



TAN CHONG MOTOR HOLDINGS BERHAD

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

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2024

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 DECEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2024 RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year To Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Revenue	511,214	643,830	2,082,655	2,532,726
Operating loss	(35,397)	(52,196)	(157,613)	(78,085)
Interest expense	(19,212)	(16,776)	(71,331)	(62,901)
Interest income	3,619	5,368	16,694	20,377
Share of (loss)/profit of equity-accounted investees	(1,087)	292	(2,027)	(534)
Loss before taxation	(52,077)	(63,312)	(214,277)	(121,143)
Tax (expense)/income	(16,945)	9,027	(6,528)	(12,708)
Loss for the year	(69,022)	(54,285)	(220,805)	(133,851)
(Loss)/Profit attributable to:				
Equity holders of the Company	(68,054)	(54,847)	(214,166)	(128,742)
Non-controlling interests	(968)	562	(6,639)	(5,109)
	(69,022)	(54,285)	(220,805)	(133,851)
Loss per share (sen)				
(a) Basic	(10.44)	(8.41)	(32.86)	(19.75)
(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 31 DECEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2024 RM'000	Preceding Year Corresponding Quarter 31.12.2023 RM'000	Current Year To Date 31.12.2024 RM'000	Preceding Year Corresponding Period 31.12.2023 RM'000
Loss for the year	(69,022)	(54,285)	(220,805)	(133,851)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	(306)	4,636	(4,097)	(3,185)
Foreign currency translation differences for an equity-accounted associate	(674)	1,395	(674)	1,395
Cash flow hedge	16,291	(92)	1,170	3,751
Total items that are or may be reclassified subsequently to profit or loss	15,311	5,939	(3,601)	1,961
Other comprehensive income/(expense) for the year, net of tax	15,311	5,939	(3,601)	1,961
Total comprehensive expense for the year	(53,711)	(48,346)	(224,406)	(131,890)
Total comprehensive (expense)/income attributable to:				
Equity holders of the Company	(50,291)	(49,296)	(222,321)	(125,276)
Non-controlling interests	(3,420)	950	(2,085)	(6,614)
	(53,711)	(48,346)	(224,406)	(131,890)

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)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024**

	(Unaudited)	(Audited)
	As at	As at
	31.12.2024	31.12.2023
	RM'000	RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	2,317,079	2,371,155
Investment properties	237,075	238,590
Intangible assets	99,678	100,888
Equity-accounted investees	54,941	66,456
Deferred tax assets	87,892	90,966
Hire purchase receivables	333,757	343,799
	<u>3,130,422</u>	<u>3,211,854</u>
<u>Current assets</u>		
Other investments	204,230	25,872
Inventories	842,136	822,057
Contract assets	24,070	25,541
Current tax assets	20,855	29,497
Hire purchase receivables	92,036	108,181
Receivables, deposits and prepayments	403,905	379,389
Derivative financial assets	871	345
Cash and cash equivalents	372,019	511,579
	<u>1,960,122</u>	<u>1,902,461</u>
TOTAL ASSETS	<u><u>5,090,544</u></u>	<u><u>5,114,315</u></u>



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024 (continued)

	(Unaudited) As at 31.12.2024 RM'000	(Audited) As at 31.12.2023 RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,201,596	2,430,434
Treasury shares	(26,443)	(26,294)
Total equity attributable to owners of the Company	2,511,153	2,740,140
Non-controlling interests	4,585	1,658
Total equity	2,515,738	2,741,798
<u>Non-current liabilities</u>		
Lease liabilities	65,510	67,929
Borrowings	309,827	450,000
Employee benefits	100,798	90,388
Deferred tax liabilities	233,906	243,850
Contract liabilities	54,492	51,312
	764,533	903,479
<u>Current liabilities</u>		
Borrowings	1,406,417	1,092,614
Lease liabilities	39,895	29,587
Derivative financial liabilities	32	807
Taxation	4,301	2,424
Contract liabilities	45,795	24,431
Payables and accruals	313,833	319,175
	1,810,273	1,469,038
Total liabilities	2,574,806	2,372,517
TOTAL EQUITY AND LIABILITIES	5,090,544	5,114,315
Net assets per share attributable to owners of the Company (RM)	3.85	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
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

	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		
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 year, net of tax	-	-	(285)	-	3,751	-	-	3,466	(1,505)	1,961		
Transfer of revaluation surplus on properties	-	-	-	(17,609)	-	-	17,609	-	-	-		
Loss for the year	-	-	-	-	-	-	(128,742)	(128,742)	(5,109)	(133,851)		
Total comprehensive (expense)/ income for the year	-	-	(285)	(17,609)	3,751	-	(111,133)	(125,276)	(6,614)	(131,890)		
Purchase of treasury shares	-	(341)	-	-	-	-	-	(341)	-	(341)		
Dividend - 2023 interim	-	-	-	-	-	-	(6,519)	(6,519)	-	(6,519)		
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	30,870	30,870		
At 31.12.2023	336,000	(26,294)	(13,646)	922,173	(331)	100	1,522,138	2,740,140	1,658	2,741,798		
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)/ income for the year, net of tax	-	-	(9,325)	-	1,170	-	-	(8,155)	4,554	(3,601)		
Transfer of revaluation surplus on properties	-	-	-	(17,609)	-	-	17,609	-	-	-		
Loss for the year	-	-	-	-	-	-	(214,166)	(214,166)	(6,639)	(220,805)		
Total comprehensive (expense)/ income for the year	-	-	(9,325)	(17,609)	1,170	-	(196,557)	(222,321)	(2,085)	(224,406)		
Purchase of treasury shares	-	(149)	-	-	-	-	-	(149)	-	(149)		
Dividend - 2024 interim	-	-	-	-	-	-	(6,517)	(6,517)	-	(6,517)		
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(623)	(623)		
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	5,635	5,635		
At 31.12.2024	336,000	(26,443)	(22,971)	904,564	839	100	1,319,064	2,511,153	4,585	2,515,738		

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.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024
(THE FIGURES HAVE NOT BEEN AUDITED)

CUMULATIVE QUARTER

	For the 12 months ended 31.12.2024 RM'000	For the 12 months ended 31.12.2023 RM'000
Cash flows from operating activities		
Loss before taxation	(214,277)	(121,143)
Adjustments for:		
Non-cash and non-operating items	253,840	187,478
Operating profit before working capital changes	39,563	66,335
Changes in working capital		
Inventories	43,517	(33,389)
Hire purchase receivables	9,350	31,653
Receivables, deposits and prepayments	(23,474)	(27,543)
Payables and accruals	(16,868)	(115,047)
Contract assets	1,471	808
Contract liabilities	24,544	2,126
Cash generated from/(used in) operations	78,103	(75,057)
Tax paid	(2,250)	(21,775)
Interest paid	(44,562)	(33,747)
Employee benefits paid	(948)	(1,276)
Net cash from/(used in) operating activities	30,343	(131,855)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(152,906)	(112,296)
Acquisition of intangible assets	(4,762)	(69,043)
Net acquisition of other investments	(175,505)	(23,880)
Dividend received from equity-accounted investees	250	1,886
Proceeds from disposal of property, plant and equipment	18,018	17,070
Net cash used in investing activities	(314,905)	(186,263)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2024 (continued)
(THE FIGURES HAVE NOT BEEN AUDITED)

	CUMULATIVE QUARTER	
	For the 12 months ended 31.12.2024 RM'000	For the 12 months ended 31.12.2023 RM'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(6,517)	(6,519)
Dividends paid to non-controlling interests	(623)	-
Purchase of own shares	(149)	(341)
Net proceeds from bankers' acceptance	104,668	46,620
Net proceeds from medium term notes	59,827	150,000
Net proceeds of term loans and revolving credit	8,007	69,125
Payment of lease liabilities	(16,378)	(23,357)
Share subscription in a subsidiary company by non-controlling interest shareholders	5,635	30,870
Net cash from financing activities	154,470	266,398
Net decrease in cash and cash equivalents	(130,092)	(51,720)
Effects of exchange rate fluctuations on cash and cash equivalents	(9,468)	5,139
Cash and cash equivalents at beginning of the year	511,579	558,160
Cash and cash equivalents at end of the year	372,019	511,579

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*
- *Contract Reference Nature-dependent Electricity* (Amendments to MFRS 9 *Financial Instruments* and MFRS 7 *Financial Instruments: Disclosures*)

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 20,000 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 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 31 December 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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	492,461	579,059	17,754	17,073	999	47,698	511,214	643,830
Inter-segment revenue	140	369	-	3	18,444	20,338	18,584	20,710
Segment (LBITDA)/ EBITDA	(20,702)	(5,846)	(5,721)	1,512	30,700	(6,919)	4,277	(11,253)

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

Reconciliation of reportable segment profit or loss:

	31.12.2024	31.12.2023
	RM'000	RM'000
Total EBITDA/(LBITDA) for reportable segments	4,277	(11,253)
Depreciation and amortisation	(33,837)	(36,469)
Interest expense	(19,212)	(16,776)
Interest income	3,619	5,368
Share of (loss)/profit of equity-accounted investees not included in reportable segments	(1,087)	292
Unallocated corporate expenses	(5,837)	(4,474)
Consolidated loss before taxation	(52,077)	(63,312)

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

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,990,867	2,365,608	70,705	66,384	21,083	100,734	2,082,655	2,532,726
Inter-segment revenue	3,620	4,672	-	16	79,382	74,517	83,002	79,205
Segment (LBITDA)/ EBITDA	(22,471)	35,369	5,466	15,802	9,956	35,492	(7,049)	86,663

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

Reconciliation of reportable segment profit or loss:

	31.12.2024	31.12.2023
	RM'000	RM'000
Total (LBITDA)/EBITDA for reportable segments	(7,049)	86,663
Depreciation and amortisation	(139,004)	(143,547)
Interest expense	(71,331)	(62,901)
Interest income	16,694	20,377
Share of loss of equity-accounted investees not included in reportable segments	(2,027)	(534)
Unallocated corporate expenses	(11,560)	(21,201)
Consolidated loss before taxation	(214,277)	(121,143)

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

9. Segmental Reporting (continued)

(c) Geographical segment reporting for current quarter:

	Malaysia		Vietnam		Others		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	459,910	606,682	21,219	7,894	30,085	29,254	511,214	643,830
Segment EBITDA/(LBITDA)	10,230	(4,954)	(12,679)	(7,191)	6,726	892	4,277	(11,253)

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

	Malaysia		Vietnam		Others		Total	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,943,142	2,288,301	37,839	151,826	101,674	92,599	2,082,655	2,532,726
Segment EBITDA/(LBITDA)	34,666	130,537	(42,064)	(39,589)	349	(4,285)	(7,049)	86,663

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment was brought forward without amendment from the audited financial statements for the financial year ended 31 December 2023.

11. Valuation of Investment Properties

Pursuant to the fair value model applied for investment properties, the fair value gain (net of deferred tax) of RM0.4 million has been incorporated into the current year profit or loss.

The valuation was carried out by an independent firm of professional valuer, LaurelCap Sdn Bhd, using open market value with existing use basis.

12. Other Investments

	31.12.2024 RM'000	31.12.2023 RM'000
Current		
Liquid investments in quoted unit trusts with licensed financial institutions	204,230	25,872
Total	<u>204,230</u>	<u>25,872</u>

13. 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.

14. Changes in Composition of the Group

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

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

15. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2024 except as disclosed in Part B, Note 9 of the Announcement.

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

	31.12.2024	31.12.2023
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	48,970	38,373
Authorised and contracted for		
In Malaysia	27,485	20,571
Outside Malaysia	3,517	6,427
Total	79,972	65,371

17. Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Purchases	(26,987)	(10,813)	(69,240)	(52,421)
Sales	10,705	4,971	43,762	28,891
Travel agency and car rental services	(895)	(1,395)	(2,144)	(2,269)
Contract assembly services	5,529	742	13,125	3,094
With APM Group				
Purchases	(5,352)	(4,896)	(20,322)	(22,420)
Sales	1,006	401	2,862	1,902
With TCIL Group				
Sales	521	1,592	6,146	9,864
Contract assembly services	-	(1)	-	14,132

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)

17. 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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Purchases	(421,672)	(162,778)	(832,311)	(585,062)

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

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

	Individual Quarter		Cumulative Quarter	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Purchases	(8,390)	(80,494)	(53,211)	(476,517)
Sales	2,250	3,993	12,172	16,079

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

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

1. Analysis of Performance of All Operating Segments

For the quarter ended 31 December 2024, the Group recorded revenue of RM511.2 million, a reduction of 20.6% 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 Loss Before Tax (“LBT”) of RM52.1 million in the current quarter under review, compared to LBT of RM63.3 million in the same period preceding year. The decrease in losses mainly due to lower operating expenses and net foreign exchange gain of RM18.7 million compared to a net foreign exchange loss of RM13.2 million recorded in the same period preceding year.

For the financial year ended (“FYE”) ended 31 December 2024, the Group recorded revenue of RM2.1 billion, 17.8% lower than same period preceding year resulting in LBT of RM214.3 million in the current year-to-date period, compared to LBT of RM121.1 million in the same period preceding year. The increase in losses was mainly due to lower revenue and net foreign exchange loss of RM29.2 million compared to a net foreign exchange gain of RM19.0 million recorded in the same period preceding year.

As of 31 December 2024, the Group’s retained earnings were RM1.32 billion. The net assets per share as of 31 December 2024 was lower at RM3.85, 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 RM492.5 million in the current quarter under review, a reduction of 15.0% 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 RM20.7 million was higher by 254.1% YoY, mainly due to lower revenue and higher net foreign exchange loss.

For the FYE ended 31 December 2024, the automotive division recorded revenue of RM1,990.9 million (-15.8% YoY) and LBITDA of RM22.5 million (-163.5% YoY), mainly due to lower revenue and higher net foreign exchange loss.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded revenue of RM17.8 million in the current quarter under review (+4.0% YoY) and LBITDA of RM5.7 million (-478.4% YoY). Despite the higher revenue, LBITDA was higher mainly due to impairment loss on investment in equity-accounted investees in the current quarter under review compared to the same period preceding year.

For the FYE ended 31 December 2024, the financial services division recorded higher revenue of RM70.7 million (+6.5% YoY) but lower EBITDA of RM5.5 million (-65.4% YoY). The decreased in EBITDA mainly due to higher impairment loss on investment in equity-accounted investees and 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 RM1.0 million in the current quarter under review (-97.9% YoY) and recorded a higher EBITDA of RM30.7 million in the current quarter compared to LBITDA of RM6.9 million in the same period preceding year (+543.4% YoY), mainly due to higher net foreign exchange gain in current quarter compared to same period preceding year which arose from transactions and outstanding balances denominated in foreign currencies.

For the FYE ended 31 December 2024, revenue from Other Operations was lower at RM21.1 million (-79.1% YoY) and EBITDA of RM9.9 million was lower by 72.0% YoY. The decrease in EBITDA was primarily due to higher net foreign exchange loss in the current year-to-date period compared to a net foreign exchange gain recorded in the 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 31.12.2024 RM'000	Immediate Preceding Quarter 30.09.2024 RM'000	Changes	
			RM'000	%
Revenue	511,214	462,655	48,559	10.5%
Loss before tax	(52,077)	(103,755)	51,678	49.8%

External Revenue

Vehicles assembly, manufacturing, distribution and after-sales services	492,461	438,891	53,570	12.2%
Financial services	17,754	17,497	257	1.5%
Other operations	999	6,267	(5,268)	-84.1%
	<u>511,214</u>	<u>462,655</u>	<u>48,559</u>	<u>10.5%</u>

Segment EBITDA/(LBITDA)

Vehicles assembly, manufacturing, distribution and after-sales services	(20,702)	(7,543)	(13,159)	-174.5%
Financial services	(5,721)	4,350	(10,071)	-231.5%
Other operations	30,700	(49,509)	80,209	162.0%
	<u>4,277</u>	<u>(52,702)</u>	<u>56,979</u>	<u>108.1%</u>

The Group recorded revenue of RM511.2 million in the current quarter under review, higher by RM48.6 million or +10.5% compared to RM462.7 million in the preceding quarter (QoQ). The Group recorded LBT of RM52.1 million in the current quarter under review compared to LBT of RM103.8 million in the preceding quarter (+49.8% QoQ), mainly due to higher revenue and higher net foreign exchange gain in the current quarter under review.

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

The automotive division recorded higher revenue of RM492.5 million in the current quarter under review, an increase of +12.2% compared to the preceding quarter. The division registered LBITDA of RM20.7 million in the current quarter compared to LBITDA of RM7.5 million in the preceding quarter (-174.5% QoQ), mainly due to higher operating cost and higher net foreign exchange loss in the current quarter under review.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded higher revenue of RM17.8 million (+1.5% QoQ) with a LBITDA of RM5.7 million in the current quarter under review (-231.5% QoQ). LBITDA was mainly due to higher impairment loss on investment in equity-accounted investees and impairment loss on hire purchase receivables during the current quarter under review.

(c) Other Operations (Investments and Properties)

The division recorded lower revenue of RM1.0 million (-84.1% QoQ) with EBITDA of RM30.7 million in the current quarter under review (+162.0% QoQ). The EBITDA was mainly due to net foreign exchange gain in the current quarter compared to a net foreign exchange loss 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 Malaysian automotive industry recorded a 2.1% growth in Total Industry Volume (TIV) in 2024 compared to 2023, reaching 816,747 units. National car manufacturers and the introduction of new Chinese brands primarily drove this growth. However, the Malaysian Automotive Association (MAA) has forecasted a slight decline in TIV for 2025, projecting it to reach around 780,000 units. This anticipated contraction is attributed to several factors, including economic uncertainties stemming from the US-China trade war, the effects of the petrol subsidy rationalisation, and heightened competition within the automotive sector.

On the economic front, Malaysia demonstrated resilience with a Gross Domestic Product (GDP) growth of 5.1% in 2024. The Malaysian Government remains optimistic, targeting a GDP expansion in 2025 of between 4.5% and 5.5%. This outlook is supported by strong domestic demand, a rebound in tourism, and robust export activities. While inflationary pressures and global supply chain disruptions persist, government stimulus measures and incentives for electric vehicle (EV) adoption are expected to maintain consumer interest in the automotive market.

The Group successfully launched the Nissan Kicks e-POWER, a B segment SUV, in the local automotive market in December 2024. The acceptance and adoption of the new e-POWER technology by the market is a positive sign for the introduction of other Nissan e-POWER models in the near future. The Group also marked an important milestone with the export of the Nissan Serena (MPV) to Thailand, its first overseas market, in collaboration with Nissan Motor Co. Ltd. In Vietnam, the recent launches of GAC's M8 (Luxury-MPV), GS8 (D segment SUV), and M6 Pro (MPV) were well received, and these new launches are expected to drive sales growth and enhance the Group's market positioning. Additionally, the TQ-Wuling light commercial pickup and the Euro 5 King Long buses, both assembled in our plant in Danang, Vietnam, have shown promising sales trends. The Group anticipates that the demand for affordable and fuel-efficient commercial vehicles, particularly in the logistics and SME sectors, will continue to grow. Increased local assembly of these models will also improve cost efficiencies and profit margins.

The Group is committed to rationalising its operations to reduce business costs and is focusing on prudent resource management. This includes renegotiating supply chain agreements, optimising production costs, and leveraging digital transformation to enhance operational efficiencies. The Group is also investing in improvements to after-sales service by enhancing existing showrooms and service centres to elevate customer experiences and drive brand loyalty, as well as implementing digital marketing strategies to strengthen customer engagement and retention. Alongside bolstering its domestic operations, the Group will capitalise on its presence in other ASEAN markets. Vietnam, Cambodia, Myanmar, and Laos continue to offer growth opportunities, and the Group is actively exploring new opportunities to expand its footprint.

In summary, the strategic introduction of new models with new technology, expansion of brand portfolios, new investments in both passenger and commercial vehicle segments, and a focus on operational efficiency will position the Group towards sustainable growth in 2025 and beyond. With a clear roadmap and adaptable strategies, the Group is well-prepared to improve its financial performance and remain competitive in the evolving automotive landscape.

4. Comparison with Profit Forecast

This is not applicable to the Group.

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

5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current year	1,373	(3,587)	(13,182)	(13,283)
- Prior year	(808)	415	(665)	1,215
	<u>565</u>	<u>(3,172)</u>	<u>(13,847)</u>	<u>(12,068)</u>
Deferred taxation				
- Current year	(16,849)	12,149	6,427	(126)
- Prior year	(661)	50	892	(514)
	<u>(17,510)</u>	<u>12,199</u>	<u>7,319</u>	<u>(640)</u>
	<u>(16,945)</u>	<u>9,027</u>	<u>(6,528)</u>	<u>(12,708)</u>

The Group recorded tax expense of RM16.9 million and RM6.5 million during the current quarter under review and cumulative quarter respectively, mainly due to tax charges from profitable subsidiaries and the disallowance of certain expenses for tax purposes, partly offset against deferred tax assets recognised.

6. Status of Corporate Proposals

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

7. Group Borrowings

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

	31.12.2024	31.12.2023
	RM'000	RM'000
Unsecured :		
- Bankers' acceptances	310,238	205,570
- Revolving credit	840,000	887,044
- Short term loan	56,179	-
- Medium term notes	509,827	450,000
Total borrowings	<u>1,716,244</u>	<u>1,542,614</u>
Comprising :		
Amount repayable within one year	1,406,417	1,092,614
Amount repayable after one year	309,827	450,000
	<u>1,716,244</u>	<u>1,542,614</u>

Group borrowings breakdown by currencies:

		31.12.2024	31.12.2023
		RM'000	RM'000
Functional currency	Denominated in		
RM	RM	1,660,065	1,510,570
RM	USD	-	32,044
VND	VND	56,179	-
		<u>1,716,244</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 31 December 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	19,890	839	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 Kendaraan Melayu Kelantan Berhad ("SKMK"), Syarikat Rembau Tampin Sdn. Bhd. ("SRT"), Kendaraan 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.

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 27 February 2025, the Federal Court has dismissed the Plaintiffs' appeal against the decision of the Court of Appeal of 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 Settlement Agreement and dealing with the Land;
- ii. a declaration that the value of the 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, 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.

In dismissing the Plaintiffs' said appeal, the Federal Court has also awarded costs of RM80,000.00 in favour of TCIE being the costs of the appeal payable by the Plaintiffs, subject to the payment of allocatur fees.

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

10. Dividend

No dividend has been proposed for the fourth quarter ended 31 December 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	
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
Loss attributable to the owners of the Company (RM'000)	(68,054)	(54,847)	(214,166)	(128,742)
Weighted average number of ordinary shares ('000)	651,637	651,827	651,698	651,922
Basic Loss per share (sen)	(10.44)	(8.41)	(32.86)	(19.75)

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

12. Total Comprehensive (Expense)/ Income

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

	Individual Quarter		Cumulative Quarter	
	Current	Preceding	Current	Preceding
	Year	Year	Year	Year
	Quarter	Corresponding	To Date	Corresponding
	Quarter	Quarter	To Date	Period
	31.12.2024	31.12.2023	31.12.2024	31.12.2023
	RM'000	RM'000	RM'000	RM'000
Fair value Gain/ (Loss) on investment properties	405	(400)	405	(400)
Depreciation and amortisation	(33,837)	(36,469)	(139,004)	(143,547)
Foreign exchange Gain/(Loss)	18,733	(13,210)	(29,221)	18,954
Gain/(Loss) on derivatives	16,291	(92)	1,170	3,751
Gain/(Loss) on disposal of property, plant and equipment	70	(4,618)	2,039	(2,404)
Net provision for impairment/ write-off of receivables	(9,718)	(2,870)	(17,203)	(10,697)
Property, plant and equipment written off	-	-	(47)	(85)
(Provision)/Reversal of write-down of inventories	(2,397)	(182)	(1,769)	10,417
Impairment loss on investment in equity-accounted investees	(8,564)	(3,000)	(8,564)	(3,000)

BY ORDER OF THE BOARD

CHIN YOON LENG

Company Secretary

Kuala Lumpur

28 February 2025