</b>			
<b>Costs</b>			
At 1 February 2019/31 January 2020	16,571,044	2,265,637	18,836,681
<b>Accumulated depreciation</b>			
At 1 February 2019	3,081,910	1,619,078	4,700,988
Charge for the year (Note 7)	168,935	24,771	193,706
At 31 January 2020	3,250,845	1,643,849	4,894,694
<b>Net carrying amount</b>	<b>13,320,199</b>	<b>621,788</b>	<b>13,941,987</b>

Fair value of investment properties as at 31 January 2021 was estimated by an independent valuer to be approximately RM42,680,000 (2020: RM42,660,000).

Fair value disclosed in the financial statements are categorised within the Level 3 fair value hierarchy which is described as inputs for the assets or liabilities that are based on unobservable market data.

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14. INVESTMENT PROPERTY (CONT'D.)

Investment property	Valuation Technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Lot 5 & 7, Persiaran Usahawan, Taman IKS, Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan. - Land	Comparison method	<p>a) A parcel of freehold industrial land located at Lot 14989 Off Jalan Bangi Lama, Mukim of Semenyih with a land area of approximately 59,968 square feet was transacted on 16 January 2020 for RM2,979,884.</p> <p>b) A parcel of freehold industrial land located at Lot 8045 Off Jalan Bangi Lama, Mukim of Semenyih with a land area of approximately 51,582 square feet was transacted on 15 January 2020 for RM3,390,000.</p> <p>c) A parcel of freehold industrial land located at Lot 2560 fronting off , Jalan Bukit Angkat, Bukit Angkat Industrial Park with a land area of approximately 313,100 square feet was transacted on 10 July 2019 for RM18,000,000.</p> <p>d) A parcel of freehold industrial land located at Lot 834 Off Jalan Bangi Lama, Mukim of Semenyih with a land area of approximately 261,356 square feet was transacted on 24 June 2019 for RM15,500,000.</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>- Transacted Price were higher/(lower)</p>
Plot 98, Mukim of Bukit Katil, District of Melaka Tengah, Melaka Bandaraya Bersejarah. - Land	Comparison method	<p>a) A vacant parcel of leasehold industrial land located at Lot 4422, Kawasan Perindustrian Cheng, Melaka Tengah, Melaka with a land area of approximately 133,279 square feet was transacted on 23 January 2020 for RM6,817,570.</p> <p>b) A vacant parcel of leasehold industrial land located at Lot 10086, Taman Tasik Utama, Melaka Tengah, Melaka with a land area of approximately 69,244 square feet was transacted on 23 September 2019 for RM2,492,784.</p> <p>c) A vacant parcel of leasehold industrial land located at Lot 10082, Taman Tasik Utama, Melaka Tengah, Melaka with a land area of approximately 66,639 square feet was transacted on 29 October 2018 for RM2,530,657.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>- Transacted Price were higher/(lower)</p>

14. INVESTMENT PROPERTY (CONT'D.)

Investment property	Valuation Technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
No 58, Kawasan Perindustrian Gurun, Jalan Jeniang, 08300 Gurun Kedah Darul Aman - Land and building	Comparison method	<p>a) Two adjoining parcels of vacant industrial land located at Lots 60081 &amp; 60085, Kawasan Perusahaan Sungai Petani, Kedah Darul Aman with a land area of approximately 73,511 square feet was transacted on 24 June 2020 for RM1,323,198.</p> <p>b) A parcel of vacant leasehold industrial land located at PT595 (Plot 11), Kawasan Perindustrian Bukit Selambau, Pekan Bukit Selambau, Kedah Darul Aman with a land area of approximately 94,303 square feet was transacted on 17 July 2019 for RM1,001,498.</p> <p>c) A parcel of vacant leasehold industrial land located at No. 57A, Kawasan Perindustrian Gurun, Gurun, Kedah Darul Aman with a land area of approximately 198,357 square feet was transacted on 25 January 2019 for RM2,800,000.</p> <p>d) A parcel of vacant leasehold industrial land located at Lot 5670, Jalan Perindustrian Gurun, Gurun, Kedah Darul Aman with a land area of approximately 169,187 square feet was transacted on 14 May 2019 for RM1,861,059.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>- Transacted Price were higher/(lower)</p>
HS(D) 207937, PT 6409, Bandar Seri Sendayan, Seremban, Negeri Sembilan Darul Khusus - Land	Comparison method	<p>a) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at Lot 43822, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 43,562 square feet was transacted on 29 October 2019 for RM1,960,000.</p> <p>b) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at Lot 43835, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 130,685 square feet was transacted on 24 September 2019 for RM6,142,148.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>- Transacted Price were higher/(lower)</p>

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14. INVESTMENT PROPERTY (CONT'D.)

Investment property	Valuation Technique	Significant unobservable Inputs	Inter-relationship between significant unobservable inputs and fair value measurement
HS(D) 207937, PT 6409, Bandar Seri Sendayan, Seremban, Negeri Sembilan Darul Khusus - Land (cont'd.)	Comparison method	<p>c) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at PT 11659, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 87,123 square feet was transacted on 11 July 2019 for RM3,920,539.</p> <p>d) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at Lot 43818, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 43,551 square feet was transacted on 19 June 2019 for RM2,003,819.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>- Transacted Price were higher/(lower)</p>
Lot 1 & 3, Jalan P/11, Seksyen 10, Bandar Baru Bangi, Selangor - Land and building	Comparison method	<p>a) Industrial premise located at No. 1 Jalan Hi Tech 1, Kawasan Perindustrian Hi Tech 2, Semenyih with a land and building area of approximately 52,781 square feet was transacted on 8 May 2020 for RM6,500,000.</p> <p>b) Industrial premise located at No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, Beranang with a land and building area of approximately 146,017 square feet was transacted on 6 January 2020 for RM29,000,000.</p> <p>c) Industrial premise located at Nos. 6 and 6A, Jalan P/2A, Seksyen 13, Bandar Baru Bangi, Bangi with a land and building area of approximately 130,678 square feet was transacted on 30 December 2019 for RM13,100,000.</p> <p>d) Industrial premise located at Nos. 3, 5 and 10, Jalan P/2A, Seksyen 13, Bandar Baru Bangi, Bangi with a land and building area of approximately 149,193 square feet was transacted on 19 November 2019 for RM28,000,000.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>- Transacted Price were higher/(lower)</p>

Comparison method

Entails analysing recent transactions of similar properties in the vicinity or within similar localities for comparison purposes to derive the market value with adjustments made for differences in location, physical characteristics and time element to arrive at the market value.

The fair value of the investment property is at its highest and current best use.

## 15. DEVELOPMENT EXPENDITURE

	Group	
	2021 RM	2020 RM
<b>Cost</b>		
At beginning of year	9,928,192	9,766,251
Incurred during the year	395,764	253,588
Write offs	(69,235)	(91,647)
At end of year	10,254,721	9,928,192
<b>Accumulated amortisation and impairment</b>		
At beginning of year	8,307,145	6,782,879
Amortisation during the year (Note 7)	555,942	1,525,520
Write offs	(22,793)	(1,254)
At end of year	8,840,294	8,307,145
<b>Net carrying amount</b>	<b>1,414,427</b>	<b>1,621,047</b>

Development expenditure relates to development costs incurred for production of goods on car model projects carried out by the Group. Development expenditure with finite useful lives are amortised over their useful lives.

During the year, the amount of development expenditure recognised as an expense in cost of sales of the Group was RM602,384 (2020: RM1,615,913).

## 16. INVESTMENT IN SUBSIDIARIES

	Company	
	2021 RM	2020 RM
Unquoted shares, at cost	35,298,274	35,298,274
Less: Accumulated impairment losses	(4,840,396)	(4,840,396)
	30,457,878	30,457,878

Movement in accumulated impairment losses:

	2021 RM	2020 RM
At the beginning of the year	4,840,396	32,755,196
Disposal of subsidiary	-	(27,914,800)
At the end of the year	4,840,396	4,840,396

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16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Details of the subsidiaries, all of which are incorporated in Malaysia and audited by Ernst & Young PLT Malaysia, are as follows:

Name of subsidiaries	Principal activities	2021 %	2020 %
<b>Held by the Company</b>			
Sapura Machining Corporation Sdn. Bhd.	Manufacture, assembly services and supply of high precision machining products for the automotive industry.	100	100
Asian Automotive Steels Sdn. Bhd.	Manufacture and sale of stabiliser bar and cold drawn high grade structured steel bars used in the automotive, electronics and electrical industries.	100	100
Sapura Automotive Industries Sdn. Bhd.	Manufacture and sale of coil springs, shock absorbers and strut assemblies, constant velocity joint, axle module and front corner module assemblies for the automotive industry.	100	100
International Autoparts Sdn. Bhd.	Trading of auto parts in retail/after sales market.	100	100
Automotive Specialist Centre Sdn. Bhd.	Dormant.	100	100
Sapura Brake Technologies Sdn. Bhd.	Manufacture, supply and sale of brake systems for the automotive industry.	100	100
Sapura Technical Centre Sdn. Bhd.	Computer aided design and computer aided manufacture of tools, jigs and dies and engineering services in design, modifications and fabrications of sub-system/system for the application in production and testing.	100	100
Isencorp Sdn. Bhd.	Dormant.	100	100
Sapura-Schulz Hydroforming Sdn. Bhd ("SSH")*	Manufacture and sale of butt-weld fittings for oil and gas.	-	-
Subang Properties Sdn. Bhd. ("SPSB")	Dormant.	51.68	51.68
Sapura Aerospace Technologies Sdn. Bhd. ("SATS")	Manufacture and assembly of aerospace sub-assemblies, tooling, jigs and fixtures for the aerospace industry.	60	60
<b>Held by International Autoparts Sdn. Bhd.</b>			
Awaltek Sdn. Bhd.	Manufacture, supply, sale or service of equipment, machinery and related accessories for energy and manufacturing industries.	100	100

\* SSH is under a court order winding up and the Group has lost its control over SSH on 19 February 2019.

16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non-controlling interests ("NCI")

	SATSB RM	SPSB RM	Total RM	
<b>2021</b>	40%	48.32%		
<b>NCI percentage of ownership interest and voting interest</b>				
Carrying amount of NCI	1,008,041	482,555	1,490,596	
Profit/(loss) allocated to NCI	4,463	(3,571)	893	
	SSH* RM	SATSB RM	SPSB RM	Total RM
<b>2020</b>	25%	40%	48.32%	
<b>NCI percentage of ownership interest and voting interest</b>				
Carrying amount of NCI	-	1,003,577	486,126	1,489,703
(Loss)/profit allocated to NCI	(7,112)	3,576	(3,361)	(6,897)

The summarised financial information of these subsidiaries are provided below. This information is based on amounts before inter-company eliminations.

	SATSB RM	SPSB RM	Total RM
<b>Summarised statement of profit loss for 2021:</b>	40%	48.32%	
Revenue	-	-	-
Profit/(loss) for the year, representing total comprehensive income/(loss)	11,159	(7,390)	3,769

\* Up to date of loss of control

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16. INVESTMENT IN SUBSIDIARIES (CONT'D.)

Non-controlling interests ("NCI") (cont'd.)

	SSH* RM	SATSB RM	SPSB RM	Total RM
<b>Summarised statement of profit or loss for 2020:</b>	25%	40%	48.32%	
Revenue	-	-	-	-
(Loss)/profit for the year, representing total comprehensive (loss)/income	(28,448)	8,941	(6,956)	(26,463)
<b>Summarised statement of financial position as at 31 January 2021:</b>				
Non-current assets		263,023	-	-
Current assets		2,598,291	1,004,166	3,602,457
Non-current liabilities		132,298	-	-
Current liabilities		208,914	5,500	214,414
Net assets		2,520,102	998,666	3,518,768
<b>Summarised statement of financial position as at 31 January 2020:</b>				
Current assets	-	2,546,292	1,011,555	3,557,847
Current liabilities	-	37,351	5,500	42,851
Net assets	-	2,508,941	1,006,055	3,514,996
<b>Summarised statement of cash flows for 2021:</b>				
Cash flows from operating activities		(1,034,472)	(45)	(1,034,517)
Cash flows from investing activities		1,100,000	-	1,100,000
Cash flows from financing activities		(6,449)	-	(6,449)
Net increase/(decrease) in cash and cash equivalents		59,079	(45)	59,034
<b>Summarised statement of cash flows for 2020:</b>				
Cash flows from operating activities		31,291	(45)	31,246
Cash flows from investing activities		(2,500,000)	-	(2,500,000)
Cash flows from financing activities		2,400,000	-	2,400,000
Net decrease in cash and cash equivalents		(68,709)	(45)	(68,754)

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**17. INVENTORIES**

	Group	
	2021 RM	2020 RM
<b>At cost:</b>		
Materials and component parts	14,266,841	14,840,375
Work-in-progress	4,796,637	3,260,268
Finished goods	4,497,251	4,624,457
Spares and tools	1,754,672	1,732,156
Consumables	1,404,684	1,427,429
	26,720,085	25,884,685

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM84,485,580 (2020: RM72,702,171).

**18. TRADE AND OTHER RECEIVABLES**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Non-Current:</b>				
<b>Other receivables</b>				
Amounts due from subsidiaries	-	-	18,030,211	17,625,826
<b>Current:</b>				
<b>Trade receivables</b>				
Third parties	21,457,588	30,575,324	-	-
Allowance for impairment third parties	-	(1,104,178)	-	-
Trade receivables, net	21,457,588	29,471,146	-	-
<b>Other receivables</b>				
Amounts due from subsidiaries	-	-	32,494,492	34,276,415
Amounts due from related companies	1,237,452	1,035,090	1,237,452	996,891
Amounts due from an affiliate company	12,000	12,000	-	-
Refundable deposits	539,782	903,850	74,376	269,494
Other receivables	38,632,154	37,985,131	30,429,067	30,561,305
	40,421,388	39,936,071	64,235,387	66,104,105

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**18. TRADE AND OTHER RECEIVABLES (CONT'D.)**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Less: Allowance for				
Amounts due from subsidiaries	-	-	(21,370,636)	(20,404,400)
Amounts due from related companies	(38,199)	(38,199)	-	-
Amounts due from an affiliate company	(12,000)	(12,000)	-	-
Refundable deposits	(7,090)	(7,090)	-	-
Other receivables	(36,943,103)	(36,918,091)	(30,290,073)	(30,436,126)
	(37,000,392)	(36,975,380)	(51,660,709)	(50,840,526)
Other receivables, net	3,420,996	2,960,691	12,574,678	15,263,579
<b>Total current trade and other receivables</b>	<b>24,878,584</b>	<b>32,431,837</b>	<b>12,574,678</b>	<b>15,263,579</b>
Total trade and other receivables	24,878,584	32,431,837	30,604,889	32,889,405
Add: Cash and bank balances	16,960,346	12,439,364	1,565,562	989,393
Total financial assets carried at amortised cost	41,838,930	44,871,201	32,170,451	33,878,798
Classification of trade and other receivables:				
Current	24,878,584	32,431,837	12,574,678	15,263,579
Non-current	-	-	18,030,211	17,625,826
	24,878,584	32,431,837	30,604,889	32,889,405

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**18. TRADE AND OTHER RECEIVABLES (CONT'D.)**

**(a) Trade receivables**

Trade receivables are non-interest bearing and the Group's normal trade credit terms range from 30 to 90 (2020: 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

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

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Neither past due nor impaired	20,258,546	24,800,570
1 to 30 days past due not impaired	1,190,096	3,515,897
31 to 60 days past due not impaired	-	1,031,159
61 to 120 days past due not impaired	8,946	123,520
	1,199,042	4,670,576
Impaired	-	1,104,178
	<b>21,457,588</b>	<b>30,575,324</b>

**Receivables that are impaired**

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	<b>Group</b>	
	<b>2021 RM</b>	<b>2020 RM</b>
Trade receivables:		
Nominal value	-	1,104,178
Less: Allowance for impairment:		
- individually impaired	-	(1,104,178)
	-	-

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18. TRADE AND OTHER RECEIVABLES (CONT'D.)

(a) Trade receivables (cont'd.)

Movement in allowance accounts:

	Group	
	2021 RM	2020 RM
At 1 February	1,104,178	-
Charge for the year (Note 7)	-	1,104,178
Reversal of allowance of impairment (Note 5 and 7)	(1,104,178)	-
At 31 January	-	1,104,178

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Other receivables

The Group's and the Company's other receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Other receivables:				
Nominal value	37,000,392	36,975,380	51,660,709	50,840,526
Less: Allowance for impairment	(37,000,392)	(36,975,380)	(51,660,709)	(50,840,526)
	-	-	-	-
Movement in allowance accounts:				
At the beginning of year	36,975,380	6,446,860	50,840,526	50,043,643
Charge for the year (Note 7)	25,012	631,533	820,183	796,883
Effect of deconsolidation of a subsidiary	-	29,896,987	-	-
At the end of year	37,000,392	36,975,380	51,660,709	50,840,526

**Other receivables that are impaired**

At the reporting date, the Group and the Company has provided an allowance of RM37,000,392 (2020: RM36,975,380) and RM51,660,709 (2020: RM50,840,526) respectively. These mainly relate to balances due from related parties which have been significantly long outstanding.

**18. TRADE AND OTHER RECEIVABLES (CONT'D.)**

**(c) Amount due from subsidiaries**

The amounts due from subsidiaries are unsecured and non-interest bearing.

**(d) Amount due from related companies**

Related companies refer to companies in the Sapura Technology Sdn. Bhd. and Sapura Holdings Sdn. Bhd. group of companies. The amounts due from related companies are unsecured, non-interest bearing and are repayable upon demand.

**(e) Credit risk**

As at the reporting date, the Group does not have a significant concentration of credit risk. In prior year, outstanding balances due from 2 debtors represented 77% of total net trade receivables.

**19. OTHER CURRENT ASSETS**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Prepayments	4,782,583	2,389,770	103,220	208,447

**20. SHORT TERM INVESTMENTS**

	Group	
	2021 RM	2020 RM
As at 1 February	9,949,163	2,096,998
Investments during the year	7,574,622	7,429,947
Profit received during the year (Note 5)	425,367	422,218
Investment in money market funds at 31 January, representing total financial assets at fair value through profit or loss	17,949,152	9,949,163

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**21. RETIREMENT BENEFIT OBLIGATIONS**

The Group operates an unfunded, defined benefit Retirement Benefit Scheme (“the Scheme”) for its eligible employees. The Group’s obligation under the Scheme is determined based on the latest actuarial valuation by an independent valuer for the financial year 2021. Under the Scheme, eligible employees are entitled to retirement benefits on attainment of the retirement age.

The amounts recognised on the statement of financial position are determined as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Present value of unfunded defined benefit obligations, representing net liabilities	9,187,274	8,450,311	3,469,541	3,298,387
Analysed as:				
Current	245,128	26,934	137,643	10,804
Non-current	8,942,146	8,423,377	3,331,898	3,287,583
	9,187,274	8,450,311	3,469,541	3,298,387

The amount recognised in the statement of comprehensive income are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Profit before tax</b>				
Current service costs	430,339	237,412	153,494	114,974
Interest cost	337,473	406,266	131,719	146,923
Total, included in employee benefits expense (Note 8)	767,812	643,678	285,213	261,897
<b>Other comprehensive income</b>				
Actuarial loss on retirement benefit net of tax	156,659	730,353	56,657	510,372

Movements in the net liability in the current year were as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At beginning of year	8,450,311	7,628,522	3,298,387	2,712,384
Recognised in profit or loss	767,812	643,678	285,213	261,897
Benefits paid	(217,302)	(647,472)	(170,716)	(186,266)
Actuarial loss, represents total included in other comprehensive income	186,453	825,583	56,657	510,372
At end of year	9,187,274	8,450,311	3,469,541	3,298,387

**21. RETIREMENT BENEFIT OBLIGATIONS (CONT'D.)**

Principal actuarial assumptions used:

	2021 %	2020 %
Discount rate	3.8	4.0
Expected rate of salary increases		
- Executives	3.8	3.8
- Non executives	4.0	4.0

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

The following table demonstrates the sensitivity of the present value of defined benefit obligations to changes in the discount rate and expected salary increment, with all other variables held constant.

	Increase/(decrease) in present value of defined benefit obligation			
	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Discount rate				
- 1% increase	(899,869)	(871,880)	(270,734)	(271,184)
- 1% decrease	1,033,878	1,007,463	304,037	306,106
Expected salary increment				
- 1% increase	913,654	810,403	193,315	172,012
- 1% decrease	(800,468)	(710,856)	(172,716)	(153,855)

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22. LOANS AND BORROWINGS

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Current</b>				
<b>Secured:</b>				
Term loans	5,118,837	4,654,149	-	-
Hire purchase (Note 23)	200,134	195,843	200,134	195,843
Lease liabilities (Note 24)	963,812	1,111,843	1,139,608	1,114,960
	6,282,783	5,961,835	1,339,742	1,310,803
<b>Unsecured:</b>				
Bankers' acceptances	4,492,987	3,078,614	368,000	-
	10,775,770	9,040,449	1,707,742	1,310,803
<b>Non-current</b>				
<b>Secured:</b>				
Term loans	21,433,746	24,251,360	-	-
Hire purchase (Note 23)	496,749	597,900	496,749	597,900
Lease liabilities (Note 24)	1,897,968	794,020	-	1,170,708
	23,828,463	25,643,280	496,749	1,768,608
<b>Total</b>				
Bankers' acceptances	4,492,987	3,078,614	368,000	-
Term loans	26,552,583	28,905,509	-	-
Hire purchase (Note 23)	696,883	793,743	696,883	793,743
Lease liabilities (Note 24)	2,861,780	1,905,863	1,139,608	2,285,668
	34,604,233	34,683,729	2,204,491	3,079,411

**22. LOANS AND BORROWINGS (CONT'D.)**

The remaining maturities of the loans and borrowings as at 31 January 2021 are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Within 1 year	10,775,770	9,040,449	1,707,742	1,310,803
More than 1 year and less than 2 years	4,673,013	4,130,794	188,347	1,505,984
More than 2 years and less than 5 years	19,155,450	21,512,486	308,402	262,624
	34,604,233	34,683,729	2,204,491	3,079,411

The weighted average effective interest rates per annum at the reporting date for the borrowings, excluding hire purchase and lease liabilities, were as follows:

	Group		Company	
	2021 %	2020 %	2021 %	2020 %
Bankers' acceptances	4.39	3.74	4.39	-
Term loans	5.00	4.71	-	-

The term loans are secured by:

- (a) a first legal charge over certain plant and machinery of the Group and/or the Company (Note 13(b)); and
- (b) a first legal charge over certain investment property of the Group (Note 14).

The unsecured borrowings are guaranteed by the Company and certain subsidiaries and a negative pledge over all fixed and other assets of the Company.

The Company has extended corporate guarantees amounting to RM134,627,000 (2020: RM133,327,000) as at the reporting date to banks and financial institutions for banking facilities granted to certain subsidiaries.

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22. LOANS AND BORROWINGS (CONT'D.)

Change in liabilities arising from financing activities

2021:	At 1 February 2020 RM	Non-cash movement on lease liabilities RM	Net drawdown/ (repayment) RM	At 31 January 2021 RM
<b>Group</b>				
Bankers' acceptances	3,078,614	-	1,414,373	4,492,987
Term loans	28,905,509	-	(2,352,926)	26,552,583
Hire purchase (Note 23)	793,743	-	(96,860)	696,883
Lease Liabilities (Note 24)	1,905,863	2,126,015	(1,170,098)	2,861,780
	34,683,729	2,126,015	(2,205,511)	34,604,233
<b>Company</b>				
Bankers' acceptances	-	-	368,000	368,000
Hire purchase (Note 23)	793,743	-	(96,860)	696,883
Lease Liabilities (Note 24)	2,285,668	24,648	(1,170,708)	1,139,608
	3,079,411	24,648	(899,568)	2,204,491
<b>2020:</b>				
	At 1 February 2019 RM	Non-cash movement on lease liabilities RM	Net drawdown/ (repayment) RM	At 31 January 2020 RM
<b>Group</b>				
Revolving credits	8,000,000	-	(8,000,000)	-
Bankers' acceptances	7,386,428	-	(4,307,814)	3,078,614
Term loans	30,626,256	-	(1,720,747)	28,905,509
Hire purchase (Note 23)	271,384	-	522,359	793,743
Lease Liabilities (Note 24)	-	3,088,661	(1,182,798)	1,905,863
	46,284,068	3,088,661	(14,689,000)	34,683,729
<b>Company</b>				
Revolving credits	7,000,000	-	(7,000,000)	-
Hire purchase (Note 23)	261,350	-	532,393	793,743
Lease Liabilities (Note 24)	-	3,456,376	(1,170,708)	2,285,668
	7,261,350	3,456,376	(7,638,315)	3,079,411

23. HIRE PURCHASE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Minimum lease payments:</b>				
Not later than 1 year	225,960	225,960	225,960	225,960
Later than 1 year and not later than 2 years	205,395	369,888	205,395	369,888
Later than 2 years and not later than 5 years	323,802	272,289	323,802	272,289
	755,157	868,137	755,157	868,137
Less: Finance charges	(58,274)	(74,394)	(58,274)	(74,394)
	696,883	793,743	696,883	793,743
<b>Analysis of present value of finance lease liabilities:</b>				
Not later than 1 year	200,134	195,843	200,134	195,843
Later than 1 year and not later than 2 years	188,347	335,276	188,347	335,276
Later than 2 years and not later than 5 years	308,402	262,624	308,402	262,624
	696,883	793,743	696,883	793,743
Less: Amount due within 12 months (Note 22)	(200,134)	(195,843)	(200,134)	(195,843)
Amount due after 12 months (Note 22)	496,749	597,900	496,749	597,900

The Group and the Company have finance leases for various items of plant and equipment (Note 13(a)). These leases do not have terms of renewal, but have purchase options at nominal values at the end of the lease term.

The finance leases of the Group and of the Company attract interest rate during the year varying between 4.20% to 4.57% (2020: 4.20% to 4.57%) and 4.20% to 4.57% (2020: 4.20% to 4.57%) per annum respectively.

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24. LEASE LIABILITIES

The carrying amounts of lease liabilities recognised and the movements during the year are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 February	1,905,863	2,863,457	2,285,668	3,347,535
Additions	-	139,459	-	-
Accretion of interest (Note 6)	96,140	85,745	117,058	108,841
Payments	(1,170,098)	(1,182,798)	(1,170,708)	(1,170,708)
Lease modification	2,082,767	-	(92,410)	-
Contract termination	(52,892)	-	-	-
At 31 January	2,861,780	1,905,863	1,139,608	2,285,668
Current	963,812	1,111,843	1,139,608	1,114,960
Non-current	1,897,968	794,020	-	1,170,708
	2,861,780	1,905,863	1,139,608	2,285,668

The remaining maturities of the lease liabilities as at 31 January are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
On demand or within 1 year	963,812	1,111,843	1,139,608	1,114,960
More than 1 year and less than 2 years	1,071,921	794,020	-	1,170,708
More than 2 years and less than 5 years	826,047	-	-	-
	2,861,780	1,905,863	1,139,608	2,285,668

The following are the amounts recognised in profit or loss:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Depreciation on right-of-use assets (Note 13)	1,144,862	4,132,968	1,054,239	1,115,845
Interest expense on lease liabilities (Note 6)	96,140	85,745	117,058	108,841
Expense relating to short-term leases (Note 7)	154,194	158,712	-	-
Expense relating to leases of low-value assets (Note 7)	105,813	129,298	30,320	35,627
Total amount recognised in profit or loss	1,501,009	4,506,723	1,201,617	1,260,313

Total cash outflows for leases comprising of payment of lease liabilities, short-term lease and low value leases for Group and Company amounting to RM1,430,105 (2020: RM1,470,808) and RM1,201,028 (2020: RM1,206,335) respectively.

## 25. DEFERRED TAX

### Recognised deferred tax (assets)/liabilities

	Assets		Liabilities		Net	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
<b>Group</b>						
Accelerated capital allowances	-	-	8,390,868	8,529,988	8,390,868	8,529,988
Development expenditure capitalised	-	-	338,421	379,246	338,421	379,246
Provisions, lease liabilities, accruals and other payables	(2,637,959)	(2,761,489)	-	-	(2,637,959)	(2,761,489)
Unused tax losses	(6,445)	(257,952)	-	-	(6,445)	(257,952)
Unabsorbed capital allowances	(748,960)	(1,171,542)	-	-	(748,960)	(1,171,542)
Unutilised reinvestment and investment tax allowance	(1,540,424)	(1,807,715)	-	-	(1,540,424)	(1,807,715)
Tax (assets)/liabilities	(4,933,788)	(5,998,698)	8,729,289	8,909,234	3,795,501	2,910,536
Set off tax	4,819,010	5,998,698	(4,819,010)	(5,998,698)	-	-
Net tax (assets)/liabilities	(114,778)	-	3,910,279	2,910,536	3,795,501	2,910,536
<b>Company</b>						
Accelerated capital allowances	-	-	841,184	839,237	841,184	839,237
Provisions, lease liabilities, accruals and other payables	(841,184)	(839,237)	-	-	(841,184)	(839,237)
Tax (assets)/liabilities	(841,184)	(839,237)	841,184	839,237	-	-
Set off tax	841,184	839,237	(841,184)	(839,237)	-	-
Net tax (assets)/liabilities	-	-	-	-	-	-

### Unrecognised deferred tax assets

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unused tax losses	15,384,002	15,778,878	12,448,172	13,639,083
Unabsorbed capital allowances	77,306	325,759	-	-
Unabsorbed reinvestment and investment tax allowances	106,886	106,886	-	-
Other temporary differences	3,304,916	3,737,980	1,145,292	956,804
	18,873,110	19,949,503	13,593,464	14,595,887

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

With effect from Year of Assessment 2019, the carrying forward of unused tax losses, unabsorbed capital allowances, unabsorbed reinvestment and investment tax allowances is restricted to a maximum of seven consecutive years of assessments.

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25. DEFERRED TAX (CONT'D.)

Recognised deferred tax (assets)/liabilities

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

Group	As at 1.2.2020 RM	Charged/ (credited) to profit or loss RM	Credited to OCI RM	As at 31.1.2021 RM
<b>Deferred tax liabilities</b>				
Accelerated capital allowances	8,529,988	(139,120)	-	8,390,868
Development expenditure capitalised	379,246	(40,825)	-	338,421
	8,909,234	(179,945)	-	8,729,289
<b>Deferred tax assets</b>				
Provisions, lease liabilities, accruals and other payables	(2,761,489)	153,324	(29,794)	(2,637,959)
Unused tax losses	(257,952)	251,507	-	(6,445)
Unabsorbed capital allowances	(1,171,542)	422,582	-	(748,960)
Unutilised reinvestment and investment tax allowances	(1,807,715)	267,291	-	(1,540,424)
	(5,998,698)	1,094,704	(29,794)	(4,933,788)

Group	As at 1.2.2019 RM	Charged/ (credited) to profit or loss RM	Credited to OCI RM	As at 31.1.2020 RM
<b>Deferred tax liabilities</b>				
Accelerated capital allowances	10,118,824	(1,588,836)	-	8,529,988
Development expenditure capitalised	708,963	(329,717)	-	379,246
	10,827,787	(1,918,553)	-	8,909,234
<b>Deferred tax assets</b>				
Provisions, lease liabilities, accruals and other payables	(2,983,442)	317,183	(95,230)	(2,761,489)
Unused tax losses	(382,970)	125,018	-	(257,952)
Unabsorbed capital allowances	(1,283,451)	111,909	-	(1,171,542)
Unutilised reinvestment and investment tax allowances	(2,768,957)	961,242	-	(1,807,715)
	(7,418,820)	1,515,352	(95,230)	(5,998,698)

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25. DEFERRED TAX (CONT'D.)

Company	As at 1.2.2020 RM	Charged/ (credited) to profit or loss RM	As at 31.1.2021 RM
<b>Deferred tax liabilities</b>			
Accelerated capital allowances	839,237	1,947	841,184
<b>Deferred tax assets</b>			
Provisions, lease liabilities, accruals, other payables and unabsorbed capital allowances	(839,237)	(1,947)	(841,184)

Company	As at 1.2.2019 RM	Charged/ (credited) to profit or loss RM	As at 31.1.2020 RM
<b>Deferred tax liabilities</b>			
Accelerated capital allowances	823,234	16,003	839,237
<b>Deferred tax assets</b>			
Provisions, lease liabilities, accruals, other payables and unabsorbed capital allowances	(823,234)	(16,003)	(839,237)

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26. TRADE AND OTHER PAYABLES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Trade payables - third parties</b>	12,850,623	12,757,711	-	-
<b>Other payables</b>				
Accruals and other payables	10,252,058	10,406,415	2,456,659	2,625,126
Amount due to subsidiaries	-	-	1,019,422	1,100,936
Amount due to related companies	830	570	830	570
	10,252,888	10,406,985	3,476,911	3,726,632
<b>Contract liabilities</b>	3,874,712	-	-	-
Total trade and other payables	26,978,223	23,164,696	3,476,911	3,726,632
Add: Loans and borrowings (Note 22)	34,604,233	34,683,729	2,204,491	3,079,411
Less: Contract liabilities	(3,874,712)	-	-	-
Total financial liabilities carried at amortised cost	57,707,744	57,848,425	5,681,402	6,806,043

(a) **Trade payables**

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 60 (2020: 30 to 60) days.

(b) **Other payables**

These amounts are non-interest bearing. Other payables are normally settled on an average term range from 30 to 60 (2020: 30 to 60) days.

(c) **Amounts due to subsidiaries and related companies**

The amounts due to subsidiaries and related companies are unsecured, non-interest bearing and are repayable upon demand.

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27. PROVISIONS

	Provision for arbitration claim (a) RM	Provision for warranty (b) RM	Total RM
<b>Group</b>			
At 1 February 2020	-	121,938	121,938
Provision utilised	-	(121,938)	(121,938)
Current year provision (Note 7)	-	166,840	166,840
At 31 January 2021	-	166,840	166,840
<b>2021:</b>			
Current	-	96,067	96,067
Non-current	-	70,773	70,773
	-	166,840	166,840
At 1 February 2019	5,813,475	89,148	5,902,623
Effect of deconsolidation of a subsidiary	(5,813,475)	-	(5,813,475)
Provision utilised	-	(94,149)	(94,149)
Current year provision (Note 7)	-	126,939	126,939
At 31 January 2020	-	121,938	121,938
<b>2020:</b>			
Current	-	65,776	65,776
Non-current	-	56,162	56,162
	-	121,938	121,938

**(a) Provision for arbitration claim**

A former subsidiary of the Group had previously entered into an arbitration with a third party for breach of business operation agreement. Correspondingly, the third party has made claims for loss of profits and payment for works performed together with interest and cost. Movement on provision for arbitration claim in prior year was due to effect of deconsolidation of a subsidiary.

**(b) Provision for warranty**

The Group recognised a provision for warranty associated with warranty given for certain products to its customers. The Group has made assumptions in relation to provision for future warranty claims based on historical experience of warranty claims made by its customers.

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**28. SHARE CAPITAL**

	No. of shares		Group/Company Amount	
	2021 Unit	2020 Unit	2021 RM	2020 RM
Issued and fully paid At 1 February / 31 January	72,775,737	72,775,737	74,975,863	74,975,863

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

**29. CAPITAL COMMITMENT**

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Capital expenditures</b>				
Property, plant and equipment:				
Approved and contracted for	2,775,771	1,586,128	-	-
Approved but not contracted for	1,787,429	5,085,476	-	-

### 30. RELATED PARTY DISCLOSURES

#### (a) Significant related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Subsidiaries</b>				
Interest expense	-	-	-	5,408
Interest income	-	-	-	(5,000)
Management fees	-	-	(15,714,619)	(17,722,393)
Dividend income	-	-	(1,950,000)	(4,080,000)
Rental income	-	-	(1,426,583)	(1,440,106)
<b>Directors' related companies</b>				
Sapura Holdings Sdn Bhd				
Communication expenses	11,657	14,975	11,657	14,975
Sapura Resources Berhad and its subsidiaries				
Rental expenses	-	16,180	-	16,180
	11,657	31,155	11,657	31,155

Information regarding outstanding balance arising from related party transactions as at 31 January 2021 are disclosed in Notes 18 and 26.

The directors are of the opinion that all the transactions above have been entered into in the normal course of business and have been established on terms and conditions that are mutually agreed between parties.

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30. RELATED PARTY DISCLOSURES (CONT'D.)

(b) Compensation of key management personnel

The remuneration of members of key management during the year including executive directors of the Company and directors of subsidiary companies under the Group was as follows:

	Group and Company	
	2021 RM	2020 RM
Wages and salaries	6,521,270	7,234,505
Contributions to defined contribution plan	618,036	676,474
Benefits-in-kind	86,506	100,817
	7,225,812	8,011,796

31. FINANCIAL INSTRUMENTS

(a) Financial risk management objectives and policies

The Group's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's businesses whilst managing its interest rate risk (both fair value and cash flow), foreign currency risk, liquidity risk, credit risk and market risk (equity price risk). It is, and has been throughout the year under review, the Group's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

The Group's primary interest rate risk relates to interest-bearing debts as the Group had no substantial long term interest-bearing assets as at 31 January 2021. The investment in financial assets are mainly short term in nature and they are not held for speculative purposes.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

The information on maturity dates and effective interest rates of financial assets and liabilities are disclosed in their respective notes.

The interest rate profile of the Group's and the Company's interest-bearing financial instruments, based on carrying amount as at reporting date was:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
<b>Fixed rate instruments</b>				
Financial liabilities	(31,742,453)	(32,777,866)	(1,064,883)	(793,743)

**31. FINANCIAL INSTRUMENTS (CONT'D.)**

**(b) Interest rate risk (Cont'd.)**

**Sensitivity analysis for interest rate risk**

At the reporting date; if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit net of tax and total equity would have been RM37,232 (2020: RM19,719) higher/lower, arising mainly as a result of lower/higher interest expense on floating borrowings and, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Company's profit net of tax and total equity would have been RM12,979 (2020: RM9,228) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings.

The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(c) Foreign exchange risk**

The Group is exposed to various currencies, mainly United States Dollar ("USD"), Japanese Yen ("JPY"), Indonesian Rupiah ("IDR"), Thai Baht ("THB") and Chinese Yuan ("CNY"). Foreign currency denominated assets and liabilities together with expected cashflows from highly probable purchases and sales give rise to foreign exchange exposures.

Foreign exchange exposures in transactional currencies other than functional currency of the Company and all its subsidiaries are kept to an acceptable level.

The net unhedged financial liabilities of the group that are not denominated in the Group's functional currency are as follows:

**Trade and other payables**

	2021	2020
USD	1,284,033	601,109
JPY	40,571,697	17,998,346
IDR	3,338,722,088	2,218,501,440
THB	8,077,269	1,301,223
CNY	161,000	-

**Sensitivity analysis for foreign currency risk**

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, JPY, IDR, THB and CNY exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

Currency	Group Effect on profit net of tax	
	2021 RM	2020 RM
USD/RM - strengthened by 10% (2020: 10%)	(394,737)	(187,009)
JPY/RM - strengthened by 10% (2020: 10%)	(119,200)	(51,358)
IDR/RM - strengthened by 10% (2020: 10%)	(73,078)	(50,582)
THB/RM - strengthened by 10% (2020: 10%)	(82,908)	(13,008)
CNY/RM - strengthened by 10% (2020: 10%)	(7,676)	-

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31. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall prudent liquidity management, the Group maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institutions and prudently balances its portfolio with some short term funding so as to achieve overall cost effectiveness.

**Analysis of financial instruments by remaining contractual maturities**

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	←----- 2021 -----→			Total RM
	On demand or within one year RM	One to five years RM	More than five years RM	
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	23,103,511	-	-	23,103,511
Loans and borrowings	11,198,121	13,333,110	17,493,302	42,024,532
Lease liabilities	1,085,050	1,987,900	-	3,072,950
<b>Total undiscounted financial liabilities</b>	<b>35,386,682</b>	<b>15,321,010</b>	<b>17,493,302</b>	<b>68,200,993</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables	3,476,911	-	-	3,476,911
Loans and borrowings	593,960	529,197	-	1,123,157
Lease liabilities	1,170,708	-	-	1,170,708
<b>Total undiscounted financial liabilities</b>	<b>5,241,579</b>	<b>529,197</b>	<b>-</b>	<b>5,770,776</b>

31. FINANCIAL INSTRUMENTS (CONT'D.)

(d) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	← 2020 →			
	On demand or within one year RM	One to five years RM	More than five years RM	Total RM
<b>Group</b>				
<b>Financial liabilities:</b>				
Trade and other payables	23,164,696	-	-	23,164,696
Loans and borrowings	9,569,493	15,126,204	19,424,287	44,119,984
Lease liabilities	1,149,650	817,900	-	1,967,550
<b>Total undiscounted financial liabilities</b>	<b>33,883,839</b>	<b>15,944,104</b>	<b>19,424,287</b>	<b>69,252,230</b>
<b>Company</b>				
<b>Financial liabilities:</b>				
Trade and other payables	3,726,632	-	-	3,726,632
Loans and borrowings	225,960	642,177	-	868,137
Lease liabilities	1,170,708	1,170,708	-	2,341,416
<b>Total undiscounted financial liabilities</b>	<b>5,123,300</b>	<b>1,812,885</b>	<b>-</b>	<b>6,936,185</b>

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31. FINANCIAL INSTRUMENTS (CONT'D.)

(e) Credit risk

Credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

The Group has no significant concentration of credit risk that may arise from exposures to a single debtor or to groups of debtors as at 31 January 2021, other than as disclosed in Note 18.

(f) Market risk

Market risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from investment in unit funds. Investment in unit funds comprises of combination of money market instruments and institutional bonds which have lower risk as compared to equity and commodity investment. These instruments are classified as held for trading financial assets. The Group does not have any exposure to commodity price risk.

At the reporting date, the exposure to investment in unit funds at fair value was RM17,949,152 (2020: RM9,949,163). An increase or decrease of 10% on market index of investment in unit funds could have an impact of approximately RM1,794,915 (2020: RM994,916) on the profit or loss of the Group.

(g) Fair values

The carrying amounts of cash and bank balances, trade and other receivables, trade and other payables and current portion of loans and borrowings are reasonable approximate of their fair values due to the relatively short term nature of these financial instruments.

The following table analyses financial instruments not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position. The different levels have been defined as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable input).

Fair values below are categorised within the Level 3 fair value hierarchy which is described as inputs for the asset or liability that are based on unobservable market data (unobservable input).

	Group		Company	
	Carrying amount RM	Fair Value RM	Carrying amount RM	Fair Value RM
<b>Financial liabilities</b>				
<b>At 31 January 2021:</b>				
Hire purchase (non-current)	496,749	486,148	496,749	486,148
Term loans (non-current)	21,433,746	25,473,620	-	-
Lease liability (non-current)	1,897,968	1,769,907	-	-
<b>At 31 January 2020:</b>				
Hire purchase (non-current)	597,900	598,934	597,900	598,934
Term loans (non-current)	24,251,360	30,911,295	-	-
Lease liability (non-current)	794,020	732,441	1,170,708	1,114,960

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**31. FINANCIAL INSTRUMENTS (CONT'D.)**

**(g) Fair values (cont'd.)**

Inter-relationship between significant unobservable inputs and fair value measurement are as follows:

- (a) The estimated fair value of the obligations under finance leases and term loans would increase/(decrease) if the interest rate applied to the borrowings increase/(decrease).

The investment in unit funds of the Group amounting RM17,949,152 (2020: RM9,949,163) is measured as Level 2 hierarchy based on reference to fair value provided by the bank at the close of business on the reporting date.

The Group and the Company do not have any financial assets or financial liabilities measured at Level 1 hierarchy.

**32. CAPITAL MANAGEMENT**

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 January 2021 and 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio at an acceptable limit. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent less non-distributable share premium.

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	34,604,233	34,683,729	2,204,491	3,079,411
Trade and other payables	26,978,223	23,164,696	3,476,911	3,726,632
Less: Cash and bank balances	(16,960,346)	(12,439,364)	(1,565,562)	(989,393)
Net debt	44,622,110	45,409,061	4,115,840	5,816,650
Equity attributable to the owners of the parent, representing total capital	105,321,707	106,203,402	75,406,382	76,075,336
<b>Capital and net debt</b>	<b>149,943,817</b>	<b>151,612,463</b>	<b>79,522,222</b>	<b>81,891,986</b>
<b>Gearing ratio</b>	<b>30%</b>	<b>30%</b>	<b>5%</b>	<b>7%</b>

**33. SEGMENT INFORMATION**

**(a) Business segments:**

The Group is organised into three major business segments:

- (i) Manufacturing - the manufacture and supply of products for the automotive, electronics and electrical industries and manufacture of butt-weld fittings for oil and gas industries;
- (ii) Investment holding - the holding of investments and provision of management services to subsidiaries; and
- (iii) Others - trading of autoparts in retail and after sales market, providing computer aided design and manufacture of sub-systems and systems for applications in production and testing and other dormant companies.

Notes to the Financial Statements  
- 31 January 2021

33. SEGMENT INFORMATION (CONT'D.)

(b) Geographical segments:

The Group's operations are carried out solely in Malaysia.

(c) Allocation basis

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(d) Information on major customers

Included in the manufacturing segment are two major customers contributing RM19,254,185 (2020: RM45,344,230) and RM114,016,436 (2020: RM118,957,564) each respectively of revenue in the current financial year.

Business segments

	Manufacturing RM	Investment Holding RM	Others RM	Eliminations RM	Notes	Consolidated RM
<b>31 January 2021</b>						
<b>Revenue</b>						
External	154,592,948	-	1,276,674	-		155,869,622
Inter-segment	1,137,182	17,664,619	234,162	(19,035,963)	A	-
Total revenue	155,730,130	17,664,619	1,510,836	(19,035,963)		155,869,622
<b>Results</b>						
Segment results, representing profit from operations	3,848,864	1,281,948	149,183	(1,580,447)		3,699,548
Finance costs						(1,416,629)
Taxation						(1,551,547)
Profit net of tax						731,372
<b>Assets</b>						
Consolidated segment assets	171,781,163	84,600,071	5,469,641	(80,053,109)		181,797,766
<b>Liabilities</b>						
Consolidated segment liabilities	112,464,489	9,192,306	60,386,894	(107,058,226)		74,985,463
<b>Other information</b>						
Capital expenditure	9,499,087	35,029	299,496	(1,545,582)	B	8,288,030
Depreciation	13,507,082	1,810,973	281,075	(2,632,335)		12,966,795
Amortisation	555,942	-	-	-		555,942
Non-cash expenses other than depreciation and amortisation	1,415,722	1,106,732	(593)	(781,133)	C	1,740,728

*Notes to the Financial Statements*  
- 31 January 2021

33. SEGMENT INFORMATION (CONT'D.)

	Manufacturing RM	Investment Holding RM	Others RM	Eliminations RM	Notes	Consolidated RM
<b>31 January 2020</b>						
<b>Revenue</b>						
External	223,894,579	-	1,104,796	-		224,999,375
Inter-segment	2,590,607	21,802,393	329,051	(24,722,051)	<b>A</b>	-
<b>Total revenue</b>	<b>226,485,186</b>	<b>21,802,393</b>	<b>1,433,847</b>	<b>(24,722,051)</b>		<b>224,999,375</b>
<b>Results</b>						
Segment results, representing profit/(loss) from operations	8,077,880	1,978,807	(3,418,041)	(240,740)		6,397,906
Finance costs						(2,648,462)
Taxation						(1,462,976)
<b>Profit net of tax</b>						<b>2,286,468</b>
<b>Assets</b>						
Consolidated segment assets	173,168,542	85,963,220	7,696,600	(89,216,855)		177,611,507
<b>Liabilities</b>						
Consolidated segment liabilities	145,643,248	13,967,884	24,115,775	(113,808,505)		69,918,402
<b>Other information</b>						
Capital expenditure	12,030,430	915,683	84,834	(5,577,027)	<b>B</b>	7,453,920
Depreciation	17,599,199	1,602,547	299,165	(2,825,656)		16,675,255
Amortisation	1,525,520	-	-	-		1,525,520
Non-cash expenses other than depreciation and amortisation	3,561,568	(1,182,911)	721,274	(796,883)	<b>C</b>	2,303,048

*Notes to the Financial Statements*  
- 31 January 2021

**33. SEGMENT INFORMATION (CONT'D.)**

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Inter-segment revenues are eliminated on consolidation.

B Capital expenditure consist of:

	2021 RM	2020 RM
Property, plant and equipment	7,892,266	7,200,332
Development expenditure	395,764	253,588
	8,288,030	7,453,920

C Other material non-cash expenses/(income) consists of the following items as presented in the respective notes to the financial statements:

	Note	2021 RM	2020 RM
Unrealised foreign exchange (gain)/loss	7	(19,483)	236
Development expenditure written off	7	46,442	90,393
Net reversal of slow moving inventories	7	(1,065,069)	(164,123)
(Reversal)/impairment loss on trade receivables	7	(1,104,178)	1,104,178
Writeback of impairment loss on trade receivables	7	(735,113)	-
Impairment on other receivables	7	25,012	631,533
Net movement of provision	7	166,840	126,939
Property, plant and equipment written off	7	1,128,422	1,767,197
Inventory written off	7	2,469,706	661,111
Unutilised leave	8	61,943	5,215
Gain of disposal of a subsidiary	5	-	(2,563,309)
Gain on lease modification	5	(1,606)	-
Increase in defined benefit plan	7	767,812	643,678
		1,740,728	2,303,048

## ANALYSIS OF SHAREHOLDINGS

As at 4 May 2021

Total Number of Issued Shares : 72,775,737 ordinary shares  
Class of Shares : Ordinary Shares  
Voting Rights : One vote per ordinary share  
No. of Shareholders : 3,886

### DISTRIBUTION OF ORDINARY SHARES

Size of Holdings	No. of Holders	% Over Total Shareholders	No. of Shares	% Over Total Shares
Less than 100	428	11.01	6,365	0.01
100 to 1,000	608	15.65	288,830	0.40
1,001 to 10,000	2,438	62.74	7,564,592	10.39
10,001 to 100,000	376	9.68	9,971,361	13.70
100,001 to less than 5% of issued shares	32	0.82	11,673,650	16.04
5% and above of issued shares	4	0.10	43,270,939	59.46
<b>Total</b>	<b>3,886</b>	<b>100</b>	<b>72,775,737</b>	<b>100</b>

### DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

Name of Directors	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	-	-	20,377,300*	28.00
Dato' Shahrizan bin Shamsuddin	663,175	0.91	-	-
Datuk Kisai bin Rahmat	-	-	-	-
Dato' Azlan bin Hashim	-	-	-	-
Puan Sri Datin Seri Mariam Parineh	-	-	20,377,300*	28.00
Datuk Wira Jalilah binti Baba	-	-	-	-
Md. Shah bin Hussin	-	-	-	-
Wan Ahamad Sabri bin Wan Daud	-	-	-	-

Chief Executive Officer	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
Helmi bin Sheikh Mahmood	61,917	0.09	-	-

### SUBSTANTIAL SHAREHOLDERS

Name of Shareholders	Direct Interest		Deemed Interest	
	No. of Shares Held	%	No. of Shares Held	%
SAK Asset Ventures Sdn. Bhd.	20,377,300	28.00	-	-
Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for the AMEIS Trust	13,794,839	18.96	-	-
Puncak Exotika Sdn. Bhd.	5,100,000	7.01	-	-
Koh Kok Hooi	4,307,600	5.92	-	-

\*Deemed Interested by virtue of his/her direct and indirect interest in SAK Asset Ventures Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

*Analysis of Shareholdings*

**THIRTY (30) LARGEST SHAREHOLDERS**

Based on Record of Depositors as at 4 May 2021

No.	Name of Shareholders	No. of Shares Held	%
1	SAK Asset Ventures Sdn. Bhd.	20,377,300	28.00
2	Maybank Nominees (Tempatan) Sdn. Bhd. Maybank Trustees Berhad for the AMEIS Trust	13,794,839	18.96
3	Puncak Exotika Sdn. Bhd.	5,100,000	7.01
4	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Koh Kok Hooi	3,998,800	5.49
5	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank Ltd. (SFS)	2,809,700	3.86
6	Tan Sri Dato' Seri Shahril bin Shamsuddin	1,426,875	1.96
7	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Accounts for Su Ming Yaw	697,100	0.96
8	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Shahrman bin Shamsuddin (PB)	663,175	0.91
9	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Accounts for Chia Siew Fung	604,700	0.83
10	Lee Siew Hoon	508,000	0.70
11	Yeoh Phek Leng	409,000	0.56
12	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Tian Sang @ Tan Tian Song (E-PPG)	339,100	0.47
13	Koh Kok Hooi	308,800	0.42
14	Tan Yee Seng	280,000	0.38
15	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Phua Lee Ping	265,500	0.36
16	Lim Kien Hua	259,200	0.36
17	Alliance Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Kooi Phing	245,800	0.34
18	Tan Yee Kong	245,000	0.34
19	Goh Sook Kee	243,000	0.33
20	Ng Ah Geok	222,000	0.31
21	Yew Peng Chai	193,100	0.27
22	Lim Kian Huat	163,400	0.22
23	Lim Kee	160,000	0.22
24	Lam Pun Ying	150,000	0.21
25	Wong Lay Heong	150,000	0.21
26	Lee Kim Seng	145,000	0.20
27	Tan Kai Li	139,000	0.19
28	Ananda Krishna A/L Sithamberam Pillay	133,500	0.18
29	Lam So Ha @ Lim Chong Swee	126,500	0.17
30	Public Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Huang, Kuei-Pin (E-TMI)	125,000	0.17
<b>Total</b>		<b>54,283,389</b>	<b>74.59</b>

## PARTICULARS OF PROPERTIES

Location	Description/ Existing Use	Land Area	Tenure/Year of Expiring	Approximate Age of Building (years)	Net Book Value as at 31.01.2021 RM'000/ Date of Last Revaluation
HS (M) 9725, PT No. 11556 Mukim Kajang Daerah Hulu Langat Selangor Darul Ehsan  Postal address: No. 11, Jalan P/1, Seksyen 13 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land/ factory cum office	1.2141 ha.	99-year lease expiring 29.09.2086	30	<b>5,882</b> 31.01.2021
HS (D) 52700 & 52701 PT No. 40849 & 40850 Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan  Postal address: Lot 2 & 4, Jalan P/11, Seksyen 10 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land/ factory cum office	6,552m <sup>2</sup> & 7,241m <sup>2</sup>	99-year lease expiring 19.08.2098	26	<b>5,068</b> 31.01.2021
HS (D) 87682, PT No. 56915 Seksyen 9, Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan  Postal address: Lot 5, Persiaran Usahawan Taman IKS, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan	Vacant industrial land	20,460.5m <sup>2</sup>	99-year lease expiring 18.07.2103	Nil	<b>4,819</b> 31.01.2021
HS (D) 87683, PT No. 56916 Seksyen 9, Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan  Postal address: Lot 7, Persiaran Usahawan Taman IKS, Seksyen 9 43650 Bandar Baru Bangi Selangor Darul Ehsan	Vacant industrial land	20,502.6m <sup>2</sup>	99-year lease expiring 18.07.2103	Nil	<b>4,720</b> 31.01.2021

*Particulars of Properties*

Location	Description/ Existing Use	Land Area	Tenure/Year of Expiring	Approximate Age of Building (years)	Net Book Value as at 31.01.2021 RM'000/ Date of Last Revaluation
HS (D) 60852, PT No. 6733 Mukim Gurun Daerah Kuala Muda Kedah Darul Aman  Postal address: Lot 58 Kawasan Perindustrian Berat Gurun 08300 Gurun Kedah Darul Aman	Industrial land/ factory cum office	49,824m <sup>2</sup>	99-year lease expiring 06.02.2104	16	<b>3,554</b> 31.01.2021
HS (M) 549, PT No. 98 Mukim Bukit Katil Daerah Melaka Tengah, Melaka  Postal address: Lot 98, Jalan Usaha 7 Kawasan Perindustrian Ayer Keroh 75450 Melaka	Vacant industrial land	2.163 ha.	99-year lease expiring 22.10.2073	Nil	<b>2,345</b> 31.01.2021
HS (D) 52726 & 52727 PT No. 40875 & 40876 Bandar Baru Bangi Daerah Hulu Langat Selangor Darul Ehsan  Postal address: Lot 1 & 3, Jalan P/14, Seksyen 10 Kawasan Perindustrian Bangi 43650 Bandar Baru Bangi Selangor Darul Ehsan	Industrial land/ factory cum office	2,326m <sup>2</sup> & 1,833m <sup>2</sup>	99-year lease expiring 19.08.2098	25	<b>1,864</b> 31.01.2021
HS (D) 207937, PT 6409 Bandar Sri Sendayan District of Seremban Negeri Sembilan	Vacant industrial land	35,332m <sup>2</sup>	Freehold	Nil	<b>16,692</b> 31.01.2021
<b>TOTAL</b>					<b>44,944</b>

# PROXY FORM



Sapura Industrial Berhad  
Registration No: 197401000510 (17547-W)

Total number of Proxy(ies) appointed		
Proportion of shareholdings to be represented by each proxy	Proxy 1 %	Proxy 2 %
Total number of shares held		
CDS Account No.		

I/We \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

being a member of SAPURA INDUSTRIAL BERHAD, do hereby appoint \_\_\_\_\_  
\_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her \_\_\_\_\_ NRIC No. \_\_\_\_\_  
(FULL NAME IN CAPITAL LETTERS)

of \_\_\_\_\_  
(FULL ADDRESS)

or failing him/her, the CHAIRMAN OF THE MEETING, as my/our proxy to vote for me/us and on my/our behalf at the 45<sup>th</sup> Annual General Meeting to be conducted on a fully virtual basis through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Monday, 21 June 2021 at 11.00 a.m. or at any adjournment thereof.

Please indicate with an "X" in the space provided below how you wish your vote to be cast. If no specific direction as to voting is given, the Proxy will vote or abstain from voting at his/her discretion.

Resolutions	For	Against
Ordinary Resolution 1		
Ordinary Resolution 2		
Ordinary Resolution 3		
Ordinary Resolution 4		
Ordinary Resolution 5		
Ordinary Resolution 6		
Ordinary Resolution 7		
Ordinary Resolution 8		
Ordinary Resolution 9		
Ordinary Resolution 10		
Ordinary Resolution 11		
Ordinary Resolution 12		

Signature/Common Seal of Shareholder

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021

## NOTES:

### 1. Important Notice

In light of the current Covid-19 pandemic and considering the well-being and safety of our Shareholders, the 45<sup>th</sup> AGM will be conducted on a fully virtual basis through live streaming. Shareholders are to participate and vote remotely at the 45<sup>th</sup> AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIH Online website at <https://tiah.online>. Please follow the procedures in the **Administrative Guide on 45<sup>th</sup> Annual General Meeting and take note of Note (2) below in order to participate remotely via RPV**. The Administrative Guide can also be found at the Company's corporate website at [www.sapuraindustrial.com.my](http://www.sapuraindustrial.com.my).

Shareholders/Proxies **WILL NOT BE ALLOWED** to attend the 45<sup>th</sup> AGM in person at the Broadcast Venue on the day of the meeting.

### 2. Proxy Forms

A member whose name appears in the Record of Depositors of the Company as at 14 June 2021 shall be entitled to participate and vote at this Meeting.

A member of the Company who is entitled to participate and vote at this Meeting is entitled to appoint not more than two (2) proxies to participate and vote in his stead. A proxy may but need not be a member of the Company and a member may appoint any person to be his proxy without limitation as to the qualification of the proxy.

Where a member is an authorised nominee (as defined under the Securities Industry (Central Depositories) Act 1991), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

Where a member appoints two (2) proxies to participate and vote at the same meeting, such appointment shall be invalid unless he specifies the proportion of his shareholdings to be represented by each proxy.

The instrument appointing a proxy shall be in writing and in the case of an individual shall be signed by the appointor or by his attorney duly authorised in writing and in the case of a corporate member, shall be either under its Common Seal or signed by its attorney or an officer of the corporation duly authorised.

The instrument appointing a proxy must be deposited with the Share Registrar of the Company, 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 at the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, or alternatively, deposit the proxy form electronically via TIH online at <https://tiah.online>, not less than forty eight (48) hours before the time set for holding the Meeting or any adjournment thereof.

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**Sapura Industrial Berhad**  
Registration No.: 197401000510 (17547-W)

**Proxy Form**

Stamp

**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



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

**SAPURA INDUSTRIAL BERHAD**

Registration No: 197401000510 (17547-W)

Lot 2 & 4, Jalan P/11, Seksyen 10, Kawasan Perindustrian Bangi, 43650 Bandar Baru Bangi  
Selangor Darul Ehsan, Malaysia

**Tel:** +603-8925 6011 **Fax:** +603-8925 8292