



TAN CHONG MOTOR HOLDINGS BERHAD

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

INTERIM REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2025

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TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 MARCH 2025
(THE FIGURES HAVE NOT BEEN AUDITED)

INDIVIDUAL/CUMULATIVE QUARTER

	Current Year Quarter 31.03.2025 RM'000	Preceding Year Corresponding Quarter 31.03.2024 RM'000
Revenue	553,000	563,700
Operating profit/(loss)	20,406 (Note 1)	(4,326)
Interest expense	(18,764)	(16,640)
Interest income	3,098	4,939
Share of loss of equity-accounted investees	(179)	(121)
Profit/(Loss) before taxation	4,561	(16,148)
Tax expense	(3,016)	(3,569)
Profit/(Loss) for the period	1,545	(19,717)
Profit/(Loss) attributable to:		
Equity holders of the Company	4,136	(15,719)
Non-controlling interests	(2,591)	(3,998)
	1,545	(19,717)
Profit/(Loss) per share (sen)		
(a) Basic	0.63	(2.41)
(b) Fully diluted	N/A	N/A

Note 1: Included a one-off fair value gain as disclosed in note A10 for valuation of Property, Plant and Equipment and Investment Properties.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2024, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 MARCH 2025
(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL/CUMULATIVE QUARTER	
	Current Year Quarter 31.03.2025 RM'000	Preceding Year Corresponding Quarter 31.03.2024 RM'000
Profit/(Loss) for the period	1,545	(19,717)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation differences for foreign operations	(2,867)	(5,501)
Cash flow hedge	(257)	(807)
Total items that are or may be reclassified subsequently to profit or loss	(3,124)	(6,308)
Other comprehensive expense for the period, net of tax	(3,124)	(6,308)
Total comprehensive expense for the period	(1,579)	(26,025)
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	55	(22,480)
Non-controlling interests	(1,634)	(3,545)
	(1,579)	(26,025)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	(Unaudited) As at 31.03.2025 RM'000	(Audited) As at 31.12.2024 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	2,304,065	2,319,140
Investment properties	307,075	237,075
Intangible assets	98,087	99,678
Equity-accounted investees	54,719	54,941
Deferred tax assets	81,691	87,899
Hire purchase receivables	314,681	333,584
	3,160,318	3,132,317
<u>Current assets</u>		
Other investments	1	30,750
Inventories	853,116	842,136
Contract assets	17,318	24,070
Current tax assets	22,023	20,855
Hire purchase receivables	86,122	92,209
Receivables, deposits and prepayments	443,796	403,905
Derivative financial assets	631	871
Cash and cash equivalents	343,144	545,499
	1,766,151	1,960,295
TOTAL ASSETS	4,926,469	5,092,612



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025 (continued)

	(Unaudited) As at 31.03.2025 RM'000	(Audited) As at 31.12.2024 RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,201,651	2,201,596
Treasury shares	(26,443)	(26,443)
Total equity attributable to owners of the Company	2,511,208	2,511,153
Non-controlling interests	3,172	4,585
Total equity	2,514,380	2,515,738
<u>Non-current liabilities</u>		
Lease liabilities	51,155	65,510
Borrowings	309,842	309,827
Employee benefits	103,335	100,798
Deferred tax liabilities	235,889	233,913
Contract liabilities	54,538	54,492
	754,759	764,540
<u>Current liabilities</u>		
Borrowings	1,244,264	1,406,417
Lease liabilities	53,014	39,895
Derivative financial liabilities	49	32
Current tax liabilities	6,912	4,301
Contract liabilities	34,238	45,795
Payables and accruals	318,853	315,894
	1,657,330	1,812,334
Total liabilities	2,412,089	2,576,874
TOTAL EQUITY AND LIABILITIES	4,926,469	5,092,612
Net assets per share attributable to owners of the Company (RM)	3.85	3.85

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 MARCH 2025
(THE FIGURES HAVE NOT BEEN AUDITED)

	-----Attributable to owners of the Company-----					-----Non-Distributable----- -Distributable-				
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000	Total RM'000	Non- controlling interests RM'000	Total equity RM'000
At 01.01.2024	336,000	(26,294)	(13,646)	922,173	(331)	100	1,522,138	2,740,140	1,658	2,741,798
Other comprehensive income/ (expense) for the period, net of tax	-	-	(5,954)	-	(807)	-	-	(6,761)	453	(6,308)
Transfer of revaluation surplus on properties	-	-	-	(4,402)	-	-	4,402	-	-	-
Loss for the period	-	-	-	-	-	-	(15,719)	(15,719)	(3,998)	(19,717)
Total comprehensive expense for the period	-	-	(5,954)	(4,402)	(807)	-	(11,317)	(22,480)	(3,545)	(26,025)
Purchase of treasury shares	-	(48)	-	-	-	-	-	(48)	-	(48)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	5,390	5,390
At 31.03.2024	336,000	(26,342)	(19,600)	917,771	(1,138)	100	1,510,821	2,717,612	3,503	2,721,115
At 01.01.2025	336,000	(26,443)	(22,971)	904,564	839	100	1,319,064	2,511,153	4,585	2,515,738
Other comprehensive (expense)/ income for the period, net of tax	-	-	(3,824)	-	(257)	-	-	(4,081)	957	(3,124)
Transfer of revaluation surplus on properties	-	-	-	(4,403)	-	-	4,403	-	-	-
Profit/(Loss) for the period	-	-	-	-	-	-	4,136	4,136	(2,591)	1,545
Total comprehensive (expense)/ income for the period	-	-	(3,824)	(4,403)	(257)	-	8,539	55	(1,634)	(1,579)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	221	221
At 31.03.2025	336,000	(26,443)	(26,795)	900,161	582	100	1,327,603	2,511,208	3,172	2,514,380

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2025
(THE FIGURES HAVE NOT BEEN AUDITED)

CUMULATIVE QUARTER

	For the 3 months ended 31.03.2025 RM'000	For the 3 months ended 31.03.2024 RM'000
Cash flows from operating activities		
Profit/(Loss) before taxation	4,561	(16,148)
Adjustments for:		
Non-cash and non-operating items	20,608	32,967
Operating profit before working capital changes	25,169	16,819
Changes in working capital		
Inventories	(7,582)	29,478
Hire purchase receivables	18,289	(8,456)
Receivables, deposits and prepayments	(48,694)	14,270
Payables and accruals	(7,295)	(21,426)
Contract assets	6,752	(2,585)
Contract liabilities	(11,511)	1,051
Cash generated (used in)/ from operations	(24,872)	29,151
Tax (paid)/refunded	(3,029)	416
Interest paid	(12,245)	(7,692)
Employee benefits paid	(531)	(201)
Net cash (used in)/from operating activities	(40,677)	21,674
Cash flows from investing activities		
Acquisition of property, plant and equipment	(28,532)	(15,799)
Acquisition of intangible assets	-	(125)
Net proceed from disposal/(acquisition) of other investments	30,749	(16,025)
Dividend received from equity-accounted investees	-	250
Proceeds from disposal of property, plant and equipment	3,858	6,487
Net cash from/(used in) investing activities	6,075	(25,212)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2025 (continued)
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE QUARTER	
	For the 3 months ended 31.03.2025 RM'000	For the 3 months ended 31.03.2024 RM'000
Cash flows from financing activities		
Purchase of own shares	-	(48)
Net proceed from/(repayment of) bankers' acceptance	65,333	(2,028)
Net repayment of term loans and revolving credit	(226,513)	(46,501)
Payment of lease liabilities	(5,043)	(7,899)
Share subscription in a subsidiary company by non-controlling interest shareholders	221	5,390
Net cash used in financing activities	(166,002)	(51,086)
Net decrease in cash and cash equivalents	(200,604)	(54,624)
Effects of exchange rate fluctuations on cash and cash equivalents	(1,751)	344
Cash and cash equivalents at beginning of the period	545,499	511,579
Cash and cash equivalents at end of the period	343,144	457,299

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2024, together with the explanatory notes in this report.

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

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of Tan Chong Motor Holdings Berhad (“TCMH”) and its subsidiaries, associates and joint venture (“the Group”) as at and for the year ended 31 December 2024.

2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2024, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and Amendments to MFRSs:

Effective for annual periods beginning on or after 1 January 2025

- Amendments to MFRS 121, *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability*

MFRSs and Amendments to MFRSs issued but not yet effective

The following MFRSs and Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted:

Effective for annual periods beginning on or after 1 January 2026

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures*)
- Annual Improvements to MFRS Accounting standards – Volume 11:-
 - Amendment to MFRS 1, *First-time Adoption of Malaysia Financial Reporting Standards*
 - Amendments to MFRS 7, *Financial Instruments: Disclosures*
 - Amendments to MFRS 9, *Financial Instruments*
 - Amendments to MFRS 10, *Consolidated Financial Statements*
 - Amendments to MFRS 107, *Statement of Cash Flows*
- Amendments to MFRS 9, *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures - Contract Reference Nature-Dependent Electricity*

Effective for annual periods beginning on or after 1 January 2027

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

Effective for a date yet to be confirmed

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

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

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the financial year ended 31 December 2024.

4. Seasonal or Cyclical Factors

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

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

5. Unusual Items

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

6. Material Changes in Estimates

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

7. Debt and Equity Securities

There was no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the financial quarter was 20,373,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Under the Islamic Medium Term Notes (“Sukuk Murabahah”) Programme of RM1.5 billion, the Group had redeemed RM200.0 million nominal value of Sukuk Murabahah on 14 March 2025. The outstanding nominal value of Islamic Medium Term Notes stood at RM310 million at the end of the financial quarter.

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

8. Dividends Paid

No dividends were paid during the quarter ended 31 March 2025.

9. Segmental Reporting

(a) Business segment reporting:

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	530,542	538,377	18,061	18,671	4,397	6,652	553,000	563,700
Inter-segment revenue	971	3,265	-	-	21,056	21,327	22,027	24,592
Segment EBITDA/ (LBITDA)	56,887	2,467	(294)	4,369	813	25,296	57,406	32,132

**Segment earnings before interest, taxation, depreciation and amortisation*

Reconciliation of reportable segment profit or loss:

	31.03.2025	31.03.2024
	RM'000	RM'000
Total EBITDA for reportable segments	57,406	32,132
Depreciation and amortisation	(34,090)	(35,448)
Interest expense	(18,764)	(16,640)
Interest income	3,098	4,939
Share of loss of equity-accounted investees not included in reportable segments	(179)	(121)
Unallocated corporate expenses	(2,910)	(1,010)
Consolidated profit/(loss) before taxation	4,561	(16,148)

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

9. Segmental Reporting (continued)

(b) Geographical segment reporting:

	Malaysia		Vietnam		Others		Total	
	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024	31.03.2025	31.03.2024
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	501,217	535,060	19,530	2,188	32,253	26,452	553,000	563,700
Segment EBITDA/(LBITDA)	59,512	44,810	(6,977)	(12,052)	4,871	(626)	57,406	32,132

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

- (a) The valuation of property, plant and equipment and investment properties was brought forward without amendment from the audited financial statements for the financial year ended 31 December 2024 except for the valuation of the investment property mentioned in Note (b) below.
- (b) The Group recorded a one-off fair value gain, net of deferred tax, of RM48.6 million during the quarter after a legal dispute over a piece of land was resolved at the Federal Court in its favour. The valuation was carried out by an independent firm of professional valuer, LaurelCap Sdn Bhd, using open market value with existing use basis. The recognition of the one-off fair value gain, net of deferred tax, of RM48.6 million has resulted in an increase in the net asset per share by RM0.07 as at 31 March 2025.

11. Other Investments

	31.03.2025 RM'000	31.12.2024 RM'000
Current		
Liquid investments in quoted unit trusts with licensed financial institutions	1	30,750
Total	1	30,750

12. Material Events

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

13. Changes in Composition of the Group

There were no other changes in the composition of the Group for the quarter under the review.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 March 2025 except as disclosed in Part B, Note 9 of the Announcement.

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

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

	31.03.2025	31.12.2024
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	33,456	32,474
Authorised and contracted for		
In Malaysia	25,288	27,485
Outside Malaysia	3,517	3,517
Total	62,261	63,476

16. Significant Related Party Transactions

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

	Individual/Cumulative Quarter	
	31.03.2025	31.03.2024
	RM'000	RM'000
With WTCH Group		
Purchases	(22,550)	(13,860)
Sales	5,147	4,845
Travel agency and car rental services	(379)	(556)
Contract assembly services	1,829	2,900
With APM Group		
Purchases	(4,111)	(4,675)
Sales	121	352
With TCIL Group		
Sales	-	2,657

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

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

	Individual/Cumulative Quarter	
	31.03.2025	31.03.2024
	RM'000	RM'000
Purchases	(162,188)	(119,281)

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

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

16. Significant Related Party Transactions (continued)

- (c) Significant transactions with Auto Dunia Sdn. Bhd.:
- i. a company in which a Director of a subsidiary of the Company, namely Datuk Abdullah bin Abdul Wahab, has substantial financial interests; and
 - ii. a company connected with a Director of the Company, Dato' Tan Heng Chew, by virtue of Section 197 of the Companies Act, 2016,
- are as follows:

	Individual/Cumulative Quarter	
	31.03.2025	31.03.2024
	RM'000	RM'000
Purchases	(85,156)	(44,501)
Sales	1,800	4,307

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

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

1. Analysis of Performance of All Operating Segments

For the quarter ended 31 March 2025, the Group recorded revenue of RM553.0 million, a reduction of 1.9% compared to the same period preceding year, mainly due to softer consumer sentiments and a highly competitive business landscape in the local and overseas markets. Despite registering lower revenue, the Group recorded a Profit Before Tax (“PBT”) of RM4.6 million in the current quarter under review, compared to Loss Before Tax (“LBT”) of RM16.1 million in the same period preceding year. The increase in profit was mainly due to recognition of a one-off fair value gain on investment properties of RM54.0 million, partly offset by lower revenue, higher impairment loss on receivable and net foreign exchange loss of RM4.2 million in current quarter compared to net foreign exchange gain of RM13.0 million recorded in the same period preceding year.

As at 31 March 2025, the Group’s retained earnings stood at RM1.33 billion. The net assets per share as at 31 March 2025 remain unchanged at RM3.85, when compared to RM3.85 as at 31 December 2024. Further analysis of the performance of the business segments is as follows:

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

The automotive division recorded lower revenue of RM530.5 million in the current quarter under review, a reduction of 1.5% compared to the same period preceding year (“YoY”). The decrease in sales was mainly due to stiffer competition in local and overseas markets. Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of RM56.9 million was higher by 2,205.9% YoY, mainly due to recognition of the one-off fair value gain on investment properties of RM54.0 million and partly offset by lower revenue. Excluding the fair value gain on investment properties, the division recorded an underlying EBITDA of RM2.9 million in the current quarter under review compared to EBITDA of RM2.5 million in the same period preceding year.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded revenue of RM18.1 million in the current quarter under review (-3.3% YoY) and Loss Before Interest, Tax, Depreciation and Amortisation (“LBITDA”) of RM0.3 million (-106.7% YoY). LBITDA was higher mainly due to lower revenue and higher impairment loss on hire purchase receivables in the current quarter under review compared to the same period preceding year.

(c) Other Operations (Investments and Properties)

Revenue from Other Operations was lower at RM4.4 million in the current quarter under review (-33.9% YoY) and recorded a lower EBITDA of RM0.8 million in the current quarter compared to EBITDA of RM25.3 million in the same period preceding year (-96.8% YoY), mainly due to lower revenue and higher net foreign exchange loss in current quarter compared to same period preceding year which arose from transactions and outstanding balances denominated in foreign currencies.

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

2. Comparison with Preceding Quarter's Results

	Current Quarter 31.03.2025 RM'000	Immediate Preceding Quarter 31.12.2024 RM'000	Changes RM'000 %	
Revenue	553,000	511,214	41,786	8.2%
Profit/(Loss) before tax	4,561	(52,077)	56,638	108.8%

External Revenue

Vehicles assembly, manufacturing, distribution and after-sales services	530,542	492,461	38,081	7.7%
Financial services	18,061	17,754	307	1.7%
Other operations	4,397	999	3,398	340.1%
	<u>553,000</u>	<u>511,214</u>	<u>41,786</u>	<u>8.2%</u>

Segment EBITDA/ (LBITDA)

Vehicles assembly, manufacturing, distribution and after-sales services	56,887	(20,702)	77,589	374.8%
Financial services	(294)	(5,721)	5,427	94.9%
Other operations	813	30,700	(29,887)	-97.4%
	<u>57,406</u>	<u>4,277</u>	<u>53,129</u>	<u>1242.2%</u>

The Group recorded revenue of RM553.0 million in the current quarter under review, higher by RM41.8 million or +8.2% compared to RM511.2 million in the preceding quarter (QoQ). The Group recorded PBT of RM4.6 million in the current quarter under review compared to LBT of RM52.1 million in the preceding quarter (+108.8% QoQ), mainly due to higher revenue, recognition of one-off fair value gain on investment properties of RM54.0 million, partly offset by net foreign exchange loss in the current quarter under review.

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

The automotive division recorded higher revenue of RM530.5 million in the current quarter under review, an increase of +7.7% compared to the preceding quarter. The division registered EBITDA of RM56.9 million in the current quarter compared to LBITDA of RM20.7 million in the preceding quarter (+374.8% QoQ), mainly due to higher revenue and recognition of one-off fair value gain on investment properties in the current quarter under review. Excluding the fair value gain on investment properties, the division recorded an underlying EBITDA of RM2.9 million in the current quarter.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded higher revenue of RM18.1 million (+1.7% QoQ) with a LBITDA of RM0.3 million in the current quarter under review (+94.9% QoQ). The lower LBITDA was mainly due to impairment loss on investment in equity-accounted investees recorded in the preceding quarter.

(c) Other Operations (Investments and Properties)

The division recorded higher revenue of RM4.4 million (+340.1% QoQ) with EBITDA of RM0.8 million in the current quarter under review (-97.4% QoQ). The lower EBITDA was mainly due to net foreign exchange loss in the current quarter compared to a net foreign exchange gain recorded in the preceding quarter.

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

3. Future Prospects

The Group continues to build on its recovery strategy in a challenging market environment. Despite a forecasted decline in Total Industry Volume (TIV) to approximately 780,000 units in 2025, as projected by the Malaysian Automotive Association (MAA), Malaysia's automotive market is expected to remain resilient driven by robust domestic demand. The Malaysia's GDP growth forecast for 2025 is expected to range between 4.5% to 5.5%^{#1}. Global economic conditions in the first few months of 2025 have been impacted by heightened trade tensions, particularly due to broad-based US tariffs affecting exports from multiple countries, which has led to increased uncertainty and volatility in international markets. Nevertheless, the Group sees opportunities for growth through new product introductions, expansion into electric vehicles (EV), and deeper market penetration in the countries where we operate.

The official launch of the Nissan Kicks e-POWER in December 2024 has started to generate positive traction in Q1 2025. This urban B-SUV, featuring Nissan's unique e-POWER technology, has resonated well with consumers seeking a fuel-efficient, lower-emission option that does not require external charging. Early sales momentum has been encouraging. This innovative technology enhanced brand relevance and highlighted the Group's readiness to offer products with good brand value proposition in the electrified mobility segment.

Earlier this month, the Group signed a strategic collaboration agreement with SAIC GM Wuling Automobile to locally assemble the Tan Chong-branded TQ Wuling Bingo EV, an affordable entry-level compact EV targeting value driven and urban commuters. This model has attracted attention at the recent Malaysia Auto Show 2025 for its affordability, practicality, and zero-emission credentials, making it a viable choice in an increasingly price-sensitive EV market.

In Vietnam, the Group's performance continues to benefit from the successful sales of several GAC models. Among the models, the GAC M8, a luxury MPV aimed at affluent urban consumers, has significantly enhanced brand equity and increased showroom traffic. Meanwhile, the Group's commercial vehicle operations in Vietnam are showing steady improvement. The TQ-Wuling N300P light pickup and Euro 5 King Long buses remain integral to the Group's regional strategy. These models are expected to improve profit margins while addressing Vietnam's growing demand for cost-effective transportation.

The Group remains committed to prudent financial management, operational efficiency, and digitisation. We continued our efforts to streamline supply chain costs, enhance after-sales service capabilities, and upgrade customer-facing facilities. Investments in digital transformation and data-driven marketing are expected to improve customer engagement and retention. Regional expansion remains a strategic priority, with active exploration of new product opportunities in Cambodia, Laos, and Myanmar. The Group also plans to deepen its manufacturing footprint to support upcoming model rollouts and regulatory compliance, particularly in the EV sector, as well as for export market opportunities. With a balanced focus on electrification, commercial fleet solutions, and operational agility, the Group is well-positioned to navigate market challenges and sustain long-term growth across its diversified automotive portfolio.

^{#1} Bank Negara Malaysia's quarterly report dated 16 May 2025.

4. Comparison with Profit Forecast

This is not applicable to the Group.

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

5. Taxation

	Individual/ Cumulative Quarter	
	31.03.2025	31.03.2024
	RM'000	RM'000
Taxation		
- Current year	(5,577)	(4,155)
	<u>(5,577)</u>	<u>(4,155)</u>
Deferred taxation		
- Current year	2,406	(460)
- Prior year	155	1,046
	<u>2,561</u>	<u>586</u>
	<u>(3,016)</u>	<u>(3,569)</u>

The Group recorded tax expense of RM3.0 million during the current quarter under review, mainly due to tax charges from profitable subsidiaries and the disallowance of certain expenses for tax purposes. As a result, the effective tax rate of the Group for the current quarter is higher than the statutory rate of 24%.

6. Status of Corporate Proposals

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

7. Group Borrowings

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

	31.03.2025	31.12.2024
	RM'000	RM'000
Unsecured :		
- Bankers' acceptances	375,571	310,238
- Revolving credit	826,800	840,000
- Short term loan	41,893	56,179
- Medium term notes	309,842	509,827
Total borrowings	<u>1,554,106</u>	<u>1,716,244</u>
Comprising :		
Amount repayable within one year	1,244,264	1,406,417
Amount repayable after one year	309,842	309,827
	<u>1,554,106</u>	<u>1,716,244</u>

Group borrowings breakdown by currencies:

		31.03.2025	31.12.2024
		RM'000	RM'000
Functional currency	Denominated in		
RM	RM	1,512,213	1,660,065
VND	VND	41,893	56,179
		<u>1,554,106</u>	<u>1,716,244</u>

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

8. Financial Instruments

Derivatives

As at 31 March 2025, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets/ (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	64,797	582	Less than 1 year

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

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

9. Changes in Material Litigation

Writ of Summons and Statement of Claim by Transnasional Express Sdn Bhd, Plusliner Sdn Bhd, Syarikat Kenderaan Melayu Kelantan Berhad, Syarikat Rembau Tampin Sdn Bhd, Kenderaan Langkasuka Sdn Bhd, Konsortium Transnasional Berhad (now known as Epicon Berhad) and MHSB Properties Sdn Bhd (collectively "Plaintiffs") against Tan Chong Industrial Equipment Sdn. Bhd. ("TCIE") (Federal Court Civil Appeal No. 02(f)-13-05/2024(W))

The legal claim filed by the Plaintiffs against TCIE has been resolved on 27 February 2025 where the Federal Court dismissed the Plaintiffs' appeal against the Court of Appeal's decision on 16 November 2023 to dismiss the Plaintiffs' claims against TCIE for:

- (i) an injunction to prevent TCIE from repossessing and disposing of its buses, taking legal proceedings to enforce the subject settlement agreement and dealing with the subject land;
- (ii) a declaration that the value of the subject land was RM 55,600,000.00 which resulted in overpayment in the sum of RM22,679,424.94;
- (iii) an order that TCIE shall pay the sum of RM22,679,424.94 to MHSB Properties Sdn. Bhd., the 7th Plaintiff;
- (iv) payment of interest on the sum of RM22,679,424.94;
- (v) an order to compel TCIE to return the land acquisition compensation sum of RM877,000.00 to the Plaintiffs;
- (vi) an order that TCIE shall return all the buses repossessed by TCIE to the Plaintiffs; and
- (vii) costs.

The Federal Court also awarded costs of RM80,000.00 to TCIE, payable by the Plaintiffs and subject to the payment of allocator fees.

There is no other pending material litigation against the Group as at the date of this report.

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

10. Dividend

No dividend has been proposed for the first quarter ended 31 March 2025.

11. Profit/(Loss) per Share

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

	Individual/ Cumulative Quarter	
	31.03.2025	31.03.2024
Profit/(Loss) attributable to the owners of the Company (RM'000)	4,136	(15,719)
Weighted average number of ordinary shares ('000)	651,627	651,783
Basic Profit/(Loss) per share (sen)	0.63	(2.41)

12. Total Comprehensive (Expense)/ Income

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

	Individual/ Cumulative Quarter	
	Current	Preceding
	Year	Year
	Quarter	Corresponding
	31.03.2025	Quarter
	RM'000	31.03.2024
		RM'000
Fair value gain on investment properties	54,000	-
Depreciation and amortisation	(34,090)	(35,448)
Foreign exchange (loss)/gain	(4,225)	13,030
Gain/(Loss) on derivatives	257	(807)
Gain on disposal of property, plant and equipment	107	1,865
Net (Provision for impairment/Write off)	(6,628)	717
/Reversal of impairment of receivables		
Property, plant and equipment written off	(18)	(16)
Reversal of write-down of inventories	921	817

BY ORDER OF THE BOARD

CHIN YOON LENG

Company Secretary

Kuala Lumpur

23 May 2025