



TAN CHONG MOTOR HOLDINGS BERHAD

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

INTERIM REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2024

CONTENTS

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS	1
CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	2
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION	3-4
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	5
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS	6-7
NOTES TO THE QUARTERLY FINANCIAL REPORT	8-20



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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 30 SEPTEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year To Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Revenue	462,655	649,820	1,571,441	1,888,896
Operating loss	(89,280)	(41,923)	(122,216)	(25,889)
Interest expense	(18,313)	(16,168)	(52,119)	(46,125)
Interest income	4,180	5,814	13,075	15,009
Share of loss of equity-accounted investees	(342)	(54)	(940)	(826)
Loss before taxation	(103,755)	(52,331)	(162,200)	(57,831)
Tax income/(expense)	14,630	(1,473)	10,417	(21,735)
Loss for the period	(89,125)	(53,804)	(151,783)	(79,566)
Loss/(Profit) attributable to:				
Equity holders of the Company	(90,284)	(50,696)	(146,112)	(73,895)
Non-controlling interests	1,159	(3,108)	(5,671)	(5,671)
	(89,125)	(53,804)	(151,783)	(79,566)
Loss per share (sen)				
(a) Basic	(13.85)	(7.78)	(22.42)	(11.33)
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2023, 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 30 SEPTEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Corresponding Quarter 30.09.2024 RM'000	Preceding Year Corresponding Quarter 30.09.2023 RM'000	Current Year To Date 30.09.2024 RM'000	Preceding Year Corresponding Period 30.09.2023 RM'000
Loss for the period	(89,125)	(53,804)	(151,783)	(79,566)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	4,263	(5,517)	(3,791)	(7,821)
Cash flow hedge	(12,535)	(894)	(15,121)	3,843
Total items that are or may be reclassified subsequently to profit or loss	<u>(8,272)</u>	<u>(6,411)</u>	<u>(18,912)</u>	<u>(3,978)</u>
Other comprehensive expense for the period, net of tax	<u>(8,272)</u>	<u>(6,411)</u>	<u>(18,912)</u>	<u>(3,978)</u>
Total comprehensive expense for the period	<u><u>(97,397)</u></u>	<u><u>(60,215)</u></u>	<u><u>(170,695)</u></u>	<u><u>(83,544)</u></u>
Total comprehensive (expense)/income attributable to:				
Equity holders of the Company	(107,628)	(58,622)	(172,030)	(75,980)
Non-controlling interests	10,231	(1,593)	1,335	(7,564)
	<u><u>(97,397)</u></u>	<u><u>(60,215)</u></u>	<u><u>(170,695)</u></u>	<u><u>(83,544)</u></u>

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 2023, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024

	(Unaudited)	(Audited)
	As at	As at
	30.09.2024	31.12.2023
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	2,303,435	2,371,155
Investment properties	238,590	238,590
Intangible assets	96,143	100,888
Equity-accounted investees	63,976	66,456
Deferred tax assets	107,059	90,966
Hire purchase receivables	337,599	343,799
	<u>3,146,802</u>	<u>3,211,854</u>
<u>Current assets</u>		
Other investments	172,662	25,872
Inventories	797,469	822,057
Contract assets	34,393	25,541
Current tax assets	19,028	29,497
Hire purchase receivables	100,899	108,181
Receivables, deposits and prepayments	455,877	379,389
Derivative financial assets	27	345
Cash and cash equivalents	383,454	511,579
	<u>1,963,809</u>	<u>1,902,461</u>
TOTAL ASSETS	<u><u>5,110,611</u></u>	<u><u>5,114,315</u></u>



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2024 (continued)

	(Unaudited)	(Audited)
	As at	As at
	30.09.2024	31.12.2023
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,251,887	2,430,434
Treasury shares	(26,433)	(26,294)
Total equity attributable to owners of the Company	2,561,454	2,740,140
Non-controlling interests	8,628	1,658
Total equity	2,570,082	2,741,798
<u>Non-current liabilities</u>		
Lease liabilities	62,114	67,929
Borrowings	309,811	450,000
Employee benefits	97,944	90,388
Deferred tax liabilities	232,142	243,850
Contract liabilities	54,460	51,312
	756,471	903,479
<u>Current liabilities</u>		
Borrowings	1,388,488	1,092,614
Lease liabilities	37,893	29,587
Derivative financial liabilities	18,448	807
Taxation	3,938	2,424
Contract liabilities	27,927	24,431
Payables and accruals	307,364	319,175
	1,784,058	1,469,038
Total liabilities	2,540,529	2,372,517
TOTAL EQUITY AND LIABILITIES	5,110,611	5,114,315
Net assets per share attributable to owners of the Company (RM)	3.93	4.20

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023, together with the explanatory notes in this report.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 30 SEPTEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

	-----Attributable to owners of the Company-----						Total RM'000	Non- controlling interests RM'000	Total equity RM'000	
	Non-Distributable			Distributable						
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000			
At 01.01.2023	336,000	(25,953)	(13,361)	939,782	(4,082)	100	1,639,790	2,872,276	(22,598)	2,849,678
Other comprehensive income/ (expense) for the period, net of tax	-	-	(5,928)	-	3,843	-	-	(2,085)	(1,893)	(3,978)
Transfer of revaluation surplus on properties	-	-	-	(13,207)	-	-	13,207	-	-	-
Loss for the period	-	-	-	-	-	-	(73,895)	(73,895)	(5,671)	(79,566)
Total comprehensive (expense)/ income for the period	-	-	(5,928)	(13,207)	3,843	-	(60,688)	(75,980)	(7,564)	(83,544)
Purchase of treasury shares	-	(306)	-	-	-	-	-	(306)	-	(306)
Dividend - 2023 interim	-	-	-	-	-	-	(6,519)	(6,519)	-	(6,519)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	21,070	21,070
At 30.09.2023	336,000	(26,259)	(19,289)	926,575	(239)	100	1,572,583	2,789,471	(9,092)	2,780,379
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 expense for the period, net of tax	-	-	(10,797)	-	(15,121)	-	-	(25,918)	7,006	(18,912)
Transfer of revaluation surplus on properties	-	-	-	(13,207)	-	-	13,207	-	-	-
Loss for the period	-	-	-	-	-	-	(146,112)	(146,112)	(5,671)	(151,783)
Total comprehensive (expense)/ income for the period	-	-	(10,797)	(13,207)	(15,121)	-	(132,905)	(172,030)	1,335	(170,695)
Purchase of treasury shares	-	(139)	-	-	-	-	-	(139)	-	(139)
Dividend - 2024 interim	-	-	-	-	-	-	(6,517)	(6,517)	-	(6,517)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	5,635	5,635
At 30.09.2024	336,000	(26,433)	(24,443)	908,966	(15,452)	100	1,382,716	2,561,454	8,628	2,570,082

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 2023, together with the explanatory notes in this report.



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE QUARTER	
	For the 9 months ended 30.09.2024 RM'000	For the 9 months ended 30.09.2023 RM'000
	Cash flows from operating activities	
Loss before taxation	(162,200)	(57,831)
Adjustments for:		
Non-cash and non-operating items	202,051	111,450
Operating profit before working capital changes	39,851	53,619
Changes in working capital		
Inventories	37,453	(56,337)
Hire purchase receivables	(111)	32,893
Receivables, deposits and prepayments	(44,015)	(49,123)
Payables and accruals	(56,555)	(71,221)
Contract assets	(8,852)	(6,650)
Contract liabilities	6,644	(2,458)
Cash used in operations	(25,585)	(99,277)
Tax paid	(1,092)	(22,375)
Interest paid	(32,797)	(25,190)
Employee benefits paid	(727)	(922)
Net cash used in operating activities	(60,201)	(147,764)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(75,950)	(88,446)
Acquisition of intangible assets	(192)	(40,503)
Net (acquisition of)/ proceeds from other investments	(145,158)	1,123
Dividend received from equity-accounted investees	250	1,150
Proceeds from disposal of property, plant and equipment	15,500	10,810
Net cash used in investing activities	(205,550)	(115,866)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 30 SEPTEMBER 2024 (continued)
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE QUARTER	
	For the 9 months ended 30.09.2024	For the 9 months ended 30.09.2023
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(6,517)	(6,519)
Purchase of own shares	(139)	(306)
Net proceeds from bankers' acceptance	63,492	17,340
Net proceeds from medium term notes	59,811	150,000
Net proceeds of term loans and revolving credit	46,617	16,160
Payment of lease liabilities	(12,476)	(16,745)
Share subscription in a subsidiary company by non-controlling interest shareholders	5,635	21,070
Net cash from financing activities	156,423	181,000
Net decrease in cash and cash equivalents	(109,328)	(82,630)
Effects of exchange rate fluctuations on cash and cash equivalents	(18,797)	7,693
Cash and cash equivalents at beginning of the period	511,579	558,160
Cash and cash equivalents at end of the period	383,454	483,223

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023, 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 2023.

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 2023, 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 2024

- Amendments to MFRS 16, *Leases - Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current of Non-current*
- Amendments to MFRS 107, *Statement of Cash Flow* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

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 2025

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

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*

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 2023.

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

4. Seasonal or Cyclical Factors

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

5. Unusual Items

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

6. Material Changes in Estimates

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

7. Debt and Equity Securities

There was repurchase of issued ordinary shares from the open market of 50,000 during the quarter. Cumulative total number of shares repurchased at the end of the financial quarter was 20,353,000. 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 completed the subsequent issuance of RM60.0 million nominal value of Sukuk Murabahah under the Sukuk Murabahah Programme during the quarter. Proceeds from the issuance of the Sukuk Murabahah would be utilised by the Group’s subsidiaries for working capital requirements. The outstanding nominal value of Islamic Medium Term Notes stood at RM510 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 30 September 2024.

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

9. Segmental Reporting

(a) Business segment reporting for current quarter:

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	438,891	591,888	17,497	16,056	6,267	41,876	462,655	649,820
Inter-segment revenue	54	1,918	-	4	19,032	19,989	19,086	21,911
Segment (LBITDA)/ EBITDA	(7,543)	(19,769)	4,350	3,403	(49,509)	7,268	(52,702)	(9,098)

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.09.2024	30.09.2023
	RM'000	RM'000
Total LBITDA for reportable segments	(52,702)	(9,098)
Depreciation and amortisation	(34,501)	(31,490)
Interest expense	(18,313)	(16,168)
Interest income	4,180	5,814
Share of loss of equity-accounted investees not included in reportable segments	(342)	(54)
Unallocated corporate expenses	(2,077)	(1,335)
Consolidated loss before taxation	(103,755)	(52,331)

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

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,498,406	1,786,549	52,951	49,311	20,084	53,036	1,571,441	1,888,896
Inter-segment revenue	3,480	4,303	-	13	60,938	54,179	64,418	58,495
Segment (LBITDA)/ EBITDA	(1,769)	41,215	11,187	14,290	(20,744)	42,411	(11,326)	97,916

*Segment earnings before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	30.09.2024	30.09.2023
	RM'000	RM'000
Total (LBITDA)/EBITDA for reportable segments	(11,326)	97,916
Depreciation and amortisation	(105,167)	(107,078)
Interest expense	(52,119)	(46,125)
Interest income	13,075	15,009
Share of loss of equity-accounted investees not included in reportable segments	(940)	(826)
Unallocated corporate expenses	(5,723)	(16,727)
Consolidated loss before taxation	(162,200)	(57,831)

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

9. Segmental Reporting (continued)

(c) Geographical segment reporting for current quarter:

	Malaysia		Vietnam		Others		Total	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	429,173	574,581	7,638	57,317	25,844	17,922	462,655	649,820
Segment (LBITDA)/ EBITDA	(45,051)	10,419	(4,480)	(18,111)	(3,171)	(1,406)	(52,702)	(9,098)

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

	Malaysia		Vietnam		Others		Total	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,483,232	1,681,619	16,620	143,932	71,589	63,345	1,571,441	1,888,896
Segment (LBITDA)/ EBITDA	24,436	135,491	(29,385)	(32,398)	(6,377)	(5,177)	(11,326)	97,916

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

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 2023.

11. Other Investments

	30.09.2024	31.12.2023
	RM'000	RM'000
Current		
Liquid investments in quoted unit trusts with licensed financial institutions	172,662	25,872
Total	172,662	25,872

12. Material Events

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

13. Changes in Composition of the Group

During the quarter under review, the following wholly-owned subsidiaries were struck off from the register of Companies Commission of Malaysia following the Group's application pursuant to Section 550 of the Companies Act 2016:

Name of Subsidiaries	Country of Incorporation	Principal Activities
(a) TC Plastics Sdn. Bhd.	Malaysia	Dormant
(b) TC Engines Manufacturing Sdn. Bhd.	Malaysia	Dormant
(c) Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Malaysia	Dormant
(d) TC Brake Systems Sdn. Bhd.	Malaysia	Dormant
(e) Fujiyama Car Cooler Sdn. Bhd.	Malaysia	Dormant
(f) TC Transmission Sdn. Bhd.	Malaysia	Dormant

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

13. Changes in Composition of the Group (continued)

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

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 30 September 2024 except as disclosed in Part B, Note 9 of the Announcement.

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

	30.09.2024	31.12.2023
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	47,165	38,373
Authorised and contracted for		
In Malaysia	28,823	20,571
Outside Malaysia	4,248	6,427
Total	<u>80,236</u>	<u>65,371</u>

16. Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Purchases	(14,190)	(13,273)	(43,153)	(41,608)
Sales	19,096	7,618	33,057	23,920
Travel agency and car rental services	(293)	(353)	(1,249)	(874)
Contract assembly services	1,667	597	7,596	2,352
With APM Group				
Purchases	(5,069)	(6,129)	(14,970)	(17,524)
Sales	735	620	1,856	1,501
With TCIL Group				
Sales	1,619	2,914	5,625	8,272
Contract assembly services	-	-	-	14,133

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)

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

	Individual Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Purchases	(150,492)	(119,512)	(410,639)	(422,284)

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

- (c) Significant transactions with Auto Dunia Sdn. Bhd.:
- 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 Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Purchases	(136)	(146,871)	(44,821)	(396,023)
Sales	3,142	3,817	9,922	12,086

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 30 September 2024, the Group recorded revenue of RM462.7 million, a reduction of 28.8% 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. As a result of the lower revenue and higher net foreign exchange loss of RM53.2 million compared to a lower foreign exchange loss of RM6.2 million recorded in the same period preceding year, the Group recorded a Loss Before Tax (“LBT”) of RM103.8 million in the current quarter under review, compared to LBT of RM52.3 million in the same period preceding year.

For the nine months ended 30 September 2024, the Group recorded revenue of RM1.6 billion, 16.8% lower than same period preceding year resulting in LBT of RM162.2 million in the current year-to-date period, compared to LBT of RM57.8 million in the same period preceding year. The increase in losses was mainly due to lower revenue and higher net foreign exchange loss of RM48.0 million compared to a net foreign exchange gain of RM32.2 million recorded in the same period preceding year.

As of 30 September 2024, the Group’s retained earnings were RM1.38 billion. The net assets per share as of 30 September 2024 was lower at RM3.93, compared to RM4.20 as of 31 December 2023. 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 RM438.9 million in the current quarter under review, a reduction of 25.8% compared to the same period preceding year (“YoY”). The decrease in sales was mainly due to stiffer competition in local and overseas markets. Loss Before Interest, Tax, Depreciation and Amortisation (“LBITDA”) of RM7.5 million was lower by 61.8% YoY, despite registering lower revenue during the current quarter under review mainly due to higher net foreign exchange gain.

For the nine months period ended 30 September 2024, the automotive division recorded revenue of RM1,498.4 million (-16.1% YoY) and LBITDA of RM1.8 million (-104.3% YoY), mainly due to lower revenue.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded revenue of RM17.5 million in the current quarter under review (+9.0% YoY) and EBITDA of RM4.4 million (+27.8% YoY). EBITDA was higher mainly due to higher revenue and lower impairment loss on hire purchase receivables in the current quarter under review compared to the same period preceding year.

For the nine months ended 30 September 2024, the financial services division recorded higher revenue of RM53.0 million (+7.4% YoY) but lower EBITDA of RM11.2 million (-21.7% YoY). The decreased in EBITDA mainly due to higher impairment loss on hire purchase receivables in the current year-to-date period.

(c) Other Operations (Investments and Properties)

Revenue from Other Operations was lower at RM6.3 million in the current quarter under review (-85% YoY) and recorded a higher LBITDA of RM49.5 million in the current quarter compared to EBITDA of RM7.3 million in the same period preceding year (-781.2% YoY), mainly due to 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.

For the nine months ended 30 September 2024, revenue from Other Operations was lower at RM20.1 million (-62.1% YoY) and LBITDA of RM20.7 million was lower by 148.9% YoY. The decrease in EBITDA was primarily due to higher net foreign exchange loss in the current year-to-date period, 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 30.09.2024 RM'000	Immediate Preceding Quarter 30.06.2024 RM'000	Changes	
			RM'000	%
Revenue	462,655	545,086	(82,431)	-15.1%
Loss before tax	(103,755)	(42,297)	(61,458)	>-100.0%

External Revenue

Vehicles assembly, manufacturing, distribution and after-sales services	438,891	521,138	(82,247)	-15.8%
Financial services	17,497	16,783	714	4.3%
Other operations	6,267	7,165	(898)	-12.5%
	<u>462,655</u>	<u>545,086</u>	(82,431)	-15.1%

Segment (LBITDA)/EBITDA

Vehicles assembly, manufacturing, distribution and after-sales services	(7,543)	520	(8,063)	>-100.0%
Financial services	4,350	2,468	1,882	76.3%
Other operations	(49,509)	6,256	(55,765)	>-100.0%
	<u>(52,702)</u>	<u>9,244</u>	(61,946)	>-100.0%

The Group recorded revenue of RM462.7 million in the current quarter under review, lower by RM82.4 million or -15.1% compared to RM545.1 million in the preceding quarter (QoQ). The Group recorded LBT of RM103.8 million in the current quarter under review compared to LBT of RM42.3 million in the preceding quarter (-145.3% QoQ), mainly due to lower revenue and higher net foreign exchange loss in the current quarter under review.

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

The automotive division recorded lower revenue of RM438.9 million in the current quarter under review, a reduction of 15.8% compared to the preceding quarter, impacted mainly by the stiffer competition in the local and overseas markets. The division registered LBITDA of RM7.5 million in the current quarter compared to EBITDA of RM0.5 million in the preceding quarter (-1,550.6% QoQ), mainly due to lower revenue in the current quarter under review.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded higher revenue of RM17.5 million (+4.3% QoQ) with a higher EBITDA of RM4.4 million in the current quarter under review (+76.3% QoQ). Higher EBITDA was in line with the higher revenue and lower impairment loss on hire purchase receivables during the current quarter under review.

(c) Other Operations (Investments and Properties)

The division recorded lower revenue of RM6.3 million (-12.5% QoQ) with higher LBITDA of RM49.5 million in the current quarter under review (-891.4% QoQ). The higher LBITDA was mainly due to higher net foreign exchange loss in the current quarter compared to 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

Malaysia's economy continued to be influenced by global economic pressures and domestic adjustments. Although Malaysia remains on track with GDP growth projections of around 4%, domestic demand and high inflation continue to shape spending behaviour, impacting several sectors, including automotive. The automotive landscape in Malaysia for 2024 shifted and is marked by an ongoing rise in competition, particularly from Chinese brands that are expanding their presence. These brands are offering models with highly competitive pricing and increasing the competitive pressure on local manufacturers. Malaysia's TIV for 2024 is expected to reach 800,000 units driven by on-going promotions from car manufacturers.

In Malaysia, the Group is on track to introduce the All-New Nissan Kicks e-Power in Quarter 4 of 2024. The Nissan Kicks comes with Nissan's e-Power technology that provides the sensation of driving an electric vehicle, without the need to plug in and charge the battery. The Group aspires to offer high-tech, high-value products that are competitive and meet the customers' needs. For the first time, we are preparing to produce vehicles in the Malaysia plant and export vehicles to overseas market in collaboration with Nissan Motor Co. Ltd. This is expected to commence in Quarter 4 of 2024. The Group has also planned for other new models to be introduced in the months ahead to stay competitive. We continue to improve customer service touch points progressively across the country. These will be the catalysts for future sales growth in the local market.

In Vietnam, the introduction of the GAC M6 Pro (C Segment-MPV), M8 (Luxury-MPV) and GS8 (D Segment-SUV) marked an exciting step for the Group as it established a stronger foothold in the Southeast Asian market. The GAC vehicles are well-positioned to capture the attention of Vietnam's growing middle class market. We can capitalise on the rising demand for family-oriented vehicles and we continue to receive healthy bookings since their introduction. For the other markets, sales have been promising and are expected to strengthen as we intensify our marketing and promotion efforts.

The Group is implementing several strategic action plans to improve our competitiveness in the countries that we operate. We will continue to focus on accelerating the introduction of new models in the coming quarters, maximising our strategic partnerships and alliances to introduce products with strong brand value proposition to our customers.

Notwithstanding the current highly competitive market conditions, the Group remains positive on the long-term prospects of our businesses, given that we have built strong fundamentals to stay resilient and well-positioned to capitalise on growth opportunities. Moving ahead, the Group's unwavering focus on improving business performance, driving better operational efficiencies, efficient cost management, and cash flow management is expected to place the Group in a better position to deliver long-term operational and financial sustainability.

4. Comparison with Profit Forecast

This is not applicable to the Group.

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

5. Taxation

	Individual Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current year	(6,455)	392	(14,555)	(9,696)
- Prior year	139	1,148	143	800
	<u>(6,316)</u>	<u>1,540</u>	<u>(14,412)</u>	<u>(8,896)</u>
Deferred taxation				
- Current year	21,007	(2,449)	23,276	(12,275)
- Prior year	(61)	(564)	1,553	(564)
	<u>20,946</u>	<u>(3,013)</u>	<u>24,829</u>	<u>(12,839)</u>
	<u>14,630</u>	<u>(1,473)</u>	<u>10,417</u>	<u>(21,735)</u>

The Group recorded tax income of RM14.6 million and RM10.4 million during the current quarter under review and cumulative quarter respectively, mainly due to deferred tax assets recognised, partly offset against tax charges from profitable subsidiaries and the disallowance of certain expenses for tax purposes.

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:

	30.09.2024	31.12.2023
	RM'000	RM'000
Unsecured :		
- Bankers' acceptances	269,062	205,570
- Revolving credit	887,309	887,044
- Short term loan	32,117	-
- Medium term notes	509,811	450,000
Total borrowings	<u>1,698,299</u>	<u>1,542,614</u>
Comprising :		
Amount repayable within one year	1,388,488	1,092,614
Amount repayable after one year	309,811	450,000
	<u>1,698,299</u>	<u>1,542,614</u>

Group borrowings breakdown by currencies:

		30.09.2024	31.12.2023
		RM'000	RM'000
Functional currency	Denominated in		
RM	RM	1,523,010	1,510,570
RM	USD	143,172	32,044
VND	VND	32,117	-
		<u>1,698,299</u>	<u>1,542,614</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 30 September 2024, 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	239,544	(18,421)	Less than 1 year

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

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

9. Changes in Material Litigation

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

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

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

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

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

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

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

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

9. Changes in Material Litigation (continued)

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

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

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

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

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

(collectively known as “High Court Judgment dated 15 July 2021”)

On 21 July 2021, TCIE filed the Notice of Appeal against the High Court Judgment dated 15 July 2021 to the Court of Appeal.

Separately on 22 July 2021, TCIE applied for a Stay of Execution of the High Court Judgment which was fixed for hearing on 23 September 2021, where the High Court granted a stay of execution/enforcement proceedings in relation to the High Court Judgement dated 15 July 2021 pending the disposal of TCIE’s appeal to the Court of Appeal.

On 16 November 2023, the Court of Appeal allowed TCIE’s appeal and set aside the High Court Judgement dated 15 July 2021.

The Court of Appeal has also awarded RM120,000.00 in costs to TCIE for the costs of the appeal and the costs of the High Court, subject to allocatur fees.

On 7 December 2023, the Plaintiffs filed a Notice of Motion for leave to appeal to the Federal Court against the decision of Court of Appeal of 16 November 2023. On 7 May 2024, the Federal Court allowed the Plaintiffs’ application for leave to appeal to the Federal Court against the decision of Court of Appeal of 16 November 2023 and ordered for costs in the cause. The Plaintiffs have filed the notice of appeal against the decision of Court of Appeal of 16 November 2023 on 17 May 2024 and to file all appeal records by 5 August 2024.

The Plaintiffs filed the Record of Appeal before the Federal Court on 27 June 2024. A case management has been fixed on 2 September 2024 before the Federal Court where the Federal Court has fixed the hearing of the appeal on 13 November 2024. The hearing of the appeal initially fixed on 13 November 2024 has been vacated and re-fixed on 27 February 2025.

Save for the above, there were no other pending material litigations 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 third quarter ended 30 September 2024.

11. Loss per Share

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

	Individual Quarter		Cumulative Quarter	
	30.09.2024	30.09.2023	30.09.2024	30.09.2023
Loss attributable to the owners of the Company (RM'000)	(90,284)	(50,696)	(146,112)	(73,895)
Weighted average number of ordinary shares ('000)	651,660	651,855	651,718	651,954
Basic Loss per share (sen)	<u>(13.85)</u>	<u>(7.78)</u>	<u>(22.42)</u>	<u>(11.33)</u>

12. Total Comprehensive (Expense)/ Income

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year To Date	Preceding Year
		Corresponding Quarter		Corresponding Period
		30.09.2024		30.09.2023
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	(34,501)	(31,490)	(105,167)	(107,078)
Foreign exchange (Loss)/Gain	(53,237)	(6,236)	(47,954)	32,164
(Loss)/ Gain on derivatives	(11,281)	(894)	(13,867)	3,843
Gain on disposal of property, plant and equipment	617	758	1,969	2,214
Net provision for impairment/ write-off of receivables	(3,816)	(3,973)	(7,485)	(7,827)
Property, plant and equipment written off	(47)	(57)	(83)	(124)
Reversal of write-down of inventories	260	2,677	628	10,599

BY ORDER OF THE BOARD

CHIN YOON LENG
Company Secretary
Kuala Lumpur
26 November 2024