



TAN CHONG MOTOR HOLDINGS BERHAD
(12969-P)

A N N U A L R E P O R T 2 0 1 3

42nd

Annual General Meeting of
TAN CHONG MOTOR
HOLDINGS BERHAD will be
held at Pacific Ballroom,
Level 2, Seri Pacific Hotel
Kuala Lumpur, Jalan Putra,
50350 Kuala Lumpur,
Malaysia on Wednesday,
28 May 2014 at 3:00 p.m.





CONTENTS

02	Corporate Information
03	Business Divisions
05	Report of the Board of Directors
09	8 Years Financial Highlights
10	Profile of Directors
13	Corporate Social Responsibility Report
16	Corporate Governance Statement
25	Internal Control Statement
27	Other Statements and Disclosures
28	Audit Committee Report
31	Daily Share Price & Volume Traded on Bursa Malaysia Securities Berhad
33	Financial Statements
149	Ten Largest Properties of the Group
150	Shareholders' Statistics
153	Notice of Annual General Meeting

Form of Proxy



Corporate Information

Directors

Dato' Tan Heng Chew
*Executive Deputy Chairman
and Group Managing Director*

Dato' Ng Mann Cheong
Senior Independent Non-Executive Director

Dato' Haji Kamaruddin @ Abas bin Nordin
Independent Non-Executive Director

Seow Thiam Fatt
Independent Non-Executive Director

Siew Kah Toong
Independent Non-Executive Director

Dato' Khor Swee Wah @ Koh Bee Leng
Executive Director

Ling Ou Long @ Ling Wu Long
Executive Director

Ho Wai Ming
Executive Director

Audit Committee

Seow Thiam Fatt (*Chairman*)
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Siew Kah Toong

Nominating Committee

Dato' Ng Mann Cheong (*Chairman*)
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt
Siew Kah Toong

Board Risk Management Committee

Siew Kah Toong (*Chairman*)
Dato' Ng Mann Cheong
Dato' Haji Kamaruddin @ Abas bin Nordin
Seow Thiam Fatt
Dato' Tan Heng Chew
(*Alternate: Ling Ou Long @
Ling Wu Long*)

Company Secretaries

Lee Kwee Cheng
Yap Bee Lee
Chang Pie Hoon

Registered Address

62-68 Jalan Ipoh
51200 Kuala Lumpur
Telephone : (03) 4047 8888
Facsimile : (03) 4047 8636
Website : www.tanchong.com.my
E-mail : tcmh@tanchong.com.my

Registrars

Tricor Investor Services Sdn Bhd
Level 17, The Gardens North Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
Telephone : (03) 2264 3883
Facsimile : (03) 2282 1886
E-mail : is.enquiry@my.tricorglobal.com

Auditors

KPMG

Listing

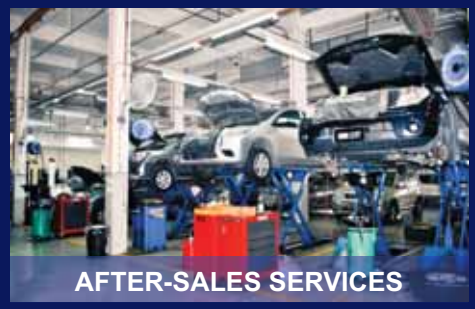
Bursa Malaysia Securities Berhad
(Listed on the Main Board on 4 February
1974)



Business Divisions



- Motor Vehicles



- Spare Parts
- Workshop



- Management and Investment



- Passenger Cars
- Light Commercial Vehicles
- Trucks
- Buses



- Hire Purchase
- Leasing
- Insurance Agency
- Money Lending



- Skilled-based training
Automotive; Alternative Energy; Sales & Marketing; Hospitality; Hairdressing
- Post Graduate Education & Research
MBA; MSc; MEng; Corporate Training



NISSAN ALMERA

NISSAN ALMERA NISMO PERFORMANCE PACKAGE

There's plenty to ensure a comfortable drive all the way, but that's just one thing to be excited about. Nissan Almera Nismo Performance Package treatment enhances the performance of your ride further with a touch of sportiness. It's a sedan infused with racing DNA for your driving pleasure.

Report of the Board of Directors

Dear Shareholders,

We are pleased to present Tan Chong Motor Holdings Berhad's Annual Report for the financial year ended 31 December 2013.

As we entered 2013, Tan Chong Motor Group witnessed a year marked with continuing uncertainties in the global economy that was still facing headwinds on the road towards economic recovery.

The Malaysian automotive sector hit some bumps along the road in 2013. In the first half 2013, there was a growing market perception of potential car price reduction which caused many consumers to adopt a wait-and-see approach in their buying decisions. This gained traction during the run-up to the 13th General Elections held in May 2013 coupled with the anticipation of the long awaited announcement on the revised National Automotive Policy.

In spite of the challenging business environment faced by Tan Chong Motor Group both in Malaysia and the regional countries, the Group has delivered a commendable set of results for 2013 with some notable achievements for the Group.

We continue with our aspirations to build our foundation steadily in Asean with investments into various strategic locations. We remain committed to our goals and our roots as a truly Malaysian home-grown company while continue branching out across the Asean countries as a regional automotive player. Despite the bumpy ride on the road to regional expansion, we remain confident in the future of Asean and its potential to turn into the world's next economic powerhouse in the coming years. Tan Chong Motor Group must be ready to ride the next wave of economic growth to drive our Group forward.

Review of Financial Performance

**Revenue: up 27% to RM5,198 million
Profit before tax: up 60% to RM360 million
Net Profit: up 44% to RM236 million
Net assets per share: up 38% to RM4.15
Return on shareholders' equity: 10.7%**

We are delighted to inform that for the first time, Tan Chong Motor Group's revenue has crossed the RM5 billion threshold with recorded revenue of RM5,198 million. This is an increase of 27% compared to RM4,088 million recorded last year.

Profit before tax was RM360 million. This is a jump of 60% in comparison to financial year (FY) 2012 profit before tax of RM225 million. Profit attributable to shareholders increased by 51% to RM251 million in 2013 (RM165.9 million in 2012). This was in spite of the RM56 million (equivalent to USD16.98 million) tax provision for Nissan Vietnam Co. Ltd. Earnings per share (EPS) for the year stands at 38.44 sen compared to 25.41 sen in FY 2012.

The Group continues to maintain a healthy financial position with shareholders' funds at RM2,708 million, cash and cash equivalents of RM313 million and net gearing ratio of 0.36 times of shareholders' funds as at 31 December 2013. Net assets per share remain healthy at RM4.15 (up 38% from FY 2012). The Group undertook a revaluation exercise on its properties to reflect their current market value. This has resulted in an increase of RM620 million to the net assets or equivalent to RM0.95 per share. The revalued properties consist of buildings, leasehold land and freehold land situated in Malaysia, Vietnam and Laos.

Inventories stood at RM1,726 million (up 22% from FY 2012). CKD vehicle packs for Nissan Almera, New Nissan Grand Livina and CBU Serena Hybrid made up a substantial portion of the inventories in order to meet customers' bookings.

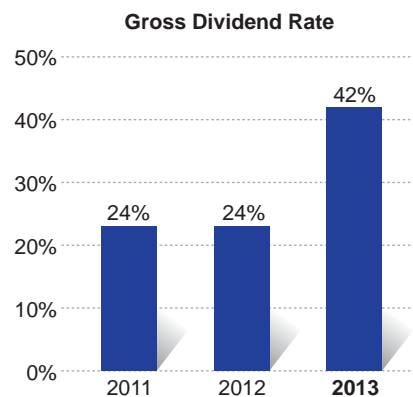


Danang Assembly Plant

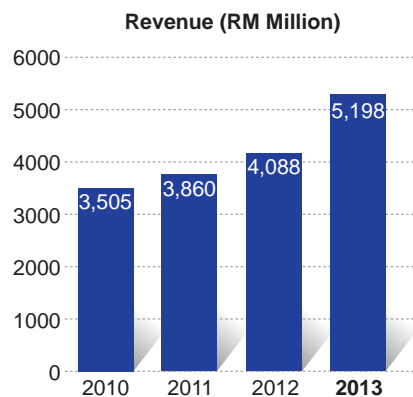
Report of the Board of Directors

Dividends

The Board recommends the payment of final single tier dividend of 12% (2012 : 12% less tax of 25%) for shareholders' approval at the forthcoming Annual General Meeting. Combined with the earlier interim dividend of 12% less tax of 25% (2012: 12% less tax of 25%) and special dividend of 18% less tax of 25% (2012: Nil) paid on 30 September 2013, the total net dividend for the year is 17.25 sen per share (2012 : 9 sen per share). The net dividend payment for FY 2013 will be RM112.6 million.



Review of Operating Performance



Reflecting on 2013, the year was filled with challenges for Tan Chong Motor Group as we continue our journey striving for growth in Malaysia and regional expansion into the neighbouring emerging-countries in Asean.

Nevertheless, FY 2013 will go down in the Group's history as a milestone year where the Group achieved many firsts. This year was momentous for Tan Chong Motor Group such as setting a new benchmark for highest number of Nissan vehicles delivered in Malaysia and the Group's first overseas automotive assembly plant in Vietnam commenced operations.

While these are milestones to our achievements, it is by no means the finishing line. Tan Chong Motor Group takes cognisance of the fact we cannot rest on our laurels and must continue to strive to earn our success every day, especially in a challenging environment leading into 2014 with rising costs, highly competitive market place and increasingly discerning customers.

Vehicle Assembly, Manufacturing, Distribution & After-sales Services (automotive)

The sales of new motor vehicles in Malaysia or Total Industry Volume (TIV) in 2013 recorded a high of 655,793 units of vehicles, representing an increase of 4.5% from 2012. [source: *Malaysian Automotive Association (MAA)*]. The automotive industry was staging a recovery mode after the impact from the 2011 Thailand floods on the automotive supply chain has subsided.

On the domestic front, the Group has achieved a new milestone with 53,231 motor vehicles delivered to customers all over Malaysia in 2013. This is in spite of the consumers' cautious sentiments to purchase new vehicles due to perception of car prices reduction in the run-up to the 13th General Election and the highly anticipated National Automotive Policy announcement. Nissan continued to maintain the No. 2 spot in the non-national cars segment with a market share of 8.1%. The Nissan Almera continues to enjoy favourable response from the market due to its many unique selling points that are highly attractive to customers looking for cars in the B-segment market. The ever popular, new Nissan Grand Livina was

also given a fresh new look and launched at the tail end of third quarter 2013.

The Vietnamese automotive industry has shown budding signs of stabilisation and was slowly recovering from the weak market in 2012. In June 2013, we witnessed the birth of the first Nissan Sunny (known as Almera in Malaysia) as it rolled out of our newly-completed automotive assembly plant in Danang City, Vietnam. The assembly plant enables the Group to establish a strategic foothold in Vietnam and brings us closer to their domestic market.

The Group's revenue from Vietnam was RM179 million (2012 : RM102 million). The Vietnam operations have yet to yield any profit in 2013 as the country endeavours to tame inflation, weaken Vietnamese Dong and to regain economic stability. The Group's profit before tax has taken into consideration the RM56 million (equivalent to USD16.98 million) provision for customs taxes for Nissan Vietnam Co. Ltd. There is no tax payment made to-date as this matter is still pending appeals to the relevant Vietnamese authorities.

Elsewhere in the Asean region, the industry was abuzz with the potential business opportunities available with the opening of the Myanmar market, the last of the emerging market within this region. In September 2013, Tan Chong Motor Group and Nissan Motor Co. Ltd jointly announced the approval of a license to a subsidiary of the Company to assemble and distribute Nissan motor vehicles in Myanmar. This further solidifies the strategic partnership between the Group and Nissan Motor Co. Ltd in the Asean region covering Malaysia, Vietnam, Laos, Cambodia and now Myanmar.

Financial Services (hire purchase and insurance)

Although the performance of the financial services division remains strong, it was affected by consumers' wait-and-see sentiments on buying new motor vehicles.

Report of the Board of Directors



Danang Assembly Plant opening ceremony on 11 June 2013



First Nissan Sunny roll out on 11 June 2013



His Excellency, Mr. Nguyen Phu Trong, General Secretary of Communist Party of Vietnam visit on 18 March 2014

The financial services division recorded a decrease of 4.4% in revenue and 13% EBITDA respectively. Loan growth was 48%.

The Group continuously monitors its gearing position to maintain it at a manageable level balancing between increase in borrowings and inventory level against growth in motor vehicles sales. RM194 million was issued as Note series 2013 under the Asset-Backed Securitisation programme for hire purchase receivables, and monetising the hire purchase receivables into cash on 2 December 2013.

Prospects and Strategic Directions Going Forward

We are cautiously anticipating moderate to low growth in the 2014 domestic automotive market. This is in tandem with consumers' sentiments on cautious spending following increase in cost of living and subsidies rationalisation. In a recent report, Bank Negara Malaysia has indicated the Malaysian economic growth outlook for 2014 to be 4.5% - 5.0% (2013 : 4.7%). Headline inflation is expected to range 3% - 4% in 2014 due to domestic cost-push factors. The rising costs of living could dampen consumers' appetite to spend on big-ticket items such as motor cars. The domestic automotive landscape will witness heightened competition to defend market share in such an environment.

The National Automotive Policy (NAP) announced on 20 January 2014 has set

the nation's automotive agenda for the coming years focusing on Energy Efficient Vehicles (EEV). This is a long term policy which we must have deeper understanding and work towards it.

2014 will be a challenging year on several fronts with weaker Ringgit resulting in higher imported knock-down kits costs, higher operating costs from sales and marketing activities and the cost of administering a wider geographical footprint.

The Group will continue to focus on improvement measures for cost efficiency and productivity to prepare for the challenges in 2014. We will continue to deliver end-to-end quality automotive product offerings and after-sales services experience to our customers by giving greater focus to the various regions in Malaysia. Nurturing human capital is one of the focus within the Group to create a stronger foundation in Malaysia to take on the challenges.

In the longer term, Tan Chong Motor Group remains committed to its overarching strategic approach to increase its market share by expanding the foot-prints in the domestic and regional markets. Although faced with the challenges of operating in new market environments and at times, geo-political uncertainties, we are indeed grateful as these opportunities provide us with the platform to build our foundation overseas by learning and growing with these emerging markets. We will continue to adopt a meticulous and calculated

approach towards the Group's expansion and investment plans into the regional markets. We are optimistic that the emerging markets with its young and vibrant growing middle class population would provide the impetus to propel the Asean region forward to the next level of economic growth. And we want to be ready to ride this wave.

Acknowledgment

The Board extends its thanks to all management and staff of Tan Chong Motor Group for their hard work, dedication and commitment, without which the Group would not have been able to realise the achievements highlighted in this report.

The Board also wishes to express its appreciation to the valued principals, customers, business partners and loyal shareholders for their confidence in the Group and looks forward to their continuous support in the years to come.

To my fellow Board members, I would like to express my gratitude for your valued advice, guidance and contribution to the Group.

On behalf of the Board,

Dato' Tan Heng Chew

Executive Deputy Chairman and Group Managing Director

18 April 2014



INFINITI Q50



Be driven by desire. Revel in it, and reveal the sensory delights of luxury focused on feel. The all-new Infiniti Q50 is designed for these delights. It delivers them with high performance intensity and state-of-the-art originality. Luxury has found its future. Time to indulge.

8 Years Financial Highlights

	2013 RM'000	2012 RM'000	2011 RM'000	2010 RM'000	2009 RM'000	2008 RM'000	2007 RM'000	2006 RM'000
RESULTS								
Revenue	5,198,491	4,087,883	3,860,071	3,505,248	2,856,886	3,195,826	1,863,177	2,109,039
Profit before tax	360,122	225,351	305,033	322,753	177,226	307,210	123,074	85,956
Tax expense	(124,495)	(61,803)	(89,612)	(91,666)	(22,922)	(61,489)	(22,934)	(24,871)
Profit for the financial year	235,627	163,548	215,421	231,087	154,304	245,721	100,140	61,085
Profit attributable to:								
Owners of the Company	250,952	165,855	216,144	229,740	153,326	245,802	99,568	59,968
Non-controlling interests	(15,325)	(2,307)	(723)	1,347	978	(81)	572	1,117
STATEMENT OF FINANCIAL POSITION								
Assets								
Property, plant and equipment	1,693,133	858,730	675,779	618,388	584,941	592,837	581,806	449,532
Investment properties	44,671	51,979	17,558	10,490	10,582	10,692	10,803	10,913
Prepaid lease payments	24,270	16,535	11,357	-	-	-	-	-
Intangible assets - Goodwill	14,592	13,944	14,448	14,191	-	-	-	-
Equity-accounted investees	33,918	30,409	19,791	18,920	18,281	18,212	17,824	17,100
Other investments, including derivatives	1	1	1,807	1,807	1,806	5,806	5,806	5,806
Deferred tax assets	26,397	24,339	14,520	12,090	4,881	4,501	5,385	9,042
Hire purchase receivables	376,451	251,153	386,788	284,554	312,811	165,331	116,686	157,281
Finance lease receivables	1,504	2,378	1,440	3,945	7,116	3,633	5,405	5,684
Total non-current assets	2,214,937	1,249,468	1,143,488	964,385	940,418	801,012	743,715	655,358
Current assets	2,767,454	2,716,737	1,893,421	1,781,634	1,524,964	1,450,408	1,201,205	1,275,258
Total Assets	4,982,391	3,966,205	3,036,909	2,746,019	2,465,382	2,251,420	1,944,920	1,930,616
Equity and Liabilities								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	2,397,733	1,656,023	1,529,650	1,371,376	1,202,549	1,098,485	902,160	831,460
Treasury shares	(24,809)	(24,795)	(24,786)	(24,778)	(24,777)	(13,024)	(5,561)	(4,090)
Total equity attributable to owners of the Company	2,708,924	1,967,228	1,840,864	1,682,598	1,513,772	1,421,461	1,232,599	1,163,370
Non-controlling interests	(6,761)	2,638	8,310	8,639	4,406	3,557	3,743	18,995
Total equity	2,702,163	1,969,866	1,849,174	1,691,237	1,518,178	1,425,018	1,236,342	1,182,365
Non-current liabilities	491,679	412,471	336,347	409,147	291,545	226,290	328,730	377,001
Current liabilities	1,788,549	1,583,868	851,388	645,635	655,659	600,112	379,848	371,250
Total Equity and Liabilities	4,982,391	3,966,205	3,036,909	2,746,019	2,465,382	2,251,420	1,944,920	1,930,616
FINANCIAL STATISTICS								
Basic earnings per share (sen)	38.44	25.41	33.11	35.19	23.42	36.90	14.91	8.96
Gross dividend per share (sen)	21.00	12.00	12.00	12.00	11.00	10.00	7.50	5.00
Net assets per share (RM)	4.15	3.01	2.82	2.58	2.32	2.15	1.85	1.74
Return on invested capital (%)	9.26%	8.88%	12.85%	13.59%	10.48%	17.44%	7.71%	5.23%
Return on shareholders equity (%)	10.73%	8.71%	12.27%	14.38%	10.45%	18.52%	8.31%	5.19%
Net debt/Equity (%)	36.41%	29.54%	15.28%	15.84%	7.30%	17.83%	12.29%	20.83%

Profile of Directors

Dato' Tan Heng Chew

JP, DJMK

Dato' Tan Heng Chew, 67, a Malaysian, was appointed to the Board on 19 October 1985 and has been the Executive Deputy Chairman since 1 January 1999. Dato' Tan was re-designated as the Executive Deputy Chairman and Group Managing Director on 1 July 2012. He is a member of the Board Risk Management Committee.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Group of companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s.

Dato' Tan is the Executive Chairman of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad. He is the spouse of Dato' Khor Swee Wah @ Koh Bee Leng, an Executive Director of the Company. He is a major shareholder of the Company. He is also a director and shareholder of Tan Chong Consolidated Sdn Bhd, a major shareholder of the Company. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Ng Mann Cheong

DSSA, SMP, JP

Dato' Ng Mann Cheong, 69, a Malaysian, was appointed to the Board on 31 July 1998. He is the Senior Independent Non-Executive Director to whom concerns of fellow Directors, shareholders and other stakeholders may be conveyed. He is the Chairman of the Nominating Committee and a member of the Audit Committee and Board Risk Management Committee.

Dato' Ng is a Barrister at law (Middle Temple), Advocate and Solicitor, High Court of Malaya and has been admitted to practice in the jurisdictions of Singapore, Victoria and Western Australia. He has been in legal practice for more than 45 years and is a Senior Partner of Syed Alwi, Ng & Co. He is also the Legal Advisor of Malaysian Crime Prevention Foundation.

Dato' Ng also sits on the board of AmTrustee Berhad, AmMortgage One Berhad and was a past director of Port Klang Authority.

Dato' Haji Kamaruddin @ Abas bin Nordin

DSSA, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin, 75, a Malaysian, was appointed to the Board on 23 November 2001. He is an Independent Non-Executive Director, and a member of the Audit Committee, Nominating Committee and Board Risk Management Committee.

Dato' Haji Kamaruddin graduated from the University of Canterbury, New Zealand with a Master of Arts degree majoring in Economics in 1966. He joined the civil service upon his graduation and served the Government until he retired in 1993. During his tenure with the civil service, he held various senior positions, among them as Director, Industries Division in the MITI, Deputy Secretary General, Ministry of Works and Director-General of the Registration Department, Ministry of Home Affairs.

Dato' Haji Kamaruddin is also a director of APM Automotive Holdings Berhad and Lion Industries Corporation Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Seow Thiam Fatt

Seow Thiam Fatt, also known as Larry Seow, 73, a Malaysian, was appointed to the Board on 3 July 2002. He is an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Nominating Committee and Board Risk Management Committee.

Mr. Seow is a Fellow of CPA Australia, Fellow of the Institute of Chartered Secretaries and Administrators and past Fellow of the Institute of Chartered Accountants in Australia. He is also a member of the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants (MICPA). He is a past President of MICPA and also served four years as a government appointed Independent Director of the previous Kuala Lumpur Commodities Exchange (KLCE). He is a past Council Member of the Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) and is currently the Chairman of its Audit Committee.

Profile of Directors

Siew Kah Toong

Mr. Seow has more than 20 years' professional experience as a former Partner in the accounting firms of Larry Seow & Co, Moores Rowland and Arthur Young. He diverted from professional practice in 1994 and thereafter held various senior positions in the private and public sectors including his position as General Manager of the Financial Reporting Surveillance and Compliance Department of the Securities Commission of Malaysia.

He is also an Independent Non-Executive Director of Warisan TC Holdings Berhad and the Independent Non-Executive Chairman of Sersol Berhad. He was also an Independent Non-Executive Director of Affin Investment Bank Berhad from April 2004 to September 2011 and a past Independent Non-Executive Director of Malaysia Pacific Corporation Berhad, ING Insurance Berhad and ING Funds Berhad. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Siew Kah Toong, 59, a Malaysian, was appointed to the Board on 1 July 2010. He is an Independent Non-Executive Director, the Chairman of the Board Risk Management Committee and a member of the Audit Committee and Nominating Committee.

Mr. Siew is a member of the Malaysian Institute of Accountants (MIA), the Malaysian Institute of Certified Public Accountants (MICPA) and CPA Australia. He is also a member of the Practice Review Committee of the MIA and the Public Practice, Technical and Financial Statement Review Committees of MICPA. He had served as a Board member of the Financial Reporting Foundation for 2 terms and was a member of the Developing Nations Committee of the International Federation of Accountants (IFAC) for a term.

Mr. Siew joined Sekhar & Tan, Chartered Accountants, as its Managing Partner since beginning of 2009. Prior to that, he served as the Managing Partner of one of the leading accounting firms in Malaysia. He has many years of experience in auditing, financial reporting and corporate advisory and had served as the audit engagement partner on many public listed companies. Mr. Siew was also involved in the role of Special Administrator for various public listed companies pursuant to the Pengurusan Danaharta Nasional Berhad Act, 1998 and successfully restructured for re-listing. He served for 4 years as the Finance Director of Malaysian Mosaics Berhad where he was involved in the reorganisation of the Group, restructuring of banking and financing arrangements and mergers and acquisitions besides improving the financing reporting systems.

Mr. Siew is also an Independent Non-Executive Director of Emas Kiara Industries Berhad.

Profile of Directors

Dato' Khor Swee Wah @ Koh Bee Leng DJMK

Dato' Khor Swee Wah @ Koh Bee Leng, also known as Dato' Rosie Tan, 65, a Malaysian, was appointed to the Board on 22 March 2013. She is an Executive Director.

Dato' Rosie Tan graduated from the University of Newcastle, New South Wales, Australia with a Bachelor of Commerce (Accounting) degree in year 1970.

She began her career in the Treasury Department of Tan Chong Group after her graduation in 1970 and was subsequently appointed as Deputy Managing Director of Tan Chong & Sons Motor Company Sdn Bhd since 10 January 2004. During her over 40 years' stint in the Group, she managed the multi-currency exposure of the Group and introduced the use of various innovative hedging products as part of her effort in minimizing cost for the Group; set up the Group's Treasury Department and Human Capital Management Division; and transformed a manual and traditional organisation into IT process driven operations.

Dato' Rosie Tan leads an active life within and outside her profession. Over the years, she has established a name for herself in the Malaysian society for her involvement as the Honorary Treasurer (1994 - 1999) and Honorary Trustee (1999 - 2003) of the Malaysian Aids Foundation. She is also a Trustee of the Pink Triangle Foundation, a non-profit making organisation providing HIV Aids Education to the Malaysian society.

Dato' Rosie Tan is spouse of Dato' Tan Heng Chew, Executive Deputy Chairman and Group Managing Director and a major shareholder of Tan Chong Motor Holdings Berhad ("TCMH"). She has abstained from deliberating and voting in respect of transactions between the Group and related parties involving herself.

Ling Ou Long @ Ling Wu Long

Ling Ou Long @ Ling Wu Long, 69, a Malaysian, was appointed to the Board on 22 March 2013. He is an Executive Director and an alternate member to Dato' Tan Heng Chew in the Board Risk Management Committee.

Mr. Ling graduated from National Taiwan University with a Bachelor of Science Degree in Mechanical Engineering. He is a Professional Engineer registered with the Board of Engineers Malaysia and a member of the Institute of Engineers Malaysia.

Mr. Ling joined Tan Chong Group as an engineer in November 1970 to study parts localisation for the motor industry and subsequently became one of the pioneer members who established the Auto Parts Division of the Tan Chong Group. During his over 40 years' stint in the Tan Chong Group, Mr. Ling held several senior management positions including executive director of the press metal parts subsidiary and assembly plant company.

Ho Wai Ming

Ho Wai Ming, also known as Daniel Ho, 43, a Malaysian, was appointed to the Board on 22 March 2013. He is an Executive Director and Group Financial Controller.

Mr. Ho is a Fellow of the Association of Chartered Certified Accountants (ACCA), a Member of the Malaysian Institute of Accountants (MIA) and a Member of the Chartered Tax Institute of Malaysia (CTIM).

Mr. Ho has more than 20 years' experience in taxation, accounting and finance. He joined TCMH Group as Senior Manager (Taxation) in September 2005 and has risen to his current position of Executive Director and Group Financial Controller since 22 March 2013 and 1 April 2013 respectively. During his over 8 years stint in the Group, he has been involved in various financial and corporate management functions within the Group. Immediately prior to joining TCMH Group, he was a Senior Consultant of PricewaterhouseCoopers Taxation Services Sdn Bhd. He also served as an Accountant for the Bechtel Corporation's companies in Malaysia.

- Except for Dato' Tan Heng Chew and Dato' Khor Swee Wah @ Koh Bee Leng who are husband and wife, none of the other Directors has any family relationship with any Director and/or major shareholder of the Company.
- None of the Directors has convictions for any offences within the past 10 years.
- Except as disclosed in the Profile set out above, none of the Directors has any conflict of interest in any business arrangement involving the Company.
- The attendance of the Directors at board meetings held in 2013 is set out on page 20.

Corporate Social Responsibility Report



Corporate Social Responsibility (CSR) is an integral part of how Tan Chong Motor Holdings Berhad (TCMH) operates. We believe in supporting the community we operate in; giving to and helping others in need whilst providing an opportunity to improve their situation and well-being. Education is also an important focus of our CSR efforts for which we firmly believe will nurture talent that will be of benefit to our nation in the future.

The CSR activities undertaken by the Group in 2013 included the following:

Child Care Centre:

SJK (C) Sg. Chua, SJK (C) Sg. Way and Persatuan Kebajikan Kanak-Kanak Kajang

Entering its fifth year, the Group continues to support the Care Centre for Schoolchildren of Single Parent of SJK (C) Sg. Chua, Kajang and SJK (C) Sg. Way, Petaling Jaya. The objective of this project is to help schoolchildren of single parent who are neglected by their working parents. By providing these centres, the children will not be left unattended and allowed to loiter on the streets and be exposed to negative influences after school hours.

By continuing this programme in both schools, the schoolchildren are given the opportunity to thrive academically and socially. This programme proves that it has helped the schoolchildren to improve their academic performance and build their character. This programme has also seen a better self-esteem within the children.

As of 31 December 2013, there were a total of 39 schoolchildren benefitted from the programme in both schools.

The Group also adopted Persatuan Kebajikan Kanak-Kanak in Kajang which provides a safe, comfortable and conducive environment to underprivileged schoolchildren from broken and problematic families in the area. This newly adopted centre caters for 87 underprivileged schoolchildren in the area by providing balanced meals; counselling to the schoolchildren from broken families, alcoholic parents, social ills; and assistance in their schoolwork. The Group aims for the same success like the previously mentioned two schools.

Rumah Victory

Established in 1988, Rumah Victory is a non-profit organisation which provides community services especially in the area of drug eradication and rehabilitation. To further expand its scope of services to the community, an old folk's home was established to provide welfare assistance to the elderly.

The Group donated a refurbished Nissan Urvan to Rumah Victory which is located in Puchong when the Management received a request from the centre to replace its van that often broke down. This van would allow the elderly under its care to safely attend the hospital appointments without any delay.

Pusat Dialisis Kurnia Petaling Jaya

It has been reported that kidney failure has been increasing at an alarming rate of 4,000 Malaysians being diagnosed every year, mostly due to diabetes, high blood pressure and unhealthy lifestyles.

Persatuan Dialisis Kurnia Petaling Jaya was set up in 2001 in response to the Government's call for more haemodialysis centres to help cope with the rising number of patients with end-stage renal failure throughout the nation.

In view of the high maintenance cost of the dialysis machines and as well as the increasing number of patients who are unable to undertake the full cost of each treatment, the Group has again contributed RM10,000 towards this cause to assist the underprivileged patients in alleviating the costs for dialysis treatments.

Long Service Award and Chairman's Award 2013

Organized on 12 December 2013, the Long Service Award honoured and awarded employees who served and persevered in Tan Chong through the years. A total of 233 employees were awarded for their long service with the Group in year 2013.

At the same time, the Chairman's Award was held to honour children of employees who had achieved academic excellence in their UPSR, PMR, SPM & STPM examinations. A total of 93 bright children were awarded for their outstanding results in the examinations.

Corporate Social Responsibility Report



Chinese Ethnic Song and Dance Gala Show-supported by the Ministry of Tourism and Culture Malaysia and Cultural Office of the Embassy of the People's Republic of China in Malaysia

Apart from rendering support to efforts made towards education as well as community support, the Group also supports the preservation of cultural heritage. The Group firmly believes that one's cultural background must always be acknowledged and preserved.

With this, the Group contributed RM34,000 towards the Chinese Ethnic Song & Dance Gala Show at Istana Budaya. The event showcased dance troupes and a colourful display of custom designed costumes from all Chinese ethnic groups in China and Malaysia. Additionally, the Gala Show also marked the China-Malaysia bilateral relations which celebrate its 40th anniversary in 2014.

Insaf Malaysia-Tampal Rumah Programme for Orang Asli

Insaf Malaysia approached the Group for assistance to rebuild houses for two Orang Asli families in Kampung Gumum, Pahang under its *Tampal Rumah* Program.

The Group decided to support the rebuilding project towards providing a safe and comfortable home environment for the two families. A donation of RM30,000 was given to fully rebuild the houses under Insaf Malaysia's *Tampal Rumah* Program. A shelter cluster team of 13 volunteers worked day and night and completed building both houses in less than 7 days.

Employee Voluntary Programme – “Bettering Lives”

The Group's efforts to give back to the community have also rubbed off to its employees. A committee which calls themselves “Bettering Lives” is a voluntary programme that encourages employees of the Group to participate in CSR activities.

The Bettering Lives team held a charity sales drive to raise money to bring the schoolchildren from SJK (C) Sg Chua for a day trip. They managed to raise about RM6,000. In September, the Bettering Lives team took the schoolchildren from SJK (C) Sg Chua for a day trip to Petrosains in Petronas Twin Towers. The children were also treated to lunch in KLCC.

In December, the month of giving, the Bettering Lives put up a Christmas tree in the head office with a wish list of food items for the Lighthouse Children Welfare Home Association, Kuala Lumpur & Selangor. Employees of the Group were very generous and all items in the wish list were signed up within a week after the tree was put up. After collecting the food items from their generous colleagues, the Bettering Lives team brought Christmas cheers to the children at the home bearing gifts and spending some quality time with them.

Lighthouse Children Welfare Home is a home for underprivileged and orphaned children which is run by a couple.

Nong Song Hong School, Laos People's Democratic Republic

As the Group expanded its footprint into the Indo-China region, Tan Chong Motor (Lao) Co. Ltd., a wholly-owned subsidiary of TCMH was appointed the exclusive distributor of Nissan brand completely built-up vehicles in Laos, in 2010. Besides the focus on building the Group's business in Laos, our commitment to the society in which we operate in is never overlooked.

Nong Song Hong School in Vientiane, Laos is located within a community of four small farming villages living in close proximity and catering to the education needs of students from surrounding villages.

We believe that every child deserves a proper education and a conducive learning environment to study in and donated essential school supplies such as desktop computers, ceiling fans, tables and storage cabinets worth USD2,000.00 to the school.



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Corporate Governance Statement

The Board of Tan Chong Motor Holdings Berhad (“Company”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Directors consider corporate governance to be synonymous with four key concepts, namely transparency, accountability, integrity as well as corporate performance.

As such, the Board seeks to embed in the Group a culture that aims to balance conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This corporate governance statement (“Statement”) sets out how the Company has applied the 8 Principles of the Malaysian Code on Corporate Governance 2012 (“MCCG 2012”) and observed the 26 Recommendations supporting the Principles during the financial year. Where a specific Recommendation of the MCCG 2012 has not been observed during the financial year under review, the non-observation, including the reasons thereof and, where appropriate, the alternative practice, if any, is mentioned in this Statement.

Principle 1 - Establish clear Roles and Responsibilities of the Board and Management

The Board recognises the key role it plays in charting the strategic direction of the Company and has assumed the following principal responsibilities in discharging its fiduciary and leadership functions:

- reviewing and adopting a strategic plan for the Company, addressing the sustainability of the Group’s business;
- overseeing the conduct of the Group’s business and evaluating whether or not its businesses are being properly managed;
- identifying principal business risks faced by the Group and ensuring the implementation of appropriate internal controls and mitigating measures to address such risks;
- ensuring that all candidates appointed to senior management positions are of sufficient calibre, including having in place a process to provide for the orderly succession of senior management personnel and members of the Board;
- overseeing the development and implementation of a shareholder communications policy; and
- reviewing the adequacy and integrity of the Group’s internal control and management information systems.

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

(i) Board Charter

To enhance accountability, the Board has established clear functions reserved for the Board and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, the approval of annual budgets, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group’s financial and operating performance. Such delineation of roles is clearly set out in the Board Charter (“Charter”), which serves as a reference point for Board activities. The Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. Salient features of the Charter are published on the Company’s website at www.tanchong.com.my in line with Recommendation 1.7 of the MCCG 2012.

(ii) Code of Ethics

The Board has formalized a Directors’ Code of Ethics, setting out the standards of conduct expected from Directors. The Directors’ Code of Ethics is published on the Company’s website at www.tanchong.com.my. To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, which has been communicated to all levels of employees in the Group.

The Board has also formalised a Special Complaints Policy, which is equivalent to a whistle-blowing policy, with the aim to provide an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Corporate Governance Statement

(iii) Sustainability of Business

The Board is mindful of the importance of business sustainability and, in conducting the Group's business, the impact on the environmental, social and governance aspects is taken into consideration. The Group also embraces sustainability in its operations and supply chain, through its own actions as well as in partnership with its stakeholders, including suppliers, customers and other organizations.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on pages 13 and 14 of this Annual Report.

(iv) Access to Information and Advice

Directors are supplied with relevant information and reports on financial, operational, corporate, regulatory, business development and audit matters for decisions to be made on an informed basis and effective discharge of the Board's responsibilities.

Procedures have been established for timely dissemination of Board and Board Committee papers to all Directors at least seven (7) days prior to the Board and Board Committee meetings, to facilitate decision making by the Board and to deal with matters arising from such meetings. Senior Management of the Group and external advisers are invited to attend Board meetings to provide additional insights and professional views, advice and explanations on specific items on the meeting agenda. Besides direct access to Management, Directors may obtain independent professional advice at the Company's expense, if considered necessary, in accordance with established procedures set out in the Charter in furtherance of their duties.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

Principle 2 - Strengthen Composition of the Board

The Board consists of eight (8) members, comprising four (4) Executive Directors and four (4) Independent Non-Executive Directors. This composition fulfills the requirements as set out in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa"), which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher, must be Independent. The profile of each Director is set out on pages 10 to 12 of this Annual Report. The Directors, with their diverse backgrounds and specializations, collectively bring with them a wide range of experience and expertise in areas such as engineering, entrepreneurship, finance; taxation, accounting and audit; legal and economics.

(i) Nominating Committee – Selection and Assessment of Directors

On 23 January 2013, the Board established a Nominating Committee as it recognizes the importance of the roles the Committee plays not only in the selection and assessment of Directors but also in other aspects of corporate governance which the Committee can assist the Board to discharge its fiduciary and leadership functions. The Nominating Committee comprises exclusively Independent Non-Executive Directors, namely:

Dato' Ng Mann Cheong - Chairman
Dato' Haji Kamaruddin @ Abas bin Nordin - Member
Seow Thiam Fatt - Member
Siew Kah Toong - Member

Corporate Governance Statement

The Board has stipulated specific terms of reference for the Nominating Committee, which cover, inter-alia, assessing and recommending to the Board the candidature of Directors, appointment of Directors to Board Committees and training programmes for the Board. The terms of reference require the Nominating Committee to review annually the required mix of skills and experience of Directors; succession plans and board diversity, including gender diversity; training courses for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Committee is also entrusted to assess annually the effectiveness of the Board as a whole, the Committees of the Board and contribution of each individual Director. Insofar as board diversity is concerned, the Board does not have a specific policy on setting targets for women candidates. The evaluation of the suitability of candidates is solely based on the candidates' competency, character, time commitment, integrity and experience in meeting the needs of the Company, including, where appropriate, the ability of the candidates to act as Independent Non-Executive Directors, as the case may be.

The Nominating Committee shall meet at least once (1) a year or more frequently as deemed necessary by the Chairman. During the financial year under review, the Nominating Committee held one (1) meeting which was attended by all members to evaluate the suitability of three (3) senior management personnel for appointment as Executive Directors of the Company. Based on the Nominating Committee's recommendation, the Board approved the said appointment.

On 13 February 2014, the Nominating Committee met to review and assess the effectiveness of the Board as a whole, the Board Committees and the performance of individual Directors as well as the independence of the Independent Directors, based on self and peer assessment approach. In assessing the Individual Director's performance, the Nominating Committee considered, inter alia, the contribution, performance, competency, personality, integrity and time commitment of each Director to effectively discharge his/her role as a Director of the Company. From the results of the assessment, including the mix of skills and experience possessed by the Directors, and based on the Nominating Committee's recommendation, the Board recommended the re-election and re-appointment of Directors at the Company's forthcoming Annual General Meeting. The Nominating Committee also assessed the training needs of the Directors and recommended suitable training programmes for the Directors.

(ii) Directors' Remuneration

The Board is of the view that remuneration guidelines for Directors, formulated by drawing upon the wealth of experience of all Directors on the Board, would be more effective and, therefore, a Remuneration Committee is currently not required. Consequently, this role is performed by the Board as a whole, when necessary.

In essence, the key principles and procedures in remunerating executive employees below Board level are also applicable to the Executive Directors. The remuneration policy of the Group seeks to attract and retain as well as to motivate employees of all levels to contribute positively to the Group's performance.

The guidelines on bonus in respect of the financial year ended 31 December 2013 and annual increment for 2014 in respect of executive employees of the Group were recommended for the Board's approval by the Management. The quantum of the annual performance bonus was dependent on the operating results of the Group, taking into account the prevailing business conditions. The same guidelines were also applied to the Executive Directors.

The remuneration of Non-Executive Directors is determined by the Board as a whole, within an aggregate Directors' fee limit of not exceeding RM450,000 per annum, as approved by shareholders of the Company on 23 May 2012. The Non-Executive Directors did not participate in discussion of their remuneration.

Directors' remuneration during the financial year ended 31 December 2013 in aggregate, with categorization into appropriate components, distinguishing between Executive and Non-Executive Directors, is as follows:

	Fees (RM)	Salaries and/or Allowances (RM)	Bonus (RM)	Benefits-in-kind (RM)
Executive Directors	-	8,665,981	4,297,643	582,975
Non-Executive Directors	424,000	72,400	-	35,500

Corporate Governance Statement

The number of Directors of the Company, whose remuneration band falls within the following successive bands of RM50,000, is as follows:

Range of remuneration	Executive	Non-Executive
RM100,000 to RM150,000	-	4
RM550,000 to RM600,000	1	-
RM700,000 to RM750,000	1	-
RM4,300,000 to RM4,350,000	1	-
RM7,900,000 to RM7,950,000	1	-

Principle 3 – Reinforce Independence of the Board

The positions of Chairman and Chief Executive Officer of the Company are held by the Executive Deputy Chairman and Group Managing Director. The Board is of the view that with the number of Independent Non-Executive Directors comprising half of the current Board size, coupled with the use of the Charter that formally sets out the schedule of matters reserved solely to the Board for decision making, provides the relevant check and balance to address the positions of Chairman and Chief Executive Officer being assumed by the same Director.

The Executive Deputy Chairman is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion. As the Group Managing Director, supported by fellow Executive Directors and an Executive Management team, he implements the Group's strategies, policies and decision adopted by the Board and oversees the operations and business development of the Group.

The Independent Non-Executive Directors bring to bear objective and independent views, advice and judgment on interests, not only of the Group, but also of shareholders, employees, customers, suppliers and the communities in which the Group conducts its business. Independent Non-Executive Directors are essential for protecting the interests of shareholders and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality. Dato' Ng Mann Cheong has been identified by the Board as the Company's Senior Independent Non-Executive Director, to whom concerns may be conveyed by fellow Directors, shareholders and other stakeholders.

The Nominating Committee assesses the independence of the Independent Non-Executive Directors based on criteria set out in the Listing Requirements of Bursa. The Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Director and thereafter he or she may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director as an Independent Non-Executive Director after the latter has served a cumulative term of nine (9) years, the Board must justify the decision and seek shareholders' approval at general meeting. In justifying the decision, the Nominating Committee is required to assess the candidate's suitability to continue as an Independent Non-Executive Director based on the criteria on independence as adopted by the Board.

Following an assessment and recommendation by the Nominating Committee, the Board recommended that Dato' Ng Mann Cheong, Dato' Haji Kamaruddin @ Abas bin Nordin and Mr Seow Thiam Fatt, who have served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years each as at the end of the financial year under review, be retained as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for retaining them as Independent Non-Executive Directors are as follows:

- they fulfil the Independent Director criteria set out in the Listing Requirements of Bursa and, therefore, are able to bring independent and objective judgment to the Board;
- their relevant experience and expertise in legal, economics, finance and accounting would enable them to provide the Board and Board Committees, as the case may be, with pertinent and a diverse set of expertise, skills and competence; and
- their long service with the Company enhances their knowledge and understanding of the business operations of the Group which enable them to contribute actively and effectively during deliberations at Board Committees and Board meetings, as the case may be.

Corporate Governance Statement

Principle 4 – Foster commitment of Directors

The Board ordinarily meets at least five (5) times a year, scheduled well in advance before the end of the preceding financial year to facilitate the Directors in planning their meeting schedule for the year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. Board and Board Committee papers, which are prepared by Management, provide the relevant facts and analysis for the Directors' information. The meeting agenda, the relevant reports and Board papers are furnished to Directors and Board Committee members at least seven (7) days before the meeting to allow the Directors sufficient time to peruse for effective discussion and decision making during meetings. At the quarterly Board meetings, the Board reviews the business performance of the Group and discusses major operational and financial issues. All pertinent issues discussed at Board meetings in arriving at the decisions and conclusions are properly recorded by the Company Secretaries by way of minutes of meetings. During the financial year under review, the Board convened five (5) Board meetings which were attended by all the Directors except for one (1) meeting of which Mr. Siew Kah Toong was unable to attend due to rescheduling of the meeting date.

As stipulated in the Charter, the Directors shall devote sufficient time and efforts to carry out their responsibilities. The Board shall obtain this commitment from Directors at the time of their appointment. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

Directors' Training – Continuing Education Programmes

The Board is mindful of the importance for its members to undergo continuous training to be apprised on changes to regulatory requirements and the impact such regulatory requirements have on the Group.

All Directors have completed their Mandatory Accreditation Programme as required by the Listing Requirements of Bursa. During the financial year under review, the trainings attended by the Directors included briefings, seminars and conferences conducted by relevant regulatory authorities and professional bodies as well as internal officers. Among the continuous education programmes attended by the Directors are as follows:

Name of Director	Details of Programme
Dato' Tan Heng Chew	<ul style="list-style-type: none">• KPMG: Malaysian Financial Reporting Standards (MFRS) Update 2013 Seminar• Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing
Dato' Ng Mann Cheong	<ul style="list-style-type: none">• Malaysian Institute of Corporate Governance: Director Duties, Regulatory Updates and Governance Seminar for Directors of PLCs 2013• Bursa Malaysia and Iclif Leadership and Governance Centre: Nominating Committee Programme• Malaysian Institute of Corporate Governance: Audit Committee Seminar 2013 – Improving Audit Committee Effectiveness• Bursa Malaysia's Half Day Governance Programme: Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers• Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing
Dato' Haji Kamaruddin @ Abas bin Nordin	<ul style="list-style-type: none">• Malaysian Institute of Corporate Governance: Director Duties, Regulatory Updates and Governance Seminar for Directors of PLCs 2013• Malaysian Directors Academy (MINDA): Corporate Directors Advanced Programme 2013 – Strategy & Risks: Managing Uncertainty• Bursa Malaysia Sustainability Training for Directors & Practitioners• The Lion Group: In-House Directors' Training – Corporate Governance/Enterprise Risk Management; Personal Data Protection Act, 2010 and Competition Act 2010• Bursa Malaysia and Iclif Leadership and Governance Centre: Nominating Committee Programme

Corporate Governance Statement

Name of Director	Details of Programme
Dato' Haji Kamaruddin @ Abas bin Nordin	<ul style="list-style-type: none"> • Malaysian Institute of Corporate Governance and Institute of Internal Auditors Malaysia: Audit Committee Seminar 2013 – Improving Audit Committee Effectiveness • Bursa Malaysia and ACCA: Future of Corporate Reporting • Minority Shareholders Watchdog Group: ASEAN CG Scorecard (Special Session) for Directors of Public Listed Companies • Bursa Malaysia's Half Day Governance Programme: Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • Khazanah Nasional Bhd: Khazanah Megatrends Forum 2013 • Securities Commission of Malaysia: World Capital Markets Symposium 2013 • Tricor Tax Services Sdn Bhd: 9th Tricor Tax & Corporate Seminar • Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing • Audit Committee Institute (ACI) and KPMG: ACI Breakfast Roundtable 2013 – Non-Executive Directors Remuneration Survey and Latest Corporate Governance Guide (2nd Edition)
Seow Thiam Fatt	<ul style="list-style-type: none"> • Malaysian Institute of Accountants and Institute of Internal Auditors Malaysia: Audit Committee Conference 2013: Powering for Effectiveness • Tan Chong Group: Goods and Services Tax (GST) Briefing • Bursa Malaysia: Investors Relation Conference 2013 • Bursa Malaysia and Iclif Leadership and Governance Centre: Nominating Committee Programme • Malaysian Institute of Corporate Governance: Audit Committee Seminar 2013: Improving Audit Committee Effectiveness • Inland Revenue Board and Chartered Tax Institute of Malaysia: National Tax Conference 2013 – Managing the Tax Ecosystem • Malaysian Institute of Corporate Governance: Corporate Fraud Control Conference 2013 – Tools and Strategies to Prevent Corporate Fraud • Bursa Malaysia's Half Day Governance Programme: Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • KPMG: Malaysian Financial Reporting Standards (MFRS) Update 2013 Seminar • BDO: Budget 2014 Seminar – Moving Ahead Regionally • Malaysian Institute of Accountants: MIA Conference 2013
Siew Kah Toong	<ul style="list-style-type: none"> • Bursa Malaysia and Iclif Leadership and Governance Centre: Nominating Committee Programme • Inland Revenue Board and Chartered Tax Institute of Malaysia: National Tax Conference 2013 – Managing the Tax Ecosystem • Malaysian Institute of Accountants: MIA Conference 2013 • Inland Revenue Board: National Tax Seminar 2013 • KPMG: Malaysian Financial Reporting Standards (MFRS) Update 2013 Seminar • Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing
Dato' Khor Swee Wah @ Koh Bee Leng (Appointed on 22 March 2013)	<ul style="list-style-type: none"> • Bursatru: Mandatory Accreditation Programme for Directors of Public Listed Companies • Bursa Malaysia's Half Day Governance Programme: Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • KPMG: Malaysian Financial Reporting Standards (MFRS) Update 2013 Seminar • Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing • Tan Chong Education Services Sdn Bhd: Asia Green Conference: Developing a Green Sustainable Future for Asian Business • Bank Negara Malaysia: Payment Systems Forum & Exhibition on "Migration to Electronic Payments"

Corporate Governance Statement

Name of Director	Details of Programme
Ling Ou Long @ Ling Wu Long <i>(Appointed on 22 March 2013)</i>	<ul style="list-style-type: none"> • Bursatra: Mandatory Accreditation Programme for Directors of Public Listed Companies • Bursa Malaysia's Half Day Governance Programme: Advocacy Sessions on Corporate Disclosure for Directors of Listed Issuers • KPMG: Malaysian Financial Reporting Standards (MFRS) Update 2013 Seminar • Asian Strategy & Leadership Institute and Malaysian Automotive Association: 4th Kuala Lumpur International Automotive Conference (KLIAC) 2013 • Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing
Ho Wai Ming <i>(Appointed on 22 March 2013)</i>	<ul style="list-style-type: none"> • Bursatra: Mandatory Accreditation Programme for Directors of Public Listed Companies • Perdana Leadership Foundation CEO Forum 2013: Better Times Ahead for Malaysia, Predictions, Trends and Outlook for 2013-2020 • IBM Malaysia: IBM Finance Forum 2013 • Questex Asia: The CFO Innovation Malaysia Forum • KPMG: Malaysian Financial Reporting Standards (MFRS) Update 2013 Seminar • Tan Chong Group: Highlights of 2014 Malaysia Budget and Goods and Services Tax (GST) Briefing • Malaysian Institute of Accountants: MIA Conference 2013 • IFA Malaysia Branch and IBFD Asia Pacific: 75th Jubilee Asia Pacific Tax Conference

The Company Secretaries normally circulate the relevant guidelines on statutory and regulatory requirements from time to time for the Board's reference. The Group Financial Controller and external auditors briefed the Board members on relevant changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements during the financial year under review. The Directors continue to undergo relevant training programmes to further enhance their skills and knowledge in the discharge of their stewardship role.

Principle 5 – Uphold integrity in financial reporting by the Company

It is the Board's commitment to present a balanced and meaningful assessment of the Group's financial performance and prospects at the end of each reporting period and financial year, primarily through the quarterly announcement of Group's results to Bursa, the annual financial statements of the Group and Company as well as the Report of the Board of Directors and review of the Group's operations in the Annual Report, where relevant.

The Board is responsible for ensuring that the financial statements give a true and fair view of the state of affairs of the Group and the Company as at the end of the reporting period and of their results and cash flows for the period then ended.

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors, with Mr Seow Thiam Fatt as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities, are set out in the Audit Committee Report on pages 28 to 30 of this Annual Report. One of the key responsibilities of the Audit Committee in its terms of reference is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and provisions of the Companies Act, 1965, as the case may be. Such financial statements comprise the quarterly financial report announced to Bursa and the annual statutory financial statements.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors, including the need for obtaining the Audit Committee's approval for such services.

In assessing the independence of external auditors, the Audit Committee requires written assurance by the external auditors, confirming that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the independence criteria set out by the International Federation of Accountants and the Malaysian Institute of Accountants.

Corporate Governance Statement

Principle 6 – Recognise and manage risks of the Group

The Board regards risk management and internal controls as an integral part of the overall management processes. The following represents the key elements of the risk management and internal control structure:

- (a) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (b) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (c) Quarterly review of the Group's business performance by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- (d) Active participation and involvement by the Executive Deputy Chairman and Group Managing Director as well as other Executive Directors in the day-to-day running of the major businesses and regular discussions with the senior management of smaller business units on operational issues; and
- (e) Monthly financial reporting by the subsidiaries to the holding company.

On 29 August 2013, the Board established a Board Risk Management Committee ("BRMC"). The newly formed BRMC comprises the following members:

Siew Kah Toong - Chairman

Dato' Ng Mann Cheong - Member

Dato' Haji Kamaruddin @ Abas bin Nordin – Member

Seow Thiam Fatt - Member

Dato' Tan Heng Chew – Member (Alternate: Ling Ou Long @ Ling Wu Long)

The BRMC oversees the risk management framework of the Group, reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval. This enables the Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks. The Group continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

In line with the MCGG 2012 and the Listing Requirements of Bursa, the Company has in place a Systems & Internal Audit ("SIA") function, which reports directly to the Audit Committee on the effectiveness of the current system of internal control from the perspectives of governance, risks and controls. All internal audits carried out are guided by internal auditing standards promulgated by the Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The in-house SIA function is independent of the activities it audits and the scope of work covered by the SIA during the financial year under review is provided in the Audit Committee Report of the Company.

Principle 7 – Ensure timely and high quality disclosure

The Board is aware of the need to establish corporate disclosure policies and procedures to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and stakeholders. Accordingly, the Board is taking steps to formalise pertinent corporate disclosure policies not only to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, but also setting out the persons authorised and responsible to approve and disclose material information to Bursa, shareholders and stakeholders.

To augment the process of disclosure, the Board has a dedicated section for corporate governance on the Company's website, where information on the Company's announcements to Bursa, the Charter, rights of shareholders and the Company's Annual Report may be accessed.

Corporate Governance Statement

Principle 8 – Strengthen relationship between the Company and its shareholders

(i) *Shareholder participation at general meeting*

The Annual General Meeting (“AGM”), which is the principal forum for shareholder dialogue, allows shareholders to review the Group’s performance disclosed in the Company’s Annual Report and pose questions to the Board for clarification. At the AGM, shareholders participate in deliberating resolutions being proposed or on the Group’s operations in general. At the last AGM, a question & answer session was held where the Chairman of the meeting invited shareholders to raise questions with responses from the Board and Senior Management. The Chairman of the meeting also shared with shareholders at the AGM, responses to questions submitted in advance by the Minority Shareholder Watchdog Group.

The Notice of AGM is circulated at least twenty-one (21) days before the date of the meeting to enable shareholders to go through the Annual Report and circular supporting the resolutions proposed. All the resolutions set out in the Notice of the last AGM were put to vote by show of hands and duly passed. The outcome of the AGM was announced to Bursa on the same meeting day.

(ii) *Communication and engagement with shareholders and prospective investors*

The Board recognises the importance of being transparent and accountable to the Company’s shareholders and prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group’s website at www.tanchong.com.my where shareholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail address, i.e. tmh@tanchong.com.my to which stakeholders can direct their queries or concerns.

This Statement is dated 18 April 2014.

Internal Control Statement

Paragraph 15.26 (b) of the Listing Requirements of Bursa Malaysia Securities Berhad requires the Board of a listed issuer to include in its Annual Report a statement on the state of risk management and internal control of the listed issuer as a Group, referring to paragraphs 40 and 41 of the Statement of Risk Management & Internal Control: Guidelines for Directors of Listed Issuers in respect of the information to be disclosed therein. Accordingly, the Board of Directors is pleased to provide the following statement which outlines the nature and scope of internal control of the Group during the financial year ended 31 December 2013.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments and Group's assets and for reviewing the adequacy and effectiveness of the risk management and internal control system. The system of internal control of the Group covers all aspects of its business. In view of the limitations inherent in any systems, the Board is aware that the system is designed to manage, rather than to eliminate, the risk of failure to achieve the Group's corporate objectives. Accordingly, the system can only provide reasonable, but not absolute assurance against material misstatement, loss or fraud.

Risk Management and Internal Control Structure

Risk management and internal control are regarded as an integral part of the Group's overall management processes. The following represents some of the key elements of the Group's risk management and internal control structure:

- (i) An organizational structure in the Group with formally defined lines of responsibility and delegation of authority;
- (ii) Review and approval of annual business plan and budget of all major business units by the Board. This plan sets out the key business objectives of the respective business units, the major risks and opportunities in the operations and ensuing action plans;
- (iii) Quarterly review of the performance of the Group's business by the Board, which also covers the assessment of the impact of changes in business and competitive environment;
- (iv) Active participation and involvement by the Executive Deputy Chairman and Group Managing Director as well as other Executive Directors in the day-to-day running of the major businesses and regular discussions with the Senior Management of smaller business units on operational issues; and
- (v) Monthly financial reporting by the subsidiaries to the holding company.

A Risk Management Policy and a Board Risk Management Committee ("BRMC") have been adopted and set up effective 29 August 2013. The BRMC oversees the risk management framework of the Group, reviews the risk management policies formulated by Management and makes relevant recommendations to the Board for approval. This enables the Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis, including remedial measures to be taken to address the risks. The Group continues to maintain and review its internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders' investments.

A Fraud Prevention Policy, supplemented by a Special Complaints Policy ("Policies") setting out the broad principles, strategy and policy adopted by the Group in relation to fraud in order to promote high standard of integrity is also in place. The Policies define and highlight the roles and responsibilities at every level for preventing and responding to fraud. This process serves as a platform for the timely identification, evaluation and management of significant risks affecting the business.

The risk management and internal control processes of the Group are further supported by formalized limits of authority for different management levels. Matters beyond the formalized limits of authority for Management are referred upward to the Board for approval. Support functions like Finance and Operation Control, centralized Treasury, Group Risk Management, Internal Audit, Group Secretarial, Group Finance and Administration as well as Insurance play a vital role in the overall risk management and internal control processes of the Group. Various management committees have been established to manage and control the Group's businesses.

The Board has received assurance from the Management that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects.

Internal Control Statement

Internal Audit Function

The Group has in place an internal audit department, which provides the Board, through the Audit Committee, with independent assurance on the adequacy and effectiveness of the Group's system of internal control.

The internal audit function adopts an approach that focuses on major business units and functions in the Group for the purpose of identifying areas to be audited by internal audit on a prioritized basis, vis-à-vis the business risks inherent in the business units concerned. Group internal audit plan is tabled annually and approved by the Audit Committee. Action plans are taken by Management to address the findings and concerns raised in the internal audit reports. The internal audit department also follows up on the status of Management's action plans on internal audit findings.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2013 amounted to approximately RM2.63 million.

Weaknesses in Internal Controls that Resulted in Material Losses

The Board is of the view that there were no material losses incurred by the Group during the financial year ended 31 December 2013 as a result of weaknesses in internal controls. The Group continues to take measures to strengthen the risk management processes and internal control environment.

Other Statements and Disclosures

STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL FINANCIAL STATEMENTS

The Directors are required by the Companies Act, 1965 ("Act") to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and the Group and their results for the financial year.

In preparing the financial statements for the financial year ended 31 December 2013, the Directors have:

- (i) adopted the appropriate accounting policies, which are consistently applied;
- (ii) made judgments and estimates that are reasonable and prudent; and
- (iii) ensured that applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud as well as other irregularities.

MATERIAL CONTRACTS

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

NON-AUDIT FEES

The amount of non-audit fees incurred for services rendered to the Group for the financial year ended 31 December 2013 by KPMG, auditors for Tan Chong Motor Holdings Berhad, was RM337,975.

SHARE BUY-BACKS

Details of the shares bought back during the financial year ended 31 December 2013 and currently held as treasury shares are as follows:

	No. of shares bought back and held as treasury shares	Highest price paid per share (RM)	Lowest price paid per share (RM)	Average price paid per share (RM)	Total Consideration Paid (RM)
Year 2013					
May	1,000	6.910	6.910	6.910	6,960.54
November	1,000	6.380	6.380	6.380	6,428.92
Total	2,000				13,389.46

There was no re-sale of treasury shares nor cancellation of shares during the financial year.

Audit Committee Report

The Board of Directors of Tan Chong Motor Holdings Berhad is pleased to present the report of the Audit Committee of the Board for the financial year ended 31 December 2013.

The Audit Committee was established by a resolution of the Board on 1 August 1994. The present terms of reference of the Committee were adopted by the Board of Directors on 23 January 2013.

COMPOSITION AND MEETINGS

The composition of the Audit Committee and the attendance of its members at the five (5) meetings held during the financial year were as follows:

Name	Designation	Attendance
Seow Thiam Fatt (Chairman)	Independent Non-Executive Director	5/5
Dato' Ng Mann Cheong	Senior Independent Non-Executive Director	5/5
Dato' Haji Kamaruddin @ Abas bin Nordin	Independent Non-Executive Director	5/5
Siew Kah Toong	Independent Non-Executive Director	4/5

TERMS OF REFERENCE

(A) Membership

The Audit Committee shall be appointed by the Board from amongst the Directors and shall comprise no fewer than three members all of whom must be non-executive directors with a majority of them being independent directors.

The Audit Committee shall include at least one Director who is a member of the Malaysian Institute of Accountants or alternatively, a person who must have at least 3 years working experience and have passed the examination specified in Part I of the First Schedule of the Accountants Act, 1967 or is a member of one of the associations specified in Part II of the said Schedule or fulfils such other requirements as prescribed or approved by Bursa Malaysia Securities Berhad. No alternate director shall be appointed a member of the Audit Committee. The members of the Audit Committee shall elect a chairman from amongst their number who shall be an independent director.

In the event of any vacancy in the Audit Committee which results in a breach in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the vacancy must be filled within three months. The terms of office and performance of the Audit Committee and each of its members shall be reviewed by the Board at least once every three years.

(B) Authority

The Audit Committee is authorized by the Board, and at the cost of the Company, to:

1. investigate any matter within its terms of reference;
2. have the resources which are required to perform its duties;
3. have full and unrestricted access to any information pertaining to the Company or the Group;
4. have direct communication channels with the external auditors and person(s) carrying out the internal audit function or activity;
5. be able to obtain independent professional or other advice; and
6. convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer.

Audit Committee Report

(C) Functions

The functions of the Audit Committee shall be, amongst others:

1. review the following and report the same to the Board:
 - (a) the audit plan, the evaluation of the system of internal controls and the audit report with the external auditors; the assistance given by the employees of the Company/Group to the external auditors;
 - (b) the adequacy of the scope, functions, competency and resources of the internal audit function and that it has the necessary authority to carry out its work;
 - (c) the internal audit programmes, processes, the results of the internal audit programmes, processes or investigations undertaken and whether or not appropriate action is taken on the recommendation of the internal audit function;
 - (d) the quarterly results and year end financial statements, prior to approval by the Board of Directors, focusing on:
 - (i) changes in or implementation of major accounting policy changes;
 - (ii) significant and unusual events; and
 - (iii) compliance with accounting standards established by professional bodies and other legal requirements;
 - (e) any related party transactions and conflict of interest situation that may arise within the Company and Group including any transaction, procedure or course of conduct that raises questions of management integrity;
 - (f) any letter of resignation from external auditors; and
 - (g) whether there is any reason to believe that external auditors are not suitable for re-appointment;
2. recommend the nomination of person or persons as external auditors;
3. assess, review and monitor the suitability and independence of external auditors, including obtaining written assurance from external auditors confirming they are, and have been, independent throughout the conduct of audit engagement in accordance with the terms of all relevant professional and regulatory requirements;
4. approve any appointment or termination of senior staff members of the internal audit function and review any appraisal or assessment of the performance of its members;
5. set policy on non-audit services which may be provided by the external auditors, and conditions and procedures which must be adhered by the external auditors in the provision of such services;
6. approve non-audit services provided by external auditors; and
7. any other function as may be required by the Board from time to time.

Audit Committee Report

(D) Conduct of Meetings

The Chairman shall call for meetings to be held not less than four times a year. Any member of the Committee may at any time, and the Company Secretary on requisition of the member, summon a meeting. Except in the case of an emergency, seven days notice of meeting shall be given in writing to all members.

A quorum of meeting shall be a majority of independent directors. Meetings shall be chaired by the Chairman, and in his absence, by an independent director. Decision shall be made by a majority of votes.

The Head of Finance, Head of Internal Audit and the Company Secretary shall normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditors shall attend the meeting to consider the final audited financial statements and such other meetings determined by the Committee.

The Chairman shall exercise the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

(E) Reporting Procedures

The Company Secretary shall record the proceedings of meetings. Minutes shall be circulated to all members of the Board.

The Committee shall prepare, for the Board and for inclusion in the Company's annual report, a summary of its activities in the discharge of its functions and duties for the financial year.

The Committee may report to Bursa Malaysia Securities Berhad of matter reported by it to the Board which has not been satisfactorily resolved resulting in a breach of the Listing Requirements.

SUMMARY OF ACTIVITIES OF AUDIT COMMITTEE

Activities of the Audit Committee during the year encompassed the following:

- * reviewed audit strategy and plan with the external auditors;
- * reviewed annual audited financial statements and principal matters arising from audit with the external auditors;
- * reviewed quarterly financial results prior to submission to the Board for consideration;
- * reviewed and approved the Annual Internal Audit Plan to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks;
- * reviewed internal audit reports; and
- * reviewed the related party transactions of the Group.

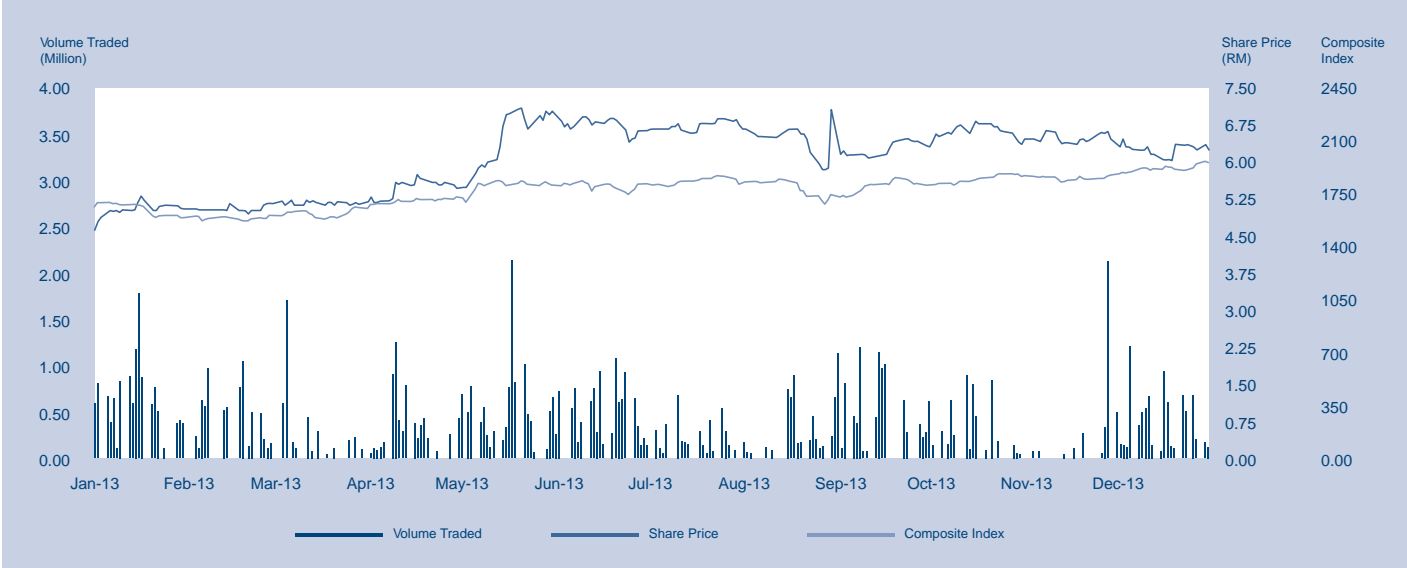
SUMMARY OF INTERNAL AUDIT ACTIVITIES

The Head of Internal Audit reports directly to the Audit Committee.

Activities of internal auditors during the year encompassed the following:

- * formulated and agreed with the Audit Committee on the audit plan, strategy and scope of work;
- * reviewed compliance with policies, procedures and relevant rules and regulations;
- * reviewed and ascertained adequacy of controls associated with new and used vehicle sales, after sales operations and other key head office functions;
- * performed special review and investigation as deemed necessary; and
- * reported audit findings and made recommendations to improve the effectiveness and efficiency of internal control system at the various business units.

Daily Share Prices & Volume Traded on Bursa Malaysia Securities Berhad





FINANCIAL STATEMENTS

34	Directors' Report
38	Statements of Financial Position
40	Consolidated Statement of Financial Position (in USD equivalent)
42	Statements of Profit or Loss and Other Comprehensive Income
44	Consolidated Statement of Profit or Loss and Other Comprehensive Income (in USD equivalent)
46	Consolidated Statement of Changes in Equity
48	Statement of Changes in Equity
49	Statements of Cash Flows
51	Notes to the Financial Statements
146	Statement by Directors
146	Statutory Declaration
147	Independent Auditors' Report



Directors' Report

for the year ended 31 December 2013

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2013.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 36 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	250,952	67,485
Non-controlling interests	(15,325)	-
	<hr/> 235,627	<hr/> 67,485

Reserves and provisions

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

Dividends

Since the end of the previous financial year, the Company paid:

- (i) a final dividend of 12% less tax at 25% totalling RM29,377,000 in respect of the financial year ended 31 December 2012 on 21 June 2013;
- (ii) an interim dividend of 12% less tax at 25% totalling RM29,377,000 in respect of the financial year ended 31 December 2013 on 30 September 2013; and
- (iii) a special dividend of 18% less tax at 25% totalling RM44,064,000 in respect of the financial year ended 31 December 2013 on 30 September 2013.

A final single tier dividend of 12% in respect of the financial year ended 31 December 2013 was proposed by the Directors. This dividend is subject to the approval of the shareholders of the Company at the forthcoming Annual General Meeting.

Directors' Report

for the year ended 31 December 2013

Directors of the Company

Directors who served since the date of the last report are:

Dato' Tan Heng Chew
 Dato' Ng Mann Cheong
 Dato' Haji Kamaruddin @ Abas bin Nordin
 Seow Thiam Fatt
 Siew Kah Toong
 Dato' Khor Swee Wah @ Koh Bee Leng
 Ling Ou Long @ Ling Wuu Long
 Ho Wai Ming

Directors' interests in shares

The interests and deemed interest in the ordinary shares of the Company and of its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares of RM0.50 each			
	At 1.1.2013/Date of appointment	Bought	Disposed/ Transferred	At 31.12.2013
Interest in the Company				
Direct interests:				
Dato' Tan Heng Chew	24,521,262	1,898,100	-	26,419,362
Dato' Khor Swee Wah @ Koh Bee Leng ⁽¹⁾	9,540,390	-	-	9,540,390
Dato' Haji Kamaruddin @ Abas bin Nordin	4,992	-	-	4,992
Seow Thiam Fatt	60,000	5,000	-	65,000
Indirect/Deemed interests:				
Dato' Tan Heng Chew	311,146,595	4,604,600	(16,482,485) ⁽²⁾	299,268,710 ⁽³⁾
Dato' Khor Swee Wah @ Koh Bee Leng ⁽¹⁾	326,949,267	5,680,900	(16,482,485) ⁽²⁾	316,147,682 ⁽³⁾
Dato' Ng Mann Cheong	120,000	-	-	120,000 ⁽⁴⁾
Ling Ou Long @ Ling Wuu Long ⁽¹⁾	5,000	-	-	5,000 ⁽⁴⁾

Notes:

⁽¹⁾ Appointed as directors with effect from 22 March 2013.

⁽²⁾ Release of shares by way of the 5th instalment to the exiting minority shareholders of Tan Chong Consolidated Sdn. Bhd. ("TCC") named in the Court Order and Compromise and Settlement Agreement dated 22 June 2009 as amended by a Supplemental Agreement dated 28 July 2009 entered into between and amongst TCC and all of its shareholders.

⁽³⁾ Including interests of spouse and children by virtue of Section 134(12)(c) of the Companies Act, 1965. 16,482,480 shares are as to voting rights only.

⁽⁴⁾ Interest of spouse by virtue of Section 134(12)(c) of the Companies Act, 1965.

Directors' Report

for the year ended 31 December 2013

Directors' interests in shares (continued)

By virtue of Dato' Tan Heng Chew's interests in the shares of the Company, he is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Tan Chong Motor Holdings Berhad has an interest. Details of his deemed shareholdings in the subsidiaries are shown in Note 36 to the financial statements.

The remaining Directors holding office at 31 December 2013 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

Directors' benefits

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by Directors as shown in the financial statements of the Group or of the Company and of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the professional fees received by a legal firm in which a Director of the Company is a partner, and the relevant related party transactions as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Issue of shares and debentures

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

Options granted over unissued shares

No options were granted to any person to take up unissued shares of the Company during the financial year.

Share buy-back

Details of share buy-back are disclosed in Note 17.

Other statutory information

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

- i) all known bad debts have been written off and adequate provision made for doubtful debts, and
- ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

- i) that would render the amount written off for bad debts, or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or
- ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

Directors' Report

for the year ended 31 December 2013

Other statutory information (continued)

- iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or
- iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

- i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or
- ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2013 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report, except for provision for additional import duties affecting the Group as disclosed in Note 24.

Significant events

Significant events are disclosed in Note 38 to the financial statements.

Auditors

The auditors, Messrs KPMG, have indicated their willingness to accept re-appointment.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

.....
Dato' Khor Swee Wah @ Koh Bee Leng
Director

.....
Seow Thiam Fatt
Director

Kuala Lumpur,
Date: 18 April 2014

Statements of Financial Position

as at 31 December 2013

	Note	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Assets						
Property, plant and equipment	3	1,693,133	858,730	676,395	931	1,508
Investment properties	4	44,671	51,979	40,753	-	-
Prepaid lease payments	5	24,270	16,535	11,357	-	-
Intangible assets	6	14,592	13,944	14,448	-	-
Investment in subsidiaries	7	-	-	-	1,376,998	1,340,062
Equity-accounted investees	8	33,918	30,409	22,579	13,652	13,652
Other investments, including derivatives	9	1	1	1,807	16,356	32,014
Deferred tax assets	10	26,397	24,339	14,520	4,211	3,939
Hire purchase receivables	11	376,451	251,153	386,788	-	-
Finance lease receivables	12	1,504	2,378	1,440	-	-
Receivables	13	-	-	-	278,378	475,996
Total non-current assets		2,214,937	1,249,468	1,170,087	1,690,526	1,867,171
Other investments, including derivatives	9	152,720	200,603	194,064	-	-
Inventories	14	1,725,687	1,412,431	960,238	-	-
Current tax assets		9,437	7,700	7,642	7,551	6,007
Hire purchase receivables	11	113,279	52,583	107,038	-	-
Receivables	13	383,086	346,090	223,412	49,374	138,652
Deposits and prepayments	13	70,635	61,188	73,477	63	58
Derivative financial assets	15	36	266	463	-	-
Cash and cash equivalents	16	312,574	635,876	325,272	26,246	3,022
Total current assets		2,767,454	2,716,737	1,891,606	83,234	147,739
Total assets		4,982,391	3,966,205	3,061,693	1,773,760	2,014,910

Statements of Financial Position

as at 31 December 2013

	Note	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Equity						
Share capital		336,000	336,000	336,000	336,000	336,000
Reserves		2,397,733	1,656,023	1,551,592	941,155	976,488
Treasury shares		(24,809)	(24,795)	(24,786)	(24,809)	(24,795)
Total equity attributable to owners of the Company		2,708,924	1,967,228	1,862,806	1,252,346	1,287,693
Non-controlling interests		(6,761)	2,638	5,315	-	-
Total equity	17	2,702,163	1,969,866	1,868,121	1,252,346	1,287,693
Liabilities						
Borrowings	18	293,043	346,413	280,000	-	50,000
Employee benefits	19	39,339	40,830	36,272	16,641	15,789
Deferred tax liabilities	10	159,297	25,228	21,238	-	-
Payables and accruals	20	-	-	-	236,394	327,237
Total non-current liabilities		491,679	412,471	337,510	253,035	393,026
Borrowings	18	1,158,631	1,071,209	520,026	50,000	80,000
Derivative financial liabilities	16	-	1,251	-	-	-
Taxation		27,170	8,757	5,249	-	-
Payables and accruals	20	602,748	502,651	330,787	218,379	254,191
Total current liabilities		1,788,549	1,583,868	856,062	268,379	334,191
Total liabilities		2,280,228	1,996,339	1,193,572	521,414	727,217
Total equity and liabilities		4,982,391	3,966,205	3,061,693	1,773,760	2,014,910

The notes on pages 51 to 144 are an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2013 (in USD equivalent)

	31.12.2013 USD'000	31.12.2012 USD'000 Restated	1.1.2012 USD'000 Restated
Assets			
Property, plant and equipment	508,754	276,742	210,387
Investment properties	13,423	16,751	12,676
Prepaid lease payments	7,293	5,329	3,533
Intangible assets	4,385	4,494	4,494
Equity-accounted investees	10,192	9,800	7,023
Other investments, including derivatives	-	-	562
Deferred tax assets	7,932	7,844	4,516
Hire purchase receivables	113,116	80,939	120,307
Finance lease receivables	452	766	448
Total non-current assets	665,547	402,665	363,946
Other investments, including derivatives	45,889	64,648	60,362
Inventories	518,536	455,182	298,674
Current tax assets	2,836	2,481	2,377
Hire purchase receivables	34,038	16,946	33,293
Receivables	115,110	111,534	69,491
Deposits and prepayments	21,224	19,719	22,854
Derivative financial assets	11	86	144
Cash and cash equivalents	93,922	204,923	101,173
Total current assets	831,566	875,519	588,368
Total assets	1,497,113	1,278,184	952,314

The information presented on this page does not form part the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM3.328 = USD1.00

(2012 - RM3.103 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

Consolidated Statement of Financial Position

as at 31 December 2013 (in USD equivalent)

	31.12.2013 USD'000	31.12.2012 USD'000 Restated	1.1.2012 USD'000 Restated
Equity			
Share capital	100,962	108,282	104,510
Reserves	720,473	533,684	482,610
Treasury shares	(7,455)	(7,991)	(7,709)
Total equity attributable to owners of the Company	813,980	633,975	579,411
Non-controlling interests	(2,032)	850	1,653
Total equity	811,948	634,825	581,064
Liabilities			
Borrowings	88,054	111,638	87,092
Employee benefits	11,821	13,158	11,282
Deferred tax liabilities	47,866	8,130	6,606
Total non-current liabilities	147,741	132,926	104,980
Borrowings	348,146	345,217	161,750
Derivative financial liabilities	-	403	-
Taxation	8,164	2,822	1,633
Payables and accruals	181,114	161,991	102,887
Total current liabilities	537,424	510,433	266,270
Total liabilities	685,165	643,359	371,250
Total equity and liabilities	1,497,113	1,278,184	952,314

The information presented on this page does not form part the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM3.328 = USD1.00

(2012 - RM3.103 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Revenue	21	5,198,491	4,087,883	75,110	61,000
Cost of sales		(4,070,433)	(3,305,776)	-	-
Gross profit		1,128,058	782,107	75,110	61,000
Other income		78,197	63,091	20,808	30
Distribution expenses		(391,171)	(308,597)	-	-
Administrative expenses		(327,583)	(251,132)	(17,643)	(15,823)
Other expenses		(99,703)	(33,517)	(658)	(1,728)
Results from operating activities		387,798	251,952	77,617	43,479
Finance income	22	17,395	15,227	16,863	27,024
Finance costs	23	(48,580)	(43,567)	(20,973)	(26,089)
Net finance (cost)/income		(31,185)	(28,340)	(4,110)	935
Share of profit of equity-accounted investees, net of tax		3,509	1,739	-	-
Profit before tax	24	360,122	225,351	73,507	44,414
Tax expense	26	(124,495)	(61,803)	(6,022)	(11,251)
Profit for the year		235,627	163,548	67,485	33,163
Other comprehensive income/(loss), net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		2,825	200	-	-
Revaluation of property, plant and equipment		595,900	-	-	-
		598,725	200	-	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		56	(1,492)	-	-
Cash flow hedge		1,021	(1,448)	-	-
		1,077	(2,940)	-	-
Other comprehensive income/(loss) for the year, net of tax	27	599,802	(2,740)	-	-
Total comprehensive income for the year		835,429	160,808	67,485	33,163

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Profit attributable to:					
Owners of the Company		250,952	165,855	67,485	33,163
Non-controlling interests		(15,325)	(2,307)	-	-
Profit for the year		235,627	163,548	67,485	33,163
Total comprehensive income attributable to:					
Owners of the Company		844,528	163,185	67,485	33,163
Non-controlling interests		(9,099)	(2,377)	-	-
Total comprehensive income for the year		835,429	160,808	67,485	33,163
Basic earnings per ordinary share (sen)	28	38.44	25.41		

The notes on pages 51 to 144 are an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013 (in USD equivalent)

	2013 USD'000	2012 USD'000 Restated
Revenue	1,562,047	1,317,397
Cost of sales	(1,223,087)	(1,065,348)
Gross profit	338,960	252,049
Other income	23,497	20,332
Distribution expenses	(117,539)	(99,451)
Administrative expenses	(98,432)	(80,932)
Other expenses	(29,959)	(10,801)
Results from operating activities	116,527	81,197
Finance income	5,227	4,907
Finance costs	(14,597)	(14,040)
Net finance cost	(9,370)	(9,133)
Share of profit of equity-accounted investees, net of tax	1,054	560
Profit before tax	108,211	72,624
Tax expense	(37,408)	(19,917)
Profit for the year	70,803	52,707

The information presented on this page does not form part the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM3.328 = USD1.00

(2012 - RM3.103 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2013 (in USD equivalent)

	2013 USD'000	2012 USD'000 Restated
Other comprehensive income/(loss), net of tax		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Remeasurement of defined benefit liability	849	64
Revaluation of property, plant and equipment	179,056	-
	179,905	64
<i>Items that are or may be reclassified subsequently to profit or loss</i>		
Foreign currency translation differences for foreign operations	17	(481)
Cash flow hedge	307	(467)
	324	(948)
Other comprehensive income/(loss) for the year, net of tax	180,229	(884)
Total comprehensive income for the year	251,032	51,823
Profit attributable to:		
Owners of the Company	75,408	53,450
Non-controlling interests	(4,605)	(743)
Profit for the year	70,803	52,707
Total comprehensive income attributable to:		
Owners of the Company	253,766	52,589
Non-controlling interests	(2,734)	(766)
Total comprehensive income for the year	251,032	51,823
Basic earnings per ordinary share (sen)	11.55	8.19

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The audited figures are converted into USD equivalent using the exchange rate of RM3.328 = USD1.00

(2012 - RM3.103 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

Group	Note	Attributable to owners of the Company						Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserves RM'000	Capitalisation of retained earnings RM'000				
At 1 January 2012, as restated		336,000	(24,786)	(1,305)	-	463	100	1,552,334	1,862,806	5,315	1,868,121
Remeasurement of defined benefit liability		-	-	-	-	-	-	200	200	-	200
Foreign currency translation differences for foreign operations		-	-	(1,422)	-	-	-	-	(1,422)	(70)	(1,492)
Cash flow hedge		-	-	-	-	(1,448)	-	-	(1,448)	-	(1,448)
Total other comprehensive loss for the year		-	-	(1,422)	-	(1,448)	-	200	(2,670)	(70)	(2,740)
Profit for the year		-	-	-	-	-	-	165,855	165,855	(2,307)	163,548
Total comprehensive (loss)/income for the year		-	-	(1,422)	-	(1,448)	-	166,055	163,185	(2,377)	160,808
Purchase of treasury shares		-	(9)	-	-	-	-	-	(9)	-	(9)
Dividends		-	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
- 2011 final	29	-	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
- 2012 interim	29	-	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
Total transactions with owners of the Company		-	(9)	-	-	-	-	(58,754)	(58,763)	(300)	(59,063)
At 31 December 2012, as restated		336,000	(24,795)	(2,727)	-	(985)	100	1,659,635	1,967,228	2,638	1,969,866
		Note 17	Note 17	Note 17	Note 17	Note 17					

Consolidated Statement of Changes in Equity

for the year ended 31 December 2013

Group	Note	Attributable to owners of the Company						Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserves RM'000	Capitalisation of retained earnings RM'000				
At 1 January 2013		336,000	(24,795)	(2,727)	-	(985)	100	1,659,635	1,967,228	2,638	1,969,866
Remeasurement of defined benefit liability		-	-	-	-	-	-	2,825	2,825	-	2,825
Revaluation of property, plant and equipment		-	-	-	589,657	-	-	-	589,657	6,243	595,900
Foreign currency translation differences for foreign operations		-	-	73	-	-	-	-	73	(17)	56
Cash flow hedge		-	-	-	-	1,021	-	-	1,021	-	1,021
Total other comprehensive loss for the year		-	-	73	589,657	1,021	-	2,825	593,576	6,226	599,802
Profit for the year		-	-	-	-	-	-	250,952	250,952	(15,325)	235,627
Total comprehensive income/(loss) for the year		-	-	73	589,657	1,021	-	253,777	844,528	(9,099)	835,429
Purchase of treasury shares		-	(14)	-	-	-	-	-	(14)	-	(14)
Dividends											
- 2012 final	29	-	-	-	-	-	-	(29,377)	(29,377)	-	(29,377)
- 2013 interim	29	-	-	-	-	-	-	(29,377)	(29,377)	(300)	(29,677)
- 2013 special	29	-	-	-	-	-	-	(44,064)	(44,064)	-	(44,064)
Total transactions with owners of the Company		-	(14)	-	-	-	-	(102,818)	(102,832)	(300)	(103,132)
At 31 December 2013		336,000	(24,809)	(2,654)	589,657	36	100	1,810,594	2,708,924	(6,761)	2,702,163
		Note 17	Note 17	Note 17	Note 17	Note 17					

The notes on pages 51 to 144 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2013

Company	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	
At 1 January 2012		336,000	(24,786)	1,002,079	1,313,293
Profit and total comprehensive income for the year		-	-	33,163	33,163
Purchase of treasury shares		-	(9)	-	(9)
Dividends					
- 2011 final	29	-	-	(29,377)	(29,377)
- 2012 interim	29	-	-	(29,377)	(29,377)
Total transactions with owners of the Company		-	(9)	(58,754)	(58,763)
At 31 December 2012/1 January 2013		336,000	(24,795)	976,488	1,287,693
Profit and total comprehensive income for the year		-	-	67,485	67,485
Purchase of treasury shares		-	(14)	-	(14)
Dividends					
- 2012 final	29	-	-	(29,377)	(29,377)
- 2013 interim	29	-	-	(29,377)	(29,377)
- 2013 special	29	-	-	(44,064)	(44,064)
Total transactions with owners of the Company		-	(14)	(102,818)	(102,832)
At 31 December 2013		336,000	(24,809)	941,155	1,252,346
		Note 17	Note 17	Note 17	

The notes on pages 51 to 144 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Cash flows from operating activities					
Profit before tax		360,122	225,351	73,507	44,414
Adjustments for:					
Amortisation of prepaid lease payments	5	884	793	-	-
Depreciation of property, plant and equipment	3	73,875	68,788	415	333
Dividend income		-	-	(75,110)	(61,000)
Gain on disposal of property, plant and equipment	24	(1,708)	(8,145)	(484)	(30)
Gain on disposal of unquoted subsidiaries		-	-	(16,836)	-
Finance expense	23	48,580	43,567	20,973	26,089
Finance income	22	(17,395)	(15,227)	(16,863)	(27,024)
Inventories written off		43	138	-	-
Write-down of inventories	14	176	1,885	-	-
Impairment loss on:					
Other investments		-	-	658	658
Hire purchase receivables		5,845	4,113	-	-
Trade receivables		3,504	2,370	-	-
Property, plant and equipment		4,470	-	-	-
Reversal of write down of inventories	14	(62)	(569)	-	-
Reversal of impairment loss on:					
Hire purchase receivables		(2,373)	(928)	-	-
Trade receivables		(4,079)	(2,502)	-	-
Finance lease receivables		-	(241)	-	-
Property, plant and equipment written off		430	104	-	-
Retirement benefits charged	19	4,283	5,415	852	701
Fair value changes on investment properties		(4,992)	(8,297)	-	-
Fair value loss/(gain) on other investments		55	(2,833)	-	-
Share of profit of equity-accounted investees		(3,509)	(1,739)	-	-
Operating profit/(loss) before changes in working capital		468,149	312,043	(12,888)	(15,859)
Changes in working capital:					
Inventories		(313,413)	(453,647)	-	-
Hire purchase receivables		(189,466)	186,905	-	-
Finance lease receivables		1,863	(806)	-	-
Receivables		(37,410)	(122,437)	451	(345)
Deposits and prepayment		(9,447)	12,289	(5)	44
Payables and accruals		93,805	171,232	260	(132)
Cash generated from/(used in) operations		14,081	105,579	(12,182)	(16,292)
Tax paid		(114,093)	(67,963)	-	-
Tax refund		3,750	3,496	2,397	2,079
Interest paid		(48,580)	(43,567)	(20,973)	(26,089)
Interest received		17,395	15,227	16,863	27,024
Employee benefits paid		(2,007)	(590)	-	-
Net cash (used in)/from operating activities		(129,454)	12,182	(13,895)	(13,278)

Statements of Cash Flows

for the year ended 31 December 2013

	Note	Group		Company	
		2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(186,752)	(297,559)	(259)	(586)
Acquisition of prepaid lease payments	5	(7,620)	(6,341)	-	-
Acquisition of other investments		(103,172)	(131,544)	-	-
Repayment from subsidiaries		-	-	159,530	82,608
Subscription to subsidiaries' share capital		-	-	(59,435)	(841)
Acquisitions of:					
Share in equity-accounted investees		-	(1,447)	-	-
Subsidiary		(2,350)	-	-	-
Dividends received from subsidiaries		-	-	64,875	46,000
Proceeds from disposal of property, plant and equipment		26,635	50,634	905	30
Proceeds from disposal of unquoted subsidiaries		-	-	39,335	-
Proceeds from disposal of other investments		151,000	125,000	15,000	16,000
Net cash (used in)/from investing activities		(122,259)	(261,257)	219,951	143,211
Cash flows from financing activities					
Dividends paid to shareholders of the Company	29	(102,818)	(58,754)	(102,818)	(58,754)
Dividends paid to non-controlling interests		(300)	(300)	-	-
Purchase of own shares		(14)	(9)	(14)	(9)
Proceeds from bills payable		864,284	806,582	-	-
Repayment of bills payable		(764,201)	(620,967)	-	-
Proceeds from term loans, Cagamas financing and revolving credit		496,967	878,852	-	-
Repayment of term loans, Cagamas financing and revolving credit		(570,355)	(444,448)	(80,000)	(70,000)
Net cash (used in)/from financing activities		(76,437)	560,956	(182,832)	(128,763)
Net (decrease)/increase in cash and cash equivalents		(328,150)	311,881	23,224	1,170
Effects of exchange rate fluctuations on cash and cash equivalents		4,848	(683)	-	-
Cash and cash equivalents at 1 January		635,876	324,678	3,022	1,852
Cash and cash equivalents at 31 December		312,574	635,876	26,246	3,022

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

	Note	Group		Company	
		2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Cash and bank balances	16	181,009	197,121	207	1,723
Deposits with licensed banks	16	131,565	438,755	26,039	1,299
		312,574	635,876	26,246	3,022

The notes on pages 51 to 144 are an integral part of these financial statements.

Notes to the Financial Statements

Tan Chong Motor Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office/Principal place of business

62-68 Jalan Ipoh
51200 Kuala Lumpur

The consolidated financial statements as at and for the financial year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the Group) and the Group's interest in associates and joint venture. The financial statements of the Company as at and for the financial year ended 31 December 2013 do not include other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 36 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors on 18 April 2014.

1. Basis of preparation

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the Companies Act, 1965 in Malaysia.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2014

- * Amendments to MFRS 10, *Consolidated Financial Statements: Investment Entities*
- * Amendments to MFRS 12, *Disclosure of Interests in Other Entities: Investment Entities*
- * Amendments to MFRS 127, *Separate Financial Statements (2011): Investment Entities*
- * Amendments to MFRS 132, *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*
- * Amendments to MFRS 136, *Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets*
- * Amendments to MFRS 139, *Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting*
- * IC Interpretation 21, *Levies*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 July 2014

- * Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements 2011 – 2013 Cycle)*
- * Amendments to MFRS 2, *Share-based Payment (Annual Improvements 2010 – 2012 Cycle)*
- * Amendments to MFRS 3, *Business Combinations (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)*
- * Amendments to MFRS 8, *Operating Segments (Annual Improvements 2010 – 2012 Cycle)*
- * Amendments to MFRS 13, *Fair Value Measurement (Annual Improvements 2010 – 2012 Cycle and 2011 – 2013 Cycle)*
- * Amendments to MFRS 116, *Property, Plant and Equipment (Annual Improvements 2010 – 2012 Cycle)*
- * Amendments to MFRS 119, *Employee Benefits – Defined Benefit Plans: Employee Contributions*
- * Amendments to MFRS 124, *Related Party Disclosures (Annual Improvements 2010 – 2012 Cycle)*
- * Amendments to MFRS 138, *Intangible Assets (Annual Improvements 2010 – 2012 Cycle)*
- * Amendments to MFRS 140, *Investment Property (Annual Improvements 2011 – 2013 Cycle)*

Notes to the Financial Statements

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- * MFRS 9, *Financial Instruments (2009)*
- * MFRS 9, *Financial Instruments (2010)*
- * MFRS 9, *Financial Instruments – Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139*
- * Amendments to MFRS 7, *Financial Instruments: Disclosures – Mandatory Effective Date of MFRS 9 and Transition Disclosures*

The Group and the Company plan to apply the abovementioned accounting standards, amendments and interpretations:

- * from the annual period beginning on 1 January 2014 for those standards, amendments or interpretations that are effective for annual period beginning on or after 1 January 2014.
- * from the annual period beginning on 1 January 2015 for those standards, amendments or interpretations that are effective for annual period beginning on or after 1 July 2014.

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impacts to the financial statements of the Group and the Company except as mentioned below:

MFRS 9, *Financial Instruments*

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost.

The adoption of MFRS 9 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting MFRS 9.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those disclosed in the notes to the financial statements.

(c) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Financial Statements

1. Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- * Note 3 - valuation of property, plant and equipment
- * Note 4 - valuation of investment properties
- * Note 6 - intangible assets
- * Note 7 - impairment of investment in subsidiaries
- * Note 9 - valuation of other investments
- * Note 10 - recognition of deferred tax assets
- * Note 11 - impairment of hire purchase receivables
- * Note 12 - impairment of finance lease receivables
- * Note 13 - impairment of trade receivables
- * Note 14 - valuation of inventories
- * Note 19 - valuation of employee benefits
- * Note 31 - contingent liabilities

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group adopted MFRS 10, *Consolidated Financial Statements* in the current financial year. This results in changes to the following policies:

- Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In the previous financial years, control exists when the Group has the ability to exercise its power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.
- Potential voting rights are considered when assessing control only when such rights are substantive. In the previous financial years, potential voting rights are considered when assessing control when such rights are presently exercisable.
- The Group considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return. In the previous financial years, the Group did not consider *de facto* power in its assessment of control.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 10. The effects from the adoption of MFRS 10 are disclosed in Note 39.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- * the fair value of the consideration transferred; plus
- * the recognised amount of any non-controlling interests in the acquiree; plus
- * if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- * the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group treats all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution. The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

The Group adopted MFRS 11, Joint Arrangements in the current financial year. As a result, joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.
- A joint arrangement is classified as "joint venture" when the Group has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method.

In the previous financial years, joint arrangements were classified and accounted for as follows:

- For jointly controlled entity, the Group accounted for its interest using the equity method.
- For jointly controlled asset or jointly controlled operation, the Group and the Company accounted for each its share of the assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors.

The change in accounting policy has been made retrospectively and in accordance with the transitional provision of MFRS 11. The effects from the adoption of MFRS 11 are disclosed in Note 39.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the profit or loss on disposal.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(b) Foreign currency (continued)

(ii) Operations denominated in functional currencies other than Ringgit Malaysia (RM)

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the FCTR in equity.

(c) Financial instruments

(i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

The Group and the Company categorise financial instruments as follows:

Financial assets

(a) ***Financial assets at fair value through profit or loss***

Fair value through profit or loss category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of unquoted equity instruments whose fair values cannot be reliably measured are measured at cost.

Other financial assets categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(ii) Financial instrument categories and subsequent measurement (continued)

Financial assets (continued)

(b) Held-to-maturity investments

Held-to-maturity investments category comprises debt instruments that are quoted in an active market and that the Group or the Company has the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments are subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprises debt instruments that are not quoted in an active market.

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(d) Available-for-sale financial assets

Available-for-sale category comprises investment in equity and debt securities instruments that are not held for trading.

Investment in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as available-for-sale are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss. On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition.

Derivatives that are linked to and must be settled by delivery of equity instruments that do not have a quoted price in an active market for identical instruments whose fair values otherwise cannot be reliably measured are measured at cost.

Other financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting. Trade date accounting refers to:

- (a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
- (b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

(iv) Hedge accounting

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion is recognised in profit and loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

(v) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in the profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for freehold land, are stated at cost/valuation less accumulated depreciation and any accumulated impairment losses.

Freehold land is stated at valuation less any accumulated impairment losses.

The Group has changed its accounting policy with respect to the measurement of land and buildings from the cost model to the revaluation model. The Group's properties were revalued on 31 December 2013 by independent professional qualified valuer. Valuations will be performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the reporting date. The effects from the change are disclosed in Note 39.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the Group's accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged between knowledgeable willing parties in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items when available and replacement cost when appropriate.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other income" and "other expenses" respectively in profit or loss.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in the profit or loss as incurred.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment except for one of the subsidiaries where its plant, machinery and equipment are depreciated over the shorter of the model useful life or sales volume generated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery and equipment	4 - 10 years
Furniture, fixtures, fittings and office equipment	3 - 10 years
Motor vehicles	5 years
Renovation	5 - 8 years
Rough road	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leased assets

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(e) Leased assets (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments. The payments are amortised over the lease terms which are not more than 45 years.

(f) Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses.

In respect of equity accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted associates and joint venture.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or held under a leasehold interest to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

The Group has changed its accounting policy with respect to accounting for investment property during the financial year. The change in accounting policy has been made retrospectively and the effects from the change are disclosed in Note 39.

Investment properties are measured initially at cost and subsequently at fair value with any change therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of the materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(g) Investment property (continued)

(ii) Reclassification from/to investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reserves a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is measured based on weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

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

Costs of locally assembled motor vehicles, work-in-progress in respect of motor vehicles under assembly and unassembled vehicle packs are determined at standard cost adjusted for variances which approximates actual cost on a specific identification basis.

Costs of other raw materials, work-in-progress, manufactured inventories and trading inventories are determined mainly on the first in first out basis whilst spare parts are determined mainly on the weighted average basis.

In the current financial year, the Group adopted the amendments to MFRS 116, Property, Plant and Equipment (Annual Improvements 2009 – 2011 Cycle) and classifies spare parts as inventories unless the item of spare part is held for own use and expected to be used during more than one period in which it is classified as property, plant and equipment. The change in accounting policy has been applied retrospectively. The adoption of amendments to MFRS 116 has no significant impact to the financial statements of the Group and of the Company.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investment in subsidiaries and investment in associates and joint venture) are assessed at each reporting date whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of available-for-sale financial assets is recognised in the profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an available-for-sale financial asset has been recognised in the other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity to profit or loss.

An impairment loss in respect of unquoted equity instrument that is carried at cost is recognised in profit or loss and is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale is not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed, to the extent that the asset's carrying amount does not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in profit or loss.

(ii) Other assets

The carrying amounts of other assets (except for inventories, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(j) Impairment (continued)

(ii) Other assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating units (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (groups of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(k) Equity instrument

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(iii) Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares in the statement of changes in equity.

Where treasury shares are distributed as share dividends, the cost of the treasury shares is applied in the reduction of the share premium account or distributable reserves, or both.

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(l) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

The Group's and the Company's contributions to the statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Defined benefit plans

As a result of MFRS 119 (2011), Employee Benefits, the Group and the Company have changed its accounting policy in respect of the basis for determining the income or expense relating to its post employment defined benefit plans.

The Group's and the Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the defined benefit liability, which comprises actuarial gains and losses are recognised immediately in other comprehensive income. The Group determines the interest expense on the defined liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contribution and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognise gains or losses on the settlement of a defined benefit plan when the settlement occurs.

The change in accounting policy has been made retrospectively. The adoption of MFRS 119 (2011) has no significant impact to the financial statements of the Group and the Company. The effects from the adoption of MFRS 119 (2011) are disclosed in Note 39.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(m) Provisions (continued)

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(n) Revenue and other income

(i) Goods sold

Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of the revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss as and when the services are performed.

(iii) Hire purchase revenue

Hire purchase revenue is recognised in the profit or loss based on a pattern reflecting a constant periodic rate of return on the net investment outstanding at the end of each reporting period.

(iv) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(v) Commissions

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(vi) Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of lease. Rental income from subleased property is recognised as other income.

(vii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(o) Borrowing costs

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

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(p) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Where investment properties are carried at fair value in accordance with the accounting policies set out in Note 2(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sales of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the Financial Statements

2. Significant accounting policies (continued)

(p) Income tax (continued)

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against the unutilised tax incentive can be utilised.

(q) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares ("EPS").

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker, which in this case is the Executive Deputy Chairman and Managing Director of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(s) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(t) Fair value measurements

From 1 January 2013, the Group adopted MFRS 13, Fair Value Measurement which prescribed that fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurements takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In accordance with the transitional provision of MFRS 13, the Group applied the new fair value measurement guidance prospectively, and has not provided any comparative fair value information for new disclosures. The adoption of MFRS 13 has not significantly affected the measurements of the Group's assets or liabilities other than the additional disclosures.

Notes to the Financial Statements

3. Property, plant and equipment

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Cost/Valuation										
At 1 January 2012										
- as previously stated	96,898	116,475	295,247	285,153	80,204	149,077	29,298	290	30,833	1,083,475
- effect of adopting MFRS 10	-	-	-	1,856	-	-	-	-	-	1,856
At 1 January 2012, restated	96,898	116,475	295,247	287,009	80,204	149,077	29,298	290	30,833	1,085,331
Additions	108,185	-	2,622	7,354	9,329	57,588	7,343	8	105,130	297,559
Disposals	-	-	-	(5,539)	(12,090)	(55,102)	(21)	-	-	(72,752)
Reclassifications	-	-	1,665	24,344	2,053	-	2,840	-	(30,902)	-
Transfers	*(2,427)	*(1,037)	*145	-	-	-	-	-	-	(3,319)
Write off	-	-	-	(17,228)	(4,213)	(225)	(113)	-	-	(21,779)
Effects of movement in exchange rates	-	-	-	(390)	(53)	(40)	(69)	-	(483)	(1,035)
At 31 December 2012										
- as previously stated	202,656	115,438	299,693	293,743	75,230	151,298	39,278	298	104,578	1,282,212
- effect of adopting MFRS 140/MFRS 10	-	-	(14)	1,807	-	-	-	-	-	1,793
At 31 December 2012, restated/1 January 2013	202,656	115,438	299,679	295,550	75,230	151,298	39,278	298	104,578	1,284,005
Acquisition of subsidiary	-	1,850	-	-	-	-	-	-	-	1,850
Additions	8,901	4,953	7,131	5,238	14,969	67,725	8,207	-	69,628	186,752
Disposals	-	-	-	(783)	(1,001)	(44,675)	-	-	-	(46,459)
Reclassifications	6,659	-	36,938	61,619	3,414	-	2,233	273	(111,136)	-
Revaluations (Note 39)	214,290	321,718	70,691	-	-	-	-	-	-	606,699
Transfers	*12,300	-	-	-	-	-	-	-	-	12,300
Write off	-	-	-	(350)	(629)	(92)	(331)	-	(5)	(1,407)
Effects of movement in exchange rates	-	65	2,199	4,685	159	211	169	16	81	7,585
At 31 December 2013	444,806	444,024	416,638	365,959	92,142	174,467	49,556	587	63,146	2,051,325
Representing items:										
- at cost	-	-	-	365,959	92,142	174,467	49,556	587	63,146	745,857
- at valuation	444,806	444,024	416,638	-	-	-	-	-	-	1,305,468
At 31 December 2013	444,806	444,024	416,638	365,959	92,142	174,467	49,556	587	63,146	2,051,325

* Transferred (to)/from Investment properties (Note 4).

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Accumulated depreciation and impairment loss										
At 1 January 2012										
- as previously stated										
Accumulated depreciation	-	27,496	82,526	166,025	59,366	51,570	15,355	154	-	402,492
Accumulated impairment loss	-	-	-	5,127	33	-	44	-	-	5,204
- effect of adopting MFRS 10	-	27,496	82,526	171,152	59,399	51,570	15,399	154	-	407,696
At 1 January 2012, restated	-	-	-	1,240	-	-	-	-	-	1,240
Accumulated depreciation	-	27,496	82,526	167,265	59,366	51,570	15,355	154	-	403,732
Accumulated impairment loss	-	-	-	5,127	33	-	44	-	-	5,204
Depreciation for the year	-	27,496	82,526	172,392	59,399	51,570	15,399	154	-	408,936
Disposals	-	1,484	5,116	25,388	4,289	28,968	3,484	59	-	68,788
Write off	-	-	-	(82)	(9,310)	(20,863)	(8)	-	-	(30,263)
Transfer	-	-	-	(17,227)	(4,159)	(177)	(112)	-	-	(21,675)
Transfer	-	*(390)	-	-	-	-	-	-	-	(390)
Effects of movement in exchange rates	-	-	-	(62)	(22)	(17)	(20)	-	-	(121)
At 31 December 2012										
- as previously stated										
Accumulated depreciation	-	28,590	87,702	173,763	50,164	59,481	18,699	213	-	418,612
Accumulated impairment loss	-	-	-	5,127	33	-	44	-	-	5,204
- effect of adopting MFRS 140/MFRS 10	-	28,590	87,702	178,890	50,197	59,481	18,743	213	-	423,816
At 31 December 2012, restated/1 January 2013	-	-	(60)	1,519	-	-	-	-	-	1,459
Accumulated depreciation	-	28,590	87,642	175,282	50,164	59,481	18,699	213	-	420,071
Accumulated impairment loss	-	-	-	5,127	33	-	44	-	-	5,204
Depreciation for the year	-	28,590	87,642	180,409	50,197	59,481	18,743	213	-	425,275
Disposals	-	1,538	6,011	21,433	7,717	32,459	4,636	81	-	73,875
Write off	-	-	-	(364)	(449)	(20,719)	-	-	-	(21,532)
Impairment loss	-	-	-	(181)	(628)	(92)	(76)	-	-	(977)
Impairment loss	2,798	-	1,672	-	-	-	-	-	-	4,470
Effects of movement in exchange rates	-	1	25	653	71	60	78	-	-	888
Revaluation (Note 39)	-	(30,129)	(93,678)	-	-	-	-	-	-	(123,807)
At 31 December 2013	-	-	-	196,823	56,875	71,189	23,337	294	-	348,518
Accumulated depreciation	-	-	-	196,823	56,875	71,189	23,337	294	-	348,518
Accumulated impairment loss	2,798	-	1,672	5,127	33	-	44	-	-	9,674
	2,798	-	1,672	201,950	56,908	71,189	23,381	294	-	358,192

* Transferred (to)/from Investment properties (Note 4).

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Carrying amount										
At 1 January 2012, as previously stated	96,898	88,979	212,721	114,001	20,805	97,507	13,899	136	30,833	675,779
At 1 January 2012, restated	96,898	88,979	212,721	114,617	20,805	97,507	13,899	136	30,833	676,395
At 31 December 2012, as previously stated	202,656	86,848	211,991	114,853	25,033	91,817	20,535	85	104,578	858,396
At 31 December 2012, restated/1 January 2013	202,656	86,848	212,037	115,141	25,033	91,817	20,535	85	104,578	858,730
At 31 December 2013	442,008	444,024	414,966	164,009	35,234	103,278	26,175	293	63,146	1,693,133

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Company	Buildings RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2012	690	182	1,455	2,327
Additions	-	12	574	586
Disposals	-	-	(188)	(188)
At 31 December 2012/1 January 2013	690	194	1,841	2,725
Additions	-	4	255	259
Disposals	(690)	-	(292)	(982)
At 31 December 2013	-	198	1,804	2,002
Accumulated depreciation				
At 1 January 2012	249	121	702	1,072
Depreciation for the year	14	27	292	333
Disposals	-	-	(188)	(188)
At 31 December 2012/1 January 2013	263	148	806	1,217
Depreciation for the year	12	21	382	415
Disposals	(275)	-	(286)	(561)
At 31 December 2013	-	169	902	1,071
Carrying amount				
At 1 January 2012	441	61	753	1,255
At 31 December 2012/1 January 2013	427	46	1,035	1,508
At 31 December 2013	-	29	902	931

Property, plant and equipment under revaluation model

The Group's properties were revalued on 31 December 2013 by independent professional qualified valuer using comparison and depreciated replacement cost approach.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Property, plant and equipment under revaluation model (continued)

Had the revalued properties been carried under the cost model, the net carrying amount of each class of property, plant and equipment that would have been included in the financial statements of the Group as at 31 December 2013 would be as follows:

Group 31 December 2013	Freehold land RM'000	Leasehold Land RM'000	Buildings RM'000	Total RM'000
Cost	225,623	122,306	345,947	693,876
Accumulated depreciation	-	(30,129)	(93,678)	(123,807)
Accumulated impairment	(2,798)	-	(1,672)	(4,470)
	222,825	92,177	250,597	565,599

Fair value information

Group 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land	-	-	442,008	442,008
Long term leasehold land	-	-	444,024	444,024
Building	-	-	414,966	414,966
	-	-	1,300,998	1,300,998

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Valuation process applied by the Group

The fair value of land and buildings is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical land and buildings that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the land and buildings, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Notes to the Financial Statements

3. Property, plant and equipment (continued)

Fair value information (continued)

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using inputs with significant adjustments for the land and buildings.

Fair values of land and buildings have been generally derived using the sales comparison and depreciated replacement cost approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Depreciated replacement cost approach is based on how much it would cost to reproduce the property after adjusting for depreciation.

Titles

The titles to certain properties with a total cost of RM11,545,000 (2012: RM23,842,000) have yet to be issued by the relevant authorities.

4. Investment properties

Group	Freehold land RM'000	Leasehold Land RM'000	Buildings RM'000	Total RM'000
At 1 January 2012, as previously stated	14,661	-	2,897	17,558
Change in fair value recognised in profit or loss	13,579	-	9,616	23,195
At 1 January 2012, as restated	28,240	-	12,513	40,753
Transfer	*2,427	*647	*(145)	2,929
Change in fair value recognised in profit or loss	2,857	5,043	397	8,297
At 31 December 2012, as restated/ 1 January 2013	33,524	5,690	12,765	51,979
Transfer	(12,300)	-	-	(12,300)
Change in fair value recognised in profit or loss	4,620	283	89	4,992
At 31 December 2013	25,844	5,973	12,854	44,671

* Transferred from/(to) Property, plant and equipment (Note 3).

Notes to the Financial Statements

4. Investment properties (continued)

Fair value information

Group 2013	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Freehold land	-	-	25,844	25,844
Long term leasehold land	-	-	5,973	5,973
Buildings	-	-	12,854	12,854
	-	-	44,671	44,671

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Valuation process applied by the Group

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using inputs with significant adjustments for the investment property.

Fair values of land and buildings have been generally derived using the sales comparison and depreciated replacement cost approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Depreciated replacement cost approach is based on how much it would cost to reproduce the property after adjusting for depreciation.

Notes to the Financial Statements

5. Prepaid lease payments

Group	Leasehold land	
	2013 RM'000	2012 RM'000
Cost		
At 1 January	17,611	11,657
Additions	7,620	6,341
Effects of movement in exchange rates	1,100	(387)
At 31 December	26,331	17,611
Amortisation		
At 1 January	1,076	300
Amortisation for the year	884	793
Effects of movement in exchange rates	101	(17)
At 31 December	2,061	1,076
Carrying amount		
At 1 January	16,535	11,357
At 31 December	24,270	16,535

6. Intangible assets

Goodwill	Group	
	2013 RM'000	2012 RM'000
Cost		
At 1 January	13,944	14,448
Acquisition of subsidiary (Note 37)	648	-
Effects of movement in exchange rates	-	(504)
At 31 December	14,592	13,944

Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

Notes to the Financial Statements

6. Intangible assets (continued)

Impairment testing for cash-generating unit containing goodwill (continued)

The aggregate carrying amounts of goodwill allocated are as follows:

	31.12.2013 RM'000	Group 31.12.2012 RM'000	1.1.2012 RM'000
(i) Malaysia property	648	-	-
(ii) Vietnam vehicles distribution network	13,944	13,944	14,448
	14,592	13,944	14,448

(i) The impairment test in respect of Malaysia property was based on fair value of the property which is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Valuation is performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land at the reporting date.

(ii) The impairment test in respect of Vietnam vehicles distribution network was based on value in use and was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

- Cash flows were projected based on 5-year business plan.
- Total Industry Vehicle (TIV) is projected to grow at the following rates per annum:
 - FY 2014 - 15%
 - FY 2015 - 46%
 - FY 2016 to 2018 - 12%
- Market share to grow gradually from 2% to 7% with the introduction of new models and increase in dealer's network.
- A pre-tax discount rate of 8% was applied in determining the recoverable amount. The discount rate was estimated based on the average Vietnam inflation rate issued by the General Statistics Office of Vietnam.

The above estimates are particularly sensitive in the following areas:

- An increase of 3 percentage point in the discount rate used would not result in any impairment loss.
- A 5 percentage point decrease in future planned revenues would not result in any impairment loss.

Notes to the Financial Statements

7. Investment in subsidiaries

	Company	
	31.12.2013 RM'000	31.12.2012 RM'000
Unquoted shares in Malaysia, at cost	1,397,636	1,360,700
Less: Impairment loss	(20,638)	(20,638)
	1,376,998	1,340,062

Details of the subsidiaries are in Note 36.

Although the Group owns less than half of the ownership interest in TC Express Auto Services and Spare Parts (Thailand) Company Ltd. and less than half of the voting power of this entity, the Directors have determined that the Group controls this entity. The Group has de facto control over this entity because the Group has held significantly more power over this entity than any other equity holders and that remaining voting rights in the investee are widely dispersed and that there is no indication that all other shareholders would exercise their votes collectively.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

- (i) Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA")
- (ii) Nissan Vietnam Co. Ltd. ("NVL")

2013	TCMA RM'000	NVL RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<i>NCI percentage of ownership interest and voting interest</i>	30%	26%		
Carrying amount of NCI	15,092	(18,092)	(3,761)	(6,761)
Profit allocated to NCI	8,586	(16,736)	(949)	(9,099)

Notes to the Financial Statements

7. Investment in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

2013	TCMA RM'000	NVL RM'000
Summarised financial information before intra-group elimination		
As at 31 December		
Non-current assets	76,258	22,778
Current assets	81,664	58,525
Non-current liabilities	(3,739)	-
Current liabilities	(103,877)	(150,887)
Net assets/(liabilities)	50,306	(69,584)
Year ended 31 December		
Revenue	170,486	122,261
Profit/(loss) for the year	7,810	(64,369)*
Total comprehensive income/(loss)	28,620	(64,369)
Cash flows from/(used in) operating activities	20,373	(15,772)
Cash flows (used in) investing activities	(14,567)	(64)
Cash flows (used in)/from financing activities	(1,258)	12,290
Net increase/(decrease) in cash and cash equivalents	4,548	(3,546)
Dividend paid to NCI	300	-

* Inclusive of a one-off provision for additional import duties as set-out in Note 31.

2012	TCMA RM'000	NVL RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<i>NCI percentage of ownership interest and voting interest</i>	30%	26%		
Carrying amount of NCI	6,806	(1,356)	(2,812)	2,638
Profit allocated to NCI	1,167	(2,920)	(624)	(2,377)

Notes to the Financial Statements

7. Investment in subsidiaries (continued)

Summarised financial information before intra-group elimination

2012	TCMA RM'000	NVL RM'000
As at 31 December		
Non-current assets	53,158	20,875
Current assets	109,895	35,078
Non-current liabilities	(3,295)	-
Current liabilities	(137,072)	(61,168)
Net assets/(liabilities)	22,686	(5,215)
Year ended 31 December		
Revenue	137,756	102,179
Profit/(loss) for the year	3,890	(11,232)
Total comprehensive income/(loss)	3,890	(11,232)
Cash flows (used in) operating activities	(4,652)	(1,818)
Cash flows (used in)/from investing activities	(2,630)	1,188
Cash flows (used in) financing activities	(2,525)	(1,321)
Net decrease in cash and cash equivalents	(9,807)	(1,951)
Dividend paid to NCI	300	-

Notes to the Financial Statements

8. Equity-accounted investees

	Note	Group			Company	
		31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	31.12.2013 RM'000	31.12.2012 RM'000
Interests in associates	a	31,946	28,723	20,998	12,246	12,246
Interest in joint venture	b	1,972	1,686	1,581	1,406	1,406
		33,918	30,409	22,579	13,652	13,652

(a) Interests in associates

	Group			Company	
	31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	31.12.2013 RM'000	31.12.2012 RM'000
Unquoted shares, at cost:					
In Malaysia	7,341	7,341	1,250	-	-
Outside Malaysia	12,247	12,247	12,247	12,246	12,246
Share of post-acquisition reserve	12,358	9,135	7,501	-	-
	31,946	28,723	20,998	12,246	12,246

Details of the material associates are as follows:

Name of entity	Principal place of business/ Country of Incorporation	Nature of the relationship	Effective ownership interest and voting interest	
			2013 %	2012 %
TC Capital (Thailand) Co. Ltd. ("TCCT")	Thailand	Provision for equipment leasing	45.45	45.45
THK Rhythm Malaysia Sdn. Bhd. ("THK")	Malaysia	Manufacture and sale of automobile tierods, tierods ends and suspension ball joints, stabiliser links, steering linkages and power steering gear	20.00	20.00

Notes to the Financial Statements

8. Equity-accounted investees (continued)

(a) Interests in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

2013 Group Summarised financial information	TCCT RM'000	THK RM'000	Other individually immaterial associates RM'000	Total RM'000
As at 31 December				
Non-current assets	18,620	22,977		
Current assets	57,450	23,813		
Current liabilities	(33,535)	(14,830)		
Non-current liabilities	-	(1,466)		
Net assets	42,535	30,494		
Year ended 31 December				
Profit/Total comprehensive income for the year	2,975	6,549		
Included in the total comprehensive income is:				
Revenue	6,072	51,490		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	19,332	6,099	6,515	31,946
Group's share of results				
Year ended 31 December				
Group's share of profit/total comprehensive income for the year	1,352	1,310	561	3,223

Notes to the Financial Statements

8. Equity-accounted investees (continued)

(a) Interests in associates (continued)

2012 Group Summarised financial information	TCCT RM'000	THK RM'000	Other individually immaterial associates RM'000	Total RM'000
As at 31 December				
Non-current assets	13,476	14,270		
Current assets	81,070	19,998		
Current liabilities	(56,006)	(9,451)		
Non-current liabilities	-	(872)		
Net assets	38,540	23,945		
Year ended 31 December				
Profit/Total comprehensive income for the year	1,359	4,985		
<i>Included in the total comprehensive income is:</i>				
Revenue	3,905	47,754		
Reconciliation of net assets to carrying amount				
As at 31 December				
Group's share of net assets	17,517	4,789	6,417	28,723
Group's share of results				
Year ended 31 December				
Group's share of profit/total comprehensive income for the year	618	687	329	1,634

(b) Interest in joint venture

	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Unquoted shares, at cost:					
In Malaysia	500	500	500	1,406	1,406
Share of post-acquisition reserve	1,472	1,186	1,081	-	-
	1,972	1,686	1,581	1,406	1,406

Notes to the Financial Statements

8. Equity-accounted investees (continued)

(b) Interest in joint venture (continued)

Structurflex Sdn. Bhd. (“Structurflex”), the only joint arrangement in which the Group and the Company participate, is principally engaged in manufacturing truck curtains.

Structurflex is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in Structurflex as a joint venture.

The following tables summarise the financial information of Structurflex, as adjusted for any differences in accounting policies. The tables also reconcile the summarised financial information to the carrying amount of the Group’s interest in Structurflex, which is accounted for using the equity method.

	Group & Company	
	2013	2012
Percentage of ownership and voting interest	50%	50%
	Group	
	2013	2012
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	137	35
Current assets (including cash and cash equivalents)	4,656	4,297
Non-current liabilities	(3)	(3)
Current liabilities	(846)	(957)
Cash and cash equivalents	1,307	1,433
Year ended 31 December		
Profit and total comprehensive income for the year	572	210
Included in the total comprehensive income are:		
Revenue	6,037	4,346
Depreciation and amortisation	11	16
Interest income	16	15
Income tax expense	209	155
Reconciliation of net assets to carrying amount		
As at 31 December		
Group’s share of net assets	1,972	1,686
Group’s share of results		
Year ended 31 December		
Group’s share of profit and total comprehensive income for the year	286	105

Notes to the Financial Statements

9. Other investments, including derivatives

	Note	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Non-current						
Available-for-sale financial asset:						
Unquoted shares		-	-	1,806	-	-
Fair value through profit or loss financial asset:						
Option	a	1	1	1	1	1
Held to maturity financial assets:						
Asset-backed notes	b	-	-	-	10,000	25,000
Loan and receivables financial asset:						
Asset-backed notes	b	-	-	-	8,000	8,000
Less: Impairment of asset-backed notes		-	-	-	(1,645)	(987)
		1	1	1,807	16,356	32,014
Current						
Fair value through profit or loss financial asset:						
Liquid investments with licensed financial institutions		152,720	200,603	194,064	-	-
Representing items:						
At cost/amortised cost		-	-	1,806	16,355	32,013
At fair value		152,721	200,604	194,065	1	1
		152,721	200,604	195,871	16,356	32,014
Market value of liquid investments with licensed financial institutions						
		152,720	200,603	194,064	-	-

Note a

The Company entered into a Subscription Option Agreement on 1 October 2009 with Kereta Komersil Seladang (M) Sdn. Bhd. ("Kereta Komersil"), a subsidiary of Warisan TC Holdings Berhad, pursuant to which the Company was granted an option to subscribe for up to such number of new ordinary shares of RM1.00 each in the capital of Kereta Komersil as shall be equivalent to 19% of the total and paid-up capital of Kereta Komersil after such subscription ("Option"). The Option is available for a period of ten (10) years from the date of the Subscription Option Agreement.

Note b

The asset-backed notes acquired by the Company comprise Class A Notes, Class B Notes and Class C Notes issued by the Special Purpose Entity ("SPE") in 2009. The securitisation exercise was fully completed in June 2009 with the issuance of the second series – 2009A of RM159 million nominal value medium term asset-backed notes ("Notes") by the SPE. The proceeds from the issuance of the Notes were used by the SPE for the acquisition of hire purchase receivables from Tan Chong & Sons Motor Company Sdn. Bhd. ("TCM") and TC Capital Resources Sdn. Bhd. ("TCCR"). RM110 million of Class A Notes were issued to investors in the debt capital markets while the remaining Class A Notes, Class B Notes and Class C Notes were subscribed by the Company.

Notes to the Financial Statements

9. Other investments, including derivatives (continued)

The maturity dates and coupon rates for the Notes held by the Company as of year end are as follows:

	Notes RM'000	Date of maturity	Coupon rate
Class A (T3)	4,000	June 2014	5.45%
Class A (T4)	5,000	June 2016	5.80%
Class B	1,000	June 2016	5.85%
Class C	8,000	June 2016	5.00%

10. Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

Group	Assets			Liabilities			Net		
	31.12.2013 RM'000	31.12.2012 RM'000	1.1.2012 RM'000	31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated
Deferred tax assets									
Property, plant and equipment/ Investment properties									
- capital allowances	-	-	-	(6,021)	(5,878)	(6,111)	(6,021)	(5,878)	(6,111)
Provisions	20,622	18,176	12,545	-	-	-	20,622	18,176	12,545
Unabsorbed capital allowances	719	286	43	-	-	-	719	286	43
Tax loss carry-forwards	10,684	11,303	7,967	-	-	-	10,684	11,303	7,967
Other items	393	452	76	-	-	-	393	452	76
Tax assets/(liabilities)	32,418	30,217	20,631	(6,021)	(5,878)	(6,111)	26,397	24,339	14,520
Deferred tax liabilities									
Property, plant and equipment/ Investment properties									
- capital allowances	-	-	-	(22,248)	(24,281)	(22,341)	(22,248)	(24,281)	(22,341)
- revaluation	-	-	-	(140,292)	(5,425)	(5,041)	(140,292)	(5,425)	(5,041)
Reinvestment allowances	-	-	2,836	-	-	-	-	-	2,836
Provisions	2,427	4,037	2,481	-	-	-	2,427	4,037	2,481
Unabsorbed capital allowances	851	851	14	-	-	-	851	851	14
Tax loss carry-forwards	-	-	214	-	-	-	-	-	214
Other items	-	-	599	(35)	(410)	-	(35)	(410)	599
Tax assets/(liabilities)	3,278	4,888	6,144	(162,575)	(30,116)	(27,382)	(159,297)	(25,228)	(21,238)

Notes to the Financial Statements

10. Deferred tax assets and liabilities (continued)

Recognised deferred tax assets and liabilities (continued)

Deferred tax assets and liabilities are attributable to the following:

Company	Assets		Liabilities		Net	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Deferred tax assets						
Property, plant and equipment						
- capital allowances	-	-	(37)	(51)	(37)	(51)
Provisions	4,248	3,990	-	-	4,248	3,990
Tax assets/(liabilities)	4,248	3,990	(37)	(51)	4,211	3,939

Group movement in temporary differences for deferred tax assets during the year:

Group	At	Recognised in	Effects of	Recognised in	At	Recognised in	Effects of	Recognised in	At
	1.1.2012 RM'000	profit or loss (Note 26) RM'000	movement in exchange rate RM'000	other comprehensive income (Note 27) RM'000	31.12.2012 RM'000	profit or loss (Note 26) RM'000	movement in exchange rate RM'000	other comprehensive income (Note 27) RM'000	31.12.2013 RM'000
Property, plant and equipment/Investment properties									
- capital allowances	(6,111)	233	-	-	(5,878)	(143)	-	-	(6,021)
Provisions	12,545	5,631	-	-	18,176	2,446	-	-	20,622
Unabsorbed capital allowances	43	243	-	-	286	433	-	-	719
Tax loss carry-forwards	7,967	3,554	(218)	-	11,303	(1,771)	1,152	-	10,684
Other items	76	376	-	-	452	(59)	-	-	393
	14,520	10,037	(218)	-	24,339	906	1,152	-	26,397

Notes to the Financial Statements

10. Deferred tax assets and liabilities (continued)

Group movement in temporary differences for deferred tax liabilities during the year:

Group	At 1.1.2012 RM'000 Restated	Recognised in profit or loss (Note 26) RM'000	Effects of movement in exchange rate RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2012 RM'000 Restated	Acquisition of subsidiary (Note 37) RM'000	Recognised in profit or loss (Note 26) RM'000	Effects of movement in exchange rate RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2013 RM'000
Property, plant and equipment/ investment properties - capital allowances	(22,341)	(1,940)	-	-	(24,281)	-	2,033	-	-	(22,248)
- revaluation	(5,041)	(384)	-	-	(5,425)	(139)	(122)	-	(134,606)	(140,292)
Reinvestment allowance	2,836	(2,836)	-	-	-	-	-	-	-	-
Provisions	2,481	1,623	-	(67)	4,037	-	(668)	-	(942)	2,427
Unabsorbed capital allowances	14	837	-	-	851	-	-	-	-	851
Tax loss carry- forwards	214	(214)	-	-	-	-	-	-	-	-
Other items	599	(1,009)	-	-	(410)	-	375	-	-	(35)
	(21,238)	(3,923)	-	(67)	(25,228)	(139)	1,618	-	(135,548)	(159,297)

Company movement in temporary differences for deferred tax assets during the year:

Company	At 1.1.2012 RM'000	Recognised in profit or loss (Note 26) RM'000	Recognised in other comprehensive income RM'000	At 31.12.2012 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.12.2013 RM'000
Property, plant and equipment - capital allowances	(58)	7	-	(51)	14	(37)
Provisions	3,819	265	(94)	3,990	258	4,248
	3,761	272	(94)	3,939	272	4,211

Group

Except for the tax losses carry-forwards of RM42,245,613 (VND267,039,274,000) (2012: RM34,102,205 (VND229,027,570,000)) (stated at gross) which will be expiring in financial years 2014 to 2018 for a subsidiary in Vietnam, the other deductible differences do not expire under current tax legislation.

Notes to the Financial Statements

10. Deferred tax assets and liabilities (continued)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	31.12.2013 RM'000	Group 31.12.2012 RM'000	1.1.2012 RM'000
Unabsorbed capital allowances	13,122	6,037	9,480
Tax losses carry-forwards	97,210	58,732	50,298
Deductible temporary differences	-	317	1
Provisions	13,220	7,073	2,183
	123,552	72,159	61,962
Deferred tax assets not recognised at 25%	30,888	18,040	15,491

Deferred tax assets have not been recognised in respect of these items because it is not probable that the respective subsidiaries will generate sufficient future taxable profits available against which it can be utilised.

The unabsorbed capital allowances, tax losses carry-forwards, deductible temporary differences and provisions do not expire under current tax legislation.

11. Hire purchase receivables

	31.12.2013 RM'000	Group 31.12.2012 RM'000	1.1.2012 RM'000
Gross repayments receivables	562,932	352,126	561,295
Less: Unearned income receivables	(57,694)	(36,352)	(58,390)
	505,238	315,774	502,905
Less: Impairment loss	(15,508)	(12,038)	(9,079)
	489,730	303,736	493,826
Current			
Hire purchase receivables	116,633	56,011	107,366
Less: Impairment loss	(3,354)	(3,428)	(328)
	113,279	52,583	107,038
Non-current			
Hire purchase receivables	388,605	259,763	395,539
Less: Impairment loss	(12,154)	(8,610)	(8,751)
	376,451	251,153	386,788
	489,730	303,736	493,826

Notes to the Financial Statements

11. Hire purchase receivables (continued)

Group	Gross repayments receivables	Unearned income receivables	Present value of minimum hire purchase receivables	Gross repayments receivables	Unearned income receivables	Present value of minimum hire purchase receivables	Gross repayments receivables	Unearned income receivables	Present value of minimum hire purchase receivables
	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2013 RM'000	31.12.2012 RM'000	31.12.2012 RM'000	31.12.2012 RM'000	1.1.2012 RM'000	1.1.2012 RM'000	1.1.2012 RM'000
Current									
Less than one year	134,999	18,366	116,633	66,875	10,864	56,011	124,873	17,507	107,366
Non-current									
Between one and five years	336,061	32,509	303,552	225,213	21,050	204,163	385,505	35,799	349,706
After five years	91,872	6,819	85,053	60,038	4,438	55,600	50,917	5,084	45,833
	427,933	39,328	388,605	285,251	25,488	259,763	436,422	40,883	395,539
	562,932	57,694	505,238	352,126	36,352	315,774	561,295	58,390	502,905

Doubtful debts written off against impairment loss during the year amounted to RM2,000 (2012: RM226,000).

12. Finance lease receivables

	Note	31.12.2013 RM'000	Group 31.12.2012 RM'000	1.1.2012 RM'000
Finance lease receivables		3,902	5,961	5,136
Less: Unearned interest		(492)	(688)	(669)
		3,410	5,273	4,467
Less: Impairment loss		-	-	(241)
		3,410	5,273	4,226
Current				
Finance lease receivables		1,906	2,895	3,027
Less: Impairment loss		-	-	(241)
	13	1,906	2,895	2,786
Non-current				
Finance lease receivables		1,504	2,378	1,440
		3,410	5,273	4,226

Notes to the Financial Statements

12. Finance lease receivables (continued)

Group	Future minimum lease payments 31.12.2013 RM'000	Unearned interest 31.12.2013 RM'000	Present value of minimum lease payments 31.12.2013 RM'000	Future minimum lease payments 31.12.2012 RM'000	Unearned interest 31.12.2012 RM'000	Present value of minimum lease payments 31.12.2012 RM'000	Future minimum lease payments 1.1.2012 RM'000	Unearned interest 1.1.2012 RM'000	Present value of minimum lease payments 1.1.2012 RM'000
Current									
Less than one year	2,202	296	1,906	3,266	371	2,895	3,422	395	3,027
Non-current									
Between one and five years	1,700	196	1,504	2,695	317	2,378	1,714	274	1,440
	3,902	492	3,410	5,961	688	5,273	5,136	669	4,467

Finance lease receivables less than one year are classified under current assets as receivables.

13. Receivables, deposits and prepayments

	Note	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Non-trade						
Amount due from subsidiaries	a	-	-	-	287,639	485,257
Less: Impairment loss		-	-	-	(9,261)	(9,261)
		-	-	-	278,378	475,996
Current						
Trade receivables		348,853	326,064	211,455	-	-
Less: Impairment loss	b	(11,107)	(11,709)	(11,990)	-	-
		337,746	314,355	199,465	-	-
Finance lease receivables	12	1,906	2,895	2,786	-	-
Other receivables	c	43,434	28,840	21,161	163	614
Amount due from subsidiaries	d	-	-	-	49,211	138,038
		383,086	346,090	223,412	49,374	138,652
Current						
Deposits		16,433	10,964	10,437	25	25
Prepayment	e	54,202	50,224	63,040	38	33
		70,635	61,188	73,477	63	58

Notes to the Financial Statements

13. Receivables, deposits and prepayments (continued)

Note a

The non-current amount due from subsidiaries is in respect of advances that are unsecured, not receivable within the next twelve months and subject to interest at 5.55% (2012: 5.55%) per annum.

Note b

Doubtful debts written off against impairment loss during the year amounted to RM27,000 (2012: RM149,000).

Note c

Included in other receivables of the Group was an amount owing from a director of a subsidiary amounting to RMNil (2012: RM250,000) in respect of an interest bearing housing loan given by the subsidiary. The Group has complied with all the statutory and legal requirements before the loan was granted.

Note d

The current amount due from subsidiaries is in respect of advances that are unsecured, repayable on demand and subject to interest ranging from 2.65% to 3.69% (2012: 2.65% to 3.69%) per annum.

Note e

As at 1 January 2012, prepayment of the Group consists of an amount of RM9,375,000 paid by a wholly-owned subsidiary of the Company being 50% of the total consideration payable to acquire a piece of freehold land. The acquisition of the land is completed in 2012.

14. Inventories

	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated
Raw materials	34,584	9,274	9,284
Unassembled vehicle packs	1,002,916	883,084	645,273
Work-in-progress	37,195	16,740	17,977
Manufactured inventories and trading inventories	12,682	6,334	3,844
Used vehicles	23,985	18,357	14,589
New vehicles	487,877	356,284	175,580
Spare parts and others	126,448	122,358	93,691
	1,725,687	1,412,431	960,238
Recognised in profit or loss:			
Inventories recognised as cost of sales	3,603,654	3,040,389	2,700,264
Write-down to net realisable value	176	1,885	841
Reversal of write-down	(62)	(569)	(853)

The write-down and reversal are included in cost of sales.

Notes to the Financial Statements

15. Derivative financial assets/(liabilities)

Group	← 31.12.2013 →			← 31.12.2012 →			← 1.1.2012 →		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
Derivatives held for trading at fair value through profit or loss – forward exchange contracts	3,341	36	-	82,423	266	(1,251)	18,120	463	-

Forward foreign exchange contracts are entered into with locally incorporated licensed banks to hedge certain portion of the Group's purchases from exchange rate movements. As the exchange rates are predetermined under such contracts, in the event of exchange rate movement, exposure to opportunity gain/(loss) is expected. Apart from a small fee payable to the banks there are no cash requirements for the forward contracts.

It is the Group policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

16. Cash and cash equivalents

	Group			Company	
	31.12.2013 RM'000	31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	31.12.2013 RM'000	31.12.2012 RM'000
Cash and bank balances	181,009	197,121	161,503	207	1,723
Deposits with licensed banks	131,565	438,755	163,769	26,039	1,299
	312,574	635,876	325,272	26,246	3,022

Notes to the Financial Statements

17. Share capital and reserves

Share capital

	Group and Company					
	Amount	Number	Amount	Number	Amount	Number
	31.12.2013 RM'000	of shares 31.12.2013 '000	31.12.2012 RM'000	of shares 31.12.2012 '000	1.1.2012 RM'000	of shares 1.1.2012 '000
Ordinary shares of RM0.50 each:						
Authorised	500,000	1,000,000	500,000	1,000,000	500,000	1,000,000
Issued and fully paid	336,000	672,000	336,000	672,000	336,000	672,000

Treasury shares

The shareholders of the Company via a resolution passed in the Annual General Meeting held on 22 May 2013 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 2,000 (2012: 2,000) of its issued shares from the open market at prices ranging from RM6.38 to RM6.91 (2012: RM4.46 to RM4.54) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,187,000 (2012: 19,185,000). These transactions were financed by internally generated funds.

As at 31 December 2013, the number of outstanding shares in issue after deducting treasury shares held was 652,813,000 (2012: 652,815,000) ordinary shares of RM0.50 each.

The shares bought back are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965. Treasury shares have no rights to vote, dividends and participation in other distribution.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not occurred.

Revaluation reserve

This revaluation reserve is used to record changes in fair values of land and buildings.

Notes to the Financial Statements

18. Borrowings

	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Non-current					
Term loans - unsecured	268,996	346,413	280,000	-	50,000
Recourse obligation on financing sold to Cagamas Berhad - secured	24,047	-	-	-	-
	293,043	346,413	280,000	-	50,000
Current					
Term loans - unsecured	145,780	248,750	73,125	50,000	80,000
Bills payable - unsecured	401,784	301,701	116,086	-	-
Revolving credit - unsecured	544,582	520,758	330,221	-	-
Bank overdraft – unsecured	-	-	594	-	-
Recourse obligation on financing sold to Cagamas Berhad - secured	66,485	-	-	-	-
	1,158,631	1,071,209	520,026	50,000	80,000

Information on repayment terms and interest rates to the Group's and the Company's borrowings are as set out in Note 34.5.

19. Employee benefits

	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Recognised liability for employee benefits	39,339	40,830	36,272	16,641	15,789

Under the Group's and the Company's defined benefit scheme, eligible employees are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the statutory pension funds for each completed year of service upon the retirement age of 60 as well as retirement benefits of a factor of the last drawn monthly salary for each completed year of service upon the retirement age of 60.

Notes to the Financial Statements

19. Employee benefits (continued)

Movements in the net defined benefit liability

The following table shows a reconciliation from the opening balance to the closing balance for net defined benefit liability and its components.

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Balance at 1 January	40,830	36,272	15,789	15,088
<i>Included in profit or loss</i>				
Current service cost	2,016	3,683	546	133
Past service credit	1,020	-	35	-
Interest cost	1,247	1,732	271	568
	4,283	5,415	852	701
<i>Included in other comprehensive income</i>				
Remeasurement loss/(gain)				
- Actuarial loss/(gain) arising from:				
- Demographic assumptions	154	-	-	-
- Financial assumptions	(659)	-	-	-
- Experience adjustments	(3,262)	(267)	-	-
	(3,767)	(267)	-	-
<i>Others</i>				
Benefits paid	(2,007)	(590)	-	-
Balance at 31 December	39,339	40,830	16,641	15,789

Actuarial assumptions

Principal actuarial assumptions used at the end of the reporting period (expressed as weighted averages):

	2013 %	2012 %
Discount rate	5.75 and 6.00	5.4
Future salary increases	6.5	6.5

Notes to the Financial Statements

19. Employee benefits (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

2013	Group		Company	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
Discount rate (1% movement)	(2,512)	2,982	(62)	73
Future salary growth (1% movement)	2,459	(2,154)	71	(61)

Although the analysis does not account to the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

20. Payables and accruals

	Note	31.12.2013 RM'000	Group	1.1.2012	Company	
			31.12.2012 RM'000 Restated	RM'000 Restated	31.12.2013 RM'000	31.12.2012 RM'000
Non-current						
Non-trade						
Amount due to subsidiaries	a	-	-	-	236,394	327,237
Current						
Trade						
Trade payables		328,803	303,833	186,345	-	-
Non-trade						
Payables and accruals		273,945	198,818	144,442	1,444	1,184
Amount due to subsidiaries	b	-	-	-	216,935	253,007
		273,945	198,818	144,442	218,379	254,191
		602,748	502,651	330,787	218,379	254,191

Note a

The non-current amount due to subsidiaries is in respect of advances that are unsecured, not repayable within the next twelve months and are subject to interest at 5.55% (2012: 5.55%) per annum.

Note b

The current amount due to subsidiaries is in respect of advances that are unsecured, repayable on demand and are subject to interest ranging from 2.65% to 3.70% (2012: 2.65% to 3.70%) per annum.

Notes to the Financial Statements

21. Revenue

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Sale of goods	4,861,924	3,787,946	-	-
Services rendered	295,504	256,997	-	-
Financial services income	41,063	42,940	-	-
Dividend income	-	-	75,110	61,000
	5,198,491	4,087,883	75,110	61,000

22. Finance income

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Interest income of financial assets that are not at fair value through profit or loss	10,084	8,459	16,863	27,024
Other finance income	7,311	6,768	-	-
Recognised in profit or loss	17,395	15,227	16,863	27,024

23. Finance costs

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Term loans	24,466	22,590	5,236	7,655
- Bank overdraft	1	1	-	-
- Bills payable	8,297	8,757	-	-
- Revolving credit	13,144	9,543	-	-
- Other borrowings	2,672	2,676	15,737	18,434
Recognised in profit or loss	48,580	43,567	20,973	26,089

Notes to the Financial Statements

24. Profit before tax

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Profit before tax is arrived at after crediting:				
Bad debts recovered	1,613	371	-	-
Dividend income from unquoted subsidiaries	-	-	75,110	61,000
Gain on disposal of:				
- Property, plant and equipment	1,708	8,145	484	30
- Unquoted subsidiaries	-	-	16,836	-
Net gain on foreign exchange:				
- Unrealised	18,664	7,483	3,488	-
- Realised	350	1,449	-	-
Interest income	17,395	15,227	16,863	27,024
Fair value adjustment on investment properties	4,992	8,297	-	-
Reversal of write-down of inventories	62	569	-	-
Reversal of impairment loss on:				
- Hire purchase receivables	2,373	928	-	-
- Finance lease receivables	-	241	-	-
- Trade receivables	4,079	2,502	-	-
Rental income on leased assets	4,721	4,127	-	-
Rental income on land and buildings	1,714	1,439	-	-
Fair value gain on other investments	-	2,838	-	-

Profit before tax is arrived at after charging:

Audit fee				
Current year				
- KPMG Malaysia	522	476	50	47
- Overseas affiliates of KPMG Malaysia	69	49	-	-
- Other auditors	27	19	-	-
Under provision in prior year	5	-	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	278	230	-	-
- Overseas affiliates of KPMG Malaysia	60	252	-	-
Bad debts written off	1,742	861	-	-
Amortisation of prepaid lease payments	884	793	-	-
Depreciation of property, plant and equipment	73,875	68,788	415	333
Direct operating expenses of investment properties generating rental income	656	409	-	-
Interest expense	48,580	43,567	20,973	26,089
Inventories written off	43	138	-	-
Write-down of inventories	176	1,885	-	-

Notes to the Financial Statements

24. Profit before tax (continued)

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Profit before tax is arrived at after charging: (continued)				
Impairment loss on:				
- Hire purchase receivables	5,845	4,113	-	-
- Trade receivables	3,504	2,370	-	-
- Other investments	-	-	658	658
- Property, plant and equipment	4,470	-	-	-
Net loss on foreign exchange				
- Unrealised	10,466	10,223	-	1,070
- Realised	3,083	1,594	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	41,998	33,609	688	973
- Expenses related to defined benefit plans	4,283	5,415	852	701
- Wages, salaries and others	369,908	267,801	6,390	5,835
Property, plant and equipment written off	430	104	-	-
Provision for additional import duties (Note 31)	56,268	-	-	-
Rental expense on land and buildings	27,696	19,087	184	314
Warranty claim	429	331	-	-
Fair value loss on other investments	55	5	-	-

25. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Directors:				
- Fees	424	424	424	424
- Remuneration	13,036	8,909	5,035	5,193
Other short-term employee benefits (including estimated monetary value of benefits-in-kind)	618	104	600	104
	14,078	9,437	6,059	5,721
Other key management personnel:				
- Remuneration and other short term employee benefits	13,811	12,296	-	-
	27,889	21,733	6,059	5,721

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

Notes to the Financial Statements

26. Tax expense

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Recognised in the profit or loss				
Current tax expense	129,503	74,674	6,207	11,390
(Over)/Under provided in prior years	(2,484)	(6,757)	87	39
	127,019	67,917	6,294	11,429
Deferred tax expense				
Reversal of temporary differences	(3,009)	(9,298)	(272)	(173)
Under/(Over) provided in prior years	485	3,184	-	(5)
	(2,524)	(6,114)	(272)	(178)
	124,495	61,803	6,022	11,251
Reconciliation of effective tax expense				
Profit before tax	360,122	225,351	73,507	44,414
Income tax calculated using Malaysian tax rate of 25% (2012: 25%)				
Change in effective tax rates in overseas	622	-	-	-
Double deduction	(314)	(232)	-	-
Non-deductible expenses	29,500	11,080	2,049	730
Tax exempt income	(6,193)	(3,197)	(14,491)	(617)
Tax incentives at subsidiaries	-	(1,300)	-	-
Unrecognised deferred tax assets	12,848	2,549	-	-
Others	-	138	-	-
	126,494	65,376	5,935	11,217
(Over)/Under provided in prior years	(1,999)	(3,573)	87	34
	124,495	61,803	6,022	11,251

Notes to the Financial Statements

27. Other comprehensive income/(loss)

Group	Before tax RM'000	2013 Tax expense RM'000	Net of tax RM'000	Before tax RM'000	2012 Tax expense RM'000	Net of tax RM'000
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	3,767	(942)	2,825	267	(67)	200
Revaluation of property, plant and equipment	730,506	(134,606)	595,900	-	-	-
	734,273	(135,548)	598,725	267	(67)	200
Items that are or may be reclassified to profit or loss						
Foreign currency translation differences for foreign operations	56	-	56	(1,492)	-	(1,492)
Cash flow hedge	1,021	-	1,021	(1,448)	-	(1,448)
	1,077	-	1,077	(2,940)	-	(2,940)
	735,350	(135,548)	599,802	(2,673)	(67)	(2,740)

28. Earnings per ordinary share

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2013 was based on the profit attributable to ordinary shareholders of RM250,952,000 (2012: RM165,855,000) and the weighted average number of ordinary shares outstanding during the year is 652,814,000 (2012: 652,816,000).

Weighted average number of ordinary shares

	2013 '000	2012 '000
Issued ordinary shares at 1 January	652,816	652,817
Effect of treasury shares held	(2)	(1)
Weighted average number of ordinary shares at 31 December	652,814	652,816

Notes to the Financial Statements

29. Dividends

Dividends recognised in the current year and previous year by the Company are:

2013	Sen per share (net of tax)	Total amount RM'000	Date of payment
Interim 2013 ordinary	4.50	29,377	30 September 2013
Special 2013 ordinary	6.75	44,064	30 September 2013
Final 2012 ordinary	4.50	29,377	21 June 2013
Total amount		102,818	

2012	Sen per share (net of tax)	Total amount RM'000	Date of payment
Interim 2012 ordinary	4.50	29,377	28 September 2012
Final 2011 ordinary	4.50	29,377	22 June 2012
Total amount		58,754	

Proposed final dividend

After the end of the reporting period, a final single tier dividend of 12% in respect of the year ended 31 December 2013 was proposed by the Directors. This dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

30. Operating segments

The Group has three divisions, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's division:

- *Vehicles assembly*, manufacturing, distribution and after sale services: Business in assembly and distribution of passenger and commercial vehicles, automotive workshop services, distribution of automotive spare parts and manufacturing of automotive parts.
- *Financial services*: Business in provision of hire purchase financing personal loans and insurance agency.
- *Other operations*: Business in property and investment holding activities.

Performance is measured based on segment earnings before interest, taxation, depreciation and amortisation (EBITDA), as included in the internal management reports that are reviewed by the Chief Operating Decision Makers ("CODM"). Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The operations of the Group are predominantly in Malaysia.

Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

Notes to the Financial Statements

30. Operating segments (continued)

	Vehicles assembly, manufacturing distribution and after sale services		Financial services		Other operations		Total	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000 Restated
External revenue	5,150,023	4,040,347	41,063	42,940	7,405	4,596	5,198,491	4,087,883
Inter-segment revenue	14,633	6,593	1,300	3,166	60,591	47,337	76,524	57,096
Segment EBITDA	474,066	302,073	16,360	18,806	(12,903)	18,549	477,523	339,428
Depreciation and amortisation	(63,428)	(61,250)	(2,152)	(1,902)	(9,179)	(6,429)	(74,759)	(69,581)
Finance costs	(38,398)	(34,358)	(1,830)	(492)	(8,352)	(8,717)	(48,580)	(43,567)
Finance income	13,402	14,027	1,025	671	2,968	529	17,395	15,227
Share of profit of equity-accounted investees, net of tax	1,596	792	1,352	618	561	329	3,509	1,739
Unallocated corporate expenses							(14,966)	(17,895)
Profit before tax							360,122	225,351
Tax expense							(124,495)	(61,803)
Profit for the year							235,627	163,548

31. Contingent liabilities

i) Litigation (unsecured)

Tan Chong & Sons Motor Company Sdn. Bhd. ("TCM"), Nissan Motor Co. Ltd. ("Nissan") and Auto Dunia Sdn. Bhd. were sued in the High Court at Kota Kinabalu by Teck Guan Trading (Sabah) Sdn. Bhd. ("Teck Guan") for general damages, special damages of RM10.67 million and liquidated damages of RM2.97 million together with interest and costs in connection with car dealership in Sabah ("1st Suit").

On 5 May 2011, the High Court at Kota Kinabalu, after a full trial, dismissed with costs the 1st Suit in favour of the 3 Defendants, i.e. TCM, Nissan and Auto Dunia Sdn. Bhd. Teck Guan's appeal against the said decision of the High Court was also dismissed with costs by the Court of Appeal on 14 May 2013. Teck Guan had on 10 June 2013 filed a Notice of Motion at the Federal Court for leave to appeal against the said decision of the Court of Appeal. Teck Guan's Notice of Motion for leave to appeal to the Federal Court was dismissed with costs by the Federal Court sitting in Kota Kinabalu on 26 February 2014.

In 1987, another related suit was filed in the same court (where TCM was sued by Teck Guan for RM65,065 together with interest and costs in connection with alleged monies owed to Teck Guan). TCM had filed a counter-claim for RM132,175 together with interest and costs in connection with the outstanding amount payable to TCM ("2nd Suit"). On 13 February 2014, the Plaintiff has filed a Notice of Discontinuance to withdraw the 2nd Suit against TCM without liberty to file afresh. The counterclaim by TCM was withdrawn as well.

Notes to the Financial Statements

31. Contingent liabilities (continued)

ii) Import duty (unsecured)

The General Department of Vietnam Customs (“the Vietnam Customs”) has opined that a subsidiary in Vietnam is not entitled to the preferential import tax rate for the importation of completely knock-down (“CKD”) parts during the period from 2009 to 2012. It was on the basis that the subsidiary company was viewed not to meet one of the conditions stipulated under the prevailing regulations to enjoy the preferential import duty rates for automotive parts and components whereby the CKD parts must be imported/entrusted to be imported by a qualified automobile manufacturer/assembler as stipulated by the Ministry of Industry and Trade (“MOIT”).

The subsidiary company is appealing for its importation of CKD parts for reselling at cost to Hoa Binh Automobile Joint Venture Company (“VMC”), a qualified automobile manufacturer/assembler, in the period from 2009 and 2012 to be treated similar to the importation under entrustment (the qualified importation) and that the import duty liabilities in respect of CKD parts would remain the same had VMC imported the CKD parts itself.

On 16 October 2013, the Company announced that the subsidiary was in receipt of decisions from the Customs Chief of Hanoi Processing and Investment Customs Branch dated 23 September 2013 and 8 October 2013 that an amount totaling VND357,028,537,085 equivalent to approximately USD16.98 million, being the additional import duties payable by the subsidiary in respect of the importation of CKD parts and kits for the period from 2010 to 2012.

The subsidiary company has submitted its appeal against the decisions.

As at 31 December 2013, the additional import duties have been provided for.

32. Capital commitments

	31.12.2013 RM'000	Group 31.12.2012 RM'000	1.1.2012 RM'000
Capital commitments:			
<i>Property, plant and equipment:</i>			
Authorised but not contracted for	280,491	184,906	158,165
Authorised and contracted for			
In Malaysia	163,525	36,439	24,177
Outside Malaysia	10,783	27,437	89,412
<i>Overseas operation commitments:</i>			
Authorised and contracted for	65,570	95,164	42,244
<i>Investment:</i>			
Authorised and contracted for	-	-	1,548
	520,369	343,946	315,546

Notes to the Financial Statements

33. Related parties

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Controlling related party relationships are as follows:

- (i) The subsidiaries as disclosed in Note 36.
- (ii) The substantial shareholders of the Company.

Significant related party transactions

- (i) Significant transactions with Warisan TC Holdings Berhad (“WTCH”), APM Automotive Holdings Berhad (“APM”) and Tan Chong International Limited (“TCIL”) Groups, companies in which a Director of the Company, Dato’ Tan Heng Chew, is deemed to have substantial financial interests, are as follows:

	Group	
	2013 RM’000	2012 RM’000
With WTCH Group		
Purchases	(16,268)	(35,391)
Sales	23,569	30,848
Provision of hire purchase and leasing	17,675	-
Insurance agency, workshop services and administrative services	3,854	3,323
Travel agency and car rental services	(5,836)	(2,601)
Rental income receivable	136	86
Rental expense payable	(391)	(449)
Purchases of property, plant and equipment	-	(222)
Contract assembly fee receivable	5,791	4,443
<hr/>		
With APM Group		
Purchases	(135,364)	(131,254)
Sales	6,152	7,091
Insurance agency, workshop services and administrative services	965	670
Rental income receivable	4	8
Rental expense payable	(1,440)	(691)
<hr/>		
With TCIL Group		
Purchases	(31)	(25)
Sales	9,191	10,602
Contract assembly fee receivable	26,582	85

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Notes to the Financial Statements

33. Related parties (continued)

- (ii) Significant transactions with Nissan Motor Co., Ltd. Group, which is a substantial shareholder of the Company, are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Purchases	(2,115,094)	(1,932,227)
Sales	6,083	1,108
Technical assistance fee and royalty	(33,183)	(4,743)

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

- (iii) Significant transactions with Renault s.a.s. Group, which is a substantial shareholder of Nissan Motor Co., Ltd., are as follows:

	Group	
	2013	2012
	RM'000	RM'000
Purchases	(5,533)	(7,632)

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

- (iv) Significant transactions with Auto Dunia Sdn. Bhd.:

- (a) a company in which Directors of the subsidiaries of the Company, namely Azman bin Badrillah and Dato' Syed Alwi bin Tun Syed Nasir, have substantial financial interests; and
- (b) a company connected to a Director of the Company, Dato' Tan Heng Chew, by virtue of Section 122A of the Companies Act, 1965.

	Group	
	2013	2012
	RM'000	RM'000
Purchases	(340,282)	(41,958)
Sales	39,814	25,163
Rental income receivable	208	208
Rental expense payable	(584)	(292)

These transactions have been entered into in the normal course of business and have been established under negotiated terms.

Notes to the Financial Statements

33. Related parties (continued)

(v) Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2013 RM'000	2012 RM'000
Subsidiaries		
Dividend income receivable	75,110	61,000
Interest income receivable	15,300	24,544
Disposal of property, plant and equipment	905	-
Management fees payable	(7,877)	(6,930)
Rental expense payable	(184)	(314)
Interest expense payable	(15,737)	(18,434)
Purchases of property, plant and equipment	(255)	(586)

These transactions have been entered into in the normal course of business and have been established under negotiated terms. The gross balances outstanding for subsidiaries are disclosed in Note 13 and Note 20.

There are no impairment loss made and no bad or doubtful receivable recognised for the financial year ended 31 December 2013 and 31 December 2012 in respect of the above related party balances.

There are no significant transactions with the key management personnel in the Group other than disclosed in Note 25.

34. Financial instruments

34.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (a) Loans and receivables ("L&R");
- (b) Fair value through profit or loss ("FVTPL"):
 - Held for trading ("HFT"); or
 - Designated upon initial recognition ("DUIR");
- (c) Available-for-sale financial assets ("AFS");
- (d) Held-to-maturity investments ("HTM");
- (e) Other financial liabilities measured at amortised costs ("OL"); and
- (f) Derivatives designated as hedging instrument

Notes to the Financial Statements

34. Financial instruments (continued)

34.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	FVTPL - HFT RM'000	FVTPL - DUIR RM'000	AFS RM'000	HTM RM'000	Derivatives designated as hedging instrument RM'000
31 December 2013							
Financial assets							
Group							
Other investments, including derivatives	152,721	-	152,720	1	-	-	-
Trade and other receivables	381,180	381,180	-	-	-	-	-
Hire purchase receivables	489,730	489,730	-	-	-	-	-
Finance lease receivables	3,410	3,410	-	-	-	-	-
Deposits	16,433	16,433	-	-	-	-	-
Derivative assets	36	-	-	-	-	-	36
Cash and cash equivalents	312,574	312,574	-	-	-	-	-
	1,356,084	1,203,327	152,720	1	-	-	36
Company							
Other investments	16,356	6,355	-	1	-	10,000	-
Amount due from Subsidiaries	327,589	327,589	-	-	-	-	-
Other receivables	163	163	-	-	-	-	-
Deposits	25	25	-	-	-	-	-
Cash and cash equivalents	26,246	26,246	-	-	-	-	-
	370,379	360,378	-	1	-	10,000	-
31 December 2012							
Restated							
Financial assets							
Group							
Other investments, including derivatives	200,604	-	200,603	1	-	-	-
Trade and other receivables	343,195	343,195	-	-	-	-	-
Hire purchase receivables	303,736	303,736	-	-	-	-	-
Finance lease receivables	5,273	5,273	-	-	-	-	-
Deposits	10,964	10,964	-	-	-	-	-
Derivative assets	266	-	-	-	-	-	266
Cash and cash equivalents	635,876	635,876	-	-	-	-	-
	1,499,914	1,299,044	200,603	1	-	-	266

Notes to the Financial Statements

34. Financial instruments (continued)

34.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	FVTPL - HFT RM'000	FVTPL - DUIR RM'000	AFS RM'000	HTM RM'000	Derivatives designated as hedging instrument RM'000
31 December 2012							
Financial assets							
Company							
Other investments	32,014	7,013	-	1	-	25,000	-
Amount due from subsidiaries	614,034	614,034	-	-	-	-	-
Other receivables	614	614	-	-	-	-	-
Deposits	25	25	-	-	-	-	-
Cash and cash equivalents	3,022	3,022	-	-	-	-	-
	649,709	624,708	-	1	-	25,000	-
1 January 2012							
Restated							
Financial assets							
Group							
Other investments, including derivatives	195,871	-	194,064	1	1,806	-	-
Trade and other receivables	220,626	220,626	-	-	-	-	-
Hire purchase receivables	493,826	493,826	-	-	-	-	-
Finance lease receivables	4,226	4,226	-	-	-	-	-
Deposits	10,437	10,437	-	-	-	-	-
Derivative assets	463	-	-	-	-	-	463
Cash and cash equivalents	325,272	325,272	-	-	-	-	-
	1,250,721	1,054,387	194,064	1	1,806	-	463

Notes to the Financial Statements

34. Financial instruments (continued)

34.1 Categories of financial instruments (continued)

	Carrying amount RM'000	OL RM'000	Derivatives designated as hedging instrument RM'000
31 December 2013			
Financial liabilities			
Group			
Borrowings	1,451,674	1,451,674	-
Payables and accruals	602,748	602,748	-
	2,054,422	2,054,422	-
Company			
Borrowings	50,000	50,000	-
Payables and accruals	454,773	454,773	-
	504,773	504,773	-
31 December 2012			
Restated			
Financial liabilities			
Group			
Borrowings	1,417,622	1,417,622	-
Payables and accruals	502,651	502,651	-
Derivative liabilities	1,251	-	1,251
	1,921,524	1,920,273	1,251
Company			
Borrowings	130,000	130,000	-
Payables and accruals	581,428	581,428	-
	711,428	711,428	-
1 January 2012			
Restated			
Financial liabilities			
Group			
Borrowings	800,026	800,026	-
Payables and accruals	330,787	330,787	-
	1,130,813	1,130,813	-

Notes to the Financial Statements

34. Financial instruments (continued)

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2013 RM'000	2012 RM'000 Restated	2013 RM'000	2012 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading	7,082	6,538	-	-
Held-to-maturity investments	-	-	784	1,773
Available-for-sales	-	-	-	-
Loans and receivables	48,295	34,879	18,909	23,523
Financial liabilities measured at amortised cost	(43,115)	(46,452)	(20,973)	(26,089)
Derivatives designated as hedging instrument	1,021	(1,448)	-	-
	13,283	(6,483)	(1,280)	(793)

34.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk
- * Market risk

34.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables

Risk management objectives, policies and processes for managing the risk

Credit risk in relation to the Group's core business activities are managed by the respective operating units where credit policies that are specific to their respective industries are in place.

New vehicles sales are mainly financed by finance companies, with the remainder financed by TC Capital Resources Sdn. Bhd. ("TCCR") and as such, the Group's collection risk rests mainly with these finance companies. The Group also extends credit to used car dealers, spare part dealers and selective corporate purchasers. Bank guarantees are required on a selective basis to secure the line of credit from the Group. For used car dealers, spare part dealers and selective corporate purchasers, the Group has an informal credit policy in place and the exposure is monitored on an ongoing basis. In respect of hire purchase business financed via TCCR, credit evaluations are performed on all customers requiring financing from the Group and the Group has ownership claims over the vehicles under financing.

Notes to the Financial Statements

34. Financial instruments (continued)

34.4 Credit risk (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are hire purchase receivables of the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Impairment losses

(a) Trade receivables

The ageing of trade receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2013				
Not past due	204,312	-	-	204,312
Past due 1 - 30 days	50,195	-	-	50,195
Past due 31 - 90 days	30,456	(501)	-	29,955
Past due more than 90 days	63,890	(8,144)	(2,462)	53,284
	348,853	(8,645)	(2,462)	337,746
31 December 2012				
Not past due	197,650	-	-	197,650
Past due 1 - 30 days	52,001	-	-	52,001
Past due 31 - 90 days	26,081	-	-	26,081
Past due more than 90 days	50,332	(11,579)	(130)	38,623
	326,064	(11,579)	(130)	314,355
1 January 2012				
Not past due	126,874	-	-	126,874
Past due 1 - 30 days	28,317	-	-	28,317
Past due 31 - 90 days	17,592	-	-	17,592
Past due more than 90 days	38,672	(11,966)	(24)	26,682
	211,455	(11,966)	(24)	199,465

Notes to the Financial Statements

34. Financial instruments (continued)

34.4 Credit risk (continued)

Impairment losses (continued)

(a) Trade receivables (continued)

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	11,709	11,990
Impairment loss recognised	3,504	2,370
Impairment loss reversed	(4,079)	(2,502)
Impairment loss written off	(27)	(149)
At 31 December	11,107	11,709

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Hire purchase receivables

The ageing of hire purchase receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2013				
Not past due	421,238	-	(140)	421,098
Past due 1 - 30 days	35,366	-	(15)	35,351
Past due 31 - 90 days	32,645	-	(994)	31,651
Past due more than 90 days	15,989	(4,430)	(9,929)	1,630
	505,238	(4,430)	(11,078)	489,730
31 December 2012				
Not past due	271,241	-	(75)	271,166
Past due 1 - 30 days	24,553	-	(173)	24,380
Past due 31 - 90 days	7,656	(3)	(427)	7,226
Past due more than 90 days	12,324	(4,087)	(7,273)	964
	315,774	(4,090)	(7,948)	303,736

Notes to the Financial Statements

34. Financial instruments (continued)

34.4 Credit risk (continued)

Impairment losses (continued)

(b) Hire purchase receivables (continued)

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
1 January 2012				
Not past due	487,086	-	-	487,086
Past due 1 – 30 days	5,523	(518)	-	5,005
Past due 31 – 90 days	2,170	(621)	-	1,549
Past due more than 90 days	8,126	(4,749)	(3,191)	186
	502,905	(5,888)	(3,191)	493,826

The movements in the allowance for impairment losses of hire purchase receivables during the financial year were:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	12,038	9,079
Impairment loss recognised	5,845	4,113
Impairment loss reversed	(2,373)	(928)
Impairment loss written off	(2)	(226)
At 31 December	15,508	12,038

Hire purchase receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

(c) Finance lease receivables

The ageing of finance lease receivables as at the end of the reporting period was:

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2013				
Not past due	3,410	-	-	3,410
Past due 1 - 30 days	-	-	-	-
Past due 31 - 90 days	-	-	-	-
Past due more than 90 days	-	-	-	-
	3,410	-	-	3,410

Notes to the Financial Statements

34. Financial instruments (continued)

34.4 Credit risk (continued)

Impairment losses (continued)

(c) Finance lease receivables (continued)

Group	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
31 December 2012				
Not past due	4,149	-	-	4,149
Past due 1 - 30 days	436	-	-	436
Past due 31- 90 days	546	-	-	546
Past due more than 90 days	142	-	-	142
	5,273	-	-	5,273
1 January 2012				
Not past due	4,030	(241)	-	3,789
Past due 1 – 30 days	437	-	-	437
	4,467	(241)	-	4,226

The movements in the allowance for impairment losses of finance lease receivables during the financial year were:

	Group	
	2013 RM'000	2012 RM'000
At 1 January	-	241
Impairment loss reversed	-	(241)
At 31 December	-	-

Finance lease receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties.

The allowance account in respect of trade receivables, hire purchase receivables and finance lease receivables are used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes to the Financial Statements

34. Financial instruments (continued)

34.4 Credit risk (continued)

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Transactions involving derivative financial instruments are entered into with licensed banks only. The Group also places a significant portion of its excess funds in money market funds and short term deposits with licensed financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group has only invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations.

Impairment losses

As at the end of the reporting period, there was no indication that the investments and other financial assets are not recoverable.

The investments and other financial assets are unsecured and the management is of the view that credit and interest rate risks exposure to licensed banks and financial institutions is minimal.

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries of the Company.

Impairment losses

At the end of the reporting period, there was no indication that the advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to subsidiaries. Nevertheless, these advances have been overdue for less than a year. Non-current advances to subsidiaries are not overdue.

34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Notes to the Financial Statements

34. Financial instruments (continued)

34.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
31 December 2013							
<i>Non-derivative financial liabilities</i>							
Term loans	0.84 – 4.40	414,776	308,526	106,250	451,331	154,252	297,079
Bills payable	3.39 – 4.20	401,784	401,784	-	401,784	401,784	-
Revolving credit	3.56 – 8.00	544,582	544,582	-	544,582	544,582	-
Payables and accruals	-	602,748	602,748	-	602,748	602,748	-
Recourse obligation on financing sold to Cagamas Berhad	3.90 – 4.05	90,532	66,485	24,047	94,259	69,051	25,208
		2,054,422	1,924,125	130,297	2,094,704	1,772,417	322,287

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
Restated							
31 December 2012							
<i>Non-derivative financial liabilities</i>							
Term loans	2.85 - 6.50	595,163	361,250	233,913	643,975	268,037	375,938
Bills payable	3.22 - 3.62	301,701	301,701	-	301,701	301,701	-
Revolving credit	3.50 - 6.23	520,758	520,758	-	520,758	520,758	-
Payables and accruals	-	502,651	502,651	-	502,651	502,651	-
		1,920,273	1,686,360	233,913	1,969,085	1,593,147	375,938

Notes to the Financial Statements

34. Financial instruments (continued)

34.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Group	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
Restated							
1 January 2012							
<i>Non-derivative financial liabilities</i>							
Term loans	3.50 – 6.50	353,125	223,125	130,000	377,935	81,072	296,863
Bills payable	3.33 – 3.52	116,086	116,086	-	116,086	116,086	-
Revolving credit	3.33 – 3.97	330,221	330,221	-	330,221	330,221	-
Bank overdraft	6.60	594	594	-	594	594	-
Payables and accruals	-	330,787	330,787	-	330,787	330,787	-
		1,130,813	1,000,813	130,000	1,155,623	858,760	296,863

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
31 December 2013							
<i>Non-derivative financial liabilities</i>							
Term loan	4.70 – 4.90	50,000	50,000	-	51,618	51,618	-
Amount due to subsidiaries							
- Non-current	5.55	236,394	-	236,394	262,634	-	262,634
- Current	2.65 – 3.70	216,935	216,935	-	216,935	216,935	-
Payables and accruals	-	1,444	1,444	-	1,444	1,444	-
		504,773	268,379	236,394	532,631	269,997	262,634

Notes to the Financial Statements

34. Financial instruments (continued)

34.5 Liquidity risk (continued)

Maturity analysis (continued)

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

Company	Contractual interest rate %	Carrying amount RM'000	More than 2 years but not later than		Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
			2 years RM'000	5 years RM'000			
31 December 2012							
<i>Non-derivative financial liabilities</i>							
Term loan	4.70 - 4.90	130,000	130,000	-	136,667	85,257	51,410
Amount due to subsidiaries							
- Non-current	5.55	327,237	-	327,237	363,560	-	363,560
- Current	2.65 - 3.70	253,007	253,007	-	253,007	253,007	-
Payables and accruals	-	1,184	1,184	-	1,184	1,184	-
		711,428	384,191	327,237	754,418	339,448	414,970

34.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's financial position or cash flows.

34.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currency of the Group entities. The currencies giving rise to this risk are primarily US Dollar ("USD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group hedges its foreign currency denominated trade payables. Derivative financial instruments like forward exchange contracts are used to reduce exposure to fluctuations in foreign exchange rates. The Group avoids using leverage derivatives for hedging purposes and also does not hedge for speculative purposes. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Notes to the Financial Statements

34. Financial instruments (continued)

34.6 Market risk (continued)

34.6.1 Currency risk (continued)

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

Group	2013		2012	
	Denominated in USD RM'000	JPY RM'000	Denominated in USD RM'000	JPY RM'000
Trade receivables	3,835	-	3,953	3,727
Intra-group balances	(74,199)	-	(55,605)	-
Cash and cash equivalents	5,781	6,089	12,521	5,105
Payables and accruals	(17)	(39)	(4,615)	(148)
Borrowings	(62,767)	-	(42,114)	-
Derivative assets	-	36	-	266
Derivative liabilities	-	-	-	(1,251)
Net exposure	(127,367)	6,086	(85,860)	7,699

Currency risk sensitivity analysis

A simulated 5% strengthening in the USD/JPY against Ringgit at the end of the reporting period would have increase/(decrease) equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables such as interest rates and market conditions remain constant.

	2013		2012	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	(6,368)	(6,368)	(4,293)	(4,293)
JPY	310	308	385	434

A simulated 5% weakening of USD/JPY against the Ringgit at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Notes to the Financial Statements

34. Financial instruments (continued)

34.6 Market risk (continued)

34.6.2 Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings and the placement of excess funds in interest-earning deposits. The borrowings which have been obtained to finance the working capital of the Group are subject to floating interest rates except for term loans from certain commercial banks which are fixed with tenure ranging from 36 to 96 months.

Excess funds are placed with licensed financial institutions for certain periods during which the interest rates are fixed. The management reviews the rates at regular intervals.

On the other hand, the Group provides hire purchase loans at fixed rates for tenures of up to 7 years. These loans are funded by internal and external resources.

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of ensuring that between 40% and 60% of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Fixed rate instruments					
Financial assets:					
Assets-backed notes	-	-	-	16,355	32,013
Hire purchase receivables	489,730	303,736	493,826	-	-
Finance lease receivables	3,410	5,273	4,226	-	-
Amount due from subsidiaries	-	-	-	278,378	475,996
Loan to a director of a subsidiary	-	250	500	-	-
Deposits with licensed banks	131,565	438,755	163,769	26,039	1,299
Financial liabilities:					
Term loans	(308,280)	(530,000)	(353,125)	(50,000)	(130,000)
Recourse obligation on financing sold to Cagamas Berhad	(90,532)	-	-	-	-
Amount due to subsidiaries	-	-	-	(236,394)	(327,237)
	225,893	218,014	309,196	34,378	52,071

Notes to the Financial Statements

34. Financial instruments (continued)

34.6 Market risk (continued)

34.6.2 Interest rate risk (continued)

	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated	Company 31.12.2013 RM'000	31.12.2012 RM'000
Floating rate instruments					
Financial assets:					
Amount due from subsidiaries	-	-	-	49,211	138,038
Financial liabilities:					
Term loans	(106,496)	(65,163)	-	-	-
Bank overdraft	-	-	(594)	-	-
Bills payables	(401,784)	(301,701)	(116,086)	-	-
Revolving credit	(544,582)	(520,758)	(330,221)	-	-
Amount due to subsidiaries	-	-	-	(216,935)	(253,007)
	(1,052,862)	(887,622)	(446,901)	(167,724)	(114,969)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) interest rate at the end of the reporting period would have increase/(decrease) post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Profit or loss	
	100 bp increase 2013 RM'000	100 bp decrease 2013 RM'000	100 bp increase 2012 RM'000	100 bp decrease 2012 RM'000
Group				
Floating rate instruments	(10,110)	10,110	(8,876)	8,876
Company				
Floating rate instruments	(1,677)	1,677	(1,149)	1,149

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit and loss.

Notes to the Financial Statements

34. Financial instruments (continued)

34.7 Hedging activities

Cash flow hedge

The Group has entered into forward foreign currency exchange contracts to hedge the cash flow risk in relation to the foreign currency exposure, which are designated as cash flow hedges.

At the end of the reporting period, the aggregate amount of gain/(loss) under forward foreign currency exchange contracts deferred in the cash flow hedging reserve is:

	2013 RM'000	2012 RM'000
Hedging reserve	36	(985)

34.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

2013 Group	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Liquid investments with licensed financial institutions	-	152,720	-	152,720	-	-	-	-	152,720	152,720
Hire purchase receivables	-	-	-	-	-	-	489,730	489,730	489,730	489,730
Finance lease receivables	-	-	-	-	-	-	3,410	3,410	3,410	3,410
Forward exchange contracts	-	-	36	36	-	-	-	-	36	36
	-	152,721	36	152,757	-	-	493,140	493,140	645,897	645,897
Financial liabilities										
Borrowings										
	-	-	-	-	-	-	(1,451,674)	(1,451,674)	(1,451,674)	(1,451,674)

Notes to the Financial Statements

34. Financial instruments (continued)

34.8 Fair value information (continued)

2013 Company	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000		
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Asset-backed notes	-	-	-	-	-	-	16,355	16,355	16,355	16,355
Amount due from subsidiaries	-	-	-	-	-	-	327,589	327,589	327,589	327,589
	-	1	-	1	-	-	343,944	343,944	343,945	343,945
Financial liabilities										
Borrowings	-	-	-	-	-	-	(50,000)	(50,000)	(50,000)	(50,000)
Amount due to subsidiaries	-	-	-	-	-	-	(453,329)	(453,329)	(453,329)	(453,329)
	-	-	-	-	-	-	(503,329)	(503,329)	(503,329)	(503,329)

2012 Group	Fair value of financial instruments carried at fair value				Fair value of financial instrument not carried at fair value*	Total fair value	Carrying amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000			
Financial assets							
Other investments							
- Options	-	1	-	1	-	1	1
- Liquid investments with licensed financial institutions	-	200,603	-	200,603	-	200,603	200,603
Hire purchase receivables	-	-	-	-	303,736	303,736	303,736
Finance lease receivables	-	-	-	-	5,273	5,273	5,273
Forward exchange contracts	-	266	-	266	-	266	266
	-	200,870	-	200,870	309,009	509,879	509,879
Financial liabilities							
Borrowings	-	-	-	-	(1,417,622)	(1,417,622)	(1,417,622)
Forward exchange contracts	-	(1,251)	-	(1,251)	-	(1,251)	(1,251)
	-	(1,251)	-	(1,251)	(1,417,622)	(1,418,873)	(1,418,873)

Notes to the Financial Statements

34. Financial instruments (continued)

34.8 Fair value information (continued)

2012 Company	Fair value of financial instruments carried at fair value			Total RM'000	Fair value of financial instrument not carried at fair value* RM'000	Total fair value RM'000	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000				
Other investments							
- Options	-	1	-	1	-	1	1
- Asset-backed notes	-	-	-	-	32,013	32,013	32,013
Amount due from subsidiaries	-	-	-	-	614,034	614,034	614,034
	-	1	-	1	646,047	646,048	646,048
Financial liabilities							
Borrowings	-	-	-	-	(130,000)	(130,000)	(130,000)
Amount due to subsidiaries	-	-	-	-	(580,244)	(580,244)	(580,244)
	-	-	-	-	(710,244)	(710,244)	(710,244)

* Comparative figures have not been analysed by levels, by virtue of transitional provision given in Appendix C2 of MFRS 13.

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Notes to the Financial Statements

34. Financial instruments (continued)

34.8 Fair value information (continued)

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial assets/liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period. For finance lease receivables and hire purchase receivables, the market rate of interest is determined by reference to similar finance lease and hire purchase agreements.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and 2 fair values during the financial year. (2012: no transfer in either direction)

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values of hire purchase receivables, finance lease receivables and forward exchange contracts have been generally derived using discounted cash flow approach.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Group Financial Controller. The team regularly reviews significant unobservable inputs and valuation adjustments.

Notes to the Financial Statements

35. Capital management

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and determine to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2013, at 31 December 2012 and 1 January 2012 were as follows:

	Note	31.12.2013 RM'000	Group 31.12.2012 RM'000 Restated	1.1.2012 RM'000 Restated
Total borrowings	18	1,451,674	1,417,622	800,026
Less: Other investments	9	(152,720)	(200,603)	(194,064)
Cash and cash equivalents	16	(312,574)	(635,876)	(325,272)
Net debt		986,380	581,143	280,690
Total equity attributable to owners of the Company		2,708,924	1,967,228	1,862,806
Net debt-to-equity ratios		0.36	0.30	0.15

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

The Group is also required to maintain certain debt-to-equity ratio to comply with debt covenants, failing which, an event of default may be triggered. The Group has not breached these covenants.

36. Subsidiaries

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are shown below:

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Malaysia:				
Agensi Pekerjaan Bijak Sdn. Bhd.	Provision of employment agency services	100	100	100
Auto Components Manufacturers Sdn. Bhd.	Property holding	100	100	100
Auto Infiniti Sdn. Bhd.	Trading of car air-conditioners	100	100	100
Auto Research and Development Sdn. Bhd.	Research and development	100	100	100
Autokita Sdn. Bhd.	Insurance agency	100	100	100

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Malaysia:				
Ceranamas Sdn. Bhd.	Property and investment holding	100	100	100
Constant Knight (M) Sdn. Bhd.	Property holding	100	100	100
Cyberguard Vehicle Security Technologies Sdn. Bhd.	Trading and marketing of security alarm systems and the provision of alarm warranty services	100	100	100
Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	100	100	100
Edaran Tan Chong Motor (Sabah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100	100
Edaran Tan Chong Motor (Sarawak) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100	100
Edaran Tan Chong Motor (Selatan) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100	100
Edaran Tan Chong Motor (Tengah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100	100
Edaran Tan Chong Motor (Utara) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100	100
E-Garage Auto Services Sdn. Bhd.	Automobile workshop services and trading of car grooming products	100	100	100
First Energy Networks Sdn. Bhd.	Operating charging infrastructure and system for electric vehicles	100	100	-
Hikmat Asli Sdn. Bhd.	Property holding	100	100	100
Inspired Motor Sdn. Bhd.	Sales and marketing of motor vehicles and workshop services	70	70	70
Pemasaran Alat Ganti Sdn. Bhd.	Marketing of automotive parts	100	100	100
Perwiramas Sdn. Bhd.	Investment holding	100	100	100
** Premium Commerce Berhad	Special purpose entity for asset-backed securitisation	-	-	-

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Malaysia:				
Rustcare Sdn. Bhd.	Rust proofing and fitting of accessories for new motor vehicles	100	100	100
Sungei Bintang Sdn. Bhd.	Property holding	100	100	100
Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sale of motor vehicles	100	100	100
Tan Chong Agency Sdn. Bhd.	Insurance agency and property holding	100	100	100
Tan Chong Education Sdn. Bhd.	Investment holding	100	100	100
Tan Chong Education Services Sdn. Bhd.	Provision of education services	100	100	100
Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automotive workshop services	100	100	100
Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100	100
Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles and spare parts	100	100	100
Tan Chong Premier Sdn. Bhd.	Insurance agency	100	100	100
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles and trading of parts	70	70	70
Tan Chong Trading (Malaysia) Sdn. Bhd.	Investment holding and merchandise trading	100	100	100
Tanahku Holdings Sdn. Bhd.	Property holding	100	100	100
TC Aluminium Castings Sdn. Bhd.	Casting, machining and assembly of aluminium parts and components	100	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100	100
TC Capital Resources Sdn. Bhd.	Hire purchase financing, leasing and money lending	100	100	100
TC Euro Cars Sdn. Bhd.	Distribution of motor vehicles	100	100	100

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Malaysia:				
TC Facilities Management Sdn. Bhd.	Provision of building facilities management services	100	100	100
TC Hartanah Sdn. Bhd.	Property holding	100	100	100
TC Heritage Sdn. Bhd.	Investment holding	100	100	100
TC Insurservices Sdn. Bhd.	Insurance agency	100	100	100
TC Management Services Corporation Sdn. Bhd.	Provision of management services	100	100	100
TC Manufacturing Holdings Sdn. Bhd.	Investment holding	100	100	100
TC Metropolitan Sdn. Bhd.	Property investment holding	100	100	100
TC Motors (Sarawak) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100	100
TC Trucks Group Sdn. Bhd.	Investment holding	100	100	100
TC Trucks After Sales Sdn. Bhd.	Distribution and sales of auto parts and provision of after sales services for commercial vehicles	100	100	100
TC Trucks Sales Sdn. Bhd.	Distribution and sales of commercial vehicles	100	100	100
TC Utama Sdn. Bhd.	Property holding	100	100	100
TCCL Sdn. Bhd.	Insurance agency	100	100	100
TCM Stamping Products Sdn. Bhd.	Manufacture and sale of fuel tanks and press metal parts	100	100	100
Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	100	100	100
VDC Sdn. Bhd.	Installation of accessories and fittings for motor vehicles	100	100	100
Vincus Holdings Sdn. Bhd.	Investment holding	100	100	100
West Anchorage Sdn. Bhd.	Investment holding	100	100	100

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Malaysia:				
Auto Trucks & Components Sdn. Bhd.	Dormant	100	100	100
Fujiyama Car Cooler Sdn. Bhd.	Dormant	100	100	100
Tan Chong Construction Sdn. Bhd.	Dormant	100	100	100
Tan Chong Development Sdn. Bhd.	Dormant	100	100	100
Tan Chong Higher Education Sdn. Bhd.	Dormant	100	100	100
Tan Chong Private Education Sdn. Bhd.	Dormant	100	100	100
Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100	100
TC Automotive Electronics Sdn. Bhd.	Dormant	100	100	-
TC Brake System Sdn. Bhd.	Dormant	100	100	100
TC Capital Premium Sdn. Bhd.	Dormant	100	100	100
TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100	100
TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100	100
TC Module Integrator Sdn. Bhd.	Dormant	100	100	-
TC Security Services Sdn. Bhd.	Dormant	100	100	100
TC Transmission Sdn. Bhd.	Dormant	100	100	100
@ TMC Services Sdn. Bhd.	Provision of financial and fund management services	100	-	-
@ TC ITech Sdn. Bhd.	Dormant	100	-	-
@ TC Plastics Sdn. Bhd.	Dormant	100	-	-

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Malaysia:				
@ TC Industrial Entity Sdn. Bhd.	Dormant	100	-	-
@ TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	100	-	-
@ TCIBS Services Sdn. Bhd.	Dormant	100	-	-
@ Tan Chong IBS Sdn. Bhd.	Dormant	100	-	-
@ Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd.	Dormant	100	-	-
@ TC Maju Properties Sdn. Bhd.	Property investment holding	100	-	-
@ TC Residence Sdn. Bhd.	Property holding	100	-	-
@ TC Commercial Assets Sdn. Bhd.	Property holding	100	-	-
# Julang Lumayan Sdn. Bhd.	Property investment holding	100	-	-
Incorporated in Labuan:				
ETCM (C) Pty Ltd	Investment holding and trading of motor vehicles	100	100	100
ETCM (Labuan) Pty Ltd	Investment holding	100	100	100
ETCM (L) Pty Ltd	Investment holding and trading of motor vehicles	100	100	100
ETCM (MM) Pte Ltd	Investment holding and trading of motor vehicles	100	100	-
ETCM (V) Pte Ltd	Investment holding	100	100	100
Tan Chong Motorcycles (Labuan) Pte Ltd	Investment holding	100	100	100
TC Express Auto Services and Spare Parts (Labuan) Pty Ltd	Investment holding	100	100	100
TCIE (Labuan) Pty Ltd	Investment holding	100	100	100
Tan Chong Trading (Labuan) Pty Ltd	Dormant	100	100	100

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Labuan:				
TC Capital Resources (Labuan) Pty Ltd	Dormant	100	100	100
TC Manufacturing (Labuan) Pte Ltd	Dormant	100	100	-
TCMSC (Labuan) Pte Ltd	Dormant	100	100	-
Tan Chong Motorcycles (MM) Pte Ltd	Dormant	100	100	-
@ TC Overseas Assets (Labuan) Pte Ltd	Dormant	100	-	-
@ TC Assets Labuan (V) Pte Ltd	Dormant	100	-	-
@ TC Services Labuan (V) Pte Ltd	Dormant	100	-	-
Incorporated in Cambodia:				
* TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts	100	100	100
^ Tan Chong Motor (Cambodia) Pty. Ltd.	Importation and distribution of motor vehicles	100	100	100
Incorporated in Vietnam:				
* TC Motor Vietnam Co. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100	100
TCIE Vietnam Pte. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100	100
Nissan Vietnam Co. Ltd.	Importation and distribution of motor vehicles and spare parts	74	74	74
Incorporated in Laos:				
^ Tan Chong Motorcycles (Laos) Co., Ltd.	Dormant	100	100	100
^ Tan Chong Motor (Lao) Co., Ltd.	Importation and distribution of motor vehicles	100	100	100

Notes to the Financial Statements

36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest		
		31.12.2013 %	31.12.2012 %	1.1.2012 %
Incorporated in Myanmar:				
[^] E-Garage Auto Services and Spare Parts (Myanmar) Company Limited	Automobile workshop services and trading of spare parts	90	90	90
[^] ETCM (Myanmar) Company Limited	Dormant	100	-	-
[^] Tan Chong Motor (Myanmar) Company Limited	Dormant	100	-	-
[^] TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	-	-
Incorporated in Thailand:				
[*] TC Express Auto Services and Spare Parts (Thailand) Co. Ltd.	Automotive workshop services	49	49	49

^{*} Company audited by another firm of Public Accountants.

^{**} Deemed subsidiary by virtue of control in the company.

[^] Company not audited by KPMG and consolidated using unaudited management financial statements. The 2013 financial statements of the newly incorporated subsidiary and non-operating subsidiaries are not required to be audited pursuant to the Labuan Companies Act, 1990 or the relevant regulations of the country of incorporation, where applicable, and are not material to the Group.

[@] Newly incorporated subsidiaries during the year.

[#] Company not audited by KPMG and consolidated using unaudited management financial statements as subsidiary has different accounting year end.

Notes to the Financial Statements

37. Acquisition of subsidiary

On 18 December 2013, the Group acquired all the shares in Julang Lumayan Sdn Bhd for RM2,351,000, satisfied in cash. The company's intended principal activity is property investment holding. The acquisition of Julang Lumayan Sdn Bhd has further expanded the Group's property holdings. If the acquisition had occurred on 1 January 2013, management estimates that consolidated profit for the financial year would have been increased by RM963,000. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2013.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	2013 Group RM'000
Fair value of consideration transferred	
Cash and cash equivalents	2,351
<hr/>	
Identifiable assets acquired and liabilities assumed	
Property, plant and equipment	1,850
Cash and cash equivalents	1
Other payables	(9)
Deferred tax liabilities	(139)
	<hr/> 1,703

The fair value of the land has been determined based on the valuation of RM1,850,000.

	Group RM'000
Net cash outflow arising from acquisition of subsidiary	
Purchase consideration settled in cash and cash equivalents	(2,351)
Cash and cash equivalents acquired	1
	<hr/> (2,350)

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	Group RM'000
Total consideration transferred	2,351
Fair value of identifiable net assets	(1,703)
	<hr/> 648

Notes to the Financial Statements

37. Acquisition of subsidiary (continued)

The goodwill is attributable mainly to the strategic location of the land of Julang Lumayan Sdn Bhd, and the synergies expected to be achieved from integrating the company's properties with the Group's existing properties. None of the goodwill recognised is expected to be deductible for income tax purposes.

38. Significant events

- (i) On 3 January 2013, the Company incorporated a new subsidiary named TC ITech Sdn. Bhd., to undertake the provision of information technology services. TC ITech Sdn. Bhd. has an authorised capital of RM100,000 and paid-up capital of RM2. TC ITech Sdn. Bhd. increased its authorised capital and paid-up capital to RM5,000,000 and RM2,500,000 on 27 December 2013 and 24 February 2014 respectively.
- (ii) On 3 January 2013, TC Manufacturing Holdings Sdn. Bhd. ("TCMan"), a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TC Plastics Sdn. Bhd. to undertake the supply of painted plastic parts to automotive assembly plants and plastic injection manufacturing. TC Plastics Sdn. Bhd. has an authorised capital of RM100,000 and paid-up capital of RM2.
- (iii) On 3 January 2013, Tan Chong & Sons Motor Company Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TMC Services Sdn. Bhd. to undertake the provision of treasury management services. TMC Services Sdn. Bhd. has an authorised capital of RM10,000,000 and paid-up capital of RM2. The paid-up capital was subsequently increased to RM1,500,000 on 31 October 2013.
- (iv) On 6 February 2013, the Company incorporated a new subsidiary named TC Industrial Entity Sdn. Bhd. as an investment holding company. TC Industrial Entity Sdn. Bhd. has an authorised capital of RM100,000 and paid-up capital of RM2.
- (v) On 18 February 2013, TC Industrial Entity Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TC Industrial Lands (Serendah) Sdn. Bhd. as a property holding company. TC Industrial Lands (Serendah) Sdn. Bhd. has an authorised capital of RM100,000 and paid-up capital of RM2.
- (vi) On 20 February 2013, TCMan increased its authorised share capital from RM100,000 comprising 100,000 shares of RM1.00 each to RM50,000,000 comprising 50,000,000 shares of RM1.00 by the creation of 49,900,000 shares of RM1.00 each to rank pari passu in all respects with the existing shares in TCMan. On 20 February 2013 and 20 March 2013, TCMan acquired the equity interest in various related companies from the Company and Pemasaran Alat Ganti Sdn. Bhd. ("PAG"), a related company of TCMan, for a total consideration of RM39,335,570 satisfied via the issuance of 39,335,570 new ordinary shares of RM1.00 each in TCMan ("TCMan Shares") to the Company and PAG in the manner as set out below:

	No. of TCMan shares issued
TCMH	39,335,569
PAG	1
	39,335,570

PAG subsequently transferred its 1 share in TCMan to the Company on 22 March 2013 thereby resulting in TCMan being a direct wholly-owned subsidiary of the Company.

- (vii) On 22 March 2013, TC Express Auto Services and Spare Parts (Labuan) Pty Ltd, a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TC Express Auto Services & Spare Parts (Myanmar) Company Limited ("TCEAS Myanmar") in Myanmar to undertake the provision of automotive workshop and after sales services. TCEAS Myanmar has an authorised capital of USD500,000 and the minimum required paid-up capital is USD50,000, of which USD25,000 has been paid-up.

Notes to the Financial Statements

38. Significant events (continued)

- (viii) On 22 March 2013, ETCM (MM) Pte Ltd (“ETCM (MM)”), a wholly-owned subsidiary of the Company, incorporated a new subsidiary named ETCM (Myanmar) Company Limited (“ETCM Myanmar”) in Myanmar to undertake the provision of services relating to vehicle distribution. ETCM Myanmar has an authorised capital of USD500,000 and the minimum required paid-up capital is USD50,000, of which USD25,000 has been paid-up.
- (ix) On 21 June 2013, ETCM (MM), a wholly-owned subsidiary of the Company, has incorporated a new subsidiary named Tan Chong Motor (Myanmar) Company Limited (“TCM Myanmar”) in Myanmar to undertake the manufacturing and marketing of motor vehicles at the industrial area of Bago Region, Myanmar. TCM Myanmar has an authorised capital of USD100,000,000 and the minimum required capital is USD150,000, of which USD75,000 has been paid-up.

On 23 August 2013, Myanmar Investment Commission (“MIC”) issued a Permit to ETCM (MM) in respect of the approval for an investment proposal by ETCM (MM) in the manufacturing and marketing of motor vehicles at the industrial area of Bago Region, Myanmar.
- (x) On 29 July 2013, ETCM (MM), a wholly-owned subsidiary of the Company, entered into a Distribution Agreement with Nissan Motor Co., Ltd. (“NML”) in respect of the sole and exclusive right granted by NML to ETCM (MM) to distribute NISSAN brand completely built-up vehicles in Myanmar.
- (xi) On 13 August 2013, the Company incorporated two new subsidiaries named TCIBS Services Sdn. Bhd. and Tan Chong IBS Sdn. Bhd. to undertake insurance agency business. Both TCIBS Services Sdn. Bhd. and Tan Chong IBS Sdn. Bhd. have an authorised capital of RM400,000 and paid-up capital of RM2 respectively.
- (xii) On 30 September 2013, Tan Chong Motorcycles (Laos) Co., Ltd., a wholly-owned subsidiary of the Company, entered into a Termination Agreement with Vietnam Manufacturing & Export Processing Co., Ltd to terminate the Distributorship Agreement dated 2 January 2012 signed between the parties.
- (xiii) On 8 October 2013, Agensi Pekerjaan Bijak Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new subsidiary named Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd. to undertake the provision of employment agency services. Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd. has an authorised capital of RM400,000 and paid-up capital of RM50,000.
- (xiv) On 14 October 2013, TC Trucks Group Sdn. Bhd. (“TCTG”), a wholly-owned subsidiary of the Company entered into a Share Sale Agreement with Lim Tiong Bee and Lim Say Gim (collectively the “Vendors”) to acquire from the Vendors the entire equity interest in Julang Lumayan Sdn. Bhd. (“JLSB”) comprising 300,000 ordinary shares of RM1 each for a total cash consideration of RM2,351,432 (“Acquisition”). The Acquisition was completed on 18 December 2013 and accordingly, JLSB became a wholly-owned subsidiary of TCTG effective 18 December 2013.
- (xv) On 16 October 2013, Nissan Vietnam Co. Ltd. (“NVL”), a 74% owned subsidiary of the Company, received the decisions from the Customs Chief of Ha Noi Processing and Investment Customs Branch dated 23 September 2013 and 8 October 2013 pertaining to an amount totalling VND 357,028,537,085 equivalent to approximately USD 16.98 million, being the additional import duties payable by NVL in respect of the importation of CKD parts and kits for the period from 2010 to 2012. NVL has submitted its appeal against the decisions.
- (xvi) On 23 October 2013, TC Heritage Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TC Maju Properties Sdn. Bhd. as property investment holding company. TC Maju Properties Sdn. Bhd. has an authorised capital of RM400,000 and paid-up capital of RM2.
- (xvii) On 24 October 2013, TC Heritage Sdn. Bhd. a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TC Residence Sdn. Bhd. as property holding company. TC Residence Sdn. Bhd. has an authorised capital of RM400,000 and paid-up capital of RM2.

Notes to the Financial Statements

38. Significant events (continued)

(xviii) On 19 November 2013, Tanahku Holdings Sdn. Bhd. a wholly-owned subsidiary of the Company, incorporated a new subsidiary named TC Commercial Assets Sdn. Bhd. as property holding company. TC Commercial Assets Sdn. Bhd has an authorised capital of RM400,000 and paid-up capital of RM2.

(xix) Premium Commerce Berhad (“PCB”), a special purpose entity (“SPE”) established for the securitisation of the Group’s hire purchase receivables, completed the issuance of Notes Series 2013-A of RM194 million on 2 December 2013.

The proceeds from the issuance of the Notes were used by the SPE for the acquisition of hire purchase receivables from TC Capital Resources Sdn. Bhd. (“TCCR”), a wholly-owned subsidiary of the Company. RM176 million of Class A Notes was issued to investors in the debt capital markets while Class B Notes of RM5 million and Class C Notes RM13 million were subscribed by TCCR.

(xx) On 5 December 2013, the Company incorporated a new subsidiary named TC Overseas Assets (Labuan) Pte. Ltd. as investment holding company. TC Overseas Assets (Labuan) Pte. Ltd. has an issued and paid-up capital of USD1.

(xxi) On 9 December 2013, TC Overseas Assets (Labuan) Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated two new subsidiaries named TC Assets Labuan (V) Pte Ltd and TC Services Labuan (V) Pte Ltd. as investment holding companies. TC Assets Labuan (V) Pte Ltd and TC Services Labuan (V) Pte Ltd both have issued and paid-up capital of USD1.

39. Significant changes in accounting policies

39.1 Accounting for property, plant and equipment

On 31 December 2013, the Group changed its accounting policy with respect to the subsequent measurement of property, plant and equipment (for land and buildings) from the cost model to the revaluation model, with changes in fair value recognised in other comprehensive income. The Group believes that subsequent measurement using the revaluation model provides more relevant information about the financial performance of these assets, assists users to better understand the risks associated with these assets.

The revaluation of land and buildings is derived as follows:-

	31.12.2013
	RM'000
Net revaluations of property, plant and equipment (Note 27)	
- Cost (Note 3)	606,699
- Accumulated depreciation (Note 3)	123,807
	<hr/>
	730,506

In accordance with the accounting policy on revaluation of property, plant and equipment, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Notes to the Financial Statements

39. Significant changes in accounting policies (continued)

39.2 Accounting for investment property

On 31 December 2013, the Group changed its accounting policy with respect to the subsequent measurement of investment property from the cost model to the fair value model, with changes in fair value recognised in profit or loss. The Group believes that subsequent measurement using the fair value model provides more relevant information about the financial performance of these assets, assists users to better understand the risks associated with these assets.

The effects from the changes are disclosed in Note 39.7.

The change in accounting policy with respect to accounting for investment property was applied retrospectively and had an insignificant impact on earnings per share.

39.3 Amendments to MFRS 101, *Presentation of Financial Statements – Presentation of Other Comprehensive Income*

The amendments to MFRS 101 requires separation of items presented in other comprehensive income into two groups, based on whether or not they may be recycled to profit or loss in future. Items that will not be recycled – such as defined benefit plan actuarial gain/loss – will be presented separately from items that may be recycled in future – such as deferred gain/loss on cash flow hedges and foreign currency translation differences (foreign operations).

The adoption of this amendment affects presentation only and has no material financial impact on the Group's financial statements.

39.4 MFRS 10, *Consolidated Financial Statements*

As a result of the adoption of MFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over and consequently whether it consolidates its investees. MFRS 10 introduces a new control model that is applicable to all investees; among other things, it requires the consolidation of an investee if the Group controls the investee on the basis of de facto circumstances.

In accordance with the transitional provisions of MFRS 10, the Group re-assessed the control conclusion for its investees at 1 January 2013. As a consequence, the Group has changed its control conclusion in respect of its investment in TC Express Auto Services and Spare Parts (Thailand) Company Ltd. ("TCEAS Thailand"). Although the Group owns less than half of the shareholdings of TCEAS Thailand, the directors have determined that it has acquired de facto control over the investee when it subscribed for the investment on 3 April 2007, because the Group has held significantly more power over TCEAS Thailand than any other equity holders and the other shareholdings are widely dispersed. Accordingly, the Group applied acquisition accounting to the investment at 3 April 2007, as if the investee had been consolidated from that date. Previously, the investment in TCEAS Thailand was accounted for as an associate using the equity method. The effects from the changes are disclosed in Note 39.7.

39.5 MFRS 11, *Joint Arrangements*

As a result of the adoption of MFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements.

Under MFRS 11, the Group classifies its interests in joint arrangements as either joint operations or joint ventures depending on the Group's rights to the assets and obligations for the liabilities of the arrangements. When making the assessment, the Group considers the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances.

The Group has re-evaluated its involvement in its only joint arrangement in Structurflex Sdn. Bhd. and has reclassified the investment from associate to joint venture. Notwithstanding the reclassification, the investment continues to be recognised by applying equity method and there has been no impact on the recognised assets, liabilities and comprehensive income of the Group.

Notes to the Financial Statements

39. Significant changes in accounting policies (continued)

39.6 MFRS 119, Employee Benefits (2011)

The Group has adopted MFRS 119, *Employee Benefits (2011)* and applied this standard retrospectively during the current financial period.

As a result of this standard adoption, actuarial gains and losses are renamed 'remeasurements' and are recognised immediately in 'other comprehensive income' ("OCI"). Actuarial gains and losses will no longer be deferred using the corridor approach or recognised in profit or loss. Remeasurements recognised in OCI will not be recycled through profit or loss in subsequent periods.

The effects of changes are disclosed in Note 39.7.

39.7 Financial impact on the Group's financial position and comprehensive income

The following tables summarise the impacts of the above changes in 39.2, 39.4 and 39.6 on the Group's financial position and comprehensive income. The impacts relate to the consolidation of an additional subsidiary and the changes related to defined benefit plans and investment properties.

Consolidated statement of financial position

1 January 2012

	Impact on changes in accounting policies			
	As previously reported RM'000	MFRS 10 RM'000	Adoption of fair value model MFRS 140 RM'000	As restated RM'000
Property, plant and equipment	675,779	616	-	676,395
Investment properties	17,558	-	23,195	40,753
Equity-accounted investees	19,791	2,788	-	22,579
Inventories	959,996	242	-	960,238
Receivables	226,107	(2,695)	-	223,412
Cash and cash equivalents	324,634	638	-	325,272
Reserves	1,529,650	(90)	22,032	1,551,592
Non-controlling interests	8,310	(2,995)	-	5,315
Deferred tax liabilities	20,075	-	1,163	21,238
Payables and accruals	326,113	4,674	-	330,787

Notes to the Financial Statements

39. Significant changes in accounting policies (continued)

39.7 Financial impact on the Group's financial position and comprehensive income (continued)

Consolidated statement of financial position (continued)

31 December 2012

	Impact on changes in accounting policies			As restated RM'000
	As previously reported RM'000	MFRS 10 RM'000	Adoption of fair value model MFRS 140 RM'000	
Property, plant and equipment	858,396	288	46	858,730
Investment properties	20,303	-	31,676	51,979
Equity-accounted investees	27,128	3,281	-	30,409
Inventories	1,412,208	223	-	1,412,431
Receivables	354,821	(8,731)	-	346,090
Cash and cash equivalents	634,426	1,450	-	635,876
Reserves	1,625,971	(83)	30,135	1,656,023
Non-controlling interests	6,140	(3,502)	-	2,638
Deferred tax liabilities	23,641	-	1,587	25,228
Payables and accruals	502,555	96	-	502,651

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2012

Group	Impact on changes in accounting policies				As restated RM'000
	As previously reported RM'000	MFRS 10 RM'000	MFRS 119 (2011) RM'000	Adoption of fair value model MFRS 140 RM'000	
Revenue	4,086,103	1,780	-	-	4,087,883
Cost of sales	3,304,572	1,204	-	-	3,305,776
Other income	53,617	372	-	9,102	63,091
Distribution expenses	308,593	4	-	-	308,597
Administrative expenses	249,353	1,512	267	-	251,132
Other expenses	32,930	12	-	575	33,517
Finance costs	43,141	426	-	-	43,567
Share of profit of equity-accounted investees, net of tax	1,246	493	-	-	1,739
Tax expenses	61,446	-	(67)	424	61,803
Other comprehensive loss	2,953	(13)	(200)	-	2,740

Notes to the Financial Statements

39. Significant changes in accounting policies (continued)

39.7 Financial impact on the Group's financial position and comprehensive income (continued)

Consolidated statement of profit or loss and other comprehensive income (continued)

For the year ended 31 December 2013

Group	Impact on changes in accounting policies			Total impact RM'000
	MFRS 119 (2011) RM'000	Adoption of revaluation model RM'000	Adoption of fair value model MFRS 140 RM'000	
Other income	-	-	4,992	4,992
Administrative expenses	(3,767)	-	-	(3,767)
Other expenses	-	(4,470)	-	(4,470)
Tax expenses	942	-	(252)	690
Decrease in profit				(2,555)
Other comprehensive income	2,825	595,900	-	598,725
Increase in other comprehensive income				598,725
Overall impact on total comprehensive income				596,170

Notes to the Financial Statements

40. Supplementary information on the breakdown of realised and unrealised profits

The breakdown of the retained earnings of the Group and of the Company as at 31 December, into realised and unrealised profits, pursuant to Paragraphs 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements, are as follows:

	Group		Company	
	2013 RM'000	2012 RM'000	2013 RM'000	2012 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised profits	2,011,429	1,814,455	933,456	973,619
- Unrealised (loss)/profit	(4,452)	3,805	7,699	2,869
	2,006,977	1,818,260	941,155	976,488
Total retained earnings of associates and joint venture:				
- Realised profits	13,769	10,253	-	-
- Unrealised profit	61	68	-	-
	13,830	10,321	-	-
Total retained earnings before consolidation adjustment	2,020,807	1,828,581	941,155	976,488
Less: Consolidation adjustment	(210,213)	(168,946)	-	-
	1,810,594	1,659,635	941,155	976,488

The determination of realised and unrealised profits is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by Malaysian Institute of Accountants on 20 December 2010.

Statement by Directors

pursuant to Section 169(15) of the Companies Act, 1965

In the opinion of the Directors, the financial statements set out on pages 38 to 144 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the financial year then ended.

In the opinion of the Directors, the information set out in Note 40 on page 145 to the financial statements has been compiled in accordance with the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants, and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors:

Dato' Khor Swee Wah @ Koh Bee Leng

Director

Seow Thiam Fatt

Director

Kuala Lumpur,

Date: 18 April 2014

Statutory Declaration

pursuant to Section 169(16) of the Companies Act, 1965

I, **Ho Wai Ming**, the officer primarily responsible for the financial management of Tan Chong Motor Holdings Berhad in respect of financial year ended 31 December 2013, do solemnly and sincerely declare that the financial statements set out on pages 38 to 145 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named in Kuala Lumpur in the Federal Territory on 18 April 2014.

Ho Wai Ming

MIA 12986

Before me:

Leong See Keong

No. W494

Commissioner for Oaths

(Pesuruhjaya Sumpah)

Kuala Lumpur

Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad (Company No. 12969-P)(Incorporated in Malaysia)

Report on the Financial Statements

We have audited the financial statements of Tan Chong Motor Holdings Berhad, which comprise the statements of financial position as at 31 December 2013 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 38 to 144 (except for pages 40, 41, 44 and 45 that do not form part of the financial statements and which were included in the Annual Report only for information purposes).

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2013 and of their financial performance and cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad (Company No. 12969-P)(Incorporated in Malaysia)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report the followings:

- a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.
- b) We have considered the accounts and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 36 to the financial statements.
- c) We are satisfied that the accounts of the subsidiaries that have been consolidated with the Company's financial statements are in form and content appropriate and proper for the purposes of the preparation of the financial statements of the Group and we have received satisfactory information and explanations required by us for those purposes.
- d) The audit reports on the accounts of the subsidiaries did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Other Reporting Responsibilities

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information set out in Note 40 on page 145 to the financial statements has been compiled by the Company as required by the Bursa Malaysia Securities Berhad Listing Requirements and is not required by the Malaysian Financial Reporting Standards and International Financial Reporting Standards. We have extended our audit procedures to report on the process of compilation of such information. In our opinion, the information has been properly compiled, in all material respects, in accordance with the Guidance on Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants and presented based on the format prescribed by Bursa Malaysia Securities Berhad.

Other Matters

This report is made solely to the members of the Company as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG

Firm Number: AF 0758
Chartered Accountants

Petaling Jaya, Selangor

Date: 18 April 2014

Loh Kam Hian

Approval Number: 2941/09/14(J)
Chartered Accountant

Ten Largest Properties of the Group

as at 31 December 2013

No.	Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expiry Date	Net Book Value (RM' million)	Age of Building (years)	Date of Acquisition	Date of Last Revaluation
1	249 Jalan Segambut, 51200 Kuala Lumpur	Assembly plant, office, vehicle storage yard, warehouse & hostel	2,043,425	931,098	Freehold/Leasehold 4.7.2065 20.4.2068 14.1.2073 27.1.2074 5.10.2099	459.00	38	1974 to 1999	2013
2	Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor	Assembly plant, office, vehicle storage yard & warehouse	6,890,774	961,892	Freehold/Leasehold 22.3.2094 28.4.2105 27.9.2106 28.4.2112	209.80	7	1996 to 2013	2013
3	Lot 3 Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan	Spare parts & service centre, factory, warehouse/store, offices & showroom	425,619	143,018	Leasehold 5.9.2074	74.00	34	11.9.1981	2013
4	No. 1, Jalan Sesiku 15/2, Section 15, Shah Alam, 40000 Selangor Darul Ehsan	Industrial plant	713,983	408,912	Leasehold 19.2.2066	67.00	45	30.12.2009	2013
5	Lot U8, U9, U10 and U11, Road No 5B, Expanded Hoa Khanh Industrial Zone, Lien Chieu Dist, Danang City, Vietnam	Assembly plant, office, vehicle storage yard & warehouse	1,393,926	377,792	Leasehold 25.3.2054	45.40	1	2013	2013
6	Lot 93, Seksyen 46, Kuala Lumpur	Car park	50,637	-	Freehold	43.00	-	27.8.2012	2013
7	Lot 92, Seksyen 46, Kuala Lumpur	Car park	50,228	-	Freehold	42.70	-	24.8.2012	2013
8	Lot 9 Jalan Kemajuan Section 13, Petaling Jaya, 46200 Selangor Darul Ehsan	Office, showroom, service, spare parts & training centre	78,801	86,451	Leasehold 6.9.2065	35.00	31	2.5.2006	2013
9	196 Blk G, Jalan Sultan Azlan Shah, 11900 Sg Tiram, Pulau Pinang	Showroom, service & spare parts centre	104,637	54,666	Freehold	23.60	20	26.1.2004	2013
10	Lot No PT 1388, Section 46, Jalan Sri Amar Kuala Lumpur	Car park	22,184	-	Freehold	22.00	-	28.10.1974	2013

Note: The value of 249 Jalan Segambut, 51200 Kuala Lumpur is based on valuation report of 15 lots of land held under lot numbered 1249, 1474, 1475, 3681, 4185, 14282, 25669, 43097, 46354, 49392, 49393, 49968, 49970, 49972 & 57927 and building. The value of Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor is based on valuation report of 6 lots of land held under lot numbered 45, 15961, 16360, 23975, 23976 & 29120 and building.

Shareholders' Statistics

as at 31 March 2014

SHARE CAPITAL

Authorised	: RM500,000,000
Issued and Fully Paid-up	: RM336,000,000
Class of Shares	: Ordinary shares of RM0.50 each
Voting Rights	: 1 vote per ordinary share

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	202	2.90	3,902	-(¹)
100 - 1,000	2,379	34.16	2,177,396	0.32
1,001 - 10,000	3,546	50.93	14,911,778	2.22
10,001 - 100,000	660	9.48	19,857,046	2.95
100,001 - 32,640,649(²)	172	2.47	279,226,614	41.55
32,640,650 and above(³)	4	0.06	336,636,264	50.10
Sub Total	6,963	100.00	652,813,000	97.14
Treasury shares			19,187,000	2.86
Total			672,000,000	100.00

Notes:

(¹) Less than 0.01%.

(²) 100,001 to less than 5% of issued shares.

(³) 5% and above of issued shares.

DIRECTORS' SHAREHOLDING

(as per Register of Directors' Shareholding)

Name	Direct No. of Shares Held	%	Indirect No. of Shares Held	%
1 Dato' Tan Heng Chew	26,985,362	4.13	302,524,710	46.34(¹)
2 Dato' Haji Kamaruddin @ Abas bin Nordin	4,992	-(²)	-	-
3 Seow Thiam Fatt	73,000	0.01	-	-
4 Dato' Ng Mann Cheong	-	-	120,000	0.02(³)
5 Dato' Khor Swee Wah @ Koh Bee Leng	9,540,390	1.46	319,969,682	49.01(⁴)
6 Ling Ou Long @ Ling Wu Long	-	-	5,000	-(³)

Notes:

(¹) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("Act") and interests of spouse and children by virtue of Section 134(12)(c) of the Act.

(²) Less than 0.01%.

(³) Interest of spouse by virtue of Section 134(12)(c) of the Act.

(⁴) Interests of spouse and children by virtue of Section 134(12)(c) of the Act.

Shareholders' Statistics

as at 31 March 2014

SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	263,798,240	40.41	16,482,480	2.52 ⁽¹⁾
2	Nissan Motor Co, Ltd	37,333,324	5.72	-	-
3	Employees Provident Fund Board	50,747,600	7.77	-	-
4	Dato' Tan Heng Chew	26,985,362	4.13	291,234,320	44.61 ⁽²⁾
5	Tan Eng Soon	-	-	291,234,320	44.61 ⁽²⁾
6	Tan Kheng Leong	200,000	0.03	280,280,720	42.93 ⁽³⁾

Notes:

- ⁽¹⁾ Indirect interest held through HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Berhad (as to voting rights only).
- ⁽²⁾ Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 6A of the Companies Act, 1965 ("Act").
- ⁽³⁾ Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd pursuant to Section 6A of the Act.

THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	217,789,240	33.36
2	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	44,172,600	6.77
3	Tan Chong Consolidated Sdn Bhd	37,341,100	5.72
4	Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Daiwa Securities Co Ltd Client Acc	37,333,324	5.72
5	Amanahraya Trustees Berhad Skim Amanah Saham Bumiputera	32,492,200	4.98
6	Tan Kim Hor	25,053,376	3.84
7	HSBC Nominees (Tempatan) Sdn Bhd Exempt AN for HSBC (Malaysia) Trustee Berhad (D09-6061)	16,482,480	2.53
8	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Heng Chew (MM1063)	13,039,100	2.00
9	CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)	9,087,400	1.39
10	Tan Chong Consolidated Sdn Bhd	8,667,900	1.33
11	Pang Sew Ha @ Phang Sui Har	8,439,033	1.29
12	Amanahraya Trustees Berhad Amanah Saham Malaysia	7,442,300	1.14
13	HSBC Nominees (Asing) Sdn Bhd Exempt AN for The Bank of New York Mellon SA/NV (BDS Jersey)	6,794,200	1.04
14	Tan Boon Pun	6,592,992	1.01
15	Key Development Sdn Berhad	6,194,400	0.95

Shareholders' Statistics

as at 31 March 2014

Name	No. of Shares Held	%
16 Tan Ban Leong	5,801,836	0.89
17 Tan Beng Keong	5,801,836	0.89
18 Tan Chee Keong	5,801,836	0.89
19 Tan Hoe Pin	5,801,836	0.89
20 Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Dimensional Emerging Markets Value Fund</i>	4,685,000	0.72
21 Gan Teng Siew Realty Sdn Berhad	4,679,000	0.72
22 Chinchoo Investment Sdn Berhad	4,205,000	0.64
23 Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	4,126,300	0.63
24 Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew</i>	4,001,300	0.61
25 Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Khor Swee Wah @ Koh Bee Leng (PB)</i>	4,000,000	0.61
26 Cartaban Nominees (Asing) Sdn Bhd <i>BBH (LUX) SCA for Fidelity Funds ASEAN</i>	3,931,800	0.60
27 Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	3,274,700	0.50
28 Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew</i>	3,154,900	0.48
29 Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for Citibank NA, Singapore (Julius Baer)</i>	2,815,000	0.43
30 Lee Lang	2,637,197	0.40
TOTAL	541,639,186	82.97

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Forty-Second Annual General Meeting of TAN CHONG MOTOR HOLDINGS BERHAD will be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday, 28 May 2014 at 3:00 p.m. to transact the following businesses:

Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2013 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a final single tier dividend of 12% for the financial year ended 31 December 2013. **Resolution 2**
3. To re-elect Mr Siew Kah Toong, a Director who retires by rotation and being eligible, offers himself for re-election in accordance with Article 101 of the Company's Articles of Association. **Resolution 3**
4. To consider and if thought fit, to pass the following resolutions:
 - 4.1 "THAT Dato' Ng Mann Cheong, retiring pursuant to Article 101 of the Company's Articles of Association and being eligible, be and is hereby re-elected a Director of the Company, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." **Resolution 4**
 - 4.2 "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Haji Kamaruddin @ Abas bin Nordin be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." **Resolution 5**
 - 4.3 "THAT pursuant to Section 129(6) of the Companies Act, 1965, Mr Seow Thiam Fatt be and is hereby re-appointed a Director of the Company to hold office until the next Annual General Meeting, AND THAT he continues to be designated as an Independent Non-Executive Director of the Company." **Resolution 6**
5. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2014 and to authorise the Directors to fix their remuneration. **Resolution 7**

Special Business

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

6. **PROPOSED GRANT OF AUTHORITY PURSUANT TO SECTION 132D OF THE COMPANIES ACT, 1965**

"THAT, subject always to the Companies Act, 1965 ("Act"), the Articles of Association of the Company and approvals and requirements of the relevant governmental and/or regulatory authorities (where applicable), the Directors be and are hereby empowered pursuant to Section 132D of the Act to allot and issue new ordinary shares of RM0.50 each in the Company, from time to time and upon such terms and conditions and for such purposes and to such persons whomsoever the Directors may, in their absolute discretion deem fit and expedient in the interest of the Company, provided that the aggregate number of shares issued pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital (excluding treasury shares) for the time being of the Company AND THAT such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."

Resolution 8

Notice of Annual General Meeting

7. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN ORDINARY SHARES

“THAT, subject to the Companies Act, 1965 (“Act”), the Memorandum and Articles of Association of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares of RM0.50 each in the Company (“Proposed Share Buy-Back”) as may be determined by the Directors of the Company from time to time through BMSB upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed ten per centum (10%) of the issued and paid-up share capital of the Company.

THAT an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT authority be and is hereby given to the Directors of the Company to decide at their discretion to retain the shares so purchased as treasury shares (as defined in Section 67A of the Act) and/or to cancel the shares so purchased and/or to resell them and/or to deal with the shares so purchased in such other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of BMSB and any other relevant authorities for the time being in force.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and will expire:

- (i) at the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions;
- (ii) at the expiration of the period within which the next AGM of the Company is required by law to be held;
or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by BMSB and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities.”

Resolution 9

Notice of Annual General Meeting

8. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.1 of the Company's Circular to Shareholders dated 30 April 2014 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 10

9. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries and jointly-controlled entities involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.2 of the Company's Circular to Shareholders dated 30 April 2014 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 11

Notice of Annual General Meeting

10. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.3 of the Company's Circular to Shareholders dated 30 April 2014 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public (where applicable) and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 12

11. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH AUTO DUNIA SDN BHD

"THAT, subject to the Companies Act, 1965 ("Act"), the Memorandum and Articles of Association of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Auto Dunia Sdn Bhd involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.2 of the Company's Circular to Shareholders dated 30 April 2014 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the authority will lapse, unless by a resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed or the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 143(1) of the Act (but shall not extend to such extension as may be allowed pursuant to Section 143(2) of the Act) or revoked or varied by a resolution passed by the shareholders in a general meeting, whichever is earlier.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate."

Resolution 13

12. To transact any other business of the Company of which due notice shall have been received.

Notice of Annual General Meeting

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Forty-Second Annual General Meeting of Tan Chong Motor Holdings Berhad, a final single tier dividend of 12% will be paid on 23 June 2014 to shareholders whose names appear in the Register of Members on 3 June 2014.

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

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 3 June 2014 in respect of transfers;
- (2) shares deposited into the depositor's securities account before 12:30 p.m. on 30 May 2014 in respect of shares exempted from mandatory deposit; and
- (3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

LEE KWEE CHENG (MIA 9160)
YAP BEE LEE (MAICSA 0864482)
CHANG PIE HOON (MAICSA 7000388)
Company Secretaries

Kuala Lumpur
30 April 2014

NOTES:

1. *A depositor whose name appears in the Record of Depositors of the Company as at 21 May 2014 ("Record of Depositors") shall be regarded as a member entitled to attend, speak and vote at the meeting.*
2. *A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.*
3. *Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.*
4. *Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:*
 - (i) *the securities account number;*
 - (ii) *the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and*
 - (iii) *where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.*

Notice of Annual General Meeting

6. *Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.*
7. *Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.*
8. *The Form of Proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.*

EXPLANATORY NOTES ON SPECIAL BUSINESS:

1. Resolution 8 - Proposed Grant of Authority Pursuant to Section 132D of the Companies Act, 1965

The Company continues to consider opportunities to broaden the operating base and earnings potential of the Company. If any of the expansion or diversification proposals involve the issue of new shares, the Directors of the Company, under normal circumstances, would have to convene a general meeting to approve the issue of new shares even though the number involved may be less than 10% of the issued and paid-up share capital (excluding treasury shares) of the Company.

To avoid any delay and costs involved in convening a general meeting to approve such issuance of shares, the Directors of the Company had obtained the general mandate at the Company's 41st Annual General Meeting held on 22 May 2013 to allot and issue shares in the Company up to an amount of not exceeding in total 10% of the issued and paid-up share capital of the Company for the time being, for such purpose. The Company has not issued any new shares under the general mandate granted to the Directors at the 41st Annual General Meeting which will lapse at the conclusion of the 42nd Annual General Meeting to be held on 28 May 2014.

A renewal of the mandate is being sought at the 42nd Annual General Meeting under proposed Resolution 8. The renewed mandate, unless revoked or varied at a general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

2. Resolution 9 - Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares

The proposed Resolution 9, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the issued and paid-up share capital of the Company ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 30 April 2014, despatched together with the Company's 2013 Annual Report.

3. Resolutions 10, 11, 12 and 13 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Resolutions 10, 11, 12 and 13, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on these proposed Resolutions are set out in the Company's Circular to Shareholders dated 30 April 2014, despatched together with the Company's 2013 Annual Report.

CDS account no.

I/We _____ (name of shareholder as per NRIC, in capital letters)
 NRIC No./Company No. _____ (new) _____ (old)
 of _____ (full address) being a
 member of TAN CHONG MOTOR HOLDINGS BERHAD, hereby appoint _____
 (name of proxy as per NRIC, in capital letters) NRIC No. _____ (new) _____ (old)
 and/or _____ (name of proxy as per NRIC, in capital letters)
 NRIC No. _____ (new) _____ (old) or failing him/her the Chairman of
 the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Forty-Second Annual General Meeting of the Company
 to be held at Pacific Ballroom, Level 2, Seri Pacific Hotel Kuala Lumpur, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Wednesday,
 28 May 2014 at 3:00 p.m., and at any adjournment thereof, as indicated below:

		For	Against
Resolution 1	Audited Financial Statements and Reports of the Directors and Auditors		
Resolution 2	Final Single Tier Dividend		
Resolution 3	Re-election of Mr Siew Kah Toong as Director		
Resolution 4	Re-election of Dato' Ng Mann Cheong as Director and his designation as an Independent Non-Executive Director		
Resolution 5	Re-appointment of Dato' Haji Kamaruddin @ Abas bin Nordin pursuant to Section 129(6) of the Companies Act, 1965 and his designation as an Independent Non-Executive Director		
Resolution 6	Re-appointment of Mr Seow Thiam Fatt pursuant to Section 129(6) of the Companies Act, 1965 and his designation as an Independent Non-Executive Director		
Resolution 7	Re-appointment of Messrs KPMG as Auditors		
Resolution 8	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 9	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Resolution 10	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities		
Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad and its subsidiaries and jointly-controlled entities		
Resolution 12	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited and its subsidiaries		
Resolution 13	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Auto Dunia Sdn Bhd		

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

Signature/Common Seal _____

Number of shares held : _____

Date : _____

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	<u>No. of shares</u>	<u>Percentage</u>
Proxy 1	_____	%
Proxy 2	_____	%
Total	_____	100%

Notes:

1. A depositor whose name appears in the Record of Depositors of the Company as at 21 May 2014 ("Record of Depositors") shall be regarded as a member entitled to attend, speak and vote at the meeting.
2. A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy without limitation and the provisions of Section 149 (1)(a) and (b) of the Companies Act, 1965 shall not apply to the Company. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.
3. Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with ordinary shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
4. Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.
5. Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:
 - (i) the securities account number;
 - (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
 - (iii) where two (2) proxies are appointed, the proportion of ordinary shareholdings or the number of ordinary shares to be represented by each proxy.
6. Any beneficial owner who holds ordinary shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.
7. Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.

The Form of Proxy must be deposited at the Registered Office of the Company, 62 - 68 Jalan Ipoh, 51200 Kuala Lumpur, Malaysia, not less than forty-eight hours before the time appointed for the meeting.

fold here

Affix
Stamp
here

Company Secretaries
TAN CHONG MOTOR HOLDINGS BERHAD
62-68 Jalan Ipoh
51200 Kuala Lumpur

fold here

