



Financial Statements

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Directors' Report

for the year ended 31 December 2020

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities and the details 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	Company
	RM'000	RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(165,580)	100,054
Non-controlling interests	(11,173)	-
	(176,753)	100,054

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 amount of dividends paid by the Company were as follows:

- (i) In respect of the financial year ended 31 December 2019 as reported in the Directors' Report of that year:
 - a final single tier dividend of 2 sen per ordinary share totalling approximately RM13,049,000 declared on 22 June 2020 which was approved by the shareholders at the Forty-Eight Annual General Meeting held on 6 August 2020 and paid on 18 September 2020; and
- (ii) In respect of the financial year ended 31 December 2020:
 - an interim single tier dividend of 1.5 sen per ordinary share totalling approximately RM9,784,000 declared on 24 November 2020 and paid on 28 December 2020.

The Directors do not recommend any final dividend to be paid for the financial year under review.

Directors' Report

for the year ended 31 December 2020

DIRECTORS OF THE COMPANY

Directors who served during the financial year until the date of this report are:

Dato' Tan Heng Chew
 Dato' Ng Mann Cheong
 Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng
 Ho Wai Ming
 Lee Min On
 Siew Kah Toong (Resigned on 31 October 2020)
 Ng Chee Hoong (Appointed on 3 November 2020)
 Dato' Chan Choun Sien (Appointed on 1 April 2021)

Saved for Mr. Ng Chee Hoong and Dato' Chan Choun Sien, all these Directors are also directors of some of the Company's subsidiaries.

LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Abdul Rahman Bin Mohamed
 Alagasan a/l Gadigaselam
 Alan Cheah Kian Meng (Resigned on 30 November 2020)
 Allan Chong Phang Ngee
 Amornrat Teerawattananun (Resigned on 31 March 2021)
 Ang Yue Lai
 Chaloraju a/l Subramaniam (Resigned on 13 June 2020)
 Chan Mei-Lynn (Appointed on 21 January 2020)
 Chang Tang-Chih (Appointed on 25 March 2020)
 Chee Sock Fun
 Chen Wen-Chun
 Chen Yin-Heng (Appointed on 24 February 2020) (Resigned on 9 July 2020)
 Chen Yuan-Ching (Appointed on 24 February 2020) (Resigned on 13 January 2021)
 Cheng Ee Sen (Resigned on 4 December 2020)
 Cheng Mun Kean
 Cheong Kim Seong
 Cheong Yoke Yean
 Chia Tuang Mooi
 Chin Faat Moy (Appointed on 25 March 2020) (Resigned on 2 October 2020)
 Chin Ten Hoy
 Chin Yoon Leng
 Chiou Wi-Guo (Appointed on 24 February 2020)
 Chong Choon Yeng (Appointed on 8 January 2021)
 Chong Meow Fong
 Choo Chee Seong
 Chow Kai Ming
 Christopher Tan Kok Leong
 Daniel Chow Wing Fai
 Dato' Cheah Choong Kit (Resigned on 1 March 2021)
 Dato' Cheah Sam Kip
 Dato' Dr. Lim Weng Khuan (Resigned on 2 October 2020)
 Dato' Dr. Yew Chong Hooi (Resigned on 30 May 2020)
 Dato' Hardev Singh a/l Pritam Singh

Directors' Report

for the year ended 31 December 2020

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Dato' Law Hong Soon (Resigned on 30 May 2020)
Dato' Tan Seng Sung (Resigned on 3 February 2020)
Dato' Tan Eng Hwa
Dato' Than Tai Hing
Dato' Yew Hock Tat
Datuk Abdullah bin Abdul Wahab
Datuk Adeline Pung Shuk Ken (Resigned on 30 May 2020)
Datuk Saharudin bin Muhamad Toha
Datuk Tan Kok Liang
Datuk Yaacob bin Wan Ibrahim
Foo Check Tuann
Fung Chee Sheng
Gan Chin Hui (Resigned on 15 September 2020)
Gan Tat Khye (Resigned on 14 December 2020)
Gil Lumakin Pajuyo (Resigned on 29 May 2020)
Han Yin Nee (Appointed on 14 January 2020)
Hout Kimmeng
Ke Bee Kian
Khoo Kiat Beng (Resigned on 30 May 2020)
Khoo Cheng Pah
Koh Lay Hoon
Kol. (B) Ho Wah Juan
Kong Foo Weng
Kong Hon Khien (Resigned on 31 October 2020)
Kong Kim Loong @ Robert Kong
Lau Wai Yoong (Appointed on 12 February 2020)
Lee Jiunn Shyan
Lee Kim Hay @ Tong Ah See (Resigned on 25 March 2020)
Lee Kok Loon (Appointed on 23 July 2020)
Lee Long How (Appointed on 10 March 2020)
Lee Tatt Boon (Appointed on 9 September 2020)
Leong Moh Jyee
Leong Song Seng
Leong Wen Yew (Appointed on 11 August 2020)
Leong Yee Voon
Lew Jiun Shang
Liew Kong Fatt
Lim Chee Khoon
Lim Ming Tuck (Appointed on 7 February 2020) (Resigned on 22 May 2020)
Ling Kok Onn
Ling Koon Kiong
Loh Thim Choy
Loke Kwong Cheong
Looi Kok Eu (Appointed on 2 January 2020)
Loy Swee Im (Resigned on 14 February 2020)
Martin Leow
Mohd Yusop bin Saidin
Narasak Woraphun
Ng Eng Soon (Appointed on 12 February 2020)
Ng Kiat Seng (Appointed on 6 February 2020)
Ng Mei Ching
Ng Wei Pin (Resigned on 24 July 2020)

Directors' Report

for the year ended 31 December 2020

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Nicholas Tan Chye Seng
 Ong Siew Luan
 Ong Teck Seong
 Ong Wee Teck (Appointed on 22 January 2021)
 Ong Yew Chee
 Ong Yin Ee (Appointed on 3 February 2020)
 Say Teck Ming
 Song Choon Beng
 Tan Cheng Fu
 Tan Keng Meng
 Tan Lian Chin
 Tan Poh Guan
 Tan Seng Huat
 Tan Siew Hoong (Appointed on 19 May 2020)
 Tan Soon Huat
 Tan Su Kui @ Tan Su Leong
 Tan Teow Chang
 Tan Ying Xiu
 Tang Chin Fook
 Tay Chai Li
 Teng Fu (Appointed on 11 August 2020)
 Teh Kim Hwa
 Teong Seng Kiang
 Terence Lau Han Seong
 Tham Wah Choy (Resigned on 30 April 2020)
 Thambirajah A. Marimuthu (Resigned on 8 March 2021)
 Tse Pei Chen
 Tyrel Sackett Fernandez (Appointed on 29 May 2020)
 U Khin Maung Lwin
 Wan Chun Shong
 Wiboon Lamkoon (Resigned on 9 December 2020)
 Wong Chin Ngai
 Wong Hoe Mun (Appointed on 21 February 2020)
 Wong King Yoon
 Wong Li Yin (Resigned on 11 February 2020)
 Wong Poh Chun (Resigned on 14 January 2020)
 Wong Seap Hong (Resigned on 21 October 2020)
 Wong Yoke Hung (Appointed on 2 January 2020)
 Yao Tsu-Wei
 Yap Bee Lee
 Yap Boon Wah
 Yap Yoke Moi
 Yeap Ling Weng
 Yeoh Chew Ling (Resigned on 14 January 2020)
 Yeoh Hee Huat
 Yeoh Kim Leong
 Yong Chau Chin (Resigned on 30 May 2020)

Directors' Report

for the year ended 31 December 2020

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			At 31.12.2020
	At 1.1.2020	Bought	Disposed/ Transferred	
Interests in the Company				
Direct interests:				
Dato' Tan Heng Chew	28,392,862	3,668,900	-	32,061,762
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,708,590	100,000	-	12,808,590
Indirect/Deemed interests:				
Dato' Tan Heng Chew	289,320,430	102,000	(100,000)	289,322,430 ⁽¹⁾
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	305,004,702	3,670,900	(100,000)	308,575,602 ⁽²⁾
Dato' Ng Mann Cheong	150,000	-	-	150,000 ⁽³⁾
Ho Wai Ming	20,000	-	-	20,000 ⁽³⁾

Notes:

- (1) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn. Bhd. and Wealthmark Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("Act") and interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (2) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.
- (3) Interest of spouse by virtue of Section 59(11)(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 2020 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 remuneration received or due and receivable by Directors as shown in the financial statements of the Group or of the Company and/or 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; rental income receivable and/or rental expense payable by the Company and/or related corporations from/to companies in which the Directors and/or their connected persons have significant financial interests, 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 2020

ISSUE OF SHARES AND DEBENTURES

There were no changes in the 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 16 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage of RM40,000,000 which insurance premium of RM55,807 have been paid for the Directors and the officers of the Group and of the Company.

There were no indemnity given to, or insurance effected for auditors of the Company during the financial year.

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.

Directors' Report

for the year ended 31 December 2020

OTHER STATUTORY INFORMATION (continued)

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, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2020 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.

SIGNIFICANT EVENTS

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

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 37 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 23 to the financial statements.

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

Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng

Director

Ho Wai Ming

Director

Kuala Lumpur,
Date: 15 April 2021

Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Assets					
Property, plant and equipment	3	2,311,657	2,250,999	585	607
Investment properties	4	230,495	216,725	-	-
Intangible assets	5	759	759	-	-
Investments in subsidiaries	6	-	-	1,876,262	1,705,683
Equity-accounted investees	7	75,969	61,811	26,896	26,896
Other investments	8	-	-	1	138
Deferred tax assets	9	120,384	95,741	11,651	10,064
Hire purchase receivables	10	489,860	551,779	-	-
Receivables	11	-	-	110,965	390,093
Total non-current assets		3,229,124	3,177,814	2,026,360	2,133,481
Other investments	8	170,306	12,166	-	-
Inventories	12	772,706	1,527,069	-	-
Contract assets	13	19,377	17,663	-	-
Current tax assets		11,162	16,145	-	-
Hire purchase receivables	10	93,053	95,430	-	-
Receivables	11	352,737	509,412	210,184	3,600
Deposits and prepayments	11	72,151	65,591	152	173
Derivative financial assets	14	17,914	4,139	-	-
Cash and cash equivalents	15	581,962	407,786	3,367	3,457
Total current assets		2,091,368	2,655,401	213,703	7,230
Total assets		5,320,492	5,833,215	2,240,063	2,140,711

Statements of Financial Position

as at 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Equity					
Share capital		336,000	336,000	336,000	336,000
Reserves		2,531,552	2,708,944	1,081,013	1,003,792
Treasury shares		(25,866)	(25,364)	(25,866)	(25,364)
Total equity attributable to owners of the Company		2,841,686	3,019,580	1,391,147	1,314,428
Non-controlling interests		(16,995)	(11,548)	-	-
Total equity	16	2,824,691	3,008,032	1,391,147	1,314,428
Liabilities					
Borrowings	17	-	499,286	-	499,286
Lease liabilities		74,894	72,754	188	276
Employee benefits	18	95,599	81,988	46,820	38,110
Deferred tax liabilities	9	208,989	213,100	-	-
Payables and accruals	19	-	-	288,077	276,769
Contract liabilities	13	52,899	59,670	-	-
Total non-current liabilities		432,381	926,798	335,085	814,441
Borrowings	17	1,501,493	1,096,854	499,656	-
Lease liabilities		23,072	32,654	87	27
Derivative financial liabilities	14	2,980	690	-	-
Taxation		2,350	5,770	-	-
Contract liabilities	13	23,034	21,565	-	-
Payables and accruals	19	510,491	740,852	14,088	11,815
Total current liabilities		2,063,420	1,898,385	513,831	11,842
Total liabilities		2,495,801	2,825,183	848,916	826,283
Total equity and liabilities		5,320,492	5,833,215	2,240,063	2,140,711

The notes on pages 87 to 196 are an integral part of these financial statements.

Consolidated Statement of Financial Position

as at 31 December 2020 (in USD equivalent)

	2020 USD'000	2019 USD'000
Assets		
<i>Property, plant and equipment</i>	576,042	550,030
<i>Investment properties</i>	57,437	52,957
<i>Intangible assets</i>	189	185
<i>Equity-accounted investees</i>	18,931	15,103
<i>Deferred tax assets</i>	29,999	23,394
<i>Hire purchase receivables</i>	122,068	134,827
Total non-current assets	804,666	776,496
<i>Other investments</i>	42,439	2,973
<i>Inventories</i>	192,551	373,138
<i>Contract assets</i>	4,829	4,316
<i>Current tax assets</i>	2,781	3,945
<i>Hire purchase receivables</i>	23,188	23,318
<i>Receivables</i>	87,899	124,475
<i>Deposits and prepayments</i>	17,979	16,027
<i>Derivative financial assets</i>	4,464	1,011
<i>Cash and cash equivalents</i>	145,019	99,642
Total current assets	521,149	648,845
Total assets	1,325,815	1,425,341

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 RM4.013 = USD1.00

(2019 - RM4.093 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

Consolidated Statement of Financial Position

as at 31 December 2020 (in USD equivalent)

	2020	2019
	USD'000	USD'000
Equity		
Share capital	83,728	82,101
Reserves	630,838	661,929
Treasury shares	(6,446)	(6,198)
Total equity attributable to owners of the Company	708,120	737,832
Non-controlling interests	(4,235)	(2,822)
Total equity	703,885	735,010
Liabilities		
Borrowings	-	122,000
Lease liabilities	18,663	17,777
Employee benefits	23,822	20,034
Deferred tax liabilities	52,078	52,071
Contract liabilities	13,182	14,580
Total non-current liabilities	107,745	226,462
Borrowings	374,157	268,016
Lease liabilities	5,749	7,979
Derivative financial liabilities	743	169
Taxation	586	1,410
Contract liabilities	5,740	5,269
Payables and accruals	127,210	181,026
Total current liabilities	514,185	463,869
Total liabilities	621,930	690,331
Total equity and liabilities	1,325,815	1,425,341

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 RM4.013 = USD1.00

(2019 - RM4.093 = 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 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue	20	2,959,619	4,172,447	138,603	104,400
Cost of sales		(2,451,956)	(3,362,834)	-	-
Gross profit		507,663	809,613	138,603	104,400
Other income		58,764	67,137	2	-
Distribution expenses		(244,800)	(300,000)	-	-
Administrative expenses		(342,209)	(370,716)	(18,950)	(17,498)
Net (loss)/reversal of on impairment of financial instruments		(10,505)	25,421	(1,198)	4,600
Other expenses		(84,372)	(61,898)	(137)	-
Results from operating activities		(115,459)	169,557	118,320	91,502
Finance income	21	14,595	21,223	15,596	26,710
Finance costs	22	(61,380)	(78,777)	(35,449)	(47,853)
Net finance cost		(46,785)	(57,554)	(19,853)	(21,143)
Share of profit of equity-accounted investees, net of tax		946	2,324	-	-
(Loss)/Profit before tax	23	(161,298)	114,327	98,467	70,359
Tax (expense)/income	25	(15,455)	(67,635)	1,587	(291)
(Loss)/Profit for the year		(176,753)	46,692	100,054	70,068

Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit liability		-	8,297	-	2,911
Revaluation of property, plant and equipment		-	153,428	-	-
		-	161,725	-	2,911
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		5,844	3,044	-	-
Foreign currency translation differences for an equity-accounted associate		(89)	1,823	-	-
Cash flow hedge		11,397	5,004	-	-
		17,152	9,871	-	-
Other comprehensive income for the year, net of tax	26	17,152	171,596	-	2,911
Total comprehensive (loss)/income for the year		(159,601)	218,288	100,054	72,979
(Loss)/Profit attributable to:					
Owners of the Company		(165,580)	43,645	100,054	70,068
Non-controlling interests		(11,173)	3,047	-	-
(Loss)/Profit for the year		(176,753)	46,692	100,054	70,068
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(148,993)	211,469	100,054	72,979
Non-controlling interests		(10,608)	6,819	-	-
Total comprehensive (loss)/income for the year		(159,601)	218,288	100,054	72,979
Basic (loss)/earnings per ordinary share (sen)	27	(25.38)	6.69		

The notes on pages 87 to 196 are an integral part of these financial statements.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2020 (in USD equivalent)

	2020	2019
	USD'000	USD'000
Revenue	737,508	1,019,535
<i>Cost of sales</i>	(611,003)	(821,707)
Gross profit	126,505	197,828
<i>Other income</i>	14,643	16,405
<i>Distribution expenses</i>	(61,002)	(73,305)
<i>Administrative expenses</i>	(85,275)	(90,584)
<i>Net (loss)/reversal of on impairment of financial instruments</i>	(2,618)	6,212
<i>Other expenses</i>	(21,025)	(15,125)
Results from operating activities	(28,772)	41,431
<i>Finance income</i>	3,637	5,186
<i>Finance costs</i>	(15,295)	(19,249)
Net finance cost	(11,658)	(14,063)
<i>Share of profit of equity-accounted investees, net of tax</i>	236	568
(Loss)/Profit before tax	(40,194)	27,936
<i>Tax expense</i>	(3,851)	(16,527)
(Loss)/Profit for the year	(44,045)	11,409

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 RM4.013 = USD1.00

(2019 - RM4.093 = 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 2020 (in USD equivalent)

	2020 USD'000	2019 USD'000
Items that will not be reclassified subsequently to profit or loss		
Remeasurement of defined benefit liability	-	2,027
Revaluation of property, plant and equipment	-	37,490
	-	39,517
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	1,456	744
Foreign currency translation differences for an equity-accounted associate	(22)	445
Cash flow hedge	2,840	1,223
	4,274	2,412
Other comprehensive income for the year, net of tax	4,274	41,929
Total comprehensive (loss)/income for the year	(39,771)	53,338
(Loss)/Profit attributable to:		
Owners of the Company	(41,261)	10,665
Non-controlling interests	(2,784)	745
(Loss)/Profit for the year	(44,045)	11,410
Total comprehensive (loss)/income attributable to:		
Owners of the Company	(37,128)	51,672
Non-controlling interests	(2,643)	1,666
Total comprehensive (loss)/income for the year	(39,771)	53,338
Basic (loss)/earnings per ordinary share (sen)	(6.32)	1.63

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The audited figures are converted into USD equivalent using the exchange rate of RM4.013 = USD1.00

(2019 - RM4.093 = 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 2020

Group	Note	← Attributable to owners of the Company →									
		← Non-distributable →					→ Distributable →				
		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	
At 1 January 2019		336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,837,794	2,834,298	(18,067)	2,816,231
Remeasurement of defined benefit liability		-	-	-	-	-	-	8,051	8,051	246	8,297
Revaluation of property, plant and equipment		-	-	-	149,707	-	-	-	149,707	3,721	153,428
Transfer of revaluation surplus on properties		-	-	-	(9,944)	-	-	9,944	-	-	-
Foreign currency translation differences for foreign operations		-	-	3,239	-	-	-	-	3,239	(195)	3,044
Foreign currency translation difference for an equity-accounted associate		-	-	1,823	-	-	-	-	1,823	-	1,823
Cash flow hedge		-	-	-	-	5,004	-	-	5,004	-	5,004
Total other comprehensive income for the year		-	-	5,062	139,763	5,004	-	17,995	167,824	3,772	171,596
Profit for the year		-	-	-	-	-	-	43,645	43,645	3,047	46,692
Total comprehensive income for the year		-	-	5,062	139,763	5,004	-	61,640	211,469	6,819	218,288
Purchase of treasury shares		-	(81)	-	-	-	-	-	(81)	-	(81)
Dividends		-	-	-	-	-	-	-	-	-	-
- 2018 final	28	-	-	-	-	-	-	(13,053)	(13,053)	-	(13,053)
- 2019 interim	28	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
Total transactions with owners of the Company		-	(81)	-	-	-	-	(26,106)	(26,187)	(300)	(26,487)
At 31 December 2019		336,000	(25,364)	(9,222)	841,201	3,537	100	1,873,328	3,019,580	(11,548)	3,008,032

Consolidated Statement of Changes in Equity

for the year ended 31 December 2020

Group	Note	← Attributable to owners of the Company →									
		← Non-distributable →					Distributable				
		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	
At 1 January 2020		336,000	(25,364)	(9,222)	841,201	3,537	100	1,873,328	3,019,580	(11,548)	3,008,032
Transfer of revaluation surplus on properties		-	-	-	(13,314)	-	-	13,314	-	-	-
Foreign currency translation differences for foreign operations		-	-	5,279	-	-	-	-	5,279	565	5,844
Foreign currency translation difference for an equity-accounted associate		-	-	(89)	-	-	-	-	(89)	-	(89)
Cash flow hedge		-	-	-	-	11,397	-	-	11,397	-	11,397
Total other comprehensive income/(loss) for the year		-	-	5,190	(13,314)	11,397	-	13,314	16,587	565	17,152
Loss for the year		-	-	-	-	-	-	(165,580)	(165,580)	(11,173)	(176,753)
Total comprehensive income/(loss) for the year		-	-	5,190	(13,314)	11,397	-	(152,266)	(148,993)	(10,608)	(159,601)
Purchase of treasury shares		-	(502)	-	-	-	-	-	(502)	-	(502)
Dividends		-	-	-	-	-	-	-	-	-	-
- 2019 final	28	-	-	-	-	-	-	(13,049)	(13,049)	-	(13,049)
- 2020 interim	28	-	-	-	-	-	-	(9,784)	(9,784)	(300)	(10,084)
		-	(502)	-	-	-	-	(22,833)	(23,335)	(300)	(23,635)
Changes in ownership interests in subsidiaries		-	-	-	344	-	-	(5,910)	(5,566)	5,461	(105)
Total transactions with owners of the Company		-	(502)	-	344	-	-	(28,743)	(28,901)	5,161	(23,740)
At 31 December 2020		336,000	(25,866)	(4,032)	828,231	14,934	100	1,692,319	2,841,686	(16,995)	2,824,691

The notes on pages 87 to 196 are an integral part of these financial statements.

Statement of Changes in Equity

for the year ended 31 December 2020

	Note	← Attributable to owners of the Company →			
		← Non-distributable →		Distributable	
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
Company					
At 1 January 2019		336,000	(25,283)	956,919	1,267,636
Profit for the year		-	-	70,068	70,068
Other comprehensive income for the year, net of tax		-	-	2,911	2,911
Total comprehensive income for the year		-	-	72,979	72,979
Purchase of treasury shares		-	(81)	-	(81)
Dividends					
- 2018 final	28	-	-	(13,053)	(13,053)
- 2019 interim	28	-	-	(13,053)	(13,053)
Total transactions with owners of the Company		-	(81)	(26,106)	(26,187)
At 31 December 2019		336,000	(25,364)	1,003,792	1,314,428
Profit for the year		-	-	100,054	100,054
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	100,054	100,054
Purchase of treasury shares		-	(502)	-	(502)
Dividends					
- 2019 final	28	-	-	(13,049)	(13,049)
- 2020 interim	28	-	-	(9,784)	(9,784)
Total transactions with owners of the Company		-	(502)	(22,833)	(23,335)
At 31 December 2020		336,000	(25,866)	1,081,013	1,391,147
		Note 16	Note 16		

The notes on pages 87 to 196 are an integral part of these financial statements.

Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from operating activities					
(Loss)/Profit before tax		(161,298)	114,327	98,467	70,359
Adjustments for:					
Depreciation of property, plant and equipment	3	136,935	137,012	178	164
Dividend income		-	-	(138,603)	(104,400)
Gain on disposal of property, plant and equipment	23	(4,955)	(7,448)	-	-
Loss on unrealised foreign exchange - net	23	9,622	4,337	-	-
Finance costs	22	61,380	78,777	35,449	47,853
Finance income	21	(14,595)	(21,223)	(15,596)	(26,710)
Inventories written off	23	720	4	-	-
Write-down of inventories	12	15,795	1,847	-	-
Write-off of investment		-	1	-	1
Bad debts written off	23	1,557	11,288	-	-
Addition/(Reversal) of impairment loss on:	23				
Hire purchase receivables		11,346	(6,692)	-	-
Property, plant and equipment		3,962	9,770	-	-
Trade receivables		(841)	(18,729)	-	-
Amount due from subsidiaries		-	-	1,198	(4,600)
Reversal of write-down of inventories	12	(3,735)	(4,032)	-	-
Property, plant and equipment written off		3,842	921	-	-
Retirement benefits charged	18	16,340	11,640	8,710	4,255
Fair value changes on investment properties	4	930	(519)	-	-
Share of profit of equity- accounted investees		(946)	(2,324)	-	-
Fair value adjustment to derivatives		(88)	323	-	-
Operating profit/(loss) before changes in working capital		75,971	309,280	(10,197)	(13,078)

Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Operating profit/(loss) before changes in working capital		75,971	309,280	(10,197)	(13,078)
Changes in working capital:					
Inventories		636,028	(334,401)	-	-
Hire purchase receivables		51,460	96,671	-	-
Finance lease receivables		204	483	-	-
Receivables		154,250	37,682	-	11
Deposits and prepayment		(6,560)	33,986	21	71
Payables and accruals		(226,547)	(41,908)	(7,960)	(8,633)
Contract assets		(1,714)	(974)	-	-
Contract liabilities		(5,302)	21,899	-	-
Cash generated from/(used in) operations		677,790	122,718	(18,136)	(21,629)
Tax paid		(48,665)	(91,977)	-	-
Tax refunded		5,232	5,256	-	-
Interest paid		(58,933)	(78,777)	(32,972)	(45,471)
Interest received		14,595	21,223	15,596	26,710
Employee benefits paid		(2,729)	(2,315)	-	-
Net cash from/(used in) operating activities		587,290	(23,872)	(35,512)	(40,390)
Cash flows from investing activities					
Acquisition of property, plant and equipment		(127,997)	(240,413)	(156)	-
Repayment from subsidiaries		-	-	90,780	231,160
Net acquisition of other investment		(158,140)	-	-	-
Net proceeds from disposal of other investments		-	114,702	137	-
Acquisition of share in equity-accounted investees		(15,000)	-	-	-
Subscription to subsidiaries' share capital		-	-	(170,579)	(17,500)
Dividends received from:					
- Unquoted subsidiaries		-	-	138,353	104,150
- Joint ventures		250	250	250	250
- Associates		1,449	-	-	-
Proceeds from disposal of property, plant and equipment		23,631	23,975	-	-
Net cash (used in)/from investing activities		(275,807)	(101,486)	58,785	318,060

Statements of Cash Flows

for the year ended 31 December 2020

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	28	(22,833)	(26,106)	(22,833)	(26,106)
Dividends paid to non-controlling interests		(300)	(300)	-	-
Purchase of own shares		(502)	(81)	(502)	(81)
Net (repayment of)/proceeds from bills payable		(115,062)	163,630	-	-
Net drawdown/(repayment) of term loans		60,202	(8,928)	-	-
Net (repayment)/drawdown of revolving credit		(34,829)	155,592	-	-
Payment of lease liabilities		(21,674)	(21,256)	(28)	(134)
Redemption of medium term notes	17	-	(250,000)	-	(250,000)
Net cash (used in)/from financing activities		(134,998)	12,551	(23,363)	(276,321)

Net increase/(decrease) in cash and cash equivalents		176,485	(112,807)	(90)	1,349
Effects of exchange rate fluctuations on cash and cash equivalents		(2,309)	(1,525)	-	-
Cash and cash equivalents at 1 January		407,786	522,118	3,457	2,108
Cash and cash equivalents at 31 December	15	581,962	407,786	3,367	3,457

Cash outflows for leases as a lessee

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Included in net cash from operating activities					
Payment relating to leases of short-term leases and low-value assets	23	6,692	4,390	112	-
Interest paid in relation to lease liabilities	22	3,743	2,986	16	20
Included in net cash from financing activities					
Payment of lease liabilities		21,674	21,256	28	134
Total cash outflows for leases		32,109	28,632	156	154

The notes on pages 87 to 196 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 2020 comprise the Company and its subsidiaries (together referred to as the “Group” and individually referred to as “Group entities”) and the Group’s interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2020 do not include any other entities.

The Company is principally engaged in investment holding, whilst the principal activities and the details 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 15 April 2021.

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 2016 in Malaysia.

The Group and the Company had elected to early adopt Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions* and applies the practical expedient to the rent concessions granted to the Group and the Company. Consequently, rent concessions received have been recognised in profit or loss.

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 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022

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

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 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 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 plan to apply the abovementioned accounting standards, interpretations and amendments, where applicable, once they become effective.

The Group and the Company do not plan to apply MFRS 17, *Insurance Contracts* as it is not applicable to the Group and the Company.

The initial application of the applicable accounting standards, amendments or interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group and the Company.

(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 currencies

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 and Note 4 - valuation of investment properties*

The Group carries its property, plant and equipment and investment properties at fair value, with changes in fair value being recognised in other comprehensive income and statement of profit or loss respectively. The Group engaged independent valuation specialists to assess fair value for both property, plant and equipment and investment properties. Valuation methodology adopted is based on sales comparison and depreciated replacement cost approach. The key assumptions used to determine the fair value of the properties are provided in Notes 3 and 4.

Notes to the Financial Statements

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

- *Note 3 - extension options and incremental borrowing rate in relation to leases*

Some leases of land and office buildings contain extension options exercisable by the Group up to three (3) years before the end of the contract period. The extension options held are exercisable only by the Group and not by the lessors.

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

- *Note 5 - impairment of intangible assets*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Details of the impairment assessment are provided in Note 5.

- *Note 9 - recognition of deferred tax assets*

Deferred tax assets are recognised for all unutilised tax losses to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits.

- *Notes 10 and 11 - measurement of expected credit loss allowances for hire purchase and trade receivables*

The loss allowances for hire purchase and trade receivables are based on the assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment model, based on the Group's past experience, existing market conditions as well as forward looking estimates as at the end of the reporting period.

For impaired hire purchase receivables which are individually assessed, judgement by management is required in the estimation of the amount and timing of future cash flows including estimation of recoveries from the repossessed vehicles net of outstanding balance owing from the receivables in determination of impairment losses. In estimating of these cash flows, judgements are made about the borrower's financial position.

For hire purchase receivables which are collectively assessed, judgements are made based on the financing portfolio data including historical non-performing loans delinquency rates and average loss appropriate to the portfolio, and forward-looking adjustments.

Notes to the Financial Statements

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

- *Note 12 - valuation of inventories*

The calculation of inventory provision requires judgement by management of the expected value of future sales. If the carrying value of inventory is higher than the expected recoverable amount, the Group makes provision writing inventory down to its net realisable value. Inventory is initially assessed for impairment by comparing inventory levels to recent sales trend and carrying values to estimated selling prices. A detailed review is completed for inventory lines identified in the initial assessment considering sales activity, order trend, customer contracts, current selling prices, estimated sales incentives and other related costs to sell.

- *Note 18 - valuation of employee benefits*

The defined benefit obligation is determined based on an actuarial valuation. The actuarial valuation involves making assumptions regarding the discount rate, future salary increases and withdrawal rates. Due to the long term nature of the defined benefit plan, such estimates are subject to significant uncertainty. Details of the assumptions used are disclosed in Note 18.

2. SIGNIFICANT ACCOUNTING POLICIES

The Group has early adopted *Covid-19-Related Rent Concessions – Amendment to MFRS 16* issued on 5 June 2020. The amendment introduces an optional practical expedient for leases in which the Group is a lessee – i.e. for leases to which the Group applies the practical expedient, the Group is not required to assess whether eligible rent concessions that are a direct consequence of the Covid-19 coronavirus pandemic are lease modifications. The Group has applied the amendment retrospectively. The amendment has no impact on retained earnings at 1 January 2020.

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.

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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

The Group 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 a financial asset depending on the level of influence retained.

(v) Associates

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not 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.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(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 which 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 profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at FVOCI or a financial instrument designated as a cash flow hedge, 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 hedging reserve in equity.

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the hedging reserve 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 hedging reserve 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments

(i) Recognition and initial 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 asset (unless it is a trade receivable without significant financing component) or a financial liability is initially measured at fair value plus or minus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issuance. A trade receivable without a significant financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristic and risks of the host contract and the host contract is not measured at 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

Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets where the effective interest rate is applied to the amortised cost (see Note 2(k)(i)).

(b) Fair value through other comprehensive income

(i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the debt investment, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains or losses and impairment are recognised in profit or loss. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to 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) Fair value through other comprehensive income (continued)

(i) Debt investments (continued)

Interest income is recognised by applying effective interest rate to the gross carrying amount except for credit impaired financial assets (see Note 2(k)(i)) where the effective interest rate is applied to the amortised cost.

(ii) Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets are not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through other comprehensive income, are subject to impairment assessment (see Note 2(k)(i)).

Financial liabilities

The categories of financial liabilities at initial recognition are as follows:

(a) 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), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

(a) Fair value through profit or loss (continued)

On initial recognition, the Group or the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- (a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- (b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or
- (c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses on derecognition are also recognised in the profit or loss.

(iii) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date or settlement date accounting in the current year.

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)

(iii) Regular way purchase or sale of financial assets (continued)

Settlement date accounting refers to:

- (a) the recognition of an asset on the day it is received by the Group or the Company, and
- (b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the Group or the Company.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired asset.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(iv) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

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 all, or a component of, 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 accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

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 hedged 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 immediately.

The Group designates only the change in fair value of the spot element of forward contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts (“forward points”) and/or the foreign currency basis spread are separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) Hedge accounting (continued)

Cash flow hedge (continued)

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or 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 hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedge future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to 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 transferred, or control of the asset is not retained or substantially all of the 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 of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on their modified terms is recognised at fair value. 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.

(vi) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(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 are 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 end of reporting period.

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 properties comprising land and building every three (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 of properties held for own use are dealt with in other comprehensive income and are accumulated separately in equity in the revaluation reserve account. When a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation. When revalued assets are retired or disposed, the amounts included in the revaluation surplus reserve are transferred to retained earnings and are not reclassified to profit or loss.

(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) Leases

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- The customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group recognises a right-of-use and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The Group excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of twelve (12) months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If the head lease is a short-term lease to which the Group applies exemption described above, then it classifies the sublease as an operating lease.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset (except for land) is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

For leases of land recognised as right-of-use assets that are related to property, plant and equipment, the Group has elected to apply the revaluation model in accordance to MFRS 116, *Property, Plant and Equipment*. This class of right-of-use assets is subsequently measured at fair value less accumulated depreciation and any accumulated impairment losses (see Note 2(d)(i)).

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Covid-19-related rent concessions

The Group has applied *Covid-19-Related Rent Concessions – Amendment to MFRS 16*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the Covid-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(b) As a lessor

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(f) Intangible assets

Goodwill

Goodwill arises on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates and joint venture, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint venture.

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract 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 which are owned are measured initially at cost. 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 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. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured 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.

The fair value of investment properties held by the Group as a right-of-use asset reflects the expected cash flows. Accordingly, where valuation obtained for a property is net of all payments expected to be made, the Group added back any recognised lease liability to arrive at the carrying amount of the investment property using the fair value model.

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.

(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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Inventories (continued)

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) Contract asset/Contract liability

A contract asset is recognised when the Group's or the Company's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment in accordance to MFRS 9, *Financial Instruments* (see Note 2(k)(i)).

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

(j) 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.

(k) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets measured at amortised cost, debt investments measured at fair value through other comprehensive income, contract assets and lease receivables. Expected credit losses are a probability-weighted estimate of credit losses.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have a low risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured at 12-month expected credit loss. Loss allowances for trade receivables, contract assets and lease receivables are always measured at an amount equal to lifetime expected credit loss.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of the asset, while 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date. The maximum period considered when estimating expected credit losses is the maximum contractual period with the Group and the Company are exposed to credit risk.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

The Group assesses whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group first assesses whether objective evidence of impairment exists for financial assets which are individually significant. If the Group determines that objective evidence of impairment exists, i.e. credit-impaired, for an individually assessed financial asset, a lifetime expected credit loss will be recognised for impairment loss which has been incurred. Financial assets which are not individually significant and that have been individually assessed with no evidence of impairment loss are grouped together for collective impairment. Collectively, the individual assessment allowance and collective assessment allowance form the total allowance for impairment on hire purchase receivables.

The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, 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 and intangible assets that have indefinite useful lives or that are not yet available for use, 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(ii) Other assets (continued)

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

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

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

Where treasury shares are distributed as share dividends, the costs of the treasury shares is applied in the reduction of the distributable reserves.

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.

(m) 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

(i) Short-term employee benefits (continued)

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 obligations in respect of defined benefit plans are calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods and 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 and the Company determine 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.

(n) 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.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognised revenue when (or as) it transfers control over a product or service to a customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

- (a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
- (b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
- (c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

Revenue from contracts with customers is recognised when the Group satisfies each distinct performance obligation identified in the contracts by transferring control of promised goods or services to the customers. Revenue may be recognised at a point in time or over time, depending on the substance of the contract.

Revenue from contracts with customers is measured at its transaction price which is the amount of consideration that the Group expects to be entitled in exchange for transferring the promised goods or services to a customer, net of applicable taxes, returns, rebates and discounts. Transaction price is allocated to each distinct performance obligation on the basis of its relative stand-alone selling price.

Performance obligations by segment are as follows:

(i) Vehicles assembly, manufacturing and distribution and after-sales services

The Group is involved in the business of assembly and distribution of passenger and commercial vehicles, manufacturing and distribution of automotive spare parts and provision of automotive workshop services.

Manufacturing and assembly of passenger and commercial vehicles

(i) Point in time recognition

Revenue is recognised when control of vehicles is transferred to the customer. The customer accepts the vehicle with satisfaction as to the quality of the assembled vehicle, take delivery and has absolute rights over the distribution and selling price of the vehicle.

Revenue from these services is recognised based on the fixed price specified in the contract and the variable expenses recoverable from the customers, based on the aggregate service provided over an agreed period. Accumulated experience is used to estimate and provide for the variable expenses recoverable, using the expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. There is no significant financing component in the revenue arising from manufacturing and assembly of vehicles as the sales are made on the normal credit terms not exceeding 12 months.

A receivable is recognised when the vehicles are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

(i) Vehicles assembly, manufacturing and distribution and after-sales services (continued)

Manufacturing and assembly of passenger and commercial vehicles (continued)

(ii) Over time recognition

For certain contracts, revenue is recognised over the contract period if the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Revenue is recognised based on the actual cost of assembly incurred at the end of the period, including a reasonably estimated average profit margin with the customer. This method represents a faithful depiction of the service as the actual costs incurred represents the percentage of service rendered.

The average profit margin is revised accordingly if required to reflect the actual situation. Any resulting increases or decreases in estimated revenue are reflected in profit or loss in the period in which the situation that give rise to the revision become known by management. The Group's obligation to provide warranty for the vehicles under the standard warranty terms is recognised as a provision.

Distribution and sale of vehicles and parts

Revenue from distribution and sale of vehicles is recognised when the Group transfers the control over the vehicles and parts to customers, being when the vehicles and parts are delivered to customers. The retail sales of parts normally occur during performance of after-sales services and is recognised at point in time.

The Group normally collects deposits from customers for the sales of vehicles. Since the Group has an obligation to transfer the vehicles to customers in respect of deposits received, the deposits received are recognised as contract liabilities in the statements of financial position. Customer deposits will be recognised as revenue upon the sales of the vehicles to the customers. A receivable is recognised when the vehicles are delivered as this is the point in time when the Group has performed its obligations and the remaining consideration under the sales contract becomes unconditional.

Vehicles and parts may be sold with volume-based discounts and incentives will be given based on achieved targeted sales. Accumulated experience is used to estimate the discounts and incentives using the expected value or most likely methods depending on the type of discounts and incentives. Discounts and incentives are accounted for as a reduction of the transaction price and revenue is recognised to the extent that it is highly probable that a significant reversal will not occur.

No element of financing is deemed present as the sales are made with a credit term of 30 days. The Group's obligation to provide warranty for the vehicles and parts under the standard warranty terms is recognised as a provision.

After-sales services

The Group provides after-sales services or routine vehicle maintenance services within and/or outside of the warranty period in relation to the vehicle brands that the Group sells.

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

(i) Vehicles assembly, manufacturing and distribution and after-sales services (continued)

After-sales services (continued)

The sales of vehicles to customers may be bundled together with extended warranties and/or free services. The extended warranty provides assurance to the customer that the vehicle parts comply with agree-upon specifications beyond the general standard warranty period. The extended warranties and free services are separate performance obligations and the transaction price is allocated to the service obligations based on their relative stand-alone selling prices. Considerations collected from customers in advance for the extended warranties and free services are recognised as contract liabilities and will be recognised as revenue over the period covered by the extended warranties and when the free services are performed respectively.

Revenue from after-sales services beyond the free service period is recognised upon the performance of services to customers.

There is no significant financing component in the sale of extended warranties and/or free services as the sales are made on normal credit terms not exceeding three (3) months.

(ii) Financial services – Hire purchase financing, personal loans and insurance agency

Hire purchase revenue is recognised in 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.

Personal loan revenue is recognised in profit or loss upon commencement of the personal loan tenure, based on the reducing balance method over the period of agreement.

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.

The Group's other sources of revenue and income include the following:

(i) 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.

(ii) Rental income

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

(iii) Interest income

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) 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.

(q) Income tax

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

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

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

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

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

Notes to the Financial Statements

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) 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.

(s) 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.

(t) 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.

(u) Fair value measurements

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.

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.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold	Buildings	Right- of-use assets	Plant, machinery and equipment	Furniture, fixtures, fittings and office equipment	Motor vehicles	Renovation	Rough	Under	Total
	land			road	construction					
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation										
At 1 January 2019	474,474	564,181	695,310	493,289	138,039	155,023	99,668	3,332	55,899	2,679,215
Additions	-	20,176	19,929	12,680	6,504	[^] 128,639	4,249	-	107,647	299,824
Disposals	-	-	-	(654)	(689)	(40,278)	(1,495)	-	-	(43,116)
Reclassifications	-	73,993	-	13,328	736	-	557	-	(88,614)	-
Revaluation (Note 26)	19,265	26,090	149,965	-	-	-	-	-	-	195,320
Less: Elimination of accumulated depreciation	-	(45,775)	(46,730)	-	-	-	-	-	-	(92,505)
Transfers	[*] (3,406)	[*] (4,735)	[*] (785)	-	-	-	-	-	-	(8,926)
Write-off	-	-	-	(890)	(1,502)	(123)	(577)	-	(256)	(3,348)
Effects of movement in exchange rates	-	(587)	(993)	(1,127)	(51)	(135)	(51)	(10)	(108)	(3,062)
At 31 December 2019/1 January 2020	490,333	633,343	816,696	516,626	143,037	243,126	102,351	3,322	74,568	3,023,402
Additions	-	948	10,119	8,149	3,337	[^] 141,976	2,974	-	76,077	243,580
Disposals	-	-	(11,141)	(1,233)	(572)	(42,549)	(2,005)	-	-	(57,500)
Reclassifications	-	-	-	33,128	665	-	500	-	(34,293)	-
Transfers	-	[*] (17,000)	[*] 2,300	-	-	-	-	-	-	(14,700)
Write-off	-	-	-	(3,380)	(1,457)	-	(1,883)	-	(3,325)	(10,045)
Effects of movement in exchange rates	-	(2,557)	(2,076)	(2,024)	(151)	(312)	(389)	(14)	(687)	(8,210)
At 31 December 2020	490,333	614,734	815,898	551,266	144,859	342,241	101,548	3,308	112,340	3,176,527

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

[^] Included in this amount was withdrawal of inventories at total cost of RM105,000,000 (2019: RM48,000,000) for the business of subscription plans in one of the subsidiaries of the Group.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Buildings	Right-of-use assets	Plant, machinery and equipment	Furniture, fixtures, fittings and office equipment	Motor vehicles	Renovation	Rough road	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Cost/Valuation										
Representing items:										
- at cost	-	-	112,883	516,626	143,037	243,126	102,351	3,322	74,568	1,195,913
- at valuation	490,333	633,343	703,813	-	-	-	-	-	-	1,827,489
At 31 December 2019	490,333	633,343	816,696	516,626	143,037	243,126	102,351	3,322	74,568	3,023,402
Representing items:										
- at cost	-	-	112,746	551,266	144,859	342,241	101,548	3,308	112,340	1,368,308
- at valuation	490,333	614,734	703,152	-	-	-	-	-	-	1,808,219
At 31 December 2020	490,333	614,734	815,898	551,266	144,859	342,241	101,548	3,308	112,340	3,176,527

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold	Buildings	Right-	Plant,	Furniture,	Motor	Renovation	Rough	Under	Total
	land		of-use	machinery	fixtures,	vehicles		road	construction	
	RM'000	RM'000	assets	and	and	RM'000	RM'000	RM'000	RM'000	RM'000
			RM'000	equipment	office					
				RM'000	RM'000					
Depreciation and impairment loss										
At 1 January 2019										
Accumulated depreciation	-	28,489	62,781	366,176	109,646	91,795	65,075	502	-	724,464
Accumulated impairment loss	472	4,490	2,112	15,114	37	-	44	-	1,589	23,858
	472	32,979	64,893	381,290	109,683	91,795	65,119	502	1,589	748,322
Depreciation for the year	-	17,492	33,392	36,097	10,316	30,312	9,375	28	-	137,012
Disposals	-	-	-	(537)	(584)	(24,478)	(990)	-	-	(26,589)
Transfers	-	* (96)	-	-	-	-	-	-	-	(96)
Write-off	-	-	-	(561)	(1,414)	(123)	(329)	-	-	(2,427)
Impairment loss (Note 3.1)	3,758	5,399	613	-	-	-	-	-	-	9,770
Elimination on revaluation	-	(45,775)	(46,730)	-	-	-	-	-	-	(92,505)
Effects of movement in exchange rates	-	(110)	(178)	(608)	(48)	(64)	(75)	(1)	-	(1,084)
At 31 December 2019/1 January 2020										
Accumulated depreciation	-	-	49,265	400,567	117,916	97,442	73,056	529	-	738,775
Accumulated impairment loss	4,230	9,889	2,725	15,114	37	-	44	-	1,589	33,628
	4,230	9,889	51,990	415,681	117,953	97,442	73,100	529	1,589	772,403

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

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Buildings	Right-of-use assets	Plant, machinery and equipment	Furniture, fixtures, fittings and office equipment	Motor vehicles	Renovation	Rough road	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation and impairment loss (continued)										
Depreciation for the year	-	18,734	28,664	34,404	7,947	40,525	6,640	21	-	136,935
Disposals	-	-	(8,922)	(1,163)	(460)	(26,870)	(1,409)	-	-	(38,824)
Write-off	-	-	-	(1,597)	(1,358)	-	(1,659)	-	(1,589)	(6,203)
Impairment loss (Note 3.1)	-	-	-	3,962	-	-	-	-	-	3,962
Effects of movement in exchange rates	-	(341)	(540)	(1,917)	(139)	(206)	(257)	(3)	-	(3,403)
At 31 December 2020										
Accumulated depreciation	-	18,393	68,467	430,294	123,906	110,891	76,371	547	-	828,869
Accumulated impairment loss	4,230	9,889	2,725	19,076	37	-	44	-	-	36,001
	4,230	28,282	71,192	449,370	123,943	110,891	76,415	547	-	864,870
Carrying amounts										
At 1 January 2019	474,002	531,202	630,417	111,999	28,356	63,228	34,549	2,830	54,310	1,930,893
At 31 December 2019/1 January 2020	486,103	623,454	764,706	100,945	25,084	145,684	29,251	2,793	72,979	2,250,999
At 31 December 2020	486,103	586,452	744,706	101,896	20,916	231,350	25,133	2,761	112,340	2,311,657

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Right-of-use assets - Building RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost					
At 1 January 2019/ 31 December 2019/ 1 January 2020	514	220	1,543	-	2,277
Additions	-	-	146	10	156
Disposals	-	-	-	-	-
At 31 December 2020	514	220	1,689	10	2,433
Depreciation					
At 1 January 2019	86	204	1,216	-	1,506
Depreciation for the year	86	6	72	-	164
At 31 December 2019/ 1 January 2020	172	210	1,288	-	1,670
Depreciation for the year	85	4	89	-	178
At 31 December 2020	257	214	1,377	-	1,848
Carrying amounts					
At 1 January 2019	428	16	327	-	771
At 31 December 2019/ 1 January 2020	342	10	255	-	607
At 31 December 2020	257	6	312	10	585

The Company leases an office for 3 years, with an option to renew the lease after that date.

3.1 Impairment loss

During the financial year, the Group has recognised an impairment loss of RM3,962,000 in respect of idle machines which are mainly reported in the segment of vehicle assembly, manufacturing, distribution and after-sales service (2019: RM9,770,000 was related to revaluation of land and buildings).

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Right-of-use assets

Included in property, plant and equipment are right-of-use assets as follows:

Group	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	Total RM'000
Cost/Valuation						
At 1 January 2019	594,483	99,435	45	961	386	695,310
Additions	7,786	10,390	216	1,325	212	19,929
Revaluation	149,965	-	-	-	-	149,965
Less: Elimination of accumulated depreciation	(46,730)	-	-	-	-	(46,730)
Transfers	* (785)	-	-	-	-	(785)
Effects of movement in exchange rates	(906)	(87)	-	-	-	(993)
At 31 December 2019/ 1 January 2020	703,813	109,738	261	2,286	598	816,696
Additions	-	9,590	195	142	192	10,119
Disposals	(1,145)	(9,862)	-	-	(134)	(11,141)
Transfers	* 2,300	-	-	-	-	2,300
Effects of movement in exchange rates	(1,816)	(260)	-	-	-	(2,076)
At 31 December 2020	703,152	109,206	456	2,428	656	815,898
Cost/Valuation						
Representing items:						
- at cost	-	109,738	261	2,286	598	112,883
- at valuation	703,813	-	-	-	-	703,813
At 31 December 2019	703,813	109,738	261	2,286	598	816,696
Representing items:						
- at cost	-	109,206	456	2,428	656	112,746
- at valuation	703,152	-	-	-	-	703,152
At 31 December 2020	703,152	109,206	456	2,428	656	815,898

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

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Right-of-use assets (continued)

Group	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	Total RM'000
Depreciation and impairment loss						
At 1 January 2019						
Accumulated depreciation	35,998	26,481	11	131	160	62,781
Accumulated impairment loss	2,112	-	-	-	-	2,112
	38,110	26,481	11	131	160	64,893
Depreciation for the year	10,879	21,372	38	914	189	33,392
Impairment loss	613	-	-	-	-	613
Elimination on revaluation	(46,730)	-	-	-	-	(46,730)
Effects of movement in exchange rates	(147)	(31)	-	-	-	(178)
At 31 December 2019/ 1 January 2020						
Accumulated depreciation	-	47,822	49	1,045	349	49,265
Accumulated impairment loss	2,725	-	-	-	-	2,725
	2,725	47,822	49	1,045	349	51,990
Depreciation for the year	14,900	12,388	340	936	100	28,664
Disposals	(540)	(8,248)	-	-	(134)	(8,922)
Effects of movement in exchange rates	(371)	(169)	-	-	-	(540)
At 31 December 2020						
Accumulated depreciation	13,989	51,793	389	1,981	315	68,467
Accumulated impairment loss	2,725	-	-	-	-	2,725
	16,714	51,793	389	1,981	315	71,192
Carrying amounts						
At 1 January 2019	556,373	72,954	34	830	226	630,417
At 31 December 2019/ 1 January 2020	701,088	61,916	212	1,241	249	764,706
At 31 December 2020	686,438	57,413	67	447	341	744,706

The Group leases a number of land between 5 years to 93 years and showrooms and workshops that run between 2 years to 5 years with an option to renew the lease after that date.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Property, plant and equipment under revaluation model

The Group's properties were revalued on 31 December 2019 by independent professional qualified valuers using comparison and depreciated replacement cost approach.

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 (Note a) RM'000	Buildings RM'000	Total RM'000
Group				
2020				
Cost	164,865	269,004	526,749	960,618
Accumulated depreciation	-	(67,189)	(157,379)	(224,568)
Accumulated impairment loss	(4,230)	(2,725)	(9,889)	(16,844)
	160,635	199,090	359,481	719,206
2019				
Cost	164,865	268,214	545,358	978,437
Accumulated depreciation	-	(59,564)	(146,261)	(205,825)
Accumulated impairment loss	(4,230)	(2,725)	(9,889)	(16,844)
	160,635	205,925	389,208	755,768

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2020				
Freehold land	-	-	486,103	486,103
Long term leasehold land	-	-	700,427	700,427
Buildings	-	-	604,845	604,845
	-	-	1,791,375	1,791,375
2019				
Freehold land	-	-	486,103	486,103
Long term leasehold land	-	-	702,957	702,957
Buildings	-	-	623,454	623,454
	-	-	1,812,514	1,812,514

Note a: The long term leasehold land is under right-of-use assets.

Notes to the Financial Statements

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Property, plant and equipment under revaluation model (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. The price per square foot for material properties in Malaysia range from RM39 to RM487 (2019: RM39 to RM487), properties in Vietnam range from RM35 to RM62 (2019: RM35 to RM62) per square foot and a property in Myanmar is RM53 per square foot (2019: RM53).

3.4 Titles

The titles to certain properties with a total value of RM14,655,000 (2019: RM14,655,000) 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 2019	143,330	16,105	47,941	207,376
Transfer	* 3,406	* 785	* 4,639	8,830
Change in fair value recognised in profit or loss	104	350	65	519
At 31 December 2019/1 January 2020	146,840	17,240	52,645	216,725
Transfer	-	* (2,300)	* 17,000	14,700
Change in fair value recognised in profit or loss	-	(50)	(880)	(930)
At 31 December 2020	146,840	14,890	68,765	230,495

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

The operating lease payments to be received are as follows:

	Group	
	2020 RM'000	2019 RM'000
Less than one year	3,043	4,269
One to two years	1,276	2,010
Two to three years	353	567
Three to four years	6	8
Total undiscounted lease payments	4,678	6,854

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				
2020				
Freehold land	-	-	146,840	146,840
Long term leasehold land	-	-	14,890	14,890
Buildings	-	-	68,765	68,765
	-	-	230,495	230,495
2019				
Freehold land	-	-	146,840	146,840
Long term leasehold land	-	-	17,240	17,240
Buildings	-	-	52,645	52,645
	-	-	216,725	216,725

Notes to the Financial Statements

4. INVESTMENT PROPERTIES (continued)

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.

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 properties, 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 properties.

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. The price per square foot for material investment properties in Malaysia ranged from RM14 to RM1,906 (2019: RM14 to RM1,906).

Notes to the Financial Statements

5. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000
Cost		
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020		14,703
Impairment loss		
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020	5.1	13,944
Carrying amounts		
At 1 January 2019/31 December 2019/1 January 2020/31 December 2020		759

5.1 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	
	2020 RM'000	2019 RM'000
(i) Malaysia property	648	648
(ii) Vietnam vehicles distribution network	13,944	13,944
(iii) Travel agency and transportation services	111	111
	14,703	14,703
Less: Impairment loss	(13,944)	(13,944)
	759	759

(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) In December 2018, the Group via its wholly-owned subsidiary, namely ETCM (V) Pte. Ltd. ("ETCMV"), has received from Nissan Motor Co., Ltd. ("NML") a notice of termination of the Joint Venture Agreement dated 22 September 2010 previously entered into between ETCMV and NML. Consequently, the management has decided to impair the entire goodwill attributable to the Vietnam vehicles distribution unit.

The Joint Venture Agreement ended after the notice of termination which was extended from 10 September 2019 to 30 September 2020 lapsed.

Notes to the Financial Statements

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2020	2019
	RM'000	RM'000
Investments at cost	1,917,000	1,746,421
Less: Impairment loss	(40,738)	(40,738)
	1,876,262	1,705,683

Details of the subsidiaries are in Note 35.

Although the Group owns less than half of the ownership interest and voting power in TC Express Auto Services and Spare Parts (Thailand) Co. Ltd., the Directors have determined that the Group controls the entity. The Group has de facto control over the entity because the Group has held significantly more power over the entity 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.

The Group has established a structured entity ("SE") for undertaking asset-backed securitisation under Premium Commerce Berhad ("PCB"). The Group does not have any direct or indirect shareholding in PCB. A SE is consolidated if, based on an evaluation of the substance of its relationship with the Group, the Group concludes that it controls SE. SE controlled by the Group was established under terms that impose strict limitations on the decision-making powers of the SE's management and that result in the Group receiving majority of the benefits related to the SE's operations and net assets.

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
2020					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	26,952	(35,381)	(8,485)	(81)	(16,995)
Total comprehensive (loss)/income allocated to NCI	(1,611)	(8,315)	146	4,633	(5,147)
2019					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	28,864	(27,065)	(8,631)	(4,716)	(11,548)
Total comprehensive income/(loss) allocated to NCI	6,663	2,049	(1,093)	(800)	6,819

Notes to the Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination

	TCMA	NVL	TCEAS (Thai)
2020	RM'000	RM'000	RM'000
As at 31 December			
Non-current assets	56,521	3,270	956
Current assets	68,884	32,310	833
Non-current liabilities	(8,534)	-	-
Current liabilities	(27,030)	(171,659)	(18,426)
Net assets/(liabilities)	89,841	(136,079)	(16,637)
Year ended 31 December			
Revenue	66,716	119,850	1,128
(Loss)/Profit for the year	(5,371)	(33,706)	47
Total comprehensive (loss)/income	(5,371)	(31,981)	286
Cash flows from operating activities	6,819	49,172	494
Cash flows (used in)/from investing activities	(3,693)	219	-
Cash flows used in financing activities	(1,000)	(36,126)	(1,036)
Net increase/(decrease) in cash and cash equivalents	2,126	13,265	(542)
Dividend paid to NCI	300	-	-
	TCMA	NVL	TCEAS (Thai)
2019	RM'000	RM'000	RM'000
As at 31 December			
Non-current assets	63,092	7,919	1,273
Current assets	90,503	-	1,341
Non-current liabilities	(13,456)	-	-
Current liabilities	(43,927)	(112,017)	(19,537)
Net assets/(liabilities)	96,212	(104,098)	(16,923)
Year ended 31 December			
Revenue	123,142	362,603	1,563
Profit/(loss) for the year	9,706	6,487	(1,129)
Total comprehensive income/(loss)	22,210	7,881	(2,143)
Cash flows used in operating activities	(2,669)	(25,288)	(1,833)
Cash flows from/(used in) investing activities	3,425	(13,018)	(91)
Cash flows (used in)/from financing activities	(1,000)	(23,451)	1,768
Net decrease in cash and cash equivalents	(244)	(61,757)	(156)
Dividend paid to NCI	300	-	-

Notes to the Financial Statements

6. INVESTMENTS IN SUBSIDIARIES (continued)**Non-controlling interests in subsidiaries (continued)****Summarised financial information before intra-group elimination (continued)**

In December 2020, the Group acquired an additional 30% interest in Inspired Motor Sdn. Bhd. for RM105,000 in cash, increasing its ownership from 70% to 100%. The carrying amount of Inspired Motor Sdn. Bhd.'s net assets in the Group's financial statements on the date of acquisition was RM366,000. The Group recognised a decrease in non-controlling interests of RM110,000 and an increase in retained earnings of RM5,000.

In December 2020, the Group acquired an additional 51% interest in TC Sri Amar Sdn. Bhd. for RM51 in cash, increasing its ownership from 49% to 100%. The carrying amount of TC Sri Amar Sdn. Bhd.'s net liabilities in the Group's financial statements on the date of acquisition was RM10,709,000. The Group recognised a decrease in non-controlling interests of RM5,571,000, decrease in revaluation reserve of RM344,000 and a decrease in retained earnings of RM5,915,000.

7. EQUITY-ACCOUNTED INVESTEEES

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interests in associates	a	72,872	58,919	25,490	25,490
Interest in joint venture	b	3,097	2,892	1,406	1,406
		75,969	61,811	26,896	26,896

(a) Interests in associates

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares, at cost:				
In Malaysia	35,585	20,585	13,243	13,243
Outside Malaysia	12,247	12,247	12,247	12,247
Share of post-acquisition reserve	25,040	26,087	-	-
	72,872	58,919	25,490	25,490

Notes to the Financial Statements

7. EQUITY-ACCOUNTED INVESTEEES (continued)

(a) Interests in associates (continued)

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	
			2020 %	2019 %
Comit Communication Technologies (M) Sdn. Bhd. ("CCT")	Malaysia	Property investment holding	24.50	24.50
Kanzen Energy Ventures Sdn. Bhd. ("KEV")	Malaysia	Investment holding	25.00	25.00
MUV Marketplace Sdn. Bhd. ("MUV")	Malaysia	Provision of used vehicles services, vehicle inspection and certification and trading of used vehicle	15.80	-
TC Capital (Thailand) Co. Ltd. ("TCCT")	Thailand	Hire purchase service of vehicles and services of financial credits	45.45	45.45
THK Rhythm Malaysia Sdn. Bhd. ("THK")	Malaysia	Manufacture and sale of automobile tie rods, tie rod ends and suspension ball joints, stabiliser links, steering linkages and power steering gears	20.00	20.00

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.

Group	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	MUV RM'000
Summarised financial information					
As at 31 December 2020					
Non-current assets	43,500	6,889	10,488	40,861	110,599
Current assets	16,506	77,619	4,891	37,139	21,179
Non-current liabilities	-	-	(80)	(4,482)	(846)
Current liabilities	(6,065)	(20,479)	(53)	(12,507)	(38,782)
Net assets	53,941	64,029	15,246	61,011	92,150
Year ended 31 December 2020					
(Loss)/Profit for the year	(1,107)	1,479	2,084	150	(2,912)
Other comprehensive loss	-	(196)	-	-	-
Total comprehensive (loss)/income	(1,107)	1,283	2,084	150	(2,912)
Included in the total comprehensive income is:					
Revenue	730	1,667	2,946	66,933	53,826

Notes to the Financial Statements

7. EQUITY-ACCOUNTED INVESTEES (continued)

(a) Interests in associates (continued)

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	MUV RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2020						
Group's share of net assets	13,216	29,101	3,812	12,202	14,541	72,872
Group's share of results for the year ended 31 December 2020						
Group's share of (loss)/profit for the year	(272)	672	521	30	(460)	491
Group's share of other comprehensive loss	-	(89)	-	-	-	(89)
Group's share of total comprehensive (loss)/income	(272)	583	521	30	(460)	402
Other information						
Dividends received by the Group	-	-	1,449	-	-	1,449
Group						
	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000		
Summarised financial information						
As at 31 December 2019						
Non-current assets	40,211	19,710	10,411	38,827		
Current assets	15,646	69,573	8,600	42,719		
Non-current liabilities	-	-	-	(4,347)		
Current liabilities	(809)	(26,535)	(49)	(16,338)		
Net assets	55,048	62,748	18,962	60,861		
Year ended 31 December 2019						
Profit for the year	861	1,074	2,116	3,160		
Other comprehensive income	-	4,010	-	-		
Total comprehensive income	861	5,084	2,116	3,160		
Included in the total comprehensive income is:						
Revenue	692	2,037	3,009	93,531		

Notes to the Financial Statements

7. EQUITY-ACCOUNTED INVESTEEES (continued)

(a) Interests in associates (continued)

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2019					
Group's share of net assets	13,487	28,519	4,741	12,172	58,919
Group's share of results for the year ended 31 December 2019					
Group's share of profit for the year	211	488	529	632	1,860
Group's share of other comprehensive income	-	1,823	-	-	1,823
Group's share of total comprehensive income	211	2,311	529	632	3,683
Other information					
Dividends received by the Group	-	-	-	-	-

(b) Interest in joint venture

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Unquoted shares in Malaysia, at cost	500	500	1,406	1,406
Share of post-acquisition reserve	2,597	2,392	-	-
	3,097	2,892	1,406	1,406

Structurflex Sdn. Bhd. ("Structurflex"), the only joint arrangement in which the Group and the Company participate, is principally engaged in manufacturing of 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.

Notes to the Financial Statements

7. EQUITY-ACCOUNTED INVESTEES (continued)

(b) Interest in joint venture (continued)

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	
	2020	2019
Percentage of ownership and voting interest	50%	50%
		Group
	2020	2019
	RM'000	RM'000
Summarised financial information		
As at 31 December		
Non-current assets	1,178	1,546
Current assets (including cash and cash equivalents)	7,588	6,513
Non-current liabilities	(155)	(137)
Current liabilities	(2,417)	(2,139)
Cash and cash equivalents	823	772
Year ended 31 December		
Profit and total comprehensive income	910	928
Included in the total comprehensive income are:		
Revenue	9,830	10,535
Depreciation and amortisation	383	377
Income tax expense	255	316
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	3,097	2,892
Group's share of results for year ended 31 December		
Group's share of profit and total comprehensive income	455	464
Other information		
Dividend received by the Group	250	250

Notes to the Financial Statements

8. OTHER INVESTMENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Fair value through profit or loss financial asset:					
Asset-backed notes	a	-	-	1	138
Current					
Fair value through profit or loss financial asset:					
Liquid investments in quoted unit trusts with licensed financial institutions					
		170,306	12,166	-	-
		170,306	12,166	1	138
Representing items:					
At fair value		170,306	12,166	1	138
		170,306	12,166	1	138

Note a

In June 2009, RM159 million nominal value of second series – 2009A medium term asset-backed notes (“Notes”) was issued by structured entity (“SE”). 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 SE 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.

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

	Nominal value RM'000	Date of maturity	Coupon rate
2020			
Class C	2,200	December 2029	5.00%
2019			
Class C	2,200	December 2029	5.00%

Notes to the Financial Statements

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

Group	Assets		Liabilities		Net	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Deferred tax assets/ (liabilities)						
Property, plant and equipment/investment properties						
- capital allowances/ right-of-use assets	-	-	(45,865)	(51,137)	(45,865)	(51,137)
- revaluation	-	-	(210,465)	(215,037)	(210,465)	(215,037)
Provisions and contract liabilities	110,911	87,911	-	-	110,911	87,911
Unabsorbed capital allowances	7,877	6,701	-	-	7,877	6,701
Unabsorbed reinvestment allowance	6,155	6,140	-	-	6,155	6,140
Tax losses carry-forwards	10,677	10,281	-	-	10,677	10,281
Lease liabilities	32,760	36,680	-	-	32,760	36,680
Net (gain)/loss on unrealised foreign exchange	-	200	(1,557)	-	(1,557)	200
Other items	902	902	-	-	902	902
Tax assets/(liabilities)	169,282	148,815	(257,887)	(266,174)	(88,605)	(117,359)
Set off tax	(48,898)	(53,074)	48,898	53,074	-	-
Net tax assets/(liabilities)	120,384	95,741	(208,989)	(213,100)	(88,605)	(117,359)

Company**Deferred tax assets/
(liabilities)**

Property, plant and equipment						
- capital allowances/ right-of-use assets	-	-	(46)	(66)	(46)	(66)
Provisions	11,631	10,057	-	-	11,631	10,057
Lease liabilities	66	73	-	-	66	73
Net tax assets/(liabilities)	11,697	10,130	(46)	(66)	11,651	10,064

Notes to the Financial Statements

9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Recognised deferred tax assets/(liabilities) (continued)

Group's movement in temporary differences during the year:

	At 1.1.2019	Recognised in profit or loss (Note 25)	Effects of movement in exchange rate	Recognised in other comprehensive income (Note 26)	At 31.12.2019 /1.1.2020	Recognised in profit or loss (Note 25)	Effects of movement in exchange rate	At 31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Property, plant and equipment/ investment properties								
- capital allowances/ right-of-use assets	(41,838)	(9,299)	-	-	(51,137)	5,243	29	(45,865)
- revaluation	(176,453)	3,308	-	(41,892)	(215,037)	4,572	-	(210,465)
Provisions and contract liabilities	95,995	(6,738)	-	(1,346)	87,911	22,887	113	110,911
Unabsorbed capital allowances	4,451	2,250	-	-	6,701	1,176	-	7,877
Unabsorbed reinvestment allowances	5,858	282	-	-	6,140	15	-	6,155
Tax losses carry- forwards	4,610	2,661	3,010	-	10,281	1,588	(1,192)	10,677
Lease liabilities	27,841	8,839	-	-	36,680	(3,920)	-	32,760
Net loss/(gain) on unrealised foreign exchange	676	(476)	-	-	200	(1,757)	-	(1,557)
Other items	288	614	-	-	902	-	-	902
	(78,572)	1,441	3,010	(43,238)	(117,359)	29,804	(1,050)	(88,605)

Notes to the Financial Statements

9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Recognised deferred tax assets/(liabilities) (continued)

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

	At 1.1.2019 RM'000	Recognised in profit or loss (Note 25) RM'000	Recognised in other comprehensive income (Note 26) RM'000	At 31.12.2019/ 1.1.2020 RM'000	Recognised in profit or loss (Note 25) RM'000	At 31.12.2020 RM'000
Company						
Property, plant and equipment						
– capital allowances/ right-of-use assets	(94)	182	-	88	(134)	(46)
Provisions	11,263	(295)	(919)	10,049	1,582	11,631
Lease liabilities	105	(178)	-	(73)	139	66
	11,274	(291)	(919)	10,064	1,587	11,651

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	2020 RM'000	Group 2019 RM'000
Unabsorbed capital allowances	52,488	58,953
Tax losses carry-forwards	371,996	314,743
Deductible temporary differences	3,559	6,476
Provisions	20,044	17,718
	448,087	397,890

Group

In accordance with the provision of Finance Act 2018 requirement, the unused tax losses for Malaysian entities are available for utilisation in the next seven (7) years from when it was incurred, for which, any excess at the end of the seventh year, shall be disregarded. Certain countries, which the Group operates, have also imposed legislations that tax losses have expiry dates to be utilised.

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 they can be utilised.

Included in tax losses carry-forwards is an amount of RM210,241,000 (VND1,206,482,855,000) (2019: RM184,690,000 (VND1,031,785,000,000)) (stated at gross) which will be expiring in financial years 2021 to 2025 for a subsidiary in Vietnam and an amount of RM161,755,000 (2019: RM128,092,000) (stated at gross) which will be expiring in financial years 2025 to 2027 for subsidiaries in Malaysia.

Notes to the Financial Statements

10. HIRE PURCHASE RECEIVABLES

	Group	
	2020 RM'000	2019 RM'000
Gross repayments receivables	785,267	846,859
Less: Unearned interest receivables	(157,361)	(166,003)
	627,906	680,856
Less: Impairment loss	(44,993)	(33,647)
	582,913	647,209
Current		
Hire purchase receivables	112,682	104,199
Less: Impairment loss	(19,629)	(8,769)
	93,053	95,430
Non-current		
Hire purchase receivables	515,224	576,657
Less: Impairment loss	(25,364)	(24,878)
	489,860	551,779
	582,913	647,209

	Gross repayments receivables 2020 RM'000	Unearned interest receivables 2020 RM'000	Present value of minimum hire purchase receivables 2020 RM'000	Gross repayments receivables 2019 RM'000	Unearned interest receivables 2019 RM'000	Present value of minimum hire purchase receivables 2019 RM'000
Group						
Current						
Less than one year	165,417	(52,735)	112,682	155,631	(51,432)	104,199
Non-current						
Between one and five years	568,949	(100,577)	468,372	622,778	(111,098)	511,680
After five years	50,901	(4,049)	46,852	68,450	(3,473)	64,977
	619,850	(104,626)	515,224	691,228	(114,571)	576,657
	785,267	(157,361)	627,906	846,859	(166,003)	680,856

Notes to the Financial Statements

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Amount due from subsidiaries	a	-	-	117,901	395,831
Less: Impairment loss		-	-	(6,936)	(5,738)
		-	-	110,965	390,093
Current					
Trade receivables	b	305,468	430,626	-	-
Less: Impairment loss		(26,301)	(27,142)	-	-
		279,167	403,484	-	-
Finance lease receivables	c	35	239	-	-
Other receivables	d	73,535	105,689	-	-
Amount due from subsidiaries	e	-	-	210,184	3,600
		352,737	509,412	210,184	3,600
Current					
Deposits		14,471	14,534	67	68
Prepayments	f	57,680	51,057	85	105
		72,151	65,591	152	173

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 ranging from 4.68% to 6.05% (2019: 4.68% to 6.05%) per annum.

Note b

Included in trade receivables are amounts due from related parties of RM75,063,000 (2019: RM95,331,000).

Note c

	Group	
	2020 RM'000	2019 RM'000
Finance lease receivables	36	254
Less: Unearned interest	(1)	(15)
	35	239

Notes to the Financial Statements

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Note c (continued)

Group	Future minimum lease payments	Unearned interest	Present value of minimum lease payments	Future minimum lease payments	Unearned interest	Present value of minimum lease payments
	2020	2020	2020	2019	2019	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Current						
Less than one year	36	(1)	35	254	(15)	239

Note d

Included in other receivables are indirect taxes amounting to RM31,514,000 (2019: RM54,814,000).

Note e

The current amount due from subsidiaries is in respect of advances that are unsecured, repayable on demand and subject to interest at 4.68% (2019: 4.68%) per annum.

Note f

As at 31 December 2020, the prepayments made for inventories, property, plant and equipment were RM31,407,000 (2019: RM31,809,000) for the Group.

12. INVENTORIES

	Group	
	2020 RM'000	2019 RM'000
Raw materials	12,629	18,086
Unassembled vehicle packs	336,870	512,759
Work-in-progress	18,755	29,158
Manufactured inventories and trading inventories	5,384	2,971
Used vehicles	11,002	20,967
New vehicles	232,491	730,967
Spare parts and others	155,575	212,161
	772,706	1,527,069
Recognised in profit or loss:		
Inventories recognised as cost of sales	2,297,471	3,075,356
Write-down to net realisable value	15,795	1,847
Reversal of write-down	3,735	4,032

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

Included in the cost of sales were customs excise duties of approximately RM155,000,000 (2019: RM183,000,000). The customs' bills of demand and compound as disclosed in Note 36(xvi) were included in this cost of sales.

Notes to the Financial Statements

13. CONTRACT ASSETS/(LIABILITIES)**13.1 Contract assets**

	2020	2019
Group	RM'000	RM'000
Opening balance	17,663	16,689
Addition by obligation performed but not billed during the year	19,377	17,663
Transfer to receivables from contract assets recognised at the beginning of the period	(17,663)	(16,689)
Ending balance	19,377	17,663
Current	19,377	17,663

The contract assets primarily relate to the Group's rights to consideration for work completed on assembly contracts and accident repair but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

13.2 Contract liabilities

	2020	2019
Group	RM'000	RM'000
Opening balance	(81,235)	(59,336)
Revenue recognised that was included in the contract liability balance at the beginning of the period	21,565	16,203
Increase due to cash received, excluding amounts recognised as revenue during the period	(16,263)	(38,102)
Ending balance	(75,933)	(81,235)
Current	(23,034)	(21,565)
Non-current	(52,899)	(59,670)
	(75,933)	(81,235)

The contract liabilities primarily relate to the advance consideration from customers on free maintenance services, extended warranties and service contracts. Also, there are upfront fees received from customers to market and promote their products over 5 years.

Notes to the Financial Statements

14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	2020			2019		
	Nominal value (Gross)	Assets	Liabilities	Nominal value (Gross)	Assets	Liabilities
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Derivatives designated as hedging instrument – forward exchange contracts	568,252	17,914	(2,980)	328,157	4,139	(690)

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

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

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	407,587	201,509	3,367	3,457
Deposits with licensed banks	174,375	206,277	-	-
	581,962	407,786	3,367	3,457

16. SHARE CAPITAL AND RESERVES

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2020	2020	2019	2019
	'000	RM'000	'000	RM'000
Ordinary shares, issued and fully paid				
At 1 January/31 December	672,000	336,000	672,000	336,000

Ordinary shares

All of the shares issued have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Notes to the Financial Statements

16. SHARE CAPITAL AND RESERVES (continued)

Treasury shares

The shareholders of the Company via a resolution passed at the Annual General Meeting on 6 August 2020 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 409,000 (2019: 60,000) of its issued shares from the open market at price ranging from RM1.07 to RM1.36 (2019: RM1.33 to RM1.35) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,809,000 (2019: 19,400,000). These transactions were financed by internally generated funds.

As at 31 December 2020, the number of outstanding shares in issue after deducting treasury shares held was 652,191,000 (2019: 652,600,000) ordinary shares.

The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. 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 in property, plant and equipment under revaluation model or immediately prior to its reclassification as investment properties.

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.

17. BORROWINGS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current				
Medium Term Notes ("MTNs") – unsecured	-	499,286	-	499,286
	-	499,286	-	499,286
Current				
Medium Term Notes ("MTNs") – unsecured	499,656	-	499,656	-
Term loans – unsecured	60,202	-	-	-
Bills payable – unsecured	56,824	171,886	-	-
Revolving credit – unsecured	884,811	924,968	-	-
	1,501,493	1,096,854	499,656	-
	1,501,493	1,596,140	499,656	499,286

Notes to the Financial Statements

17. BORROWINGS (continued)

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
7	4.8%	24 November 2021	500,000

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.

Reconciliation of movements of liabilities to cash flows arising from financing activities

Group	At 1	Net	Acquisition	Other	Foreign	At 31	Net	Acquisition	Other	Foreign	At 31
	January	changes	of	changes	exchange	December	changes	of new	changes	exchange	December
	2019	from	new lease		movement	2019	from	lease		movement	2020
	RM'000	financing	RM'000	RM'000	RM'000	RM'000	financing	RM'000	RM'000	RM'000	RM'000
		cash flows					cash				
		RM'000					flows				
Non-current											
Medium Term Notes ("MTNs")											
- unsecured	498,933	-	-	353	-	499,286	-	-	(499,286)	-	-
Current											
Medium Term Notes ("MTNs")											
- unsecured	249,785	(250,000)	-	215	-	-	-	-	499,656	-	499,656
Term loans - unsecured	9,029	(8,928)	-	-	(101)	-	60,202	-	-	-	60,202
Bills payable - unsecured	8,256	163,630	-	-	-	171,886	(115,062)	-	-	-	56,824
Revolving credit - unsecured	757,243	155,592	-	-	12,133	924,968	(34,829)	-	-	(5,328)	884,811
Lease liabilities	116,005	(21,256)	11,149	-	(490)	105,408	(21,674)	15,266	-	(1,034)	97,966
	1,140,318	39,038	11,149	215	11,542	1,202,262	(111,363)	15,266	499,656	(6,362)	1,599,459
Total liabilities from financing activities	1,639,251	39,038	11,149	568	11,542	1,701,548	(111,363)	15,266	370	(6,362)	1,599,459

Notes to the Financial Statements

17. BORROWINGS (continued)

Reconciliation of movements of liabilities to cash flows arising from financing activities (continued)

Company	At 1	Net changes		At 31	Net changes		At 31
	January	from	Other	December	from	Other	December
	2019	financing	changes	2019	financing	changes	2020
	RM'000	cash flows	RM'000	RM'000	cash flows	RM'000	RM'000
Non-current							
Medium Term Notes ("MTNs") - unsecured	498,933	-	353	499,286	-	(499,286)	-
Current							
Medium Term Notes ("MTNs") - unsecured	249,785	(250,000)	215	-	-	499,656	499,656
Lease liabilities	439	(134)	(2)	303	(28)	-	275
	250,224	(250,134)	213	303	(28)	499,656	499,931
Total liabilities from financing activities	749,157	(250,134)	566	499,589	(28)	370	499,931

18. EMPLOYEE BENEFITS

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Recognised liability for employee benefits	95,599	81,988	46,820	38,110

Under the Group's and the Company's defined benefit scheme, eligible employees, who include Directors who are 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 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contract.

Notes to the Financial Statements

18. EMPLOYEE BENEFITS (continued)

Movements in the net defined benefit liability

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

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Balance at 1 January	81,988	82,306	38,110	37,685
<i>Included in profit or loss</i>				
Current service cost	12,855	9,234	2,972	4,255
Interest cost	3,485	2,406	5,738	-
	16,340	11,640	8,710	4,255
<i>Included in other comprehensive income</i>				
Remeasurement:				
Actuarial (gain)/loss				
arising from:				
- Demographic assumptions	-	(5,329)	-	(2,025)
- Financial assumptions	-	6,575	-	98
- Experience adjustments	-	(10,889)	-	(1,903)
	-	(9,643)	-	(3,830)
<i>Others</i>				
Benefits paid	(2,729)	(2,315)	-	-
Balance at 31 December	95,599	81,988	46,820	38,110

Actuarial assumptions

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

	Group and Company	
	2020 %	2019 %
Discount rate	4.4	4.4
Future salary growth	5.5	5.5
Withdrawal rate	14.4	14.4

Notes to the Financial Statements

18. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

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

	Group		Company	
	Increase RM'000	Decrease RM'000	Increase RM'000	Decrease RM'000
2020				
Discount rate (1% movement)	(5,186)	6,111	(108)	120
Future salary growth (1% movement)	4,350	(3,854)	121	(111)
Withdrawal rate (1% movement)	(2,694)	2,957	(110)	121
2019				
Discount rate (1% movement)	(5,069)	5,937	(439)	458
Future salary growth (1% movement)	3,666	(3,253)	109	(100)
Withdrawal rate (1% movement)	(2,179)	2,409	(98)	108

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.

19. PAYABLES AND ACCRUALS

	Note	Group		Company	
		2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Non-current					
Non-trade					
Amount due to subsidiaries	a	-	-	288,077	276,769
Current					
Trade					
Trade payables	b	274,242	336,669	-	-
Current					
Non-trade					
Payables and accruals		236,249	404,183	4,649	10,502
Amount due to subsidiaries	c	-	-	9,439	1,313
		236,249	404,183	14,088	11,815
		510,491	740,852	14,088	11,815
		510,491	740,852	302,165	288,584

Notes to the Financial Statements

19. PAYABLES AND ACCRUALS (continued)

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% (2019: 6.05%) per annum.

Note b

Included in trade payables are amount due to related parties of RM1,020,771 (2019: RM4,765,000) and amount payable to Royal Malaysian Customs Department in relation to the disclosure under Note 36(xvi).

Note c

The current amount due to subsidiaries is unsecured, repayable on demand and interest free.

20. REVENUE

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Revenue from contracts with customers	2,904,584	4,111,217	-	-
Other revenue				
Financial services revenue	55,035	61,230	-	-
Dividend income	-	-	138,603	104,400
Total revenue	2,959,619	4,172,447	138,603	104,400

Notes to the Financial Statements

20. REVENUE (continued)

20.1 Disaggregation of revenue

Analysis of revenue disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition are disclosed below. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments as disclosed in Note 29.

Group	Reportable Segments							
	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Primary geographical markets								
Malaysia	2,305,448	3,163,065	70,063	80,857	18,007	17,923	2,393,518	3,261,845
Vietnam	290,346	560,571	-	-	344	321	290,690	560,892
Other countries	274,306	349,710	-	-	1,105	-	275,411	349,710
	2,870,100	4,073,346	70,063	80,857	19,456	18,244	2,959,619	4,172,447
Major products/ service lines								
Manufacturing, assembly and distribution of passenger and commercial vehicles	2,517,574	3,656,857	-	-	-	-	2,517,574	3,656,857
After-sales services	352,526	416,489	-	-	-	-	352,526	416,489
Hire purchase financing	-	-	55,035	61,230	-	-	55,035	61,230
Insurance agency	-	-	15,028	19,627	-	-	15,028	19,627
Other income	-	-	-	-	19,456	18,244	19,456	18,244
	2,870,100	4,073,346	70,063	80,857	19,456	18,244	2,959,619	4,172,447

Notes to the Financial Statements

20. REVENUE (continued)

20.1 Disaggregation of revenue (continued)

Group	Reportable Segments							
	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Timing and recognition								
At a point in time	2,673,219	3,835,163	15,028	19,627	13,220	9,446	2,701,467	3,864,236
Over time	196,881	238,183	-	-	6,236	8,798	203,117	246,981
Revenue from contracts with customers	2,870,100	4,073,346	15,028	19,627	19,456	18,244	2,904,584	4,111,217
Other revenue	-	-	55,035	61,230	-	-	55,035	61,230
	2,870,100	4,073,346	70,063	80,857	19,456	18,244	2,959,619	4,172,447

20.2 Transaction price allocated to the remaining performance obligations

As at 31 December 2020, the aggregated amount of revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date was RM75,933,000 (2019: RM81,235,000). This amount mainly represents the remaining performance obligations relating to extended warranty services, free maintenance services and marketing services, where RM23,034,000 (2019: RM21,565,000) is expected to be recognised over the next year, while the remaining amount is expected to be recognised up to 6 years.

21. FINANCE INCOME

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Interest income of financial assets that are not at fair value through profit or loss	6,347	10,888	15,596	26,710
Other finance income	8,248	10,335	-	-
Recognised in profit or loss	14,595	21,223	15,596	26,710

Notes to the Financial Statements

22. FINANCE COSTS

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Term loans	353	776	-	-
- Bills payable	3,686	2,568	-	-
- Revolving credit	27,556	36,995	-	-
- Medium Term Notes	23,934	34,116	23,934	34,116
- Other borrowings	2,108	1,336	11,499	13,717
	57,637	75,791	35,433	47,833
Interest expense on lease liabilities	3,743	2,986	16	20
Recognised in profit or loss	61,380	78,777	35,449	47,853

23. (LOSS)/PROFIT BEFORE TAX

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax is arrived at after crediting:				
Bad debts recovered	3,164	-	-	-
Dividend income from:				
- Unquoted subsidiaries	-	-	138,353	104,150
- Joint ventures	250	-	250	250
- Associates	1,449	-	-	-
Change in fair value of investment properties	-	519	-	-
Gain on disposal of property, plant and equipment	4,955	7,448	-	-
Interest income	14,595	21,223	15,596	26,710
Net gain on foreign exchange:				
- Unrealised	2,189	874	-	-
- Realised	1,115	1,768	-	-
Rental income on leased assets	50	1,502	-	-
Rental income on land and buildings	3,891	4,429	-	-
Reversal of impairment loss on:				
- Hire purchase receivables	-	6,692	-	-
- Trade receivables	841	18,729	-	-
- Amount due from subsidiaries	-	-	-	4,600
Reversal of write-down of inventories	3,735	4,032	-	-

Notes to the Financial Statements

23. (LOSS)/PROFIT BEFORE TAX (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit before tax is arrived at after charging:				
Audit fee				
Current year				
- KPMG Malaysia	658	656	61	61
- Overseas affiliates of KPMG Malaysia	147	143	-	-
- Other auditors	198	169	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	22	380	15	50
- Overseas affiliates of KPMG Malaysia	176	178	-	-
- Other auditors	20	39	-	-
Bad debts written off	1,557	11,288	-	-
Depreciation of property, plant and equipment	136,935	137,012	178	164
Direct operating expenses of investment properties generating rental income	936	997	-	-
Expenses relating to short-term leases and leases of low-value assets (Note a)	6,692	4,390	112	-
Change in fair value of investment properties	930	-	-	-
Interest expense	61,380	78,777	35,449	47,853
Inventories written off	720	4	-	-
Write-down of inventories	15,795	1,847	-	-
Impairment loss on:				
- Property, plant and equipment	3,962	9,770	-	-
- Hire purchase receivables	11,346	-	-	-
- Amount due from subsidiaries	-	-	1,198	-
Property, plant and equipment written off	3,842	921	-	-
Net loss on foreign exchange:				
- Unrealised	11,811	5,211	-	-
- Realised	9,314	5,321	-	-
Non-executive directors:				
- Fees	329	390	329	390
- Allowances and benefits	150	128	149	125

Note a: The Group leases equipment with contract terms of 1 to 3 years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these assets by virtue of MFRS 16, *Leases* paragraphs 5 to 8.

Notes to the Financial Statements

23. (LOSS)/PROFIT BEFORE TAX (continued)

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before tax is arrived at after charging (continued):				
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	33,433	45,734	1,814	2,514
- Expenses related to defined benefit plans	16,340	11,640	8,710	4,256
- Wages, salaries and others	317,745	373,430	6,153	7,908
Warranty claim	1,289	2,086	-	-

24. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
- Remunerations	12,506	23,259	9,197	16,066
- Other short-term benefits	288	110	293	110
- Post-employment benefits	10,852	7,899	10,869	7,899
	23,646	31,268	20,359	24,075
Other key management personnel:				
- Remuneration and other short-term employee benefits	10,281	13,889	-	-
- Post-employment benefits	178	1,023	-	-
	10,459	14,912	-	-
	34,105	46,180	20,359	24,075

Remunerations paid to executive directors were by virtue of their contract of service or employment with the Group and the Company.

Other key management personnel comprise the executive directors of certain subsidiaries of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group and the Company either directly or indirectly.

Under the Group's and the Company's defined benefit scheme, eligible employees, who include Directors who are 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 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contract.

Notes to the Financial Statements

25. TAX EXPENSE/(INCOME)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
Recognised in the profit or loss				
Income tax expense				
Income tax expense	43,292	69,185	-	-
Under/(Over) provided in prior years	683	(890)	-	-
	43,975	68,295	-	-
Withholding taxes	1,284	781	-	-
Deferred tax expense				
(Reversal)/Origination of temporary differences	(25,679)	(2,079)	(1,727)	412
Crystallisation of deferred tax liabilities arising from revaluation surplus	(4,572)	(3,308)	-	-
Under/(Over) provided in prior years	447	3,946	140	(121)
	(29,804)	(1,441)	(1,587)	291
	15,455	67,635	(1,587)	291
Reconciliation of tax expense				
(Loss)/Profit before tax	(161,298)	114,327	98,467	70,359
Income tax calculated using Malaysian tax rate of 24% (2019: 24%)	(38,712)	27,438	23,632	16,886
Effect of tax rates in foreign jurisdictions	5,654	2,584	-	-
Double deduction	(186)	(282)	-	-
Non-deductible expenses	51,011	41,741	7,906	8,586
Income not subject to tax	(8,985)	(13,277)	(33,265)	(25,060)
Tax incentives	(1,685)	(595)	-	-
Crystallisation of deferred tax liabilities arising from revaluation surplus	(4,572)	(3,308)	-	-
Recognition of deferred tax assets not previously recognised	(1,532)	(1,920)	-	-
Withholding taxes	1,284	781	-	-
Different tax rate for fair value in investment properties	-	(15)	-	-
Unrecognised deferred tax assets	12,048	11,432	-	-
	14,325	64,579	(1,727)	412
Under/(Over) provided in prior years	1,130	3,056	140	(121)
	15,455	67,635	(1,587)	291

Notes to the Financial Statements

26. OTHER COMPREHENSIVE INCOME

	2020			2019		
	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>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit liability	-	-	-	9,643	(1,346)	8,297
Revaluation of property, plant and equipment	-	-	-	195,320	(41,892)	153,428
	-	-	-	204,963	(43,238)	161,725
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Foreign currency translation differences for foreign operations	5,844	-	5,844	3,044	-	3,044
Foreign currency translation differences for an equity-accounted associate	(89)	-	(89)	1,823	-	1,823
Cash flow hedge	11,397	-	11,397	5,004	-	5,004
	17,152	-	17,152	9,871	-	9,871
	17,152	-	17,152	214,834	(43,238)	171,596

Notes to the Financial Statements

26. OTHER COMPREHENSIVE INCOME (continued)

	2020			2019		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit liability	-	-	-	3,830	(919)	2,911
	-	-	-	3,830	(919)	2,911

27. BASIC (LOSS)/EARNINGS PER ORDINARY SHARE

Group

Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per ordinary share as at 31 December 2020 was based on the loss attributable to ordinary shareholders of RM165,580,000 (2019: profit of RM43,645,000) and the weighted average number of ordinary shares outstanding during the year of 652,439,000 (2019: 652,600,000).

Weighted average number of ordinary shares

	Group	
	2020 '000	2019 '000
Issued ordinary shares at 1 January	652,600	652,660
Effect of treasury shares held	(161)	(60)
Weighted average number of ordinary shares at 31 December	652,439	652,600

Notes to the Financial Statements

28. DIVIDENDS

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

	Dividend per share (sen)	Total RM'000	Date of payment
2020			
Interim 2020 ordinary	1.50	9,784	28 December 2020
Final 2019 ordinary	2.00	13,049	18 September 2020
Total		<u>22,833</u>	
2019			
Interim 2019 ordinary	2.00	13,053	30 September 2019
Final 2018 ordinary	2.00	13,053	28 June 2019
Total		<u>26,106</u>	

29. OPERATING SEGMENTS

The Group has three reportable segments, 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 reportable segments:

- *Vehicles assembly, manufacturing, distribution and after-sales 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/(loss) before interest, taxation, depreciation and amortisation ("EBITDA"/"LBITDA"), as included in the internal management reports that are reviewed by the Chief Operating Decision Makers ("CODM"). Segment profit/(loss) 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 and Vietnam.

There is no concentration or reliance of single customer which the single external revenue is 10 percent or more during the financial year 2020 and 2019.

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

29. OPERATING SEGMENTS (continued)

(a) Business segment

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,870,100	4,073,346	70,063	80,857	19,456	18,244	2,959,619	4,172,447
Inter-segment revenue	1,936	2,713	3,088	1,526	76,949	69,581	81,973	73,820
Segment EBITDA/ (LBITDA)	21,618	300,572	20,897	26,394	(2,046)	1,187	40,469	328,153
Depreciation and amortisation	(111,396)	(110,496)	(3,308)	(1,812)	(22,231)	(24,704)	(136,935)	(137,012)
Finance costs	(40,154)	(54,023)	(424)	(654)	(20,802)	(24,100)	(61,380)	(78,777)
Finance income	3,294	6,331	185	487	11,116	14,405	14,595	21,223
Share of profit of equity-accounted investees, net of tax	212	1,307	672	488	62	529	946	2,324
Unallocated corporate expenses							(18,993)	(21,584)
(Loss)/Profit before tax							(161,298)	114,327
Tax expense							(15,455)	(67,635)
(Loss)/Profit for the year							(176,753)	46,692

(b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,393,518	3,261,845	290,690	560,892	275,411	349,710	2,959,619	4,172,447
Segment EBITDA/ (LBITDA)	101,675	317,720	(84,011)	(11,747)	22,805	22,180	40,469	328,153

Notes to the Financial Statements

30. COMMITMENTS

Capital commitments

	Group	
	2020	2019
	RM'000	RM'000
<i>Property, plant and equipment:</i>		
Authorised but not contracted for	133,006	148,366
Contracted but not provided for		
In Malaysia	29,346	54,764
Outside Malaysia	101,740	133,560
	264,092	336,690

31. CONTINGENCIES

(a) Counter claim from Narita Motorcare (Cambodia) Co. Ltd. (“Narita”), Mr. Long Narith and Ms. Pich Sokhom

On 26 April 2017, Narita filed a Motion to Add and Correct Complaint and a counter claim complaint to, amongst others, order ETCM (C) Pty Ltd (“ETCM (C)”) and TCM (Cambodia) Pty Ltd (“TCMC”) to pay damages and compensation of USD6,550,000 to Narita, USD200,000 each to Mr. Long Narith and Ms. Pich Sokhom. On 9 May 2017, ETCM (C) and TCMC jointly filed their defence to the Motion to Add and Correct Complaint and ordered Narita, Mr. Long Narith and Ms. Pich Sokhom to pay ETCM (C) and TCMC damages with approximately USD33,000,000 for actual losses and emotional damages. On 26 November 2017, the Court of First Instance in Phnom Penh has ruled in favour of ETCM (C) and TCMC and ordered Narita, Mr. Long Narith and Ms. Pich Sokhom to compensate ETCM (C) and TCMC approximately USD8,037,818 for actual losses and emotional damages (“Damages”). Subsequently, Narita, Mr. Long Narith and Ms. Pich Sokhom have filed an appeal with Court of Appeal against the decision made in November 2017.

On 2 May 2018, the Court of Appeal upheld the decision of the Court of First Instance in Phnom Penh which ruled in favour of ETCM (C) and TCMC but cancelled the Damages to ETCM (C) and TCMC and instead ordered ETCM (C) and TCMC to pay USD329,208 to Narita, represented by Mr. Long Narith and Ms. Pich Sokhom (“COA’s Award”). On 28 May 2018, solicitors for both ETCM (C) and TCMC filed an appeal against COA’s Award at the Supreme Court.

The Supreme Court had, on 5 June 2019, concurred with the Court of Appeal’s decision on the non-existence of agreement between ETCM (C) and TCMC with Narita but dismissed the Court of Appeal’s decision and made a ruling to return the appeal case to the Court of Appeal on the COA’s Award. Currently, ETCM (C) and TCMC are awaiting the summon from the Court of Appeal for hearing on the points dismissed by the Supreme Court.

The management is of the view that the financial impact of this matter is not foreseen to be substantial.

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

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

Notes to the Financial Statements

31. CONTINGENCIES (continued)

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

TCIE entered into a series of lease agreements with Transnasional, Plusliner and SKMK and a series of service maintenance agreements with Transnasional, Plusliner, SKMK, SRT and Langkasuka (collectively known as “Debtors”) for the lease and service maintenance of the vehicles. The Debtors were owing to TCIE outstanding rentals and service bills amounting to RM32,920,575 (“Debt”).

After lengthy negotiations, the Debtors and KTB mutually agreed to enter into a Settlement Agreement with TCIE on 4 July 2016 to settle the Debt by way of:

- i. repayment of the amount of RM16,920,575 in cash in several instalments; and
- ii. transfer of a piece of land held under H.S.(D) 87546, PT No. 7929, Bandar Ampang, Daerah Ulu Langat, Negeri Selangor (“Land”) owned by MHSB to TCIE for the settlement of the balance Debt of RM16,000,000 (“Balance Debt”) (“Settlement Agreement”).

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

As a result, the Plaintiffs filed the Action seeking, amongst others, an injunction to restrain TCIE from:

- i. proceeding with the repossession and disposal of the vehicles; and
- ii. entering into any dealing in relation to the Land, as well as a declaration that the value of the Land was RM55,600,000 and repayment of the sum of RM22,679,425 to MHSB (“Plaintiffs’ Claim”).

TCIE filed a Defence and application to strike out the Plaintiffs’ Claim.

On 4 January 2018, the High Court allowed TCIE’s application to strike out the Plaintiffs’ Claim and dismissed the Plaintiffs’ injunction application with costs of RM5,000 (“the High Court Striking Out Order”).

On 15 November 2018, the Court of Appeal had allowed the Plaintiffs’ Appeal with costs in the cause and set aside the High Court Striking Out Order of 4 January 2018 (“the Court of Appeal Order”).

On 27 December 2018, TCIE filed an application for leave at the Federal Court to appeal against the Court of Appeal Order dated 15 November 2018 (“the Leave Application”).

On 13 December 2018, the Plaintiffs withdrew their injunction application against TCIE with no order to costs.

On 8 April 2019, the Plaintiffs filed an application for discovery and the decision in respect of the discovery application was delivered on 11 July 2019. The High Court allowed the Plaintiffs’ application for discovery in part (i.e. which required production of copies of the 3 valuation reports as referred to in the minutes dated 24 May 2016) and dismissed the application for the production of documents relating to Form 14A of the Sale and Purchase Agreement and copies of all documents relating to the stamp duty adjudication and appeal (“High Court Discovery Order”).

On 16 July 2019, TCIE filed the Notice of Appeal to the Court of Appeal against the High Court Discovery Order.

On 17 July 2019, TCIE filed an application for a stay of proceedings and a stay of execution of the High Court Discovery Order pending TCIE’s appeal to the Court of Appeal on the same and TCIE’s Leave Application to the Federal Court (“Stay Application”). The Stay Application was allowed by the High Court.

On 29 September 2020, the Court of Appeal dismissed with costs TCIE’s appeal against the High Court Discovery Order.

Notes to the Financial Statements

31. CONTINGENCIES (continued)

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

On 2 October 2020, the High Court had during the case management of the Plaintiffs’ Action re-fixed the trial dates from 22 to 24 December 2020.

On 7 October 2020, the Federal Court dismissed with cost TCIE’s application for leave to appeal against the Court of Appeal Order regarding TCIE’s application to strike out the Plaintiffs’ Claim.

On 2 November 2020, the Plaintiffs filed an application to amend the pleadings in the High Court. The matter was fixed for hearing on 4 December 2020 and re-fixed on 14 December 2020, the High Court allowed the Plaintiffs’ Amendment Application, with costs in the sum of RM1,000 to be paid by Plaintiffs to TCIE.

Pursuant to the Order of the High Court dated 14 December 2020, the Plaintiffs filed and served the Amended Writ and Amended Statement of Claim on 30 December 2020 and TCIE filed and served the Amended Defence on 8 January 2021. The trial was heard before the High Court on 10, 11 and 12 March 2021 and on 2 and 14 April 2021.

Upon conclusion of the trial on 14 April 2021, the High Court directed that both the Plaintiffs and the Defendant file their respective Written Submissions by 19 May 2021 and Reply Submissions by 27 May 2021. Further, the Court directed that the notes of proceedings be filed by 5 May 2021.

A case management has been fixed before the High Court on 10 June 2021 for both parties to update the Court on the status of the case and for the Court to give further directions.

The management is of the opinion that TCIE has reasonably good chance of succeeding in the court case in view the action is without any legal basis by the Plaintiffs.

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.

Notes to the Financial Statements

32. RELATED PARTIES (continued)

Significant related party transactions

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

	Group	
	2020	2019
	RM’000	RM’000
With WTCH Group		
Purchases	(39,852)	(50,722)
Sales	15,733	55,461
Insurance agency, workshop services and administrative services	4,800	4,939
Travel agency and car rental services	(1,658)	(3,211)
Rental income receivable	1,863	1,918
Rental expense payable	(1,025)	(1,016)
Contract assembly fee receivable	4,587	7,701

	Group	
	2020	2019
	RM’000	RM’000
With APM Group		
Purchases	(26,347)	(101,944)
Sales	3,521	26,347
Insurance agency, workshop services and administrative services	1,552	2,158
Rental income receivable	69	339
Rental expense payable	(1,583)	(1,556)

	Group	
	2020	2019
	RM’000	RM’000
With TCIL Group		
Sales	10,616	7,921
Contract assembly fee receivable	7,544	17,931

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)**Significant related party transactions (continued)**

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

	Group	
	2020	2019
	RM'000	RM'000
Purchases	(705,321)	(1,541,013)
Technical assistance fee and royalty	(9,602)	(18,768)

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	
	2020	2019
	RM'000	RM'000
Purchases	(9,236)	(59,903)
Technical assistance fee	-	(43)

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 Datuk Yaacob bin Wan Ibrahim and Datuk Abdullah bin Abdul Wahad, have substantial financial interests; and
- (b) a company connected with a Director of the Company, Dato' Tan Heng Chew, by virtue of Section 197 of the Companies Act 2016.

	Group	
	2020	2019
	RM'000	RM'000
Purchases	(54,836)	(461,856)
Sales	11,765	24,094
Insurance agency, workshop services and administrative services	5	25
Rental income receivable	268	295

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)

Significant related party transactions (continued)

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

	Company	
	2020 RM'000	2019 RM'000
Subsidiaries		
Dividend income receivable	138,353	104,000
Interest income receivable	15,535	26,486
Management fees payable	(750)	(894)
Rental expense payable	(112)	-
Interest expense payable	(11,499)	(13,717)
Joint venture		
Dividend income receivable	250	400

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 11 and Note 19.

There are no significant transactions with the key management personnel in the Group other than disclosed in Note 24.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS

33.1 Categories of financial instruments

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

- (a) Amortised cost ("AC");
- (b) Fair value through profit or loss ("FVTPL") – Mandatorily required by MFRS 9; and
- (c) Derivatives designated as hedging instruments.

2020	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
Financial assets				
Group				
Other investments	170,306	-	170,306	-
Trade and other receivables*	321,188	321,188	-	-
Hire purchase receivables	582,913	582,913	-	-
Finance lease receivables	35	35	-	-
Deposits	14,471	14,471	-	-
Derivative financial assets	17,914	-	-	17,914
Cash and cash equivalents	581,962	581,962	-	-
	1,688,789	1,500,569	170,306	17,914
Company				
Other investments	1	-	1	-
Amount due from subsidiaries	321,149	321,149	-	-
Deposits	67	67	-	-
Cash and cash equivalents	3,367	3,367	-	-
	324,584	324,583	1	-
Financial liabilities				
Group				
Borrowings	(1,501,493)	(1,501,493)	-	-
Payables and accruals	(510,491)	(510,491)	-	-
Derivative financial liabilities	(2,980)	-	-	(2,980)
	(2,014,964)	(2,011,984)	-	(2,980)
Company				
Borrowings	(499,656)	(499,656)	-	-
Payables and accruals	(302,165)	(302,165)	-	-
	(801,821)	(801,821)	-	-

* excludes non-financial instruments.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.1 Categories of financial instruments (continued)

2019	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
Financial assets				
Group				
Other investments	12,166	-	12,166	-
Trade and other receivables*	454,359	454,359	-	-
Hire purchase receivables	647,209	647,209	-	-
Finance lease receivables	239	239	-	-
Deposits	14,534	14,534	-	-
Derivative financial assets	4,139	-	-	4,139
Cash and cash equivalents	407,786	407,786	-	-
	1,540,432	1,524,127	12,166	4,139
Company				
Other investments	138	-	138	-
Amount due from subsidiaries	393,693	393,693	-	-
Deposits	68	68	-	-
Cash and cash equivalents	3,457	3,457	-	-
	397,356	397,218	138	-
Financial liabilities				
Group				
Borrowings	(1,596,140)	(1,596,140)	-	-
Payables and accruals	(740,852)	(740,852)	-	-
Derivative financial liabilities	(690)	-	-	(690)
	(2,337,682)	(2,336,992)	-	(690)
Company				
Borrowings	(499,286)	(499,286)	-	-
Payables and accruals	(288,584)	(288,584)	-	-
	(787,870)	(787,870)	-	-

* excludes non-financial instruments.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)**33.2 Net gains and losses arising from financial instruments**

	Group		Company	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	8,248	10,335	-	-
Financial assets at amortised cost	52,483	86,251	15,596	26,710
Financial liabilities at amortised cost	(75,459)	(83,148)	(35,433)	(47,833)
Derivatives designated as hedging instruments	11,485	5,004	-	-
	(3,243)	18,442	(19,837)	(21,123)

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 and contract assets

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 selected 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 selected 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.

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 and contract assets is represented by the carrying amounts in the statement of financial position.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.4 Credit risk (continued)

Receivables and contract assets (continued)

Exposure to credit risk, credit quality and collateral (continued)

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their recoverable amount. A significant portion of these receivables are trade 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.

Recognition and measurement of impairment loss

The Group uses an allowance matrix to measure the expected credit losses (“ECLs”) of trade receivables for all segments. Consistent with the debt recovery process, invoices which are past due 90 days will be considered as credit impaired.

Loss rates are calculated using a “roll rate” method based on the probability of a receivable progressing through successive stages of delinquency to 90 days past due.

Loss rates are based on actual credit loss experience over the three years. The Group also considers differences between:

- (a) economic conditions during the period over which the historic data has been collected;
- (b) current conditions; and
- (c) the Group’s view of economic conditions over the expected lives of the receivables.

Nevertheless, the Group believes that these factors are immaterial for the purpose of impairment calculation for the year.

For hire purchase receivables which are individually assessed, management estimates the amount and timing of future cash flows including estimation of recoveries from the repossessed vehicles net of outstanding balance owing from the receivables in determination of impairment losses.

For hire purchase receivables which are collectively assessed, management estimates the ECLs based on the financing portfolio data including historical non-performing loans delinquency rates and average loss appropriate to the portfolio and forward-looking adjustments.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(a) Trade receivables and contract assets

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets which are grouped together as they are expected to have similar risk nature.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (Not past due)	134,408	(543)	133,865
Past due 1 – 30 days	37,768	(417)	37,351
Past due 31 – 90 days	29,795	(989)	28,806
	201,971	(1,949)	200,022
Credit impaired			
Past due more than 90 days	41,454	(9,280)	32,174
Individually impaired	62,043	(15,072)	46,971
	305,468	(26,301)	279,167
Trade receivables	305,468	(26,301)	279,167
Contract assets	19,377	-	19,377
	324,845	(26,301)	298,544
2019			
Current (Not past due)	193,559	(316)	193,243
Past due 1 – 30 days	51,469	(326)	51,143
Past due 31 – 90 days	31,866	(672)	31,194
	276,894	(1,314)	275,580
Credit impaired			
Past due more than 90 days	97,656	(7,450)	90,206
Individually impaired	56,076	(18,378)	37,698
	430,626	(27,142)	403,484
Trade receivables	430,626	(27,142)	403,484
Contract assets	17,663	-	17,663
	448,289	(27,142)	421,147

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(a) Trade receivables and contract assets (continued)

The movements in the allowance for impairment in respect of trade receivables are shown below:

	Trade receivables		Total RM'000
	Lifetime ECL RM'000	Credit impaired RM'000	
Balance as at 1 January 2019	4,413	41,458	45,871
Net remeasurement of loss allowance	(3,099)	(15,630)	(18,729)
Balance as at 31 December 2019/1 January 2020	1,314	25,828	27,142
Net remeasurement of loss allowance	635	(1,476)	(841)
Balance as at 31 December 2020	1,949	24,352	26,301

There was no allowance for impairment made on contract assets in year 2020 and 2019.

No trade receivables were written off in the financial year ended 31 December 2020 (2019: Nil).

(b) Hire purchase receivables

The following table provides information about the exposure to credit risk and ECLs for hire purchase receivables.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (Not past due)	287,978	(562)	287,416
Past due 1 – 30 days	124,526	(257)	124,269
Past due 31 – 90 days	155,511	(3,568)	151,943
	568,015	(4,387)	563,628
Credit impaired			
Past due more than 90 days	34,883	(17,298)	17,585
Individually impaired	25,008	(23,308)	1,700
	627,906	(44,993)	582,913
Hire purchase receivables	627,906	(44,993)	582,913

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(b) Hire purchase receivables (continued)

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2019			
Current (Not past due)	322,301	(430)	321,871
Past due 1 – 30 days	172,404	(239)	172,165
Past due 31 – 90 days	143,313	(2,327)	140,986
	638,018	(2,996)	635,022
Credit impaired			
Past due more than 90 days	28,479	(20,309)	8,170
Individually impaired	14,359	(10,342)	4,017
	680,856	(33,647)	647,209
Hire purchase receivables	680,856	(33,647)	647,209

The movements in the allowance for impairment in respect of hire purchase receivables are shown below:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 January 2019	10,482	29,857	40,339
Net remeasurement of loss allowance	(7,486)	794	(6,692)
Balance as at 31 December 2019/1 January 2020	2,996	30,651	33,647
Net remeasurement of loss allowance	1,391	9,955	11,346
Balance as at 31 December 2020	4,387	40,606	44,993

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.4 Credit risk (continued)

Receivables and contract assets (continued)

(c) Finance lease receivables

The following table provides information about the exposure to credit risk and ECLs for finance lease receivables as at 31 December 2020.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2020			
Current (Not past due)	35	-	35
2019			
Current (Not past due)	239	-	239

Investments and other financial assets

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

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

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

These financial institutions have low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

Other receivables

Other receivables are mainly arising from receivables from external parties. The amounts are unsecured and interest free.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

The other receivables have low credit risks. As at the end of the reporting period, the Group did not recognise any allowance for impairment losses.

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.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)**33.4 Credit risk (continued)****Inter-company loans and advances (continued)***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.

Recognition and measurement of impairment loss

Generally, the Company considers loans and advances to subsidiaries have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded, the Company considers a subsidiary's loan or advance to be credit impaired when:

- The subsidiary is unlikely to repay its loan or advance to the Company in full;
- The subsidiary's loan or advance is overdue for more than 365 days; or
- The subsidiary is continuously loss making and is having a deficit shareholders' fund.

The Company determines the probability of default for these loans and advances individually using internal information available.

The following table provides information about the exposure to credit risk and ECLs for subsidiaries' loans and advances.

Company	Gross carrying amount	Loss allowance	Net balance
	RM'000	RM'000	RM'000
2020			
Low credit risk	316,894	-	316,894
Significant increase in credit risk	-	-	-
Credit impaired	11,191	(6,936)	4,255
	328,085	(6,936)	321,149
2019			
Low credit risk	388,381	-	388,381
Significant increase in credit risk	-	-	-
Credit impaired	11,050	(5,738)	5,312
	399,431	(5,738)	393,693

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment loss (continued)

The movement in the allowance for impairment in respect of subsidiaries' loans and advances is as follows:

Company	Lifetime ECL	
	2020 RM'000	2019 RM'000
Balance as at 1 January	5,738	10,338
Net remeasurement of loss allowance	1,198	(4,600)
Balance as at 31 December	6,936	5,738

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.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.5 Liquidity risk (continued)

Maturity analysis

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

Group	Contractual interest rate %	Carrying amount RM'000	More than 2 years but not later than 5 years			Contractual cash flows RM'000	More than 1 year but not later than 5 years		
			Not later than 2 years RM'000	More than 5 years RM'000	More than 5 years RM'000		Not later than 1 year RM'000	More than 5 years RM'000	More than 5 years RM'000
2020									
<i>Non-derivative financial liabilities</i>									
Term Loans	3.50 - 6.50	60,202	60,202	-	-	60,202	60,202	-	-
Bills payable	2.19 - 4.84	56,824	56,824	-	-	56,824	56,824	-	-
Revolving credit	1.15 - 8.52	884,811	884,811	-	-	884,811	884,811	-	-
Medium Term Notes	4.78	499,656	499,656	-	-	519,999	519,999	-	-
Payables and accruals	-	510,491	510,491	-	-	510,491	510,491	-	-
Lease liabilities	5.00	97,966	36,449	20,463	41,054	159,302	23,688	46,276	89,338
		2,109,950	2,048,433	20,463	41,054	2,191,629	2,056,015	46,276	89,338
<i>Derivative financial liabilities</i>									
Forward exchange contracts (gross settled):									
Outflow	-	2,980	2,980	-	-	232,905	232,905	-	-
Inflow	-	-	-	-	-	(229,925)	(229,925)	-	-
		2,112,930	2,051,413	20,463	41,054	2,194,609	2,058,995	46,276	89,338

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	Contractual interest rate %	Carrying amount RM'000	Not	More	More than 5 years RM'000	Contractual cash flows RM'000	Not	More	More than 5 years RM'000
			later than 2 years RM'000	than 2 years but not later than 5 years RM'000			later than 1 year but not later than 5 years RM'000		
2019									
<i>Non-derivative financial liabilities</i>									
Bills payable	3.84 – 4.84	171,886	171,886	-	-	171,886	171,886	-	-
Revolving credit	3.20 – 8.07	924,968	924,968	-	-	924,968	924,968	-	-
Medium Term Notes	4.50 – 4.78	499,286	499,286	-	-	539,572	19,573	519,999	-
Payables and accruals	-	740,852	740,852	-	-	740,852	740,852	-	-
Lease liabilities	5.00	105,408	35,950	27,746	41,712	170,735	33,525	43,893	93,317
		2,442,400	2,372,942	27,746	41,712	2,548,013	1,890,804	563,892	93,317
<i>Derivative financial liabilities</i>									
Forward exchange contracts (gross settled):									
Outflow	-	690	690	-	-	73,151	73,151	-	-
Inflow	-	-	-	-	-	(72,461)	(72,461)	-	-
		2,443,090	2,373,632	27,746	41,712	2,548,703	1,891,494	563,892	93,317

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 RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
Company							
2020							
<i>Non-derivative financial liabilities</i>							
Medium Term Notes	4.78	499,656	499,656	-	519,999	519,999	-
Amount due to subsidiaries							
- Non-current	6.05	288,077	-	288,077	305,506	-	305,506
- Current	-	9,439	9,439	-	9,439	9,439	-
Payables and accruals	-	4,649	4,649	-	4,648	4,648	-
Lease liabilities	5.00	275	179	96	297	99	198
		802,096	513,923	288,173	839,889	534,185	305,704
2019							
<i>Non-derivative financial liabilities</i>							
Medium Term Notes	4.50 – 4.78	499,286	499,286	-	539,572	19,573	519,999
Amount due to subsidiaries							
- Non-current	6.05	276,769	-	276,769	293,514	-	293,514
- Current	-	1,313	1,313	-	1,313	1,313	-
Payables and accruals	-	10,502	10,502	-	10,502	10,502	-
Lease liabilities	5.00	303	303	-	396	99	297
		788,173	511,404	276,769	845,297	31,487	813,810

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices 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 U.S. 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 and overseas subsidiaries loan repayments. 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.

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:

	2020		2019	
	Denominated in		Denominated in	
	USD	JPY	USD	JPY
	RM'000	RM'000	RM'000	RM'000
Group				
Receivables	396	2,502	674	901
Intra-group balances	232,154	-	241,390	-
Cash and cash equivalents	111,296	1,011	82,519	174
Payables and accruals	(3,048)	314	(3,896)	(959)
Borrowings	(244,596)	-	(181,210)	-
Derivative financial assets	14,934	-	3,449	-
Net exposure	111,136	3,827	142,926	116

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)**33.6 Market risk (continued)****33.6.1 Currency risk (continued)***Currency risk sensitivity analysis*

A simulated 5% strengthening in the USD/JPY against MYR at the end of the reporting period would have increased/ (decreased) 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.

	2020		2019	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	4,223	3,656	5,431	5,300
JPY	145	145	4	4

A simulated 5% weakening of USD/JPY against the MYR 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.

33.6.2 Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings, the placement of excess funds in interest-earning deposits and lease liabilities. 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 lease liabilities.

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 30% and 60% of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

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

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	
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets:				
Assets-backed notes	-	-	1	138
Hire purchase receivables	582,913	647,209	-	-
Finance lease receivables	35	239	-	-
Amount due from subsidiaries	-	-	146,980	276,600
Deposits with licensed banks	174,375	206,277	-	-
Financial liabilities:				
Medium Term Notes	(499,656)	(499,286)	(499,656)	(499,286)
Lease liabilities	(97,966)	(105,408)	(275)	(303)
Amount due to subsidiaries	-	-	(288,077)	(276,769)
	159,701	249,031	(641,027)	(499,620)
Floating rate instruments				
Financial assets:				
Amount due from subsidiaries	-	-	174,169	117,093
Financial liabilities:				
Term loans	(60,202)	-	-	-
Bills payables	(56,824)	(171,886)	-	-
Revolving credit	(884,811)	(924,968)	-	-
	(1,001,837)	(1,096,854)	174,169	117,093

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)**33.6 Market risk (continued)****33.6.2 Interest rate risk (continued)***(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 or 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	100 bp decrease	100 bp increase	100 bp decrease
	2020	2020	2019	2019
	RM'000	RM'000	RM'000	RM'000
Group				
Floating rate instruments	(7,614)	7,614	(8,336)	8,336
Company				
Floating rate instruments	1,324	(1,324)	890	(890)

33.6.3 Other price risk

Market price risk is the risk that the fair value or future cash flow of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rate).

Risk management objectives, policies and processes for managing the risk

The Group is exposed to market price risk arising from its investments in quoted unit trusts. The instrument is classified as financial assets at fair value through profit or loss.

To manage its market price risk, the Group manages its portfolio in accordance with established guidelines and policies. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Treasury Investment Committee.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.6 Market risk (continued)

33.6.3 Other price risk (continued)

Sensitivity analysis

At the reporting date, if the prices of instruments had been 1% (2019: 1%) higher/lower, with all other variables held constant, the Group profit or loss would have increased/(decreased) by RM1,703,000 (2019: RM122,000) arising as a result of changes in the fair value of the financial assets classified as fair value through profit or loss.

33.7 Hedging activities

Cash flow hedge

The Group 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:

Group	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000
2020			
Forward exchange contracts	14,934	14,934	14,934
2019			
Forward exchange contracts	3,449	3,449	3,449

During the financial year, a profit of RM11,397,000 (2019: RM5,004,000) was recognised in other comprehensive income. The gain/(loss) on the hedging derivative is included in the carrying amount of the inventory acquired. The gain/(loss) 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).

In the financial year ended 31 December 2020, ineffectiveness gain amounting to RM88,000 (2019: loss of RM323,000) was recognised in profit or loss in respect of the hedge.

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.

Notes to the Financial Statements

33. FINANCIAL INSTRUMENTS (continued)

33.8 Fair value information (continued)

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	Carrying amount
	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		
2020										
Group										
Financial assets										
Other investments										
- Liquid Investments with licensed financial institutions	-	170,306	-	170,306	-	-	-	-	170,306	170,306
Hire purchase receivables	-	-	-	-	-	-	489,860	489,860	489,860	489,860
Finance lease receivables	-	-	-	-	-	-	35	35	35	35
Derivative financial assets - forward exchange contracts	-	17,914	-	17,914	-	-	-	-	17,914	17,914
	-	188,220	-	188,220	-	-	489,895	489,895	678,115	678,115
Financial liabilities										
Derivative financial liabilities - forward exchange contracts	-	(2,980)	-	(2,980)	-	-	-	-	(2,980)	(2,980)

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	Carrying amount
	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		
2019										
Group										
Financial assets										
Other investments										
- Liquid Investments with licensed financial institutions	-	12,166	-	12,166	-	-	-	-	12,166	12,166
Hire purchase receivables	-	-	-	-	-	-	551,779	551,779	551,779	551,779
Finance lease receivables	-	-	-	-	-	-	239	239	239	239
Derivative financial assets - forward exchange contracts	-	4,139	-	4,139	-	-	-	-	4,139	4,139
	-	16,305	-	16,305	-	-	552,018	552,018	568,323	568,323
Financial liabilities										
Borrowings	-	-	-	-	-	-	(499,286)	(499,286)	(499,286)	(499,286)
Derivative financial liabilities - forward exchange contracts	-	(690)	-	(690)	-	-	-	-	(690)	(690)
	-	(690)	-	(690)	-	-	(499,286)	(499,286)	(499,976)	(499,976)

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	Carrying amount
	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		
2020										
Company										
Financial assets										
Other investments										
- Asset-backed notes	-	-	1	1	-	-	-	-	1	1
Amount due from subsidiaries	-	-	-	-	-	-	110,965	110,965	110,965	110,965
	-	-	1	1	-	-	110,965	110,965	110,966	110,966
Financial liabilities										
Amount due to subsidiaries	-	-	-	-	-	-	(288,077)	(288,077)	(288,077)	(288,077)
2019										
Company										
Financial assets										
Other investments										
- Asset-backed notes	-	-	138	138	-	-	-	-	138	138
Amount due from subsidiaries	-	-	-	-	-	-	390,093	390,093	390,093	390,093
	-	-	138	138	-	-	390,093	390,093	390,231	390,231
Financial liabilities										
Borrowings	-	-	-	-	-	-	(499,286)	(499,286)	(499,286)	(499,286)
Amount due to subsidiaries	-	-	-	-	-	-	(276,769)	(276,769)	(276,769)	(276,769)
	-	-	-	-	-	-	(776,055)	(776,055)	(776,055)	(776,055)

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

Fair value 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.

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 (2019: no transfer in either direction).

Level 3 fair value

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

Fair values of hire purchase receivables, finance lease receivables, non-current borrowings and non-current amounts due from and due to subsidiaries, which are determined for disclosure purpose, have been derived using discounted cash flow approach. 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.

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 2020 and 31 December 2019 were as follows:

	Note	Group	
		2020 RM'000	2019 RM'000
Total borrowings	17	1,501,493	1,596,140
Lease liabilities		97,966	105,408
Less: Other investments	8	(170,306)	(12,166)
Cash and cash equivalents	15	(581,962)	(407,786)
Net debt		847,191	1,281,596
Total equity attributable to owners of the Company		2,841,686	3,019,580
Net debt-to-equity ratios		0.30	0.42

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 complied with 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	
		2020 %	2019 %
Incorporated in Malaysia:			
Agensi Pekerjaan Bijak Sdn. Bhd.	Provision of private 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
Chauffeur Safe Travel Sdn. Bhd.	Travel agency and transportation services	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	
		2020 %	2019 %
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
GoEVCharger 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	100	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	Structured entity for asset-backed securitisation	-	-
Rustcare Sdn. Bhd.	Distribution of automotive accessories	100	100
Sungei Bintang Sdn. Bhd.	Property investment holding	100	100
Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sales of motor vehicles	100	100
Tan Chong Agency Sdn. Bhd.	Insurance agency	100	100
Tan Chong Education Sdn. Bhd.	Investment holding	100	100
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 IBS Sdn. Bhd.	Insurance agency	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, spare parts and after sales services for commercial vehicles	100	100

Notes to the Financial Statements

35. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest	
		2020 %	2019 %
Incorporated in Malaysia:			
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles	70	70
Tan Chong Premier Sdn. Bhd.	Insurance agency	100	100
Tan Chong Trading (Malaysia) Sdn. Berhad	Investment holding, merchandise and tractors trading	100	100
Tanahku Holdings Sdn. Bhd.	Property investment holding	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100
TC Capital Premium Sdn. Bhd.	Used car service provider/dealer	100	100
TC Capital Resources Sdn. Bhd.	Hire purchase financing, leasing, money lending and transport agent	100	100
TC Commercial Assets Sdn. Bhd.	Property investment holding	100	100
TC Contact Centre Services Sdn. Bhd.	Activities of call centres	100	100
TC Euro Cars Sdn. Bhd.	Distribution and leasing 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 Industrial Entity Sdn. Bhd.	Investment holding	100	100
TC Insurservices Sdn. Bhd.	Insurance agency	100	100
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 commercial and passenger vehicles and after-sales services and spare parts	100	100
TC Residence Sdn. Bhd.	Property investment holding	100	100
TC Security Services Sdn. Bhd.	Provision of security services	51	51

Notes to the Financial Statements

35. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest	
		2020 %	2019 %
Incorporated in Malaysia:			
TC Sri Amar Sdn. Bhd.	Property investment holding	100	49
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 Group Sdn. Bhd.	Investment holding	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 automotive parts and modules	100	100
TMC Services Sdn. Bhd.	Provision of financial services	100	100
Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	100	100
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 Trucks & Components Sdn. Bhd.	Dormant	100	100
E-Garage Auto Services Sdn. Bhd.	Dormant	100	100
Extreme Market Place Sdn. Bhd. (formerly known as TC Aluminium Castings Sdn. Bhd.)	Dormant	100	100
Fujiyama Car Cooler 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 Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100
Tan Chong Private Education Sdn. Bhd.	Dormant	100	100
Tan Chong Technical Centre Sdn. Bhd.	Dormant	100	100
TC Automotive Electronics Sdn. Bhd.	Dormant	100	100
TC Brake System Sdn. Bhd.	Dormant	100	100

Notes to the Financial Statements

35. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest	
		2020 %	2019 %
Incorporated in Malaysia:			
TC Commercial Insure Agency Sdn. Bhd.	Dormant	100	100
TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100
TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	100	100
TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
TC Plastics Sdn. Bhd.	Dormant	100	100
TC Sunergy Sdn. Bhd.	Dormant	100	100
TC Transmission Sdn. Bhd.	Dormant	100	100
VDC 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 Holdings Labuan Pte Ltd	Investment holding	100	-
TC Services Holdings Labuan Pte Ltd	Investment holding	100	100
TC Security Services (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	
			2020 %	2019 %
	Incorporated in Labuan:			
	TCMSC (Labuan) Pte Ltd	Investment holding	100	100
∂	Tan Chong Construction (Labuan) Pte Ltd	Dormant	100	-
	Tan Chong Motorcycles (MM) Pte Ltd	Dormant	100	100
	TC Assets Labuan (V) Pte Ltd	Dormant	100	100
	TC Capital Resources (Labuan) Pty Ltd	Dormant	100	100
∂	TC Intellectual Investment Pte Ltd	Investment holding	100	-
	TC iTech (Labuan) Pte Ltd	Investment holding	100	100
	TC Manufacturing (C) Pte Ltd	Dormant	100	100
	TC Manufacturing (L) Pte Ltd	Dormant	100	100
	TC Manufacturing (MM) Pte Ltd	Dormant	100	100
	TC Manufacturing (V) Pte Ltd	Dormant	100	100
∂	TC Overseas Assets Labuan (C) Pte Ltd	Dormant	100	-
	TC Services Labuan (C) Pte Ltd	Dormant	100	100
	TC Services Labuan (L) Pte Ltd	Dormant	100	100
	TC Services Labuan (MM) Pte Ltd	Dormant	100	100
^∂	TC Trust Labuan Limited	Dormant	100	-
^∂	TCIP Pte Ltd	Dormant	100	-
	Incorporated in Cambodia:			
#β	TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts, components, accessories and lubricant products	100	100
^∂	TC Security Services (Cambodia) Co. Ltd.	Provision of security services	90	-
#β	Tan Chong Motor (Cambodia) Pty. Ltd.	Importation and distribution of motor vehicles	100	100
^β	TC Motor Sales (Cambodia) Pty. Ltd.	Dormant	100	100

Notes to the Financial Statements

35. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest	
		2020 %	2019 %
Incorporated in Vietnam:			
#β TC Motor Vietnam Co. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@β TCIE Vietnam Pte. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@**β Nissan Vietnam Co. Ltd.	Importation and distribution of motor vehicles and spare parts	74	74
#β TC Motorcycles (Vietnam) Co. Ltd.	Importation and distribution of motorcycles and motorcycle components	100	100
#β TC Services Vietnam Co., Ltd.	Retail distribution of automobiles, automobile workshop services and trading of spare parts	100	100
#β TC iTech (Vietnam) Co., Ltd. (formerly known as TC Systems (Vietnam) Co., Ltd.)	Producing software products, providing IT solutions & services and integrating IT systems	100	100
Incorporated in Laos:			
^β Tan Chong Motor (Lao) Co., Ltd. (formerly known as Tan Chong Motor (Lao) Sole Co., Ltd.)	Importation and distribution of motor vehicles and spare parts including providing after-sales services	100	100
^β Tan Chong Motorcycles (Laos) Co., Ltd.	Dormant	100	100
Incorporated in United States of America:			
^β Tan Chong Warisan Resources Management LLC	Dormant	51	51
Incorporated in Myanmar:			
^β E-Garage Auto Services and Spare Parts (Myanmar) Company Limited	Servicing, maintenance and repairing of all kinds of vehicles and machines, and importer and sales of cars, spare parts and service equipment	90	90
^β ETCM (Myanmar) Company Limited	Provision of services relating to vehicle distribution	100	100
^β Tan Chong Motor (Myanmar) Company Limited	Assembly, sales and distribution of motor vehicles, trading of spare parts and automotive workshop services	100	100
^β TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	100

Notes to the Financial Statements

35. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest	
			2020 %	2019 %
	Incorporated in Thailand:			
#*β	TC Express Auto Services and Spare Parts (Thailand) Co., Ltd.	Automotive workshop services and trading of spare parts	49	49
β	Tan Chong Mekong Regional Co., Ltd.	Regional operating headquarters	100	100
#β	Tan Chong Mekong Trading (Thailand) Co., Ltd.	International procurement centre	100	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 2020 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.			
∂	Company incorporated during the year.			
@	Company audited by other member firms of KPMG International.			
β	Company not audited by KPMG PLT.			
**	Emphasis of Matter paragraph on going concern is included in the auditor's report of Nissan Vietnam Co. Ltd.			

Notes to the Financial Statements

36. SIGNIFICANT EVENTS

- (i) The World Health Organisation had declared the Coronavirus Disease 2019 (“Covid-19”) a pandemic on 11 March 2020. Subsequently, the Government of Malaysia issued a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order (“MCO”) from 18 March until 3 May 2020, followed by Conditional MCO from 4 May to 9 June 2020, and Recovery MCO from 10 June to 31 December 2020 in efforts to curb and contain the spread of Covid-19. These orders and the resurgence of Covid-19 cases and targeted containment measures in most states have caused disruptions to business activities nationwide and have affected the Group’s business operations. Consequently, the Group and the Company had carried out various cost containment measures and rationalised some of their operations to mitigate the adverse impacts caused by the pandemic.

The Group and the Company had also considered the impact of Covid-19 in the preparation of the financial statements for the financial year ended 31 December 2020. The impacts of Covid-19 on items such as expected credit losses of financial assets and impairment of investment properties, and other non-financial assets were considered to be not material for the financial year ended 31 December 2020.

The Group and the Company continue to closely monitor the Covid-19 situations and take all the necessary steps to minimise the disruptions to our business operations.

- (ii) On 11 March 2020, TC Overseas Assets Holdings Labuan Pte Ltd, a direct wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of investment holding.
- (iii) On 23 March 2020, TC Overseas Assets Labuan (C) Pte Ltd, an indirect wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of investment holding.
- (iv) On 26 July 2019, TC Services Vietnam Co., Ltd. (“TCSV”), a wholly-owned subsidiary of the Company had entered into a Memorandum of Understanding (“MOU”) with SAIC Motor International Co., Ltd, (“SMIL”) to cooperate with each other in Vietnam market on complete-knocked-down (“CKD”) assembly, sales and distribution, as well as on imported complete-built-up (“CBU”) sales of certain automobile brand of products to be agreed between the parties with the objective of signing relevant cooperation agreements to formalise the cooperation relationship.

On 18 May 2020, TCSV entered into an Overseas Distribution Agreement (“ODA”) with SMIL for the appointment of TCSV as the sole and exclusive importer and distributor for the sale of CBU MG brand vehicles (“MG Brand Vehicles”) and after-sales spare parts, and provider of after-sales services for the CBU MG Brand Vehicles in Vietnam, including the appointment of dealers to perform these obligations and activities. The term of the ODA shall be for a period of five years commencing from the date of the execution of the ODA by both TCSV and SMIL.

- (v) On 20 August 2019, TC Manufacturing (Labuan) Pte Ltd (“TC Manufacturing Labuan”), a wholly-owned subsidiary of the Company, had entered into a MOU with SAIC GM Wuling Automobile Co., Ltd (“SGMW”) to cooperate to study the potential and feasibility of the business opportunity in introducing SGMW commercial vehicle products to Southeast Asia with initial identified countries namely Vietnam, Myanmar, Cambodia and Lao PDR (“Project”).

On 3 January 2020, TC Manufacturing Labuan had executed a Supplemental MOU with SGMW to extend the term of the MOU, which had expired on 31 December 2019, for a further period of 6 months from 1 January 2020 to 30 June 2020 and to expand the definition of the Project to include other products of SGMW in addition to the commercial vehicle products.

On 7 August 2020, TC Manufacturing Labuan and SGMW had executed a Second Supplemental MOU to further extend the term of the MOU for another period of six (6) months to 31 December 2020.

Pursuant with the MOU, TC Motor Vietnam Co. Ltd. (“TCMV”) had entered into a SGMW Vehicle and Parts Export Contract with SGMW on 25 March 2021 for the appointments of TCMV as SGMW’s sole and exclusive importer and distributor of vehicles and parts of N111P Pickup, N300P Pickup and N300L Cargo Van (“Products”) in Vietnam and the provision of after-sales services for the Products.

Notes to the Financial Statements

36. SIGNIFICANT EVENTS (continued)

- (vi) On 29 May 2020, TC Capital Resources Sdn. Bhd. (“TCCR”) and TCCL Sdn. Bhd. (“TCCL”), both wholly-owned subsidiaries of the Company entered into a Subscription and Shareholders’ Agreement (“Agreement”) with Warisan TC Holdings Berhad (“WTCH”) and MUV Marketplace Sdn. Bhd. (“MUV”), a wholly-owned subsidiary of WTCH, for TCCR and TCCL to regulate the relationship of the parties as shareholders through equity participation by TCCR and TCCL in MUV. TCCR and TCCL subscribed for a total of 487,500 new ordinary shares representing 15.78% equity stake in MUV for a total cash consideration of RM15,000,375. MUV is engaged primarily in the business of provision of used vehicles auction services and vehicles inspection and certification, and trading of used vehicles (“Business”), which also owns and operates several online platforms to support its Business that includes but not limited to allowing the public to sell, bid and/or purchase used vehicles.
- (vii) On 3 August 2020, TC Intellectual Investment Pte Ltd, a wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of investment holding.
- (viii) On 5 August 2020, TCIP Pte Ltd, an indirect wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of intellectual property holding.
- (ix) On 5 August 2020, TCIE Vietnam Pte. Ltd. (“TCIEV”), an indirect wholly-owned subsidiary of the Company, had received from Nissan Motor Co., Ltd. (“NML”) letters dated 31 March 2020 and 2 June 2020 on the non-renewal of the Distribution Agreement dated 20 September 2012 executed between TCIEV and NML (“Distribution Agreement”) for the Nissan Sunny and X-Trail models (“Nissan CKD Models”) in Vietnam. Following this, TCIEV’s appointment as the exclusive distributor and after-sales service provider of the Nissan CKD Models under the Distribution Agreement expired on 19 September 2020.

On 18 September 2020, TCIEV had received another letter from NML on the termination of the Technical Assistance Agreement dated 30 May 2012 (“TAA”) executed between TCIEV and NML for the rendering of technical assistance to TCIEV by Nissan for the assembly of the Nissan CKD Models on 19 September 2020 in accordance with the expiration of the Distribution Agreement.

- (x) On 10 August 2020, TC Security Services (Cambodia) Co., Ltd., an indirect 90% owned subsidiary of the Company was incorporated under the applicable laws of the Kingdom of Cambodia with the principal activity of provision of security services.
- (xi) On 9 September 2020, TC Trust Labuan Limited, an indirect wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of provision of Labuan trust company services.
- (xii) On 13 March 2020, Tan Chong Construction (Labuan) Pte Ltd (“TCC (Labuan)”), an indirect wholly-owned subsidiary of the Company entered into a Joint Venture Agreement (“JV Agreement”) with An Tam Construction and Trading Co., Ltd (“Antaco Vietnam”) to regulate the arrangement relating to the management, operations, affairs and the rights and obligations of the parties as members of a joint venture company in Vietnam. The joint venture company (“JV Co.”) is a 60% subsidiary of TCC (Labuan) with 40% held by Antaco Vietnam.

On 10 June 2020, Antaco Vietnam had accepted the Supplemental Letter to the JV Agreement from TCC (Labuan) for the extension of the following:

- (a) the term for the setting up of the JV Co. in Vietnam to 31 October 2020; and
- (b) the term for obtaining the Investment Registration Certificate, the Enterprise Registration Certificate and/or other approval(s) from the relevant authorities in Vietnam required to operate the business to within nine (9) months from the date of the JV Agreement.

On 13 October 2020, Antaco Vietnam accepted the Second Supplemental Letter to the JV Agreement from TCC (Labuan) for the revision of the following salient terms of the JV Agreement, among others:

- (a) the extension of the term for the setting up of the JV Co. in Vietnam to 12 March 2021.

Notes to the Financial Statements

36. SIGNIFICANT EVENTS (continued)

- (xii) (b) the extension of the term for obtaining the Investment Registration Certificate, the Enterprise Registration Certificate and/or other approval(s) from the relevant authorities in Vietnam required to operate the business to within 12 months from the date of the JV Agreement; and
- (c) the revision to the initial Charter Capital of the JV Co. from VND22,000,000,000.00 to VND5,500,000,000.00.

A Third Supplemental Letter to the JV Agreement was executed on 15 December 2020 between the parties to amend Clause 8 of the JV Agreement in relation to Legal Representative, General Director, Controller and Management of the JV Co..

On 25 March 2021, Antaco Vietnam had accepted the Fourth Supplemental Letter to the JV Agreement from TCC (Labuan) for the extension of the following:

- (a) the term for the setting up of the JV Co. to 12 September 2021; and
 - (b) the term for obtaining the Investment Registration Certificate, the Enterprise Registration Certificate and/or other approval(s) from the relevant authorities in Vietnam required to operate the business to within 24 months from the date of the JV Agreement.
- (xiii) On 1 October 2020, TC Manufacturing Labuan Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into a MOU with PT. SGMW Motor Indonesia ("PT SGMW"), a company established under the laws of Indonesia to cooperate on the study of the potential and feasibility of the business opportunities in introducing PT SGMW's vehicle products to Malaysia and Thailand. The MOU will expire on 31 December 2021.
 - (xiv) On 19 October 2020, TC Motor Vietnam Co., Ltd. ("TCMV"), an indirect wholly-owned subsidiary of the Company, entered into a MOU with Xiamen King Long United Automotive Industry Co. Ltd. ("King Long"), a company incorporated in China in accordance with the laws of the People's Republic of China to facilitate the commencement of discussions and negotiations for the appointment of TCMV as the sole and exclusive distributor of King Long KINGO microbus model in Vietnam in both CBU and CKD forms. The MOU will expires on 18 October 2021.
 - (xv) On 22 December 2020, TC Overseas Assets Holdings Labuan Pte Ltd ("TCO AHL"), a wholly-owned subsidiary of the Company, entered into a MOU with GAC Motor International Limited ("GAC International"), a company established under the laws of Hong Kong to cooperate to study on the potential and feasibility of the business opportunity in introducing GAC International's vehicle products ("Products") to Malaysia and Vietnam, with the intention to appoint TCO AHL or any other company under TCMH Group on exclusive basis for the sales, distribution, assembly and provision of after-sales services for the Products in the said countries. The MOU will expire on 1 July 2021.
 - (xvi) We refer to the previous announcements dated 27 May 2020, 13 August 2020, 24 August 2020, 3 September 2020 and 29 March 2021 in relation to the bills of demand amounting to approximately RM180 million issued by the Royal Malaysian Customs Department ("RMCD") to Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a subsidiary of the Company.

Consequent to the issuance of the said bills, TCMA applied to the High Court to commence judicial review proceedings to challenge the RMCD's decisions to issue the said bills and to date, TCMA had been granted an interim stay of proceedings by the High Court in relation to the payment of the disputed taxes.

In March 2021, TCMA had finally agreed with RMCD to resolve the technical issues amicably out of court by way of reduced bills of demand and compound amounting to approximately RM109 million, subject to the finalisation of the terms of the consent order in respect of the amicable settlement. On that note, the Company wishes to highlight that this matter has been resolved amicably and expeditiously as this will enable TCMA to focus on its core business instead of being entangled in a protracted litigation.

In respect of the material event stated above, for accounting purposes, all the outstanding amounts have been provided for in the financial statements for the financial year ended 31 December 2020.

Notes to the Financial Statements

37. SUBSEQUENT EVENTS

- (i) Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group has exercised the clean-up call option in Class C Notes Series 2009-A, Class C Notes Series 2010-A, Class C Notes Series 2010-B, Class C Notes Series 2011-A, Class C Notes Series 2014-A ("relevant series") and purchased all of the outstanding receivables comprised in receivables of relevant series on 31 January 2021.
- (ii) Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a 70% owned subsidiary of the Company, APM Shock Absorbers Sdn. Bhd. (a wholly-owned subsidiary of APM Automotive Holdings Berhad ("APM")) and TCIM Sdn. Bhd. ("TCIM") (a wholly-owned subsidiary of Warisan TC Holdings Berhad ("WTCH")) received a Letter of Notification dated 12 March 2021 from the Energy Commission ("EC") notifying that TCMA, APM Shock Absorbers Sdn. Bhd. and TCIM (which collaborated as a consortium in the bid for the Large Scale Solar Photovoltaic Plant of 20MW at Hulu Selangor, Selangor, Malaysia ("LSSPV Project")) had been selected as a shortlisted bidder for the LSSPV Project, subsequent to a competitive bidding exercise conducted by the EC, subject to fulfilment of additional requirements to be issued by EC in due course.

Statement By Directors

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

In the opinion of the Directors, the financial statements set out on pages 73 to 196 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2020 and of their financial performance and cash flows for the financial year then ended.

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

Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng

Director

Ho Wai Ming

Director

Kuala Lumpur,

Date: 15 April 2021

Statutory Declaration

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Chong Choon Yeng**, the officer 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 73 to 196 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 April 2021.

Chong Choon Yeng

MIA CA 26002

Before me:

Independent Auditors' Report

To The Members of Tan Chong Motors Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tan Chong Motor Holdings Berhad, which comprise the statements of financial position as at 31 December 2020 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 73 to 196 (except for pages 75, 76, 79 and 80 that do not form part of the financial statements).

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2020, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Inventories

Refer to Note 1(d) – Use of estimates and judgements, Note 2(h) – Significant accounting policies: Inventories and Note 12 – Inventories.

The key audit matter

The Group holds significant levels of inventories including the new vehicles and unassembled vehicle packs ("the inventories"). The ability of the Group to sell the inventories in the future may be adversely affected by many factors including changes in consumers' preferences, competitors' activities including pricing and the introduction of new car models. As a result, there is a risk that certain models may be sold below the carrying value and may need to be written down to their net realisable value ("NRV"). It is a significant area for our audit as establishing the valuation of the inventories requires management to make estimates and judgements in determining the appropriateness of write down of the inventories to NRV.

Independent Auditors' Report

To The Members of Tan Chong Motors Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated in Malaysia)

The key audit matter (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained an understanding of the assessment performed by the management to arrive at the net realisable value of inventories;
- We tested the cost of inventories by model;
- We compared the inventory levels to recent sales trend; and
- We compared the cost of inventories against the expected selling price less cost to sell by model. The expected selling price less cost to sell was derived from post year-end published selling price by model net of estimated discounts and estimated sales incentives, and other related costs to sell.

Valuation of Hire Purchase Receivables

Refer to Note 1(d) – Use of estimates and judgements, Note 2(k)(i) – Significant accounting policies: Impairment and Note 10 – Hire purchase receivables.

The key audit matter

Impairment allowances for hire purchase (“HP”) receivables are calculated on individual basis and collective basis. Individual impairment allowances are calculated based on the estimated recoveries from the repossessed vehicles net of the outstanding balances owing from the receivables. The calculation of collective impairment allowances is inherently judgemental and is based on an impairment model which inputs used are historical average delinquency rate, historical average loss on large portfolios of HP receivables and forward-looking adjustments. The accuracy of the impairment calculation would be affected by unanticipated changes to the economic environment and assumptions which may differ from actual.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained an understanding of the assessment performed by the management to arrive at the individual and collective impairment allowances;
- For individual assessment, we assessed the appropriateness of the allowance made based on the estimated loss arising from the sales of the repossessed vehicles by comparing the estimated disposal price against the proceeds from post year-end sales of the repossessed vehicles or to published market price;
- We tested the integrity of the inputs to the collective impairment model which include the historical average delinquency rate, historical average loss and forward-looking adjustments; and
- We compared the collective impairment allowances to externally available industry data.

We have determined that there are no key audit matters in the audit of the separate financial statements of the Company to communicate in our auditors' report.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To The Members of Tan Chong Motors Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated in Malaysia)

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report

To The Members of Tan Chong Motors Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated in Malaysia)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 35 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT

(LLP0010081-LCA & AF 0758)
Chartered Accountants

Petaling Jaya, Selangor

Date: 15 April 2021

Chua See Guan

Approval Number: 03169/02/2023 J
Chartered Accountant

Ten Largest Properties of the Group

as at 31 December 2020

No	Location	Description	Land Area (sq. ft.)	Built-up Area (sq. ft.)	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	500.32	45	1974 to 1999	2019
2	Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor, Selangor Darul Ehsan	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	260.89	14	1996 to 2013	2019
3	Industrial Park in Nyung Inn Village, Bago Township, Bago Region, Myanmar	Assembly plant and office	2,177,787	269,270	Leasehold 17.2.2066	112.71	2	2016	2019
4	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	430,869	Leasehold 25.3.2054	83.58	8	2013	2019
5	Lot 3, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan	Spare parts & service centre, factory, warehouse/store, offices & showroom	425,619	204,856	Leasehold 5.9.2074	79.95	41	11.9.1981	2019
6	No. 2, Jalan Gerudi 15/4, Section 15, Shah Alam, 40200 Selangor Darul Ehsan	Industrial plant	713,983	417,424	Leasehold 19.2.2066	79.20	52	30.12.2009	2019
7	Lot 93, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,637	-	Freehold	48.10	-	27.8.2012	2020
8	Lot 92, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,228	-	Freehold	47.70	-	24.8.2012	2020
9	Lot U12, U13, U14 & U15, Road No. 10B, Hoa Khanh Extended Industrial Zone, Lien Chieu District, Danang City, Vietnam	Assembly plant and office	1,372,065	140,178	Leasehold 25.3.2054	45.99	2	2011	2019
10	No 2, Jalan Johor Jaya, 81750 Masai, Johor Darul Takzim	Office, showroom, service, spare parts & training centre	93,830	277,425	Freehold	44.98	6	21.5.2015	2019

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, Selangor Darul Ehsan is based on valuation report of 6 lots of land held under lot numbered 45, 15961, 16360, 23975, 23976 & 29120 and building.

Analysis of Shareholdings

as at 31 March 2021

SHARE CAPITAL

Total Number of Issued Shares	: 672,000,000 ordinary shares
Total Issued Share Capital	: RM336,000,000
Class of Shares	: Ordinary shares
Voting Rights	: 1 vote per ordinary share on a poll

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	299	4.17	4,712	- ⁽¹⁾
100 - 1,000	2,246	31.35	1,937,352	0.29
1,001 - 10,000	3,665	51.17	15,643,301	2.33
10,001 - 100,000	800	11.17	22,875,314	3.40
100,001 - 32,608,049 ⁽²⁾	149	2.08	277,174,857	41.25
32,608,050 and above ⁽³⁾	4	0.06	334,525,464	49.78
Sub Total	7,163	100.00	652,161,000	97.05
Treasury shares			19,839,000	2.95
Total			672,000,000	100.00

Notes:

(1) Less than 0.01%.

(2) 100,001 to less than 5% of issued shares less treasury shares.

(3) 5% and above of issued shares less treasury shares.

DIRECTORS' SHAREHOLDING

(as per Register of Directors' Shareholding)

No.	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	Dato' Tan Heng Chew	32,480,962	4.98	289,342,430 ⁽¹⁾	44.37
2	Dato' Ng Mann Cheong	-	-	150,000 ⁽³⁾	0.02
3	Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,828,590	1.97	308,994,802 ⁽⁴⁾	47.38
4	Ho Wai Ming	-	-	20,000 ⁽³⁾	- ⁽²⁾
5	Lee Min On	-	-	-	-
6	Ng Chee Hoong	-	-	-	-
7	Dato' Chan Choun Sien (Appointed on 1 April 2021)	-	-	-	-

Notes:

(1) Deemed interest by virtue of interests in Tan Chong Consolidated Sdn. Bhd. and Wealthmark Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("Act") and interests of spouse and children by virtue of Section 59(11)(c) of the Act.

(2) Less than 0.01%.

(3) Interest of spouse by virtue of Section 59(11)(c) of the Act.

(4) Interests of spouse and children by virtue of Section 59(11)(c) of the Act.

Analysis of Shareholdings

as at 31 March 2021

SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

No.	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	Tan Chong Consolidated Sdn. Bhd.	263,828,240	40.45	-	-
2	Employees Provident Fund Board	42,031,800	6.45	-	-
3	Nissan Motor Co., Ltd	37,333,324	5.72	-	-
4	Dato' Tan Heng Chew	32,480,962	4.98	274,781,840 ⁽¹⁾	42.13
5	Tan Eng Soon	-	-	263,828,240 ⁽²⁾	40.45

Notes:

⁽¹⁾ Deemed interest by virtue of interests in Tan Chong Consolidated Sdn. Bhd. and Wealthmark Holdings Sdn. Bhd. pursuant to Section 8(4) of the Companies Act 2016 ("Act").

⁽²⁾ Deemed interest by virtue of interest in Tan Chong Consolidated Sdn. Bhd. pursuant to Section 8(4) of the Act.

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	Tan Chong Consolidated Sdn. Bhd.	217,789,240	33.39
2	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	42,031,800	6.45
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	29,000,000	4.45
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Heng Chew (PB)	20,351,100	3.12
7	Pang Sew Ha @ Phang Sui Har	18,108,058	2.78
8	Tan Han Chuan	17,738,200	2.72
9	Tan Boon Pun	12,650,813	1.94
10	Tan Ban Leong	11,031,929	1.69
11	Tan Beng Keong	11,031,929	1.69
12	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)	9,087,400	1.39
13	Tan Chong Consolidated Sdn. Bhd.	8,667,900	1.33
14	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Khor Swee Wah @ Koh Bee Leng (PB)	8,279,290	1.27

Analysis of Shareholdings

as at 31 March 2021

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of Shares Held	%
15	Maybank Securities Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Ching Ching</i>	7,970,000	1.22
16	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	7,450,000	1.14
17	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt AN for UBS Switzerland AG (Clients Assets)</i>	7,283,700	1.12
18	Tan Chee Keong	7,252,295	1.11
19	Tan Hoe Pin	7,252,295	1.11
20	Key Development Sdn. Berhad	6,334,400	0.97
21	Chinchoo Investment Sdn. Berhad	4,705,000	0.72
22	Gan Teng Siew Realty Sdn. Berhad	4,679,000	0.72
23	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Heng Chew</i>	4,429,200	0.68
24	Tan Hoe Pin	4,419,573	0.68
25	Lee Lang	4,216,130	0.65
26	UOB Kay Hian Nominees (Asing) Sdn. Bhd. <i>Exempt AN for UOB Kay Hian Pte. Ltd. (A/C Clients)</i>	3,788,902	0.58
27	Tan Chee Keong	3,779,634	0.58
28	Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Standard Chartered Bank Singapore (EFGBHK-ASING)</i>	3,648,300	0.56
29	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)</i>	3,250,000	0.50
30	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt AN for DBS Bank Ltd. (SFS)</i>	2,881,000	0.44
TOTAL		563,811,512	86.45

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 49th Annual General Meeting (“AGM”) of TAN CHONG MOTOR HOLDINGS BERHAD will be held fully virtual at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 3 June 2021 at 2.30 p.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2020 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**
2. To re-elect the following Directors who retire and being eligible, offer themselves for re-election in accordance with Article 82 of the Company’s Constitution, as Directors of the Company:
 - (i) Mr. Ng Chee Hoong **Ordinary Resolution 1**
 - (ii) Dato’ Chan Choun Sien **Ordinary Resolution 2**
3. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 103 of the Company’s Constitution, as Directors of the Company:
 - (i) Dato’ (Dr.) Khor Swee Wah @ Koh Bee Leng **Ordinary Resolution 3**
 - (ii) Mr. Ho Wai Ming **Ordinary Resolution 4**
4. To approve the payment of Directors’ fees of up to RM500,000 in aggregate to the Non-Executive Directors of the Company and up to RM32,400 in aggregate to the Non-Executive Directors of TC Trust Labuan Limited, a subsidiary of the Company, during the course of the period from 4 June 2021 until the next Annual General Meeting of the Company. **Ordinary Resolution 5**
5. To approve Directors’ benefits of up to RM344,600 in aggregate to the Non-Executive Directors of the Company and up to RM5,400 in aggregate to the Non-Executive Directors of TC Capital Resources Sdn. Bhd., a subsidiary of the Company, during the course of the period from 4 June 2021 until the next Annual General Meeting of the Company. **Ordinary Resolution 6**
6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2021 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 7**

Special Business

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

7. CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR

“THAT approval be and is hereby given for Dato’ Ng Mann Cheong who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company.”

Ordinary Resolution 8

Notice of Annual General Meeting

8. PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES

“THAT subject to the Companies Act 2016 (“Act”), the Constitution 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 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:

- (i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company at any point in time of the purchase; and
- (ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares or in any 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 an amount not exceeding the Company’s retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and shall continue to be in force until:

- (i) 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; or
- (ii) 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).

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.”

Ordinary Resolution 9

9. 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 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“TCMH Group”) to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group (“Related Parties”) including those as set out in Paragraph 3.2.1.1 of the Company’s Circular to Shareholders dated 30 April 2021 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

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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:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

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.”

Ordinary Resolution 10

10. **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 2016 (“Act”), the Constitution 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 30 April 2021 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:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

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.”

Ordinary Resolution 11

Notice of Annual General Meeting

11. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES**

“THAT subject to the Companies Act 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“TCMH Group”) to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group (“Related Parties”) including those as set out in Paragraph 3.2.1.3 of the Company’s Circular to Shareholders dated 30 April 2021 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:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or
- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

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.”

Ordinary Resolution 12

12. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH AUTO DUNIA SDN. BHD.**

“THAT subject to the Companies Act 2016 (“Act”), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries (“TCMH Group”) to enter into all arrangements and/or transactions with Auto Dunia Sdn. Bhd. involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group (“Related Parties”) including those as set out in Paragraph 3.2.2 of the Company’s Circular to Shareholders dated 30 April 2021 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:

- (i) the conclusion of the next Annual General Meeting (“AGM”) of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders’ Mandate is renewed; or

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- (ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

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."

Ordinary Resolution 13

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

By Order of the Board

HO WAI MING (MIA 12986) (SSM PC No. 201908002199)
WONG POH CHUN (MAICSA 7013841) (SSM PC No. 201908002090)
Company Secretaries

Kuala Lumpur
30 April 2021

NOTES:

1. *The 49th AGM of the Company will be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") has been appointed as the Poll Administrator for the AGM to facilitate the RPV via TIH Online website at <https://tjh.online>. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2021 ("Record of Depositors") shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM. Please follow the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV facilities. The Administrative Guide is available on the Company's website at <https://www.tanchonggroup.com> and Bursa Malaysia's website at <https://www.bursamalaysia.com>.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.*
3. *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 participate and vote at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. A proxy appointed shall have the same rights as the member to participate and vote at the meeting.*
4. *Subject to Note 7 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 shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.*
5. *Subject to Note 7 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds 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.*

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6. 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 shareholdings or the number of shares to be represented by each proxy.
7. Any beneficial owner who holds 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 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.
8. The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") for the AGM shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for the AGM or no later than 1 June 2021 at 2.30 p.m. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised:
- (i) In hard copy form
Either by hand or post to the Company's Share Registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
 - (ii) By electronic means via TIIH Online
By electronic means to the electronic address at Tricor's TIIH Online website at <https://tiih.online>. Please refer to the Administrative Guide for the procedures and requirements relating to the submission of proxy forms; and
 - (iii) By electronic means via email
By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 8(i) above before the commencement of the AGM.

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

1. Item 1 of the Agenda - Audited Financial Statements for financial year ended 31 December 2020

The laying of the Audited Financial Statements under Item 1 of the Agenda in accordance with Section 340(1)(a) of the Companies Act 2016 is for the purposes of presenting the Audited Financial Statements to the shareholders and does not require approval of the shareholders.

2. Ordinary Resolution 5 and 6 - Directors' Fees and Benefits

The Company pays Directors' fees and benefits, TC Trust Labuan Limited, a subsidiary of the Company, pays Directors' fees and TC Capital Resources Sdn. Bhd., another subsidiary of the Company, pays benefits to the Non-Executive Directors. The Executive Directors do not receive fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders.

The benefits payable to the Non-Executive Directors of the Company include meeting allowance, petrol allowance and provision of driver, notably:

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- (a) Meeting allowance
 - As Chairman of meeting @ RM1,500 per meeting
 - As member @ RM1,200 per meeting
- (b) Petrol allowance @ RM800 per month each
- (c) Company driver @ RM5,000 per month (average) for Senior Independent Non-Executive Director

The Board recommends that shareholders approve a maximum aggregate amount of RM532,400 for the payment of Directors' fees to the Non-Executive Directors of the Company (i.e. RM500,000) and its subsidiary, TC Trust Labuan Limited (i.e. RM32,400) during the course of the period from 4 June 2021 until the next AGM of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM350,000 for the payment of benefits to the Non-Executive Directors of the Company (i.e. RM344,600) and its subsidiary, TC Capital Resources Sdn. Bhd. (i.e. RM5,400) during the course of the period from 4 June 2021 until the next AGM of the Company.

3. **Ordinary Resolution 8 - Continuing in Office as Independent Non-Executive Director**

Pursuant to the Malaysian Code on Corporate Governance, 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.

Following an assessment and recommendation by the Nominating and Remuneration Committee, the Board recommended that Dato' Ng Mann Cheong who has served as Independent Non-Executive Director ("INED") of the Company for a cumulative term of more than nine (9) years to continue to be designated as INED of the Company based on the following key justifications:

- (a) He fulfill the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, is able to bring independent and objective judgment both as Board member and in his role as Board Committees' member, and he has discharged his duties diligently;
- (b) Dato' Ng's relevant experience and expertise in legal and regulatory requirements as well as his diverse business environment enables him to provide invaluable contribution to the Board and Board Committees; and
- (c) Dato' Ng's long service with the Company enhances his knowledge and understanding of the business operations of the Group which enables him to contribute actively and effectively during deliberations at Board and Board Committees' meetings.

4. **Ordinary Resolution 9 - Proposed Renewal of Authority for the Company to Purchase Its Own Shares**

Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the total number of issued shares 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 shall continue to be in force until the conclusion of the next AGM of the Company, or at the expiration of the period within which the next AGM of the Company is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 30 April 2021 ("Circular"), which is available at the Company's website at <https://www.tanchonggroup.com>.

5. **Ordinary Resolutions 10, 11, 12 and 13 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions**

Ordinary Resolutions 10, 11, 12 and 13, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

Further information on these proposed Ordinary Resolutions are set out in the Circular, which is available at the Company's website at <https://www.tanchonggroup.com>.

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PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents, a Power of Attorney and/or other documents appointing representative(s) to attend, participate, speak and vote at the 49th Annual General Meeting of the Company (“AGM”) and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member’s and such individual’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, attorneys 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 any of the aforesaid document discloses the personal data of the member’s proxy(ies), attorney(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), attorney(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), attorney(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.

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FORM OF PROXY



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

CDS Account No.	
Number of Shares Held	
Shareholder's Email Address	

I/We _____ NRIC no./Company no. _____
(name of shareholder as per NRIC, in capital letters)
 _____ *(new)* _____ *(old)*

of _____
(full address)

Telephone no. _____ being a member(s) of TAN CHONG MOTOR HOLDINGS BERHAD,
 hereby appoint _____
(name of proxy as per NRIC, in capital letters)

NRIC no. _____ *(new)* _____ *(old)*

Telephone no. _____ and _____
(name of proxy as per NRIC, in capital letters)

NRIC no. _____ *(new)* _____ *(old)*

Telephone no. _____ 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 49th Annual General Meeting of the Company to be held fully virtual at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 3 June 2021 at 2.30 p.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Re-election of Mr. Ng Chee Hoong as Director		
Ordinary Resolution 2	Re-election of Dato' Chan Choun Sien as Director		
Ordinary Resolution 3	Re-election of Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng as Director		
Ordinary Resolution 4	Re-election of Mr. Ho Wai Ming as Director		
Ordinary Resolution 5	Directors' fees		
Ordinary Resolution 6	Directors' benefits		
Ordinary Resolution 7	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 8	Continuing in office of Dato' Ng Mann Cheong as Independent Non-Executive Director		
Ordinary Resolution 9	Proposed renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 10	Proposed Shareholders' Mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities		
Ordinary Resolution 11	Proposed Shareholders' Mandate for recurrent related party transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures		
Ordinary Resolution 12	Proposed Shareholders' Mandate for recurrent related party transactions with Tan Chong International Limited and its subsidiaries		
Ordinary Resolution 13	Proposed Shareholders' Mandate for recurrent related party transactions with Auto Dunia Sdn. Bhd.		

**To delete if not applicable.*

(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 of Member(s)/Attorney of Member(s)
 Date:

 Common Seal of Member, if applicable
(if the appointer is a corporation)

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. The 49th AGM of the Company will be conducted fully virtual through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") has been appointed as the Poll Administrator for the AGM to facilitate the RPV via TIH Online website at <https://tjih.online>. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2021 ("Record of Depositors") shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM. Please follow the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV facilities. The Administrative Guide is available on the Company's website at <https://www.tanchonggroup.com> and Bursa Malaysia's website at <https://www.bursamalaysia.com>.
2. The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.
3. 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 participate and vote at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. A proxy appointed shall have the same rights as the member to participate and vote at the meeting.
4. Subject to Note 7 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 shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.
5. Subject to Note 7 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds 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.
6. 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 shareholdings or the number of shares to be represented by each proxy.
7. Any beneficial owner who holds 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 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.

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**Tricor Investor & Issuing House Services Sdn. Bhd. Registration No. 197101000970 (11324-H)
Registrar for TAN CHONG MOTOR HOLDINGS BERHAD Registration No. 197201001333 (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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8. The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") for the AGM shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for the AGM or no later than 1 June 2021 at 2.30 p.m. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised:
 - (i) In hard copy form
Either by hand or post to the Company's Share Registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
 - (ii) By electronic means via TIH Online
By electronic means to the electronic address at Tricor's TIH Online website at <https://tjih.online>. Please refer to the Administrative Guide for the procedures and requirements relating to the submission of proxy forms; and
 - (iii) By electronic means via email
By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 8(i) above before the commencement of the AGM.
9. **Personal Data Privacy**
By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents, a Power of Attorney and/or other documents appointing representative(s) to attend, participate, speak and vote at the 49th Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual'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, attorneys 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 any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(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), attorney(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), attorney(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.

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 <https://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, Central Depository System (“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 2016, 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.

Personal Data Protection Notice

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

Tricor Investor & Issuing House Services Sdn. Bhd. Registration no. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Attention : Ms. Lim Lay Kiow, Senior Manager
Tel : +603-2783 9299
Fax : +603-2783 9222
Email : lay.kiow.lim@my.tricorglobal.com

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
30 April 2021

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 15 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 15 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 <https://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 2016, 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:

Tricor Investor & Issuing House Services Sdn. Bhd. No. Pendaftaran 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

Untuk Perhatian : Cik Lim Lay Kiow, Pengurus Kanan
Tel : +603-2783 9299
Fax : +603-2783 9222
Email : lay.kiow.lim@my.tricorglobal.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
30 April 2021

<https://www.tanchonggroup.com>

TAN CHONG MOTOR HOLDINGS BERHAD

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51200 Kuala Lumpur, Malaysia

Telephone : +603 4047 8888

Facsimile : +603 4047 8636

E-mail : tcmh@tanchonggroup.com