



ANNUAL REPORT

FINANCIAL PERIOD ENDED 31 DECEMBER 2019



ICONOGRAPHY



In the design of our annual report, we represented DRB-HICOM in a clean iconography approach with an earth tone colour scheme. Our design centres around iconographic elements that reflect the Company's key components, comprising its core businesses and the essence of its current strategy, especially in terms of overcoming the economic impact of the COVID-19 pandemic.

In the upper tier of the front cover, we portray the Company's Properties Sector with a skyline of various buildings to depict its various divisions – real estate, development, construction, industrial and hospitality. Through this skyline of buildings, we also illustrate and anticipate the contributions of our Properties Sector in the rebuilding of the nation's economy through its various divisions.

In the middle tier, the engine belt and gears icons represent the strength and scope of our Automotive Sector. Portrayed by the iconography of a well-tuned engine which is perfectly in sync, the synergy and tenacity of our Automotive Sector continues to pave the way in the nation's automotive industry by always staying in tune with current industry challenges, innovations, market demands and trends.

In the lower tier of our design concept, you will find a simplified mind-map comprising of key elements that represent our Services Sector. This is centred around an outline of a person, to highlight the customer-centric nature of this sector across our diverse markets. The ATM card represents the banking side of DRB-HICOM, whilst the envelope highlights our courier and postal divisions. The mortarboard of course, represents DRB-HICOM's role in higher education and training.

The overall design concept sets the tone of our strategic realignment plans to overcome the economic aftermath of the COVID-19 pandemic, a focused illustration of key elements that highlights the diversity of DRB-HICOM and its strategic counterplan.

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- Begins from the back cover





HIGHLIGHTS

- 004 Notice of Annual General Meeting
- 009 Statement Accompanying the Notice of Annual General Meeting



NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 30th Annual General Meeting ("30th AGM") of DRB-HICOM Berhad ("DRB-HICOM" or "the Company") will be held on a fully virtual basis at the Broadcast Venue at Boardroom, Level 6, Wisma DRB-HICOM, No. 2, Jalan Usahawan U1/8, Seksyen U1, 40150 Shah Alam, Selangor Darul Ehsan on Wednesday, 22 July 2020 at 10.00 a.m. for the purpose of transacting the following businesses:

AS ORDINARY BUSINESS

- 1** To receive the Audited Financial Statements for the financial period ended 31 December 2019, together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A
- 2** To approve the payment of a first and final dividend of 2.0 sen per share in respect of the financial period ended 31 December 2019. **(Resolution 1)**
Please refer to Explanatory Note B
- 3** To re-elect the following Directors, who retire by rotation in accordance with Article 77 of the Company's Constitution and who being eligible, offer themselves for re-election:
(i) Dato' Mohammad Zainal Shaari **(Resolution 2)**
(ii) Sharifah Sofia Syed Mokhtar Shah **(Resolution 3)**
Please refer to Explanatory Note C
- 4** To approve the payment of Directors' fees up to an aggregate amount of RM2,220,000.00 to the Non-Executive Directors from 23 July 2020 until the conclusion of the next Annual General Meeting. **(Resolution 4)**
Please refer to Explanatory Note D

- 5** To approve the payment of benefits payable (excluding Directors' fees) up to an aggregate amount of RM439,000.00 to the Non-Executive Directors from 23 July 2020 until the conclusion of the next Annual General Meeting. **(Resolution 5)**
Please refer to Explanatory Note E
- 6** To re-appoint Ernst & Young PLT ("EY") as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Resolution 6)**
Please refer to Explanatory Note F

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following Ordinary Resolutions, with or without any modifications:

- 7** Retention of Independent Director pursuant to Practice 4.2 of the Malaysian Code on Corporate Governance 2017. **(Resolution 7)**
 "THAT approval be and is hereby given to Datuk Ooi Teik Huat, who has served as an Independent Director of the Company for a cumulative term of more than nine years, to continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting."
Please refer to Explanatory Note G
- 8** Proposed Renewal of Shareholders' Mandate for Existing Recurrent Related Party Transactions and Proposed New Shareholders' Mandate for Additional Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate"). **(Resolution 8)**
 "THAT in accordance with Paragraph 10.09 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"), and subject to the Companies Act 2016 ("CA 2016"), the Constitution of the Company, other applicable laws, guidelines, rules and regulations, and the approvals of the relevant governmental and/or regulatory authorities, approval be hereby given to the Company and its subsidiary companies (collectively "DRB-HICOM Group") to enter into any of the recurrent related party transactions ("RRPTs") of a revenue or trading nature as set out in Section 2.2.3 of the Circular to Shareholders dated 24 June 2020, which are necessary for the day-to-day operations in the ordinary course of business of the DRB-HICOM Group, on normal commercial terms, which are not more favourable to the related parties than those generally available to the public, undertaken on an arm's length basis, and are not detrimental to the minority shareholders of the Company ("Shareholders' Mandate");
 THAT the Shareholders' Mandate shall continue to be in force until:
 (a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time the authority will lapse, unless the authority is renewed by a resolution passed at such general meeting; or
 (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of CA 2016 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of CA 2016); or
 (c) the Shareholders' Mandate is revoked or varied by an ordinary resolution passed by the shareholders of the Company at a general meeting;
 whichever is the earlier;
 AND THAT the Directors of the Company be hereby authorised to complete and do all such acts (including executing all such documents as may be required), as they may consider expedient or necessary to give effect to the Shareholders' Mandate."
Please refer to Explanatory Note H
- 9** To transact any other business of which due notice shall have been given in accordance with CA 2016 and the Company's Constitution.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of 2.0 sen per share in respect of the financial period ended 31 December 2019, if approved by the shareholders at the 30th AGM, will be paid on 18 August 2020 to the shareholders whose names appear in the Record of Depositors of the Company at the close of business on 30 July 2020.

A depositor shall qualify for entitlement to the dividend only in respect of:

- (a) shares deposited into the depositor's securities account before 12.30 p.m. on 28 July 2020 in respect of shares which are exempted from mandatory deposit;
- (b) shares transferred into the depositor's securities account before 4.30 p.m. on 30 July 2020 in respect of ordinary transfers; and
- (c) 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

SABARINA LAILA MOHD HASHIM

SSM PC No.: 201908001661

LS No.: 0004324

Company Secretary

Shah Alam, Selangor Darul Ehsan

24 June 2020

NOTES:

1. Proxy and/or Authorised Representative

- (a) Every Member including authorised nominees as defined under the Central Depositories Act and Exempt Authorised Nominees which holds ordinary shares in the Company for multiple beneficial owners in Omnibus Account, is entitled to:
 - (i) appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote instead of him at the meeting of Members and that such proxy need not be a Member; and
 - (ii) appoint more than one proxy in relation to the meeting provided that the Member specifies the proportion of his shareholdings to be represented by each proxy.
- (b) Where a Member entitled to vote on a resolution has appointed more than one proxy, the proxies shall only be entitled to vote on poll provided that the Member specifies the proportion of his shareholdings to be represented by each proxy.
- (c) If an individual shareholder is unable to attend the 30th AGM, he/she is encouraged to appoint the Chairman of the meeting as his/her proxy and indicate the voting instructions in the Form of Proxy in accordance with the notes and instructions printed therein.
- (d) Where a Member is an Exempt Authorised Nominee which holds ordinary shares under Omnibus Account, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each Omnibus Account it holds.
- (e) The corporate shareholders [through corporate representative(s) or appointed proxy(ies)] unable to attend the 30th AGM are encouraged to appoint the Chairman of the meeting as its proxy and indicate the voting instruction in the Form of Proxy in accordance with the notes and instructions printed therein.
- (f) The instrument appointing a proxy shall be in writing (in the common or usual form) ("Form of Proxy") under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under common seal of the corporation or under the hand of two authorised officers one of whom shall be a Director, or of its attorney duly authorised in accordance with Section 66 of CA 2016. A proxy may but need not be a Member of the Company and a Member may appoint any person without limitation to be his proxy. Form of Proxy authorises the proxy(ies) to demand or join in demanding a poll.
- (g) Form of Proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the office of the Share Registrar, Boardroom Share Registrars Sdn. Bhd., 11th Floor, Menara Symphony, No. 5, Jalan Professor Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan (Tel: +603 7890 4700), not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the Form of Proxy proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default the Form of Proxy shall not be treated as valid. Alternatively, the Form of Proxy can be

deposited electronically through the Share Registrar's website, Boardroom Smart Investor Online Portal at www.boardroomlimited.my before the proxy form lodgement cut-off time as mentioned above. Please refer to the Administrative Guide for further details.

2. Voting by Poll

Pursuant to Paragraph 8.29A(1) of the MMLR of Bursa Securities, all resolutions set out in this Notice will be put to vote by way of poll.

3. Members entitled to attend

For the purpose of determining a member who shall be entitled to attend the 30th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 15 July 2020. Only a depositor whose name appears therein shall be entitled to attend the 30th AGM or appoint a proxy(ies) to attend and vote on such depositor's behalf.

4. Explanatory Note A - Audited Financial Statements

This agenda item is meant for discussion only as the provision of Section 340(1)(a) of the CA 2016 does not require the Audited Financial Statements to be formally approved by the shareholders. Hence, this item is not put forward for voting.

5. Explanatory Note B - First and final dividend

The Board is recommending that the shareholders approve the payment of a first and final dividend.

With reference to Section 131 of the CA 2016, a company may only make a distribution to the shareholders out of available profits if the company is solvent. On 29 May 2020, the Board of Directors of DRB-HICOM ("the Board") had considered the amount of dividend and decided to recommend the same for shareholders' approval.

The Board is satisfied that the Company will be solvent as it will be able to pay its debts as and when the debts become due within 12 months immediately after the distribution date which would be announced by the Company after the 30th AGM in accordance with Sections 132(2) and (3) of the CA 2016.

6. Explanatory Note C - Re-election of Directors

The Directors who are subject to re-election at the 30th AGM of the Company are as follows:

Article 77 - Retirement by rotation

- (i) Dato' Mohammad Zainal Shaari
- (ii) Sharifah Sofia Syed Mokhtar Shah

Article 77 of the Company's Constitution provides that one-third (1/3) or the number nearest to one-third (1/3) of the Directors for the time being, shall retire from office so that all the Directors shall retire from office once at least in every three years ("retirement by rotation") and shall be eligible for re-election.

All Directors standing for re-election as Directors and being eligible, have offered themselves for re-election at the 30th AGM of the Company.

7. Explanatory Notes D and E - Directors' Fees and Benefits

Section 230(1)(b) of the CA 2016 provides that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiary companies shall be approved at a general meeting.

The shareholders had at the 29th AGM held on 12 September 2019, approved the payment of Directors' fees with effect from the 29th AGM until the 30th AGM of the Company.

The fees and benefits payable to the Non-Executive Directors ("NEDs") were last revised at the Board meeting held in 2012. After a lapse of eight years, the Board is proposing a review of the existing Directors' fees and benefits, to ensure the Company is able to attract and retain the right Board talent as well as motivate the Directors to drive the Company's long-term objectives. The proposed remuneration takes into account the ever-increasing demands on the Directors, such as escalating legal compliances, including the corporate liabilities they entail, growing business complexities and the exceedingly onerous duties of the Directors. Hence, the NEDs remuneration should reflect the intricate roles and responsibilities of the Directors and the required time commitment expected of them. The proposed review is to ensure that the remuneration is comparable with the prevalent market, so that it sufficiently compensates the NEDs. For this purpose, the Management has undertaken a benchmarking analysis and recommends the appropriate revised fees.

The proposed review was comprehensively deliberated by the Board Nomination and Remuneration Committee ("BNRC") in February 2020, and was duly approved by the Board for tabling at the 30th AGM for the shareholders' approval. The proposal involves the revision of the Directors' fixed fees and meeting allowances of the Company as follows:

NOTICE OF ANNUAL GENERAL MEETING

DRB-HICOM Berhad – Directors' Fees

Board/Board Committee	Existing Fees (per annum)		Revised Fees (per annum) (effective from 23 July 2020)	
	Chairman	Member	Chairman	Member
Board	RM140,000	RM90,000	RM300,000	RM180,000
Board Audit Committee	RM17,000	RM12,000	RM60,000	RM40,000
Board Nomination and Remuneration Committee	RM10,000	RM8,000	RM10,000 (No Change)	RM8,000 (No Change)
Board Risk & Sustainability Committee	RM10,000	RM8,000	RM30,000	RM20,000

DRB-HICOM Berhad (Benefits payable comprising of meeting allowance)

Type of Meeting	Existing Meeting Allowance per Meeting (for Chairman and Members)	Revised Meeting Allowance per Meeting (for Chairman and Members) (effective from 23 July 2020)
Board	RM1,500	RM2,000
Board Audit Committee	RM3,000	RM2,000
Board Nomination and Remuneration Committee	RM1,500	RM2,000
Board Risk & Sustainability Committee	RM1,500	RM2,000
General Meeting	RM1,500	Nil

No revision is proposed for the following prevailing fees and benefits under the subsidiaries remuneration framework and the estimation is as stipulated below:

A. Directors' Fees

- (i) Board Members of DRB-HICOM who are also the Board/Board Committee Members of subsidiary companies

Subsidiary Company	Fee (per annum)	
	Pos Malaysia Berhad ("Pos Malaysia")	Bank Muamalat Malaysia Berhad ("BMMB")
Board Members	RM80,000	RM120,000
Chairman of the Board Committee	RM8,000	-
Board Audit Committee Member	RM10,000	-
Board Committee Member	RM6,000	-

B. Benefits (comprising of meeting allowance)

(i) Board Members of DRB-HICOM who are also the Board/Board Committee Members of subsidiary companies

Type of Meeting	Meeting Allowance per Meeting (for Chairman and Members)
BMMB	
- Board	} RM3,000
- Board Audit Committee	
- Digital Board Committee	RM2,500
Pos Malaysia	
- Board/General Meeting	} RM1,000
- Board Tender Committee	
- Board Risk, Sustainability and Compliance Committee	
- Board Digital - First Committee	} RM2,500
- Board Audit Committee	

In determining the estimated total amount of Directors' fees and benefits payable for the NEDs, the Board has considered various factors, including the number of scheduled meetings for the Board, Board Committees and general meetings based on the composition of NEDs, including a provisional sum as contingency for future appointments of NED on the Board and increase in number of Board and Board Committee meetings.

The proposed Resolutions 4 and 5, if passed, will give authority to the Company to pay the Directors' fees and benefits payable on a quarterly/monthly basis and/or as and when incurred. The Board opined that it is just and equitable for such payment to be made, since the Non-Executive Chairman and the NEDs have discharged their responsibilities and rendered their services to the Company and its subsidiary companies throughout the period.

8. Explanatory Note F - Re-appointment of Auditors

The Board, through the Board Audit Committee, has conducted an annual assessment of the suitability and independence of the external auditors, EY and agreed that EY has met the relevant criteria as prescribed under Paragraph 15.21 of MMLR of Bursa Securities.

9. Explanatory Note G - Retention of Independent Director

Practice 4.2 of the Malaysian Code on Corporate Governance 2017 provides that shareholders' approval can be sought in the event that the Company intends for an independent director who has served in that capacity cumulatively beyond nine years, to continue to act as Independent Director of the Company.

The Board is recommending to the shareholders for Datuk Ooi Teik Huat, who has served as an Independent Director of the Company for a cumulative term of 11 years and eight months, to continue to act as an Independent Director of the Company. The Board, through the Board Nomination and Remuneration Committee, had assessed and endorsed that Datuk Ooi Teik Huat be retained as an Independent Director of the Company, as he has continued to remain objective and independent-minded in his participation in

the deliberations and making unbiased decisions at Board and Board Committees Meetings. Notwithstanding that, his long tenure has familiarised him with the business operations of the Company/ Group, giving him a broad business perspective, in which he has at all times acted in good faith and the best interest of the Company, shareholders and other relevant stakeholders. The detailed justifications of the Board for making such recommendation are set out in the Corporate Governance Report of the Company which is available on the Company's website at www.drb-hicom.com.

The shareholders' approval for Ordinary Resolution 7 will be sought on a single-tier voting basis.

10. Explanatory Note H - Proposed Shareholders' Mandate

The Proposed Ordinary Resolution 8, if passed, will enable DRB-HICOM Group to respectively enter into RRPTs of a revenue or trading nature, which are necessary for the day-to-day operations of the DRB-HICOM Group as set out in Section 2.2.3 of the Circular to Shareholders dated 24 June 2020, subject to the transactions being in the ordinary course of business and at arm's length basis and on normal commercial terms which are not more favourable to the related parties than those generally available to the public and are not detrimental to the minority shareholders of the Company.

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the MMLR of Bursa Securities)

- The profiles of the Directors, who are due for retirement and seeking re-election, pursuant to the Company's Constitution, as set out in the Notice of Annual General Meeting, are set out in the Directors' Profile pages 36 to 41 of the Company's Annual Report for Financial Period Ended 31 December 2019.
- The details of any interest in securities held by the said Directors are set out in the "Directors' Report" section on pages 128 to 133 of the Company's Annual Report for Financial Period Ended 31 December 2019.





CORPORATE DISCLOSURE

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ONE OF THE NATION'S LARGEST AND MOST DIVERSE CONGLOMERATES

Vision

To be number 1 and continuously excel in all that we do

Mission

To lead in the growth of the nation in the areas of DRB-HICOM's core businesses

Shared Values

- Excellence
- Decorum
- Teamwork
- Integrity
- Innovation
- Quality
- Transparency



**110
Years**

Incorporated
in 1910

**Over
90**

Operating
Companies

**3 Core
Sectors**

Automotive
Services
Properties

52,000

Employees

CORPORATE PROFILE



DRB-HICOM is one of the largest conglomerates in Malaysia with a market capitalisation of RM4.6 billion as of 31 December 2019, and 52,000 employees, engaged principally in the Automotive, Services and Properties businesses.



It is the only corporation in the country involved in the entire automotive value ecosystem, from the design, manufacture, assembly, inspection and distribution to sales and after-sales service of private and commercial vehicles, motorcycles, defence vehicles and also customised vehicles such as ambulances, fire trucks, garbage compactors and agricultural vehicles. In addition, it provides car rental and leasing services as a franchisee of Avis. Of national pride, DRB-HICOM owns PROTON which is undergoing an ambitious revamp to regain its local leadership while making a mark in the export market. Since entering into a strategic partnership with leading global automotive manufacturer Zhejiang Geely Holding Group Co., Ltd. ("Geely Holding"), PROTON has launched its first Sports Utility Vehicle ("SUV") which is breaking sales records within its segment.

A key component of DRB-HICOM's Services division is the provision of end-to-end logistics services under Pos Malaysia Berhad Group ("Pos Malaysia"). With a total of 1.48 million square feet of warehousing capacity and two Boeing 737-400 freighters for cargo transport, the Group is set to increase its presence in the e-commerce sector. Other Services provided include Islamic banking under Bank Muamalat Malaysia Berhad ("Bank Muamalat"), and vehicle inspection under PUSPAKOM Sdn. Bhd. ("PUSPAKOM"). In December, it completed the divestment of its waste management arm Alam Flora to Malakoff Berhad.

Back in 2010, DRB-HICOM ventured into tertiary education with the establishment of DRB-HICOM University of Automotive Malaysia ("DRB-HICOM U"), the only university in ASEAN to offer home-grown Bachelor's, Master's and Doctoral programmes relating to the automotive ecosystem.

In the property market, the Group has a strong reputation for the development of quality residential, commercial, industrial, hospitality and integrated township projects, many of which carry the Glenmarie name. A strategic decision in early 2018 was made to divest DRB-HICOM's non-industrial assets – including hospitality and leisure properties – in order to focus more intently on the industrial segment. The process of divestment is ongoing.

Industrial parks developed by DRB-HICOM include HICOM Industrial Estate and Glenmarie Industrial Park in Shah Alam, and HICOM Pegoh Industrial Park ("HPP") in Alor Gajah, Melaka. The Group is currently developing Proton City in Muallim, Perak; Media City in Kuala Lumpur; and in December, completed the integrated Immigration, Customs, Quarantine and Security ("ICQS") complex in Bukit Kayu Hitam, Kedah.

DRB-HICOM was formed as a result of the merger between Diversified Resources Berhad ("DRB") and HICOM Holdings Berhad ("HHB") in 1996.

HHB's history dates back to 1910, when an investment company involved primarily in agriculture was set up. In 1993, this company acquired HICOM Berhad ("HICOM") from the Ministry of Finance and changed its name to HICOM Holdings Berhad. HICOM itself was incorporated on 27 November 1980 as an investment holding company engaged principally in the development of heavy industries. It played a significant role in the development of PROTON, and led the country in the manufacture of motorcycles and general purpose engines, eventually branching into foundry works and machining, diecasting, cement production as well as industrial estates including golf resort development.

DRB was incorporated on 28 August 1990 as a private limited company under the name Peerless Assets Sdn. Bhd. On 19 September 1991, it changed its name to DRB. A year later, DRB acquired Imatex Berhad and Automotive Corporation (Malaysia) Sdn. Bhd. On 4 September 1992, it was listed on the main board of Bursa Malaysia.

The newly-structured company formed a diversified group with interest ranging from the assembly, manufacturing and distribution of motor vehicles, trading in spare parts to property development. DRB-HICOM assumed its present name on 11 May 2000.

CALENDAR OF EVENTS APRIL-DECEMBER 2019



8-9 April 2019 DRB-HICOM Media Escapade

The 2-day, 1-night excursion was participated by 33 media representatives, mainly from the business and automotive media groups. This exercise saw a convoy of 28 cars under the Group's many automotive brands being driven by the media members from Wisma DRB-HICOM to Melaka. The programme included a facility visit to CTRM and a briefing by Group Managing Director, Dato' Sri Syed Faisal Albar on the Group's business performance and future direction.

23 April 2019 Launch of the new Proton Iriz and Proton Persona

PROTON unveiled the latest facelift models of Proton Persona and Proton Iriz at the Kuala Lumpur Convention Centre.

27 April 2019 Majlis Anugerah Kecemerlangan PT3, SPM & STPM 2018

A total of 391 children of *Warga DRB-HICOM* received their certificates and rewards from the Group Managing Director, Dato' Sri Syed Faisal Albar for achieving excellent results in the PT3, SPM and STPM examinations in 2018.

11 May 2019 Majlis Berbuka Puasa bersama Penduduk Projek Perumahan Rakyat ("PPR") Kota Damansara dan Penyerahan Sumbangan kepada Golongan Asnaf

A collaboration between DRB-HICOM Berhad and Persatuan Prihatin Wanita Islam Subang ("PRIWANIS") to distribute daily necessities to 200 Asnaf families of PPR Section 8, Kota Damansara. The programme started off with a Ceramah Ramadhan by YBhg Datuk Dr Norhafizah Musa, followed by the distribution of packed food for the community.



15 May 2019



17 May 2019



25 May 2019



27 May 2019

15 May 2019
Jom Bubur Lambuk Sahabat

Sahabat DRB-HICOM distributed 5,000 packs of *bubur lambuk* during Ramadhan to the public around Bank Muamalat Malaysia Berhad and the Masjid Jamek LRT Station at Jalan Melaka, Kuala Lumpur.

17 May 2019
Baraqah Sahur bersama Kakitangan CTRM

DRB-HICOM first started the *Baraqah Sahur with Warga DRB-HICOM* programme in 2018 with the staff of its subsidiaries around the HICOM Industrial area in Shah Alam. In 2019, DRB-HICOM continued the programme at another of its subsidiaries, CTRM in Melaka for approximately 600 staff including the management team.

25 May 2019
Iftar Ramadhan bersama Warga DRB-HICOM

DRB-HICOM employees, together with their family members gathered in Holiday Inn Kuala Lumpur Glenmarie for a *Majlis Berbuka Puasa*. The objective of this annual programme is to strengthen the bond between the company's employees and management.

27 May 2019
Waqaf Qaseh Ramadhan

Continuing the *Waqaf Qaseh* project for the second year, DRB-HICOM donated 70 sets of *kain telekung* and 60 *sarong pelikat* to the prayer rooms of Terminal Bersepadu Selatan for public use. DRB-HICOM also replicated the same contribution to three hotels namely Holiday Inn Kuala Lumpur Glenmarie, Hilton Petaling Jaya and Hotel Istana, Kuala Lumpur.

CALENDAR OF EVENTS APRIL-DECEMBER 2019



19 June 2019



20-21 July 2019



29 July 2019



6 August 2019

19 June 2019
Majlis Sambutan Aidilfitri PERKIM

To share in the joy of festivity with newly converted Muslims, DRB-HICOM organised an Aidilfitri celebration at PERKIM, Kuala Lumpur. A total of 80 muallaf joined the event, with each receiving duit raya and contributions of needful items from the company.

20-21 July 2019
Seminar SKOR SPM DRB-HICOM and Berita Harian 2019

DRB-HICOM collaborated with Berita Harian to organise *Seminar Skor SPM* for children of DRB-HICOM Group of companies' staff. A total of 158 *Warga DRB-HICOM's* children participated in this seminar, held at Perpustakaan Raja Tun Uda, Shah Alam to help prepare themselves for the SPM examinations. DRB-HICOM also invited 26 students from Maahad Tahfiz Al-Hidayah to join in the seminar as one of its' Corporate Responsibility initiatives.

29 July 2019
Working visit by YB Senator Dato' Raja Kamarul Bahrin Shah, Former Deputy Minister of Housing and Local Government to Alam Flora

A working visit by YB Senator Dato' Raja Kamarul Bahrin Shah, Former Deputy Minister of Housing and Local Government to Alam Flora's Headquarters in Shah Alam. During the visit, the Alam Flora team briefed the Senator on its Geographical Information System ("GIS") and Alam Flora Integrated Monitoring System ("AIMS").

6 August 2019
Launch of Proton Saga 2019

The launch of the new Proton Saga 2019 was held at the Kuala Lumpur Convention Centre. The event was graced by YB Datuk Darell Leiking, the then Minister of International Trade and Industry.



31 August 2019



12 September 2019



27 September 2019

31 August 2019
Anak-anak Malaysia Walk 2019

DRB-HICOM continued its support of the *Anak-Anak Malaysia Walk* organised by The Star newspaper for the third consecutive year through its sponsorship of the iconic Proton Saga 1.3 as the event's Grand Lucky Draw prize.

12 September 2019
DRB-HICOM's 29th AGM

The 29th Annual General Meeting held at Holiday Inn Kuala Lumpur Glenmarie was attended by approximately 3,000 shareholders.

27 September 2019
Launch of Modenas MR3 and Pulsar NS160

MODENAS launched the latest iteration of the iconic Modenas Kriss 110, the Modenas MR3 and also the upgraded Modenas Pulsar NS160.

CALENDAR OF EVENTS APRIL-DECEMBER 2019



14 November 2019



One of DRB-HICOM's Back to School Programmes

14 November 2019

Foodbank Project in Conjunction with Deepavali Celebration

To assist the urban poor ahead of the Deepavali celebration, DRB-HICOM initiated a Foodbank project assisted by Kechara Soup Kitchen to provide basic daily necessities for 32 mostly Indian families at PPR Desa Menteri, Petaling Jaya.

Various dates in December 2019

DRB-HICOM's Back-to-School Programmes

A total of 1,413 children received Back-to-School assistance in the form of cash aid and school equipment for the 2020 school year. Apart from children of DRB-HICOM staff as recipients, underprivileged children of SK Indera Shahbandar in Pekan, Pahang and from SK Batu Lima and SMK Sri Enggang in Sik, Kedah also benefitted. This important initiative was carried out through five different programmes with the objective of reaching out to more communities in need.



3 December 2019



7 December 2019

3 December 2019

Handing Over of Immigration, Customs, Quarantine and Security ("ICQS") Complex to Jabatan Imigresen Malaysia

DRB-HICOM handed over the completed ICQS Complex to Jabatan Imigresen Malaysia in a ceremony graced by YB Tan Sri Muhyiddin Yassin, the then Minister of Home Affairs.

7 December 2019

DRB-HICOM University's 6th Convocation

The 6th Convocation of DRB-HICOM University was graced by its Chancellor, KDYMM Seri Paduka Baginda Yang Di-Pertuan Agong Al-Sultan Abdullah Ri'ayatuddin Al-Mustafa Billah Shah Ibni Almarhum Sultan Haji Ahmad Shah Al-Musta'in Billah. A total of 686 graduates received their scrolls during the ceremony.

FINANCIAL CALENDAR

For Nine-Month Financial Period Ended 31 December 2019

Announcement of Unaudited Consolidated Results



Date of announcement

DIVIDEND

First and Final
dividend of
2.0 sen per share

Notice Date:
24 June 2020

Entitlement Date:
30 July 2020

Payment Date:
18 August 2020

30TH ANNUAL GENERAL MEETING

Notice Date:
24 June 2020

Meeting Date:
22 July 2020

CORPORATE INFORMATION

As at 1 June 2020

BOARD OF DIRECTORS

	Name	Designation
1	Dato' Mohammad Zainal Shaari	Chairman Non-Independent Non-Executive Director
2	Dato' Sri Syed Faisal Albar Syed A.R Albar	Group Managing Director
3	Datuk Ooi Teik Huat	Senior Independent Non-Executive Director
4	Dato' Ibrahim Taib	Independent Non-Executive Director
5	Datuk Idris Abdullah @ Das Murthy	Independent Non-Executive Director
6	Sharifah Sofia Syed Mokhtar Shah	Non-Independent Non-Executive Director

BOARD AUDIT COMMITTEE

Chairman

Datuk Ooi Teik Huat

Members

Dato' Ibrahim Taib
Datuk Idris Abdullah @ Das Murthy

COMPANY SECRETARY

Sabarina Laila Mohd Hashim (LS0004324)

Tel : +603 2052 7695
Fax : +603 2052 7696
E-mail : sabarina@drb-hicom.com

INTERNAL AUDIT

Abdul Jamil Johari
Head, Group Internal Audit
Tel : +603 2052 8962
Fax : +603 2052 8959
E-mail : jamil@drb-hicom.com

AUDITORS

Ernst & Young PLT
202006000003 (LLP0022760-LCA & AF0039)
Chartered Accountants
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Malaysia
Tel : +603 7495 8000
Fax : +603 2095 5332

AGM HELPDESK

Tel : +603 2052 8956

BOARD NOMINATION AND REMUNERATION COMMITTEE

Chairman

Dato' Mohammad Zainal Shaari

Members

Datuk Ooi Teik Huat
Datuk Idris Abdullah @ Das Murthy

REGISTERED OFFICE

Level 5, Wisma DRB-HICOM
No. 2, Jalan Usahawan U1/8
Seksyen U1
40150 Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : +603 2052 8000
Fax : +603 2052 8099

INVESTOR RELATIONS

Norli Dollah
Senior Manager, Investor Relations
Tel : +603 2052 8194
Fax : +603 2052 8228
E-mail : invest@drb-hicom.com

PRINCIPAL BANKERS

Bank Muamalat Malaysia Berhad
Malayan Banking Berhad
RHB Bank Berhad
AmBank (M) Berhad
CIMB Bank Berhad

PRINCIPAL SOLICITORS

Hisham, Sobri & Kadir
Lee Hishammuddin Allen & Gledhill
Kadir Andri & Partners

BOARD RISK AND SUSTAINABILITY COMMITTEE

Chairman

Datuk Idris Abdullah @ Das Murthy

Members

Datuk Ooi Teik Huat
Dato' Ibrahim Taib

COMPANY WEBSITE

www.drb-hicom.com

SHARE REGISTRAR

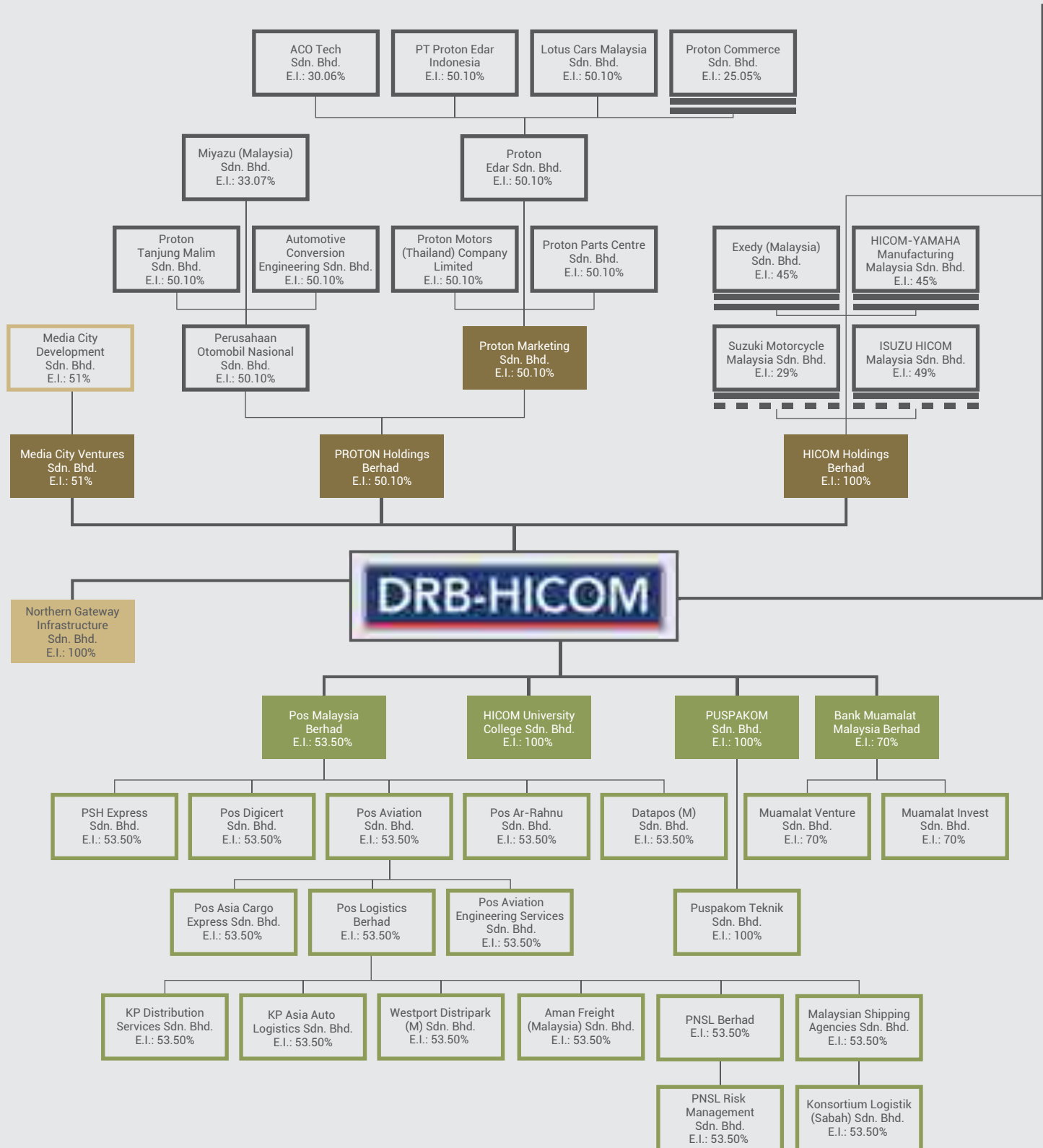
Boardroom Share Registrars Sdn. Bhd.
Registration No: 199601006647 (378993-D)
11th Floor, Menara Symphony
No. 5, Jalan Professor Khoo Kay Kim
Seksyen 13
46200 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603 7890 4700
Fax : +603 7890 4670
E-mail : BSR.Helpdesk@boardroomlimited.com

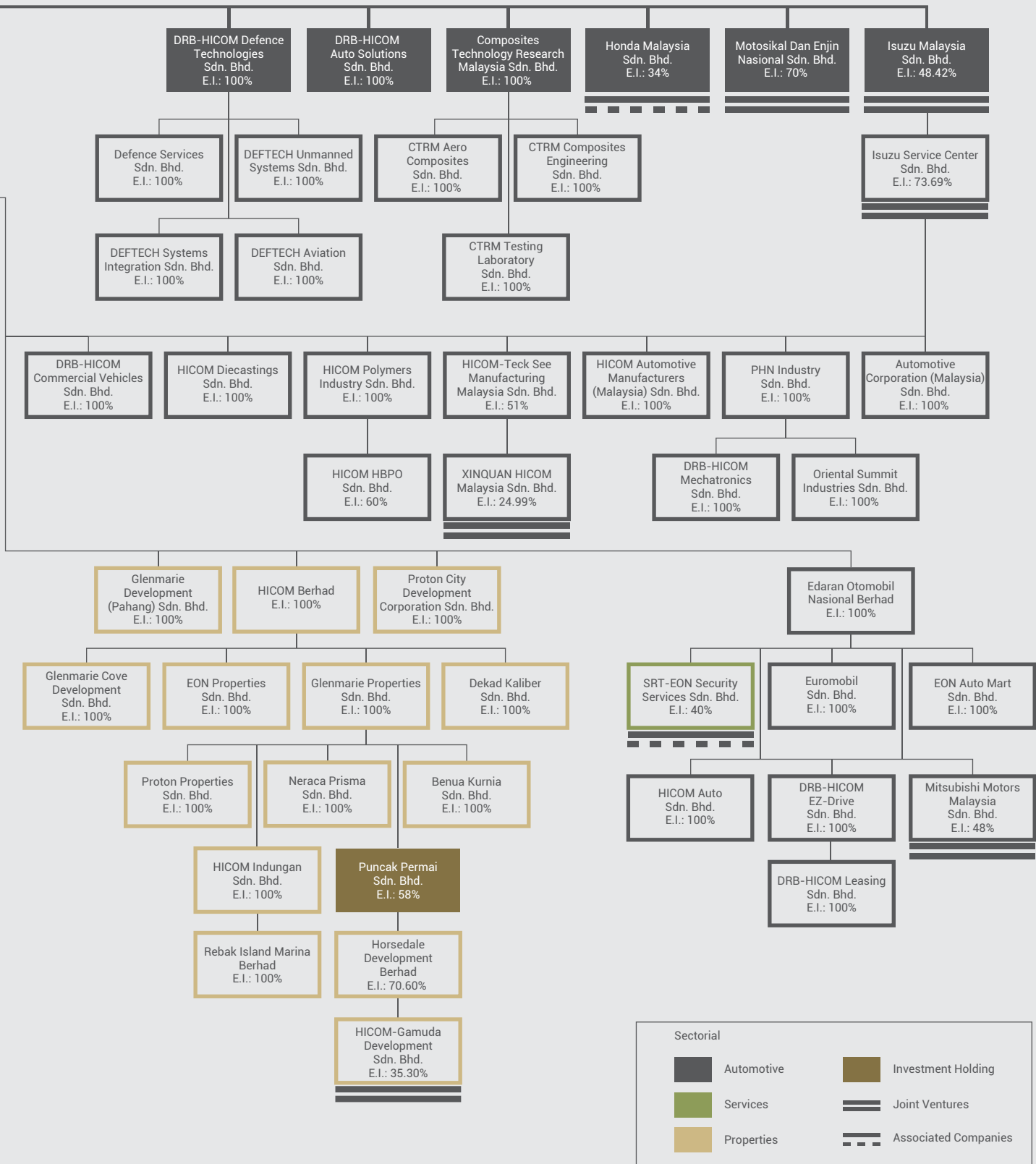
STOCK EXCHANGE LISTING

Listed on Main Market of
Bursa Malaysia Securities Berhad
Listing Date : 4 September 1992
Stock Name : DRBHCOM
Stock Code : 1619

GROUP CORPORATE STRUCTURE

Operating Companies as at 31 December 2019





E.I.: DRB-HICOM Group's Effective Interest

INVESTOR RELATIONS

Despite the challenging global and domestic economic landscape in 2019, DRB-HICOM was resilient in delivering the business goals while keeping true to its core values. Various channels of communication have been implemented to keep the investment community abreast with the latest developments within the Group. These will allow them to make well-informed decisions and in return maximising shareholders' value.

KEY HIGHLIGHTS FY2019



Market Capitalisation
RM4.60 billion



Institutional & Private/
Retail Shareholders
40,591



Number of investment
communities engaged
120



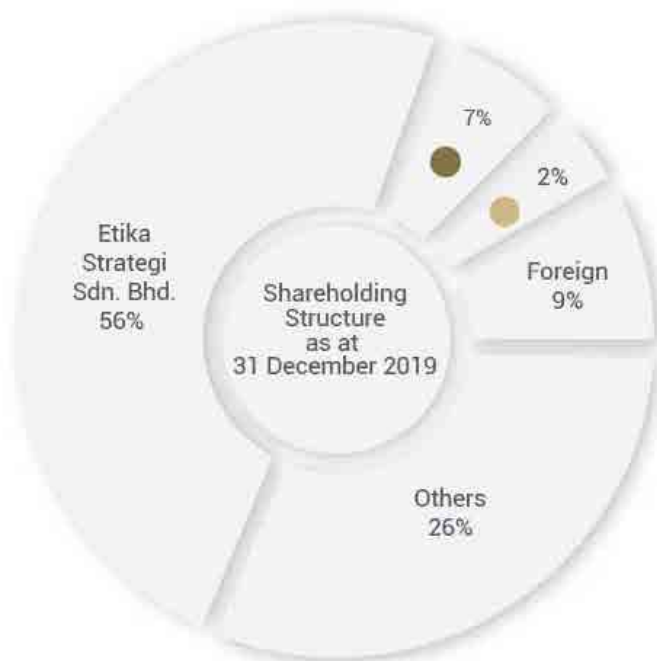
Research Houses
7



No. of shares traded
1.4 billion shares



Highest Share Price
RM3.00



● Employees Provident Fund ● Lembaga Tabung Haji

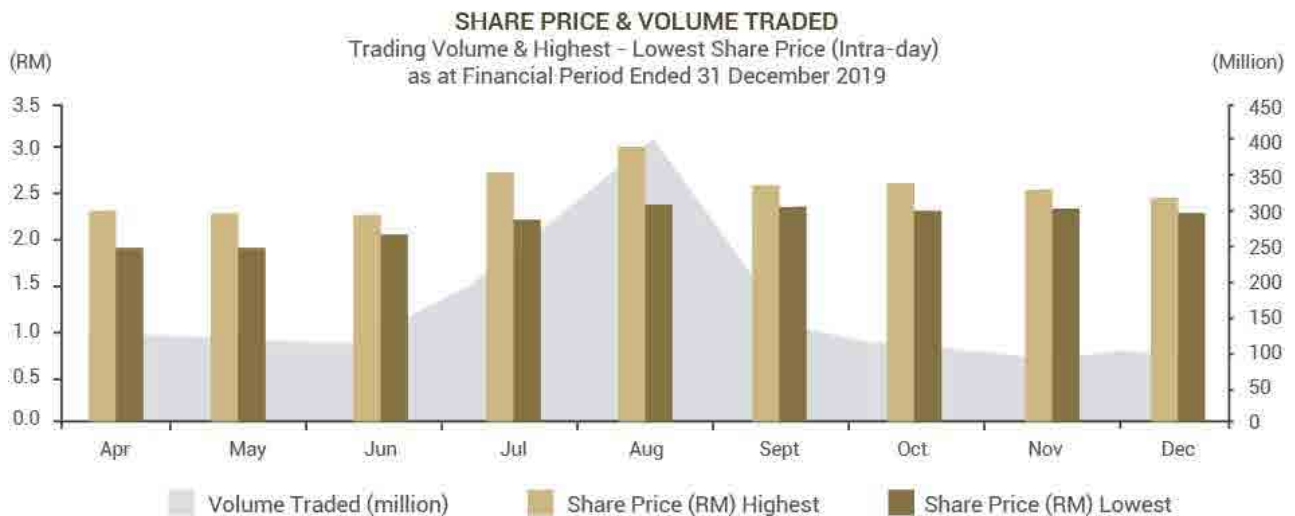
SHAREHOLDER BASE

DRB-HICOM has a diverse shareholder base comprising Government agencies, corporates, institutional and private/retail shareholders. The Group had a total of 40,591 shareholders as at 31 December 2019. Etika Strategi Sdn. Bhd. and the Employees Provident Fund ("EPF") remained DRB-HICOM's substantial shareholders with 55.9% and 7.3% interest respectively, while foreign shareholding stood at 9.4%.

SHARE PERFORMANCE

DRB-HICOM's share price closed at RM2.38 on the last day of trading in 2019. In the period under review, total turnover was RM2.4 billion and 1.0 billion shares exchanged hands, compared to a total turnover of RM2.1 billion with 1.0 billion shares traded in the previous financial year.

High volume of shares were traded in the first half of FY2019, particularly in the month of August, as PROTON's turnaround plan was taking shape backed by the marque's rising vehicles sales and the interest generated through new model launches. Lower volume was traded towards the end of 2019 however, as shareholders reacted to the volatile performance of regional markets.



Share Price FY2019	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Highest (RM)	2.29	2.27	2.25	2.71	3.00	2.56	2.59	2.53	2.43
Lowest (RM)	1.89	1.88	2.03	2.20	2.37	2.33	2.28	2.31	2.27

Source : Bloomberg

INVESTOR RELATIONS

INVESTORS ENGAGEMENT

The Board of Directors of DRB-HICOM Berhad had approved the change in the financial year-end of DRB-HICOM from 31 March previously to 31 December. Therefore, the Group's financial year ended after just nine months instead of 12. Various channels of communication were utilised within the short time span to ensure consistent engagement with existing and potential investors.

These were the key events:

	<p>QUARTERLY FINANCIAL RESULTS Announced via Bursa Malaysia announcements and media releases</p> <table border="1"> <thead> <tr> <th data-bbox="538 597 712 619">23 August 2019</th> <th data-bbox="786 597 976 619">28 November 2019</th> <th data-bbox="1050 597 1224 619">28 February 2020</th> </tr> </thead> <tbody> <tr> <td data-bbox="538 629 745 710">Q1 First Quarter Ended 30 June 2019</td> <td data-bbox="786 629 1009 710">Q2 Second Quarter Ended 30 September 2019</td> <td data-bbox="1050 629 1240 736">Q3 Third Quarter/ Full Year Ended 31 December 2019</td> </tr> </tbody> </table>	23 August 2019	28 November 2019	28 February 2020	Q1 First Quarter Ended 30 June 2019	Q2 Second Quarter Ended 30 September 2019	Q3 Third Quarter/ Full Year Ended 31 December 2019
23 August 2019	28 November 2019	28 February 2020					
Q1 First Quarter Ended 30 June 2019	Q2 Second Quarter Ended 30 September 2019	Q3 Third Quarter/ Full Year Ended 31 December 2019					
	<p>ANNUAL GENERAL MEETING Convened on 12 September 2019, at Holiday Inn Kuala Lumpur, Glenmarie</p>						
	<p>NON-DEAL ROADSHOW 1 October – 15 October 2019</p>						
	<p>CREDIT RATING EXERCISE SUKUK WAKALAH PROGRAMME OF UP TO RM3.5 BILLION SYNDICATED ISLAMIC MEDIUM TERM NOTE ("IMTN") OF RM 1.5 BILLION October – November 2019</p>						
	<p>ONE-ON-ONE MEETINGS/ EQUITY CONFERENCES/ CORPORATE LUNCHEONS/ TELECONFERENCES ETC Throughout the year</p>						

Credit Rating Review

The Group actively engaged with Malaysian Rating Corporation Berhad ("MARC"), the credit rating agency that provides an independent assessment of the Group's credit metrics and financial standing.

In 2H2019, DRB-HICOM undertook a refinancing exercise to restructure its debt profile via the establishment of a new IMTN Programme with a nominal value of up to RM3.5 billion under the Wakalah principle ("Sukuk Wakalah Programme"), which replaced the IMTN Programme of up to RM1.8 billion ("Sukuk Murabahah Programme").

MARC assigned a rating of **A+_{IS}** to the Group in relation to the Sukuk Wakalah Programme with a positive outlook. Concurrently, MARC affirmed its ratings of **A-_{IS}** on the existing Perpetual Sukuk Musharakah Programme of up to RM2.0 billion.

The rating outlook on the existing programmes has been revised to positive from stable due to DRB-HICOM's improved consolidated credit profile. This improved profile was achieved through the streamlining of businesses by divesting investments and non-core assets, and in improving operating margins and strengthening liquidity position. On the same note, the affirmed rating also reflects DRB-HICOM's strong market position in the domestic automotive industry, its moderately diversified business profile that includes concession-based operations and its earning generation capabilities.

Analyst Coverage and Recommendation

DRB-HICOM is currently being covered by seven research houses. Following each disclosure to Bursa Malaysia, the respective research houses would report on the Group's performance and outlook with their Recommendations and Target Prices. Based on the full year financial results, the analysts' recommendations and target prices on the Group's shares are as below:

No	Research House	Target Price (RM)	Recommendation
1.	Hong Leong Investment	3.50	Buy
2.	AmlInvestment	3.18	Buy
3.	RHB Research	2.95	Buy
4.	CIMB Research	2.90	Buy
5.	Public Investment	2.80	Outperform
6.	Kenanga Investment	2.80	Outperform
7.	Citi Research	2.80	Buy

CAPITAL MARKET FEEDBACK



Our corporate website www.drb-hicom.com serves as a platform to disseminate our latest and historical quarterly results, announcements and disclosures per Bursa Malaysia requirements.

Additionally, annual reports, press releases, corporate and financial information are also made accessible on our corporate website. This effort is to ensure continuity in providing strategic business and performance updates.



DRB-HICOM is highly aware of the importance of feedback from the investment community. Any query, constructive feedback and ideas can be directed to the IR Department at invest@drb-hicom.com.





PERFORMANCE REVIEW

032 Group's 5-Year Financial
Highlights

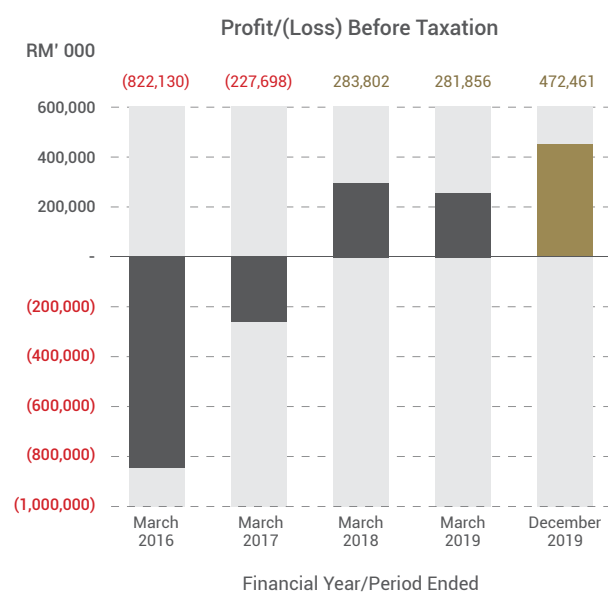
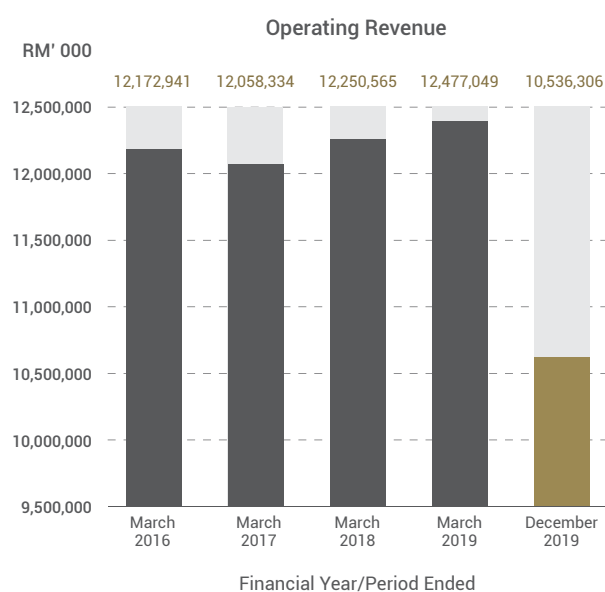
GROUP'S 5-YEAR FINANCIAL HIGHLIGHTS

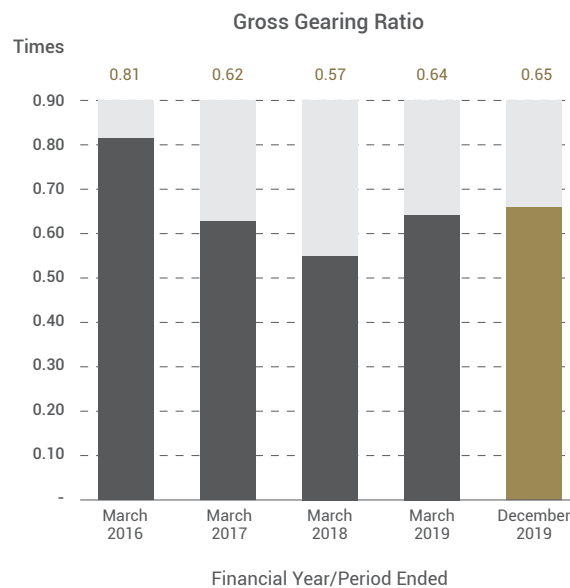
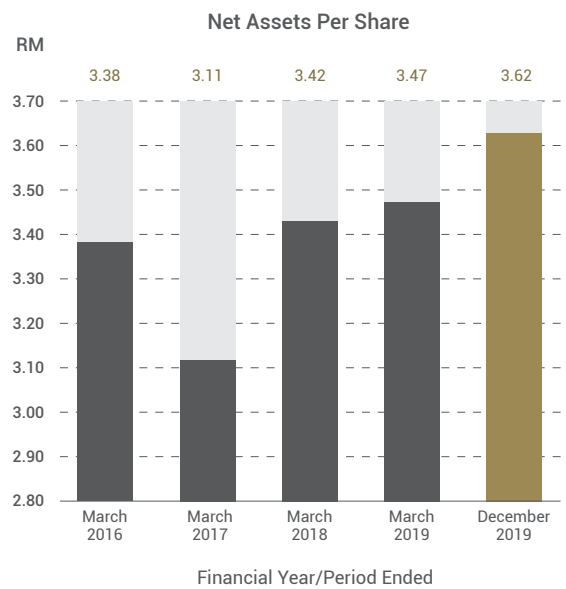
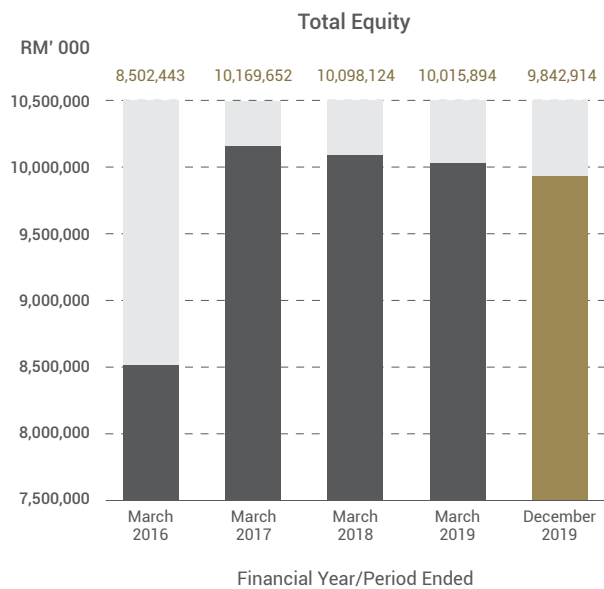
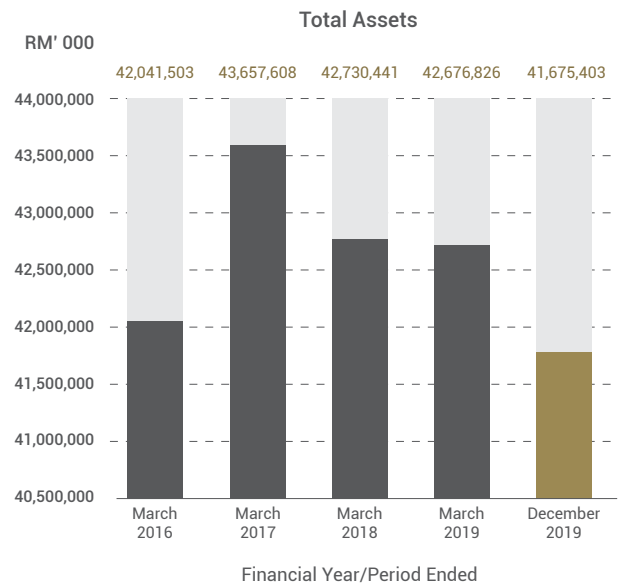
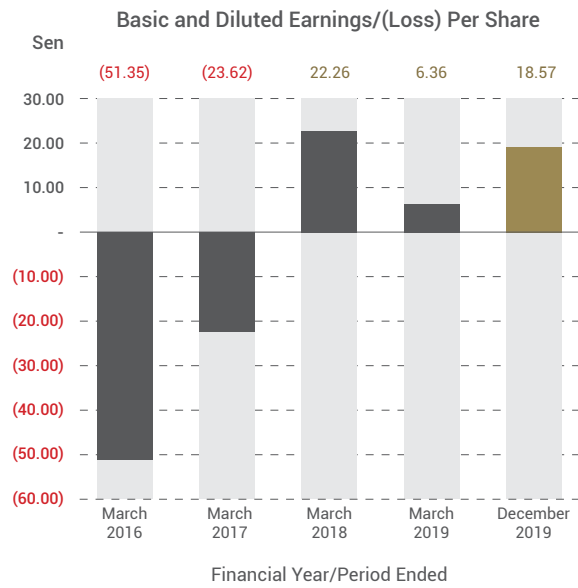
	2019 ** December RM'000	2019 March RM'000	2018 March RM'000	2017 March RM'000	2016 March RM'000
1. Operating Revenue	10,536,306	12,477,049	12,250,565	12,058,334	12,172,941
2. Profit/(Loss) Before Taxation	472,461	281,856	283,802	(227,698)	(822,130)
3. Basic and Diluted Earnings/(Loss) Per Share (sen)	18.57	6.36	22.26	(23.62)	(51.35)
4. Dividend Per Share ^ (sen)	2.00	3.00	3.00	1.00	2.00
5. Total Assets	41,675,403	42,676,826	42,730,441	43,657,608	42,041,503
6. Total Equity	9,842,914	10,015,894	10,098,124	10,169,652	8,502,443
7. Net Assets Per Share * (RM)	3.62	3.47	3.42	3.11	3.38
8. Total Borrowings	6,357,882	6,364,526	5,785,112	6,293,775	6,864,745
9. Gross Gearing Ratio (Times)	0.65	0.64	0.57	0.62	0.81

^ Dividend per share (gross) consist of interim and final dividend declared and proposed for the designated financial period/year.

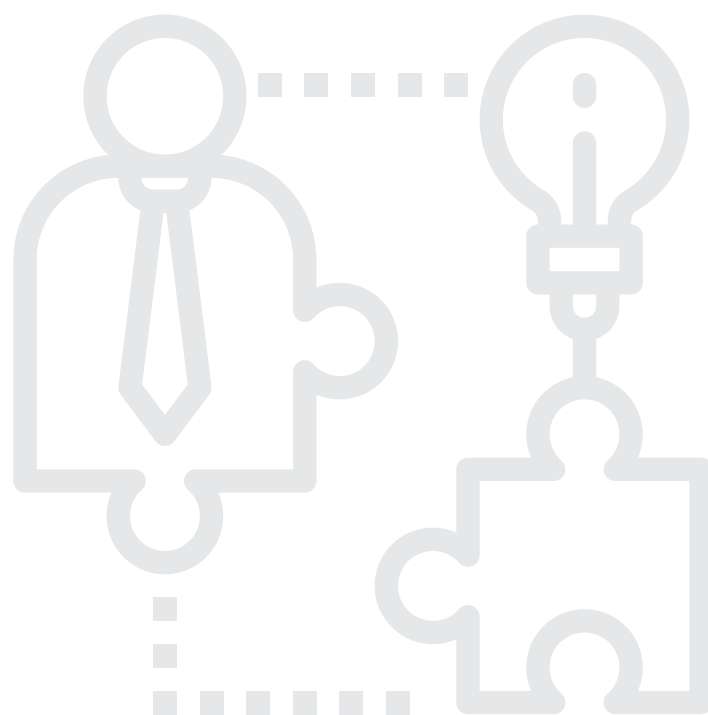
* Based on 1,933,237,051 ordinary shares in issue.

** Nine-month period from April to December 2019.









LEADERSHIP

- 036 Profile of Directors
- 042 Profile of Key Senior Management
- 047 Profile of Key Senior Management of Principal Subsidiaries
- 052 Management Team

PROFILE OF DIRECTORS



DATO' MOHAMMAD ZAINAL BIN SHAARI

Chairman/Non-Independent Non-Executive Director
Chairman of Board Nomination and Remuneration Committee

Date of Appointment
13 April 2018

Date of Last Re-election
30 August 2018

Nationality/Age/Gender
Malaysian/56 years/Male

Dato' Mohammad Zainal bin Shaari ("Zainal") is a Fellow of both the Institute of Chartered Accountants in England & Wales ("ICAEW") and the Association of Chartered Certified Accountants ("ACCA"). Additionally, he is a member of the Malaysian Institute of Accountants ("MIA") and the Malaysian Institute of Certified Public Accountants ("MICPA").

Throughout his corporate career, Zainal has served in various positions in the private sector. After spending six years working in the United Kingdom, he joined Price Waterhouse (now known as PricewaterhouseCoopers) upon his return to Malaysia in 1990. He was seconded to Price Waterhouse in San Francisco from 1993 to 1995 and became a Partner of Price Waterhouse in 1997, a position he held until 2002 before joining a boutique advisory firm. Thereafter, he was with Khazanah Nasional Berhad ("Khazanah") from 2004 until 2013, where his last position was Executive Director/Chief Operating Officer. Currently, he is the Group Managing Director of Tradewinds (M) Berhad. He also sits on the Board of NCB Holdings Berhad and various other private limited companies.

Zainal does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

During the financial period ended 31 December 2019, Zainal attended all seven Board meetings of the Company.

Date of Appointment

4 January 2016

(Group Chief Executive Officer)

1 March 2016

(Group Managing Director)

Date of Last Re-election

30 August 2018

Nationality/Age/Gender

Malaysian/54 years/Male



DATO' SRI SYED FAISAL ALBAR BIN SYED A.R ALBAR

Group Managing Director

Dato' Sri Syed Faisal Albar bin Syed A.R Albar ("Syed Faisal") is a member of the Malaysian Institute of Certified Public Accountants ("MICPA") and American Institute of Certified Public Accountants ("AICPA"). He holds a Bachelor of Arts (Accountancy) Degree from Barat College of DePaul University, Lake Forest, United States of America ("USA") and AICPA Professional Certification from University of Illinois, Urbana Champaign, USA. He was also a Council Member of MICPA from 2010 to 2013.

Prior to joining DRB-HICOM Berhad, he was the Chief Executive Officer ("CEO") of Malakoff Corporation Berhad from 1 July 2014 to December 2015. He was appointed as CEO of Gas Malaysia Berhad ("GMB") from January 2014 to June 2014 and also an Executive Director of Pos Logistics Berhad ("Pos Logistics") for a short span of time assisting Ekuiti Nasional Berhad, the majority owner of Pos Logistics, in its disposal of that business.

From 2011 to 2014, Syed Faisal served on various boards in a non-executive capacity. He was on the Board of Malaysia Airports Holdings Berhad as a nominee Director for Khazanah Nasional Berhad and was also a Director of Hong Leong Bank Berhad. Within this period, he also sat on the Board of Kwasa Land Sdn. Bhd., a wholly-owned subsidiary of Employees Provident Fund, that was tasked to develop a township on the parcel of land previously owned by Rubber Research Institute in Sungai Buloh, Selangor. As part of his effort to contribute to society, Syed Faisal served on the Board of Yayasan Kelana Ehsan, a public trust entity that provides funds for charitable activities with the intention to improve the livelihood of the residents in the State of Selangor.

Syed Faisal's career spans across various executive positions. Apart from GMB and Pos Logistics, from 2008 to 2011, he was the Group Managing Director of Pos Malaysia Berhad ("Pos Malaysia"), which was a Government Linked Company by virtue of the 32% shareholding held by Khazanah then. During his time at Pos Malaysia, he was also the Chairman of ASEAN Postal Business Union where postal organisations of each of the ASEAN countries are members. Prior to his stint at Pos Malaysia, Syed Faisal was appointed in 2003 as CEO of The New Straits Times Press (Malaysia) Berhad ("NSTP"), a position which he held until 2008. He started his career by spending almost a decade with Price Waterhouse Kuala Lumpur since 1991. He had also served Price Waterhouse, San Francisco, California in 1995 before returning to Kuala Lumpur in 1997 and subsequently joined NSTP in May 2000 as its Chief Financial Officer.

His current directorships in other public companies within the DRB-HICOM Berhad Group include being the Chairman of PROTON Holdings Berhad, Edaran Otomobil Nasional Berhad and Horsedale Development Berhad as well as Director of Pos Malaysia, HICOM Holdings Berhad, HICOM Berhad and various other private limited companies.

Syed Faisal does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

Syed Faisal attended all seven Board meetings of the Company held during the financial period ended 31 December 2019.

PROFILE OF DIRECTORS



DATUK OOI TEIK HUAT

Senior Independent Non-Executive Director
 Chairman of Board Audit Committee
 Member of Board Nomination and Remuneration Committee
 Member of Board Risk and Sustainability Committee

Date of Appointment

1 November 2008
 (Independent Non-Executive Director)
 1 January 2017
 (Senior Independent Non-Executive Director)

Date of Last Re-election

12 September 2019

Nationality/Age/Gender

Malaysian/60 years/Male

Datuk Ooi Teik Huat ("Ooi") is a member of the Malaysian Institute of Accountants and CPA Australia. He holds a Bachelor of Economics Degree from Monash University, Australia.

He started his career with Messrs Hew & Co, Chartered Accountants, before joining Malaysian International Merchant Bankers Berhad. He subsequently joined Pengkalen Securities Sdn. Bhd. as Head of Corporate Finance, before leaving to set up Meridian Solutions Sdn. Bhd. where he is presently a Director.

He sits on the Boards of several public listed companies namely; Gas Malaysia Berhad, Malakoff Corporation Berhad, MMC Corporation Berhad and Zelan Berhad. He also sits on the Boards of Tradewinds (M) Berhad, Johor Port Berhad and various other private limited companies.

Ooi does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

Ooi attended all seven Board meetings of the Company held during the financial period ended 31 December 2019.



DATO' IBRAHIM BIN TAIB

Independent Non-Executive Director
Member of Board Audit Committee
Member of Board Risk and Sustainability
Committee

Date of Appointment
18 March 2004
(Non-Independent Non-Executive
Director)
30 May 2017
(Independent Non-Executive Director)

Date of Last Re-election
12 September 2019

Nationality/Age/Gender
Malaysian/65 years/Male

Dato' Ibrahim bin Taib ("Ibrahim") holds a Bachelor of Laws LLB. (Honours) Degree from the University of Malaya and a Master of Laws from the University of London.

He started his career in the judicial service in 1978 as a Magistrate in the Magistrate Court, Jalan Duta, Kuala Lumpur and subsequently in Segamat, Johor. In 1982, he became a Legal Advisor with the Road Transport Department and continued in the same role in the Ministry of Human Resources in 1986.

In October 1989, he was attached to the Attorney-General Chambers as a Deputy Public Prosecutor for Selangor. In 1992, he served as a Judge in the Sessions Court, Kota Bharu before he was posted to the Employees Provident Fund ("EPF") in July 1992. He retired as the Deputy Chief Executive Officer (Operations) of EPF on 4 October 2014 and remained as a nominee Director of EPF in DRB-HICOM Berhad until 26 May 2017 and was re-designated as independent non-executive director of the Company on 30 May 2017. He is currently a Board Member of Bank Muamalat Malaysia Berhad.

Ibrahim does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

Ibrahim attended all seven Board meetings of the Company held during the financial period ended 31 December 2019.

PROFILE OF DIRECTORS



DATUK IDRIS BIN ABDULLAH @ DAS MURTHY

Independent Non-Executive Director
Chairman of Board Risk and Sustainability Committee
Member of Board Audit Committee
Member of Board Nomination and Remuneration Committee

Date of Appointment
1 January 2017

Date of Last Re-election
12 September 2019

Nationality/Age/Gender
Malaysian/63 years/Male

Datuk Idris bin Abdullah @ Das Murthy ("Idris") holds a Bachelor of Laws LLB. (Honours) Degree from the University of Malaya.

He started his career in 1981 in Sibul, Sarawak and was admitted to the Roll of Advocates of the High Court of Malaysia in Sabah and Sarawak in 1982.

He is a partner in a legal firm in Kuching, Sarawak. Idris was appointed as a Commission Member of the Companies Commission of Malaysia from 2007 to 2014. He was also a Commission Member of the Malaysian Communications and Multimedia Commission from 2008 to 2010 and 2011 to 2015.

He was also a Board Member of Bank Pembangunan Malaysia Berhad (Malaysia Development Bank) from 2010 to 2014.

He is currently a Board Member of Malakoff Corporation Berhad, Pos Malaysia Berhad and NCB Holdings Berhad. He is a member of the Investment Panel of Perkeso.

Idris does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

Idris attended all seven Board meetings of the Company held during the financial period ended 31 December 2019.



SHARIFAH SOFIA BINTI SYED MOKHTAR SHAH

Non-Independent Non-Executive Director

Date of Appointment
13 April 2018

Date of Last Re-election
30 August 2018

Nationality/Age/Gender
Malaysian/26 years/Female

Sharifah Sofia binti Syed Mokhtar Shah ("Sharifah Sofia") graduated with a Bachelor of Science in Economics from the University of York, United Kingdom ("UK") and obtained a Master of Science in Development Management from the London School of Economics and Political Science (LSE), UK.

Sharifah Sofia started her career as a summer analyst in Morgan Stanley, Singapore in June 2014, where she gained a sound understanding of the economic climate and political situation of the region.

She was an External Consultant to the Bill and Melinda Gates Foundation from October 2015 to May 2016, working closely with the Ethiopian country team, where she and her team produced an integrated index to measure women's empowerment and a set of realistic recommendations unique to the Ethiopian context. Sharifah Sofia joined Pos Malaysia Berhad ("Pos Malaysia") as Special Officer to the Group Chief Executive Officer ("GCEO") from January to October 2017.

In Pos Malaysia, shadowing the GCEO, she completed a rotational placement within the organisation where she learned the operations and achieved a greater understanding of the postal and courier, logistics and aviation industries. She was attached to the Ecommerce team and separately, had spearheaded and led a small team of individuals from different departments to foster the spirit of innovation based on root cause analysis, covering the topics of operational excellence, automation, customer centricity, and so on.

Sharifah Sofia was on a stint with the Grameen Bank in Bangladesh, where she acquired a greater understanding of microfinance and the operation of social businesses, and was also a Congressional Intern in Washington DC, USA. She received the Gold Duke of Edinburgh award and subsequently in 2015, was accorded the York Award in recognition of her involvement in the student community at the University of York.

Sharifah Sofia is the daughter of Tan Sri Dato' Seri Syed Mokhtar Shah Syed Nor, the major shareholder of the Company. She does not have family relationships with any Director of the Company. She has had no conviction for any offence within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial period ended 31 December 2019.

She is currently a Board Member of MMC Corporation Berhad, Pos Malaysia Berhad, and various other private limited companies.

Sharifah Sofia attended all seven Board meetings of the Company held during the financial period ended 31 December 2019.

PROFILE OF KEY SENIOR MANAGEMENT



SHAHARUL FAREZ BIN HASSAN

Chief Operating Officer, Properties, Concession and Corporate Planning & Strategy

Shaharul Farez bin Hassan ("Farez"), a Malaysian, male, aged 50, was appointed as Chief Operating Officer for Properties, Corporate Planning & Strategy on 15 July 2016. He is currently the Chief Operating Officer, Properties, Concession and Corporate Planning & Strategy.

He holds a Master in Business Administration from Massachusetts Institute of Technology, United States of America and a Bachelor of Science in Economics and Accounting (Honors) from University of Bristol, United Kingdom.

At Malakoff Corporation Berhad, Farez served as Executive Vice President, Corporate, for almost a year beginning August 2015. Prior to that, he was Group Chief Executive Officer of Tradewinds Corporation Berhad, a property development, leisure and hospitality outfit, from 2008 to July 2015.

Farez sits on the Boards of HICOM Holdings Berhad, Glenmarie Properties Sdn. Bhd., Media City Development Sdn. Bhd., Northern Gateway Infrastructure Sdn. Bhd., Horsedale Development Berhad, Rebak Island Marina Berhad and several private limited companies within the DRB-HICOM Group. He does not hold directorships in any listed company.

Farez does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.



DATO' JEZILEE BIN MOHAMAD RAMLI

Chief Operating Officer, Corporate Services

Dato' Jezilee bin Mohamad Ramli ("Jezilee"), a Malaysian male, aged 56 was appointed as Chief Operating Officer for Corporate Services on 25 June 2018. He currently holds the designation of Chief Operating Officer of Corporate Services.

He holds a Degree in Bachelor of Science in Business (Major in Accounting) from Emporia State University, Kansas, United States of America ("USA") and completed his professional accountancy examination at the University of Missouri, Kansas City, Missouri, USA. He is a member of the American Institute of Certified Public Accountants ("AICPA") and the Malaysian Institute of Certified Public Accountants ("MICPA").

He was formerly the Chief Financial Officer of UEM Edgenta Berhad in 2014, Group Chief, Corporate Services of Pos Malaysia Berhad in 2009, and was the Chief Financial Officer of The News Straits Times Press (Malaysia) Berhad in 2003.

In DRB-HICOM, he oversees the Financial Services and Treasury Divisions as well as the Corporate Management Division.

Jezilee sits on the Boards of several private limited companies within the DRB-HICOM Group. He does not hold directorships in any listed company.

Jezilee does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

PROFILE OF KEY SENIOR MANAGEMENT



AMALANATHAN L. THOMAS

Group Director, Financial Services

Amalanathan Thomas ("Amalanathan"), a Malaysian, male, aged 60, joined DRB-HICOM Berhad in 1983. He was appointed as Principal Officer of DRB-HICOM Berhad on 1 April 2016.

Amalanathan holds a Master of Business Administration from University of Malaya and earned Professional Qualification in Accounting and Taxation. He holds memberships in the Malaysian Institute of Accountants, Chartered Tax Institute of Malaysia, Institute of Internal Auditors Malaysia, ASEAN Chartered Professional Accountant and Malaysian Institute of Management.

Currently, as Group Director of Financial Services, he oversees the Group's Accounting, Reporting, Taxation, Risks & Sustainability, Procurement and Safety, Health & Environment. His experience spans over 25 years in the fields of finance, accounting and taxation.

Amalanathan sits on the Boards of PROTON Holdings Berhad, Composites Technology Research Malaysia Sdn. Bhd., Edaran Otomobil Nasional Berhad, Media City Ventures Sdn. Bhd., HICOM-Yamaha Manufacturing Malaysia Sdn. Bhd., HICOM University College Sdn. Bhd., Automotive Corporation (Malaysia) Sdn. Bhd., Labuan Reinsurance (L) Ltd and several private limited companies within the DRB-HICOM Group. He does not hold directorships in any listed company.

Amalanathan does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.



AMINAH BINTI OTHMAN

Group Director, Group Treasury

Aminah binti Othman ("Aminah"), a Malaysian, female, aged 52, joined DRB-HICOM Berhad in 1994 and was appointed as Group Director in January 2016. She is currently the Group Director of Group Treasury.

Aminah is a certified Chartered Accountant and obtained her professional accounting qualification as a member of the Association of Chartered Certified Accounts ("ACCA") in the United Kingdom in 1990. She also earned Fellowships with reputable industry bodies such as the Malaysian Institute of Accountants ("MIA") in 2001.

She has profound knowledge and extensive experience in the areas of Treasury, Corporate Finance, Debt and Equity Securities Markets, Trade Finance, Foreign Exchange and Risk Management. As Group Director, Treasury, she oversees treasury operations and funding matters of the Group. She also spearheads the Group Investor Relations Department.

She sits on the Boards of Horsedale Development Berhad, HICOM-Teck See Manufacturing Malaysia Sdn. Bhd., PHN Industry Sdn. Bhd., HICOM University College Sdn. Bhd., DRB-HICOM EZ-Drive Sdn. Bhd. and several private limited companies within the DRB-HICOM Group. She does not hold directorships in any listed company.

Aminah does not have family relationships with any Director and/or major shareholder of the company and has no conflict of interest with the Company. She has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

PROFILE OF KEY SENIOR MANAGEMENT



SABARINA LAILA BINTI MOHD HASHIM

Head, Company Secretarial & Legal Affairs

Sabarina Laila binti Mohd Hashim ("Sabarina"), Malaysian, aged 52, joined DRB-HICOM on 1 December 2017. She is the Head of Company Secretarial & Legal Affairs Division and the Company Secretary for DRB-HICOM and its Group of Companies.

She holds a Bachelor of Laws LLB. (Honours) Degree from the University of Malaya and was called to the Malaysian Bar as an advocate and solicitor in 1992. She pursued a postgraduate degree and obtained a Masters of Science in Corporate Governance from London South Bank University, United Kingdom in 2010.

She was formerly the General Manager of Secretarial & Legal Services Division and Group Company Secretary of Malaysia Airports Holdings Berhad ("MAHB"). Prior to joining MAHB, Sabarina was a practising lawyer, and was also a company secretary and director to several private limited companies. She brings with her 28 years of experience in the fields of corporate and commercial laws, Corporate Governance and Corporate Secretarial.

Sabarina is licensed by the Companies Commission of Malaysia and is an Affiliate of the Malaysian Institute of Chartered Secretaries and Administrators.

She is also at present, the Secretary for all Board Committees of the Company.

Sabarina does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. She has had no conviction for any offence within the past five years and has not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial period ended 31 December 2019.

PROFILE OF KEY SENIOR MANAGEMENT OF PRINCIPAL SUBSIDIARIES



SYED MD NAJIB BIN SYED MD NOOR

Group Chief Executive Officer
Pos Malaysia Berhad

Syed Md Najib bin Syed Md Noor ("Syed Md Najib") was appointed Group Chief Executive Officer of Pos Malaysia Berhad ("Pos Malaysia") on 1 October 2018.

Syed Md Najib graduated with Bachelor of Science in Management Science from California State University in Chico, United States of America ("USA"). He also holds a Master of Business Administration from the National University Sacramento, California, USA.

He is currently Chairman of Altel Communications Sdn. Bhd. ("Altel") and MYTV Broadcasting Sdn. Bhd. ("MYTV").

Prior to his positions at Altel and MYTV, Syed Md Najib was with Celcom Axiata Berhad ("Celcom Axiata") from 2005 to 2017 holding a wide range of experience in several portfolios including Senior Vice President of Celcom's International Business, Director of Regulatory, Legal & Corporate Affairs and Chief Customer Experience, Services & Retail Officer.

Apart from his experience with Celcom Axiata, Syed Najib was the Country Head for Malaysia & Indonesia for REACH, which is a telecommunications joint-venture between Telstra of Australia and Hong Kong Telecoms. He started his career in Esso Production Malaysia Incorporated in 1989.

Syed Md Najib does not hold any shares in Pos Malaysia or its subsidiaries.

He does not have family relationships with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has had no conviction for offences within the past five years and has had no public sanction or penalty imposed by the relevant regulatory bodies during the financial period ended 31 December 2019.

Syed Md Najib is a Director of Pos Logistics Berhad and PNSL Berhad, both non-listed public companies and wholly-owned subsidiaries of Pos Malaysia. He does not hold directorships in any public listed company.

PROFILE OF KEY SENIOR MANAGEMENT OF PRINCIPAL SUBSIDIARIES



KHAIRUL BIN KAMARUDIN

Chief Executive Officer
Bank Muamalat Malaysia Berhad

Khairul bin Kamarudin is the Chief Executive Officer of Bank Muamalat Malaysia Berhad ("Bank Muamalat"). He was appointed on 1 November 2019.

Prior to joining Bank Muamalat, Khairul was the Chief Executive Officer (CEO) of Bank Islam Malaysia Berhad ("BIMB") and CEO of BIMB Holdings Berhad.

Khairul joined BIMB in 2005 and held various senior management roles including the Director of Business Development, Head of Consumer Banking and Head, Special Recovery. Having started his career with PricewaterhouseCoopers Malaysia, Khairul subsequently served Pengurusan Danaharta Nasional Berhad.

Khairul is a Board Member of Investment Account Platform ("IAP"), a platform where Islamic capital is used to finance business ventures and projects, and is a practicing member of the Chartered Institute of Islamic Finance (CIIF). He holds a Law Degree from Anglia Ruskin University, United Kingdom.



DR. LI CHUNRONG

Chief Executive Officer
Perusahaan Otomobil Nasional Sdn. Bhd.

Dr. Li Chunrong ("Dr. Li") graduated from Huazhong University of Science and Technology with a Bachelor of Electrical Automation, followed by a Master of Industrial Engineering and Management. He then attended the Massachusetts Institute of Technology ("MIT"), USA to complete a second Master's degree in Business Administration. Dr. Li subsequently went back to his former alma mater where he obtained a Ph.D. in Management Engineering.

Dr. Li has been the CEO of Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB") since 1 October 2017.

After completing his first Master's, Dr. Li started his career with Dongfeng Motor Corporation, a Chinese state-owned automobile manufacturer based in Shi Yan, China, in 1987. In 1997, he was promoted to Deputy Director of the Board Secretary's Office, where he served as an assistant to the CEO. During his tenure, Dr. Li was at the forefront of every business that the company was involved in, including overseeing the development of six different joint ventures with international brands, including PSA, Honda, Nissan, Kia, Cummins and Dongfeng's own range of self-developed brands. He served for five years before moving on as Executive Vice President of Dongfeng Yueda Kia Motors Co., Ltd. in 2002, a joint venture between Dongfeng Motor Corporation, Yueda Group and Kia Motors.

In 2007, Dr. Li became Vice President, Chief Operating Officer and Chief Executive Officer of Dongfeng Passenger Vehicle Company, which is another subsidiary of Dongfeng Motor Group Co., Ltd. The company and the brand were started from the ground up by Dr. Li who was crucial in establishing the company's design, development and production systems before sales and operations commenced in 2009. The Dongfeng brand flourished under his leadership as total sales volume rose to 150,077 cars in 2016, representing a 50% increase from the previous year. Dr. Li then served as a Board Director and Executive Vice President of Dongfeng Honda Engine Company.

PROFILE OF KEY SENIOR MANAGEMENT OF PRINCIPAL SUBSIDIARIES



DATO' RADZAIF BIN MOHAMED

Deputy Chief Executive Officer
Perusahaan Otomobil Nasional Sdn. Bhd.

Dato' Radzaif bin Mohamed ("Radzaif") is a Chartered Engineer and a member of The Welding Institute, United Kingdom. He graduated with a Bachelor of Science in Mechanical Engineering from University of Leeds, United Kingdom and obtained his Master of Science from Cranfield Institute of Technology, England in 1983.

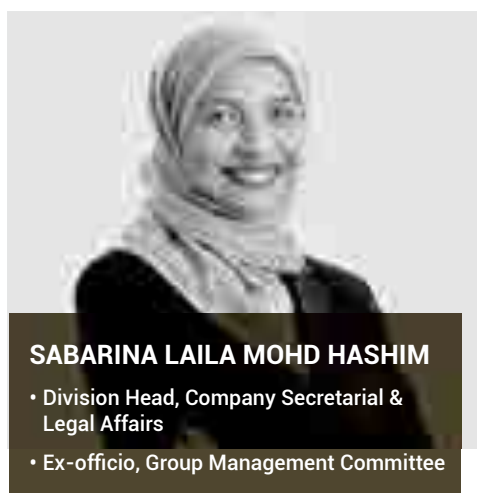
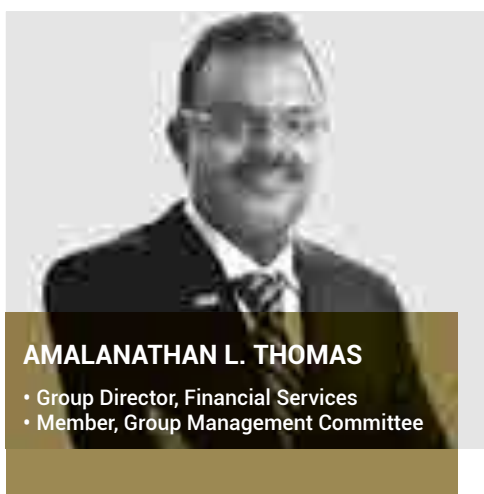
Radzaif has been the Deputy Chief Executive Officer at PROTON Holdings Berhad since 1 April 2016. Prior to joining PROTON, he was on the Board of PROTON as Non-Executive Director from 2013 to 2016. Radzaif has held the position of Deputy Chief Executive Officer at Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSB") since September 2018.

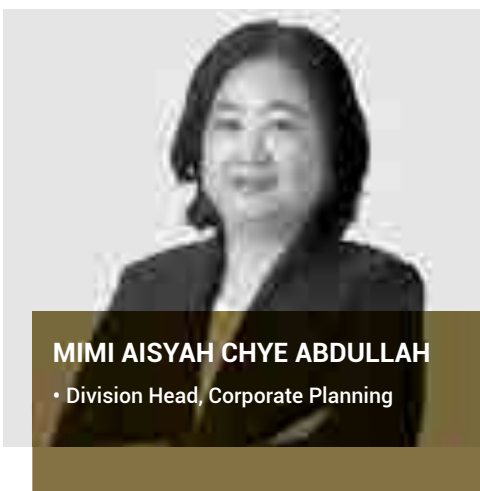
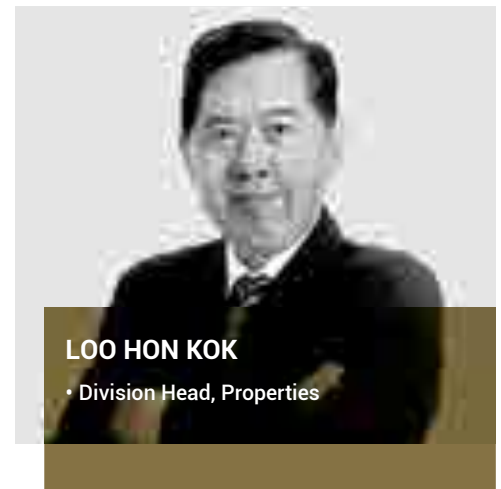
Radzaif started his career with DRB-HICOM Group in 2004 as Chief Operating Officer of HICOM Teck See Manufacturing Malaysia Sdn. Bhd. ("HICOM-Teck See") and was subsequently appointed as Chief Executive Officer of HICOM-Teck See in 2009. In July 2010, he was appointed to lead the Manufacturing and Engineering Division of DRB-HICOM.

In April 2014, Radzaif was promoted as DRB-HICOM's Chief Operating Officer of Automotive Distribution and Manufacturing. During his tenure in DRB-HICOM, he also served as a member of the Board of Management, now known as the Group Management Committee, and held seats on the Boards of several of the Group's companies namely PROTON Holdings Berhad, Composites Technology Research Malaysia Sdn. Bhd. and Isuzu Malaysia Sdn. Bhd.

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MANAGEMENT TEAM









ACCOUNTABILITY

- 056 Corporate Governance Overview Statement
- 068 Directors' Statement on Risk
Management and Internal Control
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- 076 Additional Compliance Information
- 080 Statement of Directors' Responsibility
- 082 Risk Management

CORPORATE GOVERNANCE OVERVIEW STATEMENT

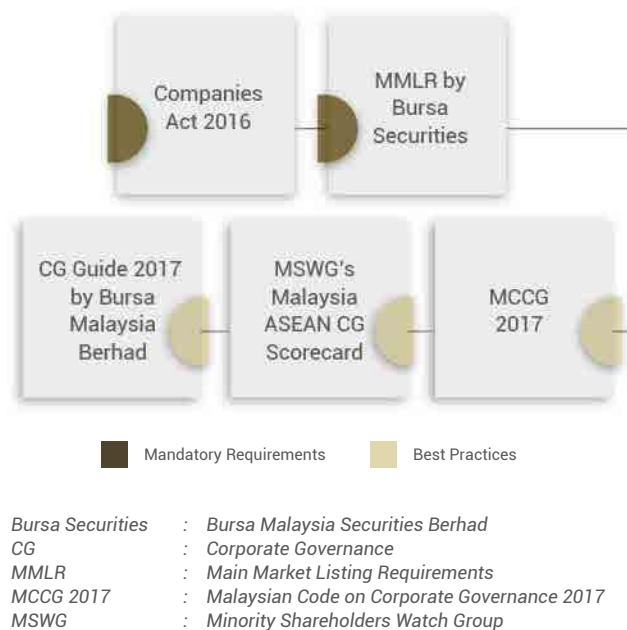
The Board of Directors ("Board" or "BOD") of DRB-HICOM Berhad ("DRB-HICOM" or "the Company") presents this Statement to provide shareholders and investors an overview on the Corporate Governance practice of the Company under the leadership of the Board during the financial period ended 31 December 2019 and up to the date of this Statement. This Overview is guided by the key Corporate Governance Principles as set out in the Malaysian Code on Corporate Governance 2017 ("MCCG").

The Board believes that Good Corporate Governance practice is the key foundation for DRB-HICOM and its subsidiary companies (collectively "the Group") to continue its journey of growth and sustainability. Good Corporate Governance practice is a fundamental part of the Board's responsibilities in managing the businesses and affairs of the Group, safeguarding and enhancing stakeholders' values, while promoting the highest standard of integrity, transparency and accountability.

The Board devotes its time focusing on how strategies are being implemented within the Group, monitoring progress and endeavouring to optimise shareholders' value. The Board is also focused on the long-term and future implications that a changing marketplace might have on the business. The Board does this in several ways, including actively seeking out internal and external perspectives, on how the marketplace might develop, the opportunities and risks which exist and how these risks are being addressed.

Hence, the Board is committed to ensuring that the Company operates at the highest standard of governance, which is practised throughout the Group, by continuously evaluating the status of the Group's Corporate Governance practices and procedures with a view to adopt and implement the best practices in so far as they are relevant to the Group, bearing in mind the nature of the Group's businesses and the size of its business operations.

DRB-HICOM's Corporate Governance Framework ("CG Framework") and practices were developed based on the following:

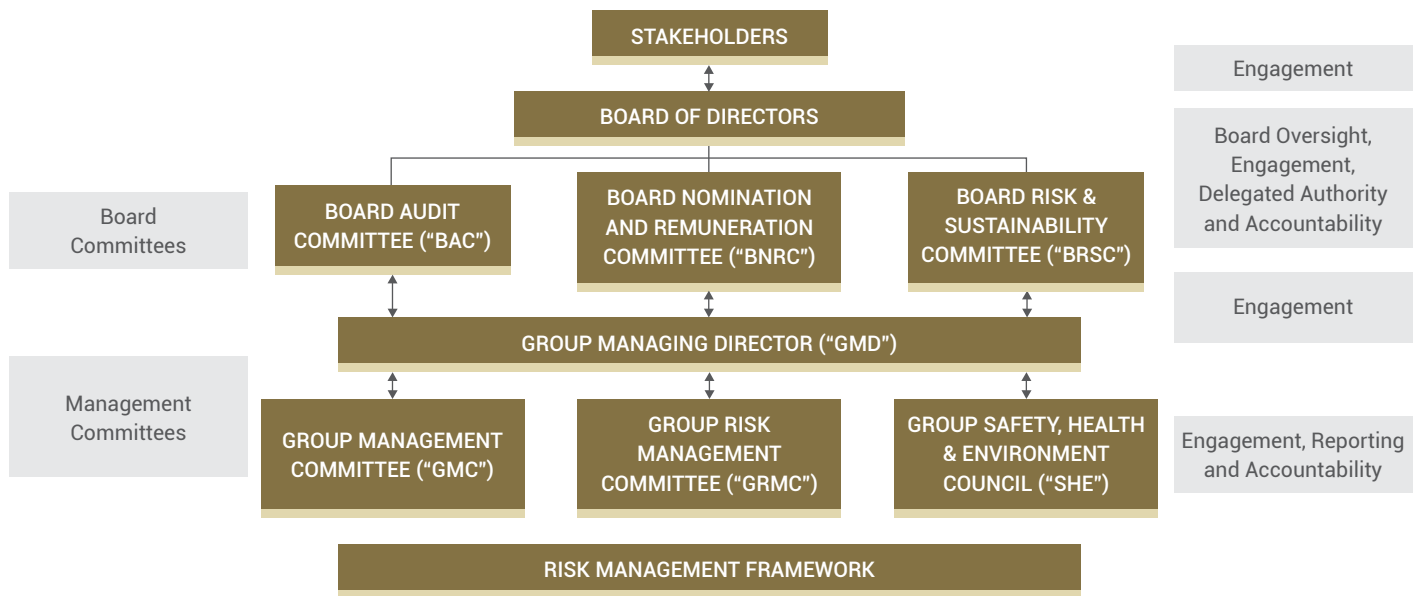


In manifesting the Group's commitment towards sound Corporate Governance, the Group has benchmarked its practices against relevant regulatory requirements, as well as the leading corporate governance standards of reputable public listed companies. Overall, DRB-HICOM has applied 27 Practices out of 32 recommended Practices and adopted 2 Step-Up Practices out of 4 Step-Up Practices, as recommended under the MCCG.

In line with the latitude accorded in the application mechanism of MCCG, DRB-HICOM has provided explanations for the departures from the said Practices. In addition, the explanations are supplemented with a description on the measures that DRB-HICOM has taken or intends to take to achieve the intended outcome of the departed Practices, as well as the timeframe for adoption of the departed Practices. Furthermore, the Corporate Governance Report, which is available on the corporate website at <https://www.drb-hicom.com/investors/agsm2020>, sets out the manner each Practice of MCCG is applied.

This Statement shall also be read in conjunction with the Statement on Risk Management and Internal Control, Board Audit Committee Report and Sustainability Report, along with other information in the Audited Financial Statements for the financial period ended 31 December 2019, accompanying this Annual Report for the financial period ended 31 December 2019 ("the Report").

DRB-HICOM's CG Framework is illustrated as follows:



A summary of the CG practices of DRB-HICOM is as described below, under each CG Principle:

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

The primary role of the Board is being responsible for the long-term success of the Group, as well as assuring the Group's sustainability to its stakeholders. Each member of the Board, shall have requisite knowledge and expertise, to enable the Board collectively, to carry out its governance and oversight role in an effective manner. In the course of discharging its duties, the Board acts in good faith, with due diligence and care, and in the best interest of the Company and its shareholders.

The key responsibilities of the Board are as follows:

- Adopting and reviewing the strategic plan for the Company;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed and sustained;
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks;

- Succession planning, including appointing, training, fixing the remuneration and where appropriate, replacing senior management of the Group;
- Developing and implementing an investor relations programme or shareholders communications policy for the Company; and
- Reviewing the adequacy and integrity of the Company's internal control systems and management information system, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

A framework of delegated authority is in place consistent with the structure of delegation below the Board level. There is a clear division of responsibilities between the Chairman, Group Managing Director ("GMD"), Board and Board Committees, to ensure a balance of authority and power and the roles of the Chairman and GMD, are distinct and separate. The Board Charter clearly establishes the functions reserved for the Board and Board Committees, and those delegated to Management. It also encompasses the Directors' Code of Ethics. The Board Charter is reviewed, as and when necessary, to ensure it remains consistent with the Board's objectives and integrity, the various policies, procedures and practices, the Constitution of the Company and the statutory and regulatory requirements. The Board Charter was last revised in November 2018.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The key roles and responsibilities of the Chairman, GMD and Directors are as follows:

Chairman	<ul style="list-style-type: none"> • Provide governance in matters requiring corporate justice and integrity • Manage Board communication and effectiveness and efficient supervision of Management • Encourage effective decision-making during Board and shareholders' meetings • Ensure Board proceedings are in compliance with good conduct and best practices • Protect the interests of various stakeholders • Maintain cordiality and good relationships with external parties, investing public, regulatory agencies and trade associations
GMD	<ul style="list-style-type: none"> • Develop the strategic direction of the Group (including short-and long-term business plans) and ensure that the Group's strategies and corporate policies are effectively implemented • Keep Board fully informed of all important aspects of the Group's operations and ensure sufficient information is distributed to the Board members • Provide strong leadership i.e. effectively communicating a vision, management philosophy and business strategy to the employees • Ensure high performance and productivity of top management staff by creating a conducive environment for motivation, performance and professional development • Develop and maintain good relations with significant external agencies such as regulatory bodies, Government agencies, investing public and other trade associations and institutions • Ensure the day-to-day business affairs of the Group are effectively managed • Ensure compliance with all relevant legislation and regulations, by reviewing policies and monitoring compliances
Directors	<ul style="list-style-type: none"> • To be aware of the Group's operating businesses and promote safe and fortified environment within the Group • To be diligent in undertaking his/her duties and avoid conflicts of interest • To understand the oversight role of a Director and exercise independent judgement in decision making • To devote adequate time and attention to discharge the duties and responsibilities as a Director effectively • To contribute actively to the functions of the Board and be able to provide sound and objective advice

Apart from the Board Charter, the Board has duly approved a Corporate Disclosure Policy to warrant prompt and timely dissemination of accurate and sufficient information concerning the Company and its Group to shareholders, investors and other stakeholders, to enable them to make an informed decision. The said Policy outlines the central policy and procedures on disclosure of material information, in accordance with MMLR of Bursa Securities and any other regulatory requirements, and practices in communicating with investors, shareholders, media and regulators.

A Whistleblower Policy, which encourages transparency and accountability within the Group, has also been established. This Policy outlines the reporting procedure of any illegal conduct or malpractices, involving employees, Management or Directors within the Group. The aim of the Policy is to encourage the reporting of such illegal/fraudulent conduct, in good faith, with the confidence that complainants will be protected from retribution. All disclosures made under this Policy will be dealt with in a confidential manner, in order to protect the integrity of the Group and the security of the whistleblower.

The Board Charter and Directors' Code of Ethics, Corporate Disclosure Policy and Whistleblower Policy are available on the corporate website at www.drb-hicom.com.

During the financial period ended 31 December 2019, the Board has approved the key matters reserved to itself, such as business strategy, Annual Management Plan ("AMP"), interim and annual financial statements, investment and divestment activities, major restructuring and reorganisation, funding arrangements, declaration of first and final dividend, bonus and increment, related party transactions, significant business decisions and other relevant matters affecting the Group's operations and businesses.

Presently, the Board is supported by three Board Committees with delegated responsibilities to oversee the Group's affairs and authorised to act on behalf of the Board in accordance with their respective Terms of Reference ("TOR"). Each Board Committee will review, report and make recommendation(s) to the Board during the Board meeting on matters relevant to their roles and responsibilities. During the Board meetings, the Chairman of the

respective Board Committee will provide relevant highlights to the Board. However, the Board retains collective oversight over the Board Committees at all times, by reviewing the functions and TOR of the Board Committees against the provisions of the MCGG and other related policies or regulatory requirements, from time to time.

The Board is supported by a suitably qualified and competent Group Company Secretary, who is a member of relevant professional bodies. All members of the Board, whether as a whole or in their individual capacity, have access to the advice and services of the Group Company Secretary on all matters relating to the Group, to assist them in the furtherance of their duties. The Group Company Secretary ensures that all governance and Board related procedures are followed and that applicable laws and regulations are complied with. The Board is regularly updated and kept informed by the Group Company Secretary on changes to the relevant statutory and regulatory requirements, particularly in areas relating to the duties, responsibilities and disclosures by Directors, and any latest developments affecting the Group. By attending all Board and Board Committee meetings, the Group Company Secretary facilitates the communication of key decisions and policies between the Board, Board Committees and Senior Management. The role of the Group Company Secretary is specified clearly in the Board Charter.

Supply of Proficient and Relevant Information to the Board

Quality information enables the Board to make well-informed decisions and provide the necessary advice to the Management. All Directors are provided with an agenda of the meeting and Board papers which contain the Company's financial performance, business outlook and various Board Committees' reports, prior to the Board meeting. The Group Company Secretary issues the Board papers to all Directors at least five days prior to the meeting, to give them sufficient time to prepare for the meeting and to facilitate robust discussions during deliberations. The GMD and Management would lead the presentation of Board papers and provide comprehensive explanations of strategy and business plans, business performance and other pertinent issues.

Any proposals and recommendations by Management will be discussed at the GMC level and the GMC's recommendation will be put forth, either to the relevant Board Committees, for deliberation and endorsement, or directly to the Board, for approval. In regards to proposals tabled at Board Committees, the Chairman of the respective Board Committee will brief the Board, to obtain the relevant approval. All matters raised, declarations made by interested Directors, deliberations, decisions, and conclusions including dissenting views made at the Board or Board Committee meetings, with clear actions to be taken by responsible parties, are recorded in the minutes.

After each Board and Board Committee meeting, the minutes will be circulated to the respective Chairmen for verification, in a timely manner. Subsequently, the minutes will be tabled at the following meeting, to ascertain that all discussions have been recorded accurately and thereafter, to confirm the minutes.

The Directors are also notified of any corporate announcement(s) released to Bursa Securities and the impending restrictions on dealing with securities of the Company, prior to the announcement of the quarterly financial results.

II. Board Composition

During the financial period under review, the Board of DRB-HICOM comprises of seven Directors, of whom four are Independent Non-Executive Directors, two are Non-Independent Non-Executive Directors and one is an Executive Director. Hence, the Board's composition has fully complied with the provisions of the MMLR of Bursa Securities for Independent Non-Executive Directors to make up at least one-third (1/3) of the Board membership and for a Director who is qualified under Paragraph 15.09(1)(c) of Bursa Securities to sit on the Audit Committee.

The Board composition which comprises a majority of Independent Non-Executive also conforms with Practice 4.1 of the MCGG, namely that DRB-HICOM being classified as a Large Company is recommended to maintain a Board that is significantly independent.

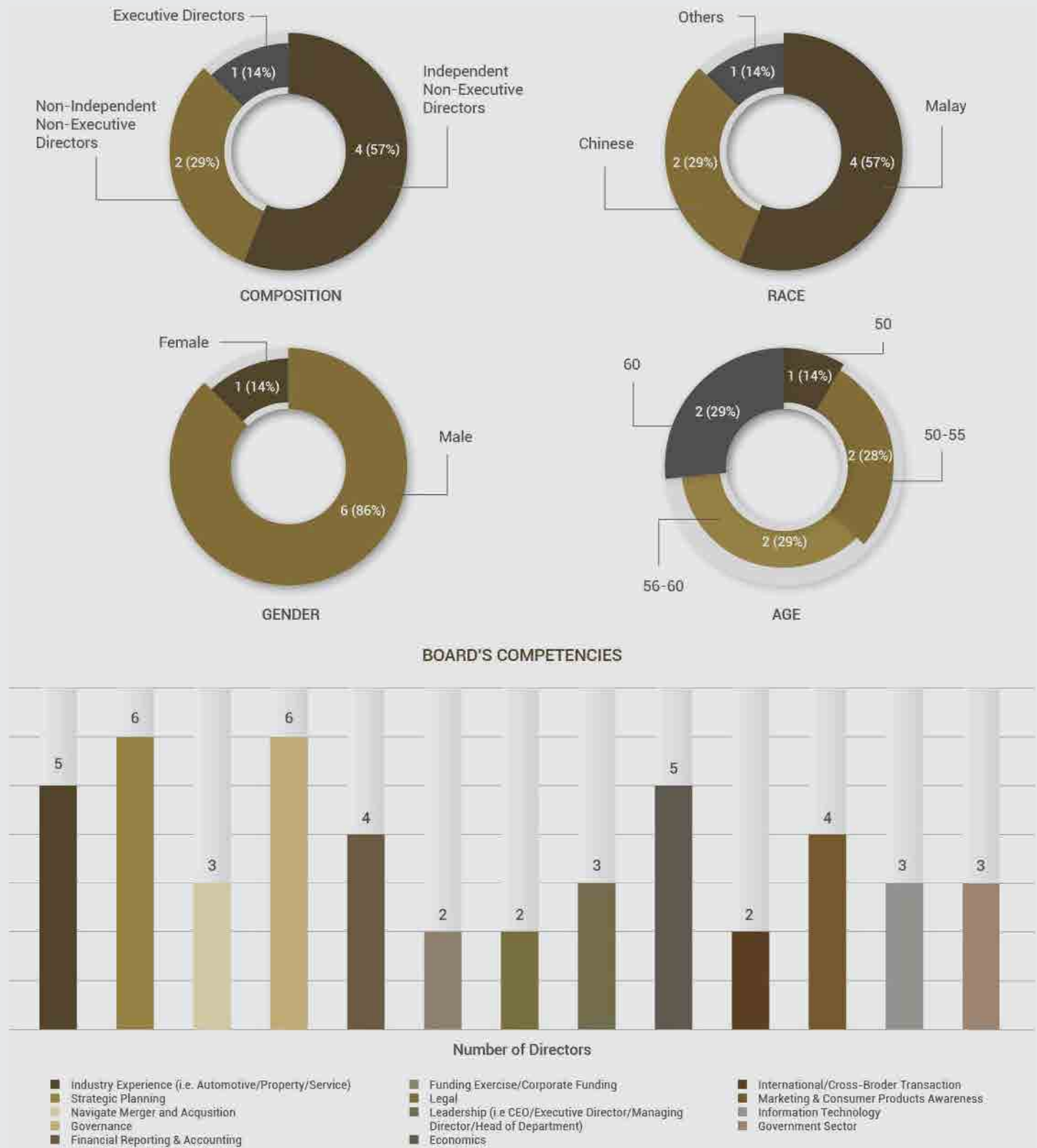
While striving to maintain the right balance for effective functioning, the Board recognises the benefits of diversity in its membership, including the synergy between gender, ethnicity and age, which could create a powerful and dynamic Board to face the challenges that affect the Group.

The Board is cognisant of the importance of having women directors on the Board and the Board believes they will add value to Board discussions, by bringing new perspectives, approaches and ideas to help the Group succeed. Currently, there is a single female representation on the Board, i.e. approximately 14% of the total number of Directors. The Board will consider suitable female candidates for appointment to the Board, whenever a vacancy arises.

Besides diversity, the Board consists of Directors, who are qualified experts in their respective fields. Collectively, they bring a wide range of competencies, capabilities, technical skills and relevant business experience to ensure that the Group continues to be a competitive leader within its diverse industry segments, with a strong reputation for technical and professional competence.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

As at 31 December 2019, the Board's diversity and competencies metrics are illustrated in the diagrams below:



The profile of each Board member is as presented on pages 36 to 41 of this Report.

Board Appointment

A transparent process is applied to the selection, nomination and appointment of suitable candidates to the Board.

Review of candidates for Board's appointment has been delegated to the Board Nomination and Remuneration Committee ("BNRC"). The BNRC is also responsible to review the existing composition of the Board, identify the gaps and subsequently, review and recommend to the Board a suitable candidate with the relevant skillsets, expertise and experience.

Despite having access to a wide pool of candidates, internally and externally, through the recommendations by current Board members or Management, professional associations and independent search firms, the BNRC will only consider candidates based on:

- (a) Age, gender, capabilities, characteristics, professionalism, integrity, extensive experience, knowledge and such other factors which would contribute to the Board's collective skills and enhancement;
- (b) Permissible time commitments, if the candidate has multiple board representations;
- (c) Composition requirements for the Board and Board Committees; and
- (d) Fulfilment of the criteria for an Independent Director as defined by the MMLR, for the appointment of an Independent Non-Executive Director.

There was no new appointment of Directors since the last Annual General Meeting.

Board Independence

The Company acknowledges the limit to the tenure of an Independent Director not exceeding a cumulative term of nine years, as recommended under the MCCG. The nine-year tenure can either be based on a consecutive service of nine years or a cumulative service of nine years, with intervals. Upon completion of the nine-year tenure, an Independent Director may continue to serve on the Board, subject to the Director's re-designation as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, it should justify and seek annual shareholders' approval. If the Board continues to retain the Independent Director after his/her tenure exceeds 12 years, the Board shall seek annual shareholders' approval through a two-tier voting process, as recommended under the MCCG.

Directors' Training Programmes

During the financial period ended 31 December 2019, the Directors continued to participate in training programmes to equip themselves and to effectively discharge their duties as and when beneficial.

The Directors have been kept up to date by the Company Secretary on any changes to legal and governance practices of the Group, as well as new accounting and auditing standards that may have impact on the Company's businesses at every Board Audit Committee and Board meeting.

During the financial period under review, the Directors attended the following training programmes to further enhance their knowledge:

Director	Training Programme
1. Dato' Mohammad Zainal Shaari	<p>Audit Committee Institute (ACI) Breakfast Roundtable 2019</p> <hr/> <p>Site visit to PUSPAKOM, Arau, Perlis & ICQS Project Site, Bukit Kayu Hitam, Kedah</p> <hr/> <p>KLBC Invitation - Dialogue with invited external speakers</p> <hr/> <p>CPE - Walt Disney Case Study by Professor David J. Collis (Thomas Henry Carroll Ford Foundation Adjunct Professor at Harvard Business School)</p> <hr/> <p>Board visit to Composites Technology Research Malaysia Sdn. Bhd.'s Plant in Batu Berendam, Melaka</p> <hr/> <p>Briefing on the New Section 17A Malaysian Anti-Corruption Commission ("MACC") Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony</p> <hr/> <p>Khazanah Megatrends Forum 2019</p> <hr/> <p>MIA International Accountants' Conference</p> <hr/> <p>Board Development Plan by Boston Consulting Group ("BCG") Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ol style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption
2. Dato' Sri Syed Faisal Albar	<p>Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony</p> <hr/> <p>Board Development Plan by BCG Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ol style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption

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Director	Training Programme
3. Dato' Ibrahim Taib	<p>Cyber Security – Unseen Threats</p> <hr/> <p>Board Development Plan by BCG Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ul style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption <hr/> <p>Fraud Risk Management – ‘Whose Responsibility is it?’</p>
4. Datuk Ooi Teik Huat	<p>Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony</p> <hr/> <p>Global Power Outlook and Energy Transition in Malaysia – Malaysia Power Sector Outlook and MESI 2.0</p> <hr/> <p>Board Development Plan by BCG Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ul style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption <hr/> <p>Audit Oversight Board Annual Inspection Report 2018: Findings and Insights</p>
5. Datuk Idris Abdullah	<p>Refresher-Accelerator Programme: Risk Appetite Statements & ERM Reporting</p> <hr/> <p>Introduction to Cybersecurity for Business</p> <hr/> <p>Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony</p> <hr/> <p>Board Development Plan by BCG Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ul style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption
6. Tee Beng Thong (Resigned on 29 May 2020)	<p>CEO Forum 2019 “Accelerating the Fourth Industrial Revolution in Malaysia”</p> <hr/> <p>Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony</p> <hr/> <p>International Directors Summit 2019</p> <hr/> <p>Board Development Plan by BCG Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ul style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption
7. Sharifah Sofia Syed Mokhtar Shah	<p>Briefing on the New Section 17A MACC Act 2009 on Corporate Liability and Corruption-Free Pledging & Signing Ceremony</p> <hr/> <p>Khazanah Megatrends Forum 2019</p> <hr/> <p>Evening Talk And Networking: US-China Trade War – Its Impact On Business And Consumers In Asean</p> <hr/> <p>Post Budget 2020 Outlook and Perspective for The Economy & Capital Market Businesses</p> <hr/> <p>Board Development Plan by BCG Speakers from various countries including Germany, Malaysia and Beijing. Covering three industries:</p> <ul style="list-style-type: none"> a. State of the World – Geopolitics and Trade Impact; b. Future of Automotive; and c. Digital Disruption

Board Effectiveness Assessment

The Board, through its delegation to the BNRC, has carried out its evaluation by way of self-assessment, to evaluate its own performance and that of its Committees, with the aim of improving effectiveness. The Group Company Secretary, in consultation with the Chairman, has tailored a bespoke qualitative questionnaire for the Board, to complete. The evaluation is based on specific criteria, covering areas such as the Board composition and structure, principal responsibilities of the Board, the Board process and Board governance.

Pursuant to BNRC's recent annual review and assessment, it is satisfied that the size and composition of the Board and Board Committees are appropriate and well balanced to fairly reflect the interests of major and minority shareholders of the Company. The BNRC is also satisfied that all members of the Board are suitably qualified in view of their respective competencies, character, integrity, qualifications and experience, which provide the Board with a good mix of governmental and industry-specific knowledge and broad business sense. These include business, corporate and entrepreneurial sectors, legal, finance, accounting and economics. The overall performance of the Board and Board Committees for the financial period ended 31 December 2019 was rated satisfactory, which reflects that the Board members had been effective in their overall discharge of duties and responsibilities.

Number of Meetings and Attendance of the Board and its Committees

The summary of the Board and Board Committees' membership, number of meetings and attendance during the financial period ended 31 December 2019 are as follows:

Board

Directors	Attendance
Dato' Mohammad Zainal Shaari (Chairman)	7/7
Dato' Sri Syed Faisal Albar Syed A.R Albar	7/7
Dato' Ibrahim Taib	7/7
Datuk Ooi Teik Huat	7/7
Dato' Siti Fatimah Daud (Resigned on 15 November 2019)	2/5
Datuk Idris Abdullah @ Das Murthy	7/7
Tee Beng Thong (Resigned on 29 May 2020)	7/7
Sharifah Sofia Syed Mokhtar Shah	7/7

Board Committees

Board Audit Committee ("BAC")		
Members	Attendance	Key Functions
Datuk Ooi Teik Huat (Chairman)	4/4	BAC shall review and ensure that the process of assessing risk, control and governance, including operational and financial controls, business ethics and compliance, are properly managed and monitored.
Dato' Ibrahim Taib	4/4	Composition
Datuk Idris Abdullah @ Das Murthy	4/4	The BAC shall comprise not fewer than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.

Board Nomination & Remuneration Committee ("BNRC")

Members	Attendance	Key Functions
Dato' Mohammad Zainal Shaari (Chairman)	2/2	BNRC shall review annually and recommend to the Board with regard to the structure, size, balance and composition of the Board and its Committees, including the required mix of skills and experience, core competencies, which Non-Executive Directors should bring to the Board, and other qualities, to function effectively and efficiently.
Datuk Ooi Teik Huat	2/2	
Datuk Idris Abdullah @ Das Murthy	2/2	Composition
		BNRC shall comprise of not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.

Board Risk & Sustainability Committee ("BRSC")

Members	Attendance	Key Functions
Datuk Idris Abdullah @ Das Murthy (Chairman)	3/3	BRSC shall formulate effective proactive policies to eliminate or minimise corporate and operational risks of the Group.
Datuk Ooi Teik Huat	3/3	Composition
Dato' Siti Fatimah Daud (Resigned on 15 November 2019)	1/2	BRSC shall comprise of not less than three (3) members, exclusively of Non-Executive Directors, a majority of whom must be Independent Directors.
Dato' Ibrahim Taib (Appointed on 28 November 2019)	N/A	

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The details of the TOR of each Board Committee are set out in the Board Charter of the Company, which is available on the corporate website at www.drb-hicom.com.

BNRC

BNRC carries out its duties and responsibilities in accordance to its TOR. During the financial period from 1 April 2019 to 31 December 2019, two (2) BNRC meetings were held and the main activities undertaken by the BNRC, which amongst others, were as follows:

- Considered and recommended the Directors who were eligible for re-election at the 29th AGM, as well as the retention of Independent Director, whose terms of office had exceeded nine (9) years, pursuant to the MCCG.
- Reviewed the structure, size, balance and composition of the Board and its Committees.
- Conducted the annual assessment and the effectiveness of the Board and Board Committees, as well as the contribution of each Director.
- Reviewed the training programmes attended by the Directors to ensure that all Directors received appropriate continuous training.
- Reviewed and recommended the payment of annual performance bonus for the financial year ended 31 March 2019 to all eligible personnel of HICOM Holdings Berhad and GMD of DRB-HICOM.
- Reviewed and recommended the payment of annual salary increment for the financial year 2019/2020 to all eligible personnel of HICOM Holdings Berhad and the GMD of DRB-HICOM.

III. Remuneration

The Board has in place a Directors' Remuneration Framework and a robust structure on Senior Management's remuneration to ensure that the Group attracts and retains Senior Management of calibre and integrity to manage the Group successfully.

The BNRC is responsible for reviewing and recommending to the Board, the remuneration framework for the Directors and Senior Management of the Company. The BNRC aims to ensure the Directors' and Senior Management's remuneration remains appropriate and competitive, in aligning with the prevalent market practices as well as linking it to the Company's performance and shareholders' value creation. Remuneration for the Group Managing Director is structured to link top executive rewards to the achievement of the Corporate Key Performance Indicators ("KPIs").

The Non-Executive Directors will be paid an annual Directors' fees for services rendered on the Board as well as Board Committees, and meeting allowances for the number of Board and Board Committee meetings attended.

Directors' Remuneration Framework

The BNRC has established a Remuneration Framework for its Directors which is subject to periodic review. Details of the Directors' compensation for the financial period ended 31 December 2019 are illustrated below:

Category	Type	Directors' Compensation (RM)		Shareholders' Approval
		Chairman	Member	
Fees (per annum)	Board	140,000	90,000	Obtained at the 29th AGM held on 12 September 2019
	BAC*	17,000	12,000	
	BRSC**	10,000	8,000	
	BNRC***	10,000	8,000	
Meeting Allowance (per meeting)	Board	1,500	1,500	
	BAC	3,000	3,000	
	BRSC	1,500	1,500	
	BNRC	1,500	1,500	
	General Meeting	1,500	1,500	

Notes:

* BAC – Board Audit Committee.

** BRSC – Board Risk and Sustainability Committee.

*** BNRC – Board Nomination and Remuneration Committee.

Based on the framework set out above, details of the total remuneration of Directors of the Company for the financial period ended 31 December 2019 are summarised below:

Name	Directors' fees			Directors' other emoluments ¹		Benefits in kind ²		Total
	Salary, Bonus and other emoluments	DRBH (A)	Subs (B)	DRBH (C)	Subs (D)	DRBH (E)	Subs (F)	
	RM	RM	RM	RM	RM	RM	RM	
Non-Executive Directors								
Dato' Mohammad Zainal Shaari	0	112,500	0	15,000	0	0	0	127,500
Dato' Ibrahim Taib	0	76,500	90,000 ⁴	24,000	104,00 ⁴	0	0	294,500
Datuk Ooi Teik Huat	0	92,250	0	31,500	0	0	0	123,750
Dato' Siti Fatimah Daud (resigned on 15 November 2019)	0	60,984	0	6,000	0	0	0	66,984
Datuk Idris Abdullah @ Das Murthy	0	90,000	117,000 ⁵	31,500	17,500 ⁵	0	0	256,000
Tee Beng Thong	0	67,500	0	12,000	0	0	0	79,500
Sharifah Sofia Syed Mokhtar Shah	0	67,500	63,674 ⁶	12,000	9,000 ⁶	0	0	152,714
Total	0	567,234	270,674	132,000	130,500	0	0	1,100,408
Executive Director								
Dato' Sri Syed Faisal Albar Syed A.R Albar ³	2,001,908	0	60,000 ⁷	0	6,000 ⁷	110,275	0	2,178,183
Grand Total	2,001,908	567,234	330,674	132,000	136,500	110,275	0	3,278,591

Notes:

- Directors' other emoluments mainly comprised meeting allowance.
- Benefits in kind comprised annual leave passage and car/driver/petrol for Dato' Sri Syed Faisal Albar.
- Being the GMD of the Company.
- Directors' fees and meeting allowance paid by Bank Muamalat Malaysia Berhad, a 70% owned subsidiary of the Company, in respect of the services rendered by Dato' Ibrahim Taib.
- Directors' fees and meeting allowance paid by the following subsidiary companies, in respect of the services rendered by Datuk Idris Abdullah @ Das Murthy:
 - Alam Flora Sdn Bhd, a 97.37% owned subsidiary of the Company until 5 December 2019; and
 - Pos Malaysia Berhad ("Pos Malaysia"), a 53.50% owned subsidiary of the Company.
- Directors' fees and meeting allowance paid by Pos Malaysia, a 53.50% owned subsidiary of the Company, in respect of the services rendered by Sharifah Sofia Syed Mokhtar Shah.
- Directors' fees and meeting allowance paid by Pos Malaysia, a 53.50% owned subsidiary of the Company, in respect of the services rendered by Dato' Sri Syed Faisal Albar.

Revision to the Directors' Remuneration Framework

The Directors' Remuneration Framework as set out above was established pursuant to the review conducted in 2012. In view of the ever-increasing demands on the Directors, such as escalating legal compliances, including the corporate liabilities they entail, growing business complexities and the exceedingly onerous duties of the Directors, the Management had conducted a proactive benchmarking analysis and revised the Directors' Remuneration, which would commensurate with the roles and responsibilities of the Directors and the required time commitment expected of them. Additionally, the revised Directors' Remuneration had been designed to sufficiently attract and compensate the Directors.

In February 2020, the BNRC had reviewed the revised Directors' Remuneration Framework, which was primarily structured on the outcome of the aforesaid exercise, taking into consideration the strategic needs of the Group, its corporate values and the alignment with comparable market statistics.

The rationale for the revision to the Group's Directors' Remuneration Framework is for the Group to formulate Directors' compensation which is comparable with its regional peers, given that it has not been revised since 2012, whilst still maintaining the design principle of remuneration being in alignment with the long-term interest of the Group.

Pursuant to the above, the Board will be seeking the shareholders' approval at the 30th AGM for the following revision to the Directors' compensation:

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Category	Type	Existing Directors' Compensation (RM)		Proposed Directors' Compensation (with effect from 23 July 2020) (RM)	
		Chairman	Member	Chairman	Member
Fees (per annum)	Board	140,000	90,000	300,000	180,000
	BAC	17,000	12,000	60,000	40,000
	BRSC	10,000	8,000	30,000	20,000
	BNRC	10,000	8,000	10,000 (no change)	8,000 (no change)
Meeting Allowance (per meeting)	Board	1,500	1,500	2,000	2,000
	BAC	3,000	3,000	2,000	2,000
	BRSC	1,500	1,500	2,000	2,000
	BNRC	1,500	1,500	2,000	2,000
	General Meeting	1,500	1,500	Nil	Nil

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Board Audit Committee ("BAC")

The composition of the BAC is in line with Practice 8.1 of the MCCG, which requires that the BAC Chairman and the Board Chairman be held by different Independent Directors of the Company.

The BAC of the Company is chaired by Datuk Ooi Teik Huat and the members are Dato' Ibrahim Taib and Datuk Idris Abdullah @ Das Murthy, all of whom are Independent NEDs. The members of BAC have the relevant accounting or related financial management experience and the requisite knowledge, which enable them to discharge their obligations as members of BAC, in accordance with the TOR of the BAC.

The Board has further applied Practice 8.2 of the MCGG which states that "Any former key audit partner must have observed a cooling-off period of at least two years before being appointed as a BAC member". During the financial period ended 31 December 2019, the Company has not appointed any former key audit partner on its Board/BAC.

The annual assessment for the BAC was conducted by way of self-assessment methodology, of which customised questionnaires were provided to all BAC members for their completion.

The Company encourages all members of the BAC to undertake continuous professional development to keep themselves abreast of relevant developments in the accounting and auditing standards, practices and rules.

The Board acknowledges the importance of a sound system of internal control in safeguarding the shareholders' investments, the Group's assets and other stakeholders' interests as well as ensuring compliance with applicable laws and regulations.

In relation thereto, the BAC plays a crucial role in providing assistance to the Board in fulfilling its statutory and fiduciary responsibilities by monitoring the Group's management of financial risk processes and internal control system, including internal

controls over financial reporting on behalf of the Board. Besides that, it is also delegated with the responsibility of overseeing the financial reporting process and ensuring that the results of the Company's operations are fairly tabulated in the Financial Statements.

The BAC evaluates the overall adequacy and effectiveness of the system of internal controls through review of the works performed by both, internal and external auditors, as well as discussions with Management.

The annual assessment on the suitability, objectivity and independence of the external auditors, Ernst & Young PLT ("EY"), is undertaken by the BAC, in accordance to the factors prescribed by Paragraph 15.21 of the MMLR and the External Auditor Policy & Procedure approved by the Board in May 2018. If it becomes necessary to replace the external auditors for performance or independence reasons, the responsibility for the selection, appointment and removal of the external auditors has been delegated to the BAC.

During the financial period, EY has attended all four BAC Meetings of the Company held to discuss their audit plan, audit findings and the financial statements. EY will highlight to the Board through the BAC matters that require the BAC's or Board's attention, together with the recommended corrective actions thereof. The Management of the Company is held responsible for ensuring that all these corrective actions are undertaken within an appropriate time frame.

The BAC also meets EY without the presence of the GMD and Management as this allows for open and honest exchange of views and opinions on matters related to external auditors' audit and their findings. For this purpose, the BAC and EY met twice (July 2019 and November 2019) during the financial period under review.

A full Audit Committee Report enumerating its composition and its activities and the Internal Audit functions and activities during the financial period under review are set out on pages 72 to 75 of this Report.

II. Board Risk And Sustainability Committee ("BRSC")

The Group has put in place an Enterprise Risk Management framework which is based on the ISO 31000:2009 – Risk Management Principles and Guidelines. The ISO 31000 was codified by the International Organisation for Standardisation; which provides the principles and generic guidelines on risk management. The Risk Management Policy is subject to periodic review, revision, validation and approval to ensure that it is sufficiently capable to respond to changes in the risk profiles and remains aligned with the Groups' business strategy.

The BRSC continues to assist the Board in discharging its primary responsibilities and objective in formulating proactive and effective policies to eliminate or minimise corporate and operational risks of the Group. The BRSC is entrusted with the overall responsibility of overseeing the Risk Management activities of DRB-HICOM and approving appropriate Risk Management procedures and measurement methodologies across the Group. The Committee further provides oversight responsibility in reviewing and ensuring effective management of initiatives associated with the Economic, Environmental and Social ("EES") pillars of sustainability across the Group.

The BRSC reviews the effectiveness, adequacy and integrity of the risk management and internal control framework of the Group to ensure that significant risks faced by the Group are being managed appropriately, to respond to changes in the business environment. The Committee ensures that sustainability practices are integrated within key business strategies towards effective achievement of sustainability goals across the Group.

To strengthen and enhance the risk intelligence process, DRB-HICOM had categorised the risks into nine clusters, namely Strategic Risk, Financial Risk, Market & Business Risk, Organisational Risk, Operational Risk, Information Risk, Regulatory Risk, Reputation Risk and Fraud Risk.

For the financial period under review and up to the date of the approval of the Statement on Risk Management and Internal Control, after taking into consideration the assurance from the GMD and Group Director, Financial Services, the Board is of the opinion that the system of internal controls and risk management processes are adequate and appropriate to provide reasonable assurance in safeguarding the shareholders' investments, the Group's assets and other stakeholders' interests, as well as in addressing key risks impacting the business operations of the Company. There was no major internal control weaknesses identified that may result in any material loss or uncertainty that would require disclosure in this Report.

The details of the Risk Management and Internal Control Framework are set out in the Statement on Risk Management and Internal Control, as set out on pages 68 to 71 of this Report.

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. Communication with Stakeholders

The Board values dialogue with investors and appreciates the keen interests of shareholders and investors in the Group's performance. The Board acknowledges the need for shareholders to be informed of all material business matters affecting the Group. In line with the Company's Corporate Disclosure Policy, the Company is fully committed to maintaining transparency and accountability to all its shareholders and stakeholders, through consistent disclosures

of relevant and comprehensive information, on a timely manner to all investors, including the minority shareholders. This is to ensure that all the Company's shareholders are treated equitably and the rights of all investors, including minority shareholders, are protected.

The Company communicates with its shareholders and stakeholders on a regular basis through timely releases of financial results on a quarterly basis, press releases and announcements to Bursa Securities, which provide an overview of the Group's performance and operations for investment decisions, through accessible channels. In addition, the Company initiates dialogues with its shareholders and stakeholders, as and when required. Media coverage on the Group is initiated at regular intervals to provide wider publicity and improve the understanding of the Group's business.

During the financial year under review, a number of events were held during the year to maintain open communication with the issuers, investors, shareholders, intermediaries, regulators, employees and other communities. The details of such events are available in the Calendar of Events on page 16 of the Report.

The Company continuously enhances its annual report in order to improve its communication to its stakeholders and information disclosed in the Report of the Company comprises certain elements of integrated reporting and the Company will consider adopting integrated reporting in the future. Relevant study and research on integrated reporting is currently being carried out by the Management.

II. Conduct of General Meetings

An Annual General Meeting ("AGM") is another engagement and communication avenue between the Company and its shareholders. In recognising the importance of engagement with shareholders, at the 29th AGM of the Company held on 12 September 2019, all members of the Board were present at the meeting to respond to the questions raised by the shareholders or proxies. The Chairman of the Board chaired the 29th AGM in an orderly manner and allowed the shareholders and proxies to speak at the meeting.

At the said AGM, prior to the tabling of the agenda, the Shareholders were briefed by the GMD on the progress and business performance of the Group for the financial year under review.

Similarly, the Board, Senior Management, the Company's external auditors, EY, and other relevant advisers were available to provide responses and clarifications, to the questions relating to, amongst others, the business activities of the Group, raised by the shareholders and proxies, during the said AGM. In addition, replies to the questions raised by the MSWG, prior to the said AGM, are shared with all the shareholders during the AGM.

Further, in line with good CG practice, the Notice of the 29th AGM was issued at least 28 days before the AGM date.

The voting at the 29th AGM was conducted by way of poll through an electronic voting system. The Company continues to explore the possibilities of leveraging on technology, to enhance the quality of engagement with its shareholders and facilitate further participation by the shareholders at the AGMs or any other general meetings of the Company.

This CG Overview Statement was approved by the Board of Directors of the Company on 29 May 2020.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

In line with Paragraph 15.26(b) of the Bursa Malaysia Securities Berhad's ("Bursa Securities") Main Market Listing Requirements ("MMLR"), the Board of Directors ("the Board") of a listed issuer is required to include in its Company's Annual Report a statement about the state of internal control of the listed issuer as a Group. This statement which outlines the nature and scope of the risk management and internal control within DRB-HICOM Berhad ("DRB-HICOM") has been prepared in accordance to the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers which was endorsed by Bursa Securities.

DRB-HICOM has also complied with the requirements of the Malaysian Code on Corporate Governance 2017 ("MCCG 2017") which requires the Board of a listed issuer to establish and maintain a sound risk management framework and internal control system.

BOARD RESPONSIBILITY

The Board of DRB-HICOM is responsible for the adequacy and effectiveness of the Group's risk management and internal control system. The Board affirms its commitment towards ensuring and maintaining a sound internal control system which encompasses good governance, risk management and control processes within the Group. In light of the above, the Board confirms that there is a proper risk management assurance process in place to identify, evaluate and manage significant risks impacting the Group's achievement of its corporate objectives. The Board also acknowledges the presence of a sound system of internal control in safeguarding shareholders' investments, the Group's assets and other stakeholders' interests as well as ensuring compliance with applicable laws and regulations.

It is recognised that the Group's system of internal control can only provide reasonable but not absolute assurance against any occurrence of material misstatement or loss, and that the risk management process is designed to manage or mitigate risks that hinder the Group from achieving its goals and objectives.

MANAGEMENT RESPONSIBILITY

The Management assists the Board in the implementation of the Board's policies and procedures on risk and control by identifying, assessing, monitoring and reporting risks and internal control, as well as taking proper actions to address the risks. Management has further assured the Board that the Group's risk management and internal control system is operating adequately and effectively in all material aspects.

REVIEW OF RISK MANAGEMENT AND INTERNAL CONTROL EFFECTIVENESS

To evaluate the effectiveness of the risk oversight and internal control system within the Group, the Board has taken into account the significant risks that impact the achievement of the Groups' objectives and strategies.

In assessing the effectiveness of the risk management and internal control system to manage these risks, the Board via its Board Risk and Sustainability Committee ("BRSC") and Board Audit Committee ("BAC") performs the following activities:

a) Board Risk and Sustainability Committee ("BRSC")

- i. Ensure effective oversight, implementation and compliance of the objectives outlined in the Group's Risk Management Policy;
- ii. Approve the Board's acceptable risk appetite, establish strategic content in ensuring alignment of the risk management strategies and sustainability efforts with long-term business strategies; considering the environment in which the Group operates and the requirements of all stakeholders and the Board;
- iii. Ensure that a short and long-term risk management strategy, framework and methodology have been implemented and consistently applied across the Group;
- iv. Review the risk management strategy for identifying, monitoring and managing significant business risks across the Group and consider the effectiveness of internal controls for identified potential material risks;
- v. Ensure establishment of appropriate controls and action plans for identified material risks and provide assurance to shareholders and stakeholders on their effectiveness;
- vi. Perform oversight function on sustainability initiatives by ensuring the effective management and review of significant and material economic, environment and social ("EES") risks impacting the principal businesses across the Group;
- vii. Ensure integration of sustainability practices into the key business strategies towards the collective achievement of sustainability goals within the Group;
- viii. Embed risk management and sustainability capabilities into all core business processes and ensure that the culture of the organisation reflects the risk consciousness of the Board;
- ix. Provide a consolidated risk and assurance reporting structure to the Board to support the risk management and internal control statement in the Group's Annual Report;
- x. Ensure alignment and coordination of risk, assurance and sustainability activities across the Group;
- xi. Identify opportunities to realise potential business benefits through the enhancement of risk management and sustainability capabilities; and
- xii. Ensure the effective preparation of risk management and sustainability disclosure statements and reports as prescribed by Bursa Securities.

b) Board Audit Committee ("BAC")

- i. Review the adequacy of reporting of annual and quarterly financial results of the Group particularly on changes in accounting policies, significant adjustments arising from audits, going concern assumptions and compliance with the Malaysian Financial Reporting Standards in Malaysia, Companies Act 2016 and other legal requirements;
- ii. Review the activities of the external auditor, mainly on the external auditor's appointment and audit fees, external auditor's independence and objectivity, scope of audit, external auditor's report to the BAC and Management's responses as well as Key Audit Matters in the Auditors' Report;
- iii. Review the Related Party Transactions ("RPT") and the Recurrent Related Party Transactions ("RRPT") to ensure adequate disclosures in accordance with the Companies Act 2016 and the MMLR of Bursa Securities;
- iv. Assess the activities of the internal audit function in line with the annual internal audit plan and the adequacy of Group Internal Audit Division's ("GIAD") scope, performance and competency of its audit resources;
- v. Review reports issued by GIAD, including special audits of fraud or major internal control breakdown, and ensure that appropriate actions are taken by the Management based on GIAD's recommendations in providing solutions for improvements to the system of internal control and ensuring that the said recommendations are implemented expeditiously; and
- vi. Maintain a transparent relationship with the external auditor and solicit professional advice to ensure reporting standards are complied with.

INTERNAL CONTROL

The key components of internal control as subscribed by the Group can be categorised as follows:

1) CONTROL ENVIRONMENT

Board Committees

The Board acknowledges that ensuring sound governance requires effective interaction among the Board, Management, internal and external auditors. The Board, in ensuring effective discharge of its responsibilities, is assisted by the Board Committees, namely the Board Nomination and Remuneration Committee, the BAC as well as the BRSC. Each of the Committees has a clearly defined Terms Of Reference ("TOR").

Board Audit Committee

The BAC comprising of one Senior Independent Non-Executive Director and two Independent Non-Executive Directors, provides an oversight of the internal and external audit processes as well as reviews the reports of the auditors on the adequacy and integrity of the system of internal control and the financial statements of the Group.

The BAC reviews the engagement of the external auditor, their scope, and approach in the conduct of the audit examination. The BAC also reviews the activities and results of the audit conducted by GIAD and where needed recommends appropriate actions to strengthen the internal control.

The BAC meets with the external auditor at least twice a year without the presence of the Management.

The BAC, consisting of members with a wide range of knowledge, expertise and experience, has unrestricted access to any information or relevant documents from internal and external auditors and all employees within the Group. Please refer to pages 72 to 75 of this Annual Report for the BAC Report.

Organisational Structure And Reporting Line

There is a formal organisational structure with clear lines of reporting and responsibility to ensure proper segregation of duties, assignment of authority and accountability within the Group.

Vision, Mission And Shared Values

The Management has established vision and mission statements, and shared values to steer and provide direction to employees towards achieving the goals and objectives of the Group.

Ethics And Business Practice

The Group's Code of Ethics and Business Practice, which is communicated to employees, outlines the standards of behaviour and ethics that are expected from employees. Additionally, all permanent employees of executive grade and above are required to declare their assets to the Group Managing Director on a periodic basis and to disclose any instances of conflict of interest.

The Vendor Code of Conduct ("VCOC") has been established to enhance employees business conduct with vendors, by reflecting the Group's shared values and high ethical standards. The Group expects its Vendors to also comply with the VCOC when engaging with the Group and in conducting themselves with integrity, honesty and respect. The implementation of the VCOC strengthens the Group's ongoing efforts to achieve high levels of integrity towards creating a transparent and high-integrity business environment.

The Vendor Code of Conduct is available for viewing and/or download on DRB-HICOM's website at <https://www.drb-hicom.com/vendor-code-of-conduct/>.

2) ENTERPRISE RISK MANAGEMENT ASSURANCE

The Group has in place an Enterprise Risk Management Framework in accordance with the principles and guidelines outlined under the Committee of Sponsoring Organisation of the Treadway Commission's Enterprise Risk Management Integrated Framework ("COSO") and the International Organisation for Standardisation's Risk Management Principles and Guidelines ("ISO 31000:2009") to provide a consistent approach towards facilitating an adequate risk assurance process in assessing risks by all employees within the Group.

DIRECTORS' STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The Risk Management process is adopted from the ISO 31000:2009 framework as depicted below:



In this respect, the Group Risk Management, Sustainability and Safety, Health & Environment Division ("GRMSSHE") has deployed an enterprise risk management framework to all operating companies and corporate divisions to facilitate the effective identification, assessment, quantification, mitigation, monitoring and management of key business risks under the Group.

GRMSSHE continuously communicates and engages with stakeholders to identify potential risks including imminent and future threats which may hinder the achievement of the Group's objectives and realisation of business opportunities. A combination of qualitative and quantitative methods is used by the Management to assess and evaluate the identified risks from two perspectives – likelihood of occurrence and potential impact parameters, which is aligned with the tolerance level of the Group. Management will then decide, in consultation with GRMSSHE, on the risk treatment options for subsequent implementation.

The risk management and internal control system are subject to continuous review and improvement to ensure that they are sufficiently capable of responding to changes in the risk profiles while remaining aligned with the Group's business strategy.

Notwithstanding the above, the GRMSSHE also seeks to build a strong risk management culture by promoting awareness, ownership and accountability of risks. With that being said, individual risk, controls, and action plan owners are required to provide quarterly assurance to Management and the BRSC regarding the status of review as well as the adequacy and effectiveness of the action plans implemented to mitigate key material risks faced by all operating companies and corporate divisions under the Group.

The digital risk assurance sign-off module resides within a risk management solution, namely the Q Radar System, which serves as an electronic repository database that facilitates timely updates

and review of the Group's key risks. The assurance template embedded in the module is accessible for sign-off by all operating companies and corporate divisions on a quarterly basis and complements the enterprise risk management process implemented across the Group.

Additional information on the Group's Risk Management process is provided on page 82 to 87 of the Annual Report.

3) CONTROL ACTIVITIES

Policies and Procedures

The Group has established policies and procedures to govern the various group processes. This would ensure consistency in practice whilst providing guidance and direction for proper management and governance of the operations and business activities within the Group.

Among the key policies and procedures in place are Human Capital, Information Technology, Communication, Procurement, Foreign Exchange, Risk Management, Code of Ethics and Business Practice, Management Control and Internal Control Framework, Whistleblower, Anti-Fraud, External Auditor and Corporate Disclosure Policy. Policies and procedures are also subject to periodic review, revision, validation and approval.

The Group has also established the Limits of Authority ("LOA") and Management Delegated Authority ("MDA") to provide a framework of authority and accountability within the organisation. The LOA sets the limits and authorisations for strategic, capital and operational expenditures. On the other hand, the MDA is an extension of the LOA and it ensures that the right limits of authority are given to Management to execute transactions and activities. The LOA and MDA are regularly updated and approved by the respective Boards to reflect changing business needs in addressing operational deficiencies.

Whistleblower Policy

The Group has established a Whistleblower Policy ("Policy") which outlines the Group's commitment towards enabling employees and other stakeholders to raise concerns in a responsible manner regarding any wrongdoings or malpractices without being subject to victimisation or discriminatory treatment. All valid concerns will be properly assessed. The Policy promotes a culture of honesty, openness and transparency within the Group.

The Group encourages its employees to make any disclosure openly and honestly. All disclosures made under the Policy will be dealt with in strict confidence. It will be the task of GIAD to assess, investigate and report on the complaints or concerns raised.

The Policy and its disclosure procedure are accessible to the public for reference on the Company's website at www.drb-hicom.com. Complaints or reports under this Policy can also be made through the Whistleblower Hotline at 1-800-88-2005 or via a dedicated email address at whistleblowing@drb-hicom.com. In addition, periodic communication by way of dissemination of brochures illustrating the Whistleblower Policy has been made available in English and Bahasa Malaysia for all employees of the Group.

Business Planning And Budgetary

The Group manages performance of the operating units, within which business strategies, planning and budgetary exercises are established annually and actual performance is monitored and assessed periodically against set targets.

4) INFORMATION AND COMMUNICATION

Pertinent information such as the Group's achievements, changes with regard to corporate and organisational structure as well as policies and procedures are identified, captured and communicated in a proper and timely manner. This would enable employees to focus and perform their responsibilities effectively.

In addition, all Heads of Business Sectors, Operating Units and Corporate Divisions participate in business dialogue programmes with Senior Management of the Group to discuss strategies and challenges faced towards achieving the business goals and objectives.

5) MONITORING

Internal Audit Function

The business processes and conduct of the operating units within the Group are continuously assessed by GIAD in the context of adequacy and effectiveness of the financial, operational controls and risk management. GIAD reports to the BAC and communicates to the Management on audit observations noted in the course of their review and monitors the status of actions taken by the operating units.

Please refer to pages 72 to 74 of this Annual Report on the summary of audit works performed by GIAD.

Moreover, members of the Management under the various Corporate Head Office functions, such as procurement and information technology, also undertake periodical review of the compliance and adequacy of the control systems as well as procedures of the Group's companies and operating units.

Performance Management

Continuous education, training and development programmes are emphasised in order to nurture quality and competent employees.

Employees' performances are measured according to the set of key performance indicators ("KPI") aligned to the functions as assigned to them and which they are expected to accomplish.

ASSURANCE TO THE BOARD

In making the above assurance, the Group Managing Director and the Group Director, Financial Services acknowledge that the risk management and internal control system are operating adequately and effectively.

STATE OF ADEQUACY AND EFFECTIVENESS OF THE GROUP'S RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

For the financial period under review and up to date of the approval of this Statement on Risk Management and Internal Control, after taking into consideration the assurance from the Group Managing Director and Group Director, Financial Services, the Board is of the opinion that the system of internal control and risk management processes are adequate and sound to provide reasonable assurance in safeguarding the shareholders' investments, the Group's assets and other stakeholders' interests as well as in addressing key risks impacting the business operations of DRB-HICOM. There was no major internal control weakness identified that may result in any material loss or uncertainty that would require disclosure in the Annual Report.

REVIEW OF THIS STATEMENT

Pursuant to Paragraph 15.23 of the MMLR, this Statement has been reviewed by the external auditor, EY, pursuant to the scope set out in Audit and Assurance Practice Guide 3, Guidance for Auditors on Engagement to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial period ended 31 December 2019. They have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the Group's risk management and internal control system.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board dated 29 May 2020.

BOARD AUDIT COMMITTEE REPORT

The Board of Directors ("Board") of DRB-HICOM Berhad ("DRB-HICOM") is pleased to present the Board Audit Committee Report for the financial period ended 31 December 2019.

1. COMPOSITION AND ATTENDANCE AT MEETINGS

1.1 Composition

The composition of the Board Audit Committee ("BAC") during the financial period under review up to the date of this report is as follows:

Members	Status of Directorship
Datuk Ooi Teik Huat (Chairman)	Senior Independent Non-Executive Director
Dato' Ibrahim Taib (Member)	Independent Non-Executive Director
Datuk Idris Abdullah @ Das Murthy (Member)	Independent Non-Executive Director

The BAC Chairman, Datuk Ooi Teik Huat is a member of the Malaysian Institute of Accountants ("MIA"). Hence, the Company has fulfilled the requirement under Paragraph 15.09(1)(c)(i) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities").

1.2 Attendance

There were four BAC meetings held during the financial period ended 31 December 2019. The BAC members and their attendance records are outlined in the Corporate Governance Overview Statement ("CG Overview") in the Annual Report of the Company.

During the BAC Meetings, the Management of the Company was invited to brief the BAC on the Group's financial performance and relevant corporate matters as well as to address any queries raised by the BAC. The Management of the Group Internal Audit Division ("GIAD") attended all BAC meetings and presented the internal audit reports to the BAC. Other than the results and reports of internal audits, GIAD also presented the summary of audit activities, internal audit plan as well as the staff strength. The external auditor was also invited to attend the BAC meetings to present the audit scope and plan as well as the Auditors' Report on the audited financial statements of the Company.

All issues discussed and deliberated during the BAC meetings were recorded in the minutes of each meeting by the Company Secretary who is also the secretary to the BAC. Any matters of significant concern raised by the internal and external auditors were duly conveyed by the BAC Chairman to the Board.

2. TERMS OF REFERENCE OF BOARD AUDIT COMMITTEE

The Terms of Reference ("TOR") establishes the authority, duties and responsibilities of the BAC. The TOR has been incorporated in the Board Charter which is available on the Company's website at www.drb-hicom.com.

3. SUMMARY OF WORKS PERFORMED BY THE BOARD AUDIT COMMITTEE

The key works carried out by the BAC during the financial period ended 31 December 2019 comprised of the following:

3.1 Financial Reporting

In overseeing the Group's financial reporting, the BAC had reviewed the unaudited quarterly and annual financial results. The chronological details of the reviews conducted are as follows:

- The BAC reviewed the fourth quarter unaudited financial results of the company for the financial year ended 31 March 2019 at its meeting held on 29 May 2019.
- The BAC reviewed the annual audited financial statements of DRB-HICOM Group and Company for the FY2018/2019 together with the Statement of Directors' Responsibility and took note of the Report to the BAC from the external auditor, EY at its meeting held on 8 July 2019.
- The BAC reviewed the proposal to change the financial year end of DRB-HICOM Group from 31 March to 31 December with effect from 31 December 2019 at its meeting held on 8 July 2019.
- The unaudited quarterly financial results for the periods ended 30 June 2019 and 30 September 2019 were reviewed at the BAC meetings held on 22 August 2019 and 27 November 2019 respectively.

This includes the reviews on the announcements of the financial results to Bursa Securities prior to recommending to the Board for approval. The reviews were conducted to ensure that the financial reporting and disclosure were in compliance with:

- Provisions of the Companies Act 2016;
- MMLR of Bursa Securities;
- Applicable approved accounting standards in Malaysia; and
- Other legal and regulatory requirements.

The BAC also focused on any changes to the accounting policies and practices as well as significant audit adjustments. The reviews and discussions by the BAC were carried out concurrently with the Group Managing Director ("GMD") and the Group Director, Financial Services of DRB-HICOM.

3.2 Risks and Controls

The BAC evaluated the overall adequacy and effectiveness of the system of internal controls through review of the works performed by both internal and external auditors as well as discussions with the Management. The BAC also reviewed the Statement on Risk Management and Internal Control as well as the CG Overview and Corporate Governance Report prior to inclusion in the Company's Annual Report or release to Bursa Securities.

The BAC at its meeting held on 8 July 2019 reviewed and provided recommendation for the Board approval of the Statement on Risk Management and Internal Control together with the CG Overview and CG Report for publication in the Annual Report of the Company for the financial year ended 31 March 2019.

3.3 External Audit

(a) The BAC deliberated with the external auditor the results of the audit of the annual financial statements for the financial year ended 31 March 2019 and the Report to the BAC as well as the management responses at its meeting held on 8 July 2019.

(b) The BAC reviewed the overall assessment of the external auditor's performance and independence for the financial year ended 31 March 2019 during its meeting held on 8 July 2019. The BAC was satisfied with the external auditor's performance as well as assessment of their independence.

(c) The BAC reviewed the re-appointment proposal of the external auditor for the Company and recommended the re-appointment and fees for the Board's approval.

EY which has been the Company's external auditor since 2011 was recommended for re-appointment for the ensuing year. The financial period ended 31 December 2019 marked the fourth year for the engagement partner, Sundralingam Navaratnam.

(d) The BAC reviewed and approved the Annual Audit Plan for the financial period ended 31 December 2019 with the external auditor inclusive of the terms of engagement and scope of work for the statutory audit at its meeting held on 27 November 2019. During the meeting, the external auditor affirmed that EY and all members of its engagement team have maintained their independence in accordance with the provisions of the By-Laws on Professional Ethics, Conduct and Practice of the MIA.

The BAC also obtained written assurance from the external auditor confirming their independence throughout their term of engagement for the financial period under review.

(e) The BAC reviewed the non-audit services provided by the external auditor. During the period under review, the

Company engaged the external auditor for several non-audit works involving taxation, quarterly reviews and others. Details of non-audit fees incurred by the Company for the financial period ended 31 December 2019 are stated in the Additional Compliance Information of this Annual Report.

The BAC held bi-annual meetings with the external auditor without the Management's presence on 8 July 2019 and on 27 November 2019.

3.4 Internal Audit

(a) The BAC reviewed and approved the GIAD's Annual Internal Audit Plan and ensured that the principal risks, key entities and functions were adequately identified and covered in the plan. The BAC approved the FY2020 Annual Internal Audit Plan at its meeting on 27 November 2019.

(b) The BAC reviewed the internal audit reports presented by GIAD at each BAC meeting held throughout the financial period ended 31 December 2019. This includes review on GIAD's activities with respect to:

- Status of audit activities as compared to the approved Annual Audit Plan;
- Results of the scheduled, follow-up and special audits;
- Adequacy of the Management's responsiveness to the audit findings and recommendations;
- Status of the Internal Audit's Quality Assurance and Improvement Programme; and
- Adequacy of the audit resources, training and development of the staff within GIAD.

(c) The BAC at its meeting on 29 May 2019 reviewed the results of the overall performance evaluation conducted on GIAD for the financial year ended 31 March 2019 and was satisfied in regard to adequacy of scope and function, competency and resources of the division as well as on the effectiveness in reporting of the audit results.

(d) The BAC at its meeting on 8 July 2019 also reviewed and provided recommendation for the Board approval of the BAC Report prior to inclusion in the Annual Report of the Company for the financial year ended 31 March 2019.

(e) The BAC held two private meetings on 8 July 2019 and 27 November 2019 with the Head of GIAD to review and discuss on the key internal controls and internal audit related matters.

BOARD AUDIT COMMITTEE REPORT

3.5 Related Party Transactions ("RPTs") and Recurrent Related Party Transactions ("RRPTs")

The BAC reviews the RPTs and RRPTs of the Group to ensure compliance with the Companies Act 2016 and the MMLR and that they are not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders. The BAC had reviewed the RRPTs at three meetings out of the total four meetings held during the financial period ended 31 December 2019.

3.6 Others

The BAC members attended relevant and continuing education programmes during the financial period under review so as to acquire better insights to the related businesses and operations of the Group. The details of the trainings attended by the BAC members are stated in the CG Overview.

4. STATEMENT ON INTERNAL AUDIT FUNCTION

4.1 Roles and Responsibilities

The GIAD is an integral part of the assurance structure of the Group. The Division's primary responsibility is to provide an independent and reasonable assurance on the adequacy, integrity and effectiveness of the Group's overall system of internal control, risk management and governance process. However, those Group companies which are listed or regulated by Bank Negara Malaysia through Islamic Financial Services Act 2013 are under the purview of the BAC and internal audit functions of the respective companies.

The Head of GIAD reports directly to the BAC on a functional basis and to the GMD administratively. The Head of GIAD periodically reports to the BAC on the activities performed as well as the key control issues noted by the internal auditors. The purpose, authority and responsibility of GIAD are reflected in the Internal Audit Charter, which was approved by the BAC.

In order to maintain its independence and objectivity, GIAD has no operational responsibility and authority over the entities it audits. In determining the adequacy of audit scope and coverage, GIAD applies a comprehensive audit planning of the Group's auditable entities and functions by performing risk analysis and ensuring adequate resources in performing the audit.

4.2 Audit Resources

The total staff strength in GIAD as at 31 December 2019 stood at 35 staff which includes the staff from the internal audit function of PROTON Holdings Berhad as summarised below:

No.	Entity	Manpower as at 31 December 2019
1	DRB-HICOM Berhad	19
2	PROTON Holdings Berhad	16
Total		35

The BAC approves the GIAD's annual audit plan, financial budget and manpower requirements so as to ensure that the function is adequately resourced with competent and proficient internal auditors.

During the financial period ended 31 December 2019, a total of RM4.142 million was incurred as part of the resource allocation for the Group's internal audit function, covering mainly manpower and incidental costs such as travelling and training as summarised below:

No.	Entity	Total Cost RM
1	DRB-HICOM Berhad	2,778,371
2	PROTON Holdings Berhad	1,363,404
Total		4,141,775

GIAD also invested in various training programmes to maintain and enhance the desired competency level of the Group's internal auditors. The training programmes, comprising in-house and externally sourced training, were focused on functional and developmental needs of the internal auditors.

4.3 Audit Works

GIAD adopts a risk-based approach as part of its audit planning and execution focusing on significant identified risks and effectiveness of the controls in mitigating the risks. In performing the audit engagements, GIAD is guided by the Institute of Internal Auditors' International Professional Practices Framework ("IPPF") which includes the Definition of Internal Auditing, the Code of Ethics, and the International Standards for the Professional Practice of Internal Auditing.

GIAD is also guided by the internal policies, procedures as well as the Internal Control – Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") and Control Objectives for Information and Related Technology ("COBIT").

The objectives of the internal audit function include review of the adequacy and effectiveness of internal controls and risk management, compliance with applicable laws and regulations, reliability and integrity of information and adequacy of safeguarding of assets.

During the financial period ended 31 December 2019, GIAD executed a total of 135 audits which comprised scheduled and ad-hoc engagements inclusive of special audits. The audits conducted covered a wide range of units and its related branch operations under DRB-HICOM and PROTON Holdings Berhad. Amongst the key areas covered for the financial year under review were:

- * Procurement;
- * Inventory Management;
- * Business Operations;
- * Contract Management;
- * Project Management;
- * Human Resource Management;
- * Financial Management;
- * Asset Management;
- * Management Information System; and
- * Safety, Health & Security.

None of the components of the internal audit function were outsourced to external service providers.

All findings from the internal audit reviews were reported to the BAC, Senior Management and the relevant Management of the operating units.

The respective Management of the audited operating units is accountable to ensure proper handling of the audit issues and implementation of their action plans within the time-frame specified. Actions taken by the audited operating units were followed-up by GIAD and the status updated in the subsequent audits.

4.4 Quality Management System

The GIAD continues to maintain its Quality Assurance and Improvement Programme covering its internal audit processes through the ISO 9001:2015 Quality Management System, which is subject to an in-house quality audit and external annual surveillance assessment by a certification body.

ADDITIONAL COMPLIANCE INFORMATION

(Pursuant to the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities"))

UTILISATION OF PROCEEDS

The structure of the Islamic Medium Term Notes Programme of up to RM3.5 billion in nominal value Under the Shariah Principle of Wakalah bi Al-Istithmar ("Sukuk Wakalah Programme") has been endorsed by the Securities Commission's ("SC") Shariah Advisory Council on 16 October 2019 and the lodgement in respect of the Sukuk Wakalah Programme with the SC pursuant to the Guideline on Unlisted Capital Market Products under the Lodge and Launch Framework was made on 25 October 2019. The breakdown of its utilisation is shown as below:

Description	Approved utilisation RM'million	Actual utilisation* RM'million	Balance RM'million	Comments
Islamic Medium Term Notes ("IMTN") Programme of up to RM3,500 million in nominal value Under the Shariah Principle of Wakalah bi Al-Istithmar	3,500.0	1,500.0	2,000.0	Proceeds raised from the Sukuk Wakalah Programme had been utilised to fully redeem the balance of Company's RM1,800 million IMTN Programme (Sukuk Murabahah), redeem matured Perpetual Sukuk Musharakah, pay the related fees and expenses in connection with the establishment of the Sukuk Wakalah Programme and for working capital purposes.
	3,500.0	1,500.0	2,000.0	

*As at 31 Dec 2019

AUDIT AND NON-AUDIT FEES

- (i) The amount of audit fees paid or payable to the external auditors, Ernst & Young PLT ("EY"), and their affiliated companies for the services rendered to the Group and the Company for the financial period ended 31 December 2019 amounted to RM3.38 million and RM0.44 million respectively.
- (ii) The amount of non-audit fees paid or payable to the external auditors, EY, and their affiliated companies for the services rendered to the Group and the Company for the financial period 31 December 2019 amounted to RM1.61 million and RM0.14 million respectively.

EMPLOYEES SHARE OPTION SCHEME

No Employees Share Option Schemes were granted by the Company during the financial period ended 31 December 2019.

MATERIAL CONTRACTS INVOLVING DIRECTORS'/CHIEF EXECUTIVES'/MAJOR SHAREHOLDERS' INTERESTS

The particulars of material contracts entered into between the Company and its subsidiaries involving the Directors' and major shareholders' interest which are still subsisting as at 31 December 2019 or, if not then subsisting, entered into since the end of the previous financial year are as follows:

Proposed Disposal of the following assets to Prisma Dimensi Sdn. Bhd. ("Prisma Dimensi") and Kelana Ventures Sdn. Bhd. ("Kelana Ventures"):

On 8 March 2018 and 11 July 2018, DRB-HICOM Group had entered into various agreements and supplemental agreements respectively for the proposed disposals of certain property assets and investments to Prisma Dimensi and Kelana Ventures, as follows:

- 10 Property assets held by subsidiary companies of DRB-HICOM to Prisma Dimensi and Kelana Ventures for a total disposal consideration of RM1,432.5 million;
- Total effective equity interest of 70.6% in Horsedale Development Berhad ("Horsedale") via the following:
 - Disposal by Glenmarie Properties Sdn. Bhd., an indirect wholly-owned subsidiary of DRB-HICOM, of 4,176,000 ordinary shares in Puncak Permai Sdn. Bhd. ("Puncak Permai"), representing 58% equity interest in Puncak Permai which in turn holds 70% equity interest in Horsedale; and
 - Disposal by HICOM Berhad ("HICOM"), an indirect wholly-owned subsidiary of DRB-HICOM, of 12,000,000 ordinary shares in Horsedale, representing 30% equity interest in Horsedale,

To Prisma Dimensi for a total disposal consideration of approximately RM331.8 million (subject to adjustment); and
- 33,600,000 ordinary shares, 3,124,530 redeemable preference shares and all new shares to be issued in Rebak Island Marina Berhad ("Rebak Island"), representing 100% equity interest and 100% redeemable preference shares in Rebak Island ("Rebak Island Sale Shares") by HICOM Indungan Sdn. Bhd. ("HISB"), an indirect wholly-owned subsidiary of DRB-HICOM to Prisma Dimensi for a disposal consideration of approximately RM170.4 million;

For a total disposal consideration of approximately RM1,934.7 million (subject to adjustment), to be satisfied via approximately 1,243.46 acres of freehold land in the Mukim of Tebrau, District of Johor Bahru, Johor held by Prisma Dimensi and Kelana Ventures and cash consideration of approximately RM288.7 million (subject to adjustment).

Save as disclosed below, none of the directors and/or major shareholders of the Company as well as persons connected with them has any interest, direct or indirect, in the Proposed Disposals:

- (i) Tan Sri Dato' Seri Syed Mokhtar Shah bin Syed Nor ("Syed Mokhtar") is an indirect major shareholder of DRB-HICOM through his major shareholding in Etika Strategi Sdn. Bhd. ("ESSB"). He is also the ultimate shareholder of Prisma Dimensi via his 100% less one ordinary share of Kelana Ventures and the interest of his spouse in Kelana Ventures;
- (ii) ESSB is a direct major shareholder of DRB-HICOM via its 55.92% equity interest in the Company. Syed Mokhtar holds majority shareholding in ESSB and hence, ESSB is deemed a person connected with Syed Mokhtar;
- (iii) Sharifah Sofia binti Syed Mokhtar Shah ("Sharifah Sofia"), is the Non-Independent Non-Executive Director of DRB-HICOM, Director of ESSB and daughter of Syed Mokhtar and hence, Sharifah Sofia is a person connected with Syed Mokhtar; and
- (iv) Dato' Mohammad Zainal bin Shaari ("Zainal"), is the Chairman, Non-Independent Non-Executive Director of DRB-HICOM, is a person connected with Syed Mokhtar.

The Proposed Disposals had been approved by DRB-HICOM's shareholders at the Extraordinary General Meeting ("EGM") held on 15 October 2018. The Proposed Disposals are pending fulfilment of other conditions precedent ("CP"). On 7 March 2019, respective parties to the Agreements had mutually agreed to extend the CP period until 8 September 2019. The parties had on 6 September 2019 agreed for a further extension period until 7 March 2020. Subsequently, the parties had on 26 February 2020 agreed for another extension period until 7 September 2020.

RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE

At the 29th AGM of the Company held on 12 September 2019, the Company had obtained a Shareholders' Mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature ("RRPT"). In accordance with Paragraph 10.09(2)(b) of the MMLR, details of the RRPT conducted during the financial period ended 31 December 2019 pursuant to the Shareholders' Mandate are as follows:

No.	DRB-HICOM and/or its subsidiary companies	Transacting related party	Nature of relationship	Nature of transaction	Value of transaction from 1 April 2019 to 31 December 2019 (RM'000)
1	HICOM-Teck See Manufacturing Malaysia Sdn. Bhd. ("HTS")	Teck See Plastic Sdn. Bhd. ("Teck See Plastic")	60% owned subsidiary company of Oriental Holdings Berhad, a 49% major shareholder of HTS	Supply of automotive plastic components by Teck See Plastic to HTS	615
		Compounding & Colouring Sdn. Bhd. ("Compounding & Colouring")	A related corporation of Teck See Plastic, a 49% shareholder of HTS	Supply of raw materials by Compounding & Colouring to HTS	1,542
2	HICOM HBPO Sdn. Bhd. ("HHBPO")	HBPO GmbH	A 40% shareholder of HHBPO	Payment of development cost by HHBPO to HBPO GmbH	1,864
3	Motosikal Dan Enjin Nasional Sdn. Bhd. ("MODENAS") Group MODENAS	Kawasaki Heavy Industries, Ltd ("KHI")	A 30% shareholder of MODENAS	Provision of technical support, payment of royalties, supply of completely knocked down components and spare parts for motorcycles by KHI to MODENAS Group	4,213
				Supply of components to KHI by MODENAS	15,066
4	Perusahaan Otomobil Nasional Sdn. Bhd. ("PONSAB")	Zhejiang Geely Holding Group Co, Ltd ("Geely") Group	A 49.9% shareholder of PROTON Holdings Berhad ("PROTON")	Provision of technical support, payment of royalties and supply of components and completely built up components for motor vehicles by Geely Group to PONSAB	630,790
5	Bank Muamalat Malaysia Berhad ("BMMB")	Islamic Arts Museum Shop Sdn. Bhd. ("Islamic Arts")	A company owned by persons connected to Syed Mokhtar	Purchase of all kinds of gifts and souvenirs by BMMB from Islamic Arts	59

ADDITIONAL COMPLIANCE INFORMATION

No.	DRB-HICOM and/or its subsidiary companies	Transacting related party	Nature of relationship	Nature of transaction	Value of transaction from 1 April 2019 to 31 December 2019 (RM'000)
5	(continued)				
	DRB-HICOM Environmental Services Sdn. Bhd. ("DHES")	MMC Corporation Berhad ("MMC") Group	A company in which Syed Mokhtar is an indirect major shareholder	Provision of Integrated Facility Management by DHES to MMC Group	3,047*
	DRB-HICOM Auto Solutions Sdn. Bhd. ("DHAS")	Northport (Malaysia) Berhad ("Northport")	99.1% owned indirect subsidiary company of MMC	Provision of management of port activities and port storage charges by Northport to DHAS	1,115
	Edaran Otomobil Nasional Berhad ("EON") Group	MMC Group	A company in which Syed Mokhtar is an indirect major shareholder	Supply of motor vehicles, accessories, spare parts and maintenance services by EON Group to MMC Group	44
		Tradewinds Corporation Berhad ("Tradewinds Corporation") Group	A company in which Syed Mokhtar is an indirect major shareholder	Supply of motor vehicles, accessories, spare parts and maintenance services by EON Group to Tradewinds Corporation Group	0
		Tradewinds Plantation Berhad ("Tradewinds Plantation") Group	A company in which Syed Mokhtar is an indirect major shareholder	Supply of motor vehicles, accessories, spare parts and maintenance services as well as leasing of motor vehicles by EON Group to Tradewinds Plantation Group	20,891
	DRB-HICOM Group	Media Prima Berhad ("Media Prima") Group	A company in which Syed Mokhtar is an indirect major shareholder	Provision of media-related businesses in television and out-of-home advertising by Media Prima Group to DRB-HICOM Group	754
		Prism Protection Services Sdn. Bhd. ("Prism Protection")	70% owned indirect subsidiary company of Tradewinds Corporation	Provision of investigation and security services by Prism Protection to DRB-HICOM Group	220
		Prism Security Management Sdn. Bhd. ("Prism Security")	100% owned indirect subsidiary company of Tradewinds Corporation	Provision of selling security systems, providing training and consultancy services by Prism Security to DRB-HICOM Group	1
		Tradewinds International Insurance Brokers Sdn. Bhd. ("Tradewinds International Insurance Brokers")	100% owned subsidiary company of Tradewinds Corporation	Provision of insurance broker for direct insurance and reinsurances businesses by Tradewinds International Insurance Brokers to DRB-HICOM Group	2,729
		Tradewinds Travel Services Sdn. Bhd. ("Tradewinds Travel")	100% owned indirect subsidiary company of Tradewinds Corporation	Provision of travel related services by Tradewinds Travel to DRB-HICOM Group	362
	HICOM Berhad	Altel Communications Sdn. Bhd. ("Altel Communications")	A company in which Syed Mokhtar is an indirect major shareholder	Provision of rental of data centre space by HICOM Berhad to Altel Communications	13

No.	DRB-HICOM and/or its subsidiary companies	Transacting related party	Nature of relationship	Nature of transaction	Value of transaction from 1 April 2019 to 31 December 2019 (RM'000)
5.	(continued)				
	HICOM Automotive Manufacturers (Malaysia) Sdn. Bhd. ("HAMM")	Gas Malaysia Berhad ("Gas Malaysia")	An indirect associated company of MMC, a company in which Syed Mokhtar is an indirect major shareholder	Provision of supply of Compressed Natural Gas ("CNG") from Gas Malaysia to HAMM	1,899
	MODENAS Group	Altel Communications	A company in which Syed Mokhtar is an indirect major shareholder	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Altel Communications	0
		Tradewinds Plantation Group	A company in which Syed Mokhtar is an indirect major shareholder	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Tradewinds Plantation Group	0
		Tradewinds (M) Berhad ("Tradewinds") Group	A company in which Syed Mokhtar is an indirect major shareholder	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Tradewinds Group	0
		Padiberas Nasional Berhad ("Padiberas") Group	100% owned by Perspective Lane (M) Sdn. Bhd., a company in which Syed Mokhtar is an indirect major shareholder	Supply of motorcycles, accessories, spare parts and maintenance services by MODENAS Group to Padiberas Group	0
	PROTON Group	Gas Malaysia	An indirect associated company of MMC, a company in which Syed Mokhtar is an indirect major shareholder	Provision of supply of Liquefied Petroleum Gas ("LPG") and Natural Gas Vehicle ("NGV") for production and testing of cars from Gas Malaysia to PROTON Group	1,560
		Spark Manshop Holdings Sdn. Bhd. ("Spark Manshop") Group	A company owned by person connected to Syed Mokhtar	Supply of corporate wear for top management from Spark Manshop Group to PROTON Group	0

Note: * On 5 December 2019, DRB-HICOM had completed the disposal of Alam Flora Sdn. Bhd. to Tunas Pancar Sdn. Bhd., a wholly-owned subsidiary company of Malakoff Corporation Berhad. Hence, the value transaction between DHES and MMC Group was from 1 April 2019 to 5 December 2019.

Notwithstanding the related party disclosures already presented in the audited financial statements in accordance with Malaysian Financial Reporting Standard 124 (MFRS 124), the above disclosures are made in order to comply with Paragraph 10.09 of the MMLR with regard to the value of RRPT conducted in accordance with the Shareholders' Mandate during the financial period, as the scope of related party relationships and disclosures contemplated by the MMLR are, to a certain extent, different from those of MFRS 124.

The shareholdings of the respective interested major shareholders as shown above are based on information disclosed in the Circular to Shareholders dated 31 July 2019 in relation to the Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.

STATEMENT OF DIRECTORS' RESPONSIBILITY

in respect of the preparation of the Financial Statements for the financial period ended 31 December 2019

The Directors are required by the Companies Act 2016 ("the Act") to ensure that the financial statements prepared for each financial period give a true and fair view of the financial position of the Group and of the Company as at the end of the financial period and of the financial performance and cash flows of the Group and of the Company for the nine-month period then ended. As required by the Act and the Listing Requirements of Bursa Malaysia Securities Berhad, the financial statements have been prepared in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Act in Malaysia.

The Directors consider that in preparing the financial statements for the financial period ended 31 December 2019 set out on pages 134 to 351, the Group has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and ensured that all applicable approved accounting standards have been followed.

The Directors have ensured that the accounting records kept by the Group and the Company have been properly kept in accordance with the provisions of the Act, which disclose with reasonable accuracy the financial position of the Group and of the Company.

This Statement is made on behalf of the Board in accordance with a resolution of the Directors dated 29 May 2020.

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RISK MANAGEMENT

OVERVIEW

Businesses today are faced with countless challenges arising from uncertainties shaped by advancements in new technologies, shifting geopolitical positions, escalating trade tensions amongst advanced economies and policy introductions creating potential ambiguities across global financial markets.

These challenges often manifest itself in the form of threats and risks to an organisation in carrying out its business strategies domestically, regionally as well as in the global arena. In managing these challenges, DRB-HICOM Berhad (“the Group”) strives to continually enhance its risk management methodologies to drive and embed a holistic risk culture and value creation into the mindset of its business entities, thus ensuring the sustainability of its business strategies and objectives. The Group’s Board of Directors remains committed to ensure the continued effectiveness in implementing risk management and internal control systems across the Group to achieve operational excellence without compromising on its core values. To realise this goal, the Group continues to adopt an enterprise-wide risk management process comprising the following five key components:



DRB-HICOM Berhad Enterprise Risk Management Process Components

RISK GOVERNANCE

In assuring good risk governance towards optimising long-term stakeholder returns, the Group continues to enhance its oversight capabilities in assessing uncertainties impacting its business environment. These include changes in regulatory and financial requirements, technological advancements and data security concerns, to increasing global competition and issues relating to human capital resourcing, development and retention. To ensure continued sustainability and performance across all Business Sectors and Operating Units, the Group has adopted prudent, responsible and transparent governance and effective risk and compliance policies to ensure its continued resilience and agility in undertaking existing and new business initiatives.

In this respect, the Group has put in place a formal and structured Risk Management Policy to allow the Group to identify, evaluate, monitor and manage the significant risk exposures in its business operations. This policy is aligned to the principles and guidelines of the International Organisation for Standardisation's Risk Management Principles and Guidelines (ISO31000:2009), defining risk management governance and structure, processes, accountabilities and responsibilities throughout the Group. It should be noted that these principles are broad in nature and to be utilised only where considered appropriate.

The inculcation of a robust risk culture and understanding across the Group is crucial. It links the Group’s corporate objectives and goals to its primary risks, controls and action plan to allow for a comprehensive and effective assessment of events that may have adverse impacts on the Group’s core businesses.

The main underlying principles of the Group's Risk Management Policy are:

- Providing a policy and organisational structure for the management of risks that the Group assumes in its activities;
- Defining risk management roles and responsibilities within the Group and outlining control procedures to mitigate risks;
- Ensuring consistent and acceptable management of risk throughout the businesses;
- Defining a reporting framework to ensure effective communication of necessary risk management information to senior management and personnel engaged in risk management activities;
- Remaining flexible to accommodate the changing risk management needs of the Group while maintaining control of the overall risk position;
- Detailing the approved methods for risk assessment; and
- Providing a system to accommodate the central accumulation of risk data.

BOARD OF DIRECTORS

The Group's ultimate governing body with overall risk oversight responsibility including defining the appropriate governance structure and risk appetite.



BOARD RISK AND SUSTAINABILITY COMMITTEE (BRSC)

BRSC committee members are made up of three (3) Independent Non-Executive Directors, with the presence of Group Managing Director ("GMD"); Chief Operating Officer ("COO"), Properties, Concession and Corporate Planning and Strategy; COO, Corporate Services; Group Director ("GD"), Financial Services; GD, Treasury; Head, Group Internal Audit ("GIAD") and Head, Group Risk Management, Sustainability and Safety, Health & Environment ("SHE") ("GRMSSHE") as invitees to the Committee. Any matters or decisions made within the BRSC's purview are escalated to the Board for its notation or approval. The BRSC, acting on behalf of the Board of Directors, has a broad mandate to ensure the effective oversight, implementation and compliance of the objectives outlined in the Group Risk Management Policy and Sustainability Framework.



RISK MANAGEMENT COMMITTEE (RMC)

The RMC comprises of the GMD, COO of the Business Sectors, GD of Corporate Divisions and Heads of the relevant Divisions as invitees. The Board delegates to RMC the responsibility of:

- Creating a risk-aware culture and building the necessary knowledge for risk management at every management level.
- Ensuring effectiveness and adequacy of the Group Risk Management system, framework, policy, risks and control management associated with group operations and compliance to applicable laws and regulations.
- Periodic reporting of key risk exposures to the BRSC.
- Providing updates on significant changes that affect the Group's risk profile.



SUSTAINABILITY STEERING COMMITTEE (SSC)

The composition of the SSC comprises the GD, Financial Services, Head, Group Strategic Communications, Head, Group Human Capital and Head, Group Risk Management, Sustainability and SHE. SSC is responsible for:

- Creating and developing a sustainability-aware culture and sustainability-related knowledge at every level of management.
- Ensuring the effective implementation of sustainability initiatives across the Group's operations, and compliance to sustainability requirements imposed by Bursa Securities.

RISK MANAGEMENT

DRB-HICOM BERHAD'S THREE LINES OF DEFENSE

To ensure the effective implementation of the Enterprise Risk Management program, the Group adopts the "Three Lines of Defense" model based on the recommendation of the European Confederation of Institutes of Internal Auditing (ECIIA) to safeguard the business interests of the Group against adverse impacts as illustrated below:

LINES OF DEFENSE

1st BUSINESS SECTORS & OPERATING COMPANIES	<ul style="list-style-type: none"> • Ultimately responsible for managing the key risks associated with its business and investments. All material and significant risks shall be identified, assessed, analysed, treated, monitored and reported in accordance with the Group Risk Management Policy outlined. • Risk coordinators have been nominated as liaison officers to assist risk owners in scheduling internal risk briefings and communicate with GRMSSHE on the day-to-day management of risks.
2nd GROUP RISK MANAGEMENT SUSTAINABILITY AND SHE DIVISION ("GRMSSHE")	<ul style="list-style-type: none"> • Facilitate and monitor the effective risk management practices implementation across the Group. • Key practices include regular and periodic risk review and assessment within the Corporate Office, Business Sectors and the Operating Units to facilitate the management of risks including identification of known and emerging issues or concerns and shifts in the Group's implicit risk exposure and appetite. • Enhancing the awareness of risk management practices and to develop risk culture throughout the Group.
3rd GROUP INTERNAL AUDIT DIVISION ("GIAD")	<ul style="list-style-type: none"> • Providing independent assurance on the adequacy and integrity of internal control systems to manage risks across the Group. • Evaluates and improves the effectiveness of risk management, internal controls, compliance with policies and procedure, and governance processes through a systematic approach. The reports and status of corrective actions taken by the Management on audit recommendations are submitted on a regular basis to the Board Audit Committee ("BAC") for its deliberation and approval.

ENTERPRISE RISK ASSESSMENT

Key risks of the Group, at Business Sectors, Operating Units and Corporate Divisions that could lead to a negative or possible deviation from the key performance indicators are presented in descending order of significance and are critically assessed, validated and managed in accordance to the main risk categories set out below:

Business and Strategic Risks

Business and strategic risks arise from uncertainties impacting the execution of strategic initiatives deployed based on long and short term policy decisions made in accordance with the business direction of the Group in enhancing performance and growth within the domestic, regional and global markets.

The Group continues to strengthen its monitoring mechanism over evolving political, social, business, economic and technological landscapes to ensure that changes are promptly identified, assessed and managed to preserve the uninterrupted implementation of those strategies associated with the Group's business objectives.

Industry Risks

Industry risks involve issues and uncertainties impacting business performance, caused by the imposition of revised fiscal and trade policies across global economics. With the Group's core business concentrated on the automotive sector, policy changes may bring about significant impact to the Group's overall performance and operational sustainability in the form of increased competition, advancements in innovation and technology, shifts in customer preferences and volatility in commodities and currency pricing.

Being a key player in the automotive, cargo and logistics business, the launch of the National Transport Policy in October 2019 and the announcement of the revised National Automotive Policy (NAP) in February 2020 provides the Group with opportunities as well as risks associated with the Government's commitment outlined in the plans to enhance and modernise the air and cargo logistics business, as well as adopting next-generation automotive technologies to drive the development and deployment of autonomous, hybrid and electrified vehicles.

In mitigating these risks, the Group has undertaken various initiatives, comprising amongst others, securing new business opportunities with

global OEMs, embarking on non-automotive and aerospace business diversification programmes, emphasizing on growing industrial property business, securing additional defence contracts as well as growing the e-fulfillment, concession and education businesses under the services sector. Notwithstanding the above, business collaborations through smart partnerships with global automotive players are essential for the Group to capitalise on new technologies and cultivate critical resource skillsets and capabilities, moving forward.

Reputation Risks

The Group acknowledges the impact of reputation risks towards eroding image and brand visibility. Reputational damage caused by negative media and publicity, negative public perception arising from adverse events over the Group's business practices, conduct or financial condition will adversely impair stakeholders' confidence, resulting in costly litigation, affecting customer opinions, and causing a decline in customer base, market share, business and revenue.

The Group manages its reputation risks through regular engagement and communication sessions with key stakeholders to disseminate relevant information regarding the conduct of the Group's activities. Swift response to queries and feedback from external parties, i.e. business partners, investors, public communities and other key stakeholders is essential to minimise reputation damage.

Compliance checks and audits are carried out periodically to enforce the implementation of the Group's Code of Ethics & Conduct and Whistleblower Policy to curb incidences of fraud across all Business Sectors and Operating Units.

To further offset risks to the Group's reputation, sustainability programmes are deployed across the Group to strengthen the brand positioning and value proposition as well as building stakeholders' confidence. For further details on our sustainability programmes, please refer to our Sustainability Report which is included together with this Annual Report.

Financial Risks

Uncertainties arising from Foreign Exchange ("FOREX") and interest rate volatilities cannot be underestimated. Failure to proactively manage adverse FOREX fluctuations and to develop appropriate strategies to minimise its impact could negatively affect the Group's long-term profitability. In dealing with this risk, the Group continues to implement its FOREX Policy which stipulates distinct measures in utilising appropriate hedging instruments to assess, manage and minimise foreign currency losses. The Policy is consistently reviewed and updated to reflect changing financial requirements and deployed at all Business Sectors and Operating Units within the Group for effective implementation.

Notwithstanding the above, the Group is equally mindful of changes in interest rate movements that will adversely affect revenue and profit contribution, particularly from the automotive and property markets. Appropriate detection mechanisms have been put in place to monitor and alert management of such changes so that prompt measures can be initiated and acted upon expeditiously.

Funding represents another key risk to the Group due to the extensive amount of capital required to finance new acquisitions and to mobilise

existing and new projects. The Group manages its funding risks by maintaining an optimal capital structure through detailed monitoring of financing and cashflow plans established by Business Sectors and Operating Units, and constantly seeks out new funding arrangements to boost its financial capabilities towards driving new project initiatives in line with its long-term strategic business plan.

Constant engagement is carried out between Group Financial Services and Treasury Division, together with the various business units and financial institutions to track the status of financing, which comprise, amongst others, the issuance of corporate medium-term notes and bonds, as well as drawdowns on syndicated loans and club deals.

The Group constantly seeks out new funding arrangements to further boost its financial capabilities towards driving new project initiatives in line with its long-term strategic business plan.

Organisational Risks

The Group is acutely aware of risks associated with its human capital management programs, comprising talent attrition, competencies and capabilities concerns, skills shortages, fragmented succession planning to critical positions and less than optimal consequence management. These risks threaten the sustainability and continued performance of Business Sectors and Operating Units within the Group.

To manage human capital risks, the Group has put in place manpower rationalisation initiatives, followed by talent review and profiling sessions, inclusive of job mapping and level restructuring programs. These programmes define and align the job accountabilities and responsibilities in tandem with the strategic goals and objectives of the Group.

Additionally, the Group is working on providing a more holistic program encompassing talent attraction initiatives through local, regional and international career fairs and roadshows, enhancing existing workshops and clinics on skills profiling and knowledge development training as well as providing improved coordination on employee retention reviews with Business Sector representatives.

Project & Investment Risks

Risks relating to projects and investments for new business initiatives are critically identified, assessed, analysed and incorporated into proposal papers for deliberation by the Management of DRB-HICOM Berhad prior to approval.

These endeavours are critical in ensuring proper and adequate safeguards are in place to address and mitigate potential risks that may derail the eventual execution and realisation of investment objectives. The mitigation plans for the identified risks are then incorporated into the delivery value chain and closely monitored throughout the project or investment life-cycle.

The Group conducts an in-depth assessment of risks associated with new business projects and investments undertaken by the Group. The assessment report, comprising identified risks and mitigation plans, forms part of the investment proposal paper reported to the Group Management Committee ("GMC"), chaired by the Group Managing Director, for deliberation and approval.

RISK MANAGEMENT

Cyber Security Risks

Advancement in technology has brought about significant challenges to businesses in the form of cyber intrusion and espionage, hacking, data theft, ransomware and phishing attacks all aimed at causing major disruption to business operations.

Specifically, at DRB-HICOM, cyber security risks create significant threats to the Group's businesses through unauthorised data breach impacting confidentiality, availability and integrity of information and services which could result in financial loss and tarnish the reputation of the Group.

The Group views cyber security risks seriously and has established a Cyber Security Committee in October 2018 to assist the GMC as well as BRSC in providing oversight responsibilities, with regards to the Group's cyber security programmes and initiatives.

The Group has taken a multi-faceted approach towards implementing key action items encompassing four elements, namely, security threat assessment, enforcement of Information Technology ("IT") security governance and policies, enforcement of critical data backup mechanisms and critical application systems performance tracking, to address and manage incidences relating to data breach and cyber threats.

Further to the above, the Group conducts periodic cyber security awareness campaigns and assessment of cyber defence systems across the Group in accordance with the Group's Cyber Security Framework and policies. All these initiatives form part of the controls and mitigation plans to address cyber security risks which are assessed and validated periodically.

Geopolitical Risks

Heightened trade tensions and uncertainties brought on by shifts in policy implementations amongst developed nations create significant geopolitical risks impacting businesses in the form of disruption to global supply chain networks, adverse volatility in key commodity prices, impositions of trade embargoes and tariffs, among others. Such conditions can severely undermine global trade and economic growth, adversely affecting investor confidence and sentiments across global markets.

The Group, in mitigating these risks, adopts a proactive stance by putting in place mechanisms to consistently monitor and assess geopolitical developments across global and regional markets in order to expeditiously develop and deploy counter measures to mitigate any adverse occurrences to safeguard the business interests of the Group.

RISK MITIGATION & MEASUREMENT

Risk Initiatives

The Group continues to expand and enhance its risk management initiatives through risk review and validation sessions held across all Business Sectors, Operating Units and Corporate Divisions on a quarterly basis. These sessions are aimed at addressing emerging risks as well as validating existing risks by evaluating the effectiveness and relevance of the controls in place and the management of action plans implemented to mitigate the likelihood of risk occurrence and severity of impacts. Action plans for all key risks are further assessed to ensure the timeliness of execution and are kept within resource limits.

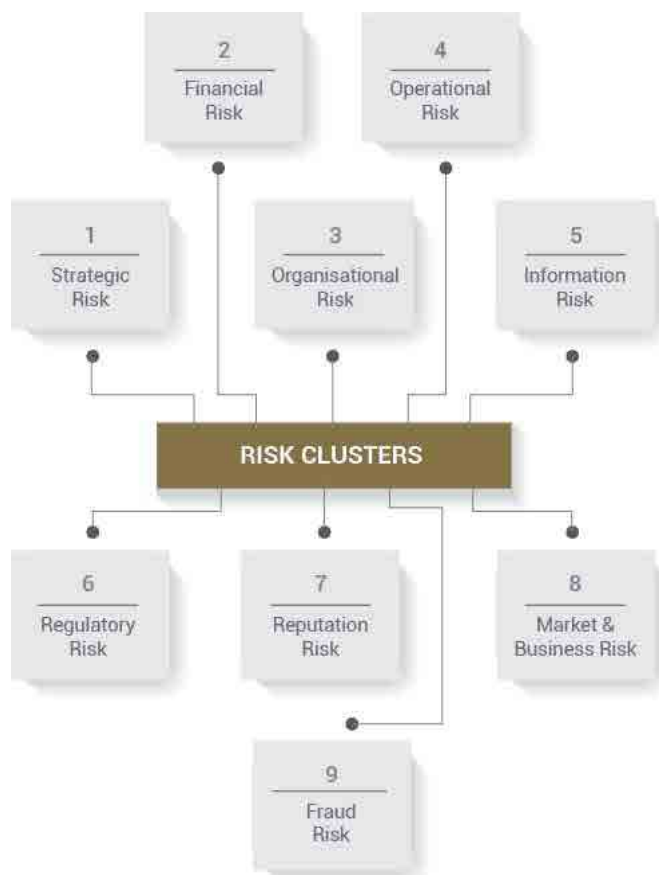
Risk Appetite

The risk appetite defines the value and type of risks that the Group is prepared to accept in pursuit of its strategic business objectives. It stipulates the level of tolerance and limits established to govern and manage the Group's risk-taking activities.

The Group's risk appetite serves as a benchmark for all Business Sectors, Operating Units and Corporate Divisions to develop risk tolerances and limits in accordance with their specific business/operational requirements and objectives. Monitoring of key risk exposures is then performed through the analysis of the risk tolerances set against monthly business and performance trends at the respective Business Sectors, Operating Units and Corporate Divisions. As part of the enhancement initiatives, a set of risk appetite parameters has been developed to measure and quantify the impact severity of the Group's Top Key Risks.

Business Risk Clusters

DRB-HICOM Group Risk Management, Sustainability & SHE Division continuously introduces new and effective approaches in strengthening and enhancing the risk intelligence process through the establishment of business risk clusters. The risk clustering methodology provides a more holistic perspective towards providing a spectrum of key risk areas to be managed.



Key objectives of the risk clustering approach are:

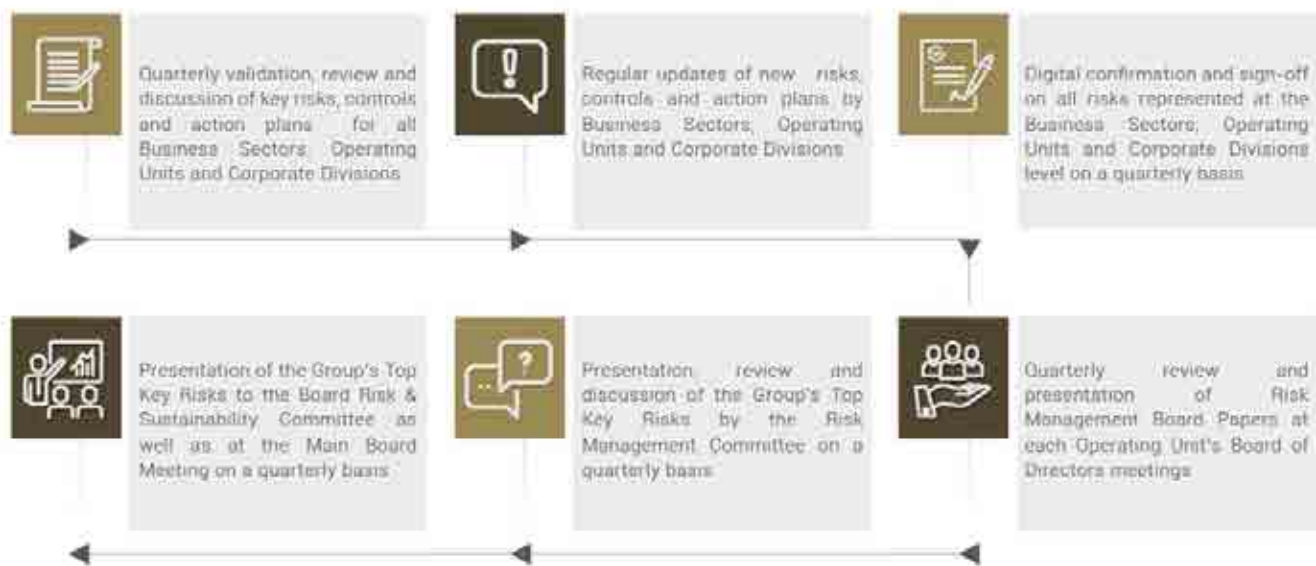
- Providing a clear and direct linkage between risk and reward measurement by reconciling business objectives against identified key risks;
- Prioritising key risks to be managed through data analytics that provide quantified exposure values;
- Monitoring and assessing the adequacy, timeliness and effectiveness of action plans in managing pertinent key business risks;
- Anticipating future events/emerging risks via trend analysis;
- Performing statistical data analysis for better-informed decision-making processes;
- Managing risks and assessing the relevancy of the risk appetites in tandem with changes to the business environment and regulations;
- Nurturing and instilling concerted efforts in managing risks within specific Business Sectors; and
- Fostering proactive risk management and risk awareness across the Group.

TRAINING & DEVELOPMENT

The Group continues to enhance its risk management capabilities across all Business Sectors, Operating Units and Corporate Divisions. Risk review and validation sessions, awareness programs and discussion forums are facilitated and conducted by Group Risk Management, Sustainability & SHE Division on a quarterly basis to ensure continued effectiveness in the implementation of risk management processes.

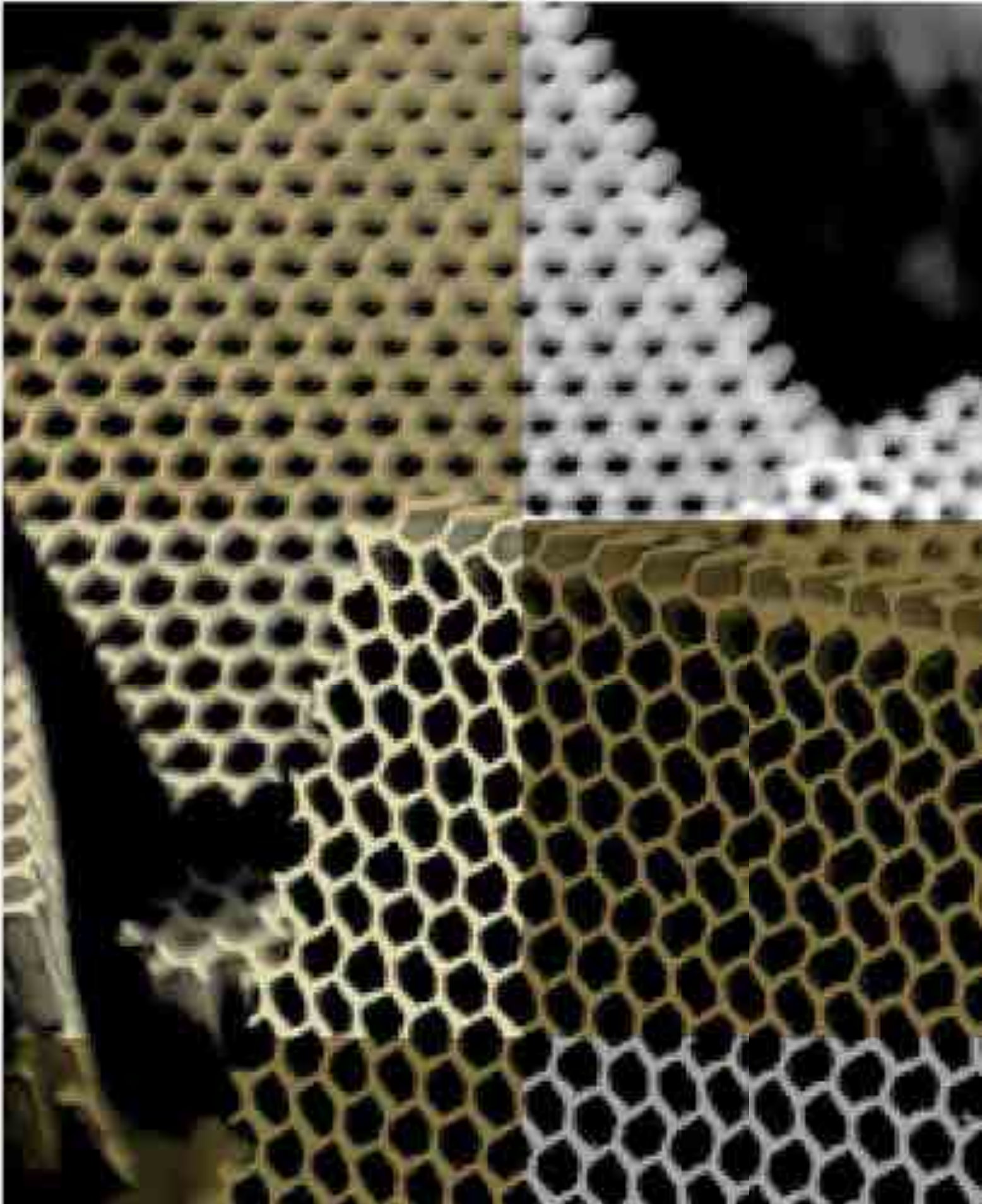
ENTERPRISE RISK REPORTING

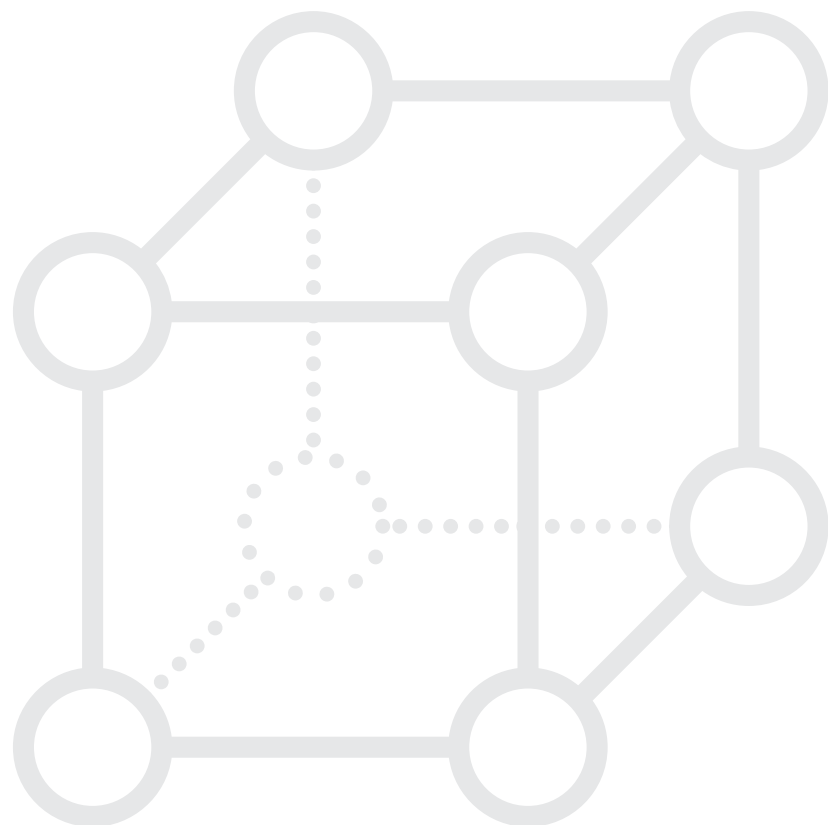
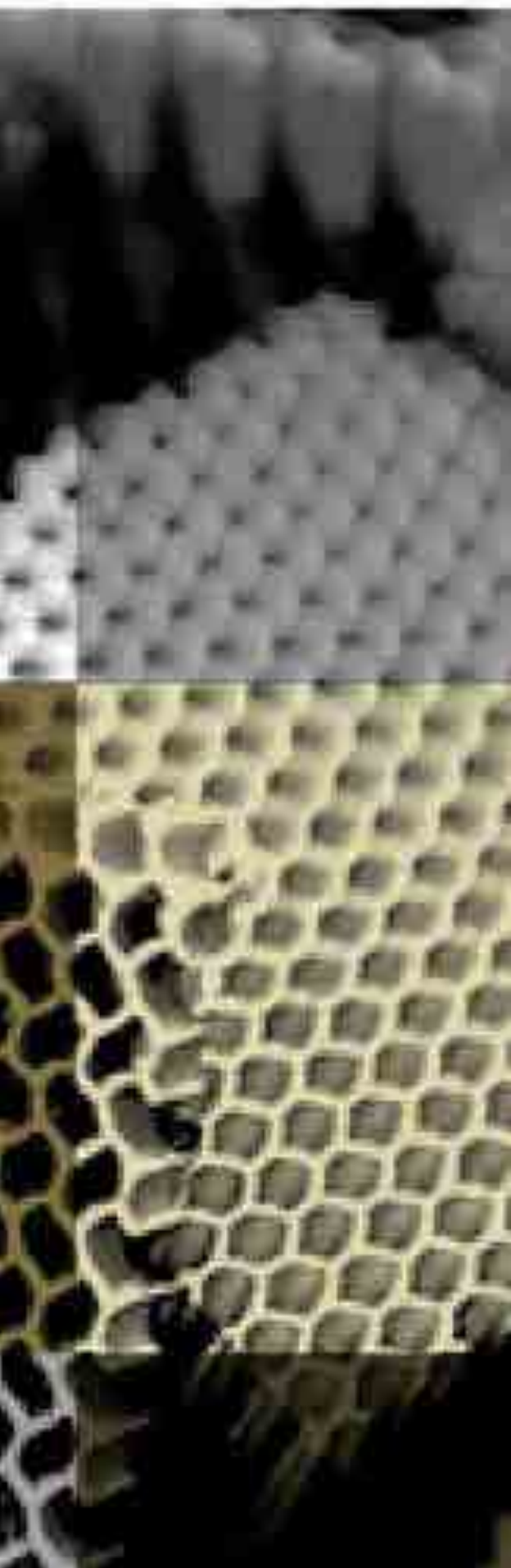
The Group's Enterprise Risk Management Process provides for regular review and reporting activities which take place every quarter. Such reports include an assessment on the significance of existing and emerging key risks impacting the Group's businesses as well as an evaluation of the effectiveness of controls and action plans put in place for additional controls. The key elements of the reporting process are shown in the below graph:



MOVING FORWARD

In addressing and combatting emerging risks caused by numerous internal and external factors such as rapid technological advancements, market volatility, enforcement of new regulatory requirements and on-going global disputes, the Group will continue to expand resources to strengthen the risk culture and inculcate a positive risk mindset to ensure that risk remains a key management priority and forms a critical component in the daily execution of tasks and decision making across all subsidiaries and Operating Units within the Group.





PERSPECTIVE

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CHAIRMAN'S MESSAGE

Dear Shareholders,

This edition of the DRB-HICOM Annual Report is presented to you at a time of profound global change and uncertainty where business leaders are considering past lessons, both distant and recent, as we deliberate the future constructively and plan for the next normal which will involve immense transitional challenges.



PERFORMANCE DURING THE PERIOD

Our focus on growth through the emphasis of building our business in a sustainable and considerate manner and driven by the quality of our products and services has enabled the DRB-HICOM Group to record a profit before tax of RM472.5 million for the financial period ended 31 December 2019, driven mainly by the growth in the Group's revenue. The Group's Automotive Sector led the growth, which innovates and adapts its products portfolio to changing consumers' needs, behaviours and lifestyles, in conjunction with purposeful sales and marketing activities. The efforts and initiatives on these key advancement drivers allowed the Group to record satisfactory domestic growth and market share in a number of our brands' categories.

In the Services Sector, the operating landscape continues to be challenging and notwithstanding such demands, the transformation agenda for the Sector persists in order to considerably elevate the overall service levels and customers' experience. In the Properties Sector, while revenue is correlated to the different phases of construction and completion, we continue to make the necessary progress in driving the business efficiencies and balanced costs savings in order to enhance flexibility and resilience for enduring success.

OUTLOOK: STRIVING TO THRIVE IN UNPRECEDENTED TIMES

The current pandemic crisis has broad reverberations across the globe and is cutting across all sectors as it compels companies, organisations and institutions to make significant changes in the way they operate. We are all affected by this global pandemic which has led to devastating health consequences, multiple social restrictions and substantial economic uncertainties. Nonetheless, there continue to be rays of hope for recovery and better times ahead.

Our DRB-HICOM history provides us with a sense of perspective, whereby we have a long history of navigating a myriad of challenges. We have come through both surviving and thriving due to our strong shared values where we believe in excellence, decorum, teamwork, integrity, innovation, quality and transparency in all that we do. While our performance in this financial period has been respectable, contributed mainly by our Automotive Sector, going forward, our imperatives and endeavours to address these adversities may involve difficult decisions impacting our performance in the interim as we chart the path to recovery. Rest assured that we are working hard to ensure that our businesses, though disrupted, do not stop and in doing so, we continue to build effective long-term solutions to further strengthen our foundation and continue to demonstrate the values that we generate for our stakeholders.

At DRB-HICOM, we focus on the roles and veracity of our leaders at these times of disruption and the continuing importance of building resilience and efficiency, and afterward we are ardent to persistently explore sustainable re-growth opportunities, so as to continue to thrive in the midst of a high pressured, fast paced and continuous changing environment.



At the onset, we direct our efforts on risk management practices to ensure our people are safe and to limit the downside. We thenceforth reassess the business models and the strategic assumptions underlying our businesses amidst evolving industry structures, consumer behaviours, market positions and sectors attractiveness. We refocus our strategic execution to thrive in turbulent times, continuing to place the customers and our key stakeholders at the core, while bringing the organisation along, adjusting and accelerating our rate of learning as we move forward and always, in conformance to our highest ethical standards and shared values.

It is important to emphasise that our commitment to our shareholders and all our stakeholders remains as strong and as robust as ever and this underlines a solid determination, grit and courage within the entire DRB-HICOM Group. There is a way forward and together, we will stay the course in the new normal.

ACKNOWLEDGEMENTS

We are immensely grateful to all our stakeholders for their continuing support and trust in the DRB-HICOM Group and look forward to further strengthening our relationships.

I would also like to extend the Board's deep appreciation to Dato' Siti Fatimah Daud who resigned from the Board on 15 November 2019, and also to Tee Beng Thong who left the Board on 29 May 2020, for their guidance, contribution and insights throughout their tenure with the DRB-HICOM Board and would like to wish them continuing success and fulfilment in their respective roles.

In closing, my ongoing appreciation to the Board, the Management Team and all Warga DRB-HICOM Group of Companies for the relentless involvement and commitment to the hard work that is involved in continually building the DRB-HICOM Group. And it is also with great honour that I would like to acknowledge each and everyone's efforts and accomplishments in this period of performance, and also everyone's potential to achieve better, collaboratively, in the future.

Thank you.

Sincerely and with gratitude

Mohammad Zainal Shaari