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TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)

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TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)



44th

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, 25 May 2016 at 3.00 p.m.



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CORPORATE INFORMATION

DIRECTORS

DATO' TAN HENG CHEW
President

DATO' NG MANN CHEONG
Senior Independent Non-Executive Director

DATO' HAJI KAMARUDDIN
@ ABAS BIN NORDIN
Independent Non-Executive Director

DATO' SEOW THIAM FATT
Independent Non-Executive Director

SIEW KAH TOONG
Independent Non-Executive Director

DATO' KHOR SWEE WAH
@ KOH BEE LENG
Executive Vice President

HO WAI MING
Chief Financial Officer

AUDIT COMMITTEE

Dato' 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
Dato' Seow Thiam Fatt
Siew Kah Toong

BOARD RISK MANAGEMENT COMMITTEE

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

COMPANY SECRETARIES

Ho Wai Ming
Chang Pie Hoon

REGISTERED ADDRESS

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REGISTRARS

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Telephone : +603 2783 9299
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AUDITORS

KPMG

LISTING

Main Market of Bursa Malaysia Securities Berhad
(Listed on 4 February 1974)

BUSINESS DIVISIONS



1

ASSEMBLY

- Motor Vehicles



2

SALES AND DISTRIBUTION

- Passenger Cars
- Light Commercial Vehicles
- Trucks
- Buses



3

AFTER-SALES SERVICES

- Spare Parts
- Workshop



4

FINANCIAL SERVICES

- Hire Purchase
- Leasing
- Insurance Agency
- Money Lending



5

PROPERTY

- Investment

NISSAN NAVARA

We've been building strong, dependable pickups longer than you've been driving them. And at every turn, we've ridden the edge of innovation to deliver what you want. Where a heritage of performance meets premium ride comfort, innovative technologies and sleek modern styling. Taking you from a day on the job straight to a night on the town without missing a beat.

The All-New Navara. Performance. Innovation. Endurance.



REPORT OF THE BOARD OF DIRECTORS

Dear Shareholders,

As Tan Chong Motor Group entered the financial year 2015, we continue to face strong headwinds due to the challenging macro-economic forces confronting Malaysia. In 2015, the Malaysian Ringgit continued to slide. The uncertainties of the economic environment have dampened consumers' confidence and drove the consumer sentiments index further down. Banks had tightened lending requirements. We also saw the after-effects of the implementation of the Goods and Services Tax (GST) on 1 April 2015 on the market and consumers' buying behaviour. Domestic consumers' enthusiasms were chilled by a myriad of uncertainties and hazy economic prospects as the frontal impact of higher cost of living hit home. We also witnessed a very competitive business landscape due to intensified efforts to sustain market position.

The US Federal Reserve interest rate hike and sliding commodity prices, especially crude oil prices, are some of the key factors resulting in a weaker Malaysian Ringgit against major currencies such as US Dollar, Japanese Yen and Euro Dollar. These have contributed to higher overall costs of business for the Group.

At the regional level, the reverberations of the slow-down in China's economic momentum have also been felt in the domestic and regional markets and shaken investors' confidence. Further across the oceans, the recovery of US economy has gained traction in the second half of 2015 while the European Union states' path to economic recovery remains fragile tempered with geopolitical and security concerns.

At the Asean level, recent political and economic developments in Myanmar and Vietnam augurs well for these two countries to be the future engines of growth for Indo-China region. Tan Chong Motor Group's investments and expansion into the region is timely and well-placed to harvest the fruit of its investments.

We believe the challenges we faced and the improvement efforts made to overcome such challenges will forge a stronger management team to take the Group to the next phase of growth.

Despite the challenging business environments, Tan Chong Motor Group has delivered a healthy Profit Before Tax ("PBT") of RM115 million for the financial year 2015.

REVIEW OF FINANCIAL PERFORMANCE

REVENUE	PROFIT BEFORE TAX
RM5,717 Million	RM115 Million
NET PROFIT	NET ASSETS PER SHARE
RM70 Million	RM4.28

For the financial year ended 31 December 2015, the Group recorded a revenue of RM5,717 million (2014: RM4,761 million) with profit before tax of RM115 million (2014: RM171 million) and net profit of RM70 million (2014: RM120 million). Earnings per share for the year stands at 11.47 sen compared to 16.22 sen in FY 2014.

Despite the tougher business environment, the operating performance of the Group has sustained for FY 2015 and 2014 as the previous years' results included a positive adjustment from the one-off write-back of additional import duty provision for Nissan Vietnam Co. Ltd. of RM56.27 million.

Although Tan Chong Motor Group has taken every effort to mitigate the foreign exchange costs of imported materials, the volatile and unfavourable foreign exchange rates have taken its toll on the profit margins. Nonetheless, Group's revenue improved on the back of sustained domestic sales momentum and overseas contribution.

The financial position of the Group remains healthy with shareholders' funds at RM2,796 million (2014 : RM2,755 million), cash and cash equivalents of RM166 million (2014 : RM342 million) and net gearing ratio of 0.47 (2014 : 0.34) times of shareholders' funds as at 31 December 2015. Net assets per share increased to RM4.28 (2014 : RM4.22). The Group undertook a revaluation exercise on its investment properties to reflect their current market value. This has resulted in a net gain on revaluation of RM6.0 million for FY 2015.

Inventories stood at RM1,645 million (up 9% from FY 2014). A substantial portion of the inventories comprises CKD vehicle packs for Nissan vehicles.

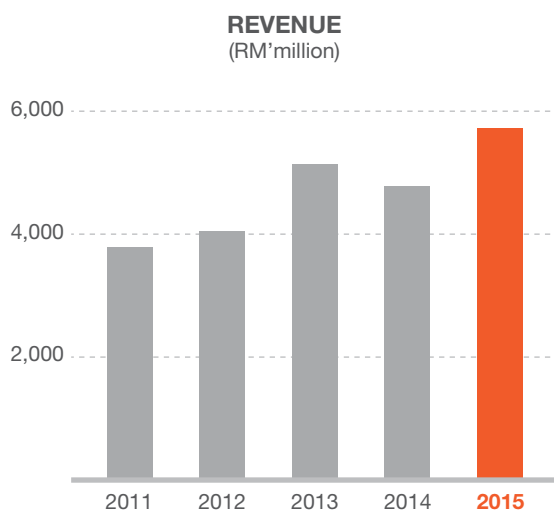
REPORT OF THE BOARD OF DIRECTORS

DIVIDENDS

The Board recommended the payment of a final single tier dividend of 6% (2014: single tier 6%) for shareholders' approval at the forthcoming Annual General Meeting. Combined with the interim single tier dividend of 4% (2014: interim single tier dividend of 6%) paid on 30 September 2015, the total net dividend for the year is 5.0 sen per share (2014: 6.0 sen per share). The total net dividends paid and payable for FY 2015 will be RM32.6 million (2014: RM39.2 million).

In line with the lower profitability recorded by the Group in FY 2015 and to retain sufficient funds to finance future business expansion, slightly lower dividends were recommended in FY 2015 compared to previous year. In recommending dividend payment to shareholders, the Board has to balance the Group's financial performance with the need to provide sustainable returns to shareholders.

REVIEW OF OPERATING PERFORMANCE



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

The sales of new motor vehicles in Malaysia or Total Industry Volume (TIV) in 2015 recorded a marginal high of 666,674 units of vehicles, representing an increase of 0.03% from 2014. [source: Malaysian Automotive Association (MAA)]. On the whole, the automotive industry was generally flat in 2015 in an exceptionally competitive market.

Nissan brand maintained its top 3 position in the non-national car market segment in 2015 with a market share of 7%. In spite of the challenging automotive market, Nissan vehicles

continued to garner strong following among car buyers in Malaysia. The strong contenders from Nissan were made up of the refreshed Nissan Almera which still enjoys good reception amongst customers in the B-segment; the fresh faced all new Nissan X-Trail and Nissan Navara NP300 launched in 2015 enhanced the Nissan models line-up offered to our customers and to ride on the increasing popularity of sports utility vehicles (SUV) and 4-wheel drive vehicles in the domestic market. These new models were well received by car buyers.

The premium brand Infiniti saw sustained demand from this niche market segment offering premium motoring experience to customers who enjoy the finer things in life. The Infiniti marque was further enhanced with the launch of the premium SUV Infiniti QX80 and Q70, its flagship performance luxury sedan. The models line-up of Infiniti cars offered in Malaysia covers both the premium passenger vehicles and Cross-overs/SUVs categories.



The Renault brand offering improved with the new models launch such as Renault Captur and Renault Clio GT Line. The Group has taken steps to enhance the profile of Renault brand by refreshing the models line-up offered to attract discerning car buyers and offering improved ownership experience such as the Renault Fluence 5 years manufacturer's warranty, the first in the Malaysian automotive sector.

MUV Division, the certified pre-owned vehicles distribution division, has begun to gain traction and is expanding to complement the value chain in the automotive business of Tan Chong Motor Group. MUV (pronounced as "move") offers a variety of quality pre-owned vehicles such as three guarantees (no major accidents, flood contamination and non-tempered chassis and engine identification number), 180-point inspection, 24-hour roadside assistance, nationwide after-sales service and warranty. The pre-owned vehicles' quality are checked and graded by our team of trained inspectors.

REPORT OF THE BOARD OF DIRECTORS

One of the keys to retaining customers' loyalty in an increasingly competitive business environment is to ensure total customers satisfaction and ownership experiences. The Group always focuses on improving customers' ownership experience through providing convenient and reliable after-sales services for customers. The flagship Tan Chong 4S Centre was launched in Glenmarie, Shah Alam (Selangor). In addition to being a state-of-the-art sales and services centre with a capacity of servicing 100 vehicles per day, it offers a unique retail concept housing a motorsports boutique to cater for the automotive needs of car owners.



Mega 3S Centres (sales, services and spare parts centre) have been set up in Johor Jaya (Johor) and Taiping (Perak) to strengthen the nationwide network of showrooms and after-sales service centres of the Group. This is Tan Chong Motor Group's commitment to our loyal customers for better ownership experience.



The commercial vehicles division continues to hold its ground in the bus and trucks sectors. This sector was affected by the current economic climate as businesses consolidate their commercial vehicles purchases in a post-GST environment. We will leverage on the tested and trusted brands and quality products such as the UD Quester offered to commercial vehicles buyers throughout Malaysia.



Tan Chong Motor Group's investments in Indo-China have seen some positive signs as the automotive sector in Vietnam saw robust growth owing to the buoyant economy in 2015. Our investments in Vietnam was indeed timely as Vietnam operations contributed RM393 million (2014: RM165 million) of the Group's revenue. The tremendous growth opportunity of the Indo-China automotive sector has further reinforced the strategic direction of the Group to expand into Indo-China to ensure sustainable growth of the Group. After completing the Group's first overseas assembly plant in Danang, Vietnam, Tan Chong Motor Group has begun to develop a second overseas automotive assembly plant in Myanmar, to be among the first automotive assembly plant in Myanmar to penetrate the automotive sector. This will further enhance Tan Chong Motor Group's aspiration to be a regional automotive company.

Tan Chong Motor Group's expanding footprint in the Indo-China region is built on the foundation of a strong strategic partnership with Nissan Motor Co. Ltd. The Group will continue to work closely with Nissan Motor Co. Ltd. and strengthen this long-time partnership which has expanded across Asean.

REPORT OF THE BOARD OF DIRECTORS

Financial Services (hire purchase and insurance)

The financial services division performance has posted stronger revenue and profits compared to the previous year. Revenue and EBITDA has increased to RM57 million and RM24 million in FY 2015 respectively compared to RM53 million and RM17 million in FY 2014. This growth came on the back of stronger vehicles sales with more motor insurance agency fees generated and hire purchase financing disbursed.

RM181 million was issued as Notes Series 2015-A under the Asset-Backed Securitisation programme on 23 December 2015, through the sale of hire purchase receivables. This provided the Group with additional liquidity for its hire purchase financing activities.

PROSPECTS AND STRATEGIC DIRECTIONS GOING FORWARD

The global economy is expected to remain gloomy and uncertain amid weak crude oil price and other commodities prices. The slowdown in China's economy will depress Malaysia's domestic economy and weigh down on consumers spending habits, causing them to go into belt-tightening mode. This poses a source of concerns for businesses.

We are cautious of any growth expectations in the domestic automotive sector for 2016 in an environment heightened with economic uncertainties. New vehicles sales which have been on an uptrend in previous years could reverse and contract in 2016. This is consistent with MAA's outlook of a 2.5% contraction in the domestic automotive sector to 650,000 units for 2016. The weak Ringgit against the strong US Dollar and other currencies in the basket will put pressure on business margins as imported costs remain high. We expect the competitive business landscape to continue into 2016 as automotive companies will intensify efforts to protect and maintain market share.

Notwithstanding the current challenging market conditions, the Group will continue to drive forward with innovative sales and marketing strategies to push revenue in order to maintain the growth momentum of Tan Chong Motor Group's domestic and overseas businesses. The Group remains steadfast with our meticulous approach in managing investments and deploying resources and exercise prudence and vigilance over financial and risk management to maximise shareholders' value. This has been the fundamental foundation and strength driving Tan Chong Motor Group as we steer through the stormy economy. We will press on with our on-going improvement efforts on operational efficiencies, cost effectiveness and rationalisation.

The promising sparks of economic growth in the Indo-China emerging markets such as Vietnam and Myanmar provide some glimmer of prospects to the region engulfed by a sea of economic uncertainties. These two vibrant and youthful economies with a combined population of 150 million hold promises for the future of Asean economic growth and our Group's investments in those countries.

We remain steadfast to our strategic commitments in expanding to the regional markets in anticipation of Asean's goal of economic integration via the Asean Economic Community (AEC) and the liberalization of the Indo-China emerging markets.

ACKNOWLEDGMENT

The Board wishes to express its appreciation to the stakeholders of Tan Chong Motor Group such as our valued principals, customers, business partners and loyal shareholders for their confidence in the Group and look forward to their continued support in the years to come.

Our team of dedicated staff is one of the cornerstones enabling the Group to weather through this year's tough business climate. The Board extends its thanks to all management and staff of the Group for their hard work, dedication and commitment. We call upon them to rise up again and maintain the course as we sail into another year of challenges.

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

President

31 March 2016



EIGHT-YEAR FINANCIAL HIGHLIGHTS

	2015	2014	2013	2012	2011	2010	2009	2008
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
RESULTS								
Revenue	5,716,654	4,760,628	5,198,491	4,087,883	3,860,071	3,505,248	2,856,886	3,195,826
Profit before tax	115,252	170,845	360,122	225,351	305,033	322,753	177,226	307,210
Tax expense	(45,350)	(51,191)	(124,495)	(61,803)	(89,612)	(91,666)	(22,922)	(61,489)
Profit for the financial year	69,902	119,654	235,627	163,548	215,421	231,087	154,304	245,721
Profit attributable to:								
Owners of the Company	74,865	105,853	250,952	165,855	216,144	229,740	153,326	245,802
Non-controlling interest	(4,963)	13,801	(15,325)	(2,307)	(723)	1,347	978	(81)
STATEMENT OF FINANCIAL POSITION								
Assets								
Property, plant and equipment	1,704,190	1,731,688	1,693,133	858,730	675,779	618,388	584,941	592,837
Investment properties	186,633	173,078	44,671	51,979	17,558	10,490	10,582	10,692
Prepaid lease payments	49,798	44,524	24,270	16,535	11,357	-	-	-
Intangible assets - Goodwill	14,592	14,592	14,592	13,944	14,448	14,191	-	-
Equity-accounted investees	40,415	36,793	33,918	30,409	19,791	18,920	18,281	18,212
Other investments, including derivatives	1	1	1	1	1,807	1,807	1,806	5,806
Deferred tax assets	35,722	34,787	26,397	24,339	14,520	12,090	4,881	4,501
Hire purchase receivables	369,507	350,594	376,451	251,153	386,788	284,554	312,811	165,331
Finance lease receivables	9,153	636	1,504	2,378	1,440	3,945	7,116	3,633
Total non-current assets	2,410,011	2,386,693	2,214,937	1,249,468	1,143,488	964,385	940,418	801,012
Current assets	2,761,369	2,619,869	2,767,454	2,716,737	1,893,421	1,781,634	1,524,964	1,450,408
Total Assets	5,171,380	5,006,562	4,982,391	3,966,205	3,036,909	2,746,019	2,465,382	2,251,420
Equity and Liabilities								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	2,485,524	2,443,592	2,397,733	1,656,023	1,529,650	1,371,376	1,202,549	1,098,485
Treasury shares	(25,274)	(24,990)	(24,809)	(24,795)	(24,786)	(24,778)	(24,777)	(13,024)
Total equity attributable to owners of the Company	2,796,250	2,754,602	2,708,924	1,967,228	1,840,864	1,682,598	1,513,772	1,421,461
Non-controlling interest	(1,602)	5,951	(6,761)	2,638	8,310	8,639	4,406	3,557
Total equity	2,794,648	2,760,553	2,702,163	1,969,866	1,849,174	1,691,237	1,518,178	1,425,018
Non-current liabilities	1,013,524	1,101,119	491,679	412,471	336,347	409,147	291,545	226,290
Current liabilities	1,363,208	1,144,890	1,788,549	1,583,868	851,388	645,635	655,659	600,112
Total Equity and Liabilities	5,171,380	5,006,562	4,982,391	3,966,205	3,036,909	2,746,019	2,465,382	2,251,420
FINANCIAL STATISTICS								
Basic earnings per share (sen)	11.47	16.22	38.44	25.41	33.11	35.19	23.42	36.90
Gross dividend per share (sen)	5.00	6.00	21.00	12.00	12.00	12.00	11.00	10.00
Net assets per share (RM)	4.28	4.22	4.15	3.01	2.82	2.58	2.32	2.15
Return on invested capital (%)	3.07%	4.29%	9.26%	8.88%	12.85%	13.59%	10.48%	17.44%
Return on shareholders equity (%)	2.70%	3.87%	10.73%	8.71%	12.27%	14.38%	10.45%	18.52%
Net debt/Equity (%)	47.21%	34.28%	36.41%	29.54%	15.28%	15.84%	7.30%	17.83%

Renault **CAPTUR**

Capture Life

Fashionable yet practical, Renault's first urban crossover, the Renault CAPTUR is compact on the outside, but spacious and versatile on the inside. These attributes, combined with its expressive styling, high driving position and substantial ground clearance, make the Captur particularly suited for today's modern urban drivers who increasingly seek safe and efficient vehicles that can complement their active lifestyles, while enjoying greater fuel-efficiency.



PROFILE OF DIRECTORS

DATO' TAN HENG CHEW

JP, DJMK

Dato' Tan Heng Chew, 69, a Malaysian, was appointed to the Board on 19 October 1985 and was subsequently appointed as the Executive Deputy Chairman on 1 January 1999. He was re-designated as the Executive Deputy Chairman and Group Managing Director on 1 July 2012. His corporate title was changed to President effective 1 January 2015. 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 also the President of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad.

Dato' Tan is the spouse of Dato' Khor Swee Wah @ Koh Bee Leng, a Director of the Company. He is a major shareholder of the Company. He is a brother of Mr. Tan Eng Soon and also a director and shareholder of Tan Chong Consolidated Sdn Bhd. Mr. Tan Eng Soon and Tan Chong Consolidated Sdn Bhd are major shareholders of the Company. Dato' Tan has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Tan attended all the five board meetings held in 2015.

DATO' NG MANN CHEONG

DSSA, SMP, JP

Dato' Ng Mann Cheong, 71, 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' Ng attended all the five board meetings held in 2015.

DATO' HAJI KAMARUDDIN @ ABAS BIN NORDIN

DSSA, KMN

Dato' Haji Kamaruddin @ Abas bin Nordin, 77, 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 several senior positions, among them as Director, Industries Division in the Ministry of International Trade and Industry, Deputy Secretary-General, Ministry of Works

and Director-General of the Registration Department, Ministry of Home Affairs.

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

Dato' Haji Kamaruddin attended all the five board meetings held in 2015.

PROFILE OF DIRECTORS

DATO' SEOW THIAM FATT DIMP

Dato' Seow Thiam Fatt, also known as Dato' Larry Seow, 75, 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.

Dato' Larry 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.

Dato' Larry 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 several 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.

Dato' Larry Seow is also an Independent Non-Executive Director of Warisan TC Holdings Berhad and AmMetLife Insurance 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 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.

Dato' Larry Seow attended all the five board meetings held in 2015.

SIEW KAH TOONG

Siew Kah Toong, also known as David Siew, 61, 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 in 2009 and is the Managing Partner. 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 several public listed companies pursuant to the Pengurusan Danaharta Nasional Berhad Act, 1998 and successfully restructured them 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 financial reporting systems.

Mr. Siew is also an Independent Non-Executive Director of Wing Tai Malaysia Berhad and Fraser and Neave Holdings Bhd.

Mr. Siew attended all the five board meetings held in 2015.

PROFILE OF DIRECTORS

DATO' KHOR SWEE WAH @ KOH BEE LENG DJMK

Dato' Khor Swee Wah @ Koh Bee Leng, also known as Dato' Rosie Tan, 67, a Malaysian, was appointed to the Board as Executive Director on 22 March 2013. Her corporate title was changed to Executive Vice President effective 1 January 2015.

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

Dato' Rosie Tan 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 on 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 Resources 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 organisation providing HIV AIDS Education to the Malaysian society.

Dato' Rosie Tan is spouse of Dato' Tan Heng Chew, President and a major shareholder of the Company. She has abstained from deliberating and voting in respect of transactions between the Group and related parties involving herself.

Dato' Rosie Tan attended four out of five board meetings held in 2015.

HO WAI MING

Ho Wai Ming, also known as Daniel Ho, 45, a Malaysian, was appointed to the Board as Executive Director and Group Financial Controller on 22 March 2013 and 1 April 2013 respectively. His corporate title was changed to Chief Financial Officer effective 1 January 2015.

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

Mr. Ho has more than 20 years' experience in taxation, accounting and finance. He joined the Group as Senior Manager (Taxation) in September 2005 and

rose to the position of Executive Director and Group Financial Controller on 22 March 2013 and 1 April 2013 respectively. He was appointed as Company Secretary on 28 August 2015. During his over 10 years' stint in the Group, Mr. Ho has been involved in various financial and corporate management functions within the Group. Immediately prior to joining the Group, he was a Senior Consultant of PricewaterhouseCoopers Taxation Services Sdn Bhd. He had also served as an Accountant for the Bechtel Corporation's companies in Malaysia. Mr. Ho has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Mr. Ho attended all the five board meetings held in 2015.

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 other than traffic offences.

Save as disclosed in the Profile set out above, none of the Directors has any conflict of interest in any business arrangement involving the Company.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Tan Chong Motor Holdings Berhad (“TCMH”) always believes in giving back to the community by continuously supporting public welfare organisations. Education remains the Company’s Corporate Social Responsibility (“CSR”) focus as we believe that a well-educated future generation lays a firm foundation in the development of a nation’s economy and in sustaining its growth prospects.

In 2015, the Group had undertaken the following major activities:

Day Care Centre: SJK (C) Sg. Chua, SJK (C) Sg. Way, SJK (C) Keong Hoe and Persatuan Kebajikan Kanak-Kanak Kajang



The pioneer CSR program undertaken by TCMH since 2008 began with adopting 1 day care centre in SJK (C) Sg. Chua. By end of 2015, TCMH has adopted a total of 4 similar centres set up in the abovementioned schools and welfare association located in Selangor and Penang. The centres in schools are set up by the respective Parents-Teachers Associations (“PTAs”) of the schools and adopted by TCMH to support the running of the centres. The program focuses on helping primary school children of single parent or guardian in their studies and wellbeing by providing a conducive environment for the said children to spend their time after school hours. This will alleviate the burden and concern of their parent or guardian over the children’s academic and social development. Enrolment of students in the centre is by referral of the respective PTAs or direct contact with the welfare association.

With the rising cost of living in the country, many single parent or guardian have to work long hours to make ends meet. Most parents cannot afford to send their child to a day care. Left unattended, the children may loiter around and be exposed to negative influences. At times, some of these children do not have proper meals. Some of them have to help out their parent/guardian at work after school hours. Such problems will eventually have an adverse effect on the children’s character development, health condition and academic achievement.

At these centres, the children are provided with proper healthy meals and a caretaker/ teacher to assist them in their studies and homework. In addition, counselling is given to children who face problems at home or school. Children who have participated in this program generally experienced improved self-esteem and better school test results.

Badan Amal Kasih Sayang (“BAKASA”)



BAKASA is a non-profit charitable body which is under the patronage of KDYMM Sultan Pahang with the aim of providing a better living environment for underprivileged children especially orphans from poor families. BAKASA also manages the home of Rumah Kanak-Kanak Tengku Ampuan Afzan in Pahang which houses 70 children between ages 7 to 18 years old.

The Group responded to BAKASA’s request for donation of a vehicle to send the children to school or to attend other activities organised by BAKASA or external organisations. A 14-seater Nissan URVAN was donated to BAKASA.

CORPORATE SOCIAL RESPONSIBILITY REPORT

Pusat Dialisis Kurnia Petaling Jaya

It was reported in 2014 that some 2.5 million Malaysians were afflicted by some form of kidney disease. Persatuan Dialisis Kurnia Petaling Jaya (“PDK”) was set up by an NGO in 2001 in response to the Government’s call for more haemodialysis centres to help cope with the nationwide rising number of patients with end-stage renal failure. The centre, located in Kayu Ara Business Park, is equipped with modern haemodialysis machines complete with a full complement of supporting facilities including reverse-osmosis water treatment machine and automatic reprocessors. It is funded by donation from the public.

To assist PDK in paying for the high maintenance cost of the dialysis machines and for them to provide dialysis treatments to underprivileged patients at a reduced treatment cost, the Group donated RM5,000 to PDK in 2015.

Warrior’s Day

The sacrifices and services of the soldiers who had defended Malaysia to ensure peace and unity in our country are never forgotten. Many of these soldiers had sacrificed their lives or suffered permanent disability while defending our homeland.

While there is no absolute way to measure or compensate them for their sacrifices, the Group believes in supporting their widows, children and loved ones. Thus, in conjunction with the 2015 Warrior’s Day, the group continues to show our gratitude towards their sacrifices, by donating RM50,000 towards the Ex-Army funds.

Scholarship Programme

As an extension of the Group’s support in education, Tan Chong Education Services Sdn Bhd, a subsidiary of TCMH, has in place a scholarship programme for the purpose of providing partial or full scholarship to Malaysian students from lower household income to take up vocational skills based programmes offered by Tan Chong Technical Institute (“TCTECH”) in Petaling Jaya, Penang, Sandakan and Kota Bahru. Graduates of these programmes will be offered employment within Tan Chong Group of companies.

Also, since 2013, TCMH has provided scholarships to children of employees who fulfilled the selection criteria to pursue degree programmes in accredited local public or private universities or institutions of higher learning. The Company has provided a total of RM35,000 worth of scholarship so far to 4 scholars to pursue degree programmes.

Workforce Diversity



In addition to giving back to the community, the Company believes that being a good corporate citizen is one that creates a workplace that is fair, inclusive and reflects the diversity of the community we operate in. Our continued business success depends on the knowledge, skills, creativity and capability of our employees, regardless of nationality, gender, age, ethnicity, language, and other characteristics that make each of our employees unique.

The Group’s major human resources policies and practices, including recruitment, compensation and benefits, learning and development, career progression, company values, social and recreation programmes and industrial relations build on the premise of diversity that encourages respectful communication and collaboration between all employees; and teamwork and employee participation from all groups and perspectives.

The Group believes that diversity is a good business practice and creates long term value for our shareholders.

NISSAN TEANA

Every inch has been meticulously crafted for those who appreciate the finer things in life. Luxury and performance come together in a seamless union. From sleek, sporty curves to enhancements that improve aerodynamic performance. From smart technologies, luxury comfort to ASEAN N-Cap 5 stars rating safety.

The All-New Teana. Safest Car In Its Class.



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 Appendix B of 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.tanchonggroup.com in line with Recommendation 1.7 of the MCCG 2012.

(ii) Code of Ethics

The Board has formalised a Directors’ Code of Ethics, setting out the standards of conduct expected from Directors. The Directors’ Code of Ethics is contained in Appendix A of the Charter which is published on the Company’s website at www.tanchonggroup.com. 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.

CORPORATE GOVERNANCE STATEMENT

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.

(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 organisations.

The Group's activities on corporate social responsibilities for the financial year under review are disclosed on pages 14 and 15 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 seven (7) members, comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors. The number of Directors has reduced from eight (8) to seven (7) due to retirement of an Executive Director, Mr Ling Ou Long @ Ling Wu Long on 27 May 2015. 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 11 to 13 of this Annual Report. The Directors, with their diverse backgrounds and specialisations, 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

The Board has established a Nominating Committee as it recognises 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
Dato' Seow Thiam Fatt - Member
Mr 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 nor policy on diversity in ethnicity and age. The evaluation of the suitability of candidates is 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.

Pursuant to the terms of reference, the Nominating Committee shall meet at least once a year or more frequently as deemed necessary by the Chairman. During the financial year under review, three (3) meetings were held by the Nominating Committee and attended by all members whereby the Nominating Committee considered the performance assessment of the Board, Board Committees and individual Directors in respect of the preceding financial year ended 31 December 2014, as well as recommendation on Extension of Service Contract for the President and Executive Vice President.

On 27 January 2016, 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 Non-Executive Directors in respect of financial year ended 31 December 2015 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 respective 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 to enhance their competencies and ensure that they are kept abreast of all regulatory changes and developments in the business environment.

(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. The Board, as a whole, determines and recommends the remuneration of Independent Non-Executive Directors and Executive Directors with the Directors concerned abstaining from discussions on their individual remuneration.

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 2015 and annual increment for 2016 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 the discussion of their remuneration.

CORPORATE GOVERNANCE STATEMENT

Directors' remuneration during the financial year ended 31 December 2015 in aggregate, with categorisation 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	-	11,425,292	4,661,940	139,667
Non-Executive Directors	444,000	116,200	-	34,000

The number of Directors of the Company (included a Director who had retired on 27 May 2015), whose remuneration band falls within the following successive bands of RM50,000, is as follows:

Range of remuneration	Executive	Non-Executive
RM100,001 to RM150,000	-	3
RM150,001 to RM200,000	-	1
RM250,001 to RM300,000	1	-
RM900,001 to RM950,000	1	-
RM4,500,001 to RM4,550,000	1	-
RM10,500,001 to RM10,550,000	1	-

Principle 3 – Reinforce Independence of the Board

The positions of Chairman and Chief Executive Officer of the Company are assumed by Dato' Tan Heng Chew, the President of the Company. The Board is of the view that with the majority of Independent Non-Executive Directors, coupled with the adoption 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 President in assuming the position of 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 leader of the Executive Team (as defined in the Charter), the President, supported by Executive Vice President, Chief Financial Officer and other senior management personnel in the Executive Team, 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 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 Non-Executive 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. In the assessment of Directors' independence for the financial year under review, the Nominating Committee concluded that all the Independent Non-Executive Directors have satisfied the independence criteria as set out in the Listing Requirements of Bursa and each of them is able to provide independent judgment and act in the best interest of the Company.

CORPORATE GOVERNANCE STATEMENT

Following an assessment and recommendation by the Nominating Committee, the Board recommended that Dato' Ng Mann Cheong, Dato' Haji Kamaruddin @ Abas bin Nordin and Dato' 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 as 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;
- 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; and
- they devote sufficient time and exercise due care as Independent Directors of the Company and carry out their duties in the interest of the Company and shareholders.

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 Dato' Khor Swee Wah @ Koh Bee Leng was unable to attend due to her pilgrimage abroad.

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. The Company Secretaries normally circulate the relevant circulars and guidelines on statutory and regulatory requirements from time to time for the Board's reference.

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. Among the continuous education programmes attended by the Directors are as follows:

Name of Director	Details of Programme
Dato' Tan Heng Chew	(i) KPMG : Sustainability Reporting & New and Revised Auditor Reporting (ii) Bursa Malaysia and The Iclif Leadership and Governance Centre : Board Chairman Series : Tone From the Chair and Establishing Boundaries

CORPORATE GOVERNANCE STATEMENT

Name of Director	Details of Programme
Dato' Ng Mann Cheong	<ul style="list-style-type: none"> (i) Prime Minister's Department : Lead The Change – Getting Woman On Board (ii) Bursa Malaysia and The Iclif Leadership and Governance Centre : CG Breakfast Series With Directors – The Board's Response in light of Rising Shareholder Engagements (iii) Bursa Malaysia : Advocacy Sessions On Management Discussion & Analysis For Chief Executive Officers and Chief Financial Officers (iv) Bursa Malaysia and Institute of Internal Auditors (“IIA”) : CG Breakfast Series With Directors – How to Maximise Internal Audit (v) KPMG : Sustainability Reporting & New and Revised Auditor Reporting (vi) Bursa Malaysia, Malaysian Institute of Accountants (“MIA”) and Malaysian Institute of Certified Public Accountants (“MICPA”) : CG Breakfast Series With Directors – Future of Auditor Reporting – The Game Changer for Boardroom (vii) Bursa Malaysia and The Malaysian Directors Academy (“MINDA”) : CG Breakfast Series With Directors – Board Reward & Recognition
Dato' Kamaruddin @ Abas bin Nordin	<ul style="list-style-type: none"> (i) Sunway University : Jeffrey Cheah Distinguished Speakers Series – Pain and the Brain; Global Economic Prospects : What Should Keep Us Up at Night?; and The Age of Sustainable Development (ii) Sunway University : 4th SEA Studies Symposium (iii) Bursa Malaysia and The Iclif Leadership and Governance Centre : Nominating Committee Programme Part 2 – Effective Board Evaluations (iv) Bursa Malaysia and CG Board Asia Pacific : AC Risk Management and Internal Control Workshop Series – Is Our Line of Defence Adequate and Effective? (v) Bursa Malaysia and The Iclif Leadership and Governance Centre : CG Breakfast Series With Directors – The Board's Response in light of Rising Shareholder Engagements (vi) Sunway University : Winning in the New Economy (vii) Bursa Malaysia : Sustainability Symposium : Responsible Business. Responsible Investing (viii) KPMG : Sustainability Reporting & New and Revised Auditor Reporting
Dato' Seow Thiam Fatt	<ul style="list-style-type: none"> (i) Financial Institutions Directors' Education (“FIDE”) : FIDE Forum Group on Insurance (ii) AmBank Group : Companies Bill (iii) FIDE : FIDE Forum Focus Group – Moving Forward for the Insurance and Takaful Industries (iv) Wong & Partners and KPMG : Trouble in the Boardroom (v) Bursatra Malaysia Sdn Bhd : Strengthening of the Board's Role in Setting a Right High Performance Culture (vi) FIDE : FIDE Forum – 2015 Non-Executive Directors' Remuneration Study (vii) Securities Commission (“SC”) : Audit Oversight Board – Conversation with Audit Committees (viii) AmMetLife : Actuarial Training for Board of Directors (ix) Bursa Malaysia and CG Board Asia Pacific : AC Risk Management and Internal Control Workshop Series : Is Our Line of Defence Adequate and Effective? (x) Bursa Malaysia and The Iclif Leadership and Governance Centre : CG Breakfast Series With Directors – The Board's Response in light of Rising Shareholder Engagements (xi) FIDE : FIDE Forum – Board Leading Change : Organisational Transformation Strategy as key to sustainable growth in challenging times (xii) KPMG : Sustainability Reporting & New and Revised Auditor Reporting (xiii) AmBank Group : Anti-Money Laundering Compliance Culture Briefing (xiv) AmBank Group : Foreign Exchange Administration (“FEA”) Rules – Changes affecting FEA Rules
Siew Kah Toong	<ul style="list-style-type: none"> (i) Bursa Malaysia and CIMB Investment Bank : Invest Malaysia 2015 (ii) Bursa Malaysia and CG Board Asia Pacific : AC Risk Management and Internal Control Workshop Series – Is Our Line of Defence Adequate and Effective? (iii) Chartered Tax Institute of Malaysia (“CTIM”) : National Tax Conference 2015 (iv) Bursa Malaysia : Sustainability Symposium : Responsible Business. Responsible Investing (v) KPMG : Sustainability Reporting & New and Revised Auditor Reporting

CORPORATE GOVERNANCE STATEMENT

Name of Director	Details of Programme
Dato' Khor Swee Wah @ Koh Bee Leng	(i) KPMG : Sustainability Reporting & New and Revised Auditor Reporting
Ho Wai Ming	(i) Bursa Malaysia and CIMB Investment Bank : Invest Malaysia 2015 (ii) MIA : Walking The Ethical Tightrope (iii) SAP Malaysia, Deloitte and ACCA Malaysia : CFO Executive Event – Reimagine the Future of Finance (iv) Bursa Malaysia : Roundtable Consultation Session to Solicit Feedback on Bursa Malaysia's Sustainability Reporting Guidelines and Proposed Rules Amendments to Appendix 9C, Part A(29) (v) Bursa Malaysia : Advocacy Sessions On Management Discussion & Analysis For Chief Executive Officers and Chief Financial Officers (vi) Taxand Malaysia : GST Updates and Tax Coding (vii) The Economist : South East Asia Summit 2015 (viii) Bursa Malaysia, MICPA and MIA : CG Breakfast Series With Directors – Future of Auditor Reporting – The Game Changer for Boardroom (ix) KPMG : Sustainability Reporting & New and Revised Auditor Reporting

During the financial year under review, the Chief Financial Officer and external auditors briefed the Board members on relevant changes to the Malaysian Financial Reporting Standards that would affect the Group's financial statements. 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 the 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 Dato' Seow Thiam Fatt as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out in 2015 are set out in the Audit Committee Report on pages 29 to 31 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.

The Board through the Audit Committee maintains a transparent and professional relationship with the external auditors. The Audit Committee is responsible for the annual review and assessment on the suitability and independence of the external auditors for re-appointment. This annual review and assessment is carried out via assessment questionnaires. In assessing the external auditors' performance and suitability, the Audit Committee considered, inter-alia, the independence, objectivity, professionalism, quality of services, sufficiency of resources and communication and interaction with the external auditors.

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Being satisfied with the external auditors' performance, technical competence and audit independence, the Audit Committee recommended the re-appointment of KPMG as external auditors for the financial year ending 31 December 2016. Based on the Audit Committee's recommendation, the Board recommended the re-appointment of the external auditors for approval by the shareholders at the forthcoming Annual General Meeting of the Company.

In support of the assessment on the independence of external auditors, the external auditors assured the Audit Committee and confirmed 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.

The external auditors were invited and had attended three (3) Audit Committee meetings and Annual General Meeting of the Company during the financial year under review. In addition, the Audit Committee also had two (2) separate sessions with the external auditors without the presence of executive Board members and management personnel to exchange independent views on matters which require the Audit Committee's attention.

Principle 6 – Recognise and manage risks of the Group

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

- (a) An organisational 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 President, Executive Vice President and Chief Financial Officer in the day-to-day running of the major businesses and regular discussions with the management of smaller business units on operational issues; and
- (e) Monthly financial reporting by the subsidiaries to the holding company.

The Board has established a Board Risk Management Committee ("BRMC") which comprises the following members:

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

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.

The Risk Management Committee ("RMC"), the members of which comprised mainly heads of major business units of the Group, assists the BRMC in risk management activities of the Group. This process 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. Internal control and risk-related matters which warranted the attention of the Board together with the recommended remedial measures were highlighted by the RMC and BRMC to the Board; and matters or decisions made within the RMC and BRMC's purview were updated to the Board for notation.

During the financial year under review, four (4) BRMC meetings were held to review the principal business risks faced by the Group and remedial measures to address the risks within the risk appetite of the Group. The Heads of Group Risk Management, Group Internal Audit and major business units attended the BRMC meetings as invitees.

CORPORATE GOVERNANCE STATEMENT

In line with the MCGG 2012 and the Listing Requirements of Bursa, the Company has in place a Group Internal Audit (“GIA”) 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 recognised professional body for internal auditors. The GIA is independent of the activities it audits, and the scope of work covered by the GIA during the financial year under review is set out 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 has formalised the corporate disclosure policies to comply with the disclosure requirements as stipulated in the Listing Requirements of Bursa, and set out the persons authorised and responsible to approve and disclose material information to Bursa, shareholders and stakeholders.

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

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 which were addressed by the Board and senior management. The Chairman of the meeting also shared with shareholders at the AGM, the Company’s responses to questions submitted by the Minority Shareholder Watchdog Group prior to the AGM.

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.tanchonggroup.com 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. tcmh@tanchonggroup.com to which stakeholders can direct their queries or concerns.

During the financial year under review, the Company also organised two (2) plant visits for the shareholders. The shareholders who have registered for the said visit, were given a plant tour to get to know the car assembly processes at the Group’s assembly plant in Serendah, Selangor Darul Ehsan.

This Statement is dated 31 March 2016.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Paragraph 15.26 (b) and Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad require 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, 41 and 42 of the Statement on 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 risk management and internal control of the Group during the financial year ended 31 December 2015.

BOARD RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investments and the Group's assets and for reviewing the adequacy and effectiveness of the risk management and internal control system. The system of risk management and internal control of the Group covers all aspects of its business. In view of the limitations inherent in any system, 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 organisational 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 Group's business performance 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 President, Executive Vice President and Chief Financial Officer in the day-to-day running of the major businesses and regular discussions with the Management of smaller business units on operational issues; and
- (v) Monthly financial reporting by the subsidiaries to the holding company.

The Board Risk Management Committee ("BRMC"), the members of which comprised four Independent Non-Executive Directors and an Executive Director, is delegated by the Board to oversee the risk management framework of the Group, review the risk management policies formulated by Management and make relevant recommendations to the Board for approval. The Heads of Group Risk Management, Group Internal Audit and major business units attended the BRMC meetings as invitees.

The Risk Management Committee ("RMC"), the members of which comprised mainly heads of major business units of the Group assists the BRMC in risk management activities of the Group. This process 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. Internal control and risk-related matters which warranted the attention of the Board together with the recommended remedial measures were highlighted by the RMC and BRMC to the Board; and matters or decisions made within the RMC and BRMC's purview were updated to the Board for notation.

A group-wide risk assessment is performed quarterly to create a clear view and good understanding of the Group's corporate risks. This allows allocation of risk ownerships to drive specific actions to mitigate those risks. Risk assessments and their identified risk mitigating actions are the responsibility of line management. Head of Departments ("HODs") compile detailed information on risk mitigating actions and their progress to be reported to the RMC and BRMC. This process is intended to provide a key risk assessment and allow top management to make sound decisions on the future operations of the Group and to ensure that any risk growing in importance within the Group is captured and addressed timely and effectively. Group Risk Management conducted a pilot operational risk management exercise on a key business unit of which this will eventually be rolled out to other business units within the Group.

Group Risk Management works closely with the HODs to continuously strengthen the risk management initiatives within the Group so that it responds timely and effectively to the constantly changing business environment and thus is able to protect and enhance shareholders' value. Group Risk Management also conducted awareness workshops and briefings to key business units within the Group to facilitate and improve the awareness of risk management as well as to inculcate the risk culture within each level of the Group.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

A Fraud Prevention Policy, supplemented by a Special Complaints Policy (“Policies”) has been adopted by the Group with the aims to provide broad principles, strategy and policy for the Group to adopt in preventing fraud to promote high standard of integrity. The Policies define and highlight the roles and responsibilities at every level of the Group’s organisational structure for preventing and reporting of 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 formalised limits of authority for different management levels. Matters beyond the formalised limits of authority for Management are referred upward to the Board for approval. Group support functions such as Finance and Administration, Taxation, Treasury, Risk Management, Internal Audit, Secretarial, Legal, Human Resources, Insurance and Information System 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.

The Group continues to maintain and review its risk management and internal control procedures to ensure, as far as possible, the protection of its assets and its shareholders’ investments.

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 prioritised 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 2015 amounted to approximately RM2.82 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 2015 as a result of weaknesses in internal controls. The Group continues to take measures to strengthen the risk management processes and internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement pursuant to the scope set out in Recommended Practice Guide (“RPG”) 5 (Revised), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the annual report for the year ended 31 December 2015, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the annual report, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

RPG 5 (Revised) does not require the external auditors to consider whether the Directors’ Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group’s risk management and internal control system including the assessment and opinion by the Board of Directors and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

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 2015, 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 (not being contracts entered into in the ordinary course of business) 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 2015 by KPMG, auditors for Tan Chong Motor Holdings Berhad, was RM565,864.

SHARE BUY-BACKS

Details of the shares bought back during the financial year ended 31 December 2015 and currently held as treasury shares are as follows:

Year 2015	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)
May	30,000	2.97	2.97	2.97	89,785.01
May	40,000	2.95	2.93	2.9388	118,081.21
May	25,000	2.90	2.90	2.90	73,057.16
November	1,000	2.94	2.94	2.94	2,986.34
Total	96,000				283,909.72

There was no re-sale nor cancellation of treasury 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 2015.

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

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 authorised 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 control 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 for release to Bursa Malaysia, 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 such senior staff 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.

(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.

AUDIT COMMITTEE REPORT

The Chief Financial Officer, Head of Internal Audit and the Company Secretaries 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 Secretaries 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 on 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:

- (i) review of:
 - audit strategy and plan with the external auditors;
 - annual audited financial statements and principal matters arising from audit with the external auditors;
 - quarterly financial results prior to submission to the Board for consideration;
 - internal audit reports;
 - Internal Control Statement; and
 - related party transactions and recurrent related party transactions of the Group;
- (ii) reviewed and approved the Annual Internal Audit Plan to ensure adequacy of resources, competencies and coverage of auditable entities with significant and high risks;
- (iii) approved non-audit fees paid/payable to the external auditors;
- (iv) evaluated the performance, competency, independence, objectivity and suitability of the external auditors and made recommendation to the Board on their reappointment and audit fees thereof;
- (v) received the reports on irregularities and serious misconduct raised by the Group Compliance Office; and
- (vi) met with the external auditors twice in 2015 without the presence of executive Board members and management personnel.

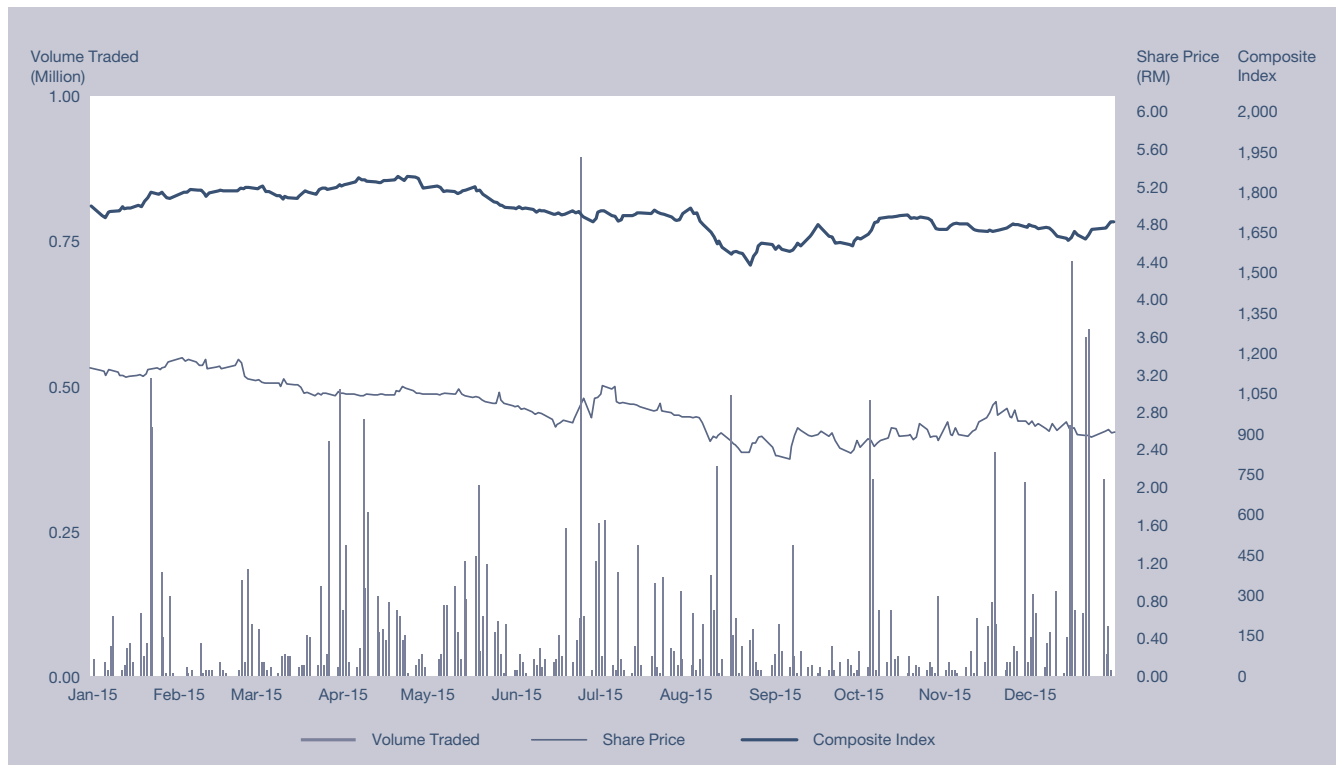
SUMMARY OF INTERNAL AUDIT ACTIVITIES

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 key business units and support functions within the Group;
- 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



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DIRECTORS' REPORT

for the year ended 31 December 2015

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 2015.

Principal activities

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 35 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	74,865	45,246
Non-controlling interests	(4,963)	-
	69,902	45,246

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 single tier dividend of 6% totalling RM19,580,000 in respect of the financial year ended 31 December 2014 on 23 June 2015; and
- (ii) an interim single tier dividend of 4% totalling RM13,053,000 in respect of the financial year ended 31 December 2015 on 30 September 2015.

A final single tier dividend of 6% in respect of the financial year ended 31 December 2015 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 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
Dato' Seow Thiam Fatt
Siew Kah Toong
Dato' Khor Swee Wah @ Koh Bee Leng
Ho Wai Ming
Ling Ou Long @ Ling Wu Long (Retired at Annual General Meeting on 27 May 2015)

DIRECTORS' REPORT

for the year ended 31 December 2015

Directors' interests in shares

The interests and deemed interest in the ordinary shares of the Company and 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 31.12.2015
	At 1.1.2015	Bought	Disposed/ Transferred	
Interest in the Company				
Direct interests:				
Dato' Tan Heng Chew	26,985,362	-	-	26,985,362
Dato' Khor Swee Wah @ Koh Bee Leng	9,562,390	-	-	9,562,390
Dato' Haji Kamaruddin @ Abas bin Nordin	4,992	-	-	4,992
Dato' Seow Thiam Fatt	78,000	-	-	78,000
Indirect/Deemed interests:				
Dato' Tan Heng Chew	286,094,230	-	-	286,094,230 ⁽¹⁾
Dato' Khor Swee Wah @ Koh Bee Leng	303,517,202	-	-	303,517,202 ⁽²⁾
Dato' Ng Mann Cheong	130,000	-	-	130,000 ⁽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⁾ Including interests of spouse and children by virtue of Section 134(12)(c) of the Act.

⁽³⁾ Interest of spouse by virtue of Section 134(12)(c) of the Act.

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 as stated in Note 35 to the financial statements.

Save for the above, the other Directors holding office at 31 December 2015 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 32 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.

DIRECTORS' REPORT

for the year ended 31 December 2015

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 to the financial statements.

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 debt 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
- 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 2015 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.

DIRECTORS' REPORT

for the year ended 31 December 2015

Significant events

Significant events are disclosed in Note 36 to the financial statements.

Subsequent event

Subsequent event is disclosed in Note 37 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

Dato' Seow Thiam Fatt
Director

Kuala Lumpur,
Date: 31 March 2016

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Assets					
Property, plant and equipment	3	1,704,190	1,731,688	545	898
Investment properties	4	186,633	173,078	-	-
Prepaid lease payments	5	49,798	44,524	-	-
Intangible assets	6	14,592	14,592	-	-
Investments in subsidiaries	7	-	-	1,510,212	1,504,413
Equity-accounted investees	8	40,415	36,793	13,652	13,652
Other investments	9	1	1	489	5,847
Deferred tax assets	10	35,722	34,787	4,666	4,094
Hire purchase receivables	11	369,507	350,594	-	-
Finance lease receivables	12	9,153	636	-	-
Receivables	13	-	-	890,090	209,057
Total non-current assets		2,410,011	2,386,693	2,419,654	1,737,961
<hr/>					
Other investments	9	3,416	127,059	-	-
Inventories	14	1,645,195	1,513,641	-	-
Current tax assets		36,300	25,428	-	4,257
Hire purchase receivables	11	82,470	89,847	-	-
Receivables	13	552,943	470,843	152,375	748,684
Deposits and prepayments	13	269,144	51,529	459	113
Derivative financial assets	15	6,045	-	-	-
Cash and cash equivalents	16	165,856	341,522	637	3,456
Total current assets		2,761,369	2,619,869	153,471	756,510
<hr/>					
Total assets		5,171,380	5,006,562	2,573,125	2,494,471

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Equity					
Share capital		336,000	336,000	336,000	336,000
Reserves		2,485,524	2,443,592	964,670	952,057
Treasury shares		(25,274)	(24,990)	(25,274)	(24,990)
Total equity attributable to owners of the Company		2,796,250	2,754,602	1,275,396	1,263,067
Non-controlling interests		(1,602)	5,951	-	-
Total equity	17	2,794,648	2,760,553	1,275,396	1,263,067
Liabilities					
Borrowings	18	818,675	905,768	747,085	746,591
Employee benefits	19	51,058	43,726	18,959	16,744
Deferred tax liabilities	10	143,791	151,625	-	-
Payables and accruals	20	-	-	366,962	380,212
Total non-current liabilities		1,013,524	1,101,119	1,133,006	1,143,547
Borrowings	18	670,757	506,972	150,000	-
Taxation		14,857	6,340	-	-
Payables and accruals	20	677,594	631,578	14,723	87,857
Total current liabilities		1,363,208	1,144,890	164,723	87,857
Total liabilities		2,376,732	2,246,009	1,297,729	1,231,404
Total equity and liabilities		5,171,380	5,006,562	2,573,125	2,494,471

The notes on pages 52 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2015 (in USD equivalent)

	2015	2014
	USD'000	USD'000
Assets		
<i>Property, plant and equipment</i>	391,228	489,731
<i>Investment properties</i>	42,845	48,947
<i>Prepaid lease payments</i>	11,432	12,592
<i>Intangible assets</i>	3,350	4,127
<i>Equity-accounted investees</i>	9,278	10,405
<i>Other investments</i>	-	-
<i>Deferred tax assets</i>	8,201	9,838
<i>Hire purchase receivables</i>	84,827	99,150
<i>Finance lease receivables</i>	2,101	180
Total non-current assets	553,262	674,970
<i>Other investments</i>	784	35,933
<i>Inventories</i>	377,685	428,066
<i>Current tax assets</i>	8,333	7,191
<i>Hire purchase receivables</i>	18,933	25,409
<i>Receivables</i>	126,938	133,157
<i>Deposits and prepayments</i>	61,787	14,573
<i>Derivative financial assets</i>	1,388	-
<i>Cash and cash equivalents</i>	38,075	96,584
Total current assets	633,923	740,913
Total assets	1,187,185	1,415,883

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 RM4.356 = USD1.00

(2014 - RM3.536 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2015 (in USD equivalent)

	2015 USD'000	2014 USD'000
Equity		
Share capital	77,135	95,023
Reserves	570,598	691,061
Treasury shares	(5,802)	(7,067)
Total equity attributable to owners of the Company	641,931	779,017
Non-controlling interests	(368)	1,683
Total equity	641,563	780,700
Liabilities		
Borrowings	187,942	256,156
Employee benefits	11,721	12,366
Deferred tax liabilities	33,010	42,880
Total non-current liabilities	232,673	311,402
Borrowings	153,985	143,374
Taxation	3,411	1,793
Payables and accruals	155,553	178,614
Total current liabilities	312,949	323,781
Total liabilities	545,622	635,183
Total equity and liabilities	1,187,185	1,415,883

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 RM4.356 = USD1.00

(2014 - RM3.536 = 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 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Revenue	21	5,716,654	4,760,628	58,390	89,300
Cost of sales		(4,780,369)	(3,878,682)	-	-
Gross profit		936,285	881,946	58,390	89,300
Other income		125,080	136,666	13,629	3,272
Distribution expenses		(469,337)	(415,440)	-	-
Administrative expenses		(347,968)	(340,118)	(14,055)	(11,606)
Other expenses		(75,052)	(53,399)	-	(658)
Results from operating activities		169,008	209,655	57,964	80,308
Finance income	22	15,652	14,229	44,042	13,022
Finance costs	23	(71,774)	(56,014)	(57,332)	(23,787)
Net finance cost		(56,122)	(41,785)	(13,290)	(10,765)
Share of profit of equity -accounted investees, net of tax		2,366	2,975	-	-
Profit before tax	24	115,252	170,845	44,674	69,543
Tax (expense)/income	26	(45,350)	(51,191)	572	112
Profit for the year		69,902	119,654	45,246	69,655

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Other comprehensive (loss)/income, net of tax					
<i>Item that will not be reclassified subsequently to profit or loss</i>					
Remeasurement of defined benefit liability		-	774	-	-
		-	774	-	-
<i>Items that are or may be reclassified subsequently to profit or loss</i>					
Foreign currency translation differences for foreign operations		(11,266)	(2,768)	-	-
Share of other comprehensive income of an equity-accounted associate		2,631	-	-	-
Cash flow hedge		6,045	(36)	-	-
		(2,590)	(2,804)	-	-
Other comprehensive loss for the year, net of tax	27	(2,590)	(2,030)	-	-
Total comprehensive income for the year		67,312	117,624	45,246	69,655
Profit attributable to:					
Owners of the Company		74,865	105,853	45,246	69,655
Non-controlling interests		(4,963)	13,801	-	-
Profit for the year		69,902	119,654	45,246	69,655
Total comprehensive income attributable to:					
Owners of the Company		74,565	104,612	45,246	69,655
Non-controlling interests		(7,253)	13,012	-	-
Total comprehensive income for the year		67,312	117,624	45,246	69,655
Basic earnings per ordinary share (sen)	28	11.47	16.22		

The notes on pages 52 to 134 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2015 (in USD equivalent)

	2015	2014
	USD'000	USD'000
Revenue	1,312,363	1,346,331
<i>Cost of sales</i>	(1,097,422)	(1,096,912)
<hr/>		
Gross profit	214,941	249,419
<i>Other income</i>	28,714	38,650
<i>Distribution expenses</i>	(107,745)	(117,489)
<i>Administrative expenses</i>	(79,882)	(96,187)
<i>Other expenses</i>	(17,230)	(15,102)
<hr/>		
Results from operating activities	38,798	59,291
<i>Finance income</i>	3,593	4,024
<i>Finance costs</i>	(16,477)	(15,841)
<hr/>		
Net finance cost	(12,884)	(11,817)
<i>Share of profit of equity-accounted investees, net of tax</i>	543	841
<hr/>		
Profit before tax	26,457	48,315
<i>Tax expense</i>	(10,411)	(14,477)
<hr/>		
Profit for the year	16,046	33,838
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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 RM4.356 = USD1.00

(2014 - RM3.536 = 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 2015 (in USD equivalent)

	2015	2014
	<i>USD'000</i>	<i>USD'000</i>
Other comprehensive income, net of tax		
Item that will not be reclassified subsequently to profit or loss		
<i>Remeasurement of defined benefit liability</i>	-	219
	-	219
Items that are or may be reclassified subsequently to profit or loss		
<i>Foreign currency translation differences for foreign operations</i>	(2,586)	(783)
<i>Share of other comprehensive income of an equity-accounted associate</i>	604	-
<i>Cash flow hedge</i>	1,388	(10)
	(594)	(793)
Other comprehensive loss for the year, net of tax	(594)	(574)
Total comprehensive income for the year	15,452	33,264
Profit attributable to:		
<i>Owners of the Company</i>	17,185	29,935
<i>Non-controlling interests</i>	(1,139)	3,903
Profit for the year	16,046	33,838
Total comprehensive income attributable to:		
<i>Owners of the Company</i>	17,117	29,584
<i>Non-controlling interests</i>	(1,665)	3,680
Total comprehensive income for the year	15,452	33,264
Basic earnings per ordinary share (sen)	2.63	3.72

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The audited figures are converted into USD equivalent using the exchange rate of RM4.356 = USD1.00

(2014 - RM3.536 = 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 2015

←————— Attributable to owners of the Company —————→
 ←————— Non-distributable —————→ ←————— Distributable —————→

Note	Share capital		Treasury shares	Translation reserve	Revaluation reserve	Hedging reserve	Capitalisation of retained earnings	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
At 1 January 2014	336,000	(24,809)		(2,654)	589,657	36	100	1,810,594	2,708,924	(6,761)	2,702,163
Remeasurement of defined benefit liability	-	-	-	-	-	-	-	774	774	-	774
Transfer of revaluation surplus on properties	-	-	-	-	(8,007)	-	-	8,007	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(1,979)	-	-	-	-	(1,979)	(789)	(2,768)
Cash flow hedge	-	-	-	-	-	(36)	-	-	(36)	-	(36)
Total other comprehensive (loss)/income for the year	-	-	-	(1,979)	(8,007)	(36)	-	8,781	(1,241)	(789)	(2,030)
Profit for the year	-	-	-	-	-	-	-	105,853	105,853	13,801	119,654
Total comprehensive (loss)/income for the year	-	-	-	(1,979)	(8,007)	(36)	-	114,634	104,612	13,012	117,624
Purchase of treasury shares	-	(181)	-	-	-	-	-	-	(181)	-	(181)
Dividends											
- 2013 final	29	-	-	-	-	-	-	(39,169)	(39,169)	-	(39,169)
- 2014 interim	29	-	-	-	-	-	-	(19,584)	(19,584)	(300)	(19,884)
Total transactions with owners of the Company	-	(181)	-	-	-	-	-	(58,753)	(58,934)	(300)	(59,234)
At 31 December 2014/ 1 January 2015	336,000	(24,990)		(4,633)	581,650	-	100	1,866,475	2,754,602	5,951	2,760,553
Transfer of revaluation surplus on properties	-	-	-	-	(7,443)	-	-	7,443	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	(8,976)	-	-	-	-	(8,976)	(2,290)	(11,266)
Foreign currency translation difference for an equity-accounted associate	-	-	-	2,631	-	-	-	-	2,631	-	2,631
Cash flow hedge	-	-	-	-	-	6,045	-	-	6,045	-	6,045

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

←————— Attributable to owners of the Company —————→
 ←————— Non-distributable —————→ ←————— Distributable —————→

Note	Share capital	Treasury shares	Translation reserve	Revaluation reserve	Hedging reserve	Capitalisation of retained earnings	Retained earnings	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
Total other comprehensive (loss)/income for the year	-	-	(6,345)	(7,443)	6,045	-	7,443	(300)	(2,290)	(2,590)
Profit for the year	-	-	-	-	-	-	74,865	74,865	(4,963)	69,902
Total comprehensive (loss)/income for the year	-	-	(6,345)	(7,443)	6,045	-	82,308	74,565	(7,253)	67,312
Purchase of treasury shares	-	(284)	-	-	-	-	-	(284)	-	(284)
Dividends										
- 2014 final	29	-	-	-	-	-	(19,580)	(19,580)	-	(19,580)
- 2015 interim	29	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
Total transactions with owners of the Company	-	(284)	-	-	-	-	(32,633)	(32,917)	(300)	(33,217)
At 31 December 2015	336,000	(25,274)	(10,978)	574,207	6,045	100	1,916,150	2,796,250	(1,602)	2,794,648
	Note 17	Note 17	Note 17	Note 17	Note 17					

The notes on pages 52 to 134 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

	Note	← Attributable to owners of the Company →			Total equity RM'000
		<i>Non-distributable</i>		<i>Distributable</i>	
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
Company					
At 1 January 2014		336,000	(24,809)	941,155	1,252,346
Profit and total comprehensive income for the year		-	-	69,655	69,655
Purchase of treasury shares		-	(181)	-	(181)
Dividends					
- 2013 final	29	-	-	(39,169)	(39,169)
- 2014 interim	29	-	-	(19,584)	(19,584)
Total transactions with owners of the Company		-	(181)	(58,753)	(58,934)
At 31 December 2014/1 January 2015		336,000	(24,990)	952,057	1,263,067
Profit and total comprehensive income for the year		-	-	45,246	45,246
Purchase of treasury shares		-	(284)	-	(284)
Dividends					
- 2014 final	29	-	-	(19,580)	(19,580)
- 2015 interim	29	-	-	(13,053)	(13,053)
Total transactions with owners of the Company		-	(284)	(32,633)	(32,917)
At 31 December 2015		336,000	(25,274)	964,670	1,275,396
		Note 17	Note 17		

The notes on pages 52 to 134 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from operating activities					
Profit before tax		115,252	170,845	44,674	69,543
Adjustments for:					
Amortisation of prepaid lease payments	5	1,926	1,638	-	-
Depreciation of property, plant and equipment	3	131,224	110,788	318	336
Dividend income		-	-	(58,390)	(89,300)
Gain on disposal of property, plant and equipment	24	(2,812)	(5,845)	(53)	(25)
Finance costs	23	71,774	56,014	57,332	23,787
Finance income	22	(15,652)	(14,229)	(44,042)	(13,022)
Inventories written off	24	29	688	-	-
Write-down of inventories	14	8,218	12,580	-	-
Impairment loss on:	24				
Other investments		-	-	-	659
Hire purchase receivables		4,170	3,683	-	-
Trade receivables		1,263	4,627	-	-
Reversal of write-down of inventories	14	-	(184)	-	-
Reversal of impairment loss on:	24				
Other investments		-	-	(242)	-
Hire purchase receivables		(2,129)	(308)	-	-
Trade receivables		(931)	(1,739)	-	-
Property, plant and equipment written off		532	2,158	-	-
Retirement benefits charged	19	8,320	5,603	2,398	103
Fair value changes on investment properties		(6,751)	(7,755)	-	-
Fair value loss on other investments		-	233	-	-
Share of profit of equity-accounted investees		(2,366)	(2,975)	-	-
Operating profit/(loss) before changes in working capital		312,067	335,822	1,995	(7,919)
Changes in working capital:					
Inventories		(139,801)	198,962	-	-
Hire purchase receivables		(13,577)	45,914	-	-
Finance lease receivables		(11,277)	1,043	-	-
Receivables		(79,673)	(90,820)	(63)	(47)
Deposits and prepayment		(217,285)	19,106	(346)	(50)
Payables and accruals		40,248	33,981	(4,222)	4,048
Cash (used in)/generated from operations		(109,298)	544,008	(2,636)	(3,968)
Tax paid		(60,399)	(109,668)	-	-
Tax refund		6,045	6,439	4,257	3,523
Interest paid		(68,486)	(56,014)	(53,714)	(23,787)
Interest received		15,652	14,229	44,042	13,022
Employee benefits paid		(988)	(209)	(183)	-
Net cash (used in)/from operating activities		(217,474)	398,785	(8,234)	(11,210)

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash flows from investing activities					
Acquisition of property, plant and equipment	3	(119,240)	(305,234)	(329)	(520)
Acquisition of prepaid lease payments	5	(167)	(20,703)	-	-
Net proceeds from disposal of other investments		123,643	25,428	5,600	9,850
Advances to subsidiaries		-	-	(161,240)	(702,694)
Subscription to subsidiaries' share capital		-	-	(3,300)	(27,415)
Dividends received from:					
Unquoted subsidiaries		-	-	46,440	71,200
Joint ventures		250	100	250	100
Associates		1,125	-	-	-
Proceeds from disposal of property, plant and equipment		33,168	44,919	417	242
Net cash from/(used in) investing activities		38,779	(255,490)	(112,162)	(649,237)
Cash flows from financing activities					
Dividends paid to owners of the Company	29	(32,633)	(58,753)	(32,633)	(58,753)
Dividends paid to non-controlling interests		(300)	(300)	-	-
Purchase of own shares		(284)	(181)	(284)	(181)
Net repayment of bills payable		(159,091)	(241,526)	-	-
Net proceeds from Medium Term Notes		-	746,591	-	746,591
Net proceeds from Commercial Papers		150,494	-	150,494	-
Net repayment of term loans		(165,571)	(191,066)	-	(50,000)
Net proceeds from/(repayment of) revolving credit		209,116	(306,145)	-	-
Net repayment of Cagamas financing		(9,297)	(66,511)	-	-
Net cash (used in)/from financing activities		(7,566)	(117,891)	117,577	637,657
Net (decrease)/increase in cash and cash equivalents		(186,261)	25,404	(2,819)	(22,790)
Effects of exchange rate fluctuations on cash and cash equivalents		10,595	3,544	-	-
Cash and cash equivalents at 1 January		341,522	312,574	3,456	26,246
Cash and cash equivalents at 31 December		165,856	341,522	637	3,456

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2015

Cash and cash equivalents

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

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	16	145,391	202,832	637	76
Deposits with licensed banks	16	20,465	138,690	-	3,380
		165,856	341,522	637	3,456

The notes on pages 52 to 134 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 Sultan Azlan Shah
51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2015 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 2015 do not include any other entities.

The Company is principally engaged in investment holding, whilst the principal activities of the subsidiaries are as stated in Note 35 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 31 March 2016.

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 ("MFRSs"), International Financial Reporting Standards and the requirements of 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 2016

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements 2012-2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)*

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(a) Statement of compliance (continued)

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*

MFRSs, Interpretations and amendments 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 Group and the Company plans to apply the abovementioned accounting standards, amendments and interpretations:

- from the annual period beginning on 1 January 2016 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2016.
- from the annual period beginning on 1 January 2018 for those accounting standards, amendments or interpretations that are effective for annual periods beginning on or after 1 January 2018.

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 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

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.

The Group is currently assessing the financial impact of adopting MFRS 9.

Amendments to MFRS 10, Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception

The amendments to MFRS 10, MFRS 12 and MFRS 128 require an investment entity parent to fair value a subsidiary providing investment-related services that is itself an investment entity, an intermediate parent owned by an investment entity group can be exempt from preparing consolidated financial statements and a non-investment entity investor can retain the fair value accounting applied by its investment entity associate or joint venture.

The Group is currently assessing the financial impact that may arise from the adoption of the amendments.

NOTES TO THE FINANCIAL STATEMENTS

1. Basis of preparation (continued)

(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.

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 - impairment of 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

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 controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

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 investment includes transaction costs.

(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 accounts for 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(a) Basis of consolidation (continued)

(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.

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 remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. 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 investment 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.

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 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 or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture 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 investment includes transaction costs.

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 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.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur 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 foreign currency translation reserve ("FCTR") in equity.

(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.

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) (continued)

Foreign currency differences are recognised in other comprehensive income and accumulated in the 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 gain or loss on disposal.

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.

(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 financial guarantee contract or 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 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.

All financial assets, except for those measured at fair value through profit or loss, are subject to review for impairment (see Note 2(j)(i)).

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 financial guarantee contract or 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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(c) Financial instruments (continued)

(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 control of the asset is not retained or substantially all risks and rewards of ownership of the financial asset are transferred to another party. 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, 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 the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(d) Property, plant and equipment

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

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 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.

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.

Property, plant and equipment under the revaluation model

The Group revalues its property comprising land and building every 3 years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

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 profit or loss as incurred.

(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 profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use except for one of the subsidiaries where its plant, machinery and equipment are depreciated over the shorter of the model useful life or projected production volume. 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(f) Intangible assets

Goodwill

Goodwill arising 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.

Investment properties are measured initially at cost and subsequently at fair value with any changes 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.

(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 reverses 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(h) Inventories

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

The cost of inventories is calculated using the weighted average method, 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.

(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.

(j) Impairment

(i) Financial assets

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and investments 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 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(j) Impairment (continued)

(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 a cash-generating unit or 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 of disposal. 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.

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 unit (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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(k) Equity instrument (continued)

(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 costs 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.

(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) State plans

The Group's and the Company's contributions to 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

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 comprise 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 contributions 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(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.

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 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, 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) 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.

(v) 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.

(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 sub-leased property is recognised as other income.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(n) Revenue and other income (continued)

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(p) Income tax (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, 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 assets and liabilities 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.

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 which 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. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the President of the Company, 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 measurement

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 measurement 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.

NOTES TO THE FINANCIAL STATEMENTS

2. Significant accounting policies (continued)

(t) Fair value measurement (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. Property, plant and equipment

	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
Group										
Cost/Valuation										
At 1 January 2014	444,806	444,024	416,638	365,959	92,142	174,467	49,556	587	63,146	2,051,325
Additions	19,341	5,491	10,012	25,941	21,139	86,550	12,700	2,541	121,519	305,234
Disposals	-	-	-	(2,086)	(4,170)	(66,235)	(408)	-	-	(72,899)
Reclassifications	-	12,944	15,518	34,670	2,097	2,142	4,381	-	(71,752)	-
Transfers	*(112,514)	-	*(8,363)	-	-	-	-	-	-	(120,877)
Write-off	-	-	(3)	(329)	(1,645)	(5)	(718)	-	(1,304)	(4,004)
Effects of movement in exchange rates	-	60	1,807	4,483	181	247	216	144	202	7,340
At 31 December 2014										
/1 January 2015	351,633	462,519	435,609	428,638	109,744	197,166	65,727	3,272	111,811	2,166,119
Additions	6,740	4,690	3,618	26,484	13,969	37,156	11,232	-	15,351	119,240
Disposals	-	-	-	(4,265)	(1,150)	(54,887)	(412)	-	-	(60,714)
Reclassifications	-	400	63,390	26,350	12,761	-	5,429	-	(108,330)	-
Transfers	*(2,500)	*(1,105)	*(3,590)	-	-	-	-	-	-	(7,195)
Write-off	-	-	-	(13,224)	(1,091)	(93)	(286)	-	(59)	(14,753)
Effects of movement in exchange rates	-	237	7,921	14,652	679	1,138	2,078	128	264	27,097
At 31 December 2015	355,873	466,741	506,948	478,635	134,912	180,480	83,768	3,400	19,037	2,229,794

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

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

	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
Group										
Cost/Valuation										
Representing items:										
- at cost	5,583	18,435	20,427	428,638	109,744	197,166	65,727	3,272	111,811	960,803
- at valuation	346,050	444,084	415,182	-	-	-	-	-	-	1,205,316
At 31 December 2014	351,633	462,519	435,609	428,638	109,744	197,166	65,727	3,272	111,811	2,166,119
Representing items:										
- at cost	9,823	23,525	87,435	478,635	134,912	180,480	83,768	3,400	19,037	1,021,015
- at valuation	346,050	443,216	419,513	-	-	-	-	-	-	1,208,779
At 31 December 2015	355,873	466,741	506,948	478,635	134,912	180,480	83,768	3,400	19,037	2,229,794
Depreciation and impairment loss										
At 1 January 2014										
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
Depreciation for the year	-	8,421	12,846	36,355	12,189	34,367	6,462	148	-	110,788
Disposals	-	-	-	(311)	(2,232)	(30,946)	(336)	-	-	(33,825)
Transfers	-	-	(225)	-	-	-	-	-	-	(225)
Write-off	-	-	-	(154)	(1,467)	(2)	(223)	-	-	(1,846)
Effects of movement in exchange rates	-	2	93	893	125	68	157	9	-	1,347
At 31 December 2014/1 January 2015										
Accumulated depreciation	-	8,423	12,714	233,606	65,490	74,676	29,397	451	-	424,757
Accumulated impairment loss	2,798	-	1,672	5,127	33	-	44	-	-	9,674
	2,798	8,423	14,386	238,733	65,523	74,676	29,441	451	-	434,431

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

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

	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
Group										
Depreciation and impairment loss (continued)										
Depreciation for the year	-	8,651	12,710	53,957	13,748	33,269	8,808	81	-	131,224
Disposals	-	-	-	(1,864)	(981)	(27,378)	(135)	-	-	(30,358)
Transfers	-	* (42)	* (349)	-	-	-	-	-	-	(391)
Write-off	-	-	-	(13,091)	(981)	(18)	(131)	-	-	(14,221)
Effects of movement in exchange rates	-	10	413	3,138	427	280	627	24	-	4,919
At 31 December 2015										
Accumulated depreciation	-	17,042	25,488	275,746	77,703	80,829	38,566	556	-	515,930
Accumulated impairment loss	2,798	-	1,672	5,127	33	-	44	-	-	9,674
	2,798	17,042	27,160	280,873	77,736	80,829	38,610	556	-	525,604
Carrying amounts										
At 1 January 2014	442,008	444,024	414,966	164,009	35,234	103,278	26,175	293	63,146	1,693,133
At 31 December 2014 / 1 January 2015	348,835	454,096	421,223	189,905	44,221	122,490	36,286	2,821	111,811	1,731,688
At 31 December 2015	353,075	449,699	479,788	197,762	57,176	99,651	45,158	2,844	19,037	1,704,190

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

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

Company	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2014	198	1,804	2,002
Additions	15	505	520
Disposals	(12)	(400)	(412)
<hr/>			
At 31 December 2014/1 January 2015	201	1,909	2,110
Additions	-	329	329
Disposals	-	(618)	(618)
<hr/>			
At 31 December 2015	201	1,620	1,821
<hr/>			
Depreciation			
At 1 January 2014	169	902	1,071
Depreciation for the year	15	321	336
Disposals	(5)	(190)	(195)
<hr/>			
At 31 December 2014/1 January 2015	179	1,033	1,212
Depreciation for the year	7	311	318
Disposals	-	(254)	(254)
<hr/>			
At 31 December 2015	186	1,090	1,276
<hr/>			
Carrying amount			
At 1 January 2014	29	902	931
<hr/>			
At 31 December 2014/1 January 2015	22	876	898
<hr/>			
At 31 December 2015	15	530	545
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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 would be as follows:

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group				
2015				
Cost	132,275	121,875	338,680	592,830
Accumulated depreciation	-	(33,068)	(102,571)	(135,639)
Accumulated impairment loss	(2,798)	-	(1,672)	(4,470)
	129,477	88,807	234,437	452,721
2014				
Cost	132,275	122,306	340,836	595,417
Accumulated depreciation	-	(31,682)	(97,548)	(129,230)
Accumulated impairment loss	(2,798)	-	(1,672)	(4,470)
	129,477	90,624	241,616	461,717

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2015				
Freehold land	-	-	343,252	343,252
Long term leasehold land	-	-	443,216	443,216
Buildings	-	-	417,841	417,841
	-	-	1,204,309	1,204,309
2014				
Freehold land	-	-	343,252	343,252
Long term leasehold land	-	-	444,084	444,084
Buildings	-	-	413,510	413,510
	-	-	1,200,846	1,200,846

NOTES TO THE FINANCIAL STATEMENTS

3. Property, plant and equipment (continued)

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.

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and Level 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 RM43,101,000 (2014: RM13,758,000) have yet to be issued by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment properties

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group				
At 1 January 2014	25,844	5,973	12,854	44,671
Transfer	* 112,514	-	* 8,138	120,652
Change in fair value recognised in profit or loss	4,038	697	3,020	7,755
At 31 December 2014/1 January 2015	142,396	6,670	24,012	173,078
Transfer	* 2,500	* 1,063	* 3,241	6,804
Change in fair value recognised in profit or loss	4,519	782	1,450	6,751
At 31 December 2015	149,415	8,515	28,703	186,633

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

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2015				
Freehold land	-	-	149,415	149,415
Long term leasehold land	-	-	8,515	8,515
Buildings	-	-	28,703	28,703
	-	-	186,633	186,633
2014				
Freehold land	-	-	142,396	142,396
Long term leasehold land	-	-	6,670	6,670
Buildings	-	-	24,012	24,012
	-	-	173,078	173,078

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.

NOTES TO THE FINANCIAL STATEMENTS

4. Investment properties (continued)

Fair value information (continued)

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 Level 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.

5. Prepaid lease payments

	Group	
	2015	2014
	RM'000	RM'000
Long term leasehold land		
Cost		
At 1 January	48,441	26,331
Additions	167	20,703
Effects of movement in exchange rates	7,808	1,407
At 31 December	56,416	48,441

NOTES TO THE FINANCIAL STATEMENTS

5. Prepaid lease payments (continued)

	Group	
	2015	2014
	RM'000	RM'000
Amortisation		
At 1 January	3,917	2,061
Amortisation for the year	1,926	1,638
Effects of movement in exchange rates	775	218
At 31 December	6,618	3,917
Carrying amount		
At 1 January	44,524	24,270
At 31 December	49,798	44,524

6. Intangible assets

	Group	
	2015	2014
	RM'000	RM'000
Goodwill		
Cost		
At 1 January/31 December	14,592	14,592

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.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2015	2014
	RM'000	RM'000
(i) Malaysia property	648	648
(ii) Vietnam vehicles distribution network	13,944	13,944
	14,592	14,592

NOTES TO THE FINANCIAL STATEMENTS

6. Intangible assets (continued)

- (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 Volume is projected to grow at the following rates per annum:
 - FY 2016 - 13%
 - FY 2017 - 13%
 - FY 2018 to 2020 - 15%
 - Market share to grow gradually from 3% to 5% with the introduction of new models and increase in dealer's network.
 - A pre-tax discount rate of 7.57% was applied in determining the recoverable amount. The discount rate was estimated based on the Company's weighted average cost of capital, which was based on a possible range of debt leveraging of 80% at a market interest rate of 7.3%.

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.

7. Investments in subsidiaries

	Company	
	2015 RM'000	2014 RM'000
Unquoted shares in Malaysia, at cost	1,530,850	1,525,051
Less: Impairment loss	(20,638)	(20,638)
	1,510,212	1,504,413

Details of the subsidiaries are in Note 35.

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

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries (continued)

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")
- (iii) TC Express Auto Services and Spare Parts (Thailand) Co. Ltd. ("TCEAS Thai")

	TCMA	NVL	TCEAS (Thai)	Other individually immaterial subsidiaries	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
2015					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	19,870	(15,397)	(5,854)	(221)	(1,602)
Total comprehensive income/(loss) allocated to NCI	1,663	(7,414)	(919)	(583)	(7,253)
2014					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	18,507	(7,983)	(4,935)	362	5,951
Total comprehensive income/(loss) allocated to NCI	4,139	11,227	(804)	(1,550)	13,012

NOTES TO THE FINANCIAL STATEMENTS

7. Investments in subsidiaries (continued)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination

	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000
2015			
As at 31 December			
Non-current assets	68,435	31,670	1,034
Current assets	144,799	53,256	1,392
Non-current liabilities	(5,091)	-	-
Current liabilities	(141,910)	(144,146)	(13,904)
Net assets/(liabilities)	66,233	(59,220)	(11,478)
Year ended 31 December			
Revenue	175,581	265,833	865
Profit/(loss) for the year	6,347	(22,050)	(580)
Total comprehensive income/(loss)	5,544	(28,517)	(1,802)
Cash flows used in operating activities	(1,281)	(41,110)	(1,510)
Cash flows used in investing activities	(1,535)	(2,875)	(1,089)
Cash flows (used in)/from financing activities	(1,000)	45,026	1,972
Net (decrease)/increase in cash and cash equivalents	(3,816)	1,041	(627)
Dividend paid to NCI	300	-	-
2014			
As at 31 December			
Non-current assets	73,604	27,516	8
Current assets	134,355	15,909	2,191
Non-current liabilities	(4,414)	-	-
Current liabilities	(141,854)	(74,128)	(11,875)
Net assets/(liabilities)	61,691	(30,703)	(9,676)
Year ended 31 December			
Revenue	174,273	64,008	786
Profit for the year	13,795	43,181 [#]	(1,021)
Total comprehensive income	13,795	43,181	(1,576)
Cash flows from/(used in) operating activities	4,056	(17,020)	(1,606)
Cash flows used in investing activities	(3,296)	(2,766)	(1)
Cash flows from financing activities	-	23,028	2,518
Net increase in cash and cash equivalents	760	3,242	911
Dividend paid to NCI	300	-	-

[#] Inclusive of reversal provision for additional import duties of RM56.3 million.

NOTES TO THE FINANCIAL STATEMENTS

8. Equity-accounted investees

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interests in associates	a	38,091	34,574	12,246	12,246
Interest in joint venture	b	2,324	2,219	1,406	1,406
		40,415	36,793	13,652	13,652

(a) Interests in associates

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares, at cost:				
In Malaysia	7,341	7,341	-	-
Outside Malaysia	12,247	12,247	12,246	12,246
Share of post-acquisition reserve	18,503	14,986	-	-
	38,091	34,574	12,246	12,246

Details of the material associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest	
			2015 %	2014 %
TC Capital (Thailand) Co. Ltd. ("TCCT")	Thailand	Provision of equipment leasing	45.45	45.45
Kanzen Energy Ventures Sdn. Bhd. ("KEV")	Malaysia	Investment holding	25.00	25.00
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.

	TCCT RM'000	KEV RM'000	THK RM'000	
Group				
Summarised financial information				
As at 31 December 2015				
Non-current assets	14,094	10,411		36,518
Current assets	72,827	11,742		47,364
Non-current liabilities	-	-		(1,708)
Current liabilities	(32,897)	(27)		(42,149)
Net assets	54,024	22,126		40,025
Year ended 31 December 2015				
Profit for the year	1,573	3,684		1,876
Other comprehensive income	5,789	-		-
Total comprehensive income	7,362	3,684		1,876
Included in the total comprehensive income is:				
Revenue	3,414	3,633		91,832
	TCCT	KEV	THK	Total
	RM'000	RM'000	RM'000	RM'000
Reconciliation of net assets to carrying amount as at 31 December 2015				
Group's share of net assets	24,554	5,532	8,005	38,091
Group's share of results for the year ended 31 December 2015				
Group's share of profit for the year	715	921	375	2,011
Group's share of other comprehensive income	2,631	-	-	2,631
Group's share of total comprehensive income	3,346	921	375	4,642
Other information				
Dividends received by the Group	-	1,125	-	1,125

NOTES TO THE FINANCIAL STATEMENTS

8. Equity-accounted investees (continued)

(a) Interests in associates (continued)

	TCCT RM'000	KEV RM'000	THK RM'000	
Group				
Summarised financial information				
As at 31 December 2014				
Non-current assets	21,006	10,359		36,247
Current assets	38,457	12,636		37,441
Non-current liabilities	-	-		(2,506)
Current liabilities	(12,801)	(53)		(33,032)
Net assets	46,662	22,942		38,150
Year ended 31 December 2014				
Profit/Total comprehensive income	1,211	2,188		7,656
Included in the total comprehensive income is:				
Revenue	3,601	3,554		80,963
	TCCT	KEV	THK	Total
	RM'000	RM'000	RM'000	RM'000
Reconciliation of net assets to carrying amount as at 31 December 2014				
Group's share of net assets	21,208	5,736	7,630	34,574
Group's share of results for the year ended 31 December 2014				
Group's share of profit/total comprehensive income	550	547	1,531	2,628

(b) Interest in joint venture

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Unquoted shares in Malaysia, at cost	500	500	1,406	1,406
Share of post-acquisition reserve	1,824	1,719	-	-
	2,324	2,219	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 and Company	
	2015	2014
Percentage of ownership and voting interest	50%	50%
	Group	
	2015	2014
	RM’000	RM’000
Summarised financial information		
As at 31 December		
Non-current assets	151	130
Current assets (including cash and cash equivalents)	5,766	5,533
Non-current liabilities	(59)	(51)
Current liabilities	(1,211)	(1,175)
Cash and cash equivalents	1,888	2,080
<hr/>		
Year ended 31 December		
Profit and total comprehensive income	710	693
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Included in the total comprehensive income:		
Revenue	7,697	7,058
Depreciation and amortisation	28	31
Interest income	17	17
Income tax expense	245	232
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Reconciliation of net assets to carrying amount as at 31 December		
Group’s share of net assets	2,324	2,219
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Group’s share of results for year ended 31 December		
Group’s share of profit/total comprehensive income	355	347
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Other information		
Cash dividend received by the Group	250	100
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NOTES TO THE FINANCIAL STATEMENTS

9. Other investments

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Fair value through profit or loss financial asset:					
Option	a	1	1	1	1
Held to maturity financial asset:					
Asset-backed notes	b	-	-	-	150
Loan and receivables financial asset:					
Asset-backed notes	b	-	-	2,550	8,000
Less: Impairment of asset-backed notes		-	-	(2,062)	(2,304)
		1	1	489	5,847
Current					
Fair value through profit or loss financial asset:					
Liquid investments with licensed financial institutions		3,416	127,059	-	-
Representing items:					
At cost/amortised cost		-	-	488	5,846
At fair value		3,417	127,060	1	1
		3,417	127,060	489	5,847
Market value of liquid investments with licensed financial institutions					
		3,416	127,059	-	-

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

In June 2009, RM159 million nominal value of second series – 2009A medium term asset-backed notes ("Notes") was issued by Special Purpose Entity ("SPE"). The Notes acquired by the Company comprise of Class A Notes, Class B Notes and Class C Notes. 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 (continued)

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

	Notes RM'000	Date of maturity	Coupon rate
2015			
Class C	2,550	June 2016	5.00%
2014			
Class B	150	June 2016	5.85%
Class C	8,000	June 2016	5.00%

10. Deferred tax assets/(liabilities)

Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Group						
Deferred tax assets						
Property, plant and equipment/investment properties						
- capital allowances	-	-	(4,913)	(7,153)	(4,913)	(7,153)
Provisions	21,723	22,346	-	-	21,723	22,346
Unabsorbed capital allowances	2,244	1,648	-	-	2,244	1,648
Tax loss carry-forwards	16,313	17,439	-	-	16,313	17,439
Other items	355	507	-	-	355	507
Net tax assets/(liabilities)	40,635	41,940	(4,913)	(7,153)	35,722	34,787
Deferred tax liabilities						
Property, plant and equipment/investment properties						
- capital allowances	-	-	(16,829)	(21,666)	(16,829)	(21,666)
- revaluation	-	-	(136,789)	(138,700)	(136,789)	(138,700)
Provisions	8,607	7,346	-	-	8,607	7,346
Unabsorbed capital allowances	1,403	325	-	-	1,403	325
Tax loss carry-forwards	101	-	-	-	101	-
Other items	-	1,070	(284)	-	(284)	1,070
Net tax assets/(liabilities)	10,111	8,741	(153,902)	(160,366)	(143,791)	(151,625)
Company						
Deferred tax assets						
Property, plant and equipment – capital allowances	2	-	-	(21)	2	(21)
Provisions	4,664	4,115	-	-	4,664	4,115
Net tax assets/(liabilities)	4,666	4,115	-	(21)	4,666	4,094

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

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

	At 1.1.2014	Recognised in profit or loss (Note 26)	Effects of movement in exchange rate	At 31.12.2014/ 1.1.2015	Recognised in profit or loss (Note 26)	Effects of movement in exchange rate	At 31.12.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Property, plant and equipment/ investment properties							
- capital allowances	(6,021)	(1,132)	-	(7,153)	2,240	-	(4,913)
Provisions	20,622	1,724	-	22,346	(623)	-	21,723
Unabsorbed capital allowances	719	929	-	1,648	596	-	2,244
Tax loss carry-forwards	10,684	6,143	612	17,439	(3,246)	2,120	16,313
Other items	393	114	-	507	(152)	-	355
	26,397	7,778	612	34,787	(1,185)	2,120	35,722

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

	At 1.1.2014	Recognised in profit or loss (Note 26)	Recognised in other comprehensive income (Note 27)	At 31.12.2014/ 1.1.2015	Recognised in profit or loss (Note 26)	At 31.12.2015
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment/ investment properties						
- capital allowances	(22,248)	582	-	(21,666)	4,837	(16,829)
- revaluation	(140,292)	1,592	-	(138,700)	1,911	(136,789)
Provisions	2,427	4,686	233	7,346	1,261	8,607
Unabsorbed capital allowances	851	(526)	-	325	1,078	1,403
Tax loss carry-forwards	-	-	-	-	101	101
Other items	(35)	1,105	-	1,070	(1,354)	(284)
	(159,297)	7,439	233	(151,625)	7,834	(143,791)

NOTES TO THE FINANCIAL STATEMENTS

10. Deferred tax assets/(liabilities) (continued)

Recognised deferred tax assets/(liabilities) (continued)

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

	At 1.1.2014 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.12.2014/ 1.1.2015 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.12.2015 RM'000
Company					
Property, plant and equipment					
- capital allowances	(37)	16	(21)	23	2
Provisions	4,248	(133)	4,115	549	4,664
	4,211	(117)	4,094	572	4,666

Unrecognised deferred tax assets

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

	Group	
	2015 RM'000	2014 RM'000
Unabsorbed capital allowances	19,963	14,945
Tax losses carry-forwards	227,147	142,345
Provisions	13,999	13,433
	261,109	170,723
Deferred tax assets not recognised at 24%	62,666	40,974

Group

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 against which it can be utilised.

Included in tax loss carry-forwards is an amount of RM133,361,000 (VND690,071,522,000) (2014: RM69,147,000 (VND415,469,729,000)) (stated at gross) which will be expiring in financial years 2016 to 2020 for a subsidiary in Vietnam.

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

NOTES TO THE FINANCIAL STATEMENTS

11. Hire purchase receivables

	Group	
	2015 RM'000	2014 RM'000
Gross repayments receivables	551,302	520,591
Less: Unearned income receivables	(78,401)	(61,267)
	472,901	459,324
Less: Impairment loss	(20,924)	(18,883)
	451,977	440,441
Current		
Hire purchase receivables	86,677	91,433
Less: Impairment loss	(4,207)	(1,586)
	82,470	89,847
Non-current		
Hire purchase receivables	386,224	367,891
Less: Impairment loss	(16,717)	(17,297)
	369,507	350,594
	451,977	440,441

	Gross repayments receivables 2015 RM'000	Unearned income receivables 2015 RM'000	Present value of minimum hire purchase receivables 2015 RM'000	Gross repayments receivables 2014 RM'000	Unearned income receivables 2014 RM'000	Present value of minimum hire purchase receivables 2014 RM'000
Group						
Current						
Less than one year	107,452	(20,775)	86,677	109,705	(18,272)	91,433
Non-current						
Between one and five years	307,478	(45,749)	261,729	314,824	(34,226)	280,598
After five years	136,372	(11,877)	124,495	96,062	(8,769)	87,293
	443,850	(57,626)	386,224	410,886	(42,995)	367,891
	551,302	(78,401)	472,901	520,591	(61,267)	459,324

NOTES TO THE FINANCIAL STATEMENTS

12. Finance lease receivables

	Note	Group	
		2015 RM'000	2014 RM'000
Finance lease receivables		15,539	1,939
Less: Unearned interest		(2,528)	(205)
		13,011	1,734
Less: Impairment loss		-	-
		13,011	1,734
Current			
Finance lease receivables		3,858	1,098
Less: Impairment loss		-	-
	13	3,858	1,098
Non-current			
Finance lease receivables		9,153	636
		13,011	1,734

	Future minimum lease payments 2015 RM'000	Unearned interest 2015 RM'000	Present value of minimum lease payments 2015 RM'000	Future minimum lease payments 2014 RM'000	Unearned interest 2014 RM'000	Present value of minimum lease payments 2014 RM'000
Group						
Current						
Less than one year	4,887	(1,029)	3,858	1,267	(169)	1,098
Non-current						
Between one and five years	10,652	(1,499)	9,153	672	(36)	636
	15,539	(2,528)	13,011	1,939	(205)	1,734

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

NOTES TO THE FINANCIAL STATEMENTS

13. Receivables, deposits and prepayments

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Amount due from subsidiaries	a	-	-	899,351	218,318
Less: Impairment loss		-	-	(9,261)	(9,261)
		-	-	890,090	209,057
Current					
Trade receivables		502,120	444,976	-	-
Less: Impairment loss		(14,306)	(13,974)	-	-
		487,814	431,002	-	-
Finance lease receivables	12	3,858	1,098	-	-
Other receivables		61,271	38,743	273	210
Amount due from subsidiaries	b	-	-	152,102	748,474
		552,943	470,843	152,375	748,684
Current					
Deposits		28,625	13,191	79	86
Prepayment	c	240,519	38,338	380	27
		269,144	51,529	459	113

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 6.05% (2014: 5.75%) per annum.

Note b

The current amount due from subsidiaries is in respect of advances that are unsecured, repayable on demand and subject to interest ranging from 4.64% to 4.67% (2014: 4.00% to 4.53%) per annum.

Note c

As at 31 December 2015, there is a prepayment made on inventories of RM210,820,000 (2014: RM9,123,000).

NOTES TO THE FINANCIAL STATEMENTS

14. Inventories

	Group	
	2015 RM'000	2014 RM'000
Raw materials	80,153	28,297
Unassembled vehicle packs	905,821	885,484
Work-in-progress	9,358	7,398
Manufactured inventories and trading inventories	6,244	3,846
Used vehicles	55,323	43,026
New vehicles	467,833	412,843
Spare parts and others	120,463	132,747
	1,645,195	1,513,641
Recognised in profit or loss:		
Inventories recognised as cost of sales	4,377,688	3,492,566
Write-down to net realisable value	8,218	12,580
Reversal of write-down	-	(184)

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

15. Derivative financial assets

	Nominal value	Assets	Liabilities	Nominal value	Assets	Liabilities
	2015 RM'000	2015 RM'000	2015 RM'000	2014 RM'000	2014 RM'000	2014 RM'000
Group						
Derivatives held for trading at fair value through profit or loss – forward exchange contracts	300,122	6,045	-	-	-	-

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.

NOTES TO THE FINANCIAL STATEMENTS

16. Cash and cash equivalents

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Cash and bank balances	145,391	202,832	637	76
Deposits with licensed banks	20,465	138,690	-	3,380
	165,856	341,522	637	3,456

17. Share capital and reserves

	Number of shares	Amount	Number of shares	Amount
	2015 '000	2015 RM'000	2014 '000	2014 RM'000
Ordinary shares of RM0.50 each				
Authorised	1,000,000	500,000	1,000,000	500,000
Issued and fully paid	672,000	336,000	672,000	336,000

Treasury shares

The shareholders of the Company via a resolution passed in the Annual General Meeting held on 27 May 2015 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 96,000 (2014: 52,000) of its issued shares from the open market at prices ranging from RM2.90 to RM2.97 (2014: RM3.43 to RM5.38) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,335,000 (2014: 19,239,000). These transactions were financed by internally generated funds.

As at 31 December 2015, the number of outstanding shares in issue after deducting treasury shares held was 652,665,000 (2014: 652,761,000) 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.

Revaluation reserve

This revaluation reserve relates to revaluation surplus arising from the valuation of land and buildings under property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

17. Share capital and reserves (continued)

Hedging reserve

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

18. Borrowings

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current				
Term loans – unsecured	71,590	144,402	-	-
Medium Term Notes (“MTNs”) – unsecured	747,085	746,591	747,085	746,591
Recourse obligation on financing sold to Cagamas Berhad – secured	-	14,775	-	-
	818,675	905,768	747,085	746,591
Current				
Term loans – unsecured	18,750	88,916	-	-
Commercial Papers – unsecured	150,000	-	150,000	-
Bills payable – unsecured	3,484	162,640	-	-
Revolving credit – unsecured	483,799	246,170	-	-
Recourse obligation on financing sold to Cagamas Berhad – secured	14,724	9,246	-	-
	670,757	506,972	150,000	-
	1,489,432	1,412,740	897,085	746,591

On 24 November 2014, the Company issued MTNs amounting to RM750 million under MTNs Programme. The MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value RM'000
5	4.5%	22 November 2019	250,000
7	4.7%	24 November 2021	500,000
			750,000

The interest is payable every half yearly and the principal is repayable in full upon maturity.

Information on repayment terms and interest rates to the Group's and the Company's borrowings are as set out in Note 33.5.

NOTES TO THE FINANCIAL STATEMENTS

19. Employee benefits

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised liability for employee benefits	51,058	43,726	18,959	16,744

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.

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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Balance at 1 January	43,726	39,339	16,744	16,641
Included in profit or loss				
Current service cost	6,715	4,804	2,365	76
Past service credit	-	130	-	-
Interest cost	1,605	669	33	27
	8,320	5,603	2,398	103
Included in other comprehensive income				
Remeasurement gain				
- Actuarial gain arising from:				
- Experience adjustments	-	(1,007)	-	-
	-	(1,007)	-	-
Others				
Benefits paid	(988)	(209)	(183)	-
Balance at 31 December	51,058	43,726	18,959	16,744

NOTES TO THE FINANCIAL STATEMENTS

19. Employee benefits (continued)

Actuarial assumptions

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

	2015	2014
	%	%
Discount rate	5.75 and 6.00	5.75 and 6.00
Future salary increases	6.5	6.5

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.

	Group		Company	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
2015				
Discount rate (1% movement)	(3,323)	3,926	(82)	95
Future salary growth (1% movement)	3,837	(3,337)	108	(93)
2014				
Discount rate (1% movement)	(2,918)	3,456	(72)	84
Future salary growth (1% movement)	3,102	(2,707)	89	(76)

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	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-current					
Non-trade					
Amount due to subsidiaries	a	-	-	366,962	380,212
Current					
Trade					
Trade payables		359,243	354,975	-	-

NOTES TO THE FINANCIAL STATEMENTS

20. Payables and accruals (continued)

	Note	Group		Company	
		2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Non-trade					
Payables and accruals		318,351	276,603	4,888	5,492
Amount due to subsidiaries	b	-	-	9,835	82,365
		318,351	276,603	14,723	87,857
		677,594	631,578	14,723	87,857

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 6.05% (2014: 5.75%) 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 4.64% to 4.67% (2014: 4.00% to 4.53%) per annum.

21. Revenue

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Sale of goods	5,332,482	4,376,337	-	-
Services rendered	327,594	331,037	-	-
Financial services income	56,578	53,254	-	-
Dividend income	-	-	58,390	89,300
	5,716,654	4,760,628	58,390	89,300

22. Finance income

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest income of financial assets that are not at fair value through profit or loss	3,874	10,542	44,042	13,022
Other finance income	11,778	3,687	-	-
Recognised in profit or loss	15,652	14,229	44,042	13,022

NOTES TO THE FINANCIAL STATEMENTS

23. Finance costs

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Term loans	5,125	17,007	-	1,409
- Bank overdraft	-	1	-	-
- Bills payable	2,159	13,696	-	-
- Revolving credit	23,429	18,627	-	-
- Medium Term Notes	35,244	3,669	35,244	3,669
- Commercial Papers	2,190	-	2,190	-
- Other borrowings	3,627	3,014	19,898	18,709
Recognised in profit or loss	71,774	56,014	57,332	23,787

24. Profit before tax

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax is arrived at after crediting:				
Bad debts recovered	60	21	-	-
Dividend income from:				
- Unquoted subsidiaries	-	-	58,140	89,200
- Joint venture	-	-	250	100
Fair value adjustment on investment properties	6,751	7,755	-	-
Gain on disposal of property, plant and equipment	2,812	5,845	53	25
Interest income	15,652	14,229	44,042	13,022
Net gain on foreign exchange:				
- Unrealised	43,020	7,695	13,335	3,224
- Realised	5,547	3,406	-	-
Rental income on leased assets	2,852	4,367	-	-
Rental income on land and buildings	2,416	2,131	-	-
Reversal of write-down of inventories	-	184	-	-
Reversal of provision for additional import duty	-	56,268	-	-
Reversal of impairment loss on:				
- Hire purchase receivables	2,129	308	-	-
- Trade receivables	931	1,739	-	-
- Other investments	-	-	242	-

NOTES TO THE FINANCIAL STATEMENTS

24. Profit before tax (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Profit before tax is arrived at after charging:				
Audit fee				
Current year				
- KPMG Malaysia	590	590	51	51
- Overseas affiliates of KPMG Malaysia	136	171	-	-
- Other auditors	38	26	-	-
Under provision in prior year	8	-	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	475	187	37	37
- Overseas affiliates of KPMG Malaysia	74	66	-	-
- Other auditors	17	-	-	-
Amortisation of prepaid lease payments	1,926	1,638	-	-
Bad debts written off	2,267	986	-	-
Depreciation of property, plant and equipment	131,224	110,788	318	336
Direct operating expenses of investment properties generating rental income	504	606	-	-
Fair value loss on other investments	-	233	-	-
Interest expense	71,774	56,014	57,332	23,787
Inventories written off	29	688	-	-
Write-down of inventories	8,218	12,580	-	-
Impairment loss on:				
- Hire purchase receivables	4,170	3,683	-	-
- Trade receivables	1,263	4,627	-	-
- Other investments	-	-	-	659
Net loss on foreign exchange:				
- Unrealised	17,590	5,535	-	-
- Realised	13,724	2,758	-	-
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	49,093	43,539	1,212	782
- Expenses related to defined benefit plans	8,320	5,603	2,398	103
- Wages, salaries and others	463,831	406,887	7,326	5,512
Property, plant and equipment written off	532	2,158	-	-
Rental expense on land and buildings	32,800	29,665	222	187
Warranty claim	1,323	1,005	-	-

NOTES TO THE FINANCIAL STATEMENTS

25. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Directors:				
- Fees	444	424	444	424
- Remuneration	16,203	15,887	6,494	6,552
Other short-term employee benefits (including estimated monetary value of benefits in-kind)	174	157	157	139
	16,821	16,468	7,095	7,115
Other key management personnel:				
- Remuneration and other short term employee benefits	10,419	7,775	-	-
	27,240	24,243	7,095	7,115

Other key management personnel comprise persons other than the Directors of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

26. Tax expense/(income)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Recognised in the profit or loss				
Income tax expense	59,064	68,705	-	-
Over provided in prior years	(7,065)	(2,297)	-	(229)
	51,999	66,408	-	(229)
Deferred tax expense				
Reversal of temporary differences	(10,232)	(11,809)	(570)	(50)
Crystallisation of deferred tax liabilities arising from revaluation surplus	(2,631)	(2,528)	-	-
Effect of changes in tax rates	-	1	-	167
Under/(Over) provided in prior years	6,214	(881)	(2)	-
	(6,649)	(15,217)	(572)	117
	45,350	51,191	(572)	(112)

NOTES TO THE FINANCIAL STATEMENTS

26. Tax expense/(income) (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Reconciliation of tax expense				
Profit before tax	115,252	170,845	44,674	69,543
Income tax calculated using Malaysian tax rate of 25%	28,813	42,711	11,169	17,386
Effect of tax rates in foreign jurisdictions	1,275	352	-	-
Double deduction	(283)	(292)	-	-
Non-deductible expenses	16,247	24,425	7,345	6,623
Income not subject to tax	(17,786)	(18,249)	(19,084)	(24,059)
Tax exempt income	(461)	(468)	-	-
Tax incentives at subsidiaries	-	(2,017)	-	-
Crystallisation of deferred tax liabilities arising from revaluation surplus	(2,631)	(2,528)	-	-
Different tax rate for fair value in investment properties	(926)	(888)	-	-
Recognition of deferred tax assets not previously recognised	-	(5,445)	-	-
Unrecognised deferred tax assets	21,692	16,767	-	-
Effect of changes in tax rates	261	1	-	167
	46,201	54,369	(570)	117
Over provided in prior years	(851)	(3,178)	(2)	(229)
	45,350	51,191	(572)	(112)

NOTES TO THE FINANCIAL STATEMENTS

27. Other comprehensive income/(loss)

	2015			2014		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group						
<i>Item that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit liability	-	-	-	1,007	(233)	774
<hr/>						
<i>Items that are or may be reclassified to profit or loss</i>						
Foreign currency translation differences for foreign operations	(11,266)	-	(11,266)	(2,768)	-	(2,768)
Share of other comprehensive income of an equity-accounted associate	2,631	-	2,631	-	-	-
Cash flow hedge	6,045	-	6,045	(36)	-	(36)
	(2,590)	-	(2,590)	(2,804)	-	(2,804)
	(2,590)	-	(2,590)	(1,797)	(233)	(2,030)

28. Earnings per ordinary share

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2015 was based on the profit attributable to ordinary shareholders of RM74,865,000 (2014: RM105,853,000) and the weighted average number of ordinary shares outstanding during the year is 652,703,000 (2014: 652,808,000).

Weighted average number of ordinary shares

	Group	
	2015 '000	2014 '000
Issued ordinary shares at 1 January	652,761	652,813
Effect of treasury shares held	(58)	(5)
Weighted average number of ordinary shares at 31 December	652,703	652,808

NOTES TO THE FINANCIAL STATEMENTS

29. Dividends

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

	Sen per share (net of tax)	Total RM'000	Date of payment
2015			
Interim 2015 ordinary	2.00	13,053	30 September 2015
Final 2014 ordinary	3.00	19,580	23 June 2015
Total		32,633	
2014			
Interim 2014 ordinary	3.00	19,584	29 September 2014
Final 2013 ordinary	6.00	39,169	23 June 2014
Total		58,753	

Proposed final dividend

After the end of the reporting period, a final single tier dividend of 6% (2014: 6%) in respect of the year ended 31 December 2015 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	5,646,861	4,695,894	56,578	53,254	13,215	11,480	5,716,654	4,760,628
Inter-segment revenue	2,932	12,180	1,490	1,521	74,638	80,874	79,060	94,575
Segment EBITDA	245,295	298,761	23,511	17,111	38,195	14,866	307,001	330,738
Depreciation and amortisation	(108,324)	(86,725)	(1,339)	(1,998)	(23,487)	(23,703)	(133,150)	(112,426)
Finance costs	(54,469)	(36,408)	(2,935)	(3,910)	(14,370)	(15,696)	(71,774)	(56,014)
Finance income	2,675	7,250	319	592	12,658	6,387	15,652	14,229
Share of profit of equity-accounted investees, net of tax	743	1,878	715	550	908	547	2,366	2,975
Unallocated corporate expenses							(4,843)	(8,657)
Profit before tax							115,252	170,845
Tax expense							(45,350)	(51,191)
Profit for the year							69,902	119,654

31. Capital commitments

	Group	
	2015 RM'000	2014 RM'000
Capital commitments:		
<i>Property, plant and equipment:</i>		
Authorised but not contracted for	72,162	36,071
Authorised and contracted for		
In Malaysia	77,137	75,736
Outside Malaysia	5,798	11,322
<i>Overseas operation commitments:</i>		
Authorised and contracted for	-	9,858
	155,097	132,987

NOTES TO THE FINANCIAL STATEMENTS

32. 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 or jointly 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. 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 either directly or indirectly and entity that provides key management personnel services to the Group. 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 35.
- (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	
	2015	2014
	RM’000	RM’000
With WTCH Group		
Purchases	(12,710)	(27,220)
Sales	39,360	71,270
Provision of hire purchase and leasing	25,573	36,634
Insurance agency, workshop services and administrative services	5,193	5,812
Travel agency and car rental services	(3,862)	(3,188)
Rental income receivable	917	308
Rental expense payable	(469)	(591)
Contract assembly fee receivable	730	2,551
With APM Group		
Purchases	(111,289)	(136,849)
Sales	14,738	9,540
Insurance agency, workshop services and administrative services	864	850
Rental income receivable	25	5
Rental expense payable	(1,861)	(1,960)
With TCIL Group		
Sales	9,967	10,112
Insurance agency, workshop services and administrative services	-	13
Rental income receivable	103	-
Contract assembly fee receivable	18,121	30,848

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

NOTES TO THE FINANCIAL STATEMENTS

32. Related parties (continued)

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

	Group	
	2015 RM'000	2014 RM'000
Purchases	(2,308,154)	(1,526,313)
Sales	336	3,848
Technical assistance fee and royalty	(28,621)	(24,201)

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	
	2015 RM'000	2014 RM'000
Purchases	(25,865)	(47,702)
Technical assistance fee	(1,934)	(4,349)

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 with a Director of the Company, Dato' Tan Heng Chew, by virtue of Section 122A of the Companies Act, 1965.

	Group	
	2015 RM'000	2014 RM'000
Purchases	(190,096)	(260,266)
Sales	17,532	33,813
Insurance agency, workshop services and administrative services	-	17
Rental income receivable	224	209
Rental expense payable	-	(146)

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

NOTES TO THE FINANCIAL STATEMENTS

32. Related parties (continued)

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

	Company	
	2015 RM'000	2014 RM'000
Subsidiaries		
Dividend income receivable	58,140	89,200
Interest income receivable	43,730	12,072
Disposal of property, plant and equipment	417	134
Management fees payable	(1,103)	(3,057)
Rental expense payable	(222)	(181)
Interest expense payable	(19,898)	(18,709)
Purchases of property, plant and equipment	(329)	(505)

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 2015 and 31 December 2014 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.

33. Financial instruments

33.1 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) Held-to-maturity investments ("HTM");
- (d) Financial liabilities measured at amortised cost ("FL"); and
- (e) Derivatives designated as hedging instrument

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	FVTPL -HFT RM'000	FVTPL DUIR RM'000	HTM RM'000	Derivatives designated as hedging instrument RM'000
2015						
Financial assets						
Group						
Other investments	3,417	-	3,416	1	-	-
Trade and other receivables	549,085	549,085	-	-	-	-
Hire purchase receivables	451,977	451,977	-	-	-	-
Finance lease receivables	13,011	13,011	-	-	-	-
Deposits	28,625	28,625	-	-	-	-
Derivative financial assets	6,045	-	-	-	-	6,045
Cash and cash equivalents	165,856	165,856	-	-	-	-
	1,218,016	1,208,554	3,416	1	-	6,045
Company						
Other investments	489	488	-	1	-	-
Amount due from subsidiaries	1,042,192	1,042,192	-	-	-	-
Other receivables	273	273	-	-	-	-
Deposits	79	79	-	-	-	-
Cash and cash equivalents	637	637	-	-	-	-
	1,043,670	1,043,669	-	1	-	-
2014						
Financial assets						
Group						
Other investments	127,060	-	127,059	1	-	-
Trade and other receivables	469,745	469,745	-	-	-	-
Hire purchase receivables	440,441	440,441	-	-	-	-
Finance lease receivables	1,734	1,734	-	-	-	-
Deposits	13,191	13,191	-	-	-	-
Cash and cash equivalents	341,522	341,522	-	-	-	-
	1,393,693	1,266,633	127,059	1	-	-

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R RM'000	FVTPL -HFT RM'000	FVTPL DUIR RM'000	HTM RM'000	Derivatives designated as hedging instrument RM'000
2014						
Financial assets						
Company						
Other investments	5,847	5,696	-	1	150	-
Amount due from subsidiaries	957,531	957,531	-	-	-	-
Other receivables	210	210	-	-	-	-
Deposits	86	86	-	-	-	-
Cash and cash equivalents	3,456	3,456	-	-	-	-
	967,130	966,979	-	1	150	-
					Carrying amount RM'000	FL RM'000
2015						
Financial liabilities						
Group						
Borrowings					1,489,432	1,489,432
Payables and accruals					677,594	677,594
					2,167,026	2,167,026
Company						
Borrowings					897,085	897,085
Payables and accruals					381,685	381,685
					1,278,770	1,278,770
2014						
Financial liabilities						
Group						
Borrowings					1,412,740	1,412,740
Payables and accruals					631,578	631,578
					2,044,318	2,044,318
Company						
Borrowings					746,591	746,591
Payables and accruals					468,069	468,069
					1,214,660	1,214,660

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.2 Net gains and losses arising from financial instruments

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Net gains/(losses) on:				
Fair value through profit or loss:				
- Held for trading	11,778	3,454	-	-
Held-to-maturity investments	-	-	527	100
Loans and receivables	35,040	39,426	57,092	15,488
Financial liabilities measured at amortised cost	(54,521)	(53,206)	(57,332)	(23,787)
Derivatives designated as hedging instrument	6,045	(36)	-	-
	(1,658)	(10,362)	287	(8,199)

33.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

33.4 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

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (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:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2015				
Not past due	287,323	(244)	(287)	286,792
Past due 1 - 30 days	56,182	-	(11)	56,171
Past due 31 - 90 days	27,441	(28)	(9)	27,404
Past due more than 90 days	131,174	(13,564)	(163)	117,447
	502,120	(13,836)	(470)	487,814
2014				
Not past due	278,922	-	(441)	278,481
Past due 1 - 30 days	52,594	(106)	(4)	52,484
Past due 31 - 90 days	44,369	(3,528)	-	40,841
Past due more than 90 days	69,091	(9,867)	(28)	59,196
	444,976	(13,501)	(473)	431,002

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (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	
	2015 RM'000	2014 RM'000
At 1 January	13,974	11,107
Impairment loss recognised	1,263	4,627
Impairment loss reversed	(931)	(1,739)
Impairment loss written off	-	(21)
At 31 December	14,306	13,974

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:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2015				
Not past due	380,925	-	(450)	380,475
Past due 1 - 30 days	46,673	-	(343)	46,330
Past due 31 - 90 days	22,210	-	(976)	21,234
Past due more than 90 days	23,093	(4,584)	(14,571)	3,938
	472,901	(4,584)	(16,340)	451,977
2014				
Not past due	401,486	-	(800)	400,686
Past due 1 - 30 days	30,164	-	(193)	29,971
Past due 31 - 90 days	7,410	(131)	(195)	7,084
Past due more than 90 days	20,264	(4,772)	(12,792)	2,700
	459,324	(4,903)	(13,980)	440,441

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

(b) Hire purchase receivables (continued)

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

	Group	
	2015	2014
	RM'000	RM'000
At 1 January	18,883	15,508
Impairment loss recognised	4,170	3,683
Impairment loss reversed	(2,129)	(308)
At 31 December	20,924	18,883

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:

	Gross	Individual	Collective	Net
	RM'000	impairment	impairment	RM'000
		RM'000	RM'000	
Group				
2015				
Not past due	11,237	-	-	11,237
Past due 1 - 30 days	348	-	-	348
Past due 31 - 90 days	328	-	-	328
Past due more than 90 days	1,098	-	-	1,098
	13,011	-	-	13,011
2014				
Not past due	1,734	-	-	1,734
Past due 1 - 30 days	-	-	-	-
Past due 31 - 90 days	-	-	-	-
Past due more than 90 days	-	-	-	-
	1,734	-	-	1,734

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Receivables (continued)

Impairment losses (continued)

(c) Finance lease receivables (continued)

Finance lease receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties. At the end of the reporting period, there was no indication that finance lease receivables are not recoverable.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.4 Credit risk (continued)

Inter-company loans and advances (continued)

Impairment losses

As 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.

33.5 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.

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:

	Contractual interest rate %	Maturity analysis				Maturity analysis			
		Carrying amount	Not later than 2 years	More than 2 years but not later than 5 years	More than 5 years	Contractual cash flows	Not later than 1 year	Not later than 5 years	More than 5 years
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
2015									
<i>Non-derivative financial liabilities</i>									
Term loans	3.30 – 4.40	90,340	25,000	65,340	-	103,737	27,841	75,896	-
Bills payable	3.80 – 4.80	3,484	3,484	-	-	3,484	3,484	-	-
Revolving credit	1.02 – 7.80	483,799	483,799	-	-	483,799	483,799	-	-
Medium Term Notes	4.50 – 4.70	747,085	-	249,118	497,967	936,098	34,845	377,753	523,500
Commercial Papers	3.67 – 3.83	150,000	150,000	-	-	150,000	150,000	-	-
Payables and accruals	-	677,594	677,594	-	-	677,594	677,594	-	-
Recourse obligation on financing sold to Cagamas Berhad	4.05	14,724	14,724	-	-	15,073	15,073	-	-
		2,167,026	1,354,601	314,458	497,967	2,369,785	1,392,636	453,649	523,500

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years	More than 5 years	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years	More than 5 years
				RM'000	RM'000			RM'000	
Group									
2014									
<i>Non-derivative financial liabilities</i>									
Term loans	0.78 – 4.40	233,318	120,166	113,152	-	247,996	95,212	152,784	-
Bills payable	0.75 – 4.50	162,640	162,640	-	-	162,640	162,640	-	-
Revolving credit	0.66 – 8.00	246,170	246,170	-	-	246,170	246,170	-	-
Medium Term Notes	4.50 – 4.70	746,591	-	248,916	497,675	967,230	35,244	386,654	545,332
Payables and accruals	-	631,578	631,578	-	-	631,578	631,578	-	-
Recourse obligation on financing sold to Cagamas Berhad	4.05	24,021	24,021	-	-	25,176	10,049	15,127	-
		2,044,318	1,184,575	362,068	497,675	2,280,790	1,180,893	554,565	545,332
Company									
2015									
<i>Non-derivative financial liabilities</i>									
Medium Term Notes	4.50 – 4.70	747,085	-	249,118	497,967	936,098	34,845	377,753	523,500
Commercial Papers	3.67 – 3.83	150,000	150,000	-	-	150,000	150,000	-	-
Amount due to subsidiaries									
- Non-current	6.05	366,962	-	366,962	-	388,062	-	388,062	-
- Current	4.64 – 4.67	9,835	9,835	-	-	9,835	9,835	-	-
Payables and accruals	-	4,888	4,888	-	-	4,888	4,888	-	-
		1,278,770	164,723	616,080	497,967	1,488,883	199,568	765,815	523,500

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual interest rate %	Carrying amount RM'000	More than 2 years but not later than 5 years		More than 5 years RM'000	Contractual cash flows RM'000	More than 1 year but not later than 5 years		More than 5 years RM'000
			Not later than 2 years RM'000	RM'000			Not later than 1 year RM'000	RM'000	
Company									
2014									
<i>Non-derivative financial liabilities</i>									
Medium Term Notes	4.50 – 4.70	746,591	-	248,916	497,675	967,230	35,244	386,654	545,332
Amount due to subsidiaries									
- Non-current	5.75	380,212	-	380,212	-	402,074	-	402,074	-
- Current	4.00 – 4.53	82,365	82,365	-	-	82,365	82,365	-	-
Payables and accruals	-	5,492	5,492	-	-	5,492	5,492	-	-
		1,214,660	87,857	629,128	497,675	1,457,161	123,101	788,728	545,332

33.6 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.

33.6.1 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 currencies 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

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.1 Currency risk (continued)

Exposure to foreign currency risk

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

	2015		2014	
	Denominated in		Denominated in	
	USD RM'000	JPY RM'000	USD RM'000	JPY RM'000
Group				
Trade receivables	1,202	1,664	768	1,520
Intra-group balances	(48,644)	-	(140,967)	-
Cash and cash equivalents	5,520	560	1,016	38
Payables and accruals	(2,168)	(5)	(7)	-
Borrowings	(174,297)	-	(100,285)	-
Derivative assets	5,936	109	-	-
Net exposure	(212,451)	2,328	(239,475)	1,558

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 in particular interest rates and market conditions remained constant and ignores any impact of forecasted sales and purchases.

	2015		2014	
	Equity	Profit or loss	Equity	Profit or loss
	RM'000	RM'000	RM'000	RM'000
USD	(7,967)	(8,190)	(8,980)	(8,980)
JPY	87	83	58	58

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

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 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 Medium Term Notes and term loans from certain commercial banks which are fixed with tenure ranging from 36 to 84 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 9 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:

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Fixed rate instruments				
Financial assets:				
Assets-backed notes	-	-	488	5,846
Hire purchase receivables	451,977	440,441	-	-
Finance lease receivables	13,011	1,734	-	-
Amount due from subsidiaries	-	-	890,090	209,057
Deposits with licensed banks	20,465	138,690	-	3,380
Financial liabilities:				
Term loans	(25,000)	(120,166)	-	-
Medium Term Notes	(747,085)	(746,591)	(747,085)	(746,591)
Commercial Papers	(150,000)	-	(150,000)	-
Recourse obligation on financing sold to Cagamas Berhad	(14,724)	(24,021)	-	-
Amount due to subsidiaries	-	-	(366,962)	(380,212)
	(451,356)	(309,913)	(373,469)	(908,520)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.6 Market risk (continued)

33.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Floating rate instruments				
Financial assets:				
Amount due from subsidiaries	-	-	152,102	748,474
Financial liabilities:				
Term loans	(65,340)	(113,152)	-	-
Bills payables	(3,484)	(162,640)	-	-
Revolving credit	(483,799)	(246,170)	-	-
Amount due to subsidiaries	-	-	(9,835)	(82,365)
	(552,623)	(521,962)	142,267	666,109

(a) *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.

(b) *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 increased/(decreased) equity and 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 2015 RM'000	100 bp decrease 2015 RM'000	100 bp increase 2014 RM'000	100 bp decrease 2014 RM'000
Group				
Floating rate instruments	(4,145)	4,145	(3,915)	3,915
Company				
Floating rate instruments	1,067	(1,067)	4,996	(4,996)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.7 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.

The following table indicates the periods in which the cash flows associated with the forward exchange contracts are expected to occur and affect profit or loss:

	Carrying amount	Expected cash flows	Under 1 year
	RM'000	RM'000	RM'000
Group			
2015			
Forward exchange contracts	6,045	6,045	6,045

During the financial year, a gain of RM6,045,000 was recognised in other comprehensive income. The gain on the hedging derivative is included in the carrying amount of the inventory acquired. The gain is reclassified to profit or loss when the inventory affects profit or loss (that is, on sale of the goods containing the hedged components or impairment of the inventory).

33.8 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.

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.8 Fair value information

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.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2015										
Group										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Liquid investments with licensed financial institutions	-	3,416	-	3,416	-	-	-	-	3,416	3,416
Hire purchase receivables	-	-	-	-	-	-	451,977	451,977	451,977	451,977
Finance lease receivables	-	-	-	-	-	-	13,011	13,011	13,011	13,011
Derivative financial assets – forward exchange contracts	-	6,045	-	6,045	-	-	-	-	6,045	6,045
	-	9,462	-	9,462	-	-	464,988	464,988	474,450	474,450
Financial liabilities										
Borrowings	-	-	-	-	-	-	(1,489,432)	(1,489,432)	(1,489,432)	(1,489,432)
2014										
Group										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Liquid investments with licensed financial institutions	-	127,059	-	127,059	-	-	-	-	127,059	127,059
Hire purchase receivables	-	-	-	-	-	-	440,441	440,441	440,441	440,441
Finance lease receivables	-	-	-	-	-	-	1,734	1,734	1,734	1,734
	-	127,060	-	127,060	-	-	442,175	442,175	569,235	569,235
Financial liabilities										
Borrowings	-	-	-	-	-	-	(1,412,740)	(1,412,740)	(1,412,740)	(1,412,740)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value RM'000	Carrying amount RM'000
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
2015										
Company										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Asset-backed notes	-	-	-	-	-	-	488	488	488	488
Amount due from subsidiaries	-	-	-	-	-	-	1,042,192	1,042,192	1,042,192	1,042,192
	-	1	-	1	-	-	1,042,680	1,042,680	1,042,681	1,042,681
Financial liabilities										
Borrowings	-	-	-	-	-	-	(897,085)	(897,085)	(897,085)	(897,085)
Amount due to subsidiaries	-	-	-	-	-	-	(376,797)	(376,797)	(376,797)	(376,797)
	-	-	-	-	-	-	(1,273,882)	(1,273,882)	(1,273,882)	(1,273,882)
2014										
Company										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Asset-backed notes	-	-	-	-	-	-	5,846	5,846	5,846	5,846
Amount due from subsidiaries	-	-	-	-	-	-	957,531	957,531	957,531	957,531
	-	1	-	1	-	-	963,377	963,377	963,378	963,378
Financial liabilities										
Borrowings	-	-	-	-	-	-	(746,591)	(746,591)	(746,591)	(746,591)
Amount due to subsidiaries	-	-	-	-	-	-	(462,577)	(462,577)	(462,577)	(462,577)
	-	-	-	-	-	-	(1,209,168)	(1,209,168)	(1,209,168)	(1,209,168)

NOTES TO THE FINANCIAL STATEMENTS

33. Financial instruments (continued)

33.8 Fair value information (continued)

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.

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 Level 2 fair values during the financial year (2014: 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 and finance lease receivables 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 Chief Financial Officer. The team regularly reviews significant unobservable inputs and valuation adjustments.

NOTES TO THE FINANCIAL STATEMENTS

34. 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 are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2015 and 31 December 2014 were as follows:

	Note	Group	
		2015	2014
		RM'000	RM'000
Total borrowings	18	1,489,432	1,412,740
Less: Other investments	9	(3,416)	(127,059)
Cash and cash equivalents	16	(165,856)	(341,522)
Net debt		1,320,160	944,159
Total equity attributable to owners of the Company		2,796,250	2,754,602
Net debt-to-equity ratios		0.47	0.34

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.

35. 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	
		2015	2014
		%	%
Incorporated in Malaysia:			
Agensi Pekerjaan Bijak Sdn. Bhd.	Provision of employment agency services	100	100
Auto Components Manufacturers Sdn. Bhd.	Property investment holding	100	100
Autokita Sdn. Bhd.	Insurance agency	100	100
Ceranamas Sdn. Bhd.	Property and investment holding	100	100
Constant Knight (M) Sdn. Bhd.	Property investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Malaysia:			
Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Sabah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Sarawak) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Selatan) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Tengah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Utara) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
E-Garage Auto Services Sdn. Bhd.	Automotive workshop services and trading of car grooming products	100	100
First Energy Networks Sdn. Bhd.	Operating charging infrastructure and system for electric vehicles	100	100
Hikmat Asli Sdn. Bhd.	Property investment holding	100	100
Inspired Motor Sdn. Bhd.	Sales and marketing of motor vehicles and workshop services	70	70
Julang Lumayan Sdn. Bhd.	Property investment holding	100	100
Pemasaran Alat Ganti Sdn. Bhd.	Marketing of automotive parts	100	100
Perwiramas Sdn. Bhd.	Investment holding	100	100
* Premium Commerce Berhad	Special purpose entity for asset-backed securitisation	-	-
Sungei Bintang Sdn. Bhd.	Property investment holding	100	100
Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sale of motor vehicles	100	100
Tan Chong Agency Sdn. Bhd.	Insurance agency	100	100
Tan Chong Education Sdn. Bhd.	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Malaysia:			
Tan Chong Education Services Sdn. Bhd.	Provision of education services	100	100
Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automotive workshop services	100	100
Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100
Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles and spare parts	100	100
Tan Chong Premier Sdn. Bhd.	Insurance agency	100	100
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles and engines and trading of parts	70	70
Tan Chong Trading (Malaysia) Sdn. Berhad	Investment holding and merchandise trading	100	100
Tanahku Holdings Sdn. Bhd.	Property investment holding	100	100
TC Aluminium Castings Sdn. Bhd.	Casting, machining and assembly of aluminium parts and components	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100
TC Capital Resources Sdn. Bhd.	Hire purchase financing, leasing and money lending	100	100
TC Commercial Assets Sdn. Bhd.	Property investment holding	100	100
TC Euro Cars Sdn. Bhd.	Distribution of motor vehicles	100	100
TC Facilities Management Sdn. Bhd.	Provision of building facilities management services	100	100
TC Hartanah Sdn. Bhd.	Property investment holding	100	100
TC Heritage Sdn. Bhd.	Investment holding	100	100
TC Insurservices Sdn. Bhd.	Insurance agency	100	100

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Malaysia:			
TC ITech Sdn. Bhd.	Provision of information technology services	100	100
TC Maju Properties Sdn. Bhd.	Property investment holding	100	100
TC Management Services Corporation Sdn. Bhd.	Provision of management services	100	100
TC Manufacturing Holdings Sdn. Bhd.	Investment holding	100	100
TC Metropolitan Sdn. Bhd.	Property investment holding	100	100
TC Module Integrator Sdn. Bhd.	Manufacture and sale of automotive parts and modules	100	100
TC Motors (Sarawak) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100
TC Residence Sdn. Bhd.	Property investment holding	100	100
* TC Sri Amar Sdn. Bhd.	Property investment holding	49	49
TC Trucks Group Sdn. Bhd.	Investment holding	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
TC Trucks Sales Sdn. Bhd.	Distribution and sales of commercial vehicles	100	100
TC Utama Sdn. Bhd.	Property investment holding	100	100
TCCL Sdn. Bhd.	Insurance agency	100	100
TCM Stamping Products Sdn. Bhd.	Manufacture and sale of fuel tanks and press metal parts	100	100
TMC Services Sdn. Bhd.	Provision of financial and fund management services	100	100
Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	100	100
VDC Sdn. Bhd.	Installation of accessories and fittings for motor vehicles	100	100

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Malaysia:			
Vincus Holdings Sdn. Bhd.	Investment holding	100	100
West Anchorage Sdn. Bhd.	Investment holding	100	100
Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd.	Dormant	100	100
Auto Infiniti Sdn. Bhd.	Dormant	100	100
Auto Research and Development Sdn. Bhd.	Dormant	100	100
Auto Trucks & Components Sdn. Bhd.	Dormant	100	100
Cyberguard Vehicle Security Technologies Sdn. Bhd.	Dormant	100	100
Fujiyama Car Cooler Sdn. Bhd.	Dormant	100	100
Rustcare Sdn. Bhd.	Dormant	100	100
Tan Chong Construction Sdn. Bhd.	Dormant	100	100
Tan Chong Development Sdn. Bhd.	Dormant	100	100
Tan Chong Higher Education Sdn. Bhd.	Dormant	100	100
Tan Chong IBS Sdn. Bhd.	Dormant	100	100
Tan Chong Private Education Sdn. Bhd.	Dormant	100	100
Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100
TC Automotive Electronics Sdn. Bhd.	Dormant	100	100
TC Brake System Sdn. Bhd.	Dormant	100	100
TC Capital Premium Sdn. Bhd.	Dormant	100	100
TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Malaysia:			
TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
TC Security Services Sdn. Bhd.	Dormant	51	100
TC Transmission Sdn. Bhd.	Dormant	100	100
TC Plastics Sdn. Bhd.	Dormant	100	100
TC Industrial Entity Sdn. Bhd.	Dormant	100	100
TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	100	100
TCIBS Services Sdn. Bhd.	Dormant	100	100
Incorporated in Labuan:			
ETCM (C) Pty Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (Labuan) Pty Ltd	Investment holding	100	100
ETCM (L) Pty Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (MM) Pte Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (V) Pte Ltd	Investment holding	100	100
Tan Chong Motorcycles (Labuan) Pte Ltd	Investment holding	100	100
Tan Chong Trading (Labuan) Pty Ltd	Investment holding	100	100
TC Express Auto Services and Spare Parts (Labuan) Pty Ltd	Investment holding	100	100
TC Manufacturing (Labuan) Pte Ltd	Investment holding	100	100
TC Overseas Assets (Labuan) Pte Ltd	Investment holding	100	100
TC Services Labuan (V) Pte Ltd	Investment holding	100	100
TCIE (Labuan) Pty Ltd	Investment holding	100	100

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Labuan:			
TCMSC (Labuan) Pte Ltd	Investment holding	100	100
Tan Chong Motorcycles (MM) Pte Ltd	Dormant	100	100
TC Capital Resources (Labuan) Pty Ltd	Dormant	100	100
TC Assets Labuan (V) Pte Ltd	Dormant	100	100
Incorporated in Cambodia:			
# TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts	100	100
^ Tan Chong Motor (Cambodia) Pty. Ltd.	Importation and distribution of motor vehicles	100	100
^ T C Motor Sales (Cambodia) Pty. Ltd.	Dormant	100	100
Incorporated in Vietnam:			
# TC Motor Vietnam Co. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@ TCIE Vietnam Pte. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@ Nissan Vietnam Co. Ltd.	Importation and distribution of motor vehicles and spare parts	74	74
# TC Motorcycles (Vietnam) Co. Ltd.	Importation and distribution of motorcycles and motorcycle components	100	100
# ^o TC Services Vietnam Co., Ltd.	Retail distribution of automobiles, automobile workshop services and trading of spare parts	100	-

NOTES TO THE FINANCIAL STATEMENTS

35. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2015 %	2014 %
Incorporated in Laos:			
[^] Tan Chong Motor (Lao) Sole Co. Ltd.	Importation and distribution of motor vehicles	100	100
[^] Tan Chong Motorcycles (Laos) Co. Ltd.	Dormant	100	100
Incorporated in Myanmar:			
[^] E-Garage Auto Services and Spare Parts (Myanmar) Company Limited	Servicing, maintenance of, repairing of all kinds of vehicles and machines	90	90
[^] ETCM (Myanmar) Company Limited	Provision of services relating to vehicle distribution	100	100
[^] Tan Chong Motor (Myanmar) Company Limited	Dormant	100	100
[^] TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	100
Incorporated in Thailand:			
^{# *} TC Express Auto Services and Spare Parts (Thailand) Co. Ltd.	Automotive workshop services and trading of spare parts	49	49
^{# ^o} Tan Chong Mekong Regional Co., Ltd.	Regional operating headquarters	100	-

[#] Company audited by another firm of Public Accountants.

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

[^] Consolidated using unaudited management financial statements. The 2015 financial statements of these subsidiaries are not required to be audited according to the relevant regulations of the country of incorporation and are not material to the Group.

^o Companies incorporated during the year.

[@] Audited by other member firms of KPMG International.

NOTES TO THE FINANCIAL STATEMENTS

36. Significant events

- (i) On 14 February 2015, the Group received a Certificate of Investment dated 13 February 2015 (“Investment Certificate”) from Bac Ninh Province People’s Committee, Vietnam confirming the registration of the establishment of a wholly-owned subsidiary named TC Services Vietnam Co., Ltd. for the purposes of retail distribution of various kinds of automobiles, provision of automotive maintenance, repair and spare parts services and the importation of automotive spare parts and accessories (“Project”). The Project is located in VSIP Bac Ninh Township and Service Complex, Phu Chan Commune, Tu Son Town, Bac Ninh Province near Hanoi.

The total investment capital for the Project is USD10.0 million of which USD5.0 million is the charter capital.

- (ii) On 31 March 2015, the Group registered a new subsidiary named Tan Chong Mekong Regional Co., Ltd. (“TC Mekong”) as a juristic person by virtue of the Civil and Commercial Code of Thailand as evidenced by a Certificate of Registration of Partnerships and Companies dated 31 March 2015 issued by the Department of Business Development, Ministry of Commerce, Thailand.

The principal activity of TC Mekong is to carry on as Regional Operating Headquarters (“ROH”) with the objective to provide Tan Chong Motor Holdings Berhad (“TCMH”) and its affiliated companies support services among others, in the areas of business activities in Indo-China, sourcing of raw materials and parts, technical support and management services.

TC Mekong has a registered capital of Thai Baht (“THB”) 100,000,000 divided into 1,000,000 shares with a par value of THB100 each of which THB25 has been paid for each share.

- (iii) On 18 November 2015, Tan Chong Motor (Myanmar) Company Limited (“TCM Myanmar”), a wholly-owned subsidiary of the Company, entered into a Distribution Agreement (“Agreement”) with Nissan Motor Co., Ltd. (“NML”) in respect of the sole and exclusive rights granted by NML to TCM Myanmar to sell and distribute NISSAN brand motor vehicles manufactured and/or assembled by TCM Myanmar (“Vehicles”) and to provide after-sales services on the Vehicles in the Republic of the Union of Myanmar including the rights to appoint any person as its dealers to sell the Vehicles and/or perform after-sales service operations on the Vehicles. The distributorship appointment is for a period of five (5) years, subject to renewal.
- (iv) Premium Commence Berhad (“PCB”), a special purpose entity (“SPE”) established for the securitisation of the Group’s hire purchase receivables, completed the issuance of Notes Series 2015-A of RM181 million on 23 December 2015.

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. RM166 million of Class A Notes and RM5 million of Class B Notes were issued to investors in the debt capital markets while Class C Notes of RM10 million was subscribed by TCCR.

37. Subsequent event

On 17 February 2016, Tan Chong Motor (Myanmar) Company Limited (“TCM Myanmar”), a wholly-owned subsidiary of the Company, entered into a land lease agreement with The Factory/Enterprise Establishment Supervision Committee, Bago Regional Government, the Republic of the Union of Myanmar to lease a piece of land for 50 years extendable by two terms of ten years each in Bago Region, Myanmar. TCM Myanmar intends to construct an automotive assembly/manufacturing facility to produce motor vehicles.

NOTES TO THE FINANCIAL STATEMENTS

38. 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	
	2015 RM'000	2014 RM'000	2015 RM'000	2014 RM'000
Total retained earnings of the Company and its subsidiaries:				
- Realised profits	1,990,685	1,992,176	946,669	944,739
- Unrealised profits	22,182	1,078	18,001	7,318
	2,012,867	1,993,254	964,670	952,057
Total retained earnings of associates and joint venture:				
- Realised profits	18,019	16,831	-	-
- Unrealised loss	(323)	(126)	-	-
	17,696	16,705	-	-
Total retained earnings before consolidation adjustments	2,030,563	2,009,959	964,670	952,057
Less: Consolidation adjustments	(114,413)	(143,484)	-	-
	1,916,150	1,866,475	964,670	952,057

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 134 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2015 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 38 on page 135 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

Dato' Seow Thiam Fatt

Director

Kuala Lumpur,

Date: 31 March 2016

STATUTORY DECLARATION

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

I, **Ho Wai Ming**, the director primarily responsible for the financial management of Tan Chong Motor Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 38 to 135 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 Puchong, Selangor on 31 March 2016.

Ho Wai Ming

MIA 12986

Before me:

Samuel John A/L Ponniah

No. B437

Commissioner for Oaths

(Persuruhanjaya Sumpah)

Puchong, Selangor

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 2015 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 134.

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 2015 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.

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 35 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.

INDEPENDENT AUDITORS' REPORT

to the Members of Tan Chong Motor Holdings Berhad

(Company No. 12969-P)
(Incorporated in Malaysia)

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 38 on page 135 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

We draw attention to the fact that USD equivalent consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income on page 40, 41, 44, and 45 do not form part of audited financial statements. We have not audited these statements and accordingly, we do not express an opinion on these statements.

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

Chua See Guan

Approval Number: 3169/02/17(J)
Chartered Accountant

Petaling Jaya, Selangor

Date: 31 March 2016

TEN LARGEST PROPERTIES OF THE GROUP

as at 31 December 2015

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	440.90	40	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	213.52	9	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	70.62	36	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	64.78	47	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	52.70	3	2013	2013
6	Lot 93, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,637	-	Freehold	46.10	-	27.8.2012	2015
7	Lot 92, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,228	-	Freehold	45.70	-	24.8.2012	2015
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	32.77	33	2.5.2006	2013
9	Lot No PT 1388, Section 46, Jalan Sri Amar, Kuala Lumpur	Car park	22,184	-	Freehold	24.40	-	28.10.1974	2015
10	196 Blk G, Jalan Sultan Azlan Shah, 11900 Sg Tiram, Pulau Pinang	Showroom, service & spare parts centre	104,637	54,666	Freehold	23.41	22	26.1.2004	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.

ANALYSIS OF SHAREHOLDING

as at 31 March 2016

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	255	3.50	4,230	- ⁽¹⁾
100 - 1,000	2,429	33.27	2,165,043	0.32
1,001 - 10,000	3,783	51.82	15,900,039	2.37
10,001 - 100,000	680	9.32	19,895,584	2.96
100,001 - 32,633,249 ⁽²⁾	149	2.04	267,832,640	39.85
32,633,250 and above ⁽³⁾	4	0.05	346,867,464	51.62
Sub Total	7,300	100.00	652,665,000	97.12
Treasury shares			19,335,000	2.88
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	286,399,230 ⁽¹⁾	43.88
2 Dato' Haji Kamaruddin @ Abas bin Nordin	4,992	- ⁽²⁾	-	-
3 Dato' Seow Thiam Fatt	78,000	0.01	-	-
4 Dato' Ng Mann Cheong	-	-	130,000 ⁽³⁾	0.02
5 Dato' Khor Swee Wah @ Koh Bee Leng	9,867,390	1.51	303,517,202 ⁽⁴⁾	46.50

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.

ANALYSIS OF SHAREHOLDING

as at 31 March 2016

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	263,828,240	40.42	-	-
2 Nissan Motor Co, Ltd	37,333,324	5.72	-	-
3 Employees Provident Fund Board	56,570,800	8.67	-	-
4 Dato' Tan Heng Chew	26,985,362	4.13	274,781,840 ⁽¹⁾	42.10
5 Tan Eng Soon	-	-	274,781,840 ⁽¹⁾	42.10
6 Tan Kheng Leong	200,000	0.03	263,828,240 ⁽²⁾	40.42

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").

⁽²⁾ 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	33.37
2 Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	54,373,800	8.33
3 Tan Chong Consolidated Sdn Bhd	37,371,100	5.73
4 Cartaban Nominees (Asing) Sdn Bhd Exempt AN for Daiwa Securities Co Ltd Client Acc	37,333,324	5.72
5 Amanahraya Trustees Berhad Amanah Saham Bumiputera	32,492,200	4.98
6 Tan Kim Hor	31,316,715	4.80
7 Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Tan Heng Chew (MM1063)	19,258,000	2.95
8 Pang Sew Ha @ Phang Sui Har	10,548,791	1.62
9 Amanahraya Trustees Berhad Amanah Saham Malaysia	10,065,800	1.54
10 CIMB Group Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)	9,087,400	1.39
11 Tan Chong Consolidated Sdn Bhd	8,667,900	1.33
12 Tan Boon Pun	8,241,240	1.26
13 Tan Ban Leong	7,252,295	1.11
14 Tan Beng Keong	7,252,295	1.11
15 Tan Chee Keong	7,252,295	1.11
16 Tan Hoe Pin	7,252,295	1.11
17 Key Development Sdn Berhad	6,334,400	0.97

ANALYSIS OF SHAREHOLDING

as at 31 March 2016

THIRTY LARGEST SHAREHOLDERS cont'd

	Name	No. of Shares Held	%
18	Citigroup Nominees (Asing) Sdn Bhd <i>CBNY for Dimensional Emerging Markets Value Fund</i>	4,711,900	0.72
19	Chinchoo Investment Sdn Berhad	4,705,000	0.72
20	Gan Teng Siew Realty Sdn Berhad	4,679,000	0.72
21	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Khor Swee Wah @ Koh Bee Leng (PB)</i>	4,037,000	0.62
22	Amanahraya Trustees Berhad <i>Public Islamic Select Treasures Fund</i>	3,612,800	0.55
23	Citigroup Nominees (Asing) Sdn Bhd <i>Exempt AN for UBS Switzerland AG (Client Assets)</i>	3,600,000	0.55
24	Lee Lang	3,296,496	0.51
25	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	3,274,700	0.50
26	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Heng Chew</i>	3,154,900	0.48
27	HSBC Nominees (Asing) Sdn Bhd <i>Exempt AN for Bank Julius Baer & Co Ltd (Singapore BCH)</i>	3,104,000	0.48
28	DB (Malaysia) Nominess (Asing) Sdn Bhd <i>Exempt AN for the Bank of New York Mellon SA/NV (BDS Jersey)</i>	2,863,700	0.44
29	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)</i>	2,486,220	0.38
30	CIMB Commerce Trustee Berhad <i>Public Focus Select Fund</i>	2,263,700	0.35
	TOTAL	557,678,506	85.45

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Forty-Fourth 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, 25 May 2016 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 2015 together with the Reports of the Directors and Auditors thereon. **Resolution 1**
2. To declare a final single tier dividend of 6% for the financial year ended 31 December 2015. **Resolution 2**
3. To re-elect Dato' Khor Swee Wah @ Koh Bee Leng who retires by rotation and being eligible, offers herself for re-election in accordance with Article 101 of the Company's Articles of Association, as a Director of the Company. **Resolution 3**
4. To re-elect Mr. Ho Wai Ming who retires by rotation and being eligible, offers himself for re-election in accordance with Article 101 of the Company's Articles of Association, as a Director of the Company. **Resolution 4**
5. To consider and if thought fit, to pass the following resolutions:
 - 5.1 "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' Ng Mann Cheong 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**
 - 5.2 "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 6**
 - 5.3 "THAT pursuant to Section 129(6) of the Companies Act, 1965, Dato' 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 7**
6. To re-appoint Messrs KPMG as Auditors of the Company for the financial year ending 31 December 2016 and to authorise the Directors to fix their remuneration. **Resolution 8**

Special Business

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

7. DIRECTORS' FEES

"THAT the maximum aggregate fees payable to Directors of the Company be increased from RM450,000/- to RM500,000/- for each financial year commencing financial year ending 31 December 2016."

Resolution 9

NOTICE OF ANNUAL GENERAL MEETING

8. 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 authorised 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 10

9. 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 (“Bursa Securities”) 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 Bursa Securities 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 at any point in time of the purchase.

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 Bursa Securities 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 Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

NOTICE OF ANNUAL GENERAL MEETING

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 11

10. **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 29 April 2016 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 12

11. **PROPOSED SHAREHOLDERS’ MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINT VENTURES**

“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 joint ventures 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 29 April 2016 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”).

NOTICE OF ANNUAL GENERAL MEETING

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. **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 29 April 2016 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 14

13. **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 29 April 2016 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”).

NOTICE OF ANNUAL GENERAL MEETING

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 15

14. **PROPOSED DISPOSAL OF ASSETS BY TC ALUMINIUM CASTINGS SDN BHD (AN INDIRECT WHOLLY-OWNED SUBSIDIARY OF TAN CHONG MOTOR HOLDINGS BERHAD) TO APM THERMAL SYSTEMS SDN BHD (A WHOLLY-OWNED SUBSIDIARY OF APM AUTOMOTIVE HOLDINGS BERHAD) FOR A TOTAL CASH CONSIDERATION OF RM5,701,318/-**

“THAT pursuant to Section 132E of the Companies Act, 1965, approval be and is hereby given for TC Aluminium Castings Sdn Bhd (“TCAC” or “Vendor”), an indirect wholly-owned subsidiary of Tan Chong Motor Holdings Berhad (“Company”), to dispose of the Assets [as defined in the Company’s Circular to Shareholders dated 29 April 2016 (“Circular”)] to APM Thermal Systems Sdn Bhd (“APMTS” or “Purchaser”), a wholly-owned subsidiary of APM Automotive Holdings Berhad, for a total cash consideration of RM5,701,318/- (“Proposed Disposal”) subject to such adjustment as provided in the Circular and upon such arm’s length and commercially acceptable terms and conditions as the Vendor and the Purchaser shall determine and agree upon AND THAT the Board of Directors of the Company be and is hereby given full power to determine and assent to the terms and conditions of the contract of sale of the Assets to be executed between TCAC and APMTS and to take all such steps and to execute all such documents as they may deem necessary or expedient in order to implement, finalise and give full effect to the Proposed Disposal”.

Resolution 16

15. To transact any other business of the Company of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the Forty-Fourth Annual General Meeting of Tan Chong Motor Holdings Berhad, a final single tier dividend of 6% for the financial year ended 31 December 2015 will be paid on 21 June 2016 to shareholders whose names appear in the Register of Members on 1 June 2016.

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 1 June 2016 in respect of transfers;
- (2) shares deposited into the depositor’s securities account before 12.30 p.m. on 30 May 2016 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

HO WAI MING (MIA 12986)
CHANG PIE HOON (MAICSA 7000388)
Company Secretaries

Kuala Lumpur
29 April 2016

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. *A depositor whose name appears in the Record of Depositors of the Company as at 17 May 2016 (“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 (“Act”) 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.*
8. *The Form of Proxy must be deposited at the Office of the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, Tel. No.: +603-2783 9299, not less than forty-eight hours before the time appointed for the meeting.*

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

1. **Resolutions 5, 6 and 7 – Re-appointment of Dato’ Ng Mann Cheong, Dato’ Haji Kamaruddin @ Abas bin Nordin and Dato’ Seow Thiam Fatt as Directors pursuant to Section 129(6) of the Act and their designation as Independent Non-Executive Directors of the Company**

In accordance with Section 129 of the Act, the office of a director of public company who is of or over the age of 70 years, shall become vacant at the conclusion of the annual general meeting unless he is re-appointed under Section 129(6) of the Act.

Pursuant to the Malaysian Code on Corporate Governance 2012, it is recommended that approval of shareholders be sought in the event that the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

NOTICE OF ANNUAL GENERAL MEETING

Following an assessment and recommendation by the Nominating Committee, the Board recommended that Dato' Ng Mann Cheong, Dato' Haji Kamaruddin @ Abas bin Nordin and Dato' Seow Thiam Fatt, who are over the age of 70 years and have each served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, be re-appointed as Directors and they continue to be designated as Independent Non-Executive Directors of the Company subject to the shareholders' approval at the forthcoming Annual General Meeting of the Company. Key justifications for retaining them as Independent Non-Executive Directors are as follows:

- (a) they fulfil the Independent Director criteria as set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and therefore, are able to bring independent and objective judgment to the Board;
- (b) 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;
- (c) 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; and
- (d) they devote sufficient time and exercise due care as Independent Directors of the Company and carry out their duties in the interest of the Company and shareholders.

2. Resolution 9 – Directors' Fees

At the Annual General Meeting of the Company held on 23 May 2012, the shareholders passed an ordinary resolution giving approval for the Company to pay aggregate fees of not exceeding RM450,000/- per annum to the Directors of the Company for the financial year ended 31 December 2012 and each financial year thereafter.

It is important that the Directors of the Company be adequately remunerated so that the Company will be able to retain and attract persons of calibre and credibility with the necessary skills and experience to manage the Company. The proposed increase in the maximum aggregate fees payable to Directors from RM450,000/- to RM500,000/- will provide flexibility to adjust the fees of Independent Directors in the future in line with the market benchmarks and business activities of the Group.

In accordance with Article 83(ii) of the Company's Articles of Association, the Board recommends that shareholders approve, in advance, an annual payment of directors' fees of a maximum aggregate amount of RM500,000/-. The Board will seek fresh approval from the shareholders when there is a need to change the amount.

3. Resolution 10 - Proposed Grant of Authority Pursuant to Section 132D of the Act

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 43rd Annual General Meeting held on 27 May 2015 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 43rd Annual General Meeting which will lapse at the conclusion of the 44th Annual General Meeting to be held on 25 May 2016.

A renewal of the mandate is being sought at the 44th Annual General Meeting under proposed Resolution 10. 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.

4. Resolution 11 - Proposed Renewal of Authority for the Company to Purchase Its Own Ordinary Shares

The proposed Resolution 11, 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 at any point in time of the purchase ("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 29 April 2016 ("Circular"), despatched together with the Company's 2015 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

5. Resolutions 12, 13, 14 and 15 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Resolutions 12, 13, 14 and 15, 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 Circular despatched together with the Company's 2015 Annual Report.

6. Resolution 16 – Proposed Disposal of Assets by TC Aluminium Castings Sdn Bhd to APM Thermal Systems Sdn Bhd

TC Aluminium Castings Sdn Bhd ("Vendor") proposes to dispose of the Assets (as defined in the Circular) to APM Thermal Systems Sdn Bhd ("Purchaser"), for a total cash consideration of RM5,701,318/- ("Proposed Disposal"). The Proposed Disposal falls under the provision of Section 132E of the Act, in that both the Vendor and Purchaser are deemed to be persons connected with Dato' Tan Heng Chew, a Director and substantial shareholder of the Company, and Mr. Tan Eng Soon and Mr. Tan Keng Leong, substantial shareholders of the Company, by virtue of Section 122A of the Act and prior approval of the shareholders of the Company at a general meeting is required to implement the Proposed Disposal.

Further details on the Proposed Disposal are set out in the Circular despatched together with the Company's 2015 Annual Report.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 44th Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, the member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

CDS account no.

I/We _____ (name of shareholder as per NRIC, in capital letters)
 NRIC No./Company No. _____ (new) _____ (old)
 of _____
 _____ (full address) _____ (Tel. No.) 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-Fourth 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, 25 May 2016 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 thereon		
Resolution 2	Final Single Tier Dividend		
Resolution 3	Re-election of Dato' Khor Swee Wah @ Koh Bee Leng as Director		
Resolution 4	Re-election of Mr. Ho Wai Ming as Director		
Resolution 5	Re-appointment of Dato' Ng Mann Cheong pursuant to Section 129(6) of the Companies Act, 1965 and his designation as an Independent Non-Executive Director		
Resolution 6	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 7	Re-appointment of Dato' Seow Thiam Fatt pursuant to Section 129(6) of the Companies Act, 1965 and his designation as an Independent Non-Executive Director		
Resolution 8	Re-appointment of Messrs KPMG as Auditors		
Resolution 9	Directors' Fees		
Resolution 10	Proposed Grant of Authority pursuant to Section 132D of the Companies Act, 1965		
Resolution 11	Proposed Renewal of Authority for the Company to purchase its own ordinary shares		
Resolution 12	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities		
Resolution 13	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures		
Resolution 14	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Tan Chong International Limited and its subsidiaries		
Resolution 15	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with Auto Dunia Sdn Bhd		
Resolution 16	Proposed Disposal of Assets by TC Aluminium Castings Sdn Bhd to APM Thermal Systems 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 17 May 2016 ("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 ("Act") 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.
8. **Personal Data Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 44th Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, the member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

The Form of Proxy must be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia, Tel. No.: +603-2783 9299, not less than forty-eight hours before the time appointed for the meeting.

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Stamp
here

Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Registrar for TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice (“Notice”) is issued to all shareholders (including substantial shareholders) (“Shareholders”) of TAN CHONG MOTOR HOLDINGS BERHAD (“Company”, “TCMH”, “we”, “us” or “our”) in accordance with the Personal Data Protection Act 2010 (“Act”) which came into force on 15 November 2013. The Act regulates the processing of personal data and requires us to notify you on matters relating to your personal data that is being processed, or that is to be collected and further processed by us. For the purpose of this Notice, the terms “personal data” and “processing” used in this Notice shall have the meaning prescribed in the Act.

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) has also on 15 November 2013 amended the Main Market Listing Requirements (“Listing Requirements”) consequential to the Act. Under Paragraph 2.14A of the Listing Requirements, any person who provides or has provided personal data to Bursa Malaysia should read and be aware of Bursa Malaysia’s personal data notice available at Bursa Malaysia’s website www.bursamalaysia.com (“Bursa Malaysia’s personal data notice”). If the Company provides Bursa Malaysia with personal data of the Shareholders, the Company must notify the Shareholders of Bursa Malaysia’s personal data notice.

As Shareholders of TCMH, your personal data which may include your name, national registration identity card number (NRIC no.), passport number, address, date of birth/age, contact details and number, email address, gender, nationality, shareholding in TCMH, bank account number, CDS account number and any other personal data required, may be processed by TCMH and its related companies (“TCMH Group”) for the following purposes (“Purposes”):

- (a) Compliance with the Companies Act, 1965, Listing Requirements and applicable relevant laws, regulations and guidelines, as may be amended, from time to time;
- (b) Verification of information to authorities and governmental agencies;
- (c) Deliver, communicate and transmit to the Shareholders of TCMH’s annual report, circular to shareholders, and any other information through modes of communication and delivery we deem appropriate;
- (d) Payment of dividends and giving of other benefits to you as shareholders, if applicable;
- (e) Maintain, upkeep and update our records regarding the Shareholders’ information; and
- (f) Dealings with all matters in connection with your Shareholding in TCMH; or such other purposes as may be related to the foregoing.

The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.

Your personal data may be disclosed by us in connection with the Purposes to parties including but not limited to companies within TCMH Group (whether present or future), our professional advisers, insurance companies, auditors, lawyers, banks, share registrars and other service providers, governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligations which is imposed on TCMH Group. Your personal data may be transferred to a place outside Malaysia.

If you fail to supply to us your personal data, we may not be able to process your personal data for any of the Purposes.

We are committed to ensuring that your personal data is stored securely. You are responsible for ensuring that the personal data you provide to us is accurate, complete and not misleading and that such personal data is kept up to date.

Please also be notified that you have the right to request access to and correction of your personal data and you have a choice to limit the consent of the processing of your personal data.

Your written requests or queries pertaining to your personal data should be addressed to:

Company Secretaries
TAN CHONG MOTOR HOLDINGS BERHAD
62-68 Jalan Sultan Azlan Shah
51200 Kuala Lumpur
Tel No. : +603 4047 8888
Facsimile : +603 4047 8636
Email address : tcmh@tanchonggroup.com

PERSONAL DATA PROTECTION NOTICE

By providing to us your personal data, you hereby consent to the processing of your personal data in accordance with all of the foregoing. You shall also procure the consent of your proxy appointed to attend any general meeting of TCMH on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.

In accordance with the Act, the Notice is issued in both English and Bahasa Malaysia. In the event of inconsistency between the English version and the Bahasa Malaysia version, the English version shall prevail.

Issued by : TAN CHONG MOTOR HOLDINGS BERHAD
29 April 2016

NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini (“Notis”) dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama) (“Pemegang Saham”) TAN CHONG MOTOR HOLDINGS BERHAD (“Syarikat”, “TCMH” atau “kami”) menurut Akta Perlindungan Data Peribadi 2010 (“Akta”) yang berkuatkuasa pada 15hb November 2013. Akta ini mengawal selia pemprosesan data peribadi dan menghendaki kami untuk memaklumkan anda berkenaan perkara-perkara yang berkaitan dengan data peribadi anda yang sedang diproses, atau yang akan dikumpul dan diproses oleh kami. Untuk tujuan Notis ini, terma-terma “data peribadi” dan “pemprosesan” yang digunakan dalam Notis ini hendaklah membawa maksud sepertimana yang ditakrifkan dalam Akta tersebut.

Bursa Malaysia Securities Berhad (“Bursa Malaysia”) telah membuat pindaan kepada Keperluan Penyenaraian Pasaran Utama (“Keperluan Penyenaraian”) pada 15hb November 2013 akibat daripada Akta ini. Seperti yang tertakluk di bawah perenggan 2.14A Keperluan Penyenaraian, sesiapa yang memberi atau telah memberi data peribadi kepada Bursa Malaysia, haruslah membaca dan menyedari tentang notis data peribadi Bursa Malaysia yang terdapat di laman web Bursa Malaysia di www.bursamalaysia.com (“notis data peribadi Bursa Malaysia”). Sekiranya Syarikat membekalkan data peribadi Pemegang Saham kepada Bursa Malaysia, Syarikat mesti memaklumkan Pemegang Saham tentang notis data peribadi Bursa Malaysia.

Sebagai Pemegang Saham TCMH, data peribadi anda mungkin termasuk nama, nombor kad pengenalan, nombor pasport, alamat, tarikh lahir/umur, maklumat dan nombor perhubungan, alamat emel, jantina, kewarganegaraan, pegangan saham dalam TCMH, nombor akaun bank, nombor akaun Sistem Depositori Pusat (CDS) anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh TCMH dan syarikat-syarikat yang berkaitan dengannya (“Kumpulan TCMH”) untuk tujuan-tujuan berikut (“Tujuan”):

- (a) Mematuhi Akta Syarikat 1965, Keperluan Penyenaraian dan undang-undang, peraturan-peraturan dan garis panduan berkaitan yang mungkin dipinda dari semasa ke semasa;
- (b) Pengesahan maklumat kepada pihak berkuasa dan agensi kerajaan;
- (c) Menyampaikan, menghubungi dan menghantar laporan tahunan TCMH, pekeliling kepada pemegang saham, dan lain-lain maklumat kepada Pemegang Saham melalui cara komunikasi dan penyampaian yang kami anggap sesuai;
- (d) Pembayaran dividen dan manfaat lain kepada anda sebagai pemegang saham, jika berkenaan;
- (e) Mengekal, menyelia dan mengemaskinikan rekod kami yang berkaitan dengan maklumat-maklumat Pemegang Saham; dan
- (f) Untuk berurusan dengan semua perkara yang berkaitan dengan pegangan saham anda dalam TCMH; atau bagi tujuan-tujuan lain yang mungkin berkaitan dengan perkara-perkara yang dinyatakan di atas.

Data peribadi anda yang diproses oleh kami merangkumi segala maklumat yang diberi oleh anda serta maklumat lain yang mungkin kami perolehi berkenaan anda.

Maklumat peribadi anda mungkin dizahirkan oleh kami untuk Tujuan di atas kepada pihak lain termasuk dan tidak terhad kepada syarikat-syarikat dalam Kumpulan TCMH (sama ada pada masa kini atau masa depan), penasihat profesional, syarikat-syarikat insurans, juruaudit, peguam, bank, pendaftar saham dan pembekal perkhidmatan lain, semua jabatan dan/atau agensi kerajaan dan/atau kuasi-kerajaan, badan-badan penguatkuasa dan/atau berkanun dan sebarang pihak ketiga, sebagaimana yang dikehendaki undang-undang atau timbul daripada apa-apa kewajipan undang-undang yang dikenakan ke atas Kumpulan TCMH. Data peribadi anda mungkin akan dipindahkan ke suatu tempat di luar Malaysia.

Sekiranya anda gagal membekalkan data peribadi anda kepada kami, kami mungkin tidak dapat memproses data peribadi anda bagi apa-apa Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

NOTIS PERLINDUNGAN DATA PERIBADI

Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

Setiausaha-Setiausaha Syarikat
TAN CHONG MOTOR HOLDINGS BERHAD
62-68 Jalan Sultan Azlan Shah
51200 Kuala Lumpur
Tel No. : +603 4047 8888
Faks : +603 4047 8636
Alamat Emel : tcmh@tanchonggroup.com

Dengan membekalkan data peribadi anda kepada kami, bermaksud anda bersetuju membenarkan kami memproses data peribadi anda selaras dengan apa-apa yang dinyatakan di atas. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menghadiri apa-apa mesyuarat agung TCMH bagi pihak anda, sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Mengikut Akta tersebut, Notis ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan diguna pakai.

Dikeluarkan oleh : TAN CHONG MOTOR HOLDINGS BERHAD
29hb April 2016