



TAN CHONG MOTOR HOLDINGS BERHAD

*Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)*

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2022

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TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Corresponding Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year Corresponding To Date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000
Revenue	738,782	866,921	3,052,235	2,537,307
Operating (loss)/ profit	(28,602)	69,103	26,305	63,884
Interest expense	(14,991)	(13,850)	(51,720)	(54,236)
Interest income	5,164	2,527	11,989	10,994
Share of profit/ (loss) of equity-accounted investees	477	216	(739)	(1,508)
(Loss)/ Profit before taxation	(37,952)	57,996	(14,165)	19,134
Tax expense	(5,238)	(11,962)	(40,696)	(39,350)
(Loss)/ Profit for the period	(43,190)	46,034	(54,861)	(20,216)
(Loss)/ Profit attributable to:				
Equity holders of the Company	(44,711)	43,260	(51,110)	(15,417)
Non-controlling interests	1,521	2,774	(3,751)	(4,799)
	(43,190)	46,034	(54,861)	(20,216)
(Loss)/ Earning per share (sen)				
(a) Basic	(6.86)	6.63	(7.84)	(2.36)
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2021, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2022 RM'000	Preceding Year Corresponding Quarter 31.12.2021 RM'000	Current Year To Date 31.12.2022 RM'000	Preceding Year Corresponding Period 31.12.2021 RM'000
(Loss)/ Profit for the period	(43,190)	46,034	(54,861)	(20,216)
<i>Item that will not be reclassified to profit or loss:</i>				
Remeasurement of defined benefit liability	15,751	-	15,751	-
Revaluation of property, plant and equipment	174,599	-	174,599	-
Total item that will not be classified to profit or loss	190,350	-	190,350	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	30,571	8,223	17,499	(8,427)
Foreign currency translation differences for an equity-accounted associate	(545)	(2,087)	(545)	(2,087)
Cash flow hedge	6,095	2,427	(3,564)	(15,452)
Total items that are or may be classified to profit or loss	36,121	8,563	13,390	(25,966)
Other comprehensive income/ (loss) for the period, net of tax	226,471	8,563	203,740	(25,966)
Total comprehensive income/ (loss) for the period	183,281	54,597	148,879	(46,182)
Total comprehensive income/ (loss) attributable to:				
Equity holders of the Company	180,227	52,476	151,097	(40,347)
Non-controlling interests	3,054	2,121	(2,218)	(5,835)
	183,281	54,597	148,879	(46,182)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	(Unaudited)	(Audited)
	As at	As at
	31.12.2022	31.12.2021
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment *	2,471,829	2,317,945
Investment properties	238,990	229,500
Intangible assets	13,006	14,546
Equity-accounted investees	70,480	72,374
Deferred tax assets	94,751	107,809
Hire purchase receivables	359,234	406,161
	<u>3,248,290</u>	<u>3,148,335</u>
<u>Current assets</u>		
Other investments	454	2,081
Inventories	748,401	777,974
Contract assets	26,349	10,809
Current tax assets	19,292	19,323
Hire purchase receivables	104,989	101,047
Receivables, deposits and prepayments	388,290	420,182
Derivative financial assets	3,240	-
Cash and cash equivalents	558,160	514,487
	<u>1,849,175</u>	<u>1,845,903</u>
Assets classified as held for sale	-	1,689
	<u>1,849,175</u>	<u>1,847,592</u>
TOTAL ASSETS	<u><u>5,097,465</u></u>	<u><u>4,995,927</u></u>

* Included in this amount was withdrawal of inventories during the financial year with a carrying value of RM11.9 million (2021: RM25.8 million) for the business of subscription plans in one of the subsidiaries of the Group.



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.12.2022	31.12.2021
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,612,956	2,481,423
Treasury shares	(25,953)	(25,901)
Total equity attributable to owners of the Company	2,923,003	2,791,522
Non-controlling interests	(22,598)	(21,850)
Total equity	2,900,405	2,769,672
<u>Non-current liabilities</u>		
Lease liabilities	71,109	70,451
Borrowings	300,000	-
Employee benefits	80,902	95,792
Deferred tax liabilities	253,184	206,125
Contract liabilities	45,974	44,620
	751,169	416,988
<u>Current liabilities</u>		
Borrowings	974,027	1,268,189
Lease liabilities	18,702	23,963
Derivative financial liabilities	7,312	544
Taxation	3,070	1,644
Contract liabilities	27,643	22,113
Payables and accruals	415,137	492,814
	1,445,891	1,809,267
Total liabilities	2,197,060	2,226,255
TOTAL EQUITY AND LIABILITIES	5,097,465	4,995,927
Net assets per share attributable to owners of the Company (RM)	4.48	4.28

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

	-----Attributable to owners of the Company-----						Total RM'000	Non- controlling interests RM'000	Total equity RM'000	
	-----Non-Distributable-----			-----Distributable-----						
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000			
At 01.01.2021	336,000	(25,866)	(4,032)	828,231	14,934	100	1,692,319	2,841,686	(16,995)	2,824,691
Other comprehensive loss for the period, net of tax	-	-	(9,478)	-	(15,452)	-	-	(24,930)	(1,036)	(25,966)
Transfer of revaluation surplus on properties	-	-	-	(13,297)	-	-	13,297	-	-	-
Loss for the period	-	-	-	-	-	-	(15,417)	(15,417)	(4,799)	(20,216)
Total comprehensive loss for the period	-	-	(9,478)	(13,297)	(15,452)	-	(2,120)	(40,347)	(5,835)	(46,182)
Purchase of treasury shares	-	(35)	-	-	-	-	-	(35)	-	(35)
Dividend - 2021 interim	-	-	-	-	-	-	(9,782)	(9,782)	-	(9,782)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	980	980
At 31.12.2021	336,000	(25,901)	(13,510)	814,934	(518)	100	1,680,417	2,791,522	(21,850)	2,769,672



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2022 (continued)
(THE FIGURES HAVE NOT BEEN AUDITED)

	-----Attributable to owners of the Company-----						-Distributable-	Total	Non- controlling interests	Total equity
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000				
At 01.01.2022	336,000	(25,901)	(13,510)	814,934	(518)	100	1,680,417	2,791,522	(21,850)	2,769,672
Other comprehensive loss for the period, net of tax	-	-	(5,725)	-	(3,564)	-	-	(9,289)	(961)	(10,250)
Remeasurement of defined benefit liability	-	-	-	-	-	-	15,515	15,515	236	15,751
Revaluation of property, plant and equipment	-	-	23,640	172,341	-	-	-	195,981	2,258	198,239
Transfer of revaluation surplus on properties	-	-	-	(13,316)	-	-	13,316	-	-	-
Loss for the period	-	-	-	-	-	-	(51,110)	(51,110)	(3,751)	(54,861)
Total comprehensive profit/ (loss) for the period	-	-	17,915	159,025	(3,564)	-	(22,279)	151,097	(2,218)	148,879
Transfer upon disposal of property, plant and equipment	-	-	-	(1,216)	-	-	1,216	-	-	-
Purchase of treasury shares	-	(52)	-	-	-	-	-	(52)	-	(52)
Dividend - 2022 interim	-	-	-	-	-	-	(19,564)	(19,564)	-	(19,564)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	1,470	1,470
At 31.12.2022	336,000	(25,953)	4,405	972,743	(4,082)	100	1,639,790	2,923,003	(22,598)	2,900,405

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022
(THE FIGURES HAVE NOT BEEN AUDITED)

CUMULATIVE QUARTER

	For the 12 months ended	For the 12 months ended
	31.12.2022	31.12.2021
	RM'000	RM'000
Cash flows from operating activities		
(Loss)/ Profit before taxation	(14,165)	19,134
Adjustments for:		
Non-cash and non-operating items	198,496	181,312
Operating profit before working capital changes	184,331	200,446
Changes in working capital		
Inventories	44,532	(31,420)
Hire purchase receivables	41,240	74,003
Receivables, deposits and prepayments	32,961	(5,200)
Payables and accruals	(98,020)	(32,354)
Contract assets	(15,540)	8,568
Contract liabilities	6,884	(9,200)
Cash generated from operations	196,388	204,843
Tax paid	(32,798)	(37,262)
Interest paid	(31,061)	(42,898)
Employee benefits paid	(1,583)	(1,500)
Net cash from operating activities	130,946	123,183
Cash flows from investing activities		
Acquisition of property, plant and equipment	(88,572)	(120,539)
Acquisition of intangible assets	(324)	(7,574)
Net proceeds from disposal of other investments	1,627	168,225
Dividend received from equity-accounted investees	1,700	-
Proceeds from disposal of property, plant and equipment	26,788	39,743
Net cash (used in)/ from investing activities	(58,781)	79,855



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2022 (continued)
(THE FIGURES HAVE NOT BEEN AUDITED)

CUMULATIVE QUARTER

	For the 12 months ended 31.12.2022 RM'000	For the 12 months ended 31.12.2021 RM'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(19,564)	(9,782)
Purchase of own shares	(52)	(35)
Net (repayment of)/ proceeds from bankers' acceptance	(51,681)	153,807
Net proceeds from/ (repayment of) medium term notes, term loans and revolving credit	58,977	(399,894)
Payment of lease liabilities	(24,279)	(25,729)
Share subscription in a subsidiary company by non-controlling interest shareholders	1,470	980
Net cash used in financing activities	(35,129)	(280,653)
Net increase/ (decrease) in cash and cash equivalents	37,036	(77,615)
Effects of exchange rate fluctuations on cash and cash equivalents	6,637	10,140
Cash and cash equivalents at beginning of the period	514,487	581,962
Cash and cash equivalents at end of the period	558,160	514,487

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021, together with the explanatory notes in this report.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of Tan Chong Motor Holdings Berhad (“TCMH”) and its subsidiaries, associates and joint venture (“the Group”) as at and for the year ended 31 December 2021.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2021, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and Amendments to MFRSs. MFRSs and Amendments to MFRSs marked with “*” are not applicable to the Group.

Effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts-Cost of fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)**

The adoption of the above pronouncement did not have any material impact on the financial statements of the Group.

MFRSs and Amendments to MFRSs issued but not yet effective

The following MFRSs and Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted. MFRSs and Amendments to MFRSs marked with “*” are not applicable to the Group.

Effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts* *
- Amendments to MFRS 17, *Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information* *
- Amendments to MFRS 101, *Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting (continued)

2. Changes in Accounting Policies (continued)

Effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The initial application of the abovementioned accounting standards or amendments is not expected to have any material financial impacts to the financial statements of the Group.

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2021.

4. Seasonal or Cyclical Factors

During the quarter, the business of the Group had not been affected by any significant seasonal or cyclical factors, apart from the general economic environment in which it operated.

5. Unusual Items

There were no unusual items that had a material effect on the assets, liabilities, equity, net income or cash flows for the period.

6. Material Changes in Estimates

There were no material changes in estimates of amounts reported in prior financial year.

7. Debt and Equity Securities

There was no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the financial quarter was 19,883,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group had redeemed RM6.0 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C was RM35.8 million at the end of the financial quarter.

Under the Islamic Medium Term Notes ("Sukuk Murabahah") Programme of RM1.5 billion, the outstanding nominal value of Islamic Medium Term Notes stood at RM300.0 million at the end of the financial quarter.

Save for the above, there were no other issuance and repayment of debt securities, share cancellation and resale of treasury shares during the period.

8. Dividends Paid

Second interim single tier dividend of 1.5 sen per share for the financial year ended 31 December 2022 which amounted to RM9.78 million was declared on 22 November 2022 and paid on 23 December 2022 (May 2022: First interim single tier dividend of 1.5 sen per share amounted to RM9.78 million, declared on 24 May 2022 and paid on 30 June 2022).

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting (continued)

9. Segmental Reporting

(a) Business segment reporting for current quarter:

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	718,161	844,881	16,665	18,447	3,956	3,593	738,782	866,921
Inter-segment revenue	86	412	4	11	15,932	16,641	16,022	17,064
Segment EBITDA/ (LBITDA)*	56,159	62,800	2,715	17,414	(47,218)	24,264	11,656	104,478

*Segment earnings/ (losses) before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	31.12.2022	31.12.2021
	RM'000	RM'000
Total EBITDA for reportable segments	11,656	104,478
Depreciation and amortisation	(40,416)	(40,297)
Interest expense	(14,991)	(13,850)
Interest income	5,164	2,527
Share of profit of equity-accounted investees not included in reportable segments	477	216
Unallocated corporate expenses	158	4,922
Consolidated (loss)/ profit before taxation	(37,952)	57,996

(b) Business segment reporting for current year-to-date period:

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,972,210	2,456,235	66,368	69,595	13,657	11,477	3,052,235	2,537,307
Inter-segment revenue	511	883	18	900	78,536	73,795	79,065	75,578
Segment EBITDA	132,875	128,587	27,493	31,861	29,812	51,136	190,180	211,584

Reconciliation of reportable segment profit or loss:

	31.12.2022	31.12.2021
	RM'000	RM'000
Total EBITDA for reportable segments	190,180	211,584
Depreciation and amortisation	(148,198)	(142,610)
Interest expense	(51,720)	(54,236)
Interest income	11,989	10,994
Share of loss of equity-accounted investees not included in reportable segments	(739)	(1,508)
Unallocated corporate expenses	(15,677)	(5,090)
Consolidated (loss)/ profit before taxation	(14,165)	19,134

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting (continued)

9. Segmental Reporting (continued)

(c) Geographical segment reporting for current quarter:

	Malaysia		Vietnam		Others		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	613,435	761,427	104,007	67,284	21,340	38,210	738,782	866,921
Segment EBITDA/ (LBITDA)	13,684	100,041	2,439	2,521	(4,467)	1,916	11,656	104,478

(d) Geographical segment reporting for current year-to-date period:

	Malaysia		Vietnam		Others		Total	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,601,848	2,143,358	320,043	261,232	130,344	132,717	3,052,235	2,537,307
Segment EBITDA/ (LBITDA)	227,291	220,551	(8,434)	(2,812)	(28,677)	(6,155)	190,180	211,584

10. Valuation of Property, Plant and Equipment and Investment Properties

Pursuant to the revaluation model applied to the Group's land and buildings classified under Property, Plant and Equipment, those land and buildings are subsequently measured at fair value less accumulated depreciation and any accumulated impairment losses. A revaluation surplus (net of deferred tax) of RM174.60 million has been incorporated in the Group's other comprehensive income for the financial year ended 31 December 2022, of which RM172.34 million and RM2.26 million were recognised in the revaluation reserve and non-controlling interests respectively. In addition, a reversal of impairment loss (net of deferred tax) of RM0.79 million has been recognised in the current year's profit or loss.

In relation to land and buildings classified under Investment Properties, a fair value gain (net of deferred tax) of RM0.01 million has been recognised in the current year's profit or loss.

The recognition of the revaluation surplus and the fair value gain have resulted in an increase in the net assets per share by RM0.27 as at 31 December 2022.

The valuations were carried out by independent firms of professional valuers, Rahim & Co International Sdn Bhd, VAS Valuation Co. Ltd. and Agency for Real Estate Affairs, using open market value with existing use basis.

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting (continued)

11. Other Investments

	31.12.2022	31.12.2021
	RM'000	RM'000
Current		
Liquid investments in quoted unit trusts with licensed financial institutions	454	2,081
Total	<u>454</u>	<u>2,081</u>

12. Material Events

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

13. Changes in Composition of the Group

During the quarter under review, TC Industrial Entity Sdn. Bhd., a direct wholly-owned subsidiary of the Group was struck off from the register of Companies Commission of Malaysia following the Group's application pursuant to Section 550 of the Companies Act 2016.

Save for the above, there were no other changes in the composition of the Group for the quarter under the review.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2022 except as disclosed in Part B, Note 9 of the Announcement.

15. Commitments Outstanding not provided for in the Interim Financial Report

	31.12.2022	31.12.2021
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	166,228	240,511
Authorised and contracted for		
In Malaysia	2,586	13,027
Outside Malaysia	21,511	84,965
Total	<u>190,325</u>	<u>338,503</u>

A) Explanatory notes as per Malaysian Financial Reporting Standard (MFRS) 134 Interim Financial Reporting (continued)

16. Significant Related Party Transactions

- (a) 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, namely Dato’ Tan Heng Chew, is deemed to have substantial financial interests, are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM’000	RM’000	RM’000	RM’000
With WTCH Group				
Purchases	(10,280)	(24,248)	(55,559)	(60,974)
Sales	6,193	28,859	61,522	50,369
Travel agency and car rental services	(250)	(147)	(602)	(290)
Contract assembly services	313	2,462	3,362	5,433
With APM Group				
Purchases	(7,080)	(4,214)	(34,072)	(13,997)
Sales	246	1,105	3,544	1,585
With TCIL Group				
Sales	2,346	2,445	10,429	10,471
Contract assembly services	3,780	2,199	18,644	4,950

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

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

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM’000	RM’000	RM’000	RM’000
Purchases	(235,385)	(102,400)	(695,009)	(597,424)

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

- (c) Significant transactions with Auto Dunia Sdn. Bhd.:
- a company in which Directors of certain subsidiaries of the Company, namely Datuk Yaacob bin Wan Ibrahim and Datuk Abdullah bin Abdul Wahad, have substantial financial interests; and
 - a company connected with a Director of the Company, Dato’ Tan Heng Chew, by virtue of Section 197 of the Companies Act, 2016,
- are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM’000	RM’000	RM’000	RM’000
Purchases	(80,705)	(129,004)	(410,737)	(434,374)
Sales	4,509	2,905	18,729	9,074

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

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

1. Analysis of Performance of All Operating Segments

For the quarter ended 31 December 2022, the Group recorded a revenue of RM738.8 million, 14.8% lower compared to the same period preceding year, largely due to shortage of supply arising from prolonged global supply chain disruptions from the principals. The Group recorded a Loss Before Tax (“LBT”) of RM38.0 million in the current quarter under review, compared to Profit Before Tax (“PBT”) of RM58.0 million in the same period preceding year, mainly due to lower revenue as well as a net foreign exchange (“forex”) loss of RM45.2 million during the quarter under review. Excluding this exceptional forex loss, the Group had recorded an underlying Profit Before Tax of RM7.2 million during the current quarter under review.

For the 12 months financial period ended (“FYE”) 31 December 2022, the Group recorded revenue of RM3.05 billion, 20.3% higher compared to the same period preceding year, largely due to low base effect. However, the Group recorded LBT of RM14.2 million in current year-to-date period compared to PBT of RM19.1 million in the preceding year, mainly due to lower forex gain of RM1.6 million (FYE 2021: net forex gain of RM38.0 million) and the one-off compensation for litigation in Cambodia of RM17.6 million (FYE 2021: Nil).

As at December 2022, the Group’s retained earnings was RM1.64 billion. The net assets per share as at 31 December 2022 was RM4.48, RM0.20 higher compared to RM4.28 as at 31 December 2021 as the Group had recognised property revaluation surplus of RM172.3 million during the current period under review.

Further analysis of the performance of the business segments is as follows:

(a) Vehicles Assembly, Manufacturing, Distribution & After-Sales Services (Automotive)

The automotive division recorded lower revenue of RM718.2 million in the current quarter under review (-15.0%) compared to same period last year (“YoY”), which was impacted by the prolonged global supply chain disruptions. In line with the lower revenue, Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of RM56.2 million reduced by 10.6% YoY.

For the FYE 2022, the automotive division recorded revenue of RM2,972.2 million (+21.0% YoY) and EBITDA of RM132.9 million (+3.3%). The higher EBITDA was mainly due to higher sales, partly offset by the unfavourable exchange rate and the one-off compensation for litigation in Cambodia during the year.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded revenue of RM16.7 million in the current quarter under review (-9.7% YoY) and EBITDA of RM2.7 million (-84.4% YoY). EBITDA was lower mainly due to reversal of impairment loss on hire purchase receivables recognised in the same period preceding year and higher administrative expenses recognised in the current quarter under review.

As for the FYE 2022, the financial services division recorded a lower revenue of RM66.4 million (-4.6% YoY). As a result, EBITDA reduced to RM27.5 million (-13.7% YoY), mainly due to higher administrative expenses recognised in the current year-to-date period.

(c) Other Operations (Investments and Properties)

Revenue from Other Operations was higher at RM4.0 million in the current quarter under review (+10.1% YoY) and LBITDA of RM47.2 million reduced by 294.6% YoY mainly due to net foreign exchange loss which arose from transactions and outstanding balances denominated in foreign currencies.

For the FYE 2022, revenue from Other Operations was higher at RM13.7 million (+19.0% YoY) and EBITDA of RM29.8 million reduced by 41.7% YoY, mainly due to lower net foreign exchange gain which arose from transactions and outstanding balances denominated in foreign currencies.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)

2. Comparison with Preceding Quarter's Results

	Current Quarter 31.12.2022 RM'000	Immediate Preceding Quarter 30.09.2022 RM'000	Changes	
			RM'000	%
Revenue	738,782	729,872	8,910	1.2%
(Loss)/ Profit before tax	(37,952)	15,727	(53,679)	>-100.0%
<u>External Revenue</u>				
Vehicles assembly, manufacturing, distribution and after-sales services	718,161	709,951	8,210	1.2%
Financial services	16,665	16,290	375	2.3%
Other operations	3,956	3,631	325	9.0%
	<u>738,782</u>	<u>729,872</u>	8,910	1.2%
<u>Segment EBITDA/ (LBITDA)</u>				
Vehicles assembly, manufacturing, distribution and after-sales services	56,159	25,561	30,598	119.7%
Financial services	2,715	4,625	(1,910)	-41.3%
Other operations	(47,218)	36,126	(83,344)	>-100.0%
	<u>11,656</u>	<u>66,312</u>	(54,656)	-82.4%

The Group recorded revenue of RM738.8 million in the current quarter under review, higher by RM8.9 million or 1.2% compared to RM729.9 million in the preceding quarter. LBT of RM38.0 million in the current quarter under review was lower by 341.3% compared to PBT of RM15.7 million in the preceding quarter. The LBT of RM38.0 million was mainly due to net foreign exchange (“forex”) loss of RM45.2 million during the quarter under review. Excluding this exceptional forex loss, the Group had recorded an underlying Profit Before Tax of RM7.2 million during the current quarter under review.

(a) Vehicles Assembly, Manufacturing, Distribution & After-Sales Services (Automotive)

The automotive division recorded higher revenue of RM718.2 million in the current quarter under review, an increase of 1.2% compared to the preceding quarter (“QoQ”), largely due to higher sales in the domestic market, contributed by the newly launched Nissan Serena S-hybrid during the year. EBITDA of RM56.2 million was higher by 119.7% QoQ, in line with the higher sales in the current quarter.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded higher revenue of RM16.7 million (+2.3% QoQ) and EBITDA of RM2.7 million in the current quarter under review (-41.3% QoQ). EBITDA was lower in the current quarter under review mainly due to higher administrative expenses recognised during the quarter.

(c) Other Operations (Investments and Properties)

The division recorded higher revenue of RM4.0 million (+9.0% QoQ) and LBITDA of RM47.2 million (-230.7% QoQ) in the current quarter under review. LBITDA was higher mainly due to higher net foreign exchange loss which arose from transactions and outstanding balances denominated in foreign currencies.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)

3. Future Prospects

While the aftermath of the COVID-19 pandemic continued to be felt throughout the year, the transition to endemicity paved the way to economic recovery as consumer sentiments improved. The nation's gross domestic product ("GDP") expanded by 7% in the fourth quarter of 2022 after a stellar 14.2% expansion in the preceding quarter, bringing full year GDP's growth to 8.7% in 2022, mainly driven by higher domestic demand. However, the GDP growth is expected to moderate to 4%-5% growth in 2023¹ amid challenging external environment. The potential downside risks to economic growth remain with expectations of a weaker-than-expected global economic growth as well as continued geopolitical tensions on a global scale. The downside risks have been partially cushioned by a slower pace of monetary policy tightening along with indications that US inflation has near its peak and the positive effects of the recent reopening of China's economy.

Total industry volume ("TIV") in Malaysia had rebounded strongly to register an all-time high of 720,658 units in 2022. However, the Malaysian Automotive Association ("MAA") forecasted the TIV to drop to 650,000 units in 2023 even though the Malaysian economy is expected to withstand the headwinds from the growing concerns of global economic slowdown. High interest rate environment and prolonged supply chain disruptions are expected to stifle the growth of automobile sales.

The Group will be launching the latest version of the fully electrified Nissan Leaf equipped with a new charging port which allows the use of more public charging facilities in the first half of 2023, fulfilling part of the Group's Environmental, Social and Governance ("ESG") agenda. The Group welcomes the government's announcement of further tax exemptions on electric vehicles ("EV") in the recent National Budget 2023 and will play a part in driving up EV adoption in the country either through direct retailing or offering customers a more affordable option of accessing an EV through the subscription mode. The Group will also continue to take active measures to rejuvenate the product line-up and raise our customer service level in fulfilling our promise of "Nissan – Discover Excitement" to position ourselves to compete well in the market.

On other ESG initiatives, the Group is scheduled to meet the commissioning date of end December 2023 for the 20MW floating solar plant under the Large Scale Solar (LSS) Cycle 4. Once completed, the solar plant is expected to supply 883,000MWh of green electricity to Tenaga Nasional Berhad under a 25-year Power Purchase Agreement, contributing to a reduction of 728,500 tonnes of CO₂ emissions to the environment.

The Group has manoeuvred through the pandemic and challenging business environment by managing the resources prudently to cushion the adverse impacts from the strengthening of US Dollar, global supply chain disruptions, rising material and interest costs. As the business landscape remains uncertain, the Group will continue to focus on its core strategies of driving productivity, cost management, as well as stringent cash flow management. On top of that, the Group will continue to drive the digitalisation and other business improvement strategies to deliver long term operational and financial sustainability.

¹ Bank Negara Malaysia Quarterly Report dated 10 February 2023.

4. Comparison with Profit Forecast

This is not applicable to the Group.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)

5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2022 RM'000	31.12.2021 RM'000	31.12.2022 RM'000	31.12.2021 RM'000
Taxation				
- Current year	9,253	12,011	34,176	29,127
- Prior year	(1,136)	(2,756)	(410)	(975)
	<u>8,117</u>	<u>9,255</u>	<u>33,766</u>	<u>28,152</u>
Deferred taxation				
- Current year	(4,413)	2,777	6,203	11,210
- Prior year	1,534	(70)	727	(12)
	<u>(2,879)</u>	<u>2,707</u>	<u>6,930</u>	<u>11,198</u>
	<u>5,238</u>	<u>11,962</u>	<u>40,696</u>	<u>39,350</u>

The Group recorded tax charges of RM5.2 million and RM40.7 million for the current quarter under review and current year-to-date period respectively, with the effective tax rate above the statutory tax rate. This was mainly due to tax charges in certain profitable subsidiaries of the Group, certain expenses being disallowed for tax purposes and deferred tax assets not recognised for some of the loss making subsidiaries.

6. Status of Corporate Proposals

There were no corporate proposals announced but not completed as at reporting date.

7. Group Borrowings

Group borrowings as at the end of the reporting period are as follows:

	31.12.2022 RM'000	31.12.2021 RM'000
Unsecured :		
- Bankers' acceptances	158,950	210,631
- Revolving credit	749,135	994,230
- Short term loan	65,942	63,328
- Medium term notes	300,000	-
Total borrowings	<u>1,274,027</u>	<u>1,268,189</u>
Comprising :		
Amount repayable within one year	974,027	1,268,189
Amount repayable after one year	300,000	-
	<u>1,274,027</u>	<u>1,268,189</u>

Group borrowings breakdown by currencies:

Functional currency	Denominated in	31.12.2022 RM'000	31.12.2021 RM'000
RM	RM	1,087,949	997,631
RM	USD	144,923	207,230
VND	VND	41,155	63,328
		<u>1,274,027</u>	<u>1,268,189</u>

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)

8. Financial Instruments

Derivatives

As at 31 December 2022, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets/ (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	308,429	(4,072)	Less than 1 year

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 and repayments from overseas subsidiaries. As the exchange rates are predetermined under such contracts, in the event of exchange rate movement, exposure to opportunity gain/ (loss) is expected. Given that the contracts are entered into with locally incorporated licensed banks, we are of the view that credit risk and the counterparty risk are minimal. Apart from a small fee payable to the banks, there are no cash requirements for the forward contracts.

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

9. Changes in Material Litigation

Writ of Summons and Statement of Claim served on Tan Chong Industrial Equipment Sdn. Bhd. ("TCIE")

On 15 August 2017, TCIE, a wholly-owned subsidiary of the Company received a sealed Writ of Summons dated 12 August 2017 and Statement of Claim dated 11 August 2017 ("the Plaintiffs' Claim"), a sealed copy of a Notice of Application for, inter alia, an injunction dated 12 August 2017 ("the Application") and Affidavit in Support dated 11 August 2017 from the solicitors acting for Transnasional Express Sdn. Bhd. ("Transnasional"), Plusliner Sdn. Bhd. ("Plusliner"), Syarikat Kenderaan Melayu Kelantan Berhad ("SKMK"), Syarikat Rembau Tampin Sdn. Bhd. ("SRT"), Kenderaan Langkasuka Sdn. Bhd. ("Langkasuka"), Konsortium Transnasional Berhad ("KTB") and MHSB Properties Sdn Bhd ("MHSB") (collectively known as "Plaintiffs").

TCIE entered into a series of lease agreements with Transnasional, Plusliner and SKMK and a series of service maintenance agreements with Transnasional, Plusliner, SKMK, SRT and Langkasuka (collectively known as "Debtors") for the lease and service maintenance of the vehicles. The Debtors owed TCIE outstanding rentals and service bills amounting to RM32,920,575.06 ("Debt").

After lengthy negotiations, the Debtors and KTB mutually agreed to enter into a Settlement Agreement with TCIE on 4 July 2016 ("Settlement Agreement") with the following, inter alia, terms:

- i. to settle the Debt by transferring a piece of land held under H.S.(D) 87546, PT No. 7929, Bandar Ampang, Daerah Ulu Langat, Negeri Selangor ("Land") from MHSB to TCIE at an agreed price of RM16,000,000.00 and repayment the balance debt of RM16,920,575.06 in cash in several instalments ("Balance Debt"); and
- ii. in the event of breach of the Settlement Agreement, TCIE was entitled to terminate the Settlement Agreement and repossess the vehicles.

Pursuant to the Settlement Agreement, a Sale and Purchase Agreement was entered into between MHSB and TCIE on 4 July 2016 for the sale of the Land.

As the Debtors failed to make timely repayments of the Balance Debt in accordance with the Settlement Agreement, TCIE had exercised its contractual rights to repossess the vehicles leased to the Debtors.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)

9. Changes in Material Litigation (continued)

Writ of Summons and Statement of Claim served on Tan Chong Industrial Equipment Sdn. Bhd. (“TCIE”) (continued)

On 11 August 2017, the Plaintiffs filed the Plaintiffs Claim seeking, amongst others:

- i. an injunction to restrain TCIE from proceeding with the repossession and disposal of the vehicles, taking any legal action under the Settlement Agreement until the disposal of the Plaintiffs’ Claim and entering into any dealing in relation to the Land;
- ii. a declaration that the value of the Land was RM55,600,000.00;
- iii. payment of the sum of RM22,679,424.94 to MHSB;
- iv. the return of the vehicles to the Plaintiffs; and
- v. payment of the sum of RM877,000.00 being compensation paid by the Government of Malaysia for acquisition of part of the Land to the Plaintiffs.

On 15 July 2021, the High Court allowed the Plaintiffs’ Claim which included orders, inter alia, for: -

- i. a declaration that the value of the Land was RM55,600,000.00;
- ii. repayment of the sum of RM22,679,424.94, with interest at the rate of 5% per annum, to be paid by TCIE to MHSB, the 7th Plaintiff;
- iii. the return of the land acquisition compensation sum of RM877,000.00 by TCIE to the Plaintiffs; and
- iv. the return of all the buses by TCIE to the Plaintiffs; and costs in the sum of RM80,000.00, subject to allocatur, to be paid by TCIE to the Plaintiffs.

(collectively known as “High Court Judgment”)

On 21 July 2021, TCIE filed the Notice of Appeal against the High Court Judgment to the Court of Appeal. Case management before the Court of Appeal was fixed on 6 September 2021. Subsequently, the next Case Management was re-fixed on 8 November 2021.

On 8 November 2021, the Court of Appeal had during the case management further directed for parties to file Written Submissions by 24 April 2022 and fixed the next case management on 25 April 2022. The hearing of the appeal initially fixed on 9 May 2022 has been vacated and converted to case management. The Court of Appeal has re-fixed the hearing of the appeal to 9 August 2022. The Court of Appeal has further directed that parties are to file Reply Submissions and any additional Bundle of Authorities to be filed by 25 July 2022 and fixed a further case management on 26 July 2022.

The hearing of the appeal fixed on 9 August 2022 was converted to case management and later re-fixed on 25 October 2022. The hearing of the appeal re-fixed on 19 October 2022 was vacated. The Court of Appeal has fixed further case management on 9 March 2023 and re-fixed the hearing of the appeal on 23 March 2023.

On 22 July 2021, TCIE applied for a Stay of Execution of the High Court Judgment which was fixed for hearing on 9 September 2021, where the High Court granted a stay of execution/ enforcement proceedings in relation to the Judgment of the High Court dated 15 July 2021 pending the disposal of TCIE's appeal to the Court of Appeal.

Save for the above, there were no other pending material litigations against the Group as at the date of this report.

10. Dividend

No dividend has been proposed for the fourth quarter ended 31 December 2022.

B) Explanatory Notes pursuant to Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (continued)

11. (Loss)/ Earnings per Share

The calculation of basic (loss)/ earnings per share for the periods is based on the net (loss)/ profit attributable to ordinary shareholders of the periods and the weighted average numbers of ordinary shares outstanding during the periods as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
(Loss)/ Profit attributable to the owners of the Company (RM'000)	(44,711)	43,260	(51,110)	(15,417)
Weighted average number of ordinary shares ('000)	652,117	652,161	652,129	652,161
Basic (Loss)/ Earnings per share (sen)	(6.86)	6.63	(7.84)	(2.36)

12. Total Comprehensive Income

Total comprehensive income is arrived at after (charging)/ crediting:

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To Date	Preceding Year Corresponding Period
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
	RM'000	RM'000	RM'000	RM'000
Change in fair value of investment properties	15	(995)	15	(995)
Depreciation and amortisation	(40,416)	(40,297)	(148,198)	(142,610)
Foreign exchange (loss)/ gain	(45,208)	274	1,641	37,975
Gain/ (loss) on derivatives	6,095	2,427	(3,564)	(15,452)
Gain/ (loss) on disposal of investment properties	155	-	155	-
Gain on disposal of property, plant and equipment	(577)	2,753	3,465	6,077
Impairment loss on goodwill	-	(759)	-	(759)
(Provision for)/ reversal and (write off) of receivables	(1,736)	12,255	167	2,153
Property, plant and equipment written off	(16)	(599)	(948)	(2,048)
(Impairment)/ reversal of impairment on inventories	(2,679)	675	(2,146)	1,292
Reversal of impairment on property, plant and equipment	792	-	792	-
Other income including investment income	-	-	-	-

BY ORDER OF THE BOARD

CHONG CHOON YENG

CHIN YOON LENG

Company Secretaries

Kuala Lumpur

28 February 2023