

TRANSFORMING FOR SUSTAINABLE VALUE



ANNUAL REPORT 2023



COVER RATIONALE

Embarking On Group-wide Transformation
To Enhance Value Creation
For Our Future
By Strengthening
Our Core Capabilities
Through Technology And Innovation

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▶ 47th

ANNUAL GENERAL MEETING

- ▶ Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia
- ▶ Tuesday, 20 June 2023
- ▶ 11:00 a.m.

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OUR SHARED VALUES

Our Core Values define who we are and form the basis of a performance driven culture:

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





Sapura
Industrial
ABIDUL HASIB

Sapura
Industrial

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 47th Annual General Meeting of the Company will be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (“Broadcast Venue”) on Tuesday, 20 June 2023 at 11.00 a.m. to transact the following businesses:

AGENDA

ORDINARY BUSINESS

- | | |
|---|---|
| 1. To receive the Audited Financial Statements together with the Directors’ and Auditors’ reports for the financial year ended 31 January 2023. | Please refer to Note 2 |
| To consider and if thought fit, to pass the following Ordinary Resolutions: | |
| 2. To approve payment of a final single tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 January 2023. | Ordinary Resolution 1 |
| 3. (i) To re-elect Datuk Wira Jalilah binti Baba who retires by rotation pursuant to Article 110 of the Company’s Constitution and being eligible, offers herself for re-election. | Ordinary Resolution 2 |
| (ii) To re-elect Datuk Syed Izuan bin Syed Kamarulbahrin who retires by rotation pursuant to Article 110 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 3 |
| (iii) To re-elect Tan Sri Dr. Azmil Khalili bin Dato’ Khalid who retires pursuant to Article 114 of the Company’s Constitution and being eligible, offers himself for re-election. | Ordinary Resolution 4 |
| 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. | Ordinary Resolution 5 |
| 5. Directors’ Fees | |
| (i) To approve the payment of Directors’ fees amounting to RM437,288-00 for the Non-Executive Directors in respect of the financial year ended 31 January 2023. | Ordinary Resolution 6
Please refer to Note 5 |
| (ii) To approve the payment of Directors’ remuneration (excluding Directors’ fees) to the Non-Executive Directors up to an amount of RM160,000, from the date of this Annual General Meeting until the next Annual General Meeting of the Company in year 2024. | Ordinary Resolution 7
Please refer to Note 5 |

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 | Ordinary Resolution 8
Please refer to Note 6 |
| “THAT subject to the Companies Act, 2016 (“the Act”), the Constitution of the Company and the approvals from Bursa Malaysia Securities Berhad (“Bursa Securities”) and any other governmental and/or regulatory authorities, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company from time to time and at any time, at such price, upon | |

such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may in their absolute discretion deem fit, provided always that the aggregate number of shares to be issued pursuant to this resolution does not exceed ten per centum (10%) of the total number of issued shares of the Company for the time being;

AND THAT the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Securities;

AND FURTHER THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.”

7. To approve the retention of Encik Md. Shah bin Hussin 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 5.3 of the Malaysian Code on Corporate Governance 2021 until the conclusion of the next Annual General Meeting.

Ordinary Resolution 9
Please refer to Note 7

NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN THAT a final single tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 January 2023, if approved by the shareholders at the 47th Annual General Meeting, will be payable on 21 July 2023 to Depositors registered in the Record of Depositors at the close of business on 7 July 2023.

A Depositor shall qualify for entitlement only in respect of:

- a) Shares transferred into the Depositor’s Securities Account before 4.30 p.m. on 7 July 2023 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
22 May 2023

NOTICE OF **ANNUAL GENERAL MEETING**

NOTES:

1. **IMPORTANT NOTICE**

The 47th AGM will be conducted virtually through live streaming from the Broadcast Venue. Shareholders are to participate and vote remotely at the 47th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>. **Please follow the procedures in the Administrative Guide on 47th 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 website at 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 47th 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 12 June 2023 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 TIIH Online at <https://tiih.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 47th Annual General Meeting on the directors' remuneration in two (2) separate resolutions as below:

- Ordinary Resolution 6 on payment of Directors' fees for the financial year ended 31 January 2023 amounting RM437,288-00.
- Ordinary Resolution 7 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 2024 up to an amount of RM160,000, 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 Director does not receive any fees and benefits as Director but he is remunerated with salary, benefits and other emoluments by virtue of his Employment Contract.

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

The proposed Ordinary Resolution 8 is intended to renew the authority granted to the Directors of the Company at the last 46th AGM of the Company held on 22 June 2022, to issue and allot shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being ("renewed mandate"). Should the renewed mandate be exercised, it will enable the Directors to take

NOTICE OF **ANNUAL GENERAL MEETING**

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

After having considered all aspects of the renewed mandate, the Board is of the opinion that the adoption of the renewed mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost efficient method of fund raising for the Company.

As at the date of this Notice, no new shares in the Company had been issued pursuant to

the mandate granted to the Directors at the last AGM held on 22 June 2022 which will lapse at the conclusion of the forthcoming 47th AGM.

7. Proposed Retention of Independent Director

Practice 5.3 of the Malaysian Code on Corporate Governance 2021 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, through a two-tier voting process.

Encik Md. Shah bin Hussin has been the Company's Independent Director for more than 9 years on a cumulative basis respectively. The proposed Ordinary

Resolution 9, if passed, will allow Encik Md. Shah bin Hussin to continue acting as Independent Director of the Company until the conclusion of the next Annual General Meeting.

Details of the Board's justification and recommendation for the retention of Encik Md. Shah bin Hussin as Independent Director are set out in the Corporate Governance Overview Statement on page 54 of the Annual Report.

STATEMENT ACCOMPANYING **NOTICE OF THE 47th 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 47th Annual General Meeting are provided in the "Directors' Profile" on pages 16 to 21 of this Annual Report. Details of their interests in the securities of the Company are set out in the "Analysis of Shareholdings" on page 163 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

Tan Sri Dr. Azmil Khalili bin Dato' Khalid
Independent Non-Executive Director

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

**Datuk Syed Izuan bin Syed
Kamarulbahrin**
Independent Non-Executive Director

Datuk Wira Jalilah binti Baba
Independent Non-Executive Director

Md. Shah bin Hussin
Independent Non-Executive Director

Audit Committee

Datuk Syed Izuan bin Syed Kamarulbahrin
(Chairman)
Md. Shah bin Hussin

Board Nomination and Remuneration Committee

Tan Sri Dr. Azmil Khalili bin Dato' Khalid
(Chairman)
Puan Sri Datin Seri Mariam Parineh
Md. Shah bin Hussin

Director in Charge of Shareholders' Communications

Tan Sri Dr. Azmil Khalili bin Dato' Khalid
Senior Independent Non-Executive Director

Email:
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 5 May 2023



Sapura Industrial Berhad

Registration No.: 197401000510 (17547-W)



BOARD OF **DIRECTORS**



From left to right

**TAN SRI DR. AZMIL KHALILI
BIN DATO' KHALID**

Independent
Non-Executive Director

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

Executive Chairman

**DATUK SYED IZUAN
BIN SYED KAMARULBAHRIN**

Independent
Non-Executive Director



From left to right

**PUAN SRI DATIN SERI
MARIAM PARINEH**

Non-Independent
Non-Executive Director

**MD. SHAH
BIN HUSSIN**

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 • Gender • Nationality	: 91 • Male • Malaysian
Date of appointment	: 12 March 1974
Board Committees	: Nil
Board Meeting Attendance (FY2023)	: 5/5

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

Tan Sri Shamsuddin is the Founder of Sapura Holdings and Sapura Group of Companies. Well into its 48th 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.



TAN SRI DR. AZMIL KHALILI BIN DATO' KHALID

Senior Independent Non-Executive Director

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Age • Gender • Nationality	: 62 • Male • Malaysian
Date of appointment	: 20 March 2023
Board Committees	: Board Nomination and Remuneration Committee - Chairman
Board Meeting Attendance (FY2023)	: N/A

Tan Sri Dr. Azmil Khalili bin Dato' Khalid was first appointed to the Board of Sapura Industrial Berhad on 20 March 2023 as Independent Non-Executive Director. Tan Sri Dr. Azmil is the Chairman of the Board Nomination and Remuneration Committee of Sapura Industrial Berhad.

Tan Sri Dr. Azmil began his career with a United Kingdom company, Tarmac National Construction. Upon his return to Malaysia, he worked for Trust International Insurance and Citibank NA. He was the President and Chief Executive Officer of both AlloyMTD Group and ANIH Berhad from April 2011 to August 2017. He joined MTD Capital Berhad in 1993 as General Manager of Corporate Planning and held the position of Group Managing Director and Chief Executive Director in March 1996 before assuming the position as Group President and Chief Executive Officer of the MTD Group from April 2005 to April 2011. He was also the President and Chief Executive Officer of MTD Capital Berhad's listed subsidiary namely, MTD ACPI Engineering Berhad and was also the Chairman of MTD Walkers PLC, a foreign subsidiary of MTD Capital Berhad listed on the Colombo Stock Exchange in the Republic of Sri Lanka.

Currently, Tan Sri Dr. Azmil is the Chairman of the Board of Reach Energy Berhad, UEM Edgenta Berhad and Cenviro Sdn. Bhd. and the President and CEO of AFK Group.

Tan Sri Dr. Azmil holds a Doctorate of Science (Honorary) from University of Hertfordshire, England, Master of Business Administration from California State University, Dominguez Hills, United States of America and Bachelor of Science in Civil Engineering, University of Hertfordshire, England and Northrop University, Los Angeles, United States of America.

DIRECTORS'
PROFILE



DATUK SYED IZUAN BIN SYED KAMARULBAHRIN

*Independent
Non-Executive Director*

Age • Gender • Nationality	: 53 • Male • Malaysian
Date of appointment	: 21 January 2022
Board Committees	: Audit Committee - Chairman
Board Meeting Attendance (FY2023)	: 5/5

Datuk Syed Izuan bin Syed Kamarulbahrin was first appointed to the Board of Sapura Industrial Berhad on 21 January 2022 as an Independent Non-Executive Director. Datuk Syed Izuan is the Chairman of the Audit Committee of Sapura Industrial Berhad.

Datuk Syed Izuan started his career with Price Waterhouse in 1993, carrying out statutory audit on private and public limited companies. After spending several years with Price Waterhouse, Datuk Syed Izuan joined the Business Development & Corporate Affairs Department of Malaysian Resources Corporation Berhad. He later held several positions within the Sapura Group, initially as an Investment Manager and later was appointed as the Chief Financial Officer. Subsequently, he left to join Tradewinds Plantation Berhad as its Chief Financial Officer. Datuk Syed Izuan was also attached to the Weststar Group, which is primarily involved in automotive, aviation, construction & property, defense and engineering, as the Group Financial Adviser. He has almost 30 years of experience in corporate financing, mergers and acquisition, accounting and advisory.

Datuk Syed Izuan currently sits on the Board of Sedania Innovator Berhad and Kumpulan Perangsang Selangor Berhad as an Independent Non-Executive Director since January 2022 and August 2022 respectively.

A graduate from Emile Woolf College of Accountancy, London, Datuk Syed Izuan is a Fellow Member of the Association of Chartered Certified Accountants UK, a member of the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants.

DIRECTORS'
PROFILE



PUAN SRI DATIN SERI MARIAM PARINEH

*Non Independent
Non-Executive Director*

Age • Gender • Nationality : 46 • Female • American/Malaysian PR
Date of appointment : 7 September 2020
Board Committees : Board Nomination and
Remuneration Committee
- Member
Board Meeting Attendance (FY2023) : 5/5

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

Puan Sri Mariam is a business development and marketing strategist. Passionate about doing business differently with keen interest in business growth strategy through alignment.

She started her entrepreneurial career in Malaysia with her first company in stone care and restoration which she later sold to start a business consultancy. 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 landscape architecture, fashion, food & beverage, digital healthcare and agtech marketplace solution.

She founded a company as a way to invest in and create opportunities to empower women in business and catapult business that focus on customer empowerment. Currently, she is active in Valet Inc., an agtech start-up she founded to transform and autonomize the way we age in place, leading the market in UI/UX design to older services.

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 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 and Harvard Business School, Massachusetts.

DIRECTORS'
PROFILE



DATUK WIRA JALILAH BINTI BABA

*Independent
Non-Executive Director*

Age • Gender • Nationality	: 69 • Female • Malaysian
Date of appointment	: 7 September 2020
Board Committees	: Nil
Board Meeting Attendance (FY2023)	: 5/5

Datuk Wira Jalilah binti Baba was first appointed to the Board of Sapura Industrial Berhad on 7 September 2020 as an Independent 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 • Gender • Nationality	: 72 • Male • Malaysian
Date of appointment	: 1 September 1997
Board Committees	: Audit Committee - Member Board Nomination and Remuneration Committee - Member
Board Meeting Attendance (FY2023)	: 5/5

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 Audit Committee and 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 Manager at Heavy Industries Corporation of Malaysia, 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.

ADDITIONAL INFORMATION ON BOARD OF DIRECTORS

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.

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 76 of this Annual Report.

CONVICTIONS FOR OFFENCES

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

CHIEF EXECUTIVE OFFICER'S **PROFILE**

Encik Helmi bin Sheikh Mahmood

Chief Executive Officer

.....

Age: 59

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 28 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.

Encik Helmi does not hold any directorship in public companies and listed issuers. He 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 5 May 2023 Encik Helmi holds 61,917 shares in the Company.

SENIOR MANAGEMENT'S PROFILE

Encik Fazal Othman bin Mohd Ghazali

President Industrial Business

Age: 51

Gender: Male

Nationality: Malaysian

Encik Fazal Othman bin Mohd Ghazali was appointed as the President Industrial Business of Sapura Industrial Berhad (SIB) on 16 January 2023.

Encik Fazal holds a Master of Science in Advanced Mechanical Engineering from Imperial College of Science, Technology and Medicine, London and a Bachelor of Science (Honors) in Mechanical Engineering, from Columbia University, New York City. He also has a certificate in Advance Management Program from INSEAD.

Encik Fazal has held senior management positions in several organizations in the energy and power industries with day-to-day business responsibilities including stakeholder management, performance and growth. He has worked in various industries, from banking to automotive, petrochemicals, and utilities. He has had personal exposure in manufacturing system, planning and development, business strategy, regulatory, and corporate finance. Prior to SIB, he was part of a management team tasked to turnaround a distressed asset.

Encik Fazal does not hold any directorship in public companies and listed issuers. He 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 year.

Puan Liyana Lee binti Abdullah

Group Financial Controller

Age: 56

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 26 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 hold any directorship in public companies and listed issuers. She 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.

SENIOR MANAGEMENT'S
PROFILE

Encik Mohd Salleh bin Jani was appointed as a General Manager, Group Business Development of Sapura Industrial Berhad (SIB) on 1 February 2015.

Encik Mohd Salleh bin Jani

General Manager, Group Business Development

Age: 57

Gender: Male

Nationality: Malaysian

Encik Salleh holds a Bachelor of Science in Mechanical Engineering (Design) from University of Hiroshima, Japan.

Encik Salleh began his career as an Engineer in Sapura Machining Corporation Sdn. Bhd., a subsidiary of SIB in March 1993. He has held various positions in SIB Group since 1993, which includes General Manager of Sapura Brake Technologies Sdn. Bhd. and International Autoparts Sdn. Bhd. before assuming his present position.

Prior to joining SIB, Encik Salleh was attached to Sony Kisarazu, Japan from 1990 until 1991 and Sony Video, Malaysia from 1991 until 1993 as the Production Engineering Engineer.

Encik Salleh does not hold any directorship in public companies and listed issuers. He 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.

Encik Kamaluddin bin Abdul Aziz

General Manager, Group Procurement & Vendor Development

Age: 52

Gender: Male

Nationality: Malaysian

Encik Kamaluddin bin Abdul Aziz was appointed as a General Manager, Group Procurement & Vendor Development of Sapura Industrial Berhad (SIB) on 1 July 2015.

Encik Kamaluddin holds a Master of Business Administration (MBA) and a Bachelor of Mechanical Engineering from Universiti Kebangsaan Malaysia.

Encik Kamaluddin began his career as a Plant Manager in Sapura Brake Technologies Sdn. Bhd., a subsidiary of SIB from 2003 until 2011 before assuming his present position.

Prior to joining SIB, Encik Kamaluddin was working as a Supplier Development Engineer at Perusahaan Otomobil Nasional Sdn. Bhd. (Proton) from 1995 until 2003.

Encik Kamaluddin does not hold any directorship in public companies and listed issuers. He 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.

SENIOR MANAGEMENT'S
PROFILE

Encik Shariman bin Abdul Sofi

General Manager, Business Planning & Development

Age: 52

Gender: Male

Nationality: Malaysian

Encik Shariman bin Abdul Sofi was appointed as a General Manager, Business Planning & Development of Sapura Industrial Berhad (SIB) on 1 December 2021.

Encik Shariman holds a Master in Accountancy from Universiti Teknologi MARA, Malaysia and a Bachelor in Accounting & Financial Management from University of Sheffield, United Kingdom.

Encik Shariman began his career as an Assistant Manager, Finance & Accounts in Sapura Automotive Industries Sdn. Bhd., a subsidiary of SIB in 2004. He has held several positions in SIB since 2004, which includes Senior Manager and General Manager, Group Finance & Accounts of SIB before assuming his current position.

Prior to joining SIB, Encik Shariman held various accounting related positions in construction and property development companies and higher education institutions. Encik Shariman has almost 26 years of experience in finance & accounting.

Encik Shariman does not hold any directorship in public companies and listed issuers. He 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.

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





MANAGEMENT DISCUSSION AND **ANALYSIS**

For the year ended 31 January 2023, the Group benefited from a robust surge in the local automotive industry following higher sales of both passenger and commercial vehicles in 2022. Encouraging increase in consumer sentiments propelled the country's Total Industry Volume (TIV) of 2022 to surpass all forecast numbers and ended at the highest yearly figure ever achieved of 720,658 units.

Higher volume revitalised the local automotive ecosystem after experiencing two years of Covid-19 related disruptions across the value-chain. This volume upswing translated to increased orders for the Group as we ended the financial year with a revenue of RM254.8 million (FY2022: RM153.9 million).

We believe that proactive operations-related improvements planned during the slower Covid-19 period, which we have been progressively executing has enabled the Group to swiftly gear-up production to meet higher volume output required by our customers to fulfill their order backlog as well as deliver on demand from new launches.

This highly optimistic momentum is evident within the industry. It specifically provides a significant platform for the Group to pursue the operational transformation necessary as we move in tandem with rapid changes in the global and local automotive industry.

MALAYSIAN ECONOMY

The Malaysian economy rebounded strongly by 8.7% in 2022, as compared to 3.1% in the previous year despite comparatively slower global growth.

Gradual and measured reopening of all sectors of the economy in early 2022 created firm domestic demand which lent to a robust economic performance.

Private consumption grew by 11.3% in 2022 bolstered by positive income growth from improvements in labour market conditions and support from ongoing Government policy measures.

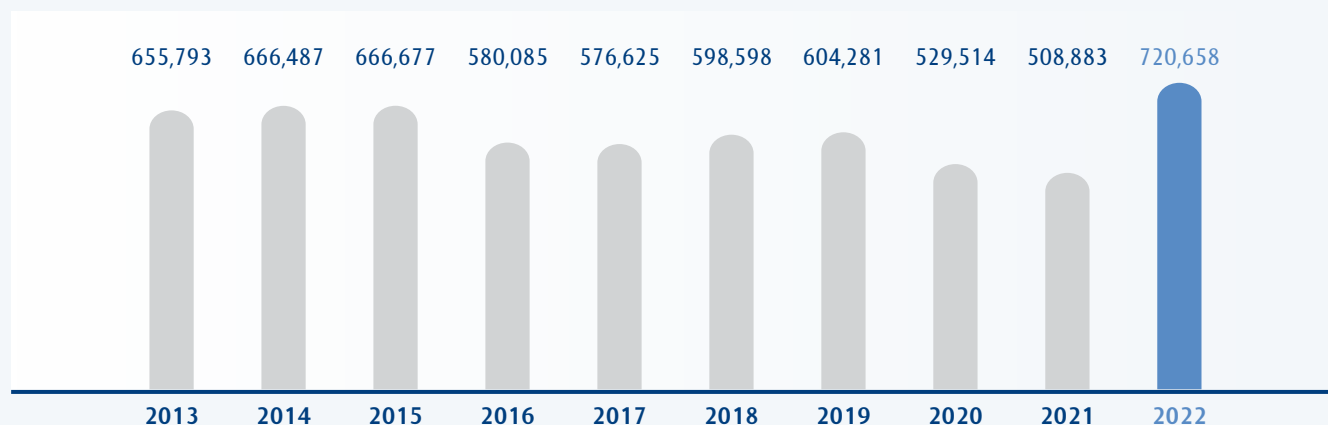
Average headline inflation was at 3.3% in 2022 (2021: 2.5%) driven largely by higher input costs. Uncertainties in the global market resulted in higher commodity prices and export restrictions causing disruptions in the value chain.

Moving forward, both headline and core inflation are expected to remain elevated but supported by continued strength in domestic demand and improvements in the Malaysian labour market. (Source: Bank Negara Annual Report 2022).

MALAYSIAN AUTOMOTIVE INDUSTRY

The Malaysian Total Industry Volume (TIV) hovered between 580,000 units to 667,000 units between 2013 to 2019, but recorded two years of slower TIV growth (2020 and 2021) resulting from Covid-19 related disruptions affecting production and sales activities.

Malaysian Total Industry Volume (TIV) Trend 2013 - 2022



(Source: MAA Market Review 2022, 2018 & 2017)

MANAGEMENT DISCUSSION AND
ANALYSIS

However, the automotive industry recovered strongly in 2022, where the Malaysian Automotive Association (MAA) reported annual TIV surpassing the 700,000 units mark for the first time to close the year at 720,658 units.

This historic all-time high TIV can be attributed to several factors. Further extension of Sales Tax exemption continued to drive consumer sentiment, with the authorities' decision to allow confirmed bookings with sales tax exemption submitted before 30 June 2022 to be given stretched deadline of vehicle registration by 31 March 2023.

Pent-up demand for new vehicles created a surge in sales during the first quarter of 2022 and the momentum carried through to peak in December 2022 which recorded 76,657 units.

Higher TIV recorded was partially due to low base effect i.e. low TIV in first half of 2021 due to the implementation of Full Movement Control Order (FMCO) in June 2021.

Total registration of new Passenger Vehicles in 2022 was 641,773 units (2021: 452,486 units) which represented an increase of 189,287 units or 41.8%.

Commercial Vehicles segment showed encouraging growth of 39.9% to 78,885 units registered within the year due to businesses investing in anticipation of strong economic rebound post slowdown during the Covid-19 period.

Strong demand for new vehicles pushed the industry to deliver beyond previous capacity. OEMs and the industry's ecosystem demonstrated resilience and emerged stronger to fulfil backlogged order volume in addition to executing new product launches within the year. (Source: MAA Market Review 2022).

FINANCIAL PERFORMANCE

The Group closed FY2023 on a positive note on the back of encouraging industry volume growth.

Higher industry volume recovery resulted in higher revenue for FY2023 at RM254.8 million compared to RM153.9 million in the previous year.

Net profit was RM9.0 million for the current financial year as compared to a net loss of RM3.8 million in FY2022.

The profit recorded for FY2023 included non-recurring items being sale of Cold Drawn Bar Line (RM0.8 million) in line with the Group's rationalisation and consolidation of its hot and cold forming plants, and write-back of debtors and inventories (RM1.2 million) as a result of settlement of overdue debts and inventories by an export customer.

The net loss recorded in FY2022 was mainly due to a 3-month non-production period from June to August 2021 in line with Movement Control Order imposed by the Malaysian Government to curb the Covid-19 pandemic.

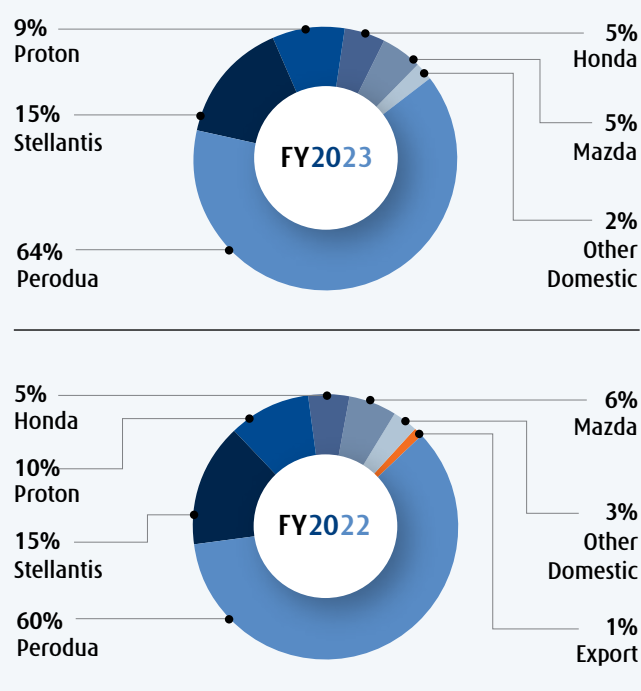


Diagram 1: Revenue by Customers

As illustrated in Diagram 1, Perodua continued to be the largest contributor to the Group due to their strong order book for existing and new models. Revenue from Perodua was RM162 million or 64% of the Group's total revenue (FY2022: RM92 million or 60%).

Contribution from other OEMs including Stellantis, Proton, Honda and Mazda was RM93 million – representing 36% of the Group's revenue (FY2022: RM60 million or 39%).

New capital expenditure for the Group in FY2023 was RM23 million (FY2022: RM12million). A substantial percentage was spent on investments in modern machinery, automation and overall line improvement initiatives to complete the Group's Modernisation, Automation and Consolidation (MAC) Plan (FY2023: RM11.4m/49%; FY2022: RM0.6m/6%).

MANAGEMENT DISCUSSION AND **ANALYSIS**

The remaining investments were mainly for capacity upgrading and production lines related to newly launched models and replacement models.

The Group secured Toyota as new customer in FY2023 and commenced development for future supply of brake components and coil springs for their new models.

We also anticipate new projects arising from product launches in 2023 to drive volume orders from our existing customers including Perodua, Proton, Honda and Mazda.

These strategic investments to transform our operations into a leaner and more efficient technology-based manufacturing organisation are fundamental to prepare the Group for future growth prospects within the automotive industry and beyond.

DIVIDENDS

In deciding dividend declared for FY2023, the Board has taken into account the Group's results, cashflow position and capital expenditure required for future expansion plans. Any dividend to be declared would depend on the above considerations.

The Board has approved payment of interim dividend at 3.4 sen per ordinary share totalling RM2,474,375 in respect of the financial year ended 31 January 2023. The interim dividend was paid to the shareholders on 8 November 2022. In view of improved results, Board has recommended a final single tier dividend at 2.5 sen per ordinary share totalling RM1,819,393 in respect of the financial year ended 31 January 2023 for shareholders' approval at the next Annual General Meeting.

Over the years, we have been consistently declaring dividends in line with the Group's performance as our commitment to our shareholders. Any dividend declared would depend on the performance, cashflow position and financing requirements of the Group. We believe the transformation plan to modernise and integrate technology in our production lines would enable the Group to build capacity for more sustainable growth and create more value in the medium and long term.

OPERATIONAL PERFORMANCE

Gradual easing of Covid-19 measures in early 2022 restarted economic activity across all industry sectors. Despite slower growth experienced in other parts of the world, Malaysia's economic reset showed encouraging growth from 1Q22 and closed out the year with a 7% growth in 4Q22, which was still higher than long-term average growth of 5.1%. (Source: Bank Negara Malaysia, Quarterly Bulletin 4Q2022).

Extension of Sales Tax exemption under the Government's PEMERKASA+ package coupled with strong pent-up demand for new vehicles provided the stimulus pushing sales of new vehicles to a record high in 2022.

A proactive Business Continuity Plan was introduced internally during COVID-19 disruption period to ensure the Group's optimal operational-readiness following any unforeseen pauses. It is crucial to ensure readiness for full resumption of operations to fulfil obligations to our customers.

This was put to the test as post Covid-19 reopening gathered economic momentum and TIV trended upwards showing significant growth as early as January 2022.

During FY2022, the Group secured several Letters of Award from its customers to develop parts for new and replacement models. Some of these new projects advanced to mass production stage in FY2023 as our customers launched new car models showcasing modern and innovative designs.

Aggressive and generous promotional campaigns helped boost sales as car makers strive to gain market share.

TIV trend in 2022 enabled the Group to end FY2023 fulfilling our revenue and profit objectives for the financial year. Following two challenging years, our improved financial performance is a reflection of our ability to deliver scaled-up industry demands while effectively managing limitations within the value chain.

We will continue to partner with our customers and strengthen our position as a preferred vendor through products and solutions consistent with their plans and business objectives.

The Group received major vendor recognitions from Perodua, Proton and Honda as an outcome of our continuous effort to improve and deliver the best to our customers.



Various awards received from Perodua, Honda & Proton in recognition of our 2022 performance

MANAGEMENT DISCUSSION AND
ANALYSIS

Sapura Machining Corporation (SMC) was acknowledged by Perodua as the 'Best Overall QCD Performance Vendor 2022' for achievements in Quality, Cost and Delivery (QCD). SMC was also presented with the 'Excellent Delivery Vendor 2022' award for commitment to on-time delivery despite numerous challenges within the value-chain following the COVID-19 pandemic.

SMC also received the 'Best Technical Development Award 2022' from Proton for development of new GEP3 Engine components (torsional vibration damper and camshaft -intake & exhaust), successfully meeting the project's schedule and design requirements.

In addition, SMC's excellent achievement was also acknowledged by Honda, winning the "New Model Continuous Effort 2022" award for successful development of Hub & Disc Assy Front for three different models.



SIB CEO receiving Perodua 2022 awards in January 2023



SIB CEO receiving Honda 2022 award in May 2023

The Group made significant progress in our initiative to transform operations in tandem with the rapid changes and future global requirements of this industry. Our MAC Plan which was initiated in FY2022 included capital expenditure towards capability upgrading through integration of robotics and IR4.0 technologies as well as investments in modern manufacturing facilities.

The upgraded modern manufacturing facilities have enabled us to venture into development of more innovative solutions within our area of expertise, such as high-stress coil spring and tube (hollow) stabiliser bars; which are more sustainable as compared to previous products due to its durability and lighter weight.

These new capabilities increase product value and differentiation within our market segment in addition to creating more opportunities as we look to expand the same knowledge and expertise for application in newer products.

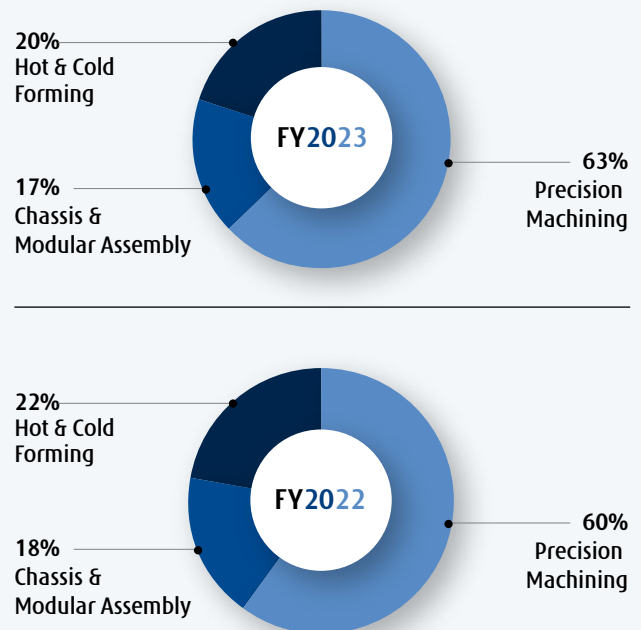


Diagram 2: Revenue by Core Business

PRECISION MACHINING

SIB is a leader in high precision machining of critical safety components for automotive engine, transmission, and brake parts; encompassing brake discs, brake drums, front hubs, case differential, camshaft, torsional vibration damper and bracket engine mounting.

SMC's customer base includes Perodua, Proton, Honda, Mazda and Tier-1 OEMs such as Akashi Kikai Industry (Malaysia) Sdn Bhd, ZF Automotive Malaysia Sdn Bhd and PHN Industry Sdn Bhd.

In addition, during the year, SMC started delivery of Brake Disc to Toyota and Kia; and obtained Letter of Award from Akashi Kikai Industry for the machining and assembly of Case Differential for CVT transmission for Perodua as well as Toyota's new models.

MANAGEMENT DISCUSSION AND **ANALYSIS**



In its effort to continuously increase efficiency and optimise productivity, SMC employs automation and robotics in its production lines. These include automated loading & unloading, roller conveyors for parts transfer, and in-line image-based inspection devices. Automation furthermore ensures consistency and accuracy to meet part-quality specifications.

To improve effectiveness, SMC utilises its in-house developed Real Time Overall Equipment Effectiveness (OEE) system in its production lines, providing live production data allowing for real-time production analysis to address any productivity issues in a timely manner. As a result, it is able to effectively track production data for continuous process improvements and optimisation, resulting in increased productivity, elimination of wastage and reduced rejection rate.

Precision Machining contributed 63% of the Group's total revenue for FY2023 (FY2022: 60%).



HOT AND COLD FORMING

The Hot and Cold Forming division specialises in suspension components including production of high-quality coil springs and stabiliser bars. The division is able to create differentiation both locally and for the export market due to its in-house Research and Development capabilities in product research, design and analysis coupled with testing facilities to ensure that products meet the current and future requirements of customers.

We have the capacity for stronger yet more lightweight coil springs and tube (hollow) stabiliser bars as the industry progressively evolves to lighter components to cater to current requirements as well as for the growing Electric Vehicle (EV) market.

The Research & Development team has completed development of prototype and successfully conducted the testing of the hollow stabiliser bars which would open greater opportunities for the Group.

We are planning to upgrade equipment used for production of solid bars to enable future production of hollow stabiliser bars. The new facility will create process improvements to deliver higher quality bars with shorter cycle time.

Part of the ongoing modernisation and rationalisation exercise aim to modernise, automate and fully consolidate production of coil springs from the Port Klang plant into the current stabiliser bar plant in Bangi.

Facility investments made for this integrated plant would expand production capabilities and increase product standards. This

MANAGEMENT DISCUSSION AND ANALYSIS

consolidation will result in shared facilities with common processes for optimisation of machinery and equipment, manpower, utilities and factory floor space. It will provide the ability to scale-up production capacity with opportunity to expand product and customer base in the domestic and overseas markets by working in tandem with our customers in tapping into their global supply chain.

As part of the rationalisation initiative, we disposed of the Cold Drawn bar line used to produce material for hot forming spring coiling process due to a significant shift to cold forming spring coiling process as a more efficient and environmentally sustainable option.

The Hot and Cold Forming division contributed 20% of total Group revenue for FY2023 (FY2022: 22%).



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.

Building on the technical relationship we had in the past with Japan's Advics Co. Ltd and South Korea's Erae Automotive Systems Co. Ltd., we have since expanded our technical capabilities from assembly of modular components to total chassis integration which includes chassis assembly, engine docking and front and rear axle assembly.

We provide modular assembly operations for Mazda and Stellantis in their respective car assembly plants in Kulim and Gurun, Kedah for Mazda CX 5 and CX 8 as well as Peugeot 2008, 3008 and 5008.

Moving forward we will continue to upgrade our capabilities and increase our value-add to address future modular business opportunities.

The Chassis and Modular Assembly division contributed 17% of total Group revenue for FY2023 (FY2022: 18%).



PREPARING FOR THE FUTURE

Transforming Into a Leaner and Efficient Technology-Based Manufacturing Organisation

The Group will continuously review and enhance operations to improve process capability and adapt new technologies to satisfy requirements of the EV market.

We aim to develop technical capabilities in EV growth segments by enhancing technology of our current brake and suspension related components which will remain relevant for EV, while developing strategies to address current Internal Combustion Engine (ICE) components as EV take-up increases in the medium term.

The SIB brand and people are critical to us in embracing future changes in the industry. We will actively invest in our people with continuous training and re-skilling to build capability and meet future requirements.

The modernisation initiative is important for us to improve our total operations in order to continuously increase our efficiency and optimise utilisation of machine, manpower and energy. The new approach shifts our baseline for the Group's sustainability practices as we strive to chart a more impactful Environmental, Social and Governance (ESG) journey based on mindful and responsible economic, environmental, social and governance practices.

We are committed to diligently integrate sustainability policies and considerations within our business strategies which complies with government, regulatory and customer standards and requirements.

INDUSTRY OUTLOOK

According to Bank Negara Malaysia, strong domestic demand and improvements in the labour market would support the Malaysian economy to grow at 4% - 5% in 2023 (2022: 8.7%).

MANAGEMENT DISCUSSION AND **ANALYSIS**

Despite uncertainties and slower global growth, the Malaysian economy would be supported by firm domestic demand rising from improvements in labour market conditions. Continued implementation of multi-year investment projects are expected to support private consumption and investment growth.

Based on this forecast and the record performance of the automotive industry in 2022, Total Industry Volume for 2023 is projected by MAA at 650,000 units. Introduction of many new models featuring the latest technology at competitive prices will drive consumer buying decisions. (Source: MAA Market Review 2022).

The New Energy Policy (2022-2040) target percentage of EV is set at 38% from total industry volume by 2040 under the Low Carbon Nation Aspiration target. This is a major shift from a baseline of less than 1% in 2018.

While the rate of current EV adoption remains relatively low, the introduction of new models and rapid development of EV-related digital technologies, competitive pricing, encouraging regulatory policies and wider availability of charging infrastructure are some positive points which would influence consumers considering this option.

FUTURE PROSPECTS

The Group will continue to strengthen our leadership position within the industry and be diligent in maintaining preferred vendor status to our customers by constantly delivering above expectations.

Our Research & Development capabilities and modernised production processes will enable the Group to further elevate product value and differentiation. We are forming strategies to develop and penetrate new markets for key products within the brake and suspension categories.

Building upon the encouraging success in development of lightweight components, we are able to adapt our products to requirements of future electric vehicles. Existing parts manufactured for suspension and brake systems continue to be relevant and will be continuously adapted to customer requirements.

The Group will continue to explore operational enhancements necessary to create adaptability and scalability for future business opportunities, through a more focused and aggressive business development approach.

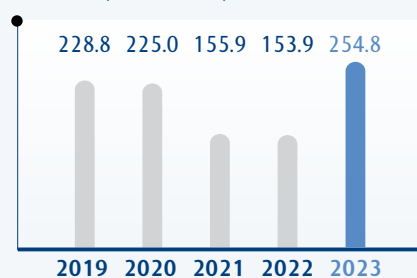
We will pursue opportunities through synergistic ventures which leverage on our experience and expertise in precision machining for products with application beyond the automotive industry. We are positive that strategic investments and transformation initiatives introduced over the last two years positions us for future growth both within and beyond the automotive industry, locally as well as globally.



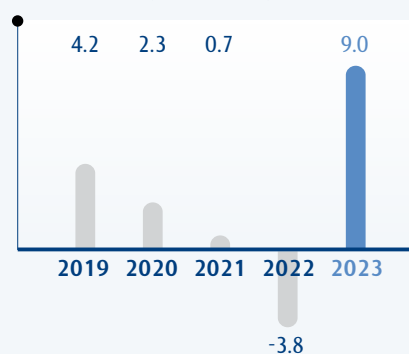
FINANCIAL HIGHLIGHTS

		← 31 January →				
		2019	2020	2021	2022	2023
Revenue	(RM' million)	228.8	225.0	155.9	153.9	254.8
Profit/(loss) attributable to owners of the parent	(RM' million)	4.2	2.3	0.7	(3.8)	9.0
Equity	(RM' million)	104.7	107.7	106.8	101.3	107.8
Basic/diluted earnings/(loss) per share	(sen)	5.82	3.15	1.00	(5.19)	12.39
Net asset per share attributable to owners of the parent	(RM)	1.44	1.48	1.47	1.39	1.48

Revenue (RM' million)



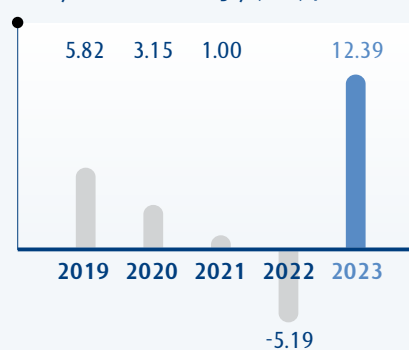
Profit/(loss) attributable to owners of the parent (RM' million)



Equity (RM' million)



Basic/diluted earnings/(loss) per share (sen)



Net asset per share attributable to owners of the parent (RM)



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.





SUSTAINABILITY **REPORT**

This Sustainability Report has been prepared in accordance with Bursa Malaysia's Sustainability Reporting Guide (SRG) that served as the guidance to comply with Bursa Malaysia's Main Market Listing Requirements (MMLR) paragraph 9.45(2) and paragraph 29 that requires listed companies to include in its annual report, a narrative statement of the company's management of material economic, environmental and social risks and opportunities.

At Sapura Industrial Berhad ("SIB" or "the Group"), we acknowledge the 4 pillars that are the focus of the Group to drive positive changes, which are: within the workplace, within the industry, within the communities in which we operate and the impact on the environment. With successful automotive manufacturing business experience for over 40 years and recognised as a reputable manufacturing company in Malaysia with strong foundation on corporate governance, we are committed as a Group to always adopt sustainability principles and practices across all pillars and promote sustainability as an integral part of our businesses as well.

Our Sustainability Approach

Sustainability aspects of SIB are managed based on the key sustainability matters as required by Bursa Malaysia's SRG and we include sustainability matters as part of our Risk Management Framework and annual risk assessment. The inclusion of sustainability related risks in our Risk Management Framework is in line with Taskforce for Climate-related Financial Disclosures (TCFD) and Committee of Sponsoring Organizations of the Treadway Commission (COSO) recommendations. This approach will ensure more comprehensive assessment of risks and control procedures that will ensure the achievement of SIB strategic business objectives, mission, vision and safeguarding the Group's reputation, resources, people and finance.

SIB's sustainability framework focused on the evaluation of economic, environmental and social (EES) risks and opportunities accompanied with the Group's corporate governance framework and social responsibilities. The 2 terms, environment, social and governance (ESG) and EES are often used interchangeably hence, to ensure completeness, SIB used the term as EESG (environment, economic, social and governance) in the Group's revised Risk Management Framework. For the purpose of reporting in annual report FY2023, SIB will include EES aspects in this Sustainability Report, whereby the "G" or governance aspect is explained in the Corporate Governance Overview Statement.

We continuously focus in improving our internal capabilities to manage, communicate and report on our progress on sustainability-related activities. By applying good corporate governance framework, environmentally responsible practices and sound social policies, SIB can achieve sustainable growth and enhance long-term value for our shareholders.

Scope of Reporting

SIB's Sustainability Report 2023 covers the progress of EES aspects in our core businesses and daily operations for the financial year ended 31 January 2023 (FY2023). 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.

The scope of reporting for Sustainability Report of FY2023 will focus on 10 common sustainability matters as recommended by Bursa Malaysia.

Sustainability Governance

Good governance is critical to drive successful adoption of the Group's collective sustainability principles and practices. Our Sustainability Governance Structure ensures shared responsibility and commitment across all levels of leadership, operations and support functions to continuously improve and achieve the desired sustainability goals.



Board of Directors (BOD)

- ◆ Oversee the Group's sustainability framework and strategy, and provides direction to the Audit Committee and Sustainability Committee.

Audit Committee

- ◆ Oversees the implementation of sustainability strategies and plans approved by the Board.
- ◆ Review sustainability related issues and reports.

Sustainability Committee

- ◆ This committee is lead by the Chief Executive Officer (CEO).
- ◆ The committee consists of Head of Business Units and Corporate Functions that have direct involvement in managing sustainability matters.
- ◆ The latest trends and emerging EES issues that could become relevant to the Group will be brought up and discussed at the Committee level .
- ◆ 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.

Operation and Support Functions

- ◆ Ensure compliance to SIB Sustainability Framework and Risk Management Framework.
- ◆ Manage EES - related risks report to Sustainability Committee.

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.

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 the 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.

SUSTAINABILITY REPORT

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

Our Vision

To be a leader in advanced manufacturing solutions

Our Mission

Delivering solutions and value to our customers, employees, shareholders and community by harnessing technologies and resources

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

A consistent and effective stakeholder engagement and communications framework is essential to create a shared understanding of the Group’s desired sustainability goals; considering the expectations, limitations and overall concerns of our stakeholders. Transforming the Group to embrace future growth possibilities would require a common understanding of the challenges and risks involved, as well as commitment to collectively adhere to the control procedures.

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	Original Equipment Manufacturers (OEM), Replacement Equipment (RE) 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

SUSTAINABILITY
REPORT

MATERIALITY ASSESSMENT

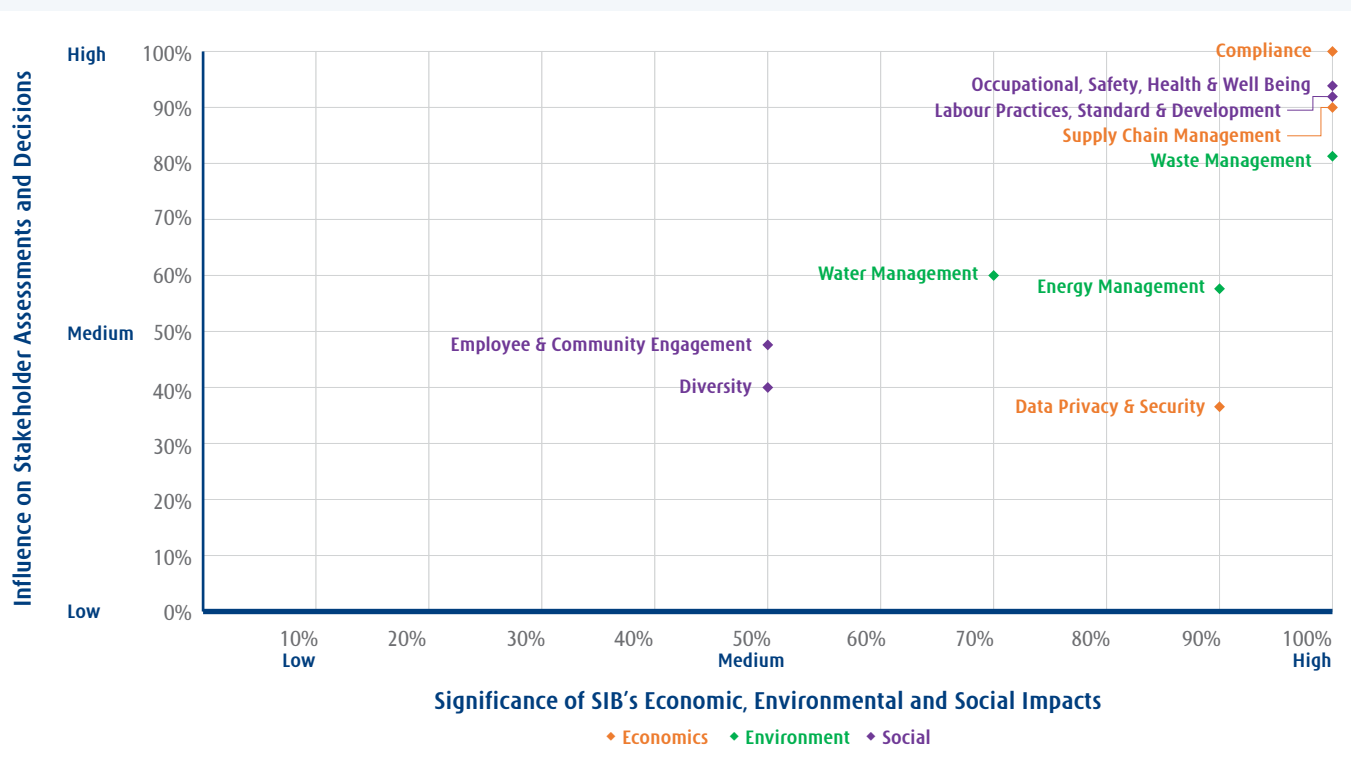
The assessment of sustainability matters focuses on the economic, environmental and social matters that are most significant to the Group and our stakeholders. This assessment enables SIB to identify potential key sustainability risks and opportunities that may impact the Group’s business and its stakeholders, 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 SRG which requires all listed companies to disclose 10 common sustainability matters that are compliance, community, diversity, energy management, health and safety, labour practices and standards, supply chain management, data privacy and security, waste management and water management.

The materiality assessment process in SIB is as follows:



Assessment of sustainability matters was conducted during the reporting period to update the Group’s Sustainability Materiality Matrix and aligned with Bursa Malaysia’s SRG. Updated SIB Sustainability Materiality Matrix as below:

SIB Sustainability Materiality Matrix



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

PILLARS	INDICATORS	OBJECTIVES
Economic		
Supply Chain Management	<ul style="list-style-type: none"> • Certification and Audit • Customer Satisfaction • Procurement Practices • Vendor Development Programme • Vendor Performance Assessment 	<ul style="list-style-type: none"> • Promote local and sustainable procurement • Enhance vendor capability • Gain accreditation to international quality certifications • Fulfil customer requirements and positive customer feedback
Compliance	<ul style="list-style-type: none"> • Anti-Bribery and Corruption Compliance • Environmental Compliance • Socio-economic Compliance 	<ul style="list-style-type: none"> • Comply with regulatory requirements and all applicable laws in environment, labour, safety and health
Data Privacy & Security	<ul style="list-style-type: none"> • Compliance to IT Security Policy 	<ul style="list-style-type: none"> • Protect from unauthorised access and breach of confidential data
Environment		
Waste Management	<ul style="list-style-type: none"> • Waste & Effluent Generation and Treatment 	<ul style="list-style-type: none"> • Comply strictly with international environmental standards • The 3Rs of Waste Management (Reduce, Reuse & Recycle)
Energy Management	<ul style="list-style-type: none"> • Usage of energy such as electricity and gas 	<ul style="list-style-type: none"> • Efficient energy usage • Energy conservation from efficient modern equipment and improved processes
Water Management	<ul style="list-style-type: none"> • Usage of water 	<ul style="list-style-type: none"> • Efficient water usage
Social		
Labour Practices, Standard & Development	<ul style="list-style-type: none"> • Training & Development 	<ul style="list-style-type: none"> • Regular engagement with employees to attract, retain and re-skill good employees
Occupational Safety, Health & Well-being	<ul style="list-style-type: none"> • Compliance with Safety Standards • No major accident 	<ul style="list-style-type: none"> • Maintain a safe work environment with injury prevention procedures in place
Employee & Community Engagement	<ul style="list-style-type: none"> • Health & Wellness • Local Communities 	<ul style="list-style-type: none"> • Strengthen relationships with surrounding communities • Corporate Social Responsibility (CSR) • Community health and well-being
Diversity	<ul style="list-style-type: none"> • Workplace dynamics with diversity in ethnicity, age, gender, skill-sets, experience and others 	<ul style="list-style-type: none"> • Culture of tolerance and creating a sharing and learning community to gain benefit from diversity

MATERIAL SUSTAINABILITY MATTERS

ECONOMICS

Supply Chain Management

Product quality, timely delivery and process efficiency are significant considerations within our supply chain. Our Vendor Development Programme (VDP) creates a platform for our vendors to continuously improve and strengthen their capabilities with the goal of growing with SIB as we continue to address more business opportunities. The vendors are also encouraged to elevate their positions by pursuing accreditation to international quality certifications.

Supplier Performance Audits are done periodically as a means to identify preferred vendors with high performance rating. In FY2023, 51 suppliers were audited (FY2022: 36 suppliers) and all of them achieved the required performance rating.

Supplier Delivery Performance Review was also carried out to ascertain timely delivery, and 95% of our suppliers complied with our strict delivery requirements (FY2022 : 93%).

SIB has stringent quality standards which we implemented through Sapura Transformation Program in 2020, focusing on process upgrading and optimisation initiatives.

In FY2023, the number of Defect Countermeasure Request Sheet (DCRS) issued to suppliers increased from 10 in FY2022 to 27 in FY2023. The Group actively seeks solutions to reduce defect with suppliers through Supplier Improvement Program as below:

- Stringent quality monitoring of materials and products received from suppliers
- Engage suppliers to analyse root cause and improvement measures
- Problem solving presentation by supplier
- Update the defect details in Supplier Performance Scorecard

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, to increase overall productivity, efficiency and robustness of the automotive supply chain.

For FY2023, the Group received 4 major recognitions from our customers;

- Perodua Best Overall QCD Performance Vendor 2022
- Perodua Excellent Delivery Vendor 2022
- Proton Best Technical Development Award 2022
- Honda New Model Continuous Effort Vendor's Award 2022

Awards from Perodua demonstrate the positive outcome of our diligence and persistence to product quality, cost and timely delivery within the supply chain.

The Group's Research and Development Team continued to focus on the development of innovative products consistent with customer requirements. In FY2023, 16 newly developed parts were introduced and included in mass production (FY2022: 7 new parts). We participated in a range of customer audits conducted within the year to gauge satisfaction on various metrics. From a total of 94 audits carried out, the Group received 'A' rating for 83 audits and 'B' rating for 11 audits.



The Research and Development Team at work.

The Group continues to conduct customer satisfaction surveys to gauge feedback towards our products and services. The survey covers several key aspects including safety, services, quality, delivery and commercial. Overall, the survey shows that customer satisfaction has increased over the year compared to prior year as shown in results below:

Customer Satisfaction Survey	FY2023	FY2022
Safety	8.4	8.2
Services	8.4	8.2
Quality	8.3	8.1
Delivery	8.4	8.3
Commercial	7.8	7.8

SUSTAINABILITY REPORT

All SIB operating plants are certified with IATF 16949 quality management standards. The certification affirms our culture of continuous improvement hinged on our focus on customer satisfaction which drives our ability to deliver high-value and differentiated products and solutions.

We also believe that exceeding customers' expectations is a direct outcome of the knowledge, experience, ingenuity and commitment of our people. We recognise the importance of recruiting the right people, developing and providing them with the right opportunities to realise their true potential.

Sapura Transformation 2.0 Program was launched in 2020 as a continuation from the Operational Transformation Program with an objective to elevate performance measurement from the Teach, Test and Verify (TTV) method to more enhanced quality and standards. The program is further enhanced during FY2023 with expansion of IR4.0 Real Time Overall Equipment Effectiveness (OEE) implementation to all plants. This allows for real-time data collection and continuous OEE monitoring that permits immediate feedback and action to be taken to improve OEE hence improve SIB's ability to control production cost. Continuous improvement through standardisation, measurement and strengthening operational processes to result in optimised financial outcomes remain the key focus in this program.

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 the Internal Auditor 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.

The Group has implemented SIB Anti-Bribery and Corruption Policy and Whistle-Blowing Policy since 1st June 2020, complying with the requirements of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (MACC Act 2009). These policies were last reviewed during the year for improvement and alignment with the recommendations from Institute of Internal Auditors Malaysia (IIAM). SIB understands that proactive actions should be taken to

ascertain adequate controls and procedures are in place across the organisation to prevent associated persons from undertaking conduct that would be in breach of the provision. A breach of the Corporate Liability provision is a criminal offence that comes with hefty penalties.

Integrity and Governance function led by an Integrity Officer is responsible to oversee and manage these policies and 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.

Data Privacy and Security

The Group has an IT Policy in place to manage all IT and data related activities and security. We are committed to protecting data privacy of our stakeholders, and to- date, have received zero complaints from third parties or regulatory bodies regarding data privacy breach. Our IT Security Policy ensures that we are compliant with relevant regulations, including the Personal Data Protection Act (PDPA) 2010. We remain vigilant against the risk of unlawful access and use of our customers' data.

ENVIRONMENT

Waste Management

The Group's waste management commitment is to closely monitor our environmental footprint and minimise any negative impact to our environment as a consequence of our business operations. The Group is mindful of the impact of environmental issues including climate change and the detrimental effects of greenhouse gases, toxic emissions and pollution due to poor waste management. This drives the Group to be more responsible in supporting the use of renewable natural resources, promoting minimal pollution and strictly complying with environmental laws and regulations especially related to emission standards, noise level management and treatment of plant effluents and waste water.

SUSTAINABILITY
REPORT

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 2023, 3 main plants were inspected and affirmed that the Environment, Health & Safety (EHS) management system was properly implemented.

The Group implemented several activities as part of the waste and effluent management including monthly EHS Program audit by SIB Safety and Health Committee and continuous monitoring by using Environment Aspect Impact (EIA).

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. In addition, reminder on EHS awareness is made every day during morning assembly.

Minimising wasteful consumption is a high priority in the Group. 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, whereby recyclable materials such as used oil are sold to external party. The Group also uses ESWIS Online System for monitoring of waste disposal and transport of hazardous materials. For FY2023, we are pleased to report that there were no operational spills on both water and land.

Energy Management

During the year, we moved from hot coiling process to cold coiling for the production of Cold Drawn (CD) Bars. This has resulted in considerably reduced energy required for heating and lower carbon emission, in line with our energy management objectives.



De-coiling process

Water Management

We continue to create awareness on efficient water usage throughout the Group.

SOCIAL

Labour Practices, Standard and Development

The Group believes that developing our workforce with the right skills and knowledge is crucial as our business grows and the environment in which we operate becomes more complex and challenging. We have a range of staff development programs that are targeted for employees at different levels, from factory operators and entry-level to mid-career up to senior leadership. These programs include formal trainings, job rotations, workshops, seminars and mentoring that will equip our employees with the right knowledge and skills required for their career progression. In addition, SIB also established Career Development Programme (CDP) that aims to develop individual professionalism and skill competency with intention to prepare them for career advancement and succession planning by sponsoring selected and qualified candidates to further their studies at local universities in courses relevant to the Group's business. During FY2023, the Group sponsored 1 employee at PHD level, 2 employees at Master's Degree level and 1 employee at Degree level with total investment of RM68,510. Since we started in 2001, 30 employees have benefited from this programme.

The Group is mindful in hiring new employees with the right skills, knowledge and talent for the right job, who would be able to contribute in enhancing our business competitiveness.

The Group also realises that young graduates play a significant role as next generation of employees. Therefore, SIB encourages university and college students to apply to our internship programs that will provide them opportunities to understand SIB business operations, learn how businesses function and gain exposure in the areas of technical and commercial trades, thereby accelerating their career experience. During FY2023, 21 interns were accepted to join our internship programs (FY2022: 3 interns).

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. Additionally, the Group also introduced Engagement Programs that organises engagement activities according to different staff categories with the intention to have effective 2-way communications for them to share feedback.

SUSTAINABILITY REPORT

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. The Group observed improvements in employees' performance from appraisal channels including reduction in number of latecomers, falsification of medical chit (MC) and lower employee turnover rate especially among non-executive levels.

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 Best Worker recognitions are awarded in every operating company with monetary and non-monetary benefits given. The Employee Satisfaction Survey that has been introduced since 2012 has shown positive trends of increased satisfaction among the employees from 79% in FY2013 to 97% in FY2023.

Occupational Safety, Health & Well-being

The Group 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. The Group is also certified and complies with ISO 45001:2018 Occupational Health and Safety Management Systems that shows our commitment to provide safe and healthy workplaces by preventing work-related injury and ill-health.

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.

One of the key focus in occupational safety, health and well-being is noise management. Long-term hearing loss can be linked to occupational noise, especially when 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 much possible at our factories.

A KPI based on the total area exposed to noise level above 82dB (International Standard) has been established at our factories and we continuously work towards reducing these exposed areas. We also engaged external environmental consultants to conduct annual noise monitoring and provide recommendations to reduce noise levels. Several Audiometric Tests were conducted during the year involving our manufacturing plant employees as part of noise monitoring initiative. In addition to engineering change, employees are provided with personal protective equipment (PPE) and hearing protection, with appropriate signage placed in high noise level areas. Regular awareness and briefings such as during daily morning assembly are conducted to ensure work and occupational health standards are followed within the workplace.



Audiometric test for manufacturing plant staff

SUSTAINABILITY
REPORT

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

Activity	Details
1 Monthly workplace inspection	<ul style="list-style-type: none"> Safety inspection to monitor workplace safety conditions
2 Workplace Safety Campaign	<ul style="list-style-type: none"> Safety promotion via banner
3 Commuting Safety Campaign	<ul style="list-style-type: none"> Road safety campaign and distribution of safety vest for motorcycle and bicycle riders Motorcycle and bicycle safety inspection
4 Internal training	<ul style="list-style-type: none"> Briefings regarding environment, safety & health issues
5 External training	<ul style="list-style-type: none"> Collaboration with external training provider to conduct safety & health training
6 Quarterly meeting	<ul style="list-style-type: none"> Quarterly Safety & Health Committee Meeting to discuss safety issues
7 HSE monitoring & surveillance	<ul style="list-style-type: none"> Chemical monitoring, noise monitoring and audiometric test in the workplace

There were no fatalities reported for FY2023, 1 major and 4 minor incidents (FY2022: no fatalities and zero incidents). 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.

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, 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. Employee and community engagement activities conducted during the year as follows:

Activity	Details
1 Donation to flood victims in Hulu Langat	<ul style="list-style-type: none"> 4 houses were selected in this program SIB donated some household items, furniture, school uniforms, cash donation for Ramadhan and medical expenses
2 Donation to orphanage - Rumah Bakti Al Kausar, Bangi	<ul style="list-style-type: none"> Sponsor meals for Ramadhan iftar and donated some household items
3 Donation to selected mosques	<ul style="list-style-type: none"> 45 mosques were selected to receive token donations
4 Aidil Fitri donation for children of SIB staff who passed away during employment	<ul style="list-style-type: none"> Donated RM100 to each child
5 Aidil Fitri token for SIB employees	<ul style="list-style-type: none"> Token of RM500 each was given to each staff
6 Packed food for staff Ramadhan iftar	<ul style="list-style-type: none"> Food distributed to all staff including contractors
7 Vouchers for schoolchildren	<ul style="list-style-type: none"> Distributed vouchers to staff who have children studying in primary schools towards their back-to-school needs

SUSTAINABILITY
REPORT



Donation programme at Pertubuhan Kebajikan Yesuvin Mahligai, Kajang



Donation programme at Pertubuhan Kebajikan Yesuvin Mahligai, Kajang



Donation to orphanage - Rumah Bakti Al Kausar, Bangi

SUSTAINABILITY
REPORT

Diversity

SIB strongly values diversity and acknowledges that a diverse workforce will bring many benefits to the organisation including diverse perspectives, skills and experiences that will enhance the working environment. During FY2023, 85% of our employees are Bumiputera while 15% of our employees are from other ethnicities. In terms of gender diversity, 88% of our employees are male employees. The Group also has employees from various age groups, with 62% of our workforce below 40 years old while 13% are more than 50 years old. The Group is fully committed to ensure that diversity remains a top priority. Through targeted initiatives, ongoing training and inclusive policies, the Group strive to cultivate an environment where every employee feels valued, respected and supported.

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.

The Sustainability Report was made in accordance with a resolution of the Board of Directors dated 9 May 2023.



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's ("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 SIB Group's ("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 2021 (the Code). The Corporate Governance Report is available on the Company's corporate website at www.sapuraindustrial.com.my. 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 Board Nomination and Remuneration Committee (BNRC) 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.

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 the Board. The Board shall update the Charter as and when need arises to reflect changes to the Company's policies, procedures as well as to comply with the latest regulations and legislations.

Code of Ethics and 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 behaviour. 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, health, safety and health, insider trading as well as establishing whistle-blowing policy among others.

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, 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-corruption and bribery 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.

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, 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 Director 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 key management personnel of the Group are stated at pages 22 to 25 of this Annual Report.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

II. BOARD COMPOSITION

The Board is mindful that the Code recommends that at least half of the Board comprises independent directors. Currently, the Board has one (1) executive director, one (1) non-independent non-executive director and four (4) independent non-executive directors. In line with the Code on gender diversity, presently, the Board has two (2) female directors namely YBhg Puan Sri Datin Seri Mariam Parineh and YBhg Datuk Wira Jalilah binti Baba. 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 16 to page 21 of this Annual Report.

The Board continually assesses the composition and the tenure of its independent directors to ensure they have the appropriate balance of skills, expertise and experience to bring an independent view in the consideration of board issues and provide 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 relationship that could interfere with the exercise of independent judgement or the ability to act in the best interest of the Company. Our independent directors, who are professionals of credibility and repute, demonstrate independent judgement and objectivity in the Board's deliberations.

Practice 5.3 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 through a two-tier voting process.

Encik Md. Shah bin Hussin ("Encik Md. Shah") has been the Company's Independent Director for more than nine (9) years cumulatively. Following an assessment by the BNRC and the Board, the Company will be seeking shareholders' approval at the forthcoming AGM for the retention of Encik Md. Shah as Independent Director through a two-tier voting process. The justifications for his retention are as follows:-

- i. His 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. He is able to provide proper check and balance in the proceedings of the Board and the Committees;
- iii. His vast experience, knowledge and skills in a diverse range of businesses allows him to participate actively and contribute during the deliberations or discussions at the Board and Committee meetings; and
- iv. He exercises due care as Independent Non-Executive Director of the Company and carries out his professional and fiduciary duties in the interest of the Company and shareholders.

YBhg Datuk Kisai bin Rahmat and Encik Wan Ahamad Sabri bin Wan Daud have retired effective 10 May 2023. They have both served as Independent Directors for sixteen (16) and twelve (12) years respectively, and have contributed immensely in steering the Group's growth and more recently, in the Board's role charting the Group's transformation. With this departure, the Board will continue to review its composition to include members with relevant skills, knowledge and experience which complement its current strength to provide the leadership required as the Group prepares for dynamic changes in the industry.

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

CORPORATE GOVERNANCE
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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 would promote multiple perspective analysis of issues and deliberations, and therefore result in higher quality decision making. Leveraging on input from a broader and diverse 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/her 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. This ensures the 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.

During the current financial year under review, the Board held five (5) meetings. Details of attendance at Board meetings are as follows:-

NO.	NAME OF DIRECTORS	POSITION	MEETING ATTENDANCE
1.	Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir	Executive Chairman	5/5
2.	Dato' Shahrman bin Shamsuddin (Ceased as director wef 31 December 2022)	Executive Director	5/5
3.	Datuk Kisai bin Rahmat (Resigned wef 10 May 2023)	Independent Non-Executive	5/5
4.	Puan Sri Datin Seri Mariam Parineh	Non-Independent Non-Executive	5/5
5.	Datuk Syed Izuan bin Syed Kamarulbahrin	Independent Non-Executive	5/5
6.	Datuk Wira Jalilah binti Baba	Independent Non-Executive	5/5
7.	Encik Md. Shah bin Hussin	Independent Non-Executive	5/5
8.	Encik Wan Ahamad Sabri bin Wan Daud (Resigned wef 10 May 2023)	Independent Non-Executive	5/5
9.	Tan Sri Dr. Azmil Khalili bin Dato' Khalid (Appointed wef 20 March 2023)	Independent Non-Executive	N/A

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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, who are all independent non-executive directors:

Chairman : **Datuk Kisai bin Rahmat**
(Resigned wef 10 May 2023)
(Senior Independent Non-Executive Director)

Datuk Syed Izuan bin Syed Kamarulbahrin
(Appointed wef 10 May 2023)
(Independent Non-Executive Director)

Members : **Encik Wan Ahamad Sabri bin Wan Daud**
(Resigned wef 10 May 2023)
(Independent Non-Executive Director)

Encik Md. Shah bin Hussin
(Appointed wef 10 May 2023)
(Independent Non-Executive Director)

The terms of reference of Audit Committee are available on the Company's corporate website at www.sapuraindustrial.com.my. The Audit Committee held five (5) meetings during the financial year.

• **Board Nomination and Remuneration Committee**

The 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.

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 of non-executive directors, majority of whom are independent.

Chairman : **Datuk Kisai bin Rahmat**
(Resigned wef 10 May 2023)
(Senior Independent Non-Executive Director)

Tan Sri Dr. Azmil Khalili bin Dato' Khalid
(Appointed wef 10 May 2023)
(Senior Independent Non-Executive Director)

Members : **Puan Sri Datin Seri Mariam Parineh**
(Appointed wef 10 May 2022)
(Non-Independent Non-Executive Director)

Encik Wan Ahamad Sabri bin Wan Daud
(Resigned wef 10 May 2023)
(Independent Non-Executive Director)

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

The above composition ensures that any decisions made are impartial and 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 five (5) meetings wherein all the members of BNRC attended the meetings.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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.

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.

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 qualified and suitable individual is selected.

Independent Professional Advice

There is a formal procedure sanctioned by the Board, 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.

CORPORATE GOVERNANCE **OVERVIEW STATEMENT**

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 director 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. During the financial year, the following training session was attended by some of the Board members:

- Strategy & Risk Management Oversight programme

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.

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 2023, the total Directors' fees payable to the Non-Executive Directors amounting to RM437,288 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 2023 are as follows:

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	Executive RM	Non-Executive RM	Total RM
Fees	-	437,288	437,288
Salaries and other emoluments	4,216,500	-	4,216,500
Other emoluments	-	88,000	88,000
Benefits-in-kind	39,477	-	39,477
Contributions to defined contribution plan	228,735	-	228,735
Total	4,484,712	525,288	5,010,000

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

Bands	Executive	Non-Executive	Total
RM50,001 - RM100,000	-	4	4
RM100,001 - RM150,000	-	2	2
RM1,950,001 - RM2,000,000	1	-	1
RM2,500,001 - RM2,550,000	1	-	1
Total	2	6	8

Details of the remuneration of the top five (5) Senior Management for the financial year ended 31 January 2023 are disclosed in the Corporate Governance Report which is available on the Company's corporate website at www.sapuraindustrial.com.my

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 65 to 69 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 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 62 to 64 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 62 to 64 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 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 resolutions 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 relating to the conduct of a general meeting, the Company's Forty Sixth Annual General Meeting (46th AGM) in 2022 was held as a fully virtual meeting through live streaming and online remote voting using the

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Remote Participation and 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 virtually 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 46th 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 46th 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 Tan Sri Dr. Azmil Khalili bin Dato' Khalid 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.

Corporate Website

The Company has established a website at www.sapuraindustrial.com.my where shareholders and stakeholders can access information regarding Sapura Industrial Berhad Group. Information on the website includes 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 9 May 2023.

AUDIT COMMITTEE'S REPORT

The Audit Committee of Sapura Industrial Berhad is pleased to present their report for the financial year ended 31 January 2023 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) (a) and (b) and 15.10 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

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

Datuk Syed Izuan bin Syed Kamarulbahrin, Member
Independent Non-Executive Director

Datuk Syed Izuan bin Syed Kamarulbahrin is a qualified accountant, currently a Fellow Member of ACCA, UK and member of Malaysian Institute of Certified Public Accountants, which is in compliance with paragraph 15.09(1)(c) of MMLR which requires at least one member of the Audit Committee to be a qualified accountant.

The Chairman of the Committee is not the Chairman of the Board. This is in line with Practice 9.1 under the new Malaysian Code on Corporate Governance (MCCG).

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee sets out the authority, duties and responsibilities of the Audit 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.

MEETINGS HELD FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2023

The Audit Committee held five (5) meetings during the financial year ended 31 January 2023 with the Group Financial Controller cum Company Secretary in attendance. The Chief Executive Officer, External Auditors and Internal Auditors 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 five (5) meetings held during the financial year ended 31 January 2023 and the details of attendance are as follows:-

No.	Name of Audit Committee Members	Date of Meeting					Total Meetings Attended
		22/3/22	17/5/22	14/6/22	20/9/22	5/12/22	
1	Datuk Kisai bin Rahmat (Chairman, Independent Non-Executive)	✓	✓	✓	✓	✓	5/5
2	Datuk Syed Izuan bin Syed Kamarulbahrin (Independent Non-Executive)	✓	✓	✓	✓	✓	5/5
3	En. Wan Ahamad Sabri bin Wan Daud (Independent Non-Executive)	✓	✓	✓	✓	✓	5/5

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

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 Auditor. 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 so 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 the Senior Management, External Auditors and Internal 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 Group's Internal Audit function for financial year 31 January 2023 is carried out by Assuring Consulting Sdn Bhd (ACSB) to assist the Audit Committee in the discharge of its duties and responsibilities. The Internal Auditor reports directly to the Audit Committee and its principal 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 Auditors are articulated in the engagement agreement between the Group and ACSB. The Internal Auditors are free from any relationships or conflict of interest, which could impair their objectivity and independence.

The Internal Auditors reviewed and evaluated the adequacy and effectiveness of the Group's internal control system to anticipate any potential risks and recommended improvements, where necessary. The Internal Auditors 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.

Validation of controls based on the key risk profile identified under the Enterprise - Wide Risk Management framework were also conducted in major 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 the International Standards for the Professional Practice of Internal Auditing and the engagement agreement between the Group and ACSB.

The total cost incurred for the internal audit function of the Group for the financial year was RM218,360.

REPORTING TO THE EXCHANGE

In the financial year ended 31 January 2023, 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.

The Audit Committee's Report was made in accordance with a resolution of the Board of Directors dated 9 May 2023.

DATUK KISAI BIN RAHMAT

Chairman
Audit Committee

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“the Board”) of Sapura Industrial Berhad (“SIB” or “the Group”) clearly understands the importance of risk-conscious culture hence is highly committed to maintain a sound internal control system and risk management framework within the Group. With this, the Board is pleased to present the following Statement on Risk Management and Internal Control (“SORMIC” or “the Statement”) for the financial year ended 31 January 2023.

This Statement is made pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad that requires the Board of public listed companies to include a statement on the state of their internal controls in their annual reports. The Board is also guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. In addition, Part II of Principle B in the Malaysian Code on Corporate Governance (MCCG) issued in 2021 requires the board of directors of public listed companies to maintain an effective risk management framework and internal control systems to safeguard shareholders’ investment and the Group’s assets.

RESPONSIBILITY

The Board acknowledges that in order to safeguard shareholders’ investment, other stakeholders’ interest and the assets of the Group, it is important to maintain a well-constructed and effective system of risk management and internal control. Accordingly, the Board recognises its overall responsibility in maintaining the Group’s system of risk management and internal control, and for reviewing its effectiveness, adequacy and integrity of the system which is an integral part of good corporate governance. Such systems cover not only financial controls but also operational and compliance controls and risk management procedures.

In pursuing its responsibility, the Board has established an ongoing process for identifying, evaluating and managing significant risks faced by the Group and to regularly review this process. This

SORMIC 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.

However, due to inherent limitations, the Board acknowledges that the system provides reasonable but not absolute assurance in eliminating the risks of failure in achieving the business objectives. Hence the system can only provide reasonable assurance against material misstatement, fraud or loss.

The Management is assigned by the Board with the responsibility to implement the policies and procedures on risk management, identify and assess the various risks faced by the Group and ensure appropriate controls are in place to mitigate, control and monitor these risks.

RISK MANAGEMENT

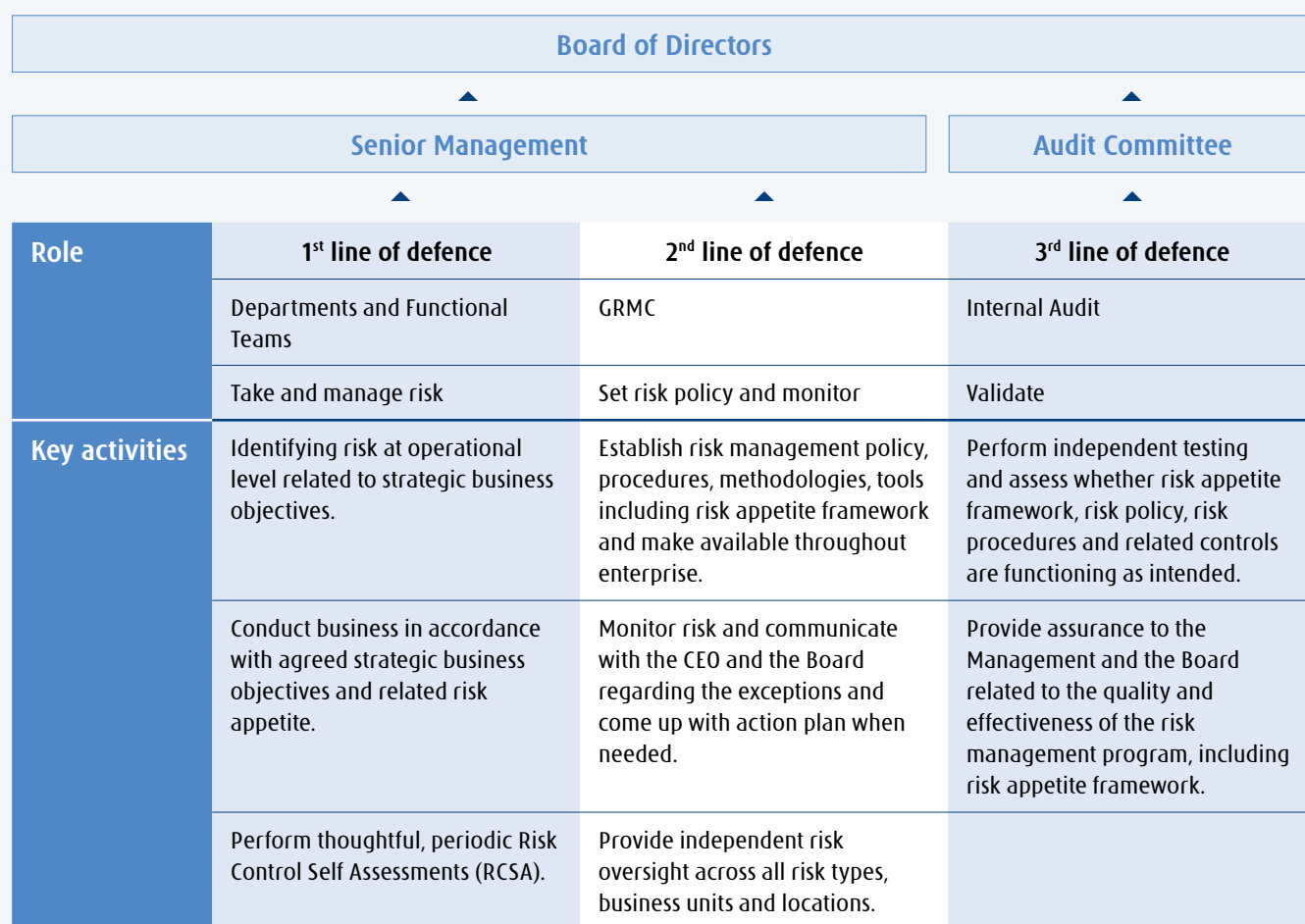
The Board firmly believes that system of risk management and internal controls is critical to the Group’s business sustainability and key to good corporate governance. The Board has oversight over this critical area through the Audit Committee, which delegated the role of overseeing the Group’s risk management to Group Risk Management Committee (GRMC), although the Board retains overall accountability of the Group’s risk profiles.

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



**STATEMENT ON RISK MANAGEMENT AND
INTERNAL CONTROL**

The governance structure to manage risk allows the Group to have a “3 Lines Model” that defines the relationship between these functions and facilitate strong governance and risk management as per the following diagram:



The Group’s Risk Management Framework sets out the overarching principle and approach in risk management. The primary objective of the Group’s Risk Management Framework is to support the achievement of the Group’s mission, vision and strategic objectives by sufficiently managing all its risks and safeguard the Group’s reputation, resources, people and finances.

The Group’s Risk Management Framework has been reviewed during the year to provide adequate guidance in managing the risks of the Group. The updated Risk Management Framework is aligned with the ISO31000:2018 and includes Environment, Social and Governance (ESG) related risks as recommended by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) version 2018.

STATEMENT ON RISK MANAGEMENT AND
INTERNAL CONTROL

The following are 7 steps involved in the Group's Risk Management workflow:

SIB Risk Management Workflow



The Group' Risk Management workflow starts with identifying the strategic objectives that will support the achievement of the Group's vision and mission as follows:

Vision : To be a leader in advanced manufacturing solutions

Mission : Delivering solutions and value to customers, employees, shareholders and community by harnessing technologies and resources.

In performing risk identification, the Group categorises the risks as strategic or operational risks. Strategic risks are those that are mission-critical that have a direct negative impact to achievement of the Group's strategic objectives whereas operational risks are risks that are at granular level, in conducting daily business activities and operations. The Group has identified 21 strategic risks that are closely monitored by GRMC while the operational risks are monitored by the respective Heads of Department.

The risks profiles of the Group are identified, assessed and evaluated during the risk workshops with input from Senior Management. Risks identified are assessed by examining the potential impact on the Group based on the likelihood and impact of occurrence. A 5-point scale that contains 5 response options are used to determine the likelihood and impact of each risk profile. Members of GRMC and Heads of Department provide their responses to each strategic risk identified and the consolidated results are known as the inherent risk score.

At risk prioritization stage, the GRMC together with the Senior Management will determine risk response strategies by classifying the risks into 4 quadrants of avoid risk, transfer risk, mitigate risk and accept risk. This process provides the Group with clarity in understanding risk tolerance level and helps to establish the risk mitigation plan and the required internal control procedures. Controls identified are then classified and evaluated for appropriateness and effectiveness. Residual risks will then be identified and managed in a proper manner by assigning responsibility to relevant levels of management and operations.

The above process adopted in assessing risks provides a structured approach in identifying, prioritising and managing the Group's risks.

During the course of audit activities, Internal Auditors will conduct risk and internal control assessments for both strategic and operational risks to ascertain whether the internal controls are in place and working effectively.

Monitoring and Reporting

The GRMC continuously monitors and reviews the adequacy and effectiveness of risk management and control systems within the Group. This process will ascertain those controls that are effective and those that require further improvement to ensure that sufficient controls are always in place. A control self-assessment system is also available for Management to monitor critical and routine

STATEMENT ON RISK MANAGEMENT AND **INTERNAL CONTROL**

risk areas under their jurisdiction using the Risk Profiles and Risk Heatmap. Additionally, report on risks is given high priority and is discussed extensively during Monthly Management Meeting.

The Audit Committee reviews and monitors the adequacy and effectiveness of the Group's risk management, internal control and governance processes on a periodic basis, based on reports provided by internal auditors. Formal procedures are put in place for action to be taken to remedy any significant weakness identified in these reports.

The Audit Committee has unrestricted access to internal auditors, external auditors and the employees of the Group and are also entitled to obtain third party independent professional advice should the requirement exist in the course of performing their responsibility.

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

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 Group's system of risk management and internal control. The Audit Committee, assisted by the Internal Auditors perform structured and systematic audit review that complies with the guidelines by International Professional Practice Framework (IPPF) of the Institute of Internal Auditors.

The Internal Auditors carry out internal control reviews on the financial and operating activities of the Group based on an annual plan presented and approved by the Audit Committee. Internal Audit functions are carried out objectively and reports directly to the Audit Committee and are independent from the management of the company and the functions which it audits.

The audit performed by Internal Auditors assesses the effectiveness of risk management, internal controls, anti-corruption, whistle-blowing and governance processes of the Group and the extent of compliance with Group's operating policies and procedures. The findings on weaknesses or deficiencies in internal control processes from the audit activities performed are presented to Audit Committee. This function serves an important source of information for Audit Committee to identify possible remedial course of actions to improve the weaknesses found in risk management and control systems.

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 organisational 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 reviewed during the year are:
 - Group Anti-Bribery and Corruption Policy
 - Group Risk Management Framework
 - Group Whistle-Blowing Policy
- Consolidated risk register of the Group and any report received on any significant problem that has occurred during the year will be reviewed. Any potential impact to the existing risk profile and risk appetite will be assessed.
- A manual called the Limit of Authority (LoA) sets out the authority limits throughout the Group in the areas of corporate, operations, 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 Auditors monitor compliance with the Group's policies and procedures and applicable laws, regulations and standards, and provide 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 Auditors, External Auditors and the Management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

- An Annual Budget and Business Plan is 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.
- EXCO Committee Meetings, attended by all General Managers and chaired by the Chief Executive Officer, are held to deliberate on business, financial and operational issues which include reviewing and approving all key strategic business measures and policies. Progress reports of any internal control measures recommended to the business units are also reviewed.
- Monthly Operational Performance Meetings at the Group and business unit levels attended by respective Business Unit Heads and chaired by the Chief Executive Officer are held to review operational performance and issues including progress of ongoing initiatives.
- Quality Management Systems have been implemented in all of the Group's manufacturing subsidiaries where documented internal procedures and standard operating procedures have been put in place. Internal quality audits are carried out by qualified management representatives and periodic surveillance audits are conducted by an independent certification body to ensure compliance.
- Code of Ethics and Business Conduct is established and adopted for all directors, officers and staff that emphasizes on the principle of discipline, good conduct, professionalism and integrity that are critical to the success and well-being of the Group.
- Whistle-Blowing Policy has been put in place to facilitate the disclosure of concerns regarding unethical, unlawful or any improper conduct via a reporting channel within the Group. This policy has been reviewed and updated during the year. Stakeholders of the Group may report any unethical, unlawful and improper conduct via email at whistleblower@sapuraindustrial.com.my. The Whistle-Blowing Policy is available on the Group's corporate website under the Investor Relations section.
- Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018 (MACC Act) which came into force on 1 June 2020 governs the offence of corruption committed by persons associated with a commercial organization. "Associated persons" referred to in this MACC Act would include the director, partner, employee and those who perform services for or on behalf of the commercial organization. Pursuant to this enforcement of MACC Act, the Board has put in place Anti-Bribery and Corruption Policy to establish adequate procedures to prevent the commission of corrupt

acts by persons associated to the Group. This policy has been reviewed during the year to include the penalties involved for non-compliance to MACC Act. In addition, the risk of non-compliance to Anti-Bribery and Corruption Policy is also included in the annual risk assessment in accordance with paragraph 15.29(1)(c) of the MMLR of Bursa Malaysia Securities Berhad. The Anti-Bribery and Corruption Policy is available on the Group's corporate website under the Investor Relations section.

ADEQUACY AND EFFECTIVENESS OF RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The Chief Executive Officer and Group Financial Controller have provided assurance to the Board and Audit Committee 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. Based on the review on adequacy and effectiveness of the risk management and internal control framework of the Group and the assurance provided by 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 9 May 2023.

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 shareholders' interests during the financial year under review.

3. RECURRENT RELATED PARTY TRANSACTIONS ENTERED INTO DURING FINANCIAL YEAR ENDED 31 JANUARY 2023 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 2023.

4. AUDIT AND NON-AUDIT FEES

The amount of audit and non-audit fees incurred for services rendered by Messrs. Ernst & Young PLT by the Group and the Company for the financial year under review were as follows:

	Group RM	Company RM
Statutory audit fees	222,000	57,000
Non-audit fees	136,200	22,800

The non-audit fees comprised of professional fees in relation to statutory tax services and Statement of Risk Management and Internal Control review.

5. PROFIT ESTIMATION, FORECAST OR PROJECTION

There were no profit estimation, forecast of 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 2023.

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	8,997,212	3,906,837
Attributable to:		
Owners of the parent	9,019,707	3,906,837
Non-controlling interests	(22,495)	-
	8,997,212	3,906,837

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, an interim single tier dividend of 3.4 sen per ordinary share amounting to RM2,474,375 was declared on 22 September 2022 and paid on 8 November 2022.

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 January 2023 of 2.5 sen per ordinary share, amounting to a dividend payable of RM1,819,393 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 2024.

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
 Datuk Kisai bin Rahmat
 Md. Shah bin Hussin
 Wan Ahamad Sabri bin Wan Daud
 Puan Sri Datin Seri Mariam Parineh
 Datuk Wira Jalilah binti Baba
 Datuk Syed Izuan bin Syed Kamarulbahrin
 Tan Sri Dr. Azmil Khalili bin Dato' Khalid (appointed on 20 March 2023)
 Dato' Shahrman bin Shamsuddin (ceased as director on 31 December 2022)

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

Helmi bin Sheikh Mahmood
 Mohd Salleh bin Jani
 Liyana Lee binti Abdullah
 Noriyuki Wada
 Noriharu Noshimura
 Shariman bin Abdul Sofi
 Kamaluddin bin Abdul Aziz (appointed on 1 September 2022)
 Md Radzi bin Osman (resigned on 1 September 2022)

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 below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The directors' benefits are as follows:

	Group and Company RM
Salaries and other emoluments	4,304,500
Fees	437,288
Contributions to defined contribution plan	228,735
Benefits-in-kind	39,477
	5,010,000

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONT'D.)

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

The total insurance premium effected for any director and officer of the Company as at the financial year end is RM13,225.

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 31.1.2023
	At 1.2.2022	Acquired	Transferred	
The Company				
Sapura Industrial Berhad				
Indirect interest:				
Tan Sri Dato' Seri Ir. Shamsuddin bin Abdul Kadir ¹	20,377,300	-	-	20,377,300
Puan Sri Datin Seri Mariam Parineh ²	20,377,300	-	-	20,377,300

¹ Interest by virtue of shares held by spouse.

² Deemed interested by virtue of being a substantial shareholder of SAK Asset Ventures Sdn. Bhd. ("SAK Asset Ventures") pursuant to Section 8 of the Companies Act 2016. SAK Asset Ventures is a substantial shareholder of Sapura Industrial Berhad.

Other than as disclosed above, 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 all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (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) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company 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 is as follows:

	Group RM	Company RM
Ernst & Young PLT		
◆ Statutory audit	222,000	57,000
◆ Other services	6,900	6,900
	228,900	63,900

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 2023.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 9 May 2023.

Datuk Kisai bin Rahmat

Datuk Syed Izuan bin Syed Kamarulbahrin

STATEMENT BY **DIRECTORS**

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

We, Datuk Kisai bin Rahmat and Datuk Syed Izuan bin Syed Kamarulbahrin, 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 83 to 162 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 2023 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 9 May 2023.

Datuk Kisai bin Rahmat

Datuk Syed Izuan bin Syed Kamarulbahrin

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 83 to 162 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 9 May 2023

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 2023 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 83 to 162.

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 2023, 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** (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 approximately RM255 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 that enables us to focus on the process flow, 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.

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.

Responsibilities of the directors for the financial statements (cont'd.)

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.
- ◆ 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF **SAPURA INDUSTRIAL BERHAD** (Incorporated in Malaysia)

Auditors' responsibilities for the audit of the financial statements (cont'd.)

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. 02921/04/2024 J
Chartered Accountant

Kuala Lumpur, Malaysia
9 May 2023

STATEMENTS OF **COMPREHENSIVE INCOME**

For the year ended 31 January 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue	4	254,833,648	153,864,873	21,286,197	13,901,045
Cost of sales		(218,220,815)	(137,004,110)	-	-
Gross profit		36,612,833	16,860,763	21,286,197	13,901,045
Other income	5	7,799,473	7,848,656	3,711,082	6,291,365
Administrative expenses		(28,244,918)	(26,914,186)	(20,462,690)	(17,695,382)
Selling and marketing expenses		(605,921)	(249,562)	(404,184)	(193,739)
Other expenses		(104,484)	(58,976)	(81,039)	(54,776)
Profit/(loss) from operations		15,456,983	(2,513,305)	4,049,366	2,248,513
Finance costs	6	(2,051,975)	(2,242,134)	(262,436)	(153,766)
Profit/(loss) before tax	7	13,405,008	(4,755,439)	3,786,930	2,094,747
Taxation	10	(4,407,796)	942,431	119,907	(87,973)
Profit/(loss) net of tax		8,997,212	(3,813,008)	3,906,837	2,006,774
Other comprehensive income					
Actuarial (loss)/gain on retirement benefit net of tax		(45,813)	493,424	402,349	141,598
Total comprehensive income/(loss) for the year		8,951,399	(3,319,584)	4,309,186	2,148,372
Profit/(loss) attributable to:					
Owners of the parent		9,019,707	(3,777,675)	3,906,837	2,006,774
Non-controlling interests		(22,495)	(35,333)	-	-
		8,997,212	(3,813,008)	3,906,837	2,006,774
Total comprehensive income/(loss) attributable to:					
Owners of the parent		8,973,894	(3,284,251)	4,309,186	2,148,372
Non-controlling interests		(22,495)	(35,333)	-	-
		8,951,399	(3,319,584)	4,309,186	2,148,372
Earnings/(loss) per share attributable to owners of the parent (sen):					
Basic/diluted	11	12.39	(5.19)		

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

STATEMENTS OF **FINANCIAL POSITION** as at 31 January 2023

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Assets					
Non-current assets					
Property, plant and equipment	13	66,621,943	55,049,403	2,652,077	3,951,231
Investment properties	14	32,149,231	32,387,178	13,795,480	13,994,931
Development expenditure	15	2,031,212	1,608,419	-	-
Investments in subsidiaries	16	-	-	30,457,880	30,457,880
Other receivables	18	-	-	22,330,207	27,864,229
Deferred tax assets	26	132,105	63,407	-	-
		100,934,491	89,108,407	69,235,644	76,268,271
Current assets					
Inventories	17	33,828,264	31,107,933	-	-
Tax recoverable		1,596,376	672,427	39,083	-
Trade and other receivables	18	39,712,724	26,742,003	15,615,170	7,774,284
Other current assets	19	5,624,162	5,851,085	186,084	559,786
Dividend receivable		-	-	-	-
Short term investments	20	16,629,182	8,999,257	-	-
Cash and bank balances		14,618,287	11,169,684	1,162,596	1,764,260
Asset held for sale	21	112,008,995	84,542,389	17,002,933	10,098,330
		-	466,719	-	-
Total assets		212,943,486	174,117,515	86,238,577	86,366,601
Equity and liabilities					
Current liabilities					
Retirement benefit obligations	22	639,682	419,647	490,189	144,950
Trade and other payables	27	54,350,370	26,721,081	3,636,621	2,742,658
Provisions	28	129,055	119,481	-	-
Tax payable		391,848	70,336	34,870	94,305
Loans and borrowings	23	9,635,863	11,488,149	1,217,515	2,236,734
		65,146,818	38,818,694	5,379,195	5,218,647
Net current assets		46,862,177	46,190,414	11,623,738	4,879,683

STATEMENTS OF **FINANCIAL POSITION** as at 31 January 2023 (cont'd.)

	Note	Group		Company	
		2023 RM	2022 RM	2023 RM	2022 RM
Non-current liabilities					
Retirement benefit obligations	22	8,191,918	8,448,612	2,338,606	3,244,322
Loans and borrowings	23	26,058,403	22,612,643	1,314,483	2,532,150
Deferred tax liabilities	26	5,614,633	2,826,041	-	-
Provisions	28	145,243	102,078	-	-
		40,010,197	33,989,374	3,653,089	5,776,472
Total liabilities		105,157,015	72,808,068	9,032,284	10,995,119
Net assets		107,786,471	101,309,447	77,206,293	75,371,482
Equity attributable to owners of the parent					
Share capital	29	74,975,863	74,975,863	74,975,863	74,975,863
Retained profits		31,377,840	24,878,321	2,230,430	395,619
		106,353,703	99,854,184	77,206,293	75,371,482
Non-controlling interests		1,432,768	1,455,263	-	-
Total equity		107,786,471	101,309,447	77,206,293	75,371,482
Total equity and liabilities		212,943,486	174,117,515	86,238,577	86,366,601

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 2023

← Attributable to owners of the parent →					
Note	Non-distributable Share capital RM	Distributable Retained profits RM	Total RM	Non-controlling interests ("NCI") RM	Total equity RM
As at 1 February 2022	74,975,863	24,878,321	99,854,184	1,455,263	101,309,447
Total comprehensive income/(loss) for the year	-	8,973,894	8,973,894	(22,495)	8,951,399
Dividends on ordinary shares	-	(2,474,375)	(2,474,375)	-	(2,474,375)
At 31 January 2023	74,975,863	31,377,840	106,353,703	1,432,768	107,786,471
As at 1 February 2021	74,975,863	30,345,844	105,321,707	1,490,596	106,812,303
Total comprehensive loss for the year	-	(3,284,251)	(3,284,251)	(35,333)	(3,319,584)
Dividends on ordinary shares	-	(2,183,272)	(2,183,272)	-	(2,183,272)
At 31 January 2022	74,975,863	24,878,321	99,854,184	1,455,263	101,309,447

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 2023

	Note	Non-distributable Share capital RM	Distributable Retained profits RM	Total RM
As at 1 February 2022		74,975,863	395,619	75,371,482
Total comprehensive income for the year		-	4,309,186	4,309,186
Dividends on ordinary shares	12	-	(2,474,375)	(2,474,375)
At 31 January 2023		74,975,863	2,230,430	77,206,293
As at 1 February 2021		74,975,863	430,519	75,406,382
Total comprehensive income for the year		-	2,148,372	2,148,372
Dividends on ordinary shares	12	-	(2,183,272)	(2,183,272)
At 31 January 2022		74,975,863	395,619	75,371,482

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 2023

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Operating activities				
Profit/(loss) before tax	13,405,008	(4,755,439)	3,786,930	2,094,747
Adjustments for:				
Property, plant and equipment				
♦ depreciation	10,413,645	10,218,700	274,282	357,790
♦ written off	108,842	976,844	1,971	1,247
Investment properties				
♦ depreciation	237,947	233,147	199,451	195,621
Development expenditure				
♦ amortisation	491,733	553,171	-	-
♦ written off	61,383	-	-	-
Right-of-use assets				
♦ depreciation	1,131,307	1,210,118	1,085,041	1,085,042
(Reversal of)/provision for short term accumulating compensated absences	(85,798)	15,928	(29,181)	(22,168)
Profit from short term investments	(226,704)	(246,030)	-	-
Allowance for impairment loss on trade and other receivables	-	878,965	666,792	253,430
Provision for warranty	135,037	221,559	-	-
Net unrealised (gain)/loss on foreign exchange	(530,567)	2,058	-	-
Increase in liability for defined benefit plan	811,359	796,198	290,917	290,930
Dividend income	-	-	(5,550,000)	-
Net reversal of provision for slow moving inventories	(79,819)	(78,424)	-	-
Inventories written off	466,096	1,576,227	-	-
Writeback of inventories written off	(536,015)	-	-	-
Gain on disposal of asset held for sale	(833,281)	-	-	-
Interest expense	2,051,975	2,242,134	262,436	153,766
Interest income	-	-	(134,013)	(58,568)
Operating profit before working capital changes	27,022,148	13,845,155	854,626	4,351,837
Increase in inventories	(2,570,593)	(5,885,651)	-	-
(Increase)/decrease in trade and other receivables	(12,970,721)	(2,742,384)	2,576,344	(5,287,054)
(Increase)/decrease in other current assets	(3,755,170)	(1,068,502)	373,702	(456,566)
Increase/(decrease) in trade and other payables	28,245,654	(275,127)	923,144	(712,085)
Utilisation of provisions	(82,298)	(166,840)	-	-
Cash generated from/(used in) operations	35,889,020	3,706,651	4,727,816	(2,103,868)
Interest paid	(1,972,144)	(2,115,329)	(122,913)	(122,666)
Taxes paid	(2,307,492)	(249,644)	(105,668)	(81,127)
Retirement benefits paid	(876,678)	(475,773)	(321,988)	(184,886)
Net cash generated from/(used in) operating activities	30,732,706	865,905	4,177,247	(2,492,547)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Investing activities				
Purchase of investment property	-	(490,636)	-	(442,272)
Purchase of property, plant and equipment	(19,217,746)	(11,567,560)	(62,140)	(49,945)
Proceeds from disposal of asset held for sale	1,300,000	-	-	-
(Placement in)/withdrawal of short term investments	(7,403,221)	9,195,925	-	-
Dividend received	-	-	-	6,030,000
Investment in a subsidiary	-	-	-	(2)
Interest received	-	-	134,013	58,568
Development expenditure incurred	(975,909)	(747,163)	-	-
Net cash (used in)/generated from investing activities	(26,296,876)	(3,609,434)	71,873	5,596,349
Financing activities				
Net drawdown/(repayment) of term loans	5,442,241	(1,295,707)	-	-
Net (repayment)/drawdown of other short term borrowings	(2,541,764)	1,732,297	(1,000,000)	632,000
Repayment of hire purchase obligations	(205,511)	(183,124)	(205,511)	(183,124)
Repayment of lease liabilities	(1,207,818)	(1,117,327)	(1,170,898)	(1,170,708)
Dividends on ordinary shares	(2,474,375)	(2,183,272)	(2,474,375)	(2,183,272)
Net cash used in financing activities	(987,227)	(3,047,133)	(4,850,784)	(2,905,104)
Net increase/(decrease) in cash and cash equivalents	3,448,603	(5,790,662)	(601,664)	198,698
Cash and cash equivalents at beginning of year	11,169,684	16,960,346	1,764,260	1,565,562
Cash and cash equivalents at end of year	14,618,287	11,169,684	1,162,596	1,764,260

Cash and cash equivalents at 31 January comprise:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Cash at bank and on hand	5,418,287	11,169,684	462,596	1,764,260
Short term deposits	9,200,000	-	700,000	-
	14,618,287	11,169,684	1,162,596	1,764,260

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

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

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 9 May 2023.

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 where disclosed in the accounting policies below.

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

As of 1 February 2022, 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 2022, 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 2022.

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

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 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
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 - Comparative Information

Effective for annual periods beginning on or after 1 January 2024

Amendments to MFRS 16	Lease Liability in a Sale and Leaseback
Amendments to MFRS 101	Non-current Liabilities with Covenants

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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

2.4 Basis of consolidation (cont'd.)

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.

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.

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.

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%

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

2.8 Property, plant and equipment and depreciation (cont'd.)

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.

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:

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

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 criteria 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.

2.10 Intangible asset - Development expenditure (cont'd.)

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

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.

(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.

2.12 Financial assets (cont'd.)

(b) Subsequent measurement (cont'd.)

Financial assets at amortised cost (debt instruments) (cont'd.)

Financial assets at amortised cost are subsequently measured using the effective interest ("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.

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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 Effective Interest Rate ("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 recognise 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.

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.

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2.17 Financial liabilities (cont'd.)

Subsequent measurement (cont'd.)

(a) Financial liabilities at fair value through profit or loss (cont'd.)

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.

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.

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.

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

Building	20% to 25%
Plant, machinery and factory equipment	25%

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2.20 Leases (cont'd.)

As a lessee (cont'd.)

(a) Right-of-use assets (cont'd.)

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 right-of-use assets in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

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 Company's right to receive payment is established.

(v) Sale of scrap

Income from sale of scrap is recognised at a point in time upon control of the goods being transferred to the customer.

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.

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.

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2.22 Income taxes (cont'd.)

(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 unabsorbed 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.

2.23 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 34, 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.

2.27 Assets held for sale

The Group classifies assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets classified as held for sale are presented separately as current items in the statement of financial position.

Additional disclosures are provided in Note 21.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

3. Significant accounting judgements and estimates

The preparation of the 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.

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 unused tax losses and unabsorbed allowances to the extent that it is probable that taxable profit will be available against which the losses and 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 26.

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

The Group uses the simplified approach to calculate ECLs for trade and other receivables. 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 automotive 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 and other receivables is disclosed in Note 18.

4. Revenue

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Type of goods or services				
Sales of automotive parts	254,833,648	153,864,873	-	-
Management fees from subsidiaries	-	-	15,736,197	13,901,045
Total revenue from contracts with customers	254,833,648	153,864,873	15,736,197	13,901,045
Dividends from subsidiaries, representing total revenue from other sources	-	-	5,550,000	-
	254,833,648	153,864,873	21,286,197	13,901,045
Geographical markets				
Malaysia	254,833,648	152,680,078	15,736,197	13,901,045
Outside Malaysia	-	1,184,795	-	-
Total revenue from contracts with customers	254,833,648	153,864,873	15,736,197	13,901,045
Total revenue from other sources - Malaysia	-	-	5,550,000	-
	254,833,648	153,864,873	21,286,197	13,901,045

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Timing of revenue recognition				
At a point of time	254,833,648	153,864,873	-	-
Over time	-	-	15,736,197	13,901,045
Total revenue from contract with customers	254,833,648	153,864,873	15,736,197	13,901,045
Total revenue from other sources	-	-	5,550,000	-
	254,833,648	153,864,873	21,286,197	13,901,045

NOTES TO THE FINANCIAL STATEMENTS

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4. Revenue (cont'd.)

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 the date of 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	
	2023 RM	2022 RM
Within 1 year	5,423,719	1,358,694

Set out below is the amount of revenue recognised from:

	Group	
	2023 RM	2022 RM
Amounts included in contract liabilities at the beginning of the year	1,358,694	3,874,712

5. Other income

Included in other income are:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income	938,187	969,913	1,959,948	1,991,672
Profit from short term investments (Note 20)	226,704	246,030	-	-
Interest income from advances to subsidiaries	-	-	134,013	58,568
Income from sales of scrap	2,923,041	1,617,250	-	-
Gain on disposal of asset held for sale	833,281	-	-	-
Writeback of inventories	536,015	-	-	-
Unrealised foreign exchange gain	530,567	-	-	-
Waiver of debt by a subsidiary	-	-	986,685	-
Bad debts recovered	697,137	4,107,992	-	4,097,161

6. Finance costs

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Interest expense on:				
◆ Term loans	1,429,733	1,656,772	-	-
◆ Revolving credits	111,985	18,495	17,131	3,007
◆ Hire purchase obligations	18,876	24,007	18,876	24,007
◆ Bankers' acceptances	177,585	176,379	-	95,652
◆ Lease liabilities (Note 25)	79,831	126,805	139,523	31,100
◆ Letter of credits	80,706	42,151	-	-
Bank guarantee charges	10,117	4,843	-	-
Facility commitment fees	143,142	192,682	86,906	-
	2,051,975	2,242,134	262,436	153,766

NOTES TO THE FINANCIAL STATEMENTS

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7. Profit/(loss) before tax

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Employee benefits expense (Note 8)	45,353,215	33,387,872	16,237,826	13,770,396
Amortisation of development expenditure (Note 15)	491,733	553,171	-	-
Fees for statutory audits:				
◆ Ernst & Young PLT	222,000	169,100	57,000	43,900
◆ Other auditors	-	3,000	-	-
Fees for non-audit services:				
◆ Ernst & Young PLT	6,900	6,900	6,900	6,900
◆ Ernst & Young Tax Consultants Sdn Bhd	129,300	129,300	15,900	15,900
Depreciation of property, plant and equipment (Note 13)	10,413,645	10,218,700	274,282	357,790
Depreciation of right-of-use assets (Note 13)	1,131,307	1,210,118	1,085,041	1,085,042
Depreciation of investment properties (Note 14)	237,947	233,147	199,451	195,621
Foreign exchange (gain)/loss				
◆ Unrealised	(530,567)	2,058	-	-
Development expenditure written off	61,383	-	-	-
Net reversal of provision for slow moving inventories	(79,819)	(78,424)	-	-
Inventories written off	466,096	1,576,227	-	-
Property, plant and equipment written off	108,842	976,844	1,971	1,247
Gain on asset held for sale	(833,281)	-	-	-
Provision for impairment loss on trade receivables (Note 18(a))	-	878,965	-	-
Provisions (Note 28)	135,037	221,559	-	-
Wage subsidies	-	(2,057,800)	-	(181,200)

8. Employee benefits expense

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Wages and salaries	33,730,401	23,787,520	11,469,799	9,454,144
Social security contribution	369,410	326,675	73,346	69,726
Contributions to defined contribution plan	2,982,282	2,870,089	1,128,056	1,182,061
Increase in liability for defined benefit plan (Note 22)	811,359	796,198	290,917	290,930
Short term accumulating compensated absences	(85,798)	15,928	(29,181)	(22,168)
Other benefits	7,545,561	5,591,462	3,304,889	2,795,703
	45,353,215	33,387,872	16,237,826	13,770,396

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 RM4,445,235 (2022: RM3,392,763) as further disclosed in Note 9.

9. Directors' remuneration

	Group and Company	
	2023 RM	2022 RM
Directors of the Company		
Executive:		
Salaries and other emoluments	4,216,500	3,193,000
Contributions to defined contribution plan	228,735	199,763
Benefits-in-kind	39,477	38,985
	4,484,712	3,431,748
Non-Executive:		
Fees	437,288	379,610
Other emoluments	88,000	64,000
	525,288	443,610
	5,010,000	3,875,358

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9. Directors' remuneration (cont'd.)

	Group and Company	
	2023 RM	2022 RM
Analysis excluding benefits-in-kind:		
Total executive director's remuneration, excluding benefits-in-kind	4,445,235	3,392,763
Total non-executive directors' remuneration, excluding benefits-in-kind	525,288	443,610
Total directors' remuneration excluding benefits-in-kind	4,970,523	3,836,373

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	
	2023	2022
Executive directors:		
RM2,500,001 - RM2,550,000	1	-
RM1,950,001 - RM2,000,000	1	-
RM1,850,001 - RM1,900,000	-	1
RM1,550,001 - RM1,600,000	-	1
Non-executive directors:		
RM100,001 - RM150,000	2	1
RM50,001 - RM100,000	4	5
Below RM50,000	-	1

10. Taxation

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current income tax:				
Malaysia income tax	1,719,997	342,764	140,544	133,394
Over provision in prior years	(14,942)	(106,312)	(133,394)	(706)
	1,705,055	236,452	7,150	132,688
Deferred tax (Note 26):				
Relating to origination and reversal of temporary differences	2,330,986	(1,314,116)	(127,057)	(44,715)
Under provision in prior years	371,755	135,233	-	-
	2,702,741	(1,178,883)	(127,057)	(44,715)
	4,407,796	(942,431)	(119,907)	87,973

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

A reconciliation of income tax expenses applicable to (loss)/profit before tax 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) before tax	13,405,008	(4,755,439)	3,786,930	2,094,747
Tax at Malaysian statutory tax rate of 24%	3,217,202	(1,141,305)	908,863	502,739
Income not subject to tax	(548,804)	-	(1,568,804)	-
Expenses not deductible for tax purposes	1,226,251	887,340	513,111	404,603
Deferred tax assets not recognised during the year	637,585	32,728	468,460	-
Utilisation of previously unrecognised deferred tax assets	-	(69,402)	-	(170,335)
Utilisation of previously unrecognised tax losses, unabsorbed capital allowances and reinvestment allowances	(481,251)	(680,713)	(308,143)	(648,328)
Over provision of income tax expense in prior years	(14,942)	(106,312)	(133,394)	(706)
Underprovision of deferred tax expense in prior years	371,755	135,233	-	-
	4,407,796	(942,431)	(119,907)	87,973

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11. Earnings/(loss) per share

(a) Basic/diluted

Basic earnings/(loss) per share amounts are calculated by dividing profit/(loss) 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.

	2023	2022
Profit/(loss) net of tax attributable to owners of the parent (RM)	9,019,707	(3,777,675)
Weighted average number of ordinary shares in issue (unit)	72,775,737	72,775,737
Basic/diluted earnings/(loss) per share (sen)	12.39	(5.19)

(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

	Group and Company	
	2023 RM	2022 RM
Recognised during the year:		
Interim single tier dividend for 2023: 3.4 sen per share	2,474,375	-
Special single tier dividend for 2022: 2 sen per share	-	1,455,515
Final single tier dividend for 2021: 1 sen per share	-	727,757
	2,474,375	2,183,272

At the forthcoming Annual General Meeting, a final single tier dividend in respect of the financial year ended 31 January 2023 of 2.5 sen per ordinary share, amounting to a dividend payable of RM1,819,393 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 2024.

13. Property, plant and equipment

Group	Right-of-Use Assets				Owned Assets				Total RM
	Land and building RM	Plant, machinery, factory equipment and motor vehicle 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 2023									
Costs									
At 1 February 2022	11,136,976	428,963	19,180,334	162,103,874	10,244,922			203,095,069	
Additions	-	26,495	3,780	22,719,339	476,720			23,226,334	
Write offs	-	-	-	(4,643,171)	(70,296)			(4,713,467)	
At 31 January 2023	11,136,976	455,458	19,184,114	180,180,042	10,651,346			221,607,936	
Accumulated depreciation and impairment									
At 1 February 2022	7,779,534	222,793	11,207,808	119,631,931	9,203,600			148,045,666	
Depreciation charge for the year (Note 7)	1,070,477	60,830	402,459	9,576,013	435,173			11,544,952	
Write offs	-	-	-	(4,536,300)	(68,325)			(4,604,625)	
At 31 January 2023	8,850,011	283,623	11,610,267	124,671,644	9,570,448			154,985,993	
Analysed as:									
Accumulated depreciation	8,850,011	283,623	11,610,267	124,671,644	9,570,448			154,985,993	
Accumulated impairment losses	-	-	-	-	-			-	
	8,850,011	283,623	11,610,267	124,671,644	9,570,448			154,985,993	
Net carrying amount	2,286,965	171,835	7,573,847	55,508,398	1,080,898			66,621,943	

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13. Property, plant and equipment (cont'd.)

Group	Right-of-Use Assets				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 2022									
Costs									
At 1 February 2021	11,136,976	195,348	19,139,721	190,753,885	10,649,267				231,875,197
Additions	-	233,615	40,613	11,322,668	204,279				11,801,175
Transfer to Assets Held for Sale (Note 21)	-	-	-	(7,809,665)	-				(7,809,665)
Write offs	-	-	-	(32,163,014)	(608,624)				(32,771,638)
At 31 January 2022	11,136,976	428,963	19,180,334	162,103,874	10,244,922				203,095,069
Accumulated depreciation and impairment									
At 1 February 2021	6,624,920	167,289	10,837,438	148,826,442	9,298,499				175,754,588
Depreciation charge for the year (Note 7)	1,154,614	55,504	370,370	9,337,110	511,220				11,428,818
Transfer to Assets Held for Sale (Note 21)	-	-	-	(7,342,946)	-				(7,342,946)
Write offs	-	-	-	(31,188,675)	(606,119)				(31,794,794)
At 31 January 2022	7,779,534	222,793	11,207,808	119,631,931	9,203,600				148,045,666
Analysed as:									
Accumulated depreciation	7,779,534	222,793	11,207,808	119,631,931	9,203,600				148,045,666
Accumulated impairment losses	-	-	-	-	-				-
	7,779,534	222,793	11,207,808	119,631,931	9,203,600				148,045,666
Net carrying amount	3,357,442	206,170	7,972,526	42,471,943	1,041,322				55,049,403

13. Property, plant and equipment (cont'd.)

Company	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				
At 31 January 2023							
Cost							
At 1 February 2022	6,510,250	10,423	4,194,428				10,715,101
Additions	-	-	62,140				62,140
Write offs	-	-	(57,528)				(57,528)
At 31 January 2023	6,510,250	10,423	4,199,040				10,719,713
Accumulated depreciation							
At 1 February 2022	3,255,126	10,423	3,498,321				6,763,870
Charge for the year (Note 7)	1,085,041	-	274,282				1,359,323
Write offs	-	-	(55,557)				(55,557)
At 31 January 2023	4,340,167	10,423	3,717,046				8,067,636
Net carrying amount	2,170,083	-	481,994				2,652,077

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13. Property, plant and equipment (cont'd.)

Company	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				
At 31 January 2022							
Cost							
At 1 February 2021	3,255,125	10,423	4,148,883			7,414,431	
Additions	-	-	49,945			49,945	
Lease modification	3,255,125	-	-			3,255,125	
Write offs	-	-	(4,400)			(4,400)	
At 31 January 2022	6,510,250	10,423	4,194,428			10,715,101	
Accumulated depreciation							
At 1 February 2021	2,170,084	10,423	3,143,684			5,324,191	
Charge for the year (Note 7)	1,085,042	-	357,790			1,442,832	
Write offs	-	-	(3,153)			(3,153)	
At 31 January 2022	3,255,126	10,423	3,498,321			6,763,870	
Net carrying amount	3,255,124	-	696,107			3,951,231	

13. Property, plant and equipment (cont'd.)

- (a) During the financial year, the Group and the Company acquired property, plant and equipment at an aggregate cost of RM23,199,839 (2022: RM11,567,560) and RM62,140 (2022: RM49,945) respectively, of which none was acquired by means of hire purchase.

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

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Motor vehicle	294,833	483,673	294,833	483,673

Details of the terms and conditions of the hire purchase obligations are disclosed in Note 24.

- (b) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Plant and machinery	16,863,538	13,936,879	-	-

- (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	
	2023 RM	2022 RM	2023 RM	2022 RM
Plant, machinery and equipments	85,436,051	84,360,922	10,423	10,423
Furniture, fittings, office equipments, renovation and computers	9,658,832	6,809,576	2,879,812	2,402,454

- (d) During the year, the Group and the Company has written off certain property, plant and equipment as they are no longer in use and machinery that relates to phased out models amounting to RM108,842 (2022: RM976,844) and RM1,971 (2022: RM 1,247) respectively.

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13. Property, plant and equipment (cont'd.)

(e) Right-of-use assets

Group and Company as a lessee

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 in alignment 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.

Group and Company as a 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 receivable under operating leases contracted for as at the reporting date are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Future minimum lease receivables:				
Not later than 1 year	820,521	812,116	971,986	1,769,874
Later than 1 year and not later than 5 years	586,372	1,328,493	347,823	2,469,966
	1,406,893	2,140,609	1,319,809	4,239,840

14. Investment properties

	Freehold land RM	Leasehold land RM	Building RM	Total RM
Group				
At 31 January 2023				
Costs				
At 1 February 2022/31 January 2023	16,691,967	16,933,856	3,199,034	36,824,857
Accumulated depreciation				
At 1 February 2022	-	3,377,676	1,060,003	4,437,679
Charge for the year (Note 7)	-	172,999	64,948	237,947
At 31 January 2023	-	3,550,675	1,124,951	4,675,626
Net carrying amount	16,691,967	13,383,181	2,074,083	32,149,231

14. Investment properties (cont'd.)

	Freehold land RM	Leasehold land RM	Building RM	Total RM
Group				
At 31 January 2022				
Costs				
At 1 February 2021	16,691,967	16,443,220	3,199,034	36,334,221
Additions	-	490,636	-	490,636
At 31 January 2022	16,691,967	16,933,856	3,199,034	36,824,857
Accumulated depreciation				
At 1 February 2021	-	3,208,511	996,021	4,204,532
Charge for the year (Note 7)	-	169,165	63,982	233,147
At 31 January 2022	-	3,377,676	1,060,003	4,437,679
Net carrying amount	16,691,967	13,556,180	2,139,031	32,387,178

Fair value of investment properties of the Group as at 31 January 2023 was estimated by an independent valuer to be approximately RM69,240,000 (2022: RM62,850,000).

The net carrying amounts of investment property of the Group pledged as securities for borrowings (Note 23) is RM16,691,967 (2022: RM16,691,967).

The fair values disclosed are categorised within the Level 3 fair value hierarchy which are described as inputs for assets or liabilities that are based on unobservable market data.

	Leasehold land RM	Building RM	Total RM
Company			
At 31 January 2023			
Cost			
At 1 February 2022/31 January 2023	17,013,316	2,265,637	19,278,953
Accumulated depreciation			
At 1 February 2022	3,590,629	1,693,393	5,284,022
Charge for the year (Note 7)	174,679	24,772	199,451
At 31 January 2023	3,765,308	1,718,165	5,483,473
Net carrying amount	13,248,008	547,472	13,795,480

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31 January 2023

14. Investment properties (cont'd.)

	Leasehold land RM	Building RM	Total RM
Company			
At 31 January 2022			
Cost			
At 1 February 2021	16,571,044	2,265,637	18,836,681
Additions	442,272	-	442,272
At 31 January 2022	17,013,316	2,265,637	19,278,953
Accumulated depreciation			
At 1 February 2021	3,419,780	1,668,621	5,088,401
Charge for the year (Note 7)	170,849	24,772	195,621
At 31 January 2022	3,590,629	1,693,393	5,284,022
Net carrying amount	13,422,687	572,244	13,994,931

Fair value of investment properties of the Company as at 31 January 2023 was estimated by an independent valuer to be approximately RM51,780,000 (2022: RM45,950,000).

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.

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Rental income derived from investment properties	938,187	969,913	1,959,948	1,991,672
Direct operating expenses (including repairs and maintenance) from properties:				
♦ generating rental income	(351,031)	(343,035)	(297,297)	(279,272)
♦ not generating rental income	(8,833)	(8,833)	-	-
Profit arising from investment properties	578,323	618,045	1,662,651	1,712,400

14. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>Lot 5 & 7, Persiaran Usahawan, Taman IKS, Seksyen 9, 43650 Bandar Baru Bangi, Selangor Darul Ehsan.</p> <p>◆ land</p>	Comparison method	<p>(a) A parcel of freehold industrial land located at Lot 5973, Taman Desa Karunmas, Mukim of Kajang with a land area of approximately 223,524 square feet was transacted on 30 March 2022 for RM25,704,418.</p> <p>(b) A parcel of freehold industrial land located at Lot 39359, Kawasan Perindustrian Sungai Purun, Mukim of Semenyih with a land area of approximately 90,603 square feet was transacted on 5 October 2022 for RM8,512,682.</p> <p>(c) A parcel of freehold industrial land located at Lot 11332, Bandar Tasik Kesuma, Mukim of Beranang with a land area of approximately 92,799 square feet was transacted on 27 September 2022 for RM8,097,499.</p> <p>(d) A parcel of freehold industrial land located at Lot 11282, Bandar Tasik Kesuma, Mukim of Beranang with a land area of approximately 146,825 square feet was transacted on 15 June 2021 for RM11,000,000.</p> <p>(e) A parcel of freehold industrial land located at Lot 30482, Bandar Teknologi Kajang, Mukim of Semenyih with a land area of approximately 152,530 square feet was transacted on 1 September 2021 for RM13,727,215.</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>◆ Transacted Price were higher/(lower)</p>

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14. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>Plot 98, Mukim of Bukit Katil, District of Melaka Tengah, Melaka Bandaraya Bersejarah.</p> <p>♦ land</p>	<p>Comparison method</p>	<p>(a) A vacant parcel of leasehold industrial land located at PT 19445, Mukim of Bukit Katil, District of Melaka Tengah, Melaka with a land area of approximately 549,734 square feet was transacted on 20 July 2022 for RM25,800,000.</p> <p>(b) A vacant parcel of freehold industrial land located at Lot 9105, Mukim of Bukit Baru, District of Melaka Tengah, Melaka with a land area of approximately 35,370 square feet was transacted on 10 January 2022 for RM1,998,417.</p> <p>(c) A vacant parcel of leasehold industrial land located at Lot 26690, Mukim of Bukit Baru, District of Melaka Tengah, Melaka with a land area of approximately 60,579 square feet was transacted on 8 October 2021 for RM2,700,000.</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>♦ Transacted Price were higher/(lower)</p>
<p>No 58, Kawasan Perindustrian Gurun, Jalan Jeniang, 08300 Gurun, Kedah Darul Aman.</p> <p>♦ land and building</p>	<p>Comparison method</p>	<p>(a) A leasehold industrial premise located at Lot 59, Kawasan Perindustrian Gurun, Jalan Jeniang, Gurun, Kedah Darul Aman with a land area of approximately 499,434 square feet was transacted on 7 June 2022 for RM8,100,000.</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>♦ Transacted Price were higher/(lower)</p>

14. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>No 58, Kawasan Perindustrian Gurun, Jalan Jeniang, 08300 Gurun, Kedah Darul Aman.</p> <p>◆ land and building (cont'd.)</p>	Comparison method	<p>(b) A leasehold industrial premise located at No. 54, Kawasan Perindustrian Gurun, Jalan Jeniang, Gurun, Kedah Darul Aman with a land area of approximately 394,885 square feet was transacted on 4 March 2022 for RM10,388,000.</p> <p>(c) A freehold industrial premise located at PT 631, Jalan Bukit Selambau, Bukit Selambau Industrial Park, Kedah Darul Aman with a land area of approximately 209,810 square feet was transacted on 26 May 2022 for RM10,000,000.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>◆ Transacted Price were higher/(lower)</p>
<p>HS(D) 207937, PT 6409, Bandar Seri Sendayan, Seremban, Negeri Sembilan Darul Khusus.</p> <p>◆ land</p>	Comparison method	<p>(a) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at Lot 43840, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 217,754 square feet was transacted on 9 March 2022 for RM9,548,000.</p> <p>(b) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at PT 6378, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 130,829 square feet was transacted on 22 February 2022 for RM5,814,400.</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>◆ Transacted Price were higher/(lower)</p>

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14. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<p>HS(D) 207937, PT 6409, Bandar Seri Sendayan, Seremban, Negeri Sembilan Darul Khusus.</p> <p>◆ land (cont'd.)</p>	<p>Comparison method</p>	<p>(c) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at Lot 43811, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 130,685 square feet was transacted on 13 January 2022 for RM6,300,000.</p> <p>(d) Six (6) vacant parcels of freehold industrial land (within Sendayan Techvalley) located at PT 6392, 6397 to 6400 and 6402, Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 2,371,817 square feet was transacted on 1 April 2021 for RM94,871,938.</p> <p>(e) A vacant parcel of freehold industrial land (within Sendayan Techvalley) located at Lot 43803 (PT 6286), Bandar Sri Sendayan, District of Seremban, Negeri Sembilan Darul Khusus with a land area of approximately 87,123 square feet was transacted on 19 January 2021 for RM3,833,280.</p>	<p>The estimated fair value would increase/(decrease) if (cont'd.):</p> <p>◆ Transacted Price were higher/(lower)</p>

14. Investment properties (cont'd.)

Investment property	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Lot 1 & 3, Jalan P/14, Seksyen 10, Bandar Baru Bangi, Selangor. ♦ land and building	Comparison method	<p>(a) A freehold industrial premise located at PT 42619, Jalan Hi-Tech 7, Semenyih with a land area of approximately 43,557 square feet was transacted on 22 August 2022 for RM6,900,000.</p> <p>(b) A leasehold industrial premise located at No. 36, Jalan P10/21, Seksyen 10, Kawasan Perusahaan Bangi, Bandar Baru Bangi with a land area of approximately 42,024 square feet was transacted on 21 April 2021 for RM12,500,000.</p> <p>(c) A leasehold industrial premise located at No. 17, Jalan Perusahaan 1, Kawasan Perusahaan Beranang, Beranang with a land area of approximately 146,017 square feet was transacted on 16 January 2020 for RM29,000,000.</p>	<p>The estimated fair value would increase/(decrease) if:</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.

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15. Development expenditure

	Group	
	2023 RM	2022 RM
Cost		
At beginning of year	11,001,884	10,254,721
Incurred during the year	975,909	747,163
Write offs	(8,545,857)	-
At end of year	3,431,936	11,001,884
Accumulated amortisation and impairment		
At beginning of year	9,393,465	8,840,294
Amortisation during the year (Note 7)	491,733	553,171
Write offs	(8,484,474)	-
At end of year	1,400,724	9,393,465
Net carrying amount	2,031,212	1,608,419

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 RM553,116 (2022: RM553,171).

16. Investments in subsidiaries

	Company	
	2023 RM	2022 RM
Unquoted shares, at cost	35,298,276	35,298,276
Less: Accumulated impairment losses	(4,840,396)	(4,840,396)
	30,457,880	30,457,880

Movement in accumulated impairment losses:

	2023 RM	2022 RM
At the beginning/end of the year	4,840,396	4,840,396

Details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:

Name of subsidiaries	Principal activities	2023 %	2022 %
Held by the Company			
Sapura Machining Corporation Sdn. Bhd.^	Manufacture, assemble 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

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16. Investments in subsidiaries (cont'd.)

Name of subsidiaries	Principal activities	2023 %	2022 %
Held by the Company (cont'd.)			
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
Subang Properties Sdn. Bhd. ("SPSB")^	Dormant.	51.68	51.68
Sapura Aerospace Technologies Sdn. Bhd. ("SATS")^	Manufacture and assemble aerospace sub-assembles, tooling, jigs and fixtures for the aerospace industry.	60	60
Sapura Medical Devices Sdn. Bhd. ("SMDS") (formerly known as Propel Frontier Sdn. Bhd.)^	Export and import of a variety of goods without any particular specialisation.	100	100
Held by International Autoparts Sdn. Bhd.			
Awaltek Sdn. Bhd.^	Manufacture, supply, sale or service of equipment, machinery and related accessories for energy and manufacturing industries.	100	100

^Audited by Ernst & Young PLT, Malaysia

Non-controlling interests ("NCI")

	SATS RM	SPSB RM	Total RM
2023	40%	48.32%	
NCI percentage of ownership interest and voting interest			
Carrying amount of NCI	958,229	474,539	1,432,768
Loss allocated to NCI	(18,740)	(3,755)	(22,495)

16. Investments in subsidiaries (cont'd.)

Non-controlling interests ("NCI") (cont'd.)

	SATSB RM	SPSB RM	Total RM
2022	40%	48.32%	
NCI percentage of ownership interest and voting interest			
Carrying amount of NCI	976,969	478,294	1,455,263
Loss allocated to NCI	(31,072)	(4,261)	(35,333)

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
40%	40%	48.32%	
Summarised statement of profit or loss for 2023:			
Revenue	-	-	-
Loss for the year, representing total comprehensive loss for the year	(46,847)	(7,775)	(54,622)

	SATSB RM	SPSB RM	Total RM
40%	40%	48.32%	
Summarised statement of profit or loss for 2022:			
Revenue	-	-	-
Loss for the year, representing total comprehensive loss for the year	(77,677)	(8,818)	(86,495)

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16. Investments in subsidiaries (cont'd.)

Non-controlling interests ("NCI") (cont'd.)

	SATSB RM	SPSB RM	Total RM
	40%	48.32%	
Summarised statement of financial position as at 31 January 2023:			
Non-current assets	500,688	-	500,688
Current assets	2,242,864	1,738	2,244,602
Non-current liabilities	-	-	-
Current liabilities	347,974	6,350	354,324
Net assets	2,395,578	(4,612)	2,390,966
Summarised statement of financial position as at 31 January 2022:			
Non-current assets	655,729	-	655,729
Current assets	2,311,261	1,000,771	3,312,032
Non-current liabilities	-	-	-
Current liabilities	524,565	10,924	535,489
Net assets	2,442,425	989,847	3,432,272
Summarised statement of cash flows for 2023:			
Cash flows used in operating activities	(84,898)	(65)	(84,963)
Cash flows used in investing activities	-	-	-
Cash flows used in financing activities	(27,000)	-	(27,000)
Net decrease in cash and cash equivalents	(111,898)	(65)	(111,963)
Summarised statement of cash flows for 2022:			
Cash flows from/(used in) operating activities	897,126	(45)	897,081
Cash flows used in investing activities	(682,424)	-	(682,424)
Cash flows used in financing activities	(154,782)	-	(154,782)
Net increase/(decrease) in cash and cash equivalents	59,920	(45)	59,875

17. Inventories

	Group	
	2023 RM	2022 RM
At cost:		
Materials and component parts	22,583,600	20,050,618
Work-in-progress	4,504,942	4,045,792
Finished goods	4,651,371	4,096,252
Spares and tools	876,922	1,015,670
Consumables	503,972	481,004
	33,120,807	29,689,336
At net realisable value:		
Work-in-progress	503,877	355,930
Finished goods	203,580	1,062,667
	33,828,264	31,107,933

During the year, the amount of inventories recognised as an expense in cost of sales of the Group was RM159,709,219 (2022: RM94,020,670).

18. Trade and other receivables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Non-current:				
Other receivables				
Amounts due from subsidiaries	-	-	22,330,207	27,864,229
Current:				
Trade receivables				
Third parties	38,395,483	25,505,428	-	-
Less: Allowance for impairment	-	(878,965)	-	-
Trade receivables, net	38,395,483	24,626,463	-	-

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18. Trade and other receivables (cont'd.)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables				
Amounts due from subsidiaries	-	-	32,068,994	29,161,982
Dividend receivable from subsidiaries	-	-	5,550,000	-
Amounts due from a related party	101,588	53,070	101,588	85,925
Amounts due from an affiliate company	-	12,000	-	-
Refundable deposits	500,639	488,840	74,376	74,376
Other receivables	715,014	1,598,642	111,071	76,068
	1,317,241	2,152,552	37,906,029	29,398,351
Less: Allowance for				
Amounts due from subsidiaries	-	-	(22,290,859)	(21,624,067)
Amounts due from an affiliate company	-	(12,000)	-	-
Other receivables	-	(25,012)	-	-
	-	(37,012)	(22,290,859)	(21,624,067)
Other receivables, net	1,317,241	2,115,540	15,615,170	7,774,284
Total current trade and other receivables	39,712,724	26,742,003	15,615,170	7,774,284
Total trade and other receivables	39,712,724	26,742,003	37,945,377	35,638,513
Add: Cash and bank balances	14,618,287	11,169,684	1,162,596	1,764,260
Total financial assets carried at amortised cost	54,331,011	37,911,687	39,107,973	37,402,773
Classification of trade and other receivables:				
Current	39,712,724	26,742,003	15,615,170	7,774,284
Non-current	-	-	22,330,207	27,864,229
	39,712,724	26,742,003	37,945,377	35,638,513

(a) Trade receivables

Trade receivables are non-interest bearing and the Group's normal trade credit terms range from 30 to 90 (2022: 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.

18. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2023 RM	2022 RM
Neither past due nor impaired	31,986,520	22,534,399
1 to 30 days past due not impaired	5,999,190	929,340
31 to 60 days past due not impaired	255,886	80,327
61 to 120 days past due not impaired	153,887	203,432
	6,408,963	1,213,099
Impaired	-	878,965
	38,395,483	24,626,463

Trade 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:

	Group	
	2023 RM	2022 RM
Trade receivables:		
Nominal value	-	(878,965)
Less: Allowance for impairment		
♦ individually impaired	-	878,965
	-	-

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31 January 2023

18. Trade and other receivables (cont'd.)

(a) Trade receivables (cont'd.)

Trade receivables that are impaired (cont'd.)

Movement in allowance account:

	Group	
	2023 RM	2022 RM
At the beginning of the year	878,965	-
Provision of allowance for impairment	-	878,965
Reversal of allowance for impairment	(697,136)	-
Written off	(181,829)	-
At the end of the year	-	878,965

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	
	2023 RM	2022 RM	2023 RM	2022 RM
Other receivables:				
Nominal value	-	37,012	22,290,859	21,624,067
Less: Allowance for impairment	-	(37,012)	(22,290,859)	(21,624,067)
	-	-	-	-
Movement in allowance account:				
At beginning of year	37,012	37,000,392	21,624,067	51,660,709
Provision of allowance for impairment	-	-	666,792	253,430
Reversal of allowance for impairment	-	(4,107,992)	-	(4,097,161)
Written off	(37,012)	(32,855,388)	-	(26,192,911)
At end of year	-	37,012	22,290,859	21,624,067

18. Trade and other receivables (cont'd.)

(b) Other receivables (cont'd.)

At the reporting date, the Group and the Company has provided an allowance of RM nil (2022: RM37,012) and RM22,290,859 (2022: RM21,624,067) respectively. These mainly relate to balances due from related parties which have been significantly long outstanding.

(c) Amounts due from subsidiaries

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand, except for an intercompany advance of RM9,800,000 (2022: 5,000,000) which is subject to interest at a rate of 3.2% p.a. (2022: 2.8% p.a.).

(d) Amounts due from a related party

Representing amounts due from Sapura Holdings Sdn. Bhd. which are unsecured, non-interest bearing and are repayable on demand.

(e) Credit risk

As at the reporting date, the Group has a concentration of credit risk in the form of outstanding balances due from 3 debtors (2022: 2 debtors) representing 66% (2022: 58%) of total net trade receivables.

19. Other current assets

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Prepayments	5,624,162	5,851,085	186,084	559,786

20. Short term investments

	Group	
	2023 RM	2022 RM
As at 1 February	8,999,257	17,949,152
Investments/(withdrawals) during the year	7,403,221	(9,195,925)
Profit received during the year (Note 5)	226,704	246,030
Investment in money market funds, representing total financial assets at fair value through profit or loss	16,629,182	8,999,257

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21. Assets held for sale

In the prior financial year, the Board of Directors approved the disposal of the Group's Cold Drawn Bar line machine. The machinery was classified as an asset held for sale as the control had not been transferred as at 31 January 2022. The sale was completed in the current financial year and the gain on disposal is recognised as income from the Manufacturing segment.

The carrying amount of non-current assets held for sale as at 31 January are, as follows:

	Group	
	2023 RM	2022 RM
Cost		
At beginning of the year	7,809,665	-
Transfer from property, plant and equipment (Note 13)	-	7,809,665
Disposal	(7,809,665)	-
At end of the year	-	7,809,665
Accumulated depreciation		
At beginning of the year	7,342,946	-
Transfer from property, plant and equipment (Note 13)	-	7,342,946
Disposal	(7,342,946)	-
At end of the year	-	7,342,946
Carrying amount	-	466,719

22. Retirement benefit obligations

The Group and the Company operate an unfunded, defined benefit Retirement Benefit Scheme ("the Scheme") for its eligible employees. The Group's and the Company's obligations under the Scheme are determined based on the latest actuarial valuation by an independent valuer for the financial year 2023. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Present value of unfunded defined benefit obligations, representing net liabilities	8,831,600	8,868,259	2,828,795	3,389,272
Analysed as:				
Current	639,682	419,647	490,189	144,950
Non-current	8,191,918	8,448,612	2,338,606	3,244,322
	8,831,600	8,868,259	2,828,795	3,389,272

22. Retirement benefit obligations (cont'd.)

The amount recognised in the statement of comprehensive income are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit/(loss) before tax				
Current service costs	424,629	451,740	141,661	161,703
Interest cost	386,730	344,458	149,256	129,227
Total, included in employee benefits expense (Note 8)	811,359	796,198	290,917	290,930
Other comprehensive (loss)/income:				
Actuarial loss/(gain) on retirement benefit, representing total included in other comprehensive (loss)/income before tax	28,660	(639,440)	(529,406)	(186,313)

Movements in the net liability in the current year were as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At beginning of year	8,868,259	9,187,274	3,389,272	3,469,541
Recognised in profit or loss	811,359	796,198	290,917	290,930
Benefits paid	(876,678)	(475,773)	(321,988)	(184,886)
Actuarial loss/(gain)	28,660	(639,440)	(529,406)	(186,313)
At end of year	8,831,600	8,868,259	2,828,795	3,389,272

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22. Retirement benefit obligations (cont'd.)

Principal actuarial assumptions used:

	2023 %	2022 %
Discount rate	4.9	4.5
Expected rate of salary increases	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.

	(Decrease)/increase in present value of defined benefit obligation			
	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Discount rate				
- 1% increase	(785,942)	(818,790)	(182,211)	(243,044)
- 1% decrease	898,504	932,066	204,663	270,640
Expected salary increment				
- 1% increase	779,055	909,403	137,473	194,053
- 1% decrease	(691,720)	(797,803)	(123,812)	(173,588)

23. Loans and borrowings

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Current				
Secured:				
Term loans	4,929,790	3,930,106	-	-
Hire purchase (Note 24)	133,373	205,359	133,373	205,359
Lease liabilities (Note 25)	889,180	1,127,400	1,084,142	1,031,375
	5,952,343	5,262,865	1,217,515	1,236,734
Unsecured:				
Bankers' acceptances	3,683,520	1,725,284	-	-
Revolving credits	-	4,500,000	-	1,000,000
	3,683,520	6,225,284	-	1,000,000
	9,635,863	11,488,149	1,217,515	2,236,734
Non-current				
Secured:				
Term loans	25,769,327	21,326,770	-	-
Hire purchase (Note 24)	174,875	308,400	174,875	308,400
Lease liabilities (Note 25)	114,201	977,473	1,139,608	2,223,750
	26,058,403	22,612,643	1,314,483	2,532,150
Total				
Revolving credits	-	4,500,000	-	1,000,000
Bankers' acceptances	3,683,520	1,725,284	-	-
Term loans	30,699,117	25,256,876	-	-
Hire purchase (Note 24)	308,248	513,759	308,248	513,759
Lease liabilities (Note 25)	1,003,381	2,104,873	2,223,750	3,255,125
	35,694,266	34,100,792	2,531,998	4,768,884

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23. Loans and borrowings (cont'd.)

The remaining maturities of the loans and borrowings as at 31 January are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Within 1 year	9,635,863	11,488,149	1,217,515	2,236,734
More than 1 year and less than 2 years	4,301,415	3,429,748	1,278,852	1,217,653
More than 2 years and less than 5 years	9,460,309	7,446,735	35,631	1,314,497
More than 5 years	12,296,679	11,736,160	-	-
	35,694,266	34,100,792	2,531,998	4,768,884

The weighted average effective interest rates per annum at the reporting date of borrowings, excluding hire purchase and lease liabilities, were as follows:

	Group		Company	
	2023 %	2022 %	2023 %	2022 %
Bankers' acceptances	2.81	2.69	-	-
Revolving credits	3.57	4.88	3.57	4.88
Term loans	5.00	5.00	-	-

The term loans are secured by:

- (a) a first legal charge over certain plant and machinery of the Group (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 RM144,467,000 (2022: RM134,627,000) as at the reporting date to banks and financial institutions for banking facilities granted to certain subsidiaries.

23. Loans and borrowings (cont'd.)

Change in liabilities arising from financing activities

2023:

	At 1 February 2022 RM	Non-cash movement on lease liabilities RM	Net (repayment)/ drawdown RM	At 31 January 2023 RM
Group				
Revolving credits	4,500,000	-	(4,500,000)	-
Bankers' acceptances	1,725,284	-	1,958,236	3,683,520
Term loans	25,256,876	-	5,442,241	30,699,117
Hire purchase (Note 24)	513,759	-	(205,511)	308,248
Lease liabilities (Note 25)	2,104,873	106,326	(1,207,818)	1,003,381
	34,100,792	106,326	1,487,148	35,694,266
Company				
Revolving credits	1,000,000	-	(1,000,000)	-
Hire purchase (Note 24)	513,759	-	(205,511)	308,248
Lease liabilities (Note 25)	3,255,125	139,523	(1,170,898)	2,223,750
	4,768,884	139,523	(2,376,409)	2,531,998

2022:

	At 1 February 2021 RM	Non-cash movement on lease liabilities RM	Net drawdown/ (repayment) RM	At 31 January 2022 RM
Group				
Revolving credits	-	-	4,500,000	4,500,000
Bankers' acceptances	4,492,987	-	(2,767,703)	1,725,284
Term loans	26,552,583	-	(1,295,707)	25,256,876
Hire purchase (Note 24)	696,883	-	(183,124)	513,759
Lease liabilities (Note 25)	2,861,780	360,420	(1,117,327)	2,104,873
	34,604,233	360,420	(863,861)	34,100,792
Company				
Revolving credits	-	-	1,000,000	1,000,000
Bankers' acceptances	368,000	-	(368,000)	-
Hire purchase (Note 24)	696,883	-	(183,124)	513,759
Lease liabilities (Note 25)	1,139,608	3,286,225	(1,170,708)	3,255,125
	2,204,491	3,286,225	(721,832)	4,768,884

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24. Hire purchase

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Minimum lease payments:				
Not later than 1 year	143,928	224,225	143,928	224,225
Later than 1 year and not later than 2 years	143,928	143,928	143,928	143,928
Later than 2 years and not later than 5 years	35,793	179,874	35,793	179,874
	323,649	548,027	323,649	548,027
Less: Finance charges	(15,401)	(34,268)	(15,401)	(34,268)
	308,248	513,759	308,248	513,759
Analysis of present value of finance lease liabilities:				
Not later than 1 year	133,373	205,359	133,373	205,359
Later than 1 year and not later than 2 years	139,244	133,526	139,244	133,526
Later than 2 years and not later than 5 years	35,631	174,874	35,631	174,874
	308,248	513,759	308,248	513,759
Less: Amount due within 12 months (Note 23)	(133,373)	(205,359)	(133,373)	(205,359)
Amount due after 12 months (Note 23)	174,875	308,400	174,875	308,400

The Group and the Company have finance leases for motor vehicles (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 bear interest during the year at a rate ranging between 4.20% to 4.57% (2022: 4.20% to 4.57%) and 4.20% to 4.57% (2022: 4.20% to 4.57%) per annum, respectively.

25. Lease liabilities

The carrying amounts of lease liabilities recognised and the movements during the year are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
At 1 February	2,104,873	2,861,780	3,255,125	1,139,608
Additions	26,495	233,615	-	-
Accretion of interest (Note 6)	79,831	126,805	139,523	31,100
Payments	(1,207,818)	(1,117,327)	(1,170,898)	(1,170,708)
Lease modification	-	-	-	3,255,125
At 31 January	1,003,381	2,104,873	2,223,750	3,255,125
Current	889,180	1,127,400	1,084,142	1,031,375
Non-current	114,201	977,473	1,139,608	2,223,750
	1,003,381	2,104,873	2,223,750	3,255,125

The remaining maturities of the lease liabilities as at 31 January are as follows:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
On demand or within 1 year	889,180	1,127,400	1,084,142	1,031,375
More than 1 year and less than 2 years	66,357	884,362	1,139,608	1,084,133
More than 2 years and less than 5 years	47,844	93,111	-	1,139,617
	1,003,381	2,104,873	2,223,750	3,255,125

The followings are the amounts recognised in profit or loss:

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Depreciation on right-of-use assets (Note 13)	1,131,307	1,210,118	1,085,041	1,085,042
Interest expense on lease liabilities (Note 6)	79,831	126,805	139,523	31,100
Expense relating to short-term leases	335,553	36,971	-	-
Expense relating to leases of low-value assets	114,556	77,982	26,688	26,688
Variable lease payments	850,638	483,248	-	-
Total amount recognised in profit or loss	2,511,885	1,935,124	1,251,252	1,142,830

Total cash outflows for leases comprising of payments of lease liabilities, short-term lease, low value leases and variable lease payments for Group and Company amounted to RM2,025,127 (2022: RM1,574,986) and RM1,197,396 (2022: RM1,197,396) respectively.

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26. Deferred tax Recognised deferred tax (assets)/liabilities

	Assets						Liabilities						Net			
	2023		2022		2023		2022		2023		2022		2023		2022	
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
Group																
Accelerated capital allowances	-	-	-	-	10,838,988	8,719,756	8,719,756	8,719,756	10,838,988	10,838,988	8,719,756	8,719,756	10,838,988	10,838,988	8,719,756	8,719,756
Development expenditure capitalised	-	-	-	-	374,713	273,243	273,243	273,243	374,713	374,713	273,243	273,243	374,713	374,713	273,243	273,243
Provisions, lease liabilities, accruals and other payables	(3,051,244)	(2,446,510)	-	-	-	-	-	-	-	(3,051,244)	(2,446,510)	(2,446,510)	(3,051,244)	(3,051,244)	(2,446,510)	(2,446,510)
Unused tax losses	(6,596)	(53,424)	-	-	-	-	-	-	-	(6,596)	(53,424)	(53,424)	(6,596)	(6,596)	(53,424)	(53,424)
Unabsorbed capital allowances	(1,547,078)	(2,149,944)	-	-	-	-	-	-	-	(1,547,078)	(2,149,944)	(2,149,944)	(1,547,078)	(1,547,078)	(2,149,944)	(2,149,944)
Unutilised reinvestment and investment tax allowance	(1,126,255)	(1,580,487)	-	-	-	-	-	-	-	(1,126,255)	(1,580,487)	(1,580,487)	(1,126,255)	(1,126,255)	(1,580,487)	(1,580,487)
Deferred tax (assets)/liabilities	(5,731,173)	(6,230,365)	11,213,701	8,992,999	11,213,701	8,992,999	8,992,999	8,992,999	11,213,701	5,482,528	2,762,634	2,762,634	5,482,528	5,482,528	2,762,634	2,762,634
Offsetting	5,599,068	6,166,958	(5,599,068)	(6,166,958)	(5,599,068)	(6,166,958)	(6,166,958)	(6,166,958)	(5,599,068)	-	-	-	-	-	-	-
Net deferred tax (assets)/liabilities	(132,105)	(63,407)	5,614,633	2,826,041	5,614,633	2,826,041	2,826,041	2,826,041	5,614,633	5,482,528	2,762,634	2,762,634	5,482,528	5,482,528	2,762,634	2,762,634
Company																
Accelerated capital allowances	-	-	-	-	850,527	843,090	843,090	843,090	850,527	850,527	843,090	843,090	850,527	850,527	843,090	843,090
Provisions, lease liabilities, accruals and other payables	(850,527)	(843,090)	-	-	-	-	-	-	-	(850,527)	(843,090)	(843,090)	(850,527)	(850,527)	(843,090)	(843,090)
Deferred tax (assets)/liabilities	(850,527)	(843,090)	850,527	843,090	850,527	843,090	843,090	843,090	850,527	-	-	-	-	-	-	-
Offsetting	850,527	843,090	(850,527)	(843,090)	(850,527)	(843,090)	(843,090)	(843,090)	(850,527)	-	-	-	-	-	-	-
Net deferred tax (assets)/liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

26. Deferred tax (cont'd.)

Unrecognised deferred tax assets

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Unused tax losses	22,975,231	24,202,470	11,568,907	12,707,171
Unabsorbed capital allowances	35,462	172,623	-	145,669
Unabsorbed reinvestment allowances	-	106,885	-	-
Other temporary differences	3,068,426	945,751	2,363,879	411,960
	26,079,119	25,427,729	13,932,786	13,264,800

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 and the Company can utilise the benefits.

The carrying forward of unused tax losses is restricted to a maximum of ten consecutive years of assessments. The final year of assessment for utilisation of unused tax losses as at 31st January are as follows:

Year of assessment	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
2028	18,458,483	19,596,747	11,281,511	12,419,775
2029	673,913	1,285,058	-	-
2030	2,151,657	2,154,906	-	-
2031	383,529	383,529	-	-
2032	782,230	782,230	287,396	287,396
2033	525,419	-	-	-
	22,975,231	24,202,470	11,568,907	12,707,171

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26. 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 1.2.2022 RM	Charged/ (credited) to profit or loss RM	Charged to OCI RM	As at 31.1.2023 RM
Deferred tax liabilities				
Accelerated capital allowances	8,719,756	2,119,232	-	10,838,988
Development expenditure capitalised	273,243	101,470	-	374,713
	8,992,999	2,220,702	-	11,213,701
Deferred tax assets				
Provisions, lease liabilities, accruals and other payables	(2,446,510)	(621,887)	17,153	(3,051,244)
Unused tax losses	(53,424)	46,828	-	(6,596)
Unabsorbed capital allowances	(2,149,944)	602,866	-	(1,547,078)
Unutilised reinvestment allowances	(1,580,487)	454,232	-	(1,126,255)
	(6,230,365)	482,039	17,153	(5,731,173)

Group	As at 1.2.2021 RM	Charged/ (credited) to profit or loss RM	Charged to OCI RM	As at 31.1.2022 RM
Deferred tax liabilities				
Accelerated capital allowances	8,390,868	328,888	-	8,719,756
Development expenditure capitalised	338,421	(65,178)	-	273,243
	8,729,289	263,710	-	8,992,999
Deferred tax assets				
Provisions, lease liabilities, accruals and other payables	(2,637,959)	45,433	146,016	(2,446,510)
Unused tax losses	(6,445)	(46,979)	-	(53,424)
Unabsorbed capital allowances	(748,960)	(1,400,984)	-	(2,149,944)
Unutilised reinvestment and investment tax allowances	(1,540,424)	(40,063)	-	(1,580,487)
	(4,933,788)	(1,442,593)	146,016	(6,230,365)

26. Deferred tax (cont'd.)

Recognised deferred tax (assets)/liabilities (cont'd.)

Company	As at 1.2.2022 RM	Charged/ (credited) to profit or loss RM	Charged to OCI RM	As at 31.1.2023 RM
Deferred tax liabilities				
Accelerated capital allowances	843,090	7,437	-	850,527
Deferred tax assets				
Provisions, lease liabilities, accruals, other payables and unabsorbed capital allowances	(843,090)	(134,494)	127,057	(850,527)

Company	As at 1.2.2021 RM	Charged/ (credited) to profit or loss RM	Charged to OCI RM	As at 31.1.2022 RM
Deferred tax liabilities				
Accelerated capital allowances	841,184	1,906	-	843,090
Deferred tax assets				
Provisions, lease liabilities, accruals, other payables and unabsorbed capital allowances	(841,184)	(46,621)	44,715	(843,090)

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27. Trade and other payables

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Trade payables - third parties	32,686,205	15,941,982	-	-
Other payables				
Accruals and other payables	16,232,777	9,387,550	3,636,526	1,710,834
Amount due to subsidiaries	-	-	-	998,969
Amount due to related parties	7,669	32,855	95	32,855
	16,240,446	9,420,405	3,636,621	2,742,658
Contract liabilities	5,423,719	1,358,694	-	-
Total trade and other payables	54,350,370	26,721,081	3,636,621	2,742,658
Add: Loans and borrowings (Note 23)	35,694,266	34,100,792	2,531,998	4,768,884
Less: Contract liabilities	(5,423,719)	(1,358,694)	-	-
Total financial liabilities carried at amortised cost	84,620,917	59,463,179	6,168,619	7,511,542

(a) Trade payables

Trade payables are non-interest bearing and the normal credit terms granted to the Group range from 30 to 60 (2022: 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 (2022: 30 to 60) days.

(c) Amounts due to subsidiaries and related parties

The amounts due to subsidiaries and related parties are unsecured, non-interest bearing and are repayable upon demand.

28. Provisions

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.

	Group	
	2023 RM	2022 RM
At 1 February	221,559	166,840
Provision utilised	(82,298)	(166,840)
Current year provision	135,037	221,559
At 31 January	274,298	221,559
Current	129,055	119,481
Non-current	145,243	102,078
	274,298	221,559

29. Share capital

	No. of shares		Group/Company Amount	
	2023 Unit	2022 Unit	2023 RM	2022 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.

NOTES TO THE FINANCIAL STATEMENTS

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30. Capital commitment

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Capital expenditures				
Property, plant and equipment:				
Approved and contracted for	15,220,027	12,928,933	-	-
Approved but not contracted for	7,519,581	8,420,851	-	-

31. 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	
	2023 RM	2022 RM	2023 RM	2022 RM
Subsidiaries				
Interest income	-	-	(134,013)	(58,568)
Management fees	-	-	(15,736,197)	(13,901,045)
Dividend income	-	-	(5,550,000)	-
Rental income	-	-	(1,440,106)	(1,440,106)
Related party				
Sapura Holdings Sdn Bhd				
Communication expenses	10,887	6,785	10,887	6,785

Information regarding outstanding balance arising from related party transactions at 31 January are disclosed in Notes 18 and 27.

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.

31. 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	
	2023 RM	2022 RM
Wages and salaries	6,849,662	6,900,140
Contributions to defined contribution plan	557,733	653,954
Benefits-in-kind	93,310	84,375
	7,500,705	7,638,469

32. Financial instruments

(a) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy seeks to ensure that adequate financial resources are available for the development of the Group's and the Company'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 and the Company's policy that no trading in derivative financial instruments shall be undertaken.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flow of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group and the Company are not exposed to interest rate risk as it does not have interest-bearing financial instruments which are subject to floating interest rates.

(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 currencies 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:

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

32. Financial instruments (cont'd.)

(c) Foreign exchange risk (cont'd.)

	2023 RM	2022 RM
Trade and other payables		
USD	12,410,586	5,317,217
JPY	2,064,023	1,313,249
IDR	546,255	38,733
THB	1,063,397	682,448
CNY	1,069,157	243,574

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit/(loss) 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.

	Group Effect on profit/(loss) net of tax	
	2023 RM	2022 RM
USD/RM - strengthened 10% (2022: 10%)	(943,205)	(404,108)
JPY/RM - strengthened 10% (2022: 10%)	(156,866)	(99,807)
IDR/RM - strengthened 10% (2022: 10%)	(41,515)	(2,944)
THB/RM - strengthened 10% (2022: 10%)	(80,818)	(51,866)
CNY/RM - strengthened 10% (2022: 10%)	(81,256)	(18,513)

(d) Liquidity risk

The Group and the Company actively manage their debt maturity profiles, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of their overall prudent liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities of a reasonable level to their overall debt position. As far as possible, the Group and the Company raise committed funding from financial institutions and prudently balance their portfolios with some short term funding so as to achieve overall cost effectiveness.

32. Financial instruments (cont'd.)

(d) Liquidity risk (cont'd.)

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.

	← 2023 →			Total RM
	On demand or within one year RM	One to five years RM	More than five years RM	
Group				
Financial liabilities:				
Trade and other payables	48,926,651	-	-	48,926,651
Loans and borrowings	10,191,673	20,230,384	15,333,398	45,755,455
Lease liabilities	915,960	121,782	-	1,037,742
Total undiscounted financial liabilities	60,034,284	20,352,166	15,333,398	95,719,848
Company				
Financial liabilities:				
Trade and other payables	3,636,621	-	-	3,636,621
Loans and borrowings	143,928	179,874	-	323,802
Lease liabilities	1,170,708	1,170,708	-	2,341,416
Total undiscounted financial liabilities	4,951,257	1,350,582	-	6,301,839

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

32. Financial instruments (cont'd.)

(d) Liquidity risk (cont'd.)

Analysis of financial instruments by remaining contractual maturities (cont'd.)

	← 2022 →			Total RM
	On demand or within one year RM	One to five years RM	More than five years RM	
Group				
Financial liabilities:				
Trade and other payables	25,362,387	-	-	25,362,387
Loans and borrowings	11,655,197	14,430,396	16,458,699	42,544,292
Lease liabilities	1,207,060	1,006,800	-	2,213,860
Total undiscounted financial liabilities	38,224,644	15,437,196	16,458,699	70,120,539
Company				
Financial liabilities:				
Trade and other payables	2,742,658	-	-	2,742,658
Loans and borrowings	1,205,395	323,802	-	1,529,197
Lease liabilities	1,170,708	2,341,416	-	3,512,124
Total undiscounted financial liabilities	5,118,761	2,665,218	-	7,783,979

(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 2023, other than as disclosed in Note 18.

32. Financial instruments (cont'd.)

(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 investments in unit funds at fair value was RM16,629,182 (2022: RM8,999,257). An increase or decrease of 10% on market index of investments in unit funds could have an impact of approximately RM1,662,918 (2022: RM899,926) 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).

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32. Financial instruments (cont'd.)

(g) Fair values (cont'd.)

	Group		Company	
	Carrying amount RM	Fair value RM	Carrying amount RM	Fair value RM
Financial liabilities				
At 31 January 2023:				
Term loans (non-current)	25,769,327	24,969,218	-	-
At 31 January 2022:				
Term loans (non-current)	21,326,770	21,782,982	-	-

The investments in unit funds of the Group amounting RM16,629,182 (2022: RM8,999,257) are 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.

33. 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 2023 and 2022.

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.

33. Capital management (cont'd.)

	Group		Company	
	2023 RM	2022 RM	2023 RM	2022 RM
Loans and borrowings	35,694,266	34,100,792	2,531,998	4,768,884
Trade and other payables	54,350,370	26,721,081	3,636,621	2,742,658
Less: Cash and bank balances	(14,618,287)	(11,169,684)	(1,162,596)	(1,764,260)
Net debt	75,426,349	49,652,189	5,006,023	5,747,282
Equity attributable to the owners of the parent, representing total capital	106,353,703	99,854,184	77,206,293	75,371,482
Capital and net debt	181,780,052	149,506,373	82,212,316	81,118,764
Gearing ratio	41%	33%	6%	7%

34. 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.
- (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.

(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 RM162,297,291 (2022: RM92,170,285) and RM37,382,494 (2022: RM23,327,543) each respectively to the revenue of the Group in the current financial year.

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

34. Segment information (cont'd.)

Business segments

	Manufacturing RM	Investment Holding RM	Others RM	Eliminations RM	Notes	Consolidated RM
31 January 2023						
Revenue						
External	253,308,932	-	1,524,716	-		254,833,648
Inter-segment	1,802,050	21,286,197	1,283,058	(24,371,305)	A	-
Total revenue	255,110,982	21,286,197	2,807,774	(24,371,305)		254,833,648
Results						
Segment results, representing profit from operations	18,013,917	4,049,366	24,593	(6,630,893)		15,456,983
Finance costs	(2,301,953)	(262,436)	(22,835)	535,249		(2,051,975)
Taxation	(4,560,700)	119,907	32,997	-		(4,407,796)
Profit net of tax	11,151,264	3,906,837	34,755	(6,095,644)		8,997,212
Assets						
Consolidated segment assets	202,278,564	86,238,577	7,235,373	(82,809,028)		212,943,486
Liabilities						
Consolidated segment liabilities	174,376,981	9,032,284	26,656,313	(104,908,563)		105,157,015
Other information						
Capital expenditure	23,946,963	62,140	265,507	(98,862)	B	24,175,748
Depreciation	12,691,373	1,558,774	266,086	(2,733,334)		11,782,899
Amortisation	491,733	-	-	-		491,733
Non-cash expenses other than depreciation and amortisation	35,577	930,498	51,235	(666,792)	C	350,518

34. Segment information (cont'd.)

31 January 2022	Manufacturing RM	Investment Holding RM	Others RM	Eliminations RM	Notes	Consolidated RM
Revenue						
External	152,717,675	-	1,147,198	-		153,864,873
Inter-segment	1,201,659	13,901,045	667,372	(15,770,076)	A	-
Total revenue	153,919,334	13,901,045	1,814,570	(15,770,076)		153,864,873
Results						
Segment results, representing profit/(loss) from operations	(4,252,464)	2,248,513	(372,254)	(137,100)		(2,513,305)
Finance costs	(2,345,048)	(153,766)	(20,989)	277,669		(2,242,134)
Taxation	1,054,049	(87,973)	(23,645)	-		942,431
Profit net of tax	(5,543,463)	2,006,774	(416,888)	140,569		(3,813,008)
Assets						
Consolidated segment assets	164,169,246	86,366,601	7,316,228	(83,734,560)		174,117,515
Liabilities						
Consolidated segment liabilities	146,988,705	10,995,119	25,782,544	(110,958,300)		72,808,068
Other information						
Capital expenditure	11,604,502	492,217	708,640	-	B	12,805,359
Depreciation	12,290,061	1,638,453	374,544	(2,641,093)		11,661,965
Amortisation	553,171	-	-	-		553,171
Non-cash expenses other than depreciation and amortisation	1,697,968	2,825,146	120,531	(254,290)	C	4,389,355

NOTES TO THE FINANCIAL STATEMENTS

31 January 2023

34. 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:

	2023 RM	2022 RM
Property, plant and equipment	23,199,839	11,567,560
Development expenditure	975,909	747,163
Investment property	-	490,636
	24,175,748	12,805,359

C Other material non-cash expense/(income) consists of the following items as presented in the respective notes to the financial statements:

	Note	2023 RM	2022 RM
Unrealised foreign exchange (gain)/loss	7	(530,567)	2,058
Development expenditure written off	7	61,383	-
Net reversal of provision for slow moving inventories	7	(79,819)	(78,424)
Provision for impairment loss on trade receivables	7	-	878,965
Writeback of inventories	5	(536,015)	-
Increase in provisions	7	135,037	221,559
Property, plant and equipment written off	7	108,842	976,844
Inventory written off	7	466,096	1,576,227
Provision for short-term accumulating compensated absences	8	(85,798)	15,928
Increase in defined benefit plan	7	811,359	796,198
		350,518	4,389,355

ANALYSIS OF SHAREHOLDINGS

As at 5 May 2023

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 : 3,681

DISTRIBUTION OF ORDINARY SHARES

Size of Holdings	No. of Holders	% Over Total Shareholders	No. of Shares	% Over Total Shares
Less than 100	451	12.25	5,999	0.01
100 to 1,000	587	15.95	263,817	0.36
1,001 to 10,000	2,280	61.94	7,025,471	9.65
10,001 to 100,000	328	8.91	8,577,861	11.79
100,001 to less than 5% of issued shares	31	0.84	13,191,650	18.13
5% and above of issued shares	4	0.11	43,710,939	60.06
Total	3,681	100	72,775,737	100

DIRECTORS' AND CHIEF EXECUTIVE OFFICER 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 ¹	28.00
Tan Sri Dr. Azmil Khalili bin Dato' Khalid	-	-	-	-
Puan Sri Datin Seri Mariam Parineh	-	-	20,377,300 ²	28.00
Datuk Syed Izuan bin Syed Kamarulbahrin	-	-	-	-
Datuk Wira Jalilah binti Baba	-	-	-	-
Md. Shah bin Hussin	-	-	-	-

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 (420140)	13,794,839	18.96	-	-
Koh Kok Hooi	6,327,600	8.70	-	-
Puncak Exotika Sdn. Bhd.	5,100,000	7.01	-	-

¹ Interest by virtue of shares held by spouse

² Deemed interested by virtue of being a substantial shareholder of SAK Asset Ventures Sdn. Bhd. pursuant to Section 8 of the Companies Act, 2016.

ANALYSIS OF SHAREHOLDINGS

As at 5 May 2023

THIRTY (30) LARGEST SHAREHOLDERS

Based on Record of Depositors as at 5 May 2023

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 (420140)	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	4,438,800	6.10
5	Koh Kok Hooi	1,888,800	2.60
6	AllianceGroup Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Ang Kooi Phing (6000914)	1,538,800	2.11
7	Tan Sri Dato' Seri Shahril bin Shamsuddin	1,426,875	1.96
8	CIMB Group Nominees (Asing) Sdn. Bhd. Exempt AN for DBS Bank LTD (SFS)	1,400,000	1.92
9	RHB Capital Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Su Ming Yaw	697,100	0.96
10	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Dato' Shahrman bin Shamsuddin (PB)	663,175	0.91
11	HLIB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Kuek Siew Chyi (CCTS)	549,000	0.75
12	Lee Siew Hoon	508,000	0.70
13	RHB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chia Siew Fung	382,000	0.52
14	Maybank Nominees (Tempatan) Sdn. Bhd. Chua Eng Ho Wa'a @ Chua Eng Wah	345,800	0.48
15	Public Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Tian Sang @ Tan Tian Song (E-PPG)	339,100	0.47
16	Tan Yee Seng	280,000	0.38
17	TA Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Phua Lee Ping	265,500	0.36
18	Lim Kien Hua	259,200	0.36
19	Tan Yee Kong	245,000	0.34
20	Goh Sook Kee	243,000	0.33
21	Ng Ah Geok	222,000	0.31
22	Yew Peng Chai	193,100	0.27
23	Yeoh Phek Leng	169,300	0.23
24	Lim Kian Huat	163,400	0.22
25	Lam Pun Ying	150,000	0.21
26	Wong Lay Heong	150,000	0.21
27	Lee Kim Seng	145,000	0.20
28	Tan Kai Li	139,000	0.19
29	Ananda Krishna A/L Sithamberam Pillay	133,500	0.18
30	Lam So Ha @ Lim Chong Swee	126,500	0.17
	Total	56,334,089	77.41

PARTICULARS OF PROPERTIES

Location	Description / Existing Use	Land Area	Tenure / Year of Expiring	Approximate Age of Building (years)	Net Book Value as at 31.01.2023 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	12,141 m ²	99-year lease expiring 29.09.2086	32	4,969 31.01.2023
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	6,552 m ² & 7,241 m ²	99-year lease expiring 19.08.2098	28	4,725 31.01.2023
PN 106755, Lot 48474 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	20,460.5 m ²	99-year lease expiring 18.07.2103	Nil	4,917 31.01.2023
PN 106756, Lot 48475 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	20,502.6 m ²	99-year lease expiring 18.07.2103	Nil	4,821 31.01.2023

PARTICULARS OF PROPERTIES

Location	Description / Existing Use	Land Area	Tenure / Year of Expiring	Approximate Age of Building (years)	Net Book Value as at 31.01.2023 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	49,824 m ²	99-year lease expiring 06.02.2104	18	3,440 31.01.2023
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	2,278 31.01.2023
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	2,326 m ² & 1,833 m ²	99-year lease expiring 19.08.2098	27	1,778 31.01.2023
HS (D) 207937, PT 6409 Bandar Sri Sendayan District of Seremban Negeri Sembilan	Vacant industrial land	35,332 m ²	Freehold	Nil	16,692 31.01.2023

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 47th Annual General Meeting to be conducted virtually through live streaming from the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-02, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia ("Broadcast Venue") on Tuesday, 20 June 2023 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	Payment of final single tier dividend		
Ordinary Resolution 2	Re-election of Datuk Wira Jalilah binti Baba		
Ordinary Resolution 3	Re-election of Datuk Syed Izuan bin Syed Kamarulbahrin		
Ordinary Resolution 4	Re-election of Tan Sri Dr. Azmil Khalili bin Dato' Khalid		
Ordinary Resolution 5	Reappointment of Messrs. Ernst & Young PLT as Auditors of the Company		
Ordinary Resolution 6	Payment of Directors' fees to the Non-Executive Directors		
Ordinary Resolution 7	Payment of Directors' remuneration (excluding Directors' fees) to the Non-Executive Directors		
Ordinary Resolution 8	Authority for Directors to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 9	Retention of Encik Md. Shah bin Hussin as Independent Non-Executive Director		

Signature/Common Seal of Shareholder

Dated this _____ day of _____ 2023

NOTES:

1. Important Notice

The 47th AGM will be conducted virtually through live streaming from the Broadcast Venue. Shareholders are to participate and vote remotely at the 47th 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 47th 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 website at www.sapuraindustrial.com.my.

Shareholders/Proxies **WILL NOT BE ALLOWED** to attend the 47th 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 12 June 2023 shall be entitled to attend, speak 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

SAPURA INDUSTRIAL BERHAD

Registration No.: 197401000510 (17547-W)

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