



TAN CHONG MOTOR HOLDINGS BERHAD

(Company No. 12969-P)

ANNUAL REPORT **2018**

Igniting The Journey
WITH OUR STAKEHOLDERS





47TH AGM

Annual General Meeting of
**TAN CHONG MOTOR
HOLDINGS BERHAD**

will be held at
THE GRAND BALLROOM
Level 9, Sunway Putra Hotel
100, Jalan Putra, 50350 Kuala Lumpur
Malaysia
on **THURSDAY, 30TH MAY 2019 at 10.30 A.M.**



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Enclosed Form of Proxy

Enclosed Personal Data Protection Notice

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' TAN HENG CHEW

President

DATO' NG MANN CHEONG

Senior Independent Non-Executive Director

SIEW KAH TOONG

Independent Non-Executive Director

DATO' KHOR SWEE WAH @ KOH BEE LENG

Group Chief Executive Officer

HO WAI MING

Chief Financial Officer

LEE MIN ON

Independent Non-Executive Director

AUDIT COMMITTEE

Siew Kah Toong (Chairman)
Dato' Ng Mann Cheong
Lee Min On

NOMINATING AND REMUNERATION COMMITTEE

Dato' Ng Mann Cheong (Chairman)
Siew Kah Toong
Lee Min On

BOARD RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Lee Min On (Chairman)
Dato' Ng Mann Cheong
Siew Kah Toong
Dato' Tan Heng Chew

COMPANY SECRETARIES

Ho Wai Ming (MIA 12986)
Wong Poh Chun (MAICSA 7013841)

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AUDITORS

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Fax : +603 7721 3399

LEGAL FORM AND DOMICILE

Public Limited Liability Company Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (635998-W) : Main Market
Date of Listing : 4 February 1974
Stock Name : TCHONG
Stock Code : 4405
Sector : Consumer Products & Services
Sub-sector : Automotive

BUSINESS DIVISIONS

1 ASSEMBLY AND MANUFACTURING

- Motor Vehicles



2 SALES AND DISTRIBUTION

SALES AND DISTRIBUTION

- Passenger Cars
- Light Commercial Vehicles
- Trucks
- Buses



5 PROPERTY

PROPERTY

- Investment



BUSINESS DIVISIONS

4 FINANCIAL SERVICES

FINANCIAL SERVICES

- Hire Purchase
- Leasing
- Insurance Agency
- Money Lending



3 AFTER-SALES SERVICES

AFTER-SALES SERVICES

- Spare Parts
- Workshop



New X-Trail Facelift, Simply Sensational

The new Nissan X-Trail Hybrid; the smarter, safer and sensational SUV, comes complete with Nissan Intelligent Mobility advanced safety technologies to enhance intelligent driving. In addition to having a combustion engine, electric motor and a lithium-ion battery that provides excellent fuel efficiency of 16.1km/L*. It has the latest technology to regenerate energy during each braking instance, providing intelligent safety with an incredible driving experience.

(*Test mode ECE R101)



REPORT OF THE BOARD OF DIRECTORS



Dear Valued Shareholders,

We are pleased to present our Annual Report for the financial year ended 31 December 2018. Although the year had been challenging, it has presented fruitful opportunities for Tan Chong Motor Holdings Berhad (“TCMH”) Group. The resilient foundation that has been laid continues to be a source of strength for the Group to rise up to take on those challenges and ride through the changes that have come to define the year that was 2018.

The Group’s perseverance in facing the stormy business landscape for the past few years had been rewarded with opportunities as we saw a turnaround in the Group’s performance and financial results for 2018.

REPORT OF THE BOARD OF DIRECTORS



FINANCIAL PERFORMANCE OVERVIEW

TCMH Group revenue was RM4.86 billion in FY2018 (2017: RM4.34 billion) with profit before tax of RM178.6 million (2017: loss before tax RM72.8 million) on the back of improved business performance and better margins.

Notwithstanding the improved results, the Group continued with actions to ensure robust financial management policies are being continuously practised throughout the Group to ensure financial sustainability.

The Group has maintained a robust financial position with shareholders' funds of RM2.82 billion and net asset per share of RM4.35 as at 31 December 2018.

DIVIDENDS

The Board recommended the payment of a final single tier dividend of 2.0 sen per share (2017: final single tier dividend 1.0 sen per share) for shareholders' approval at the forthcoming Annual General Meeting. Combined with the interim single tier dividend of 2.0 sen per share (2017: interim single tier dividend 1.0 sen per share) paid on 28 September 2018, the total net dividend for the year is 4.0 sen per share (2017: 2.0 sen per share). The total net dividends paid and payable for FY2018 will be RM26 million (2017: RM13 million).

REPORT OF THE BOARD OF DIRECTORS

BUSINESS PERFORMANCE OVERVIEW

The Malaysian automotive industry continues to face headwinds with lingering issues that posed challenges to the business landscape. However, a silver lining in the clouds came in the form of a “tax holiday” following the new Malaysian Government’s announcement to abolish the Goods and Services Tax (“GST”) and followed by the re-introduction of Sales and Services Tax (“SST”) which came into effect on 1 September 2018. Sales of new vehicles saw a welcome boost during the period of three (3) months from 1 June 2018 to 31 August 2018 when the GST rate was set at 0% and before SST was implemented on 1 September 2018. This led to a tax holiday for buyers of new vehicles as they took advantage of this tax exemption period.

As a result, FY2018 recorded 598,714 new vehicles sold as compared to 576,635 units in FY2017 [source: *Malaysian Automotive Association (“MAA”) Market Review for 2018 and Outlook for 2019 Report*]. This represents an improvement of 3.8% in new vehicles sold.

The commercial vehicles division continues to experience the impact of slower demand from the construction

sector due to the slow-down in the construction and property sectors and also delay or deferment of various infrastructure projects. Nonetheless, TCMH Group continued with efforts to improve the product offerings to reach more customers in the bus and trucks sectors. The Group’s commercial vehicles division has 3.75% of the market share.

TCMH Group has continued steadfastly with the regional business expansion programme. The commercial vehicle plant in Danang, Vietnam is being completed and this will see the commencement of business operation with the production of King Long buses. This will mark the Group’s entry into the commercial vehicles sector in Vietnam. This is in addition to the local assembly production of Nissan X-Trail and Sunny for the Vietnam market. Nissan Motor Co., Ltd. (“NML”) informed TCMH Group of their intention to terminate the joint venture agreement in Nissan Vietnam Co., Ltd. (“NVL”). TCMH Group will continue to manage the business operation of NVL until 10 September 2019 to service the Vietnam market while we explore with NML on the future business plans and opportunities in Vietnam.



REPORT OF THE BOARD OF DIRECTORS

The Group's second overseas automotive assembly plant in Myanmar commenced operation in 2017. As the current Myanmar assembly plant has been operating at full capacity to meet the demands in the Myanmar market, a larger and permanent automotive assembly plant has been planned and is currently undergoing construction in the Bago region of Myanmar. The Bago plant is expected to be operational by the second half of 2019. The new plant to enable the Group to expand and capitalise on the growing automotive market in Myanmar. We expect this new plant will further strengthen the Group's foothold in the emerging Myanmar market and the surrounding region.

TCMH Group will continue to leverage on the strategic partnership that has been built with NML based on the foundation of mutual respect and understanding. The Group will continue to work closely with NML and strengthen this long-time partnership which has expanded across ASEAN.

PROSPECTS AND STRATEGIC DIRECTIONS GOING FORWARD

For 2019, the domestic automotive industry is expected to remain challenging in a competitive business environment. The front-loaded purchases of new vehicles by consumers during the 2018 tax holiday period coupled with current uncertainties may result in prospective car buyers adopting a cautious stance in their spending habits. Furthermore, the financial institutions are expected to maintain a cautious view on car financing that has been reflected in the banks' lending guidelines.

The on-going geopolitical developments and trade tensions around the world and the region could compound and further fuel uncertainties and affect the Malaysian economy. Foreign exchange fluctuation is expected to continue throughout 2019 on the back of these global uncertainties resulting in the volatility of the Ringgit against major currencies such as the US Dollar and Yen.



MAA has forecasted 2019 new vehicle sales to be 600,000 units. This is a marginal increase of 0.21% from the 2018 sales of 598,714 units. Against this backdrop for the domestic automotive industry, TCMH Group will continue to maintain a cautious stance. We will continue to focus on the key imperatives to ensure a sustainable position and overcome the challenges.

While TCMH Group continues to engage with NML on the future direction of the joint venture company, NVL, following the termination of the joint venture agreement, the business operations in the other markets such as Cambodia, Laos and Myanmar, including assembly operations in Vietnam will remain unchanged.

REPORT OF THE BOARD OF DIRECTORS



ACKNOWLEDGEMENT

The Board appreciates the unwavering support of the Stakeholders in TCMH Group which include our valued principals, customers, business partners and loyal shareholders, for their confidence in the Group and looks forward to their continued support in the years to come. For our shareholders, bankers and financiers who have supported the Group with their investments, we remain committed to provide sustainable returns for their investments in our Group.

Our people are our greatest assets and it is through teamwork, we make things happen. The Board extends its thanks to the Management and staff of Tan Chong Motor Group for their hard work, dedication and commitment. It is through such dedication and commitment that propel the Group forward.

To my fellow Board members, I would like to express my gratitude for your valued advice, guidance and contribution to the Group as we chart the course and continue TCMH Group's journey.

On behalf of the Board,

DATO' TAN HENG CHEW

President

29 March 2019

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

As Tan Chong Motor Holdings Berhad (“TCMH”) Group traversed into 2018, the Group continue to face a challenging business environment both in Malaysia and overseas. Nonetheless, the Group was resolute and remained committed to the overarching business strategies to overcome the hurdles.



The year 2018 saw a significant shift in the Malaysian landscape as we witnessed events that came to impact the country’s political, economic and social environment. One of the changes that came almost immediately and impacting the automotive industry was the abolishment of the Goods and Services Tax (“GST”), followed by the eventual re-introduction of Sales and Services Tax (“SST”) which came into effect beginning from 1 September 2018. During the transition period from GST to SST, a tax holiday was in effect from 1 June 2018 to 31 August 2018 to smoothen the transition process. This came as a positive shot in the arm for the automotive industry as sales of new motor vehicles saw a boost during that tax holiday period. This pushed the 2018 total industry volume (“TIV”) to 598,714 units (2017: 576,635 units).

Malaysia’s economic growth for 2018 was 4.8% (2017: 5.9%) [source: *Malaysia Economic Outlook 2019, Ministry of Finance*]. Economic data pointed towards moderation in growth as domestic consumer appetite continued to remain cautious. Consumers were mostly seen as likely to go for cautious spending due to the concern over the

cost of living. The uncertainties following the fallout from the current international trade disputes between the world’s largest economies continue to be played out and weighed on the market’s sentiments.

On the domestic front, the intensely competitive business landscape continue to be a factor. In response, the automotive distribution units of TCMH Group have introduced and offered new models line-up, starting with the new locally-assembled Nissan Serena Hybrid. The new Nissan Serena Hybrid was introduced in a timely manner and managed to capitalise on the tax holiday sale period.

While we continued to experience fluctuations in foreign exchange rates throughout 2018, the Ringgit has gained some level of stability against certain major currencies. Together with our Group’s robust foreign exchange hedging policy, the pressure of foreign exchange fluctuation on profit margins has been somewhat ameliorated.

MANAGEMENT DISCUSSION AND ANALYSIS

STRATEGY OVERVIEW

i. Improve competitiveness in domestic market

The Group's competitiveness received a boost not only from the tax holiday, but also from the timely introduction of the locally-assembled Nissan Serena Hybrid and Nissan Urvan 350 into the market in 2018. Together with the current model line-up, we leverage and continue to improve the network of sales and distribution and after-sales services to deliver quality services to our customers in Malaysia and the overseas market. The integrated automotive ecosystem of our Group that ranges from automotive assembly, sales and distribution, motor financing and insurance to after-sales service and parts forms the cornerstone of our Group's strength. We also continued to engage in efforts to rationalise costs and improve process efficiencies with various cost optimization and productivity improvement programmes.

ii. Regional expansion to widen the foothold in ASEAN

The Group is steadfastly committed to our regional expansion plan to become a regional automotive player with footprints across ASEAN. Today, the

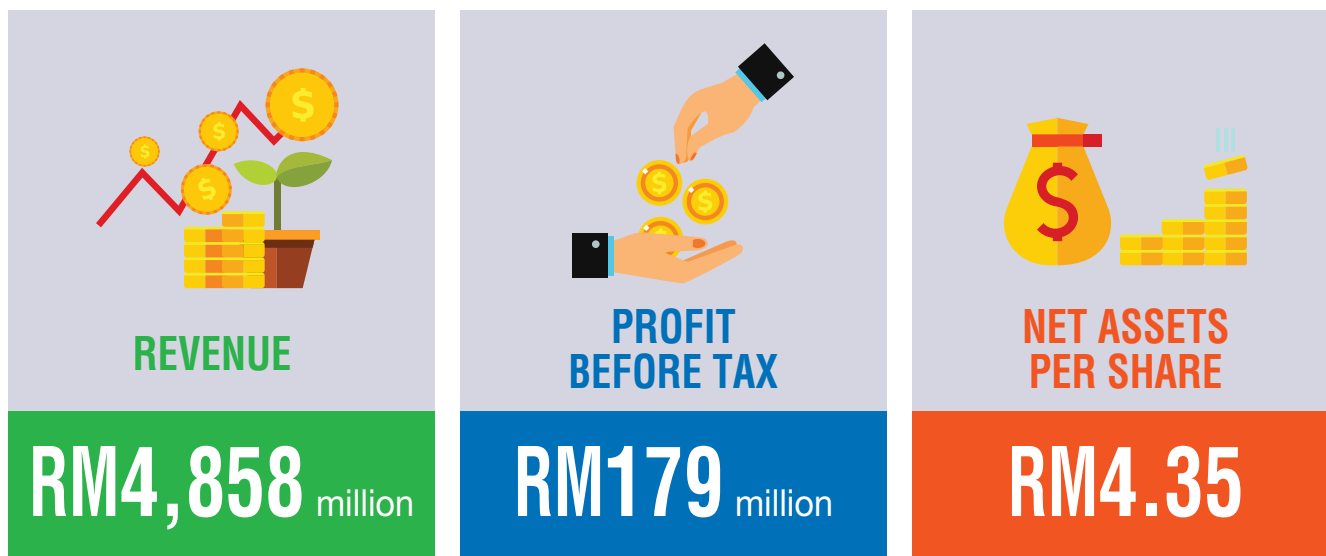
Group has three (3) automotive plants in Vietnam and Myanmar and various sales showrooms and after-sales service and spare parts centres throughout Indo-China covering Laos, Cambodia, Myanmar and Vietnam. The regional operations have seen improvements in revenue growth and earnings before amortisation/depreciation, interest and tax. In FY2018, the overseas revenue contributed 18.6% of the Group's total revenue. Notwithstanding the recent announcement on the notice of termination of joint venture in Nissan Vietnam Co., Ltd. ("NVL"), we will continue to engage with our principal on the future opportunities in Vietnam.

iii. Efficient financial management focusing on positive cash flow position and cost optimisation

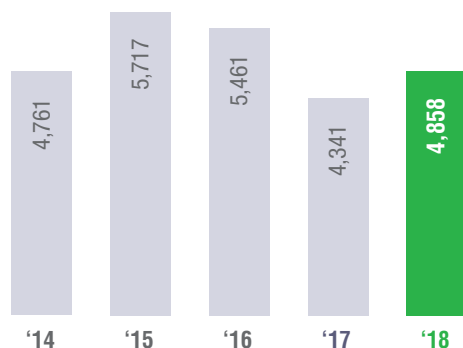
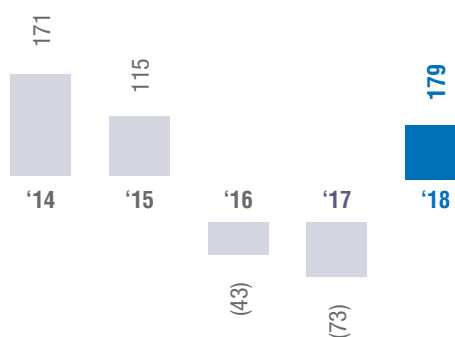
The Group continue to focus on ensuring a sustainable and solid financial position in FY2018 as we saw a turnaround in the performance of the Group's results. The Group has a strong financial position and is backed by a strong assets base. The Group's net asset position remains at a healthy RM2.8 billion.



MANAGEMENT DISCUSSION AND ANALYSIS



REVENUE (RM'million)

PROFIT BEFORE TAX/(LOSS BEFORE TAX)
(RM'million)

GROUP FINANCIAL PERFORMANCE REVIEW

For FY2018, the Group recorded revenue of RM4,858 million (2017: RM4,341 million) arising from improvement in sales units and profit margin due to more favourable foreign exchange rates. The Group recorded profit before tax of RM179 million (2017: loss before tax RM73 million) and net profit of RM103 million (2017: net loss RM96 million). FY2018 earnings per share was 16.23 sen compared to FY2017 loss per share for the year of 13.57 sen.

The financial position of the Group remains strong with shareholders' funds at RM2,819 million (2017: RM2,781 million), cash and cash equivalents of RM522 million (2017: RM318 million) and net gearing ratio of 0.31 (2017: 0.47) times of shareholders' funds as at 31 December 2018. Net assets per share was RM4.35 (2017: RM4.28). The Group undertook a revaluation exercise on its investment properties to reflect their current market value. The revaluation surplus (net of deferred tax) of RM3.4 million has been incorporated into the consolidated financial statements for the year ended 31 December 2018.

MANAGEMENT DISCUSSION AND ANALYSIS



AUTOMOTIVE DIVISION

2018 Nissan Business Performance & 2019 Market Outlook

In 2018, the automotive industry had a relatively good year, despite the uncertainties and changes in the year, with a number of events and issues that had a significant impact to our country's landscape, politically as well as economically.

Economically, the government had revised downwards its initial projected GDP growth rate of 5% to 4.8% for the full year 2018. Global uncertainties arising from United States-China trade war, slowdown in global economy, strengthening of the US Dollar and the review of mega projects by the new Government post GE14 also resulted in uncertainties and challenges.

In spite of these, the local automotive industry rebounded in 2018, breaking away from the two-year consecutive decline in the market since 2016, and grew 3.8% compared to 2017. The key factor that boosted the automotive sector last year was the three-month tax holiday, which saw sales surged during that quarter by 32% when compared to the same quarter in 2017, i.e. to 198,518 units in Q3'2018 or an increase by 47,979 units during the three (3) months from 1 June to 31 August 2018. The three-month tax holiday has brought forward the usual year-end demand and the festive sales.

The Total Industry Volume ("TIV") in 2018 improved to 598,714 units, i.e. 22,079 units higher compared to the 576,635 units in 2017. Despite the uncertainties and challenges faced in the market, Nissan saw a growth in its overall performance, registering more than 28,610 new vehicles in 2018, an improvement of approximately 1,500 units, a growth of 5.7% (higher than the market TIV growth), over that of the previous year. The growth has resulted in Nissan attaining a slightly higher market share in 2018 of 4.8% compared to 4.7% in 2017. With this, Nissan remained in the top three (3) Non-National vehicle brands and steadily maintained its 5th position in overall market performance in 2018.

Nissan has a full model line-up that covers almost all segments in the market (Passenger Cars, MPV, SUV, Pick-up and Van). Amongst the current line-up, the top four (4) best-selling Nissan models are the Nissan X-Trail (SUV), New Nissan Serena (MPV), Nissan Navara (Pick-up) and with the Nissan Almera (B-Sedan Segment), which contributes more than 80% of total Nissan sales in 2018.

In terms of segment performance, the New Nissan Serena S-Hybrid captured 1st position in the Mid-size MPV Segment with the new model launched in May 2018, while Nissan X-Trail and Nissan Navara captured 3rd position in their respective C-SUV and Pick-up segments.

MANAGEMENT DISCUSSION AND ANALYSIS

2019 Market Outlook

Despite the growth seen in 2018, the local automotive industry in 2019 is expected to remain challenging. Traditional risks such as the rising cost of living, stringent loan approval policy, fluctuation in foreign exchange rates, the adoption of public transport and tough competition amongst carmakers will continue to assert pressure on the growth of this sector.

In its recent report, the Ministry of Finance (“MOF”) forecasted a GDP growth of 4.9% in 2019, a marginal increase compared to 2018’s projected 4.8%, with domestic demand as the key driver to spur Malaysia’s economic growth. The World Bank in its recent report also revised downwards Malaysia’s projected GDP, citing lower public investment, completion of several infrastructure projects and a more prudent approach towards new projects. The anticipated revised National Automotive Policy (“NAP”) is also expected in 2019, which will set the long-term direction of the automotive ecosystem, and will also include the direction on the development of the third national car project.



With some of these underlying market expectations, the automotive industry remains positive as MAA is forecasting a marginal improvement in the TIV to reach 600,000 units. This reflects a more conservative outlook and that the market will remain challenging, especially for the first half of the year, where we may still see some effects from the pull-forward demand from 2018 tax holiday. However, with the anticipation of new model launches, the industry is still expected to sustain its volume to hit 600,000 units volume in 2019.

Nonetheless, we remain cautiously optimistic with plans to launch new models from 2019. Starting with the new Nissan X-Trail Facelift in the first half of 2019, it is anticipated to create further excitement in the highly competitive C-SUV segment with further introduction of

the Nissan Intelligent Mobility (“NIM”) suites of technology and unique selling points. The eagerly anticipated All-New Nissan Leaf, is also expected in mid-2019. The New Leaf, Nissan’s full electric vehicle is the icon of the Nissan Intelligent Mobility semi-autonomous driving technology, and the introduction to its innovative e-Pedal driving experience with a driving range of nearly 400km on a single charge will be able to meet the daily drive needs of most Malaysian motorists, and hence electrify Nissan’s leading electric vehicle (“EV”) status in Malaysia.

2018 Renault Business Performance & 2019 Market Outlook

In 2018, the Renault operation has increased the sales of Renault cars in Malaysia. The increase was mainly contributed by the facelifted Renault Captur launched in May 2018, which featured a sportier and more assertive exterior and interior.

The Renault Captur was also supplied to the fleet of GoCar, Malaysia’s leading on-demand car sharing platform. With this successful collaboration, the Renault operation has grown the sales channel of its Corporate & Fleet sales business. This promising venture leveraging on the growing demand for car sharing platforms could mark new prospects for the Renault operation.

Complementing the Renault Captur, we also introduced the new Renault Koleos Signature, a higher equipment variant of the flagship D-segment SUV in March 2018. The new Koleos Signature presents an intermediate offering within Renault’s high-end large SUV line-up, which includes the Koleos 2WD and 4WD. The new Koleos Signature garnered the “Best Large Size SUV/Crossover (5-seater)” award at The Star’s Carsifu Editor’s Choice Awards 2018.

As part of the Renault operation on-going staff training effort, it has embarked on a specially designed management development program for all its functional managers during the year. The program was jointly developed and implemented with HELP University Malaysia. The objective was to enhance the strategic competencies and managerial skills of the existing management team.

Customer retention and engagements have always been a part of Renault’s DNA. In 2018, some of the customer appreciation activities conducted during the year included Renault Durian Drive to Bentong, Pahang with the Koleos and the Captur, Fluence Club Buka Puasa and the Renault Sport Track Days. The Renault Sport Track Day held at the Sepang International F1 Circuit has been a significant event anticipated by RS Colletif Club members for more than six (6) consecutive years.

MANAGEMENT DISCUSSION AND ANALYSIS

2019 Market Outlook

In 2019, we aim to further strengthen Renault's position in the market with improvements to Renault Sales & Service network and sales channel by leveraging on technology and innovative marketing strategies.

As part of the Renault operation's on-going digital strategy, the sales force will be equipped with specially designed digital sales tools to reach and engage with customers so as to bring about faster response time to meet customers' requirements. This will not only improve overall efficiencies and higher productivity but more effective management control.

On the product front, the facelifted Renault Captur will continue to lead our product offensive and another new exciting model will be introduced. With these key initiatives in place, Renault expects to continue to register a steady growth in 2019.



2018 Cambodia Business Performance & 2019 Market Outlook

In FY2018, our Cambodia operations managed to achieve higher sales. The Cambodia operation undertook a series of integrated aggressive sales and marketing initiatives to strengthen the Tan Chong and Nissan brand to improve sales momentum. Among the major events that were rolled out included:

- (i) Q2 – the introduction of Nissan URVAN,
- (ii) Q3 – unveiling of Nissan Navara PREMIUM PLUS, and
- (iii) Q4 – the Official Launch of the All-New Nissan TERRA, a full 7-seater SUV model which was well-received due to its latest advance technology, high quality and premium features, all of which made it suitable for high corporate figures and business elites.

Another highlight was the accolade as one of the National Sales Company (“NSC”) that was awarded the 2018 Nissan Global Award for NSC in Q3 2018. The 2018

Nissan Global Award is a world-wide programme which recognises Nissan distributors based on outstanding performance during fiscal year 2017 in terms of sales volume and market share achievement.

2019 Market Outlook

All newly introduced models are expected to continue to find acceptance in the market and should continue to contribute positively to sales efforts in FY2019. After the Cambodia General Election in July 2018, business resumed with the new models launches. We expect sales volume to not only recover but to continuously improve in 2019. In FY2019, the Cambodia operation will proceed with new style and trend with online marketing and sales activities to keep the momentum going. The Cambodia annual growth rate for 2019 is expected to be 7%. The automotive market is expected to grow further and with the continuation of aggressive sales and marketing programs by the Cambodia operation, we are confident of expansion and growth in the business in 2019 despite competitions from other industry players.

MANAGEMENT DISCUSSION AND ANALYSIS



2018 Laos Business Performance & 2019 Market Outlook

In 2018, the Laos operations achieved higher sales. In the first-half of 2018, the Laos operation had invested in aggressive sales and marketing initiatives to further increase the brand visibility and sales. Among the notable highlights from 2018 were:

- (i) Q2 – introduction of the New URVAN for business, hospitality and tourism sector,
- (ii) Q3 – introduction of the NAVARA PREMIUM PLUS, and
- (iii) Q4 – the Official Launch of the All-New Nissan TERRA (full 7-seater).

Due to the above initiatives, there were sales and market growth for the Nissan brand especially in the Pick-up and SUV segment and growth in sales.



2019 Market Outlook

With the expectation of a more robust GDP growth of 6.9% in 2019 for Laos, we expect all the latest model additions to contribute positively to sales efforts in FY2019. In addition to continuation of aggressive marketing and sales activities, we will opt for a new trend of online marketing to further diversify the business-to-consumer (“B2C”) reach of information and keep the upward momentum of sales going in the main capital city of Laos. In addition, with more introduction of new models in Q4 2019, we are confident to achieve our sales target for FY2019 despite an expected consolidation in the automotive market with more stringent loan approval process and fierce competition in the industry.

MANAGEMENT DISCUSSION AND ANALYSIS

2018 Vietnam Business Performance & 2019 Market Outlook

Vietnam TIV grew by 5.84% in 2018 as compared to 2017 even though the ASEAN Trade-in-Goods Agreement (“ATIGA”) took effect on 1 January 2018. TIV growth was dampened by the implementation of new Decree 116 regulation which also took effect on 1 January 2018. This new regulation impacted the importation of completely-built-up (“CBU”) vehicles which requires compliance with certain certifications and procedures. Nonetheless, our business unit has managed to meet the requirements and as a result, Nissan sales grew by 23.5% with the main contribution from the Navara model.

The new Nissan Terra was launched in December 2018, and this SUV model competing in the fast growing large SUV segment is expected to contribute to the Nissan sales growth in 2019.



Network Expansion

In continuing our effort to enhance the Nissan distribution network in Vietnam, five (5) 3S Nissan authorised dealership were opened, making a total of 23 3S Nissan authorised dealerships by end of 2018. There are additional new 3S Nissan authorised dealerships with their showrooms nearing completion and are expected to open in 2019.



2018 Myanmar Business Performance & 2019 Market Outlook

With the successful launch of Nissan Sunny – the first locally assembled Nissan cars in Myanmar, the Myanmar operation has enhanced the sales momentum in 2018 with aggressive sales and marketing initiatives. The right product positioning of “Affordable Japanese Quality Car” had cast a solid foundation for the commendable sales performance as we have managed to double the sales volume in 2018 as compared with 2017, and sustained as one of the key automotive players in the country with 7% market share in the passenger cars segment. In November 2018, the New Navara PLUS was introduced to the country which features the latest Nissan Intelligence Mobility technologies.

2019 Outlook

In 2018, we have leveraged on the increasing trend of the demand for passenger cars by expanding our network coverage with additional appointments of authorised dealerships nationwide. The Group has set a concrete foothold in the Myanmar automotive market to meet the long-term goal with the construction of a permanent assembly plant in the Bago Region. Sitting on a 50-acre leased land, the first phase of the Bago plant is expected to be operational in 2019 to support the rapid sales growth in the country.

Myanmar’s economy is expected to expand by 7.6% in 2019 and the automotive market in Myanmar remains challenging with many players introducing more locally-assembled models as well as low priced CBU models in the market. Nonetheless, we remain positive with our aggressive marketing and sales initiatives to further exploit the sales opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS



2018 Trucks & Bus Commercial Vehicles Business Performance & 2019 Market Outlook

Commercial Vehicles Division

The Commercial Vehicles Division of TCMH which is mainly the Truck and Bus Group is focused on the distribution and after-sales services for trucks and buses in the country. The Group has the sole and exclusive distribution rights to UD Trucks & Buses and Silverbus in Malaysia in addition, distributes Foton commercial vehicles. The Truck & Bus Group also has a facility for bus-body manufacturing located in Seri Kembangan, Selangor.

The demand for commercial vehicles, with key focus on trucks and bus segment, remained flat in 2018. The TIV for commercial vehicles and bus segment in 2018 increased 12.2% over 2017 [source: *Malaysian Automotive Association ("MAA") Report*]. International trade recorded double digit growth has boosted the logistics and distribution businesses [source: *Department of Statistics Malaysia*].

Amidst the tough and challenging environment, the Truck & Bus Division has recorded reduction in market share from 5.45% to 3.75% for the UD brand for the year as a result of phasing out of current models of UD light duty truck in 2018. Excluding the light duty truck segment, the TIV for medium and heavy duty truck increased by 7.19% from 2017 whilst we have increased our market share from 21.83% in 2017 to 27.37% in 2018 for the UD brand. In addition, UD emerged in the No. 1 position for prime movers amongst the Japanese brands.



The domestic bus market was similarly affected by the tough local market condition and to this end the domestic bus chassis and bus body operations encountered strong competition. The Group continued to address such challenges by focusing on key bus operator accounts as well as for the export of the Group's bus bodies to overseas markets such as Singapore, Myanmar and Philippines.

MANAGEMENT DISCUSSION AND ANALYSIS



The Truck & Bus Division has also continued its expansion into Indo-China with the Group entering into an Exclusive Distributorship Agreement via TC Motor Vietnam Co., Ltd. with Xiamen King Long United Automotive Industry Co., Ltd. ("King Long") as King Long's sole and exclusive distributor, assembler and after-sales service provider (including the sale and distribution of spare parts) of King Long XMQ6829Y coach model, in both completely assembled form and in its bare chassis form in Vietnam.

The Group continue to focus on improving our Customer Satisfaction Index, with emphasis on streamlining our process, ensuring availability of parts to reduce customer downtime and improving our customer service response time.

2019 Outlook

The commercial vehicles and bus industry is expected to remain challenging in 2019 due to uncertainties of some of the mega projects and sluggish global economic situation. We will continue to leverage on the Group's extensive sales and service network to penetrate corporate and fleet customers in Peninsular Malaysia, Sabah and Sarawak. With the new addition of the all new light duty UD Kuzer, UD Truck is expected to improve the trucks model line-up and to compete effectively in the light duty segment.

For the bus division, we will continue to leverage and identify strategic partners to expand and penetrate the domestic as well as the overseas markets and we will work on increasing our customer base for the Hong Kong, Philippines, Thailand and Myanmar markets.

MANAGEMENT DISCUSSION AND ANALYSIS

2018 Financial Services Division Performance and 2019 Market Outlook

The consumer credit financing division performance has shown improvement in revenue, a 31% growth of the automotive financing segment in FY2018 as compared to FY2017. We have further diversified its portfolio into used car financing to broaden its revenue base. During this challenging economic environment, credit underwriting has been under the Management's focus and is reviewed periodically with more vigilance towards loan issuance to achieve desirable asset quality. Simultaneously, the collection and recovery team has been strengthened to maintain a manageable receivables aging profile. More proactive measures have been taken to reduce the adversity of macroeconomic conditions such as rising living costs, forex-led inflation, government subsidy rationalisation, etc.

2019 Outlook

Financial lending for FY2019 is expected to remain challenging as the current stringent financing guidelines continue to be in place. Credit policies will be reviewed periodically in conjunction with tighter cost controls to maintain adequate financial performance. Diversification of financial lending portfolio is in progress as well as risk balancing in terms of lower loan tenure, various vehicle make, adequate interest rate as well as a diverse customer profile. More proactive collection and recovery measures will be established to withstand vulnerable macroeconomic adversities.

The sale of other complementary insurance products (extended warranty program and RTI-GAP) has helped to overcome the premium shortfall by generating additional RM8.2 million and commission income of RM2.2 million.



At the end of FY2018, the total net hire purchase receivables amounted to RM748 million. Arising from the introduction of the new accounting standard MFRS 9 on recognition and measurements of financial instrument, we have adopted the expected loss model ("ECL"). Despite the ECL, we have managed to ensure the profit level remained healthy and generated net growth of 5% in profit before tax.

The Insurance Business Stream generated better premium production by about RM3.5 million to RM200 million with higher commission income by RM1.6 million despite the decline of motor premium by about RM6.3 million. The decline of motor premium was mainly contributed by lower renewal cases and full year insurance detariffication impact in 2018 which resulted in general decline in premium pricing.

2018 After-Sales Service Division Business Performance & 2019 Market Outlook

Tan Chong Ekspres Auto Servis Sdn Bhd ("TCEAS") is the dedicated after-sales service provider for all Nissan, Renault and INFINITI vehicles in Malaysia. The After-Sales Service Division continued its growth path for FY2018 recording a revenue growth of 12%, driven by internal efficiency and operational optimisation. The After-Sales network consist of 72 centres comprising of 63 Service Centres and nine (9) Body & Paint Centres.

One of our key mid-term strategies is to develop our human capital resources and TCEAS had invested to establish a fully dedicated Skills and Development training centre located in Shah Alam, Selangor. This training centre will focus mainly on technical skills development and soft skills competencies building.

MANAGEMENT DISCUSSION AND ANALYSIS



To step up our objective to create a Learning Organisation, we have launched a web based E-Learning platform so that staff can have instant access to regular training programs, compliance assessment, latest company happenings, important technical updates, etc. This is part of our framework to develop a Continuous Learning Culture among our employees.

In line with our goals to develop skills and competencies in our business operations, we continued to hold an annual Skill Contest for our Technicians and Service Advisors.

Recently, we participated in the Nissan Asia Regional Contest for Nissan Service Advisor Excellence and Nissan Service Technical Excellence held in Thailand with seven (7) countries participating in the event. Among the participating countries were Singapore, Hong Kong, Korea and Philippines.

We are proud to mention that our Service Advisor had emerged as champion for the Nissan Service Advisor Excellence Award over other more experienced contestants.

On the business operations front, one of the core strategic focuses is on the Body & Paint business. For this area we will continue to invest to expand our Body & Paint network, facilities upgrades and human capital skills development.

Our introduction of value add promotions, service campaigns and continuous enhancements of service network facilities have yielded positive results, where we climbed up one notch to 3rd position in the 2018 After-Sales Customer Satisfaction Index by J.D. Power Malaysia.

2019 Outlook

Whilst the outlook for 2019 remains uncertain and challenging, we are cautiously optimistic to maintain our sales revenue growth for 2019 in spite of the economic headwinds of a sluggish market condition.

We will continue to implement our mid and long term strategies to grow our business which include upgrading our operating systems, enhancing our marketing communications and retention programs, network expansion and continuous improvement on work efficiency and cost management.

MANAGEMENT DISCUSSION AND ANALYSIS

2018 Indo-China After-Sales Service (E-Garage) Division Business Performance & 2019 Market Outlook

E-Garage operates as a Multi Brand Automobile After-Sales Service provider in Indo-China. We have our presence in Myanmar, Thailand and Cambodia. Additional centres were set up in Yangon, Myanmar and Battambang, Cambodia in 2018 making a total of two (2) and four (4) centres in Myanmar and Cambodia respectively. In 2019, E-Garage will establish its presence in Vietnam and Laos.



E-Garage Myanmar, in addition being an automobile after-sales provider, also undertake Nissan sales dealership in Myanmar. E-Garage Myanmar also obtained approval from the Myanmar Government to import Nissan Completely-Built-Up (“CBU”) for sales and distribution in 2018.

MANAGEMENT DISCUSSION AND ANALYSIS

2019 Outlook

The present trend of direct investment in the Automotive Repair and Service maintenance by big players from Korea, Thailand and China in this region resulted in stiff competition in this premium post warranty after-sales market. Customers have a wide choice of premium workshops unlike in the past where only a handful of these workshops exist.

However, in the developing countries in Indo-China, the younger generation consumers are more affluent and own the latest car models. They are aware of the importance of preventive maintenance and scheduled servicing. This business trend is expected to open up new opportunities for E-Garage to expand its aftermarket parts and service in this premium sector.

Besides that, it is also forecasted there will be an increase in new cars sale in this region that will lead to trade-in expanding the used car market. The expansion of this sector will further increase the demand of post warranty automotive repair and maintenance services in this region. This is an opportunity for E-Garage to expand its business.

E-Garage will embark on a “Friendly Neighbourhood Workshop” concept besides the “One Stop Centre” which is already in place. E-Garage will establish these neighbourhood centres close to populated residential areas to provide fast turnaround maintenance service.

To remain competitive, E-Garage employs digital marketing extensively to reach its customers and simultaneously upgrade manpower skill levels in all departments paying close attention to work quality, customer service delivery, marketing and spare parts management.

2018 Assembly and Manufacturing Division Business Performance & 2019 Market Outlook

The automotive assembly plant began its operation in 1976 with its first assembly plant in Segambut, Kuala Lumpur and subsequently another plant in Serendah, Selangor in 2007. Being a pioneer in vehicle assembly in Malaysia, the assembly plant has grown to become a premier contract assembler and produced over a million vehicles for various makes which include passenger and commercial vehicles of Nissan, Renault, Subaru, Mitsubishi, UD Trucks, Foton and Bison trucks. In recognition of the assembly plant's compliance to the high operational standards, it was certified with ISO 9001:2015 and ISO 14001:2015.

Though faced with challenges such as increase in minimum wage and weaker currency exchange rate, prudent measures had been taken to mitigate the cost impact with initiatives such as:

- a) Expansion of Integrated Factory Automation (“iFA”) such as Automated Guided Vehicle (“AGV”) for efficient parts supply and Low Cost Automation (“LCA”) such as Karakuri to reduce non-value added motions of humans where both contributed to productivity improvement;
- b) Cost rationalization activities to identify and reduce waste to ensure optimal operating cost is achieved;
- c) Introduction of Warehouse Management System (“WMS”) to efficiently track and manage inventory to reduce inventory cost;
- d) Installation of Pokayoke (Error-proof) Systems in assembly processes to avoid human error to guarantee built in quality;
- e) Collaboration with GreenTech Malaysia under the purview of the Ministry of Energy, Green Technology and Water (KeTTHA) to identify, manage and implement renewable energy activities; and
- f) Continue to explore business opportunities for manufacturing and assembly services.

To build high quality vehicles, we bring diverse skill sets from a wide range of disciplines together. Through continuous training and education, all our employees are fully equipped with sufficient knowledge to make a positive impact to their careers and the company.

Going forward, we intend to sustain its position as a premier contract assembler by focusing on the following:

- a) Upgrading plant facilities and automation to cater for upcoming new models;
- b) Expanding in-house development of AGV, Pokayoke and Karakuri systems as part of the cost rationalization initiatives; and
- c) Continual improvement to excel in manufacturing technologies which has positive impact towards our quality, cost, delivery, engineering and management.

MANAGEMENT DISCUSSION AND ANALYSIS



Our assembly plants in Danang, Vietnam mirrors our automotive business in Malaysia with the production of passenger and commercial vehicles.

Inaugurated in June 2013, the Vietnam assembly plant is an ISO 9001:2015 and 14001:2015 certified company. Currently, it produces the Nissan Sunny and Nissan X-Trail. Faced with the stiff market competition from many Japanese and Korean brands, the plant continues to refresh its product line-up with the launch of the local X-Trail V-Series and local Sunny Q-Series in 2018.

In view of the expanding automotive market in Vietnam with the motorisation of the country expected by 2022-2023, the plant has embarked on an expansion plan to increase the production capacity with the upgrade of its facilities in 2019.

With a young and talented local workforce, the Vietnam plant continues to nurture and develop them into highly trained personnel in various automotive disciplines. This augurs well for the future when more automation is adopted in line with more sophisticated new models and more complex assembly process is expected.

The bus bodybuilding plant is involved in the manufacturing of bus body in the Commercial Vehicles Division of TCMH Group. Its activities cover the manufacturing and sales of bus body in a number of configurations. It also assembles truck and bus chassis for a number of OEMs. We cater to the local bus market as well as the export markets. Currently we are servicing customers in Malaysia, Singapore, Hong Kong, Brunei, Myanmar and Thailand.



MANAGEMENT DISCUSSION AND ANALYSIS



Key Highlights of 2018

The domestic bus market was affected by the tough local market condition and to this end the domestic bus chassis and bus body business encountered strong competition. The Group continued to address such challenges by focusing on key bus operator accounts as well as for the export of the Group's bus bodies to overseas markets of Singapore, Myanmar and Philippines.

In February 2018, we commenced collaboration with Volvo Bus Thailand with the first sample unit delivered to Volvo Thailand. That unit has been used on roadshows by Volvo Bus Thailand which garnered a number of prospective enquiries from potential customers.

In August 2018, we delivered the first unit of Volvo Bus Body on a Volvo chassis complete with the Volvo DSS (Driver Support System) to Swire Motors Hong Kong. The Volvo DSS (Driver Support System) is a new system incorporating a radar and camera to alert the driver on lane departure and brake assist among others which is a first to be incorporated into a TQ body.

Singapore continues to be an important market in 2018 where a number of units have been successfully delivered to the Singapore market.



MANAGEMENT DISCUSSION AND ANALYSIS



Outlook for 2019

For the bus bodybuilding unit, we expect the market to remain challenging. We will continue to leverage and identify strategic partners to expand and penetrate the domestic as well as the overseas markets. We will continue to work on increasing our customer base for the Hong Kong, Philippines, Thailand and Myanmar markets. Key focus will be building up its order book with strategic customers and partners' customers.

The Group will also continue to work on its products development, to ensure that the latest design and technology are incorporated into its product offering in the various markets that it is targeting.

Education and Training

Tan Chong Technical Institute has since grown organically since 2011 with our presence in Petaling Jaya, Penang, Kota Bharu and Sandakan, providing TVET courses in automotive studies, with most of our students coming from the B40 segment of society. Our main focus is to provide technical and vocational training, and entrepreneurship to young school leavers, who serve as a talent pipeline into TCMH Group, and also to the automotive industry in Malaysia.

The outlook for FY2019 will be more competitive, exciting and challenging with our collaboration with the Manpower Department, Human Resources Ministry on a technical exchange program in the assembly of trucks and heavy vehicles, as well as providing specialized supplementary modules in "hybrid technology" in automotive studies to sponsored students/graduates from government technical institutes. We will design and enhance our training modules to train students in servicing and maintenance of electric cars as well as trucks and buses, in line with our Group's vision and business direction.

Tan Chong School of Management ("TCSM") conducts leadership and management training programs in collaboration with reputable external training providers, as well as via internal trainers who have undergone "Train-The-Trainers" programme. Our leadership and management training programmes are designed to enhance employees' Personal Effectiveness, Team Dynamics and Organisational Effectiveness providing them with exposure to our Corporate Culture.

For FY2019, we plan to strengthen the awareness and participation in the systematic training and development of our employees in principles and philosophy of leadership and management. This includes training and developing employees to understand and leverage on digital technology and applications to further advance our businesses, with the advent of Industry Revolution 4.0.

MANAGEMENT DISCUSSION AND ANALYSIS



Human Resources

Group Human Resources (“GHR”) is continuing its journey of transformation in making continuous improvements and development for our employees especially in the areas of recruitment and talent retention.

Considering the diversified businesses and expansion plans, continuous investment and development of our employees is a major focus. TCMH Group leverage on the Human Resources Development Fund (“HRDF”) for learning needs improvement and also allocating budget and efforts to provide more soft skills training to develop the next generation of leaders.

We have been increasing our efforts to hire and groom the younger generation and undertook outreach activities by participating in career fairs, career talks, resume checks workshops and university events to tap into talents right at the source. This increases employer branding and awareness among fresh graduates and professionals to join our organisation. We endeavour to enhance our employees with new skills and opportunities and exposures in new areas.

Continuing on into 2019, we expect new challenges with changes in policies, regulatory matters and on-going efforts to enhance employees experience to increase productivity. Through the Human Resources Business Partners (“HRBP”), we will work closely with business unit leads to build and sustain a capable and versatile workforce for the growing businesses.

TC iTech Sdn. Bhd. is poised to provide reliable support and services as the staff turnover will be reduced significantly due to the consolidation of IT units. Advanced technologies in cybersecurity, big data analytics, micro financing, mobile payment, integrated e-commerce platform and automotive IOT will be an integral part of the technology enabler and roadmap to propel the Group into the forefront of IT innovations.

CONCLUSION

Taking into consideration the overall economic and existing market conditions, we are of the view the domestic automotive industry will continue to be challenging in 2019. New vehicles sales could remain soft as the lingering issues and uncertainties continue to affect market and consumer sentiments.

Given the outlook for 2019, the Group will continue to maintain a cautious stance in this climate. We will focus on our core strategy to guide our Group as we continue the turnaround efforts.

Nevertheless, the Group remains committed to grow the business in Malaysia and overseas market in Vietnam, Laos, Cambodia and Myanmar while ensuring the sustainable financial position for the Group and all its stakeholders.

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EIGHT-YEAR FINANCIAL HIGHLIGHTS

	2018	2017	2016	2015	2014	2013	2012	2011
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
RESULTS								
Revenue	4,858,206	4,341,228	5,460,757	5,716,654	4,760,628	5,198,491	4,087,883	3,860,071
Profit/(Loss) before tax	178,586	(72,811)	(43,080)	115,252	170,845	360,122	225,351	305,033
Tax expense	(76,049)	(23,578)	(15,954)	(45,350)	(51,191)	(124,495)	(61,803)	(89,612)
Profit/(Loss) for the year	102,537	(96,389)	(59,034)	69,902	119,654	235,627	163,548	215,421
Profit/(Loss) attributable to:								
Owners of the Company	105,932	(88,597)	(54,943)	74,865	105,853	250,952	165,855	216,144
Non-controlling interests	(3,395)	(7,792)	(4,091)	(4,963)	13,801	(15,325)	(2,307)	(723)
STATEMENT OF FINANCIAL POSITION								
Assets								
Property, plant and equipment	1,773,114	1,825,620	1,863,022	1,704,190	1,731,688	1,693,133	858,730	675,779
Investment properties	207,376	202,000	198,766	186,633	173,078	44,671	51,979	17,558
Prepaid lease payments	43,436	45,609	51,343	49,798	44,524	24,270	16,535	11,357
Intangible assets - Goodwill	759	14,592	14,592	14,592	14,592	14,592	13,944	14,448
Equity-accounted investees	57,914	45,797	42,891	40,415	36,793	33,918	30,409	19,791
Other investments	1	1	1	1	1	1	1	1,807
Deferred tax assets	96,075	67,098	62,761	35,722	34,787	26,397	24,339	14,520
Hire purchase receivables	655,383	745,066	460,399	369,507	350,594	376,451	251,153	386,788
Finance lease receivables	-	585	162	9,153	636	1,504	2,378	1,440
Total non-current assets	2,834,058	2,946,368	2,693,937	2,410,011	2,386,693	2,214,937	1,249,468	1,143,488
Current assets	2,640,647	2,449,274	2,882,708	2,761,369	2,619,869	2,767,454	2,716,737	1,893,421
Total Assets	5,474,705	5,395,642	5,576,645	5,171,380	5,006,562	4,982,391	3,966,205	3,036,909
Equity and Liabilities								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	2,525,874	2,485,161	2,562,520	2,485,524	2,443,592	2,397,733	1,656,023	1,529,650
Treasury shares	(25,283)	(25,282)	(25,278)	(25,274)	(24,990)	(24,809)	(24,795)	(24,786)
Total equity attributable to owners of the Company	2,836,591	2,795,879	2,873,242	2,796,250	2,754,602	2,708,924	1,967,228	1,840,864
Non-controlling interests	(17,733)	(14,511)	(8,952)	(1,602)	5,951	(6,761)	2,638	8,310
Total equity	2,818,858	2,781,368	2,864,290	2,794,648	2,760,553	2,702,163	1,969,866	1,849,174
Non-current liabilities	804,718	986,104	975,021	1,013,524	1,101,119	491,679	412,471	336,347
Current liabilities	1,851,129	1,628,170	1,737,334	1,363,208	1,144,890	1,788,549	1,583,868	851,388
Total Equity and Liabilities	5,474,705	5,395,642	5,576,645	5,171,380	5,006,562	4,982,391	3,966,205	3,036,909
FINANCIAL STATISTICS								
Basic earnings/(loss) per share (sen)	16.23	(13.57)	(8.42)	11.47	16.22	38.44	25.41	33.11
Gross dividend per share (sen)	3.00	2.00	4.00	5.00	6.00	21.00	12.00	12.00
Net assets per share (RM)	4.35	4.28	4.40	4.28	4.22	4.15	3.01	2.82
Return on invested capital (%)	4.63%	-0.44%	0.36%	3.07%	4.29%	9.26%	8.88%	12.85%
Return on shareholders equity (%)	3.76%	-3.13%	-1.94%	2.70%	3.87%	10.73%	8.71%	12.27%
Net debt/Equity (%)	30.82%	47.06%	54.88%	47.21%	34.28%	36.41%	29.54%	15.28%

* The comparatives of statement of profit or loss and statement of financial position have not been restated for the adoption of new accounting standard.

PROFILE OF DIRECTORS

DATO' TAN HENG CHEW

JP, DJMK

Dato' Tan Heng Chew, 72, a Malaysian, Male, was appointed to the Board on 19 October 1985 and was subsequently appointed as the Executive Deputy Chairman on 1 January 1999. He was re-designated as the Executive Deputy Chairman and Group Managing Director on 1 July 2012. His corporate title was changed to President effective 1 January 2015. He is a member of the Board Risk Management and Sustainability Committee.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Group of Companies in 1970 and was instrumental in the establishment of the Autoparts Division in the 1970s and early 1980s.

Dato' Tan is also the President of APM Automotive Holdings Berhad and Warisan TC Holdings Berhad.

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

Dato' Tan attended all the six (6) Board meetings held in 2018.

DATO' NG MANN CHEONG

DSSA, SMP, JP

Dato' Ng Mann Cheong, 74, a Malaysian, Male, was appointed to the Board on 31 July 1998. He is the Senior Independent Non-Executive Director to whom concerns of fellow Directors, shareholders and other stakeholders may be conveyed. He is the Chairman of the Nominating and Remuneration Committee, and a member of the Audit Committee and the Board Risk Management and Sustainability Committee.

Dato' Ng is a Barrister-at-Law (Middle Temple), Advocate and Solicitor, High Court of Malaya and has been admitted to practice in the jurisdictions of Singapore, Victoria and Western Australia. He has been in legal practice for more than 51 years and is a Senior Partner of Syed Alwi, Ng & Co. He is also a past Legal Advisor of Malaysian Crime Prevention Foundation.

Dato' Ng also sits on the board of MTrustee Berhad, AmMortgage One Berhad and is a past director of Port Klang Authority.

Dato' Ng attended all the six (6) Board meetings held in 2018.

PROFILE OF DIRECTORS

SIEW KAH TOONG

Siew Kah Toong, also known as David Siew, 64, a Malaysian, Male, was appointed to the Board on 1 July 2010. He is an Independent Non-Executive Director, the Chairman of the Audit Committee, and a member of the Nominating and Remuneration Committee and the Board Risk Management and Sustainability Committee.

Mr. Siew is a member of the Malaysian Institute of Accountants (“MIA”), the Malaysian Institute of Certified Public Accountants (“MICPA”) and CPA Australia. He is also a member of the Practice Review Committee of the MIA and the Public Practice, Technical and Financial Statement Review Committees of MICPA. He had served as a Board member of the Financial Reporting Foundation for two (2) terms and was a member of the Developing Nations Committee of the International Federation of Accountants (“IFAC”) for a term.

Mr. Siew joined Sekhar & Tan, Chartered Accountants in 2009 and is the Managing Partner. Prior to that, he served as the Managing Partner of BDO, one of the leading accounting firms in Malaysia. He has many years of experience in auditing, financial reporting and corporate advisory and has served as the audit engagement partner on many public listed companies. Mr. Siew was also involved in the role of Special Administrator for several public listed companies pursuant to the Pengurusan Danaharta Nasional Berhad Act, 1998 and successfully restructured them for re-listing. He served for four (4) years as the Finance Director of Malaysian Mosaics Berhad where he was involved in the reorganisation of the Group, restructuring of banking and financing arrangements and mergers and acquisitions besides improving the financial reporting systems.

Mr. Siew is also an Independent Non-Executive Director of Fraser & Neave Holdings Bhd and Great Eastern Life Assurance (Malaysia) Berhad. He was previously an Independent Non-Executive Director of Wing Tai Malaysia Berhad.

Mr. Siew attended all the six (6) Board meetings held in 2018.

DATO' KHOR SWEE WAH @ KOH BEE LENG

DJMK

Dato' Khor Swee Wah @ Koh Bee Leng, also known as Dato' Rosie Tan, 70, a Malaysian, Female, was appointed to the Board as Executive Director on 22 March 2013. Her corporate title was changed to Executive Vice President on 1 January 2015 and subsequently changed to Group Senior Executive Vice President on 28 November 2016. On 1 January 2018, her corporate title was changed to Group Chief Executive Officer.

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

Dato' Rosie Tan began her career in the Treasury Department of Tan Chong Group after her graduation in 1970 and was subsequently appointed as Deputy Managing Director of Tan Chong & Sons Motor Company Sdn Bhd on 10 January 2004. During her over 40 years' stint in the Group, she managed the multi-currency exposure of the Group and introduced the use of various innovative hedging products as part of her efforts in minimising cost for the Group; set up the Group's Treasury Department and Human Resources Division; and transformed a manual and traditional organisation into IT process driven operations.

As a passionate person, Dato' Rosie Tan has also worked tirelessly behind the scenes to advance many social causes. Over the years, she has established a name for herself in the Malaysian society for her involvement as the Honorary Treasurer (1994 - 1999) and Honorary Trustee (1999 - 2003) of the Malaysian AIDS Foundation. She was a Trustee of the Pink Triangle Foundation, a non-profit organisation providing HIV AIDS Education to the Malaysian society. She was also a Treasurer and Trustee for the Datin Seri Endon Breast Cancer Foundation (2004 - 2007). She is a corporate nominee of the Company to Kuala Lumpur Business Club, a networking, support and business development organisation for business leaders and professionals. She was awarded the prestigious Entrepreneur of The Year in the Automotive Industry at the 12th Asia Pacific Entrepreneurship Awards (“APEA”) 2018 Malaysia in recognition of her notable entrepreneurial achievements, excellence and contribution towards the development of the automotive industry.

Dato' Rosie Tan believes that even from a business point of view, there is a necessity to drive corporate sustainability for any business empire to thrive. She pioneered corporate sustainability and incorporated environmental/charity campaigns within the Group. This is notable through her active contribution and conscientious efforts towards reach-out programmes such as tree-planting at its assembly plant in Serendah to reduce carbon footprint and enhance ecosystem; establishing after-school daycare centres to help improve the lives of underprivileged children and bettering the lives of those who are unfortunate and needy.

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

Dato' Rosie Tan attended all the six (6) Board meetings held in 2018.

PROFILE OF DIRECTORS

HO WAI MING

Ho Wai Ming, also known as Daniel Ho, 48, a Malaysian, Male, was appointed to the Board as Executive Director and Group Financial Controller on 22 March 2013 and 1 April 2013 respectively. His corporate title was changed to Chief Financial Officer effective 1 January 2015.

Mr. Ho is a Fellow of the Association of Chartered Certified Accountants (“ACCA”), a Member of the Malaysian Institute of Accountants (“MIA”), a Member of the Chartered Tax Institute of Malaysia (“CTIM”) and a Member of the International Fiscal Association. He is also a registered ASEAN Chartered Professional Accountant (“ACPA”).

Mr. Ho has more than 25 years’ experience in taxation, accounting and finance. He joined the Group as Senior Manager (Taxation) in September 2005 and rose to the position of Executive Director and Group Financial Controller on 22 March 2013 and 1 April 2013 respectively. He was appointed as Company Secretary on 28 August 2015. During his over 10 years’ stint in the Group, Mr. Ho has been involved in various financial and corporate management functions within the Group. Immediately prior to joining the Group, he was a Senior Consultant of PricewaterhouseCoopers Taxation Services Sdn Bhd. He had also served as an Accountant for the Bechtel Corporation’s companies in Malaysia. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Mr. Ho attended all the six (6) Board meetings held in 2018.

LEE MIN ON

Lee Min On, 59, a Malaysian, Male, was appointed to the Board on 28 November 2016. He is an Independent Non-Executive Director, the Chairman of the Board Risk Management and Sustainability Committee, and a member of the Audit Committee and the Nominating and Remuneration Committee.

Mr. Lee is a Chartered Accountant of the Malaysian Institute of Accountants (“MIA”), a Certified Public Accountant (“CPA”) of the Malaysian Institute of Certified Public Accountants (“MICPA”) and a Chartered Fellow Member of The Institute of Internal Auditors, Malaysia (“IIAM”).

Mr. Lee started his career with KPMG Malaysia in 1979 and retired as a Partner of the Firm on 31 December 2015. During his tenure with KPMG, he served in the external audit division before moving to helm the Firm’s risk consulting practice, providing, inter-alia, board advisory services that encompassed corporate governance assessment, enterprise risk management and risk-based internal audit for both public listed as well as private corporations.

Mr. Lee co-wrote the “Corporate Governance Guide – Towards Boardroom Excellence” 1st and 2nd Editions which were published by Bursa Malaysia Securities Berhad (“Bursa Malaysia”). He also sat on the Task Force which was responsible for developing the “Statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers”, a document issued by Bursa Malaysia in 2012. As a strong advocate for good governance and integrity in the market place, Mr. Lee regularly speaks at public seminars and conferences, including in-house sessions, sharing his thoughts and insights, particularly on Sustainability, Governance, Risk and Control.

Mr. Lee also sits as an Independent Non-Executive Director of APM Automotive Holdings Berhad, Warisan TC Holdings Berhad and Kotra Industries Berhad. He is also an audit committee member of IIAM. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Mr. Lee attended all the six (6) Board meetings held in 2018.

Save as disclosed above, none of the Directors has:

- (i) any family relationship with any Director and/or major shareholder of the Company; and
- (ii) any conflict of interest with the Company.

The above Directors have not been convicted of any offences within the past five (5) years other than traffic offences, if any, and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year 2018.

PROFILE OF KEY SENIOR MANAGEMENT

Key Senior Management of Tan Chong Motor Holdings Berhad (“TCMH”) Group comprises Dato’ Tan Heng Chew - President, Dato’ Khor Swee Wah @ Koh Bee Leng - Group Chief Executive Officer, Mr Ho Wai Ming - Chief Financial Officer, whose profiles are included in the Profile of Directors on pages 30 to 32 in the Annual Report 2018, and the following Senior Management Personnel:

1. Nicholas Tan Chye Seng

Head of Financial Services Division (*w.e.f. 5 March 2012*)
Aged 45, Male, Malaysian

Qualification:

- Bachelor of Science Degree - Boston University School of Management, USA

Working Experience:

- Worked in global investment banks in Kuala Lumpur, Singapore and Hong Kong for 10 years.
- Joined the Group in 2008 and set up the Corporate Planning and Strategic Investments Division.
- Established e-auction platform for used vehicles business (MUV) and developed supporting eco-system for car financing, shared mobility (GoCar and Grab Inc.), leasing and insurance product verticals.
- Appointed as Director of TCCL Sdn Bhd and TC Capital Resources Sdn Bhd, wholly-owned subsidiaries of TCMH which are engaged in insurance agency business and hire purchase/financing/leasing/money lending business, on 5 March 2012 and 21 September 2012 respectively.

Present Directorship(s):

Listed Entity : APM Automotive Holdings Berhad - Non-Independent Non-Executive Director
Other Public Companies : Nil

Family relationship with any director and/or major shareholder:

- Son of Dato’ Tan Heng Chew, a Director and major shareholder of TCMH.
- Son of Dato’ Khor Swee Wah @ Koh Bee Leng, a Director of TCMH.

2. Christopher Tan Kok Leong

Head of Motor Division (Malaysia) (*w.e.f. 1 January 2016*)
Aged 42, Male, Malaysian

Qualification:

- Bachelor of Arts Degree in Business Administration - Middlesex University, UK

Working Experience:

- Joined the Group in September 1997 and held several managerial positions in product planning, sales and marketing. Promoted to the position of Sales and Marketing Director of Edaran Tan Chong Motor Sdn Bhd (“ETCM”) on 1 January 2016.
- Appointed as Director of Tan Chong & Sons Motor Company Sdn Bhd and ETCM, wholly-owned subsidiaries of TCMH which are engaged in automotive business, on 28 December 2012 and 2 November 2016 respectively.

Present Directorship(s):

Listed Entity : Nil
Other Public Companies : Nil

Family relationship with any director and/or major shareholder:

- Son of Dato’ Tan Heng Chew, a Director and major shareholder of TCMH.
- Son of Dato’ Khor Swee Wah @ Koh Bee Leng, a Director of TCMH.

PROFILE OF KEY SENIOR MANAGEMENT

3. Wong King Yoon

Head of Commercial Vehicles Division (*w.e.f. 1 January 2014*)
Aged 67, Male, Malaysian

Qualification:

- Certificate of Competency in Motorcar Mechanic Craftmanship awarded by the Board of Industrial Training and National Craftmanship Certification, Ministry of Human Resources.
- Certificate of Achievement in Marketing Management awarded by the International Advertising, Communication and Technology College (formerly known as Institute Advertising Communication Training), the education and training organisation of Association of Accredited Advertising Agents, Malaysia and Malaysian Advertisers Association.

Working Experience:

- Joined Tan Chong Industrial Equipment Sdn Bhd ("TCIE"), a wholly-owned subsidiary of TCMH which is engaged in distribution of commercial vehicles and spare parts, in 1977 as a Technical Assistant.
- Held various senior positions during his 40 years tenure with TCIE where he gained experience in trucks and bus business before his appointment as Director of TCIE on 28 March 2005.
- Pioneered the Service and Technical Department of TCIE. Instrumental in charting the growth and prospects of TCIE, including the securing of UD Trucks and Bus Franchise in Malaysia for the Group.
- Assumed a new role on 1 January 2018 as Executive Vice President of Regional Business Development, responsible to grow and expand the Truck Group's business expansion regionally.

Present Directorship(s):

Listed Entity : Nil
Other Public Companies : Nil

4. Teong Seng Kiang

Head of Group Procurement and Supply Chain Management Division (*w.e.f. 1 January 2017*)
Aged 60, Male, Malaysian

Qualification:

- Fellow of the Association of Chartered Certified Accountants (ACCA)
- Master of Business Administration (MBA) - University of Westminster, London.

Working Experience:

- Has over 30 years of working experience in automotive, manufacturing and audit fields. Last position held prior to joining the Group was General Manager covering Finance, Admin and Procurement of an automotive company.
- Joined the Group in 2006 as General Manager in the Chairman Office and was transferred to Group Procurement in 2007. Promoted to the position of Director of Group Procurement in 2012. Assigned with additional role in overseeing Group Supply Chain Management and re-designated as Head of Group Procurement and Supply Chain Management Division effective 1 January 2017.
- Appointed as Director of Edaran Tan Chong Motor Sdn Bhd, Tan Chong & Sons Motor Company Sdn Bhd and Tan Chong Motor Assemblies Sdn Bhd on 20 July 2012, 28 December 2012 and 14 February 2013 respectively.

Present Directorship(s):

Listed Entity : Nil
Other Public Companies : Nil

PROFILE OF KEY SENIOR MANAGEMENT

5. Yao Tsu-Wei (also known as Michael Yao)

Head of After-Sales Division (*w.e.f. 1 March 2013*)
Aged 55, Male, Taiwanese

Qualification:

- Bachelor of Engineering Degree Majoring in Mechanical Engineering - Tamkang University, Taiwan.

Working Experience:

- Has more than 20 years of working experience in after-sales service of the automotive sector. Last position held prior to joining the Group was Director of Customer Service Department of Volvo Cars Taiwan Limited.
- Joined the Group in March 2013 as Senior General Manager, After-Sales, Spare Parts & Workshop of Tan Chong Ekspres Auto Servis Sdn Bhd, a wholly-owned subsidiary of TCMH which is engaged in automotive workshop services and was promoted to the position of Executive Vice President, After-Sales, Spare Parts & Workshop in 2019.

Present Directorship(s):

Listed Entity : Nil
Other Public Companies : Nil

6. Lee Jiunn Shyan (also known as Lawrence Lee)

Head of Assembly and Manufacturing Division (*w.e.f. 1 January 2018*)
Aged 49, Male, Malaysian

Qualification:

- Bachelor of Engineering (Honours) – Monash University, Australia.
- Bachelor of Economics – Monash University, Australia.

Working Experience:

- Joined Tan Chong Motor Assemblies Sdn Bhd (“TCMA”), a subsidiary of TCMH, which is engaged in the assembly of motor vehicles and engines, in 1995 as an Engineer.
- Held various senior positions during his 19 years tenure with TCMA where he gained experience in assembly of motor vehicles and technical operations including construction and management of assembly plants, before his appointment as Director of TCMA on 21 July 2014.
- Appointed as Director of several manufacturing subsidiaries of the Group, namely TCM Stamping Products Sdn Bhd, TC Aluminium Castings Sdn Bhd and TC Module Integrator Sdn Bhd on 21 July 2014; and TC Plastics Sdn Bhd and TC Transmission Sdn Bhd on 10 April 2015.
- Appointed as General Director and Legal Representative of the overseas subsidiaries of the Group, namely TCIE Vietnam Pte Ltd and TC Motor Vietnam Co., Ltd. on 16 November 2016 and 27 September 2016 respectively.

Present Directorship(s):

Listed Entity : Nil
Other Public Companies : Nil

Save as disclosed above, none of the abovementioned Key Senior Management Personnel has:

- (i) any family relationship with any Director and/or major shareholder of the Company;
- (ii) any conflict of interest with the Company;
- (iii) any conviction of offences within the past five (5) years other than traffic offences, if any; and
- (iv) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.





SUSTAINABILITY STATEMENT

OUR ROADMAP TO SUSTAINABILITY

About This Statement
Board of Directors' Overview
Sustainability Governance
Multi-Stakeholders' Approach
Materiality

OUR REPORTING FRAMEWORK

ECONOMIC

Shaping A Sustainable Future

ENVIRONMENTAL

Nurturing Nature & Its Environment

SOCIAL

Prioritising The Community

PAVING THE WAY NEXT

SUSTAINABILITY STATEMENT

ABOUT THIS STATEMENT

This is the second Sustainability Statement (“Statement”) published by Tan Chong Motor Holdings Berhad (“TCMH” or “the Company”) and its subsidiaries (“TCMH Group” or “the Group”). This Statement builds on the inaugural 2017 edition in charting TCMH’s sustainability journey and outlining efforts to embed sustainability into every area of the Group’s business. This Statement also tracks TCMH’s performance in managing the economic, environmental and social aspects of its operations and their impact on all stakeholders, including customers, shareholders, investors, business partners, suppliers and employees, as well as the communities and environment in which the Group has a presence. For this Statement, TCMH has set out to be as comprehensive and transparent as possible in its disclosure and reporting of sustainability plans and practices within the Group.

BOARD OF DIRECTORS’ OVERVIEW

As the Group gears into 2018, two things come into mind, namely growth and sustainability. Sustainable growth is among the biggest challenges any business organisation may face, but it isn’t a new matter. To do that, we need to create long-term value from our business without exhausting the depletive resources at our disposal. Even though circumstances vary for different entrepreneurs and industries, the fundamentals of sustainable growth remain the same. To realise sustainable success, organisations must continually re-examine their sense of purpose and ensure they are well served.

Ecosystems are crucial to sustainable growth because they provide the structure that surrounds and supports the businesses within them. A business ecosystem is an economic community of organisations and individuals that interact in diverse manners, encouraging organisations to evolve their capabilities competitively. They spread “stakeholdership” from the business into society. Creating a unique product and brand isn’t enough. It takes sales processes, which are iterative, to create a scalable business. To continue growing, entrepreneurs, managers and business owners must become the leader the business needs at each particular stage of growth. And since an organisation imbibes change at each stage, its leaders need to move in tandem. That requires introspection, self-awareness and a keen sense of strategy, both for the short and long term.

The Group believes that an adaptive, flexible leadership style comes from being mindful. Our individual, interpersonal and working lives are all interconnected. By being mindful, we understand those relationships and how best to utilise them to create, innovate and lead those around us and for next generation’s growth. As a leading regional conglomerate, our aim is to drive growth in all areas that are within our capability and capacity and to empower our employees, customers and communities to drive their own success, as we strongly believe that our success is directly linked to the prosperity and social inclusion of the communities and economies which we operate in. To that end, TCMH fully embraces its role as a

responsible organisation by facilitating society’s access to quality automotive, services and financial offerings.

We understand that all our stakeholders, not only shareholders and investors, need to benefit from the value we create. Our achievements are a reflection which drives and guides us on addressing complex challenges and making our business fit for the future. Key highlights this year include our commitment to stakeholder experience, to ensure stakeholder-centricity is embraced by all in the organisation, whether they are customers, shareholders, government officials or media – to help promote the Group’s agenda towards achieving its targets.

On employees, we witnessed substantial progress in our ongoing culture transformation, especially in driving ‘Beyond Resiliency’ to instil a deep cooperative mindset among all employees. Additionally, we invested substantially on TCMH regional training programmes in 2018. We also endeavoured to provide a complete range of facilities from crèches for children, wellness and fitness programmes, shuttle service, sports and recreation, as well as medical and health clinic; all under one roof at our headquarters to enhance employees’ working life in TCMH.

As we enter into an era of new opportunities and challenges, our Group has enormous potential and is poised to convert opportunities so as to become more successful as an organisation, together with our stakeholders. For the past 61 years since our inception, the Group has supported innumerable social and community initiatives in Malaysia and Indochina by touching the lives of millions of people positively through environmental, social and educational programmes. As a constructive partner in the communities in which we operate, the Group will continue to drive progress and enhancement on societal, environmental and business-critical initiatives. We want to make a difference not only in our organisation, but also challenge and encourage our stakeholders to do the same. No matter what the future holds, TCMH will continue to take various approaches to help create a better future for everyone.








SUSTAINABILITY STATEMENT

SUSTAINABILITY GOVERNANCE

The Board has established a Board Risk Management and Sustainability Committee (“BRMSC”) which assists the Board in overseeing risk, risk management and sustainability activities across the Group. The BRMSC comprises three (3) Independent Non-Executive Directors and an Executive Director.

MULTI-STAKEHOLDERS’ APPROACH

At TCMH, we value excellent working relationships with all relevant parties. Within the organisation, there must be clarity and consistency. At the same time, we need commitment and robust methods to monitor our progress and to constantly push ourselves to find pragmatic solutions to address the challenges and opportunities we face. Feedback and communication are important to us. We have a high regard for open and honest communication with all our stakeholders, comprising individuals, groups and communities we work and come in contact with. Hence, we continue to engage stakeholders and listen to their feedback, needs and concerns on matters relevant to us in all areas that we operate in. To do this, we have adopted various communication and engagement strategies for all segments and groups.

STAKEHOLDER GROUP	STAKEHOLDER DESCRIPTION	METHOD OF ENGAGEMENT
PRINCIPAL PARTNERS 	These stakeholders are our long-term business partners whom we have engaged with in joint ventures or other partnership/agency agreements	<ul style="list-style-type: none"> • Principal engagement • Summits and Conferences
CUSTOMERS 	Our customers comprise retail customers, businesses and governments, both local and international	<ul style="list-style-type: none"> • Marketing plan • Customer Satisfaction Survey • Customer feedback channel
EMPLOYEES 	Our employees are key enablers of all our business activities and are involved in all parts of our value chain	<ul style="list-style-type: none"> • Employee Engagement Survey • Trade unions • Events and functions
SHAREHOLDERS 	Shareholders are the owners of the Company	<ul style="list-style-type: none"> • Annual General Meeting • Quarterly Announcement • Regular updates and Communications
REGULATORS 	Regulators stipulate and enforce the laws and regulations in the various markets where we operate	<ul style="list-style-type: none"> • Regular updates and communications
LOCAL COMMUNITIES 	Our communities include, but are not limited to, the people who reside in the areas where we operate, NGOs, other businesses and other institutions	<ul style="list-style-type: none"> • Donations and financial aid • Contribution to environmental and social enhancement • Sustainability related programmes • Volunteer programmes • Events and roadshows
ANALYSTS 	Includes sell-side analysts and fund managers who write reports on the Group’s results, performance and plans moving forward	<ul style="list-style-type: none"> • Analysts and fund managers’ briefings • One-on-one meetings • Investor Conferences/JP Morgan Corporate Day

SUSTAINABILITY STATEMENT

STAKEHOLDER GROUP	STAKEHOLDER DESCRIPTION	METHOD OF ENGAGEMENT
MEDIA	 <p>Our media stakeholders include news editors and reporters who are responsible for the public dissemination of information related to our Group</p>	<ul style="list-style-type: none"> • Events and press conferences • Media briefings • Corporate interviews • Press conferences
VENDORS/SUPPLIERS	 <p>Include general suppliers, localised part suppliers, consultants, contractors and all service vendors</p>	<ul style="list-style-type: none"> • Vendor registration • Contract negotiation • Vendor appointments • Supplier audit and evaluation

MATERIALITY

Determining what matters most to the business and stakeholders is a critical step in the process to drive sustainability. The Group deployed an internal process to determine materiality of those sustainability matters that are crucial for the Group to report on and monitor to enable sustainability goals to be achieved. By distilling feedback from key executives, key management involved

in operations and representatives from various divisions, we determined the scope of material sustainability issues across the Group. These material matters were also arrived at based on the consideration of their importance to both TCMH Group and our stakeholders, in terms of decision, as well as on their degree of impact on the Group's business operations and interest of stakeholders at large.

IDENTIFYING THE GROUP'S MOST MATERIAL MATTERS SUSTAINABILITY AREA



SUSTAINABILITY STATEMENT

OUR REPORTING FRAMEWORK

TCMH conducts its business based on the principles of fairness, honesty, frugality, integrity, trustworthiness, innovation and creativity. At TCMH, we strive to ignite and continue our journey with all our stakeholders as we build opportunities for our people, our leaders and the local economy.



ECONOMIC *Shaping A Sustainable Future*

Shareholders' Plant Visits



TCMH believes that it is crucial to disclose corporate, financial and operational information to its shareholders and other stakeholders in a timely and fair manner to obtain their long-term support. The Group organises shareholders' plant visit to its assembly plant in Serendah annually in order to build a solid relationship of trust with shareholders and reinforce the Group's strong operational and financial standing. This programme also provides shareholders with the opportunity to familiarise themselves with the Group's business fundamentals and plant operations as well as to learn more about the business they are investing in. The opinions and requests collected from shareholders are fed back to the management and relevant business divisions to reflect them in our future business activities. The Group continues to enhance its activities by having dialogues and interactions with Company shareholders. Creating shareholder value and trust is the fundamental principle of how TCMH does business.



Analysts' Briefing

TCMH acknowledges the role the analysts play as a source of information about our operations and planned activities. We believe that it is important to have ongoing dialogues and maintain close communication with them with the aim to deepen mutual understanding. Concurrent with the release of the Group's quarterly results to Bursa Malaysia, analyst briefings are held with fund managers and research analysts in order for them to glean pertinent insights into the Group's results and business operations for the year under review. These briefings facilitate fund managers and research analysts to produce their reports which are made available to investors and the media. The Group always strikes to engage with analysts regularly and delivers high quality communications in order to achieve fair evaluation in the capital market. We also endeavour to meet investors' needs by disseminating timely information on our website for investors.

SUSTAINABILITY STATEMENT



Chinese New Year Open House For Stakeholders

As a corporation with international reach serving multinational customers, TCMH has harnessed the elements of diversity and inclusions across its workforce, business partners, shareholders, customers, vendors and other stakeholders. At TCMH, everyone is united by a few elements and festive celebration is one of the platforms through which unity is forged. The Group's Chinese New Year Open House 2018 was organised for all races to gather and celebrate together as one Malaysia. It attracted more than 2,000 guests, which included government officials, business associates, media, clients, bankers and the public.

The well-attended event also served as a great platform for the Group to strengthen its relationships with key stakeholders and further leverage on marking 61 Years since the Group's first inception in 1957.



Analysts' Plant Visit

Financial analysts are the eyes and ears of the industries. TCMH aims to obtain an appropriate Company valuation in stock markets through timely and appropriate information disclosure whilst maintaining positive relationship and promoting good communication with analysts. During the financial year, the Group conducted a plant tour to its assembly plant in Serendah for the analysts in order to facilitate constructive dialogue. This event served as a platform to showcase to the visitors the Group's business policies, approach to manufacturing and on-site initiatives and develop a deeper understanding of its industries. It also gave the analysts a first-hand view of operations and the opportunity to meet with local management on the Group's business operations. With a two-way communication, the analysts could report back to the global marketplace about our products, efficiency and competitive advantages.

SUSTAINABILITY STATEMENT



Inculcating A Culture Of Excellence

The Group believes that a highly engaged and motivated team is the single most important asset for an organisation. Equipping its people with the mindset, skills and capabilities to succeed and thrive in a highly competitive environment is and has always been the Group's priority. Backed by strong leadership and guided by its core values, the Group has created a unique company culture that allows its people to be engaged, empowered and embrace their work with passion.

In collaboration with TC Education, TCMH has been conducting numerous internal and external trainings on both hard and soft skills this year. TC Education selects its training programmes carefully and considers every requirement so that all employees are given equal opportunities to participate in these programmes to improve their performance at work. This year, the Group included new programmes upon the request and requirements from the business units and the employees. Those new programmes comprised The 7 Habits of Highly Effective People, Corporate Culture and Core Values, Behavioral Based Interviewing Techniques, People Management Skills, Powerful Presentation with PowerPoint, Public Speaking Excellence, Microsoft Excel Applications, Effective Writing Skills, Finance for Non-Finance, Train The Trainers and Languages such as Mandarin, Japanese and Vietnamese.

Human Capital

TCMH is committed to fair employment, diversity and inclusivity in the workplace. Our Human Resource policies are inclusive as we strive to build and include in our talent pool from many different perspectives. In tandem with good governance promulgated by the Malaysian Code on Corporate Governance, we promote equal opportunity to all regardless of gender, ethnicity or cultural background, across all geographical locations where our businesses are based. Hiring of employees is based on meritocracy with equal opportunities provided for career development and advancement within the Group.

We are pleased to report that there have been no incidents of discrimination nor risk of freedom of association and collective bargaining, risk of child, forced or compulsory labour at all levels of employment during the financial year under review. There have also been no violations of human rights nor exploitative labour practices even as the Group adheres to laws and regulations on employment through the deployment of human resource policies and practices which comply with labour legislations, both locally and abroad, where we operate.

Our People Our Strength

We continually develop and harness the strengths of our existing talent pool with a view to retain and motivate high performance individuals who are positioned to take the Group to the next level of success. We also seek to attract the best minds in the market by participating actively in local and international career talks and fairs.

Learning & Development

Tan Chong School of Management (TCSM) which was launched in February 2017 caters for continuous learning and development for employees within the Group and was set up in consultation with Business Heads within the Group. TCSM systematically charts out the training and development needs of employees in leadership and management from Supervisory level up to Executive Vice Presidents.

Tan Chong Technical Institute (TCTECH), which focuses on vocational training for school leavers in automotive studies at Certificate and Diploma levels, doubles up as a pipeline providing automotive graduates for companies in our Group. Going forward, TCTECH will complement its automotive programmes with short courses or elective modules on hybrid technology and electric vehicle in line with the global passenger vehicle sales trends. TCTECH will expand two of its centres in Sandakan and Petaling Jaya to include training students in servicing and maintenance of Heavy Commercial Vehicles (HCM), in tandem with the Group's business direction.

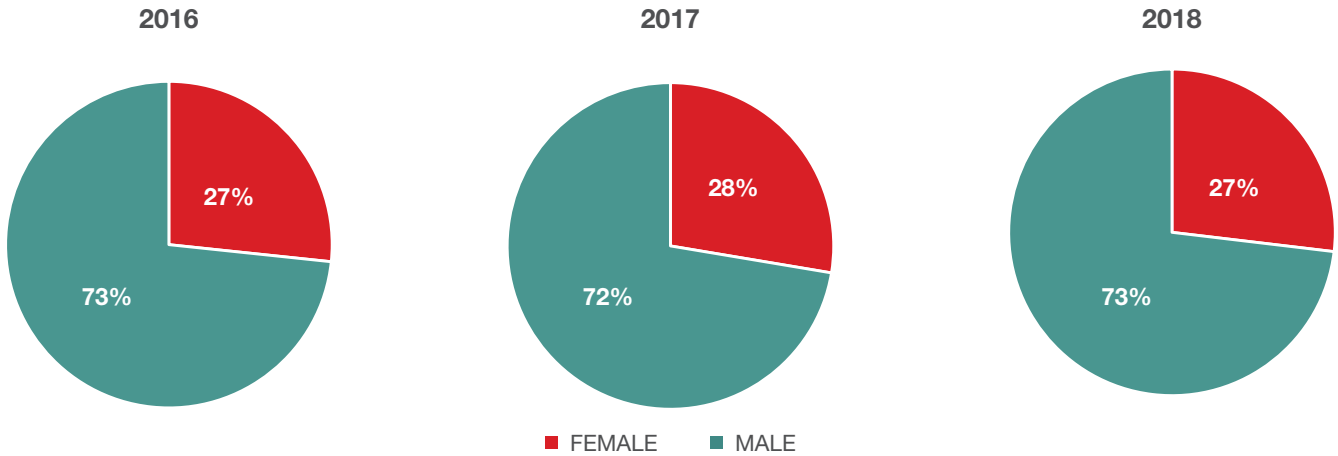
We will also roll out the Talented Managers' Programme and Senior Leadership Management Development Programme for identified "Hi-Potentials" with an aim to fast-track them for leadership positions to support the growth of the business.

Employees are encouraged to participate in a minimum of three training programmes annually as part of their personal learning and growth agenda. Career progression for existing employees is based on individual performance management measure and selection is based on explicit criteria determined by a Panel of Senior Management who ensures consistent administration of employees proceeding to the next level.

SUSTAINABILITY STATEMENT

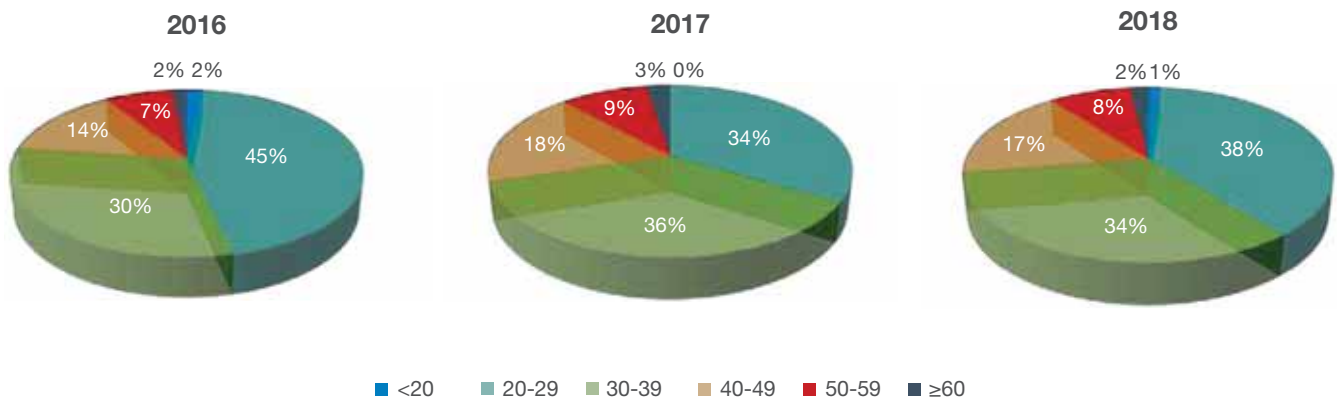
Number Of Employees By Gender:

In Tan Chong Group, women are recognised as a pivotal resource to drive economic growth as they contribute valuable skills, talent and experience to the workplace. Promoting gender equality is imperative for our workforce. Women employees make up about 28% of the Group’s workforce over the last three years as follows:



Number Of Employees By Age Group:

TCMH believes that infusing new blood into an organisation will likely spring forth new ideas the Group needs. To create value within the Group, we are on a constant look-out for new talents by exploring pertinent avenues on talent recruitment and invariably, we participate actively at local career fairs and other recruitment events. The following charts illustrate age profiles of our manpower; indicating a reasonable spread across all ages to facilitate succession planning within the Group.



SUSTAINABILITY STATEMENT

Regional Training Centre (RTC)

Tan Chong Motor Assemblies' (TCMA) trainings present a prime opportunity to expand the knowledge base of all employees. All new employees undergo a stringent orientation program which covers soft and technical skills. Being said, TCMA has its own Regional Training Centre

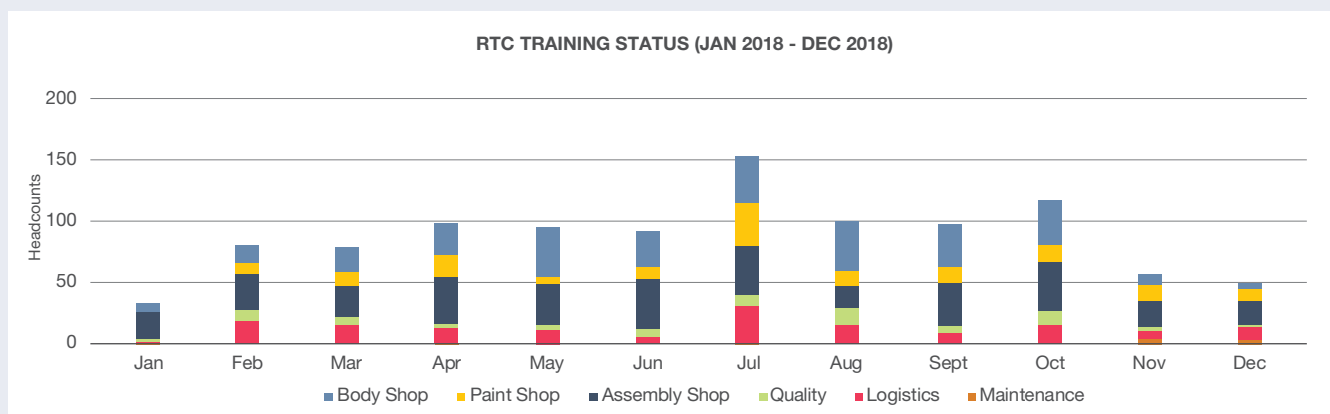
to train all new operators on the basic skills of vehicle assembly. The training centre is designed by following the Nissan Global Training Centre standards where TCMA had adopted six main training areas covering Body Shop, Paint Shop, Assembly Shop, Quality, Logistics and Maintenance.



The training centre focuses on the operation basics such as standard operation procedures, safety precautions, basic understanding of quality requirement and tools handling. All operators go through a series of courses where they are evaluated towards the end of the training and only those who are certified are selected to pursue their careers with the company.

In 2018, a total of 1,053 employees had undergone the training under RTC. The chart below indicates the headcounts who attended training in RTC by month for the year of 2018.

With the RTC system in place, TCMA ensures only competent personnel is hired to produce high quality products for our customers.



SUSTAINABILITY STATEMENT

Small Group Activity (SGA) And Kaizen

TCMA also organises Small Group Activity or SGA at its plants as an avenue for problem solving in teams by structurally searching for the root causes and eliminating them. TCMA consistently promotes active participation of its employees in contributing ideas to improve its overall performance through the SGA approach. TCMA has a total of 172 SGA teams, which focus on improving Safety, Quality, Cost & Productivity through Teian (suggestion scheme) and 5S.

Kaizen, which is the Japanese word for Continuous Improvement, aims to eliminate waste in processes. By adopting this philosophy, TCMA consistently encourages its employees to strive towards improving its processes by doing Kaizen. The monthly best Kaizen is rewarded with monetary reward as a token of appreciation for their effort.

Quality, Safety, Health And Environment (QSHE)

Employees' safety is an overriding priority at TCMH and is incorporated as a critical element of its operating principles. The Group opines that all workers are entitled to working conditions that do not pose a risk of serious harm. As such, TCMH has put in a lot of efforts in the area of occupational health and safety to reduce the number of work-related injuries and improve overall work environment. With this effort, the Group plays a role in identifying, evaluating and eliminating occupational and workplace hazards that can cause illnesses or injuries. In order to allow everyone to work smoothly and comfortably, various health and safety training programmes are constantly being conducted for ERT members and all levels of employees, both locals and foreigners, in educating them on how to reduce and prevent workplace hazards. TCMH continues to improve its safety and health processes whilst promoting best practices.

To keep pace with change and implement solutions that address environmental and social-related challenges, the Group has identified opportunities to manage its portfolio with a "green mindset". This incorporates mitigating climate change risks in all projects, right from material choices to low-carbon engineering solutions. The Group adheres to environmental compliance procedures governed by QSHE policy as well as the ISO 14001 Environmental Management System, which has been implemented for almost 10 years in all its operations.

TCMH believes that safety is productivity. An effective workplace can enhance productivity which benefits the organisation in the future. In order to reduce injuries and illnesses caused by stress and strain on the job, ergonomic training has been carried out for warehouse employees who are involved in manual handling activities in their daily tasks.

As prevention is better than cure, the Group firmly believes that it is the responsibility of employers to ensure that all employees are prepared for an emergency situation by providing adequate fire drill and fire extinguisher trainings. The trainings covered evacuation procedures, use of extinguishers, basic firefighting skills and survival techniques if trapped in smoke.

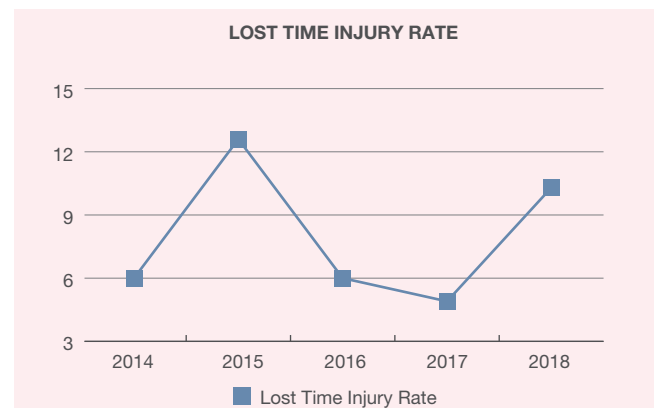
Reducing risk in the workplace is paramount, both to an organisation and its employees. The Group recognises the importance of Hazard Identification, Risk Assessment & Risk Control Training (HIRARC), which is the basis for occupational safety and health in order to achieve the objectives of OSH. HIRARC training has been carried out to enable employees to identify hazard, analyse and assess its associated risk and then apply suitable control measures before it becomes the root cause of accidents.

The Group believes that safety is a right and all of us have a right to feel safe and to work and play in a safe environment. Therefore, the Group provides many safety trainings at its headquarters and plants such as First Aid Awareness Talk & Trainings and Respiratory Trainings and also holds Safety Campaigns for both its employees and the public. For a number of years, ETCM has held Nissan Safety Campaigns annually to provide Malaysians with road safety knowledge through fun and creative activities. These activities included Introduction to Kids' Safety Carnival (Road and Fire Safety) and Safety Driving Experience (Don't Drink and Drive: Impaired Vision Experience).

Safety At Work

The assembly plants continuously put in measures to improve the safety and health of employees at both plants. However, an increase in Loss Time Injury Rate (LTIR) was recorded this year compared to last year. Several new programmes have been introduced this year to increase the awareness of the risks associated with the nature of work. This includes developing procedures, increasing scope of audits and inspection and providing opportunity for all employees to highlight unsafe acts or conditions. Achieving an accident-free working environment is a top priority at the plants.

YEAR	2014	2015	2016	2017	2018
LTIR	6	12.6	6	4.9	10.3

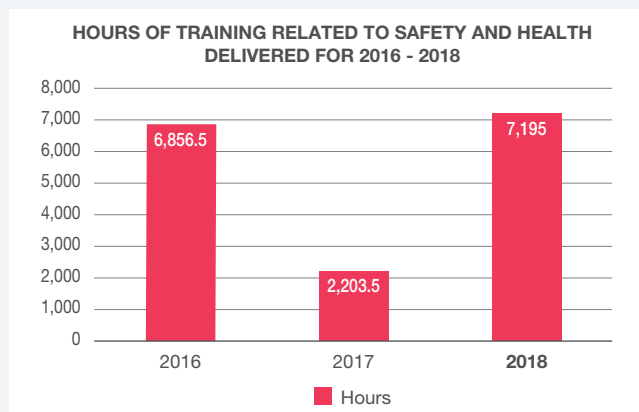


SUSTAINABILITY STATEMENT

Training Hours In Relation To Safety And Health

The graph below shows the number of hours our staff have been trained on safety and health matters. More trainings were conducted in 2018, both internally and externally, with the purpose to increase the level of awareness and knowledge among the workforce. It is of utmost importance that workers are aware of hazards posed and their risks in the plant. We see a need to increase our efforts in sharing knowledge with the workers. The plant continuously looks into the trainings' delivery content and methods to increase the effectiveness in reducing accidents and hence, creating a safe workplace.

YEAR	HOURS OF TRAINING
2016	6,856.5
2017	2,203.5
2018	7,195.0



Safe Working At Height Training

Safe working at height training was conducted for all employees to enhance their knowledge and skills when performing high risk activities. The employees were exposed to both theoretical and practical approaches during the training, which were conducted by experts in the field.

Commuting Safety Management System Training And Commuting Safety Induction – With Malaysian Road Transport Safety Association And SOCSO

Commuting accidents have been a concern nationwide due to the increasing number of road accidents involving the workforce, as reported by SOCSO. Hence, to create awareness and develop a systematic approach in reducing road accidents among plant employees, the assembly plants have worked with the Malaysian Road Transport Safety Association and SOCSO to organise trainings on Commuting Safety Management System as well as Commuting Safety Induction.



Sustaining The Workplace For Better Productivity

Our workplace sustainability approach is two-fold. We maintain stringent health and safety standards for our workforce as the nature of our business operations necessitates. Employees are part of the Group's prioritised stakeholders due to their high dependence and influence on the Group and its integral role in developing its workforce. TCMH believes that healthy employees equal less absenteeism, lower health care premium costs and higher productivity. The Group places high importance in its employees by organising comprehensive health programmes such as Breast Cancer Awareness Campaign, Medications & Cosmetics Awareness Campaign, Dental Talk & Screening and Diabetes Awareness Day. The Group's in-house Occupational Health Services team also travels nationwide to conduct health screening periodically with the aim to instil a high-performance culture. In order to encourage and attract the participation of women in our workforce, TCMH ensures that working mothers are provided with a supportive environment or business infrastructure that allows them to both care for their families and contribute to the workplace by establishing a daycare facility with breastfeeding rooms to care for their children age ranging from two to 12 years old. Besides, the Group also offers shuttle services to reduce stress-related health problems associated with driving, to all the employees. Shuttles allow employees to have added time to prepare for the day, check their emails or catch up on the latest news that ultimately drive productivity. By offering this service, it also helps to reduce the amount of pollution and greenhouse gas emissions to the environment.

SUSTAINABILITY STATEMENT



Nissan Nurtures Nature @ National Test Drives

We reap tomorrow, what we sow today. TCMH recognises that even as it inherits Mother Earth from its ancestors, they're merely borrowing her for future generations. Hence, the Group started its first series of Nissan Nurtures Nature Campaign alongside the Nissan Test Drive Carnival at few of its selected showrooms.

The campaign aims to gather customers and their families, business partners, non-profit organisations, media as well as employees to join hands in creating positive and meaningful changes to the environment and communities by featuring a series of fun and engaging eco-friendly activities and eco talks centred on the 3R: Reduce, Reuse and Reconnect. With the general idea of giving back to the environment, the Group continues to explore other avenues that will eventually contribute towards a sustainable community and environment.



Beach Cleaning

In conjunction with World Clean Up Day, Edaran Tan Chong Motor Sdn Bhd (ETCM) together with eco activists Guardians of Mother Earth, Trash Hero and I-Cycle, joined the global civic movement in a local beach clean-up activity in Sepang to raise the awareness on waste issues and embrace positive habits to enhance society's quality of life.

A total of 120 participants involving ETCM employees, Nissan family members and friends and eco activist volunteers worked together and collected more than 200kg of wastes, including 113kg of recyclable items, 86kg of trash and 6kg of cigarette butts. Types of common discarded materials collected included straws, glass and plastic bottles, food wrappers and cutleries and other miscellaneous wastes. This discarded materials' data was submitted to the World Clean Up authorities, so that it

could be analysed to better understand the scale of waste problem in Malaysia. It is with hope that this exercise will inspire more people to play their part in preserving our environment for our children and the future generations.



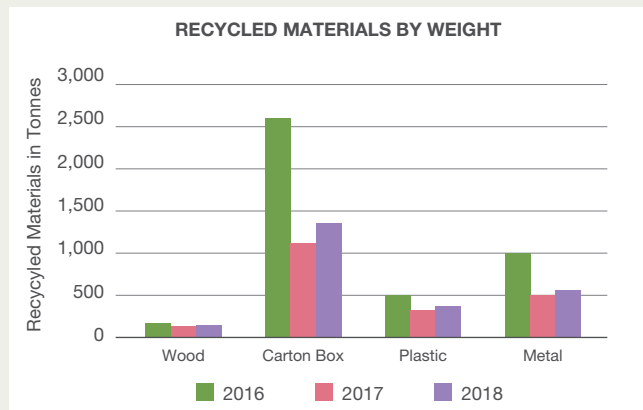
SUSTAINABILITY STATEMENT

Waste Management

In our daily operations, we reduce our environmental footprint through concerted efforts to elevate energy efficiency, reduce wastage and recycle materials on a regular basis.

All departments at TCMH's headquarters and at the assembly plants implement the "3R" Programme (Reduce, Reuse and Recycle) to manage and conserve resources at the workplace. TCMH sold more recycled paper this financial year compared to last year. The Group encourages its employees to uphold their commitment to waste management, not just at the workplace, but also at home by raising awareness on the importance of waste separation for recyclable and non-recyclable wastes.

RECYCLED MATERIALS IN TONNES	2016	2017	2018
Wood	123	66	99
Carton Box	2,617	1,106	1,300
Plastic	486	228	268
Metal	1,022	473	541

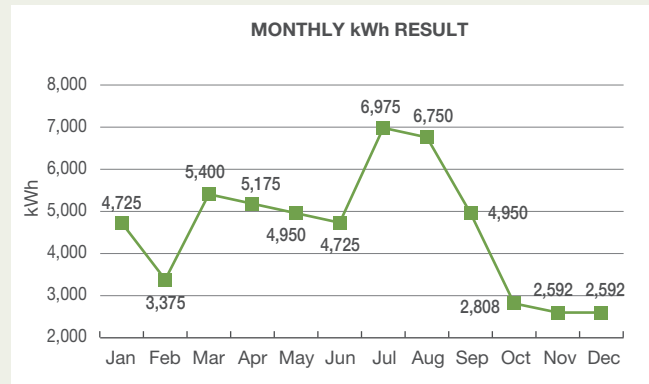


Energy Conservation And Carbon Dioxide (CO₂) Reduction

To conserve energy as well as to reduce carbon dioxide emission, our Serendah plant has implemented several activities as follows:

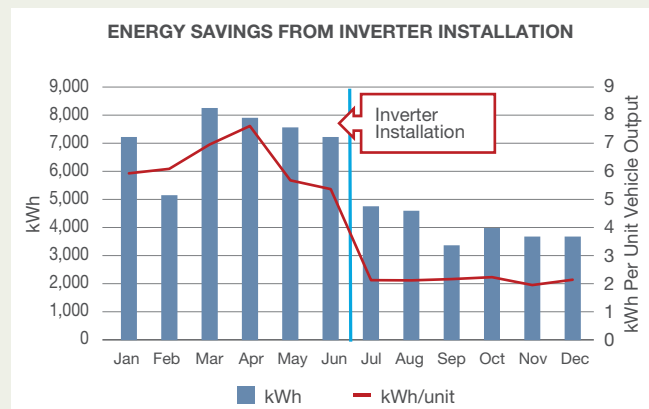
LED High Bay Lights

The plant has replaced 250watts metal halide high bay lights at its warehouse with 120watts LED high bay lights. This has reduced energy consumption as well as heat generated by the metal halide high bay lights. To date, 75 units of lights have been replaced, resulting in savings of 35.1MW per year, with 13.1t-CO₂ reduced per year.



Inverter Installation For ED System Circulation Pump

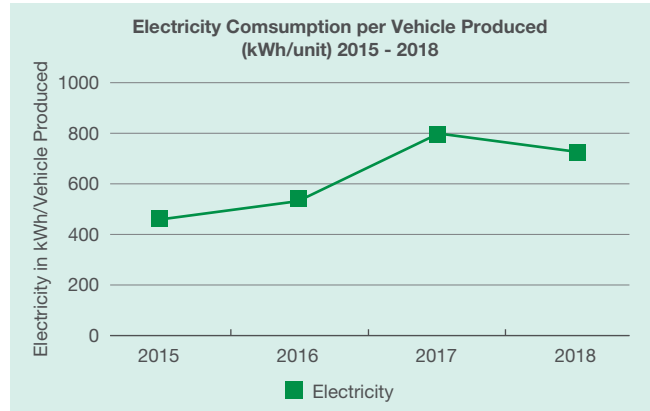
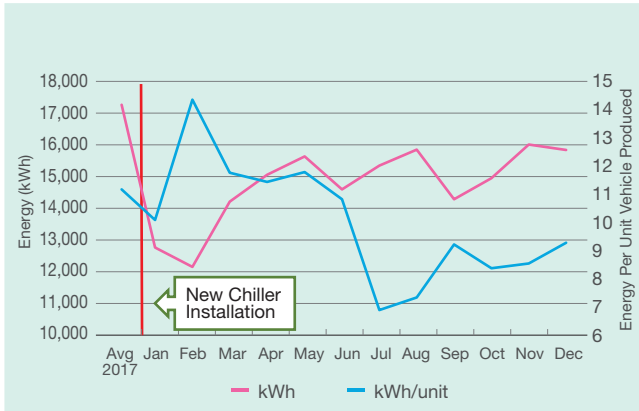
The circulation pump's function is to ensure homogeneity of the ED paint throughout the paint system. An inverter was installed to better control the valve opening and hence, reduce the energy used when operating the circulation pump. The improvement resulted in energy savings of 57.3MW per year. 21.4t-CO₂ per year was also reduced.



High Efficiency Chiller

To further improve energy conservation, our Serendah plant has replaced its chiller with a higher efficiency new unit. The previous unit was operating at an average of 541kW per day, whereas the new unit is operating at an average of 433kW per day. Annually, we have been successful in reducing energy consumption by up to 19.5MW and a further reduction of 7.3t-CO₂ per year.

SUSTAINABILITY STATEMENT



Opting for Energy-Saving LED Lights

To further reduce energy consumption, the lightings in the plant have also been gradually replaced from the conventional fluorescent bulbs to the energy-saving LED bulbs. In 2018, a total of 6,647 light bulbs have been replaced. With this investment, there was an energy consumption reduction of 478MW and a reduction of CO₂ emission of 179 tonnes.

Plant Electricity Consumption

The data below shows the electricity consumption per vehicle produced from 2015 to 2018. The decrease in 2018 is a result of several energy conservation programmes introduced in 2017 that took effect in 2018, in addition to the increase in vehicles produced. The plant continually seeks ways to increase operational efficiency, including reduction in energy consumption.

YEAR	2015	2016	2017	2018
Electricity Consumption per Vehicle Produced (kWh per unit)	461	538	802	732

Plant Water Consumption

Based on the consumption of water chart, it is obvious that we were able to sustain the consumption of water per vehicle produced both in 2017 and 2018. Nevertheless, the plant continuously seeks ways to improve water consumption. Efforts which are under study include rainwater harvesting, water recycling and operational control.

YEAR	2015	2016	2017	2018
Water Consumption per Vehicle Produced (m ³ per unit)	3.7	4.2	5.8	5.8

SUSTAINABILITY STATEMENT



SOCIAL *Prioritising The Community*

Chinese New Year Cheer And Fun-Filled Day At Kidzania With Underprivileged Schoolchildren

TCMH has always believed in sharing and contributing in whatever way it can to the society in which it operates. With the general idea of giving back to the society, the Group continues to explore more community outreach events and activities to bring more joy, cheers and laughter to those in need.

In conjunction with Chinese New Year celebration and as part of its social obligations to help the underprivileged and less fortunate groups to celebrate a better and joyful Chinese New Year, TCMH visited both SJKC Sungai Way and SJKC Sungai Chua which it has been sponsoring since 2008 and

2011 respectively by establishing after-school day care centres which focused in helping the children of single parents or guardians to alleviate their burden by providing them with meals, counselling and coaching them with their studies.

The Group also hosted a field trip for 29 schoolchildren of single parents from these two schools for a fun-filled day at edutainment centre, Kidzania in Kuala Lumpur. Featuring over 90 role-play professions within an actual working environment, Kidzania allows children to broaden their horizons and learn how to be self-sufficient and develop their own initiatives. Schoolchildren are encouraged to be reactive, learn the inner workings of an occupation and understand financial aspects of earning a living through role-playing activities.



Festive Cheer For The Underprivileged

As part of TCMH's Corporate Sustainability initiatives, the Group brought cheer to the less-fortunate children of Pusat Jagaan Baitul Hidayah and shared with them the meaning of love and sharing in conjunction with Hari Raya Aidilfitri celebration. A total of 65 children aged between three and 17 years old along with two caretakers were treated to a sumptuous lunch at their home. In keeping with the spirit of giving and sharing during Hari Raya, the Group also distributed duit raya to the children.

In the season of joy and giving, the Group has never forgotten its commitment to the society and community which it operates. Bringing festive cheer and warmth to the underprivileged children through its inaugural Christmas Charity Campaign 'Tis The Season For Joy & Giving', the Group's employees supported underprivileged children of Shelter Home For Children and Lighthouse Children Welfare Home by contributing school supplies. The employees also donated books and other reading materials to SJKC Sungai Chua for their library start-up.

SUSTAINABILITY STATEMENT



Tree Planting At SJK(C) Sg Chua In Honour Of The Group's Kindness And Support

Reiterating its commitment towards the well-being of children, TCMH planted a tree and celebrated Children's Day together with 1,600 children, teachers and Board of Directors of SJK(C) Sungai Chua in true spirit of fun and frolic.

In order to commemorate and honour TCMH's initiative, Parent-Teacher Association (PTA) of SJK(C) Sungai Chua extended an invitation to the Group to plant a tree together with the school's Board of Directors in their school compound as a mark of appreciation for all the support and commitment the Group has given to the schoolchildren since 2008.

SUSTAINABILITY STATEMENT



Deepavali Celebration

The Festival of Lights was once again celebrated heart-warmingly at the assembly plants. To share the joyous spirit of the celebration, Pusat Jagaan Anbe Sivam, an orphanage from Klang, was invited as guests for the event. The 30 children and caretakers were treated to various Indian delicacies and given doorgifts.

PPTD's CSR Trip: Jejak Asnaf To Pattani Province, Thailand

During the first quarter in 2018, The Welfare Committee of the Malaysian Administrative and Diplomatic Officers Association (PPTD) together with Perlis State Secretary Office, organised a PPTD's CSR trip to Pattani Province in Thailand to reach out to poor Muslim families of Asnaf in Pattani Province by providing them with basic daily and worship necessities. TCMH sponsored this programme by providing three 4WDs (Nissan Navara) used throughout the 1,200-kilometres mission.



Donations To Flood-Affected Stung Treng Community Cambodia

Tan Chong Motor (Cambodia) Pty. Ltd. ("TCMC"), a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad (Malaysia) and sole and exclusive Distributor of Nissan vehicles in Cambodia donated household items and food to Stung Treng province government and the community when flood at Sekong River damaged 17 villages, resulting in more than 3,000 families made homeless.

SUSTAINABILITY STATEMENT



Tan Chong Motor Lao Raises Fund For Flood Disaster In Attapeu Province, Laos

Tan Chong Motor (Lao) Sole Co., Ltd. (“TCML”), Sole and Exclusive Distributor of Nissan vehicles and subsidiary of Tan Chong Motor Holdings Berhad (Malaysia), provided aid by organising a collection team to drive around and go door-to-door to assist in collecting donation items and also set up a collection corner in their showroom for the general public who wished to donate any items in-kind to the people of Laos when a hydropower dam in Attapeu Province (southern Laos PDR) collapsed and caused the loss of lives and the destruction of homes to six villages.



Tan Chong Motor Myanmar Provided Aid For Flood Affected People Of Bago, Myanmar

Tan Chong Motor (Myanmar) Co., Ltd. (“TCMM”), a subsidiary of Tan Chong Motor Holdings Berhad (Malaysia) and the sole and exclusive distributor of Nissan vehicles in Myanmar, played their part in Corporate Sustainability by delivering basic necessities and food items to the affected areas of Bago Region when heavy monsoon rains pounded the area, resulting in flood. Kalayarni Ward, Kyuntharyar Ward, Zaiganaing South, Ottha Myothit Ward, Kyaukkyisu Ward and some low-lying areas were inundated with floodwaters and 11 relief camps were set up at monasteries to accommodate more than 4,000 affected flood victims in the city.

SUSTAINABILITY STATEMENT



PAVING THE WAY NEXT

TCMH's journey towards sustainability has been steady and at times, a little challenging due to the wide reach and ever-evolving nature of sustainability. Nevertheless, the Group understands that this will be a fulfilling journey. At this stage, the main challenge continues to be creating more awareness and getting the relevant support from all parties concerned on the importance of sustainability and its critical role in growing the Group in the long run. TCMH recognises this hurdle and is determined to overcome this via consistent engagement internally and externally with all stakeholders as it is optimistic that these engaging efforts will gradually but surely pay off in the years to come.

As TCMH heads into the third year of sustainability reporting, it will be peeling off another layer of processes for the material sustainability matters to the Group. The Group looks forward to next year's Sustainability Statement to outline what it has achieved and where it plans to head to next as it views its ability to contribute towards nation-building whilst meeting current and future societal demands as crucial to the growth of its businesses as a whole.

TCMH will continue to uphold its best practices, embrace sustainability and innovation and implement economic, environmental and social resilience in everything it does.



RENAULT KOLEOS

The Renault Koleos is a premium SUV that offers a range of features and specifications that is offered in the luxury category. It offers a total comfort to the passengers in the car with spacious legroom, dual air vents, dual USB charging ports for rear passenger and hands-free power tailgate. Its premium brown leather seats reassures the comfort and exclusivity while the 8.7-inch touchscreen multimedia system and the ambiance of customizable LED interior cabin lighting provides a first-class traveling experience when sit in the cabin.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Tan Chong Motor Holdings Berhad (“Company”) recognises the importance of having high standards of corporate governance in the Company in order to safeguard the interest of its stakeholders as well as enhancing shareholders’ value. The Directors consider corporate governance to be synonymous with four (4) key concepts, namely transparency, accountability, integrity and corporate performance.

As such, the Board embeds in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This Statement provides an overview of the Company’s application of the Principles and Practices set out in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) during the financial year 2018, and the details on how the Company has applied each of the Practices during the financial year under review are disclosed in the Corporate Governance Report, which is available for viewing on the Company’s website at www.tanchonggroup.com.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

The Board is responsible for the long-term success of the Group and delivery of sustainable value to its shareholders. In discharging its fiduciary duties and leadership functions, the Board sets the strategic direction for the Group, and ensures effective leadership through oversight of Management and robust monitoring of the activities and performance in the Group.

All members of the Board are aware of their responsibility to make decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders, besides safeguarding their interests. The roles and responsibilities of the Board are clearly set out in the Board Charter, which serves as a reference point for Board activities. The Board Charter provides guidance for Directors and Management regarding the responsibilities of the Board, its Committees, the Board Chairman and Management, the requirements of Directors in carrying out their stewardship role and in discharging their duties towards the Company as well as boardroom activities. This Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect any changes made to the terms of reference of the Board Committees. Salient features of the Board Charter are published on the Company’s website at www.tanchonggroup.com.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementation of appropriate internal controls to manage those risks; and reviewing and approving key matters such as financial results, investments and divestitures, acquisitions and disposals, and major capital expenditure.

To assist in the discharge of its stewardship role, the Board has established a number of Committees, namely the Audit Committee, Nominating and Remuneration Committee and Board Risk Management and Sustainability Committee (collectively “Board Committees”), to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board.

To enhance accountability, the Board has established clear functions reserved for itself and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of annual budgets and audited financial statements, quarterly and annual financial results for announcement, investment and divestiture, as well as monitoring of the Group’s financial and operating performance. Such delineation of roles is clearly set out in the Board Charter.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Executive Team (as defined in the Board Charter), comprising the President (leader), Group Chief Executive Officer (“Group CEO”), Chief Financial Officer (“CFO”), and other Senior Management Personnel, is responsible to the Board in accordance with their respective roles, positions, functions and responsibilities which include, inter-alia, the achievement of the Group’s goals and observance of management authorities delegated by the Board, developing business plans which are aligned to the Group’s requirements for growth, profitability and return on capital to be achieved, ensuring cost effectiveness in business operations, overseeing development of human capital and ensuring members of the Board have the information necessary to discharge their fiduciary duties and other governance responsibilities.

As the leader of the Executive Team, the President, who is supported by Group CEO, CFO and other Senior Management Personnel in the Executive Team, implements the Group’s strategies, policies and decisions adopted by the Board and oversees the operations and business development of the Group.

The President assumes the position of the Board Chairman. As Chairman of the Board, he is responsible for ensuring the adequacy and effectiveness of the Board’s governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

The Independent Non-Executive Directors, which comprise half of the Board size, are responsible for providing insights, unbiased and independent views, advice and judgement to the Board, including ensuring effective checks and balances on Board’s decisions. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company’s decision making by bringing in the quality of detached impartiality. Dato’ Ng Mann Cheong has been identified by the Board as the Company’s Senior Independent Non-Executive Director to whom concerns of fellow Directors, shareholders and other stakeholders may be conveyed.

The Board has established a Directors’ Code of Ethics which essentially sets out the standards of conduct expected from all Directors. The Directors’ Code of Ethics is contained in Appendix A of the Board Charter which is published on the Company’s website at www.tanchonggroup.com. To inculcate good ethical conduct, the Group has also established a Code of Conduct for its employees, which has been communicated to all levels of employees in the Group. The Company also has in place a Special Complaints Policy (“Policy”), which is equivalent to whistle-blowing policy, that serves as an avenue to employees of the Group for raising concerns relating to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified in accordance with the requirements of the Companies Act 2016, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

In discharging their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their purview. During the year, the Board deliberated on matters relating to business strategies and issues concerning the Group, including business plan, annual Group budget, financial results and significant transactions. All Board and Board Committee members are provided with the requisite notice, agenda and board papers prior to the convening of each meeting of the Board and Board Committees in a timely manner. For the financial year under review, the Board convened six (6) Board meetings and the attendances of the Directors are as follows:

Name	No. of Board Meetings Attended	Percentage of Attendance (%)
Dato’ Tan Heng Chew	6/6	100
Dato’ Ng Mann Cheong	6/6	100
Siew Kah Toong	6/6	100
Dato’ Khor Swee Wah @ Koh Bee Leng	6/6	100
Ho Wai Ming	6/6	100
Lee Min On	6/6	100

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board is mindful of the importance for its members to undergo continuous training to be apprised of changes to statutory and regulatory requirements and the impact such statutory and regulatory requirements have on the Group. Besides circulating the relevant circulars and guidelines on statutory and regulatory requirements from time to time for the Board's reference, the Company Secretary also explains to the Board at its meetings, the implication of the requirements on the Directors.

All Directors have completed the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa Securities. During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended/participated by the Directors are as follows:

Name	Details of Programme
Dato' Tan Heng Chew	<ul style="list-style-type: none"> • Bursa Malaysia and Institute of Corporate Directors Malaysia: Breakfast Series – Companies of the Future – The Role for Boards • Bursa Malaysia and The Iclif Leadership and Governance Centre: Breakfast Series – “Non-Financial – Does It Matter?”
Dato' Ng Mann Cheong	<ul style="list-style-type: none"> • Minority Shareholders Watchdog Group and Bursa Malaysia: Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology • Audit Committee Institute: ACI Breakfast Roundtable August 2018 • Institute of Corporate Directors Malaysia: PowerTalk - Would a Business Judgment Rule Help Directors Sleep Better at Night?
Siew Kah Toong	<ul style="list-style-type: none"> • Chartered Tax Institute of Malaysia and Royal Malaysian Customs Department: National GST Conference 2018 • Audit Committee Institute: ACI Breakfast Roundtable August 2018 • Securities Industry Development Corporation: Business Foresight Forum 2018 – Disruptions and Collaborations – The Rise of Capital Market Businesses 4.0 • The Malaysian Institute of Certified Public Accountants: MICPA-CAANZ Audit Forum • Malaysian Anti-Corruption Academy: Gearing Up for Corporate Liability • The Iclif Leadership and Governance Centre: Independent Directors Programme – The Essence of Independence • The Malaysian Institute of Certified Public Accountants: MICPA Morning Talk – Practical Issues, Problems and Pitfalls in Registering a Limited Liability Partnership • Lembaga Hasil Dalam Negeri Malaysia: National Tax Seminar 2018
Dato' Khor Swee Wah @ Koh Bee Leng	<ul style="list-style-type: none"> • CIMB Thai: CIMB Dinner Talk “Riding ASEAN in the Year of Dog – Volatility and Global Political Challenges” • Nissan Senior Management and Nissan Futures Knowledge Partner, Frost & Sullivan: The Nissan Futures thought Leadership • Minority Shareholders Watchdog Group and Bursa Malaysia: Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Details of Programme
Ho Wai Ming	<ul style="list-style-type: none"> • Bursa Malaysia and Securities Commission Malaysia: Corporate Governance Briefing Sessions – MCCG Reporting and CG Guide • Tan Chong Motor Holdings Berhad: Workshop for Internal Auditors • Malaysian Institute of Accountants and Bursa Malaysia: Advocacy Program – Evolution of Future Chief Financial Officers • Association of Chartered Certified Accountants Malaysia: ACCA Talk Series – Practical Implementation Issues – A Focus on IFRS 15 and Other Standards • Star Media Group Berhad and Iconix Talent Network: myStarjob.com Talent Summit 2018 – Future of Talent Management • TC Management Services Corporation Sdn Bhd (Group Finance and Administrations): MFRS 16 Training • Bursa Malaysia and The Iclif Leadership and Governance Centre: Breakfast Series – “Non-Financial – Does It Matter?” • Tan Chong Motor Holdings Berhad: 2019 Budget Briefing by Mr Tang Chin Fook, Tax Consultant
Lee Min On	<ul style="list-style-type: none"> • Bursa Malaysia and Securities Commission Malaysia: Corporate Governance Briefing Sessions – MCCG Reporting and CG Guide • Audit Committee Institute: ACI Breakfast Roundtable March 2018 • Warisan TC Holdings Berhad: MFRS 16 Leases • Minority Shareholders Watchdog Group and Bursa Malaysia: Advocacy Programme on CG Assessment using the Revised ASEAN CG Scorecard Methodology • Audit Committee Institute: ACI Breakfast Roundtable August 2018 • Malaysian Anti-Corruption Academy: Gearing Up for Corporate Liability • Warisan TC Holdings Berhad: Importance of Having Robust Governance Risk & Control / Compliance Framework (as speaker) • Bursa Malaysia and Institute of Corporate Directors Malaysia: Breakfast Series – Companies of the Future – The Role for Boards

II. BOARD COMPOSITION

The Company is led by an experienced Board which is vital for the continued progress and success of the Group. The current Board consists of six (6) members, three (3) Executive Directors and three (3) Independent Non-Executive Directors. This composition of the Board fulfills the requirements as set out in the Listing Requirements of Bursa Securities which stipulate that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be Independent Directors. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, marketing, operations, entrepreneurship, finance, taxation, accounting, audit, legal, economics, as well as corporate governance, risk management and internal audit. The profiles of the Directors are set out on pages 30 to 32 of the Annual Report.

The Nominating and Remuneration Committee (“NRC”) is entrusted to assess the adequacy and appropriateness of the Board composition, identify and recommend suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity, including gender, age and ethnicity diversity, training requirements for Directors and other qualities of the Board, including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Based on the annual assessment conducted on 22 January 2019, the NRC concluded that the Board, Board Committees and individual Directors have the relevant skill sets and have effectively discharged their stewardship responsibilities to meet the needs of the Company, and has accordingly recommended to the Board the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried out by the NRC were duly documented.

The Company's Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, the Independent Non-Executive Director may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director after the latter had served a cumulative term of nine (9) years, the Board must justify such decision and seek shareholders' approval at the AGM.

The NRC also assessed the independence of Independent Non-Executive Directors for the financial year 2018 based on criteria set out in paragraph 1.01 of the Listing Requirements and Practice Note 13 of Bursa Securities and concluded that all the Independent Non-Executive Directors have satisfied the independence criteria and each of them is able to provide independent judgement and act in the best interest of the Company.

Following the assessment and recommendation by the NRC, the Board is of the opinion that the independence of the existing Independent Non-Executive Directors remains unimpaired and their judgement over business dealings of the Company has not been influenced by the interest of the other Directors or substantial shareholders.

Dato' Ng Mann Cheong has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years while Mr. Siew Kah Toong will be serving as an Independent Non-Executive Director of the Company for nine (9) years by 1 July 2019. Following the assessment and recommendation by the NRC, the Board recommended that both Dato' Ng Mann Cheong and Mr. Siew Kah Toong be retained as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming AGM of the Company based on key justifications as set out in the Explanatory Notes of the Notice of the AGM.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended the re-election of Directors who are due for retirement by rotation, and the continuation in office as Independent Non-Executive Director for Dato' Ng Mann Cheong (appointed on 31 July 1998) and Mr. Siew Kah Toong (appointed on 1 July 2010) who each has served a cumulative period of more than nine (9) years for shareholders' approval at the forthcoming AGM;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Assessed the Directors' training needs;
- Reviewed the proposed policies and procedures for the remuneration of Directors and Senior Management;
- Reviewed the remuneration of Executive Directors and Senior Management Personnel of the Group; and
- Reviewed the proposed extension of the Executive Service Contract of the President and Senior Management.

The Board has formalised a Board Diversity Policy and such policy is contained in the Board Charter which is published on the Company's website. The Board strongly advocates Board diversity as a truly diverse Board will include and make good use of differences in skills, regional and industry experience, background, gender, age, ethnicity and other qualities of Directors. These diversities are considered in determining the optimum composition of the Board and, whenever possible, should be balanced appropriately. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a woman Director at any time.

The Board currently has six (6) Directors, comprising five (5) male Directors and one (1) woman Director which is in line with the target set in the Board Diversity Policy.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

III. REMUNERATION

The Nominating and Remuneration Committee has been tasked with expanded duties and responsibilities to assist the Board in implementing policies and procedures on matters relating to the remuneration of the Board and Senior Management.

In accordance with Practice 6.1 of MCCG, the Board has formalised pertinent Policies and Procedures for the Remuneration of Directors and Senior Management to align with the business strategy and long-term objectives of the Group. The remuneration packages for Executive Directors and Senior Management are linked to performance, qualifications, experience, scope of responsibility and geographic locations where the personnel are based and are periodically benchmarked to the market/industry surveys conducted by human resource consultants.

As a matter of practice, the Directors concerned abstained from deliberation and voting on their own remuneration at Board Meetings.

The remuneration received by Directors of the Company from the Group and Company for the financial year ended 31 December 2018 amounted to RM24,153,745 and RM16,300,060 respectively. Details of the remuneration for each of the Directors on a named basis are set out under Practice 7.1 of the Corporate Governance Report uploaded on the Company's website at www.tanchonggroup.com.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee which comprises three (3) members, all of whom are Independent Non-Executive Directors, with Mr. Siew Kah Toong as the Committee Chairman. The composition of the Audit Committee, including its roles and responsibilities as well as a summary of its activities carried out in year 2018, are set out in the Audit Committee Report of this Annual Report.

One of the key responsibilities of the Audit Committee in its Terms of Reference (“Audit Committee Charter”) is to ensure that the financial statements of the Group and Company comply with applicable financial reporting standards in Malaysia and the provisions of the Companies Act 2016. Such financial statements comprise the quarterly financial report announced to Bursa Securities and the annual statutory financial statements.

The Audit Committee has reviewed and revised the Audit Committee Charter to include a requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has the overall responsibility for maintaining a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

To assist the Board in the discharge of this responsibility, the Board has established a Board Risk Management and Sustainability Committee (“BRMSC”) which comprises the following members, a majority of whom are Independent Non-Executive Directors for reviewing the adequacy and effectiveness of the risk management and internal control system of the Group:

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Chairman

Lee Min On (*Independent Non-Executive Director*)

Members

Siew Kah Toong (*Independent Non-Executive Director*)

Dato' Ng Mann Cheong (*Independent Non-Executive Director*)

Dato' Tan Heng Chew (*Executive Director*)

The BRMSC oversees the implementation of the Group's risk management framework, reviews risk management policies which set out the risk governance, risk management processes and control responsibilities formulated by Management, and makes relevant recommendations to the Board for approval.

The Risk Management and Sustainability Committee ("RMSC"), a Management Committee which comprises heads of major business unit of the Group as its members, assists the BRMSC in the Group's risk management activities.

During the financial year under review, one (1) BRMSC meeting was held to review the principal business risks faced by the Group and the remedial measures to address the risks within the risk appetite of the Group. The Chairman of RMSC and Heads of Group Risk Management, Group Internal Audit and major business units attended the BRMSC meeting as invitees. More details of the risk management framework and its associated initiatives undertaken by the BRMSC and RMSC during the financial year under review are set out in the Statement on Risk Management and Internal Control on pages 65 to 70 of this Annual Report.

In line with the MCGG and the Listing Requirements of Bursa Securities, the Company has in place an in-house internal audit department, i.e. the Group Internal Audit ("GIA"), which reports directly to the Audit Committee on the adequacy and effectiveness of the current system of internal control and risk management. All internal audits carried out are guided by the International Standards for the Professional Practices of Internal Auditing and Code of Ethics of the Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors. The GIA is independent of the activities it audits, and the scope of work covered by the GIA during the financial year under review is set out in the Audit Committee Report included in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's shareholders and other stakeholders as well as prospective investors. The various channels of communications are through meetings with institutional shareholders and investment communities, quarterly announcements on financial results to Bursa Securities, relevant announcements and circulars, when necessary, the Annual and Extraordinary General Meetings and through the Group's website at www.tanchonggroup.com where shareholders, other stakeholders and prospective investors can access corporate information, annual reports, press releases, financial information, company announcements and share prices of the Company. To maintain a high level of transparency and to effectively address any issues or concerns, the Group has a dedicated electronic mail address, i.e. tcmh@tanchonggroup.com to which stakeholders can direct their queries or concerns.

During the financial year under review, the Company has also organised one (1) plant visit for shareholders. Shareholders, who registered for the said visit, were given a plant tour to get to know the car assembly processes at the Group's assembly plant in Serendah, Selangor Darul Ehsan.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

II. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

At the 46th AGM of the Company held on 24 May 2018, all the Directors (including the chair of the Board Committees) were present in person to engage directly with, and to be accountable to, the shareholders for their stewardship of the Company. During the AGM, the Chairman of the meeting ensured that the meeting was conducted in an orderly manner. The President presented to the meeting the strategic business direction of the Group; while the CFO presented the Group's financial performance, some key initiatives, overview of market outlook and the Group's strategies and actions going forward. Shareholders or corporate representatives or proxies were then allowed to raise questions or seek clarification on the agenda items of the AGM. A summary of key matters discussed at the AGM is available on the Company's website.

All resolutions set out in the notice of the 46th AGM were voted by poll in accordance with the Listing Requirements of Bursa Securities. In conjunction with this requirement, the Board adopted electronic voting at the AGM to facilitate the voting process in a more efficient manner as well as ensuring transparency and accuracy of the voting results.

This Statement is dated 29 March 2019.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

PURPOSE OF STATEMENT

Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) stipulates that a listed issuer must ensure that its board of directors makes a statement (“Statement on Risk Management & Internal Control” or “Statement”) about the state of risk management and internal controls of the listed issuer as a group. The Statement needs to include sufficient and meaningful information required by shareholders and other stakeholders to make an informed assessment of the main features and adequacy of the listed issuer’s risk management and internal control system as a group.

Accordingly, the Board of Directors (“Board”) of Tan Chong Motor Holdings Berhad (“Company”) furnishes this Statement, which outlines the nature and scope of the system of risk management and internal control in the Group (comprising the Company and its subsidiaries) for the financial year ended 31 December 2018 and up to the date of approval of this Statement for inclusion in the Company’s Annual Report. For the purpose of disclosure, this Statement has considered and, where pertinent, included the mandatory contents outlined in the “Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers”, a publication of Bursa Securities, which provides guidance to listed issuers in preparing the Statement.

BOARD’S RESPONSIBILITY ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges and assumes its overall responsibility for the Group’s system of risk management and internal control to safeguard shareholders’ investment and the Group’s assets as well as reviewing the adequacy and operating effectiveness of this system in meeting the Group’s business objectives. The Board is mindful of the need to establish clear roles and responsibilities in discharging its fiduciary and leadership functions in line with the Principles, Practices and Guidance of the Malaysian Code on Corporate Governance (“MCCG”). As such, the Board is aware of its principal responsibilities, as outlined in the following Practices and Guidance of the MCCG, pertaining to risk management and internal control:

- Practice 1.1 and Guidance 1.1

The Board should:

- ensure a sound framework for internal controls and risk management;
- understand the principal risks of the Company’s businesses and recognise that business decisions involve the taking of appropriate risks;
- set the risk appetite within which the Board expects Management to operate and ensure that there is an appropriate risk management framework to identify, analyse, evaluate, manage and monitor significant financial and non-financial risks;

- Practice 9.1

The Board should establish an effective risk management and internal control framework; and

- Practice 9.2

The Board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

During the year, the Board continued to adopt the risk management approach which focused on identifying key risks and deploying actions to mitigate the likelihood and impact of the risks on the business. The Group has continued to strengthen and review the risk management and internal control system across all its business units and subsidiaries to ensure that the system meets business needs and supports the effective management of risks.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

The risk management and internal control system implemented within the Group and appraised by the Board enables Management to:

- Improve decision making, resource planning and prioritisation to achieve the Group's targeted performance and strategic objectives;
- Pursue opportunities while managing risks in a rapidly changing business environment;
- Mitigate loss of resources and missed business opportunities;
- Comply with laws and regulations; and
- Deal with risks should they materialise and the impact thereon.

The Board has delegated the oversight of risk management to one of its sub-committees, namely Board Risk Management and Sustainability Committee ("BRMSC"), which comprises three (3) Independent Non-Executive Directors and an Executive Director as its members. The Head of Group Risk Management, Head of Group Internal Audit and major business units risk owners attend the BRMSC meeting as invitees.

Reporting to BRMSC is undertaken by Risk Management and Sustainability Committee ("RMSC"), which comprises heads of major business units of the Group as its members. RMSC is supported by the Group Risk Management ("GRM") Department. GRM's primary role is to review and update the risk management methodologies applied, specifically those related to risk identification, assessment, controlling, monitoring and reporting.

The BRMSC is committed to ensure effective implementation of risk management and internal control system. The BRMSC reviewed the effectiveness of the risk management and internal control system through a meeting and updates from RMSC and GRM. BRMSC reviewed and endorsed the following:

- Risk appetite and risk management strategy;
- Risk profiles of the Company, which were developed in line with the Risk Management Policy and Procedures;
- Management's actions required in response to changes in the risk profile and emerging or potential risks;
- Design adequacy and effectiveness of the risk management, internal control framework in relation to the Group's activities; and
- Group Risk Management's work plan and activities.

The Board has received assurance in writing from the President and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management policy and procedures adopted by the Group.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's business and strategic objectives. The system can, hence, only provide reasonable, but not absolute, assurance against any material misstatement, financial loss or fraudulent activity.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

RISK MANAGEMENT STRUCTURE

A holistic risk management system is applied throughout the businesses. Set out below is the risk governance structure adopted by the Group:



RISK MANAGEMENT SYSTEM

The Risk Management Policy and Procedures ("RMPP") established by the Company are recognised by the BRMSC and RMSC as an important part of the business with the aim to facilitate the implementation of risk management framework and processes across the Company and its subsidiaries. The Group will continually seek to improve the risk management processes, enabling risks to be proactively managed and minimising any adverse impact on the Group's business strategies and objectives.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

How the Group manages risk

The Group adopts the RMPP which is aligned with the ISO 31000:2009 Risk Management Principles and Guidelines.

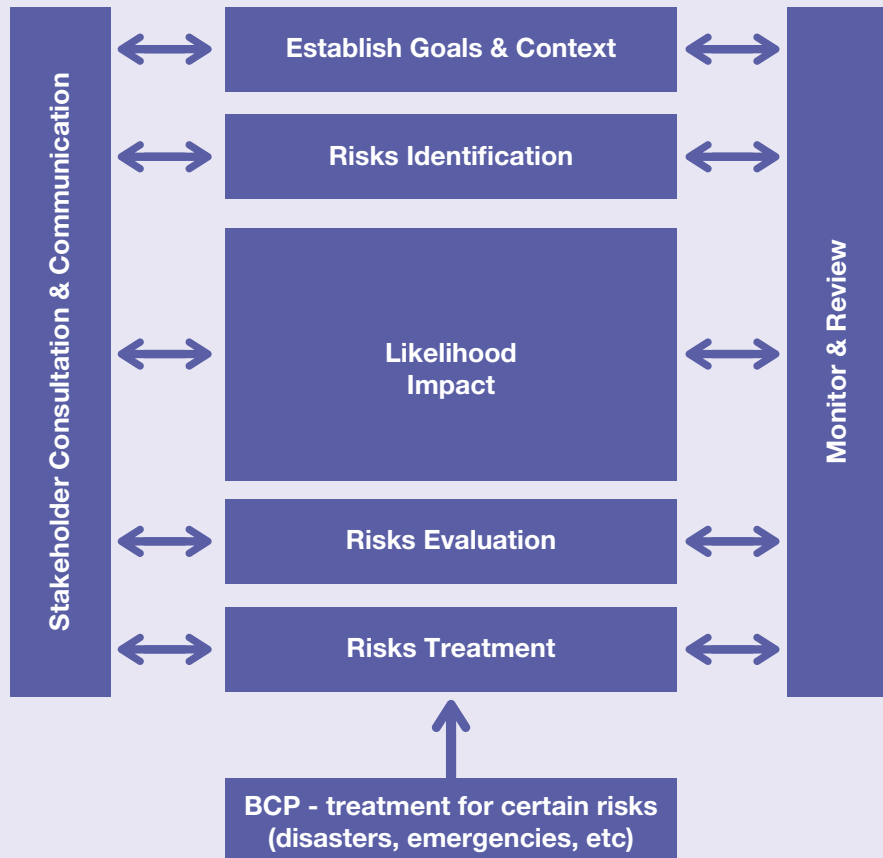
The risk assessment process which comprises the key elements of risk identification, likelihood/impact analysis, risk evaluation and risk treatment (as illustrated in the risk framework opposite).

All identified risks are described, analysed and reported by respective risk owners using a risk profile template.

Risks are scored for their likelihood of occurrence and the impact based on the risk parameters established for the business. The parameters are based on the Group's risk appetite, which is defined as the level of risk the Group is prepared to accept to achieve its objectives.

Our risk parameters comprise various matrices including reputational, financial, operational, service interruption and social impact.

Eventually, identified risks are rated either "High, Moderate or Low" based on the likelihood of their occurrence and impact, as well as the existing control effectiveness. Risk treatment or risk mitigating plan are formulated to address the risks aligned with the risk appetite.



During the financial year under review, the following risk assessment process was undertaken:

- Head of Departments ("HODs") compiled, reviewed and updated the risk profile, as well as the risk mitigating actions;
- GRM worked with the HODs to fine tune the risk profile and consolidated the Corporate Risk Map of the Company for reporting purposes to RMSC and BRMSC;
- RMSC and BRMSC meetings were held to review the significant risks faced by the Group and the remedial action to address the risk aligned with the risk appetite;
- Each business unit risk owner presented to the BRMSC, their risk profile and highlighted the changes of risk profile during the financial year ended 2018; and
- The respective risk owners also provided a confirmation to BRMSC that ongoing review was carried out during the year and that relevant mitigating action plans were being implemented and monitored. A formal submission of Corporate Risk Response Plan by risk owners was tabled for RMSC's and BRMSC's deliberation and discussion. Necessary remedial actions have been undertaken and progress of implementation have been tracked and monitored by management accordingly.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Internal control and risk related matters which warranted the attention of the Board, together with the recommended remedial measures, were highlighted by the RMSC and BRMSC to the Board; and matters or decisions made within the RMSC's and BRMSC's purview were also updated to the Board for notation.

INTERNAL CONTROL SYSTEM

The internal control system established by the Group encompasses key features as described below:

- Communication of the Company values i.e. Trustworthiness & Integrity, Courage, Frugality, Innovation & Creativity, 24/7 Mindset, Perseverance and Diligence to all employees;
- A code of conduct is in place - the code requires all employees at all times to maintain the highest standards of professionalism and integrity in all that the employees do, including communications with colleagues, customers, clients, suppliers and the public;
- An organisational structure of the Group with formally defined lines of responsibility and delegation of authority for respective business units. Matters beyond the formalised limits of authority for Management are referred upward to the Board for approval. Group support functions such as Finance and Administration, Taxation, Treasury, Risk Management, Internal Audit, Secretarial, Legal, Human Resources, Insurance and Information System play a vital role in the overall risk management and internal control system of the Group. Various management committees have been established to manage and control the Group's business;
- Board and Audit Committee reviews the Company's financial reporting process, financial and operational performance, internal controls, risk management and governance structure;
- Active participation and involvement from the President, Group Chief Executive Officer and Chief Financial Officer in the day-to-day running of the major businesses and discussions with the Management of smaller business units on operational issues;
- Review and approval of annual business plan and budget of all major business units by the Board;
- Variance analysis comparing actual against budget/forecast results is carried out, monitored and reported to President, Group Chief Executive Officer and Chief Financial Officer. Relevant remedial action plan is formulated to address the significant variance or gaps;
- HR policies and procedures related to hiring, orientation, training, evaluating, counselling, promoting, compensation and benefits are in place;
- A fraud prevention policy has been adopted by the Group - this policy provides guidance to the Group in preventing fraud and to promote highest standards of transparency and integrity;
- Individual project task forces are responsible for assessing and evaluating the feasibility and risk impact that prospective investments would have on the Group. Feasibility study, risk impact and assessment on new investments/projects are evaluated by individual project task force for Board's deliberation;
- Policies and procedures cover major aspects of activities occur throughout the Group are in place. This helps ensure that necessary management directives are carried out and actions are taken to address risks to achieve the Group's objectives. The policies and procedures include a range of control activities as diverse as approvals, authorisations, verifications, reconciliations, review of performance, safeguarding of assets and segregation of duties;
- Periodic management and Board meetings are carried out to discuss pertinent business matters, relevant information and data are collated, captured, reported at the Management and Board meetings to facilitate decision making. Such information includes financial and non-financial, internal and external reporting; and
- Head of Departments are entrusted to perform management and supervisory reviews ensuring that each personnel is performing his/her duties in line with policies and Company's standards. Group Internal Audit carries out separate and independent evaluations on the effectiveness of internal control system. Internal control deficiencies are reported to the Audit Committee, the Board, President, Group Chief Executive Officer and Chief Financial Officer.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

INTERNAL AUDIT FUNCTION

The Group has in place an in-house internal audit department, which provides the Board, through the Audit Committee, with independent assurance on the adequacy and operating effectiveness of the Group's system of internal controls.

The Group Internal Audit ("GIA") department, which is independent of the activities it audits, reports directly to the Audit Committee. Periodic testing of the effectiveness and efficiency of the internal control procedures and processes are conducted by GIA to ensure that the system is viable and robust.

The internal audit function adopts a risk-based approach that focuses on major business units and functions in the Group for the purpose of identifying areas to be audited on a prioritised basis, vis-à-vis the business risks inherent in the business units concerned. The Group's Internal Audit Plan is tabled annually and approved by the Audit Committee. Action plans are taken by Management to address audit findings and concerns raised in the internal audit reports. GIA also follows up on the status of Management's action plans on the internal audit findings. On a quarterly basis, the internal audit reports are presented and tabled at the Audit Committee meetings. Details of actual work carried out by GIA, together with its scope of coverage, for the financial year under review are set out in the Audit Committee Report included in this annual report.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2018 amounted to approximately RM1.595 million (2017: approximately RM1.904 million).

WEAKNESSES IN INTERNAL CONTROLS THAT RESULTED IN MATERIAL LOSSES

The Board is of the view that there were no material losses incurred by the Group during the financial year ended 31 December 2018 as a result of weaknesses in internal controls that would require disclosure in the annual report. Nonetheless, the Group continues to take measures to strengthen the risk management processes and internal control environment.

REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The external auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the annual report for the year ended 31 December 2018, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the annual report, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management & Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board of Directors and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

CONCLUSION

The Group's system of risk management and internal control does not apply to associate companies, which the Group does not have full management control. The Board is of the view that the system of risk management and internal control is adequate and has operated effectively in all material aspects to safeguard the interests of stakeholders and the Group's assets.

This Statement is dated 29 March 2019.

AUDIT COMMITTEE REPORT

The Board of Directors of Tan Chong Motor Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2018.

COMPOSITION AND MEETINGS

The Audit Committee was established on 1 August 1994 and the current composition, including the attendance of its members at the seven (7) meetings held during the financial year, is as follows:

Name	Designation	Attendance
Siew Kah Toong <i>Independent Non-Executive Director</i>	Chairman	7/7
Dato' Ng Mann Cheong <i>Senior Independent Non-Executive Director</i>	Member	7/7
Lee Min On <i>Independent Non-Executive Director</i>	Member	7/7

The Audit Committee meetings are structured through the use of agendas, and relevant meeting papers are distributed to the Audit Committee members prior to such meetings. This enables the Committee members to study the items on the agenda, including relevant materials that support the items, and where appropriate, provides an opportunity for them to seek additional information or clarification from Management.

While the Committee Chairman calls for meetings to be held not less than four (4) times in a financial year, any member of the Audit Committee may at any time requisition for, and the Company Secretary who is the Committee Secretary shall, on such requisition, arrange for such a meeting. Except in the case of an emergency, seven (7) days' notice of meeting is given in writing to all members. The quorum for meeting is a majority of members who are Independent Non-Executive Directors. Meetings are chaired by the Committee Chairman and in his absence, by an Independent Non-Executive Director elected from those members who are present. Decisions are made by a majority of votes on a show of hands.

The Chief Financial Officer and Head of Group Internal Audit, including other Board members and employees attend the Committee meetings upon invitation of the Audit Committee to facilitate discussion of matters on the agenda. Representatives of the external auditors attend the meeting to consider the final audited financial statements and such other meetings as determined by the Audit Committee.

The Committee Chairman has the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needs to be preserved.

For the financial year under review, the performance and effectiveness of the Audit Committee were evaluated through the Audit Committee members' self and peer evaluation, the outcome of which was reviewed by the Nominating and Remuneration Committee. Having considered the recommendation made by the Nominating and Remuneration Committee based on the outcome of the evaluation, the Board was satisfied that the Audit Committee members are able to discharge their functions, duties and responsibilities in accordance with the terms of reference of the Audit Committee.

In line with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), details of the terms of reference of the Audit Committee are available for reference at www.tanchonggroup.com.

SUMMARY OF ACTIVITIES CARRIED OUT BY THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee worked closely with Management, internal auditors and external auditors to carry out its functions and duties as required under its terms of reference.

AUDIT COMMITTEE REPORT

Details of the activities carried out by the Audit Committee during the financial year and up to the date of this Report in discharging its duties and responsibilities are summarised as follows:

(1) Financial Reporting

- (a) Reviewed all the four (4) quarters' unaudited financial results of the Group, focusing on significant matters, which included the going concern assumption, and ensured the disclosures were in compliance with the Malaysian Financial Reporting Standards ("MFRS") and Listing Requirements before recommending the same to the Board for approval to release the quarterly financial results to Bursa Securities;
- (b) Reviewed the annual audited financial statements of the Company and the Group together with the external auditors before recommending the same to the Board for approval; and
- (c) Reviewed the impact of changes in accounting policies and adoption of new accounting standards, together with significant matters highlighted in the financial statements.

(2) External Audit

- (a) Reviewed the external auditors' Audit Plan for the Group, which outlined the responsibilities and the scope of work, anticipated key audit matters, and reporting timelines for the financial year ended 31 December 2018 and the external auditors' fees;
- (b) Discussed and reviewed with the external auditors, the results of their examination and their reports in relation to the audit and accounting issues, including weaknesses noted in internal controls pertaining to financial reporting, arising from the audit;
- (c) Discussed and reviewed the areas for improvements in the internal control system of certain subsidiaries as highlighted by the external auditors and steps needed to be taken to address the issues;
- (d) Reviewed and approved the nature of, and fees for, non-audit services provided by the external auditors and their affiliates in accordance with the Group's policy on non-audit services to ensure that such non-audit services did not compromise the objectivity and independence of the external auditors. Details of non-audit fees incurred by the Company and Group for the financial year ended 31 December 2018 are stated in the Additional Compliance Information on page 75 of this Annual Report;
- (e) Assessed the suitability, objectivity and independence of the external auditors by evaluating, among others, the adequacy of their technical knowledge, experience, skills, independence and objectivity, their audit engagement and the supervisory ability and competency of the engagement team assigned to the engagement. Moreover, the external auditors have confirmed their professional independence in accordance with the By-Laws (on Professional Ethics, Conducts and Practice) of the Malaysian Institute of Accountants via their presentation deck to the Audit Committee as well as their engagement letter. The Audit Committee was satisfied that the external auditors were able to meet the audit requirements and statutory obligations of the Company and also their professional independence and objectivity as external auditors of the Company. Following this assessment, the Audit Committee has recommended and the Board has accepted the Audit Committee's recommendation for KPMG PLT to be re-appointed as the Company's external auditors at the forthcoming Annual General Meeting ("AGM") in May 2019; and
- (f) Held a private session with the external auditors, following their presentation of results and findings from their audit, in the absence of Executive Directors, Management and Committee Secretary on 22 February 2019. This session enabled the external auditors to discuss with candour with the Audit Committee on any other matters noted by the external auditors during the course of their audit of the financial statements for the financial year under review without being beholden to Management's presence.

AUDIT COMMITTEE REPORT

(3) Internal Audit

- (a) Reviewed and approved the Annual Internal Audit Plan (“Plan”) to ensure adequacy of scope, resources, competencies and coverage of auditable entities in the Group with significant and high risks, including the periodic status of completion of the Plan;
- (b) Reviewed the scope and results of internal audits addressing internal controls over operations, financial and compliance relating to the Group based on the approved Annual Internal Audit Plan;
- (c) Discussed and reviewed the major findings, areas requiring improvements and significant internal audit matters raised by internal auditors and Management’s response, including follow-up actions. Management of the business units concerned was requested to rectify and improve internal control procedures and workflow processes deficiencies based on the internal auditors’ recommendations;
- (d) Reviewed the performance, competence, training requirements and effectiveness of the internal audit function; and
- (e) Held a private session with the Head of Internal Audit without the presence of Executive Directors, Management and Committee Secretary. This session provided a platform for the Head of Internal Audit to discuss with the Audit Committee any areas of professional reservations he might have, including limitation in his scope of work by Management, if any, during the course of internal audit.

(4) Related Party Transaction

Reviewed recurrent related party transactions (“RRPTs”) of the Group on a quarterly basis to ensure that the transactions entered into by the Group were within the shareholders’ mandate, in relation to the nature, terms and value limits of the transactions, including “arm’s length” terms of trade.

In the case of related party transactions (“RPTs”) entered into by the Group, the Audit Committee reviewed these transactions to ensure that they were undertaken at “arm’s length”, on normal commercial terms of the Group and on terms which were not more favourable to the related parties than those generally available to the public and to comply with the Listing Requirements of Bursa Securities.

(5) Others

- (a) Reviewed the Circular to Shareholders in relation to Shareholders’ Mandate on RRPTs and the review procedures of RRPTs, Audit Committee Report and Statement on Risk Management and Internal Control for inclusion in the Annual Report to ensure compliance with the relevant regulatory reporting requirements prior to recommending the same to the Board for approval;
- (b) Reviewed the terms of reference of the Audit Committee for their continued relevance, which were subsequently approved by the Board;
- (c) Reviewed the Group’s policy on non-audit services provided by the independent external auditors and/or their affiliated firms;
- (d) Reviewed related party transactions policy and disclosure framework;
- (e) Reviewed valuation of non-current assets of the Group; and
- (f) Reviewed the report on irregularities and serious misconduct issued by the Group Compliance Officer and ensured that remedial action plans were appropriate.

AUDIT COMMITTEE REPORT

SUMMARY OF WORKS OF THE INTERNAL AUDIT FUNCTION

The Group has in place an in-house internal audit department, which provides the Board, through the Audit Committee, with independent assurance on the adequacy and operating effectiveness of the Group's system of internal control.

The Group Internal Audit ("GIA") Department, which is independent of the activities it audits, reports directly to the Audit Committee. Periodic testing of the adequacy and operating effectiveness of the internal control procedures and processes is conducted by GIA to ensure that the system is viable, robust and adequate to meet the needs of the Group. GIA operates under a charter approved by the Audit Committee that gives the internal audit function a formal mandate to carry out its work as well as unrestricted access to companies within the Group for the purpose of conducting internal audit.

The internal audit function adopts a risk-based approach that focuses on major business units and functions in the Group for the purpose of identifying areas to be audited on a prioritised basis, vis-à-vis the business risks inherent in the business units concerned. The Group's Internal Audit Plan is tabled annually and approved by the Audit Committee. Action plans are taken by Management to address audit findings and concerns raised in the internal audit reports. GIA also follows through on the status of Management's action plans on the internal audit findings. On a quarterly basis, the internal audit reports are presented and tabled at the Audit Committee meetings.

Works carried out by GIA during the financial year encompassed the following:

- (a) Formulated and agreed with the Audit Committee the annual Internal Audit Plan, strategy and scope of work;
- (b) Reviewed compliance with policies, procedures and relevant rules and regulations;
- (c) Reviewed and tested the adequacy and operating effectiveness of internal controls associated with key business units and support functions within the Group. The significant areas and processes of the Group covered by GIA included the following:
 - Sales and collections;
 - Payment and expenditure control;
 - Inventory planning process and inventory management;
 - Business operations and process improvement;
 - General safety and environment of warehouse; and
 - Fixed assets management;
- (d) Performed special review and investigation, as deemed necessary;
- (e) Reported audit findings and made recommendations to improve the internal control system at the various business units; and
- (f) Reviewed the RRPTs and RPTs of the Group to ensure that they were undertaken at "arm's length", on normal commercial terms of the Group and on terms which were not more favourable to the related parties than those generally available to the public and to comply with the Listing Requirements of Bursa Securities and the guidelines and procedures in relation to the Shareholders' Mandate for RRPTs obtained.

The internal auditors also met with the Audit Committee Chairman to present and discuss the internal audit findings without the presence of the Executive Directors and Management.

This Report is dated 29 March 2019.

ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided:

MATERIAL CONTRACTS INVOLVING DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS

Save as disclosed below, there were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders' interest, either still subsisting at the end of the financial year ended 31 December 2018 or entered into since the end of the previous financial year:

- (a) Subscription and Shareholders' Agreement dated 24 September 2018 between Tan Chong Motor Holdings Berhad ("TCMH"), Warisan TC Holdings Berhad ("WTCH") and Comit Communication Technologies (M) Sdn Bhd ("CCT") (a wholly-owned subsidiary of WTCH) to regulate the relationship of the parties as shareholders through the equity participation by TCMH by way of subscription of 10,822,185 new ordinary shares in CCT for a total cash consideration of RM13,244,190 (i.e. at a subscription price of RM1.2238 per share).

Following the subscription, WTCH holds 75.5% shares whilst TCMH holds 24.5% shares in CCT.

The above item was regarded as related party transaction by virtue of certain major shareholders and a Director in TCMH and WTCH having interest, direct or indirect, in the said transaction, namely:

- (1) Tan Chong Consolidated Sdn Bhd ("TCC") is a major shareholder of TCMH and WTCH;
- (2) Dato' Tan Heng Chew, a Director of TCMH and WTCH, and Mr Tan Eng Soon, the brother of Dato' Tan Heng Chew are major shareholders of TCMH and WTCH by virtue of their respective shareholdings in TCC pursuant to Section 8(4) of the Companies Act 2016.

AUDIT AND NON-AUDIT FEES

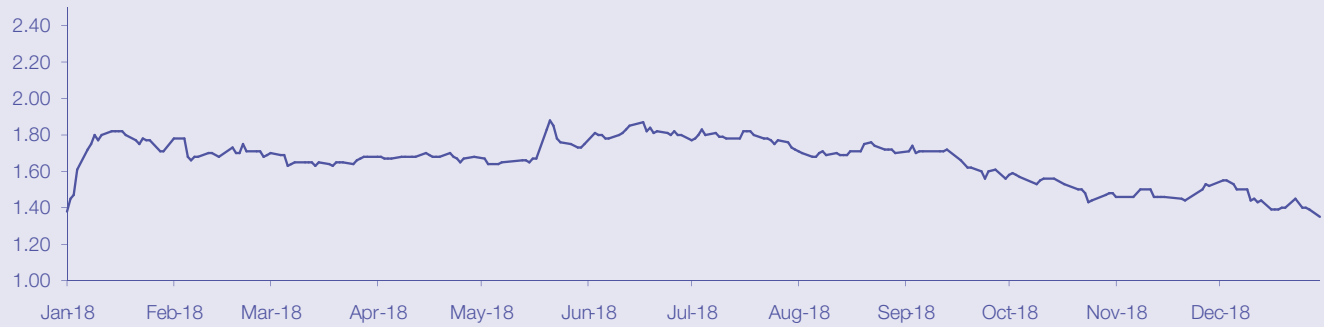
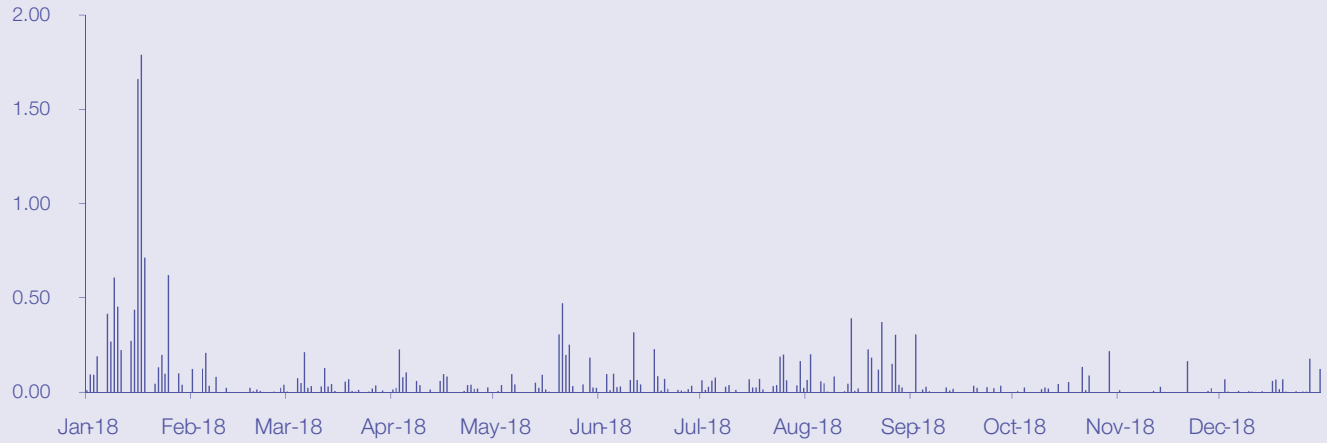
The amount of audit and non-audit fees incurred for services rendered by the Auditors of the Company, KPMG PLT and their overseas affiliate, to the Company and the Group respectively for the financial year ended 31 December 2018 were as follows:

	Company	Group
	2018	2018
	(RM)	(RM)
Statutory audit fees	59,000	780,790
Non-audit fees *	65,000	322,806

* The non-audit fees comprised mainly fees paid to KPMG PLT and their overseas affiliate for tax compliance, advisory services and review of compliance of new accounting standards.

DAILY SHARE PRICES & VOLUME TRADED ON BURSA MALAYSIA SECURITIES BERHAD

Share Price (RM)

Volume Traded
(Million)

Composite Index



STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("Act") to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and of the Company as at the end of the financial year and of their financial performance and cash flows for the financial year then ended.

In preparing the financial statements for the financial year ended 31 December 2018, the Directors have:

- (i) adopted the appropriate accounting policies, which are consistently applied;
- (ii) made judgments and estimates that are reasonable and prudent; and
- (iii) ensured that applicable approved accounting standards in Malaysia and provisions of the Act are complied with.

The Directors are responsible for ensuring that the Company and the Group keep accounting records which disclose, with reasonable accuracy, the financial position of the Company and the Group and which enable them to ensure that the financial statements comply with the Act. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud as well as other irregularities.