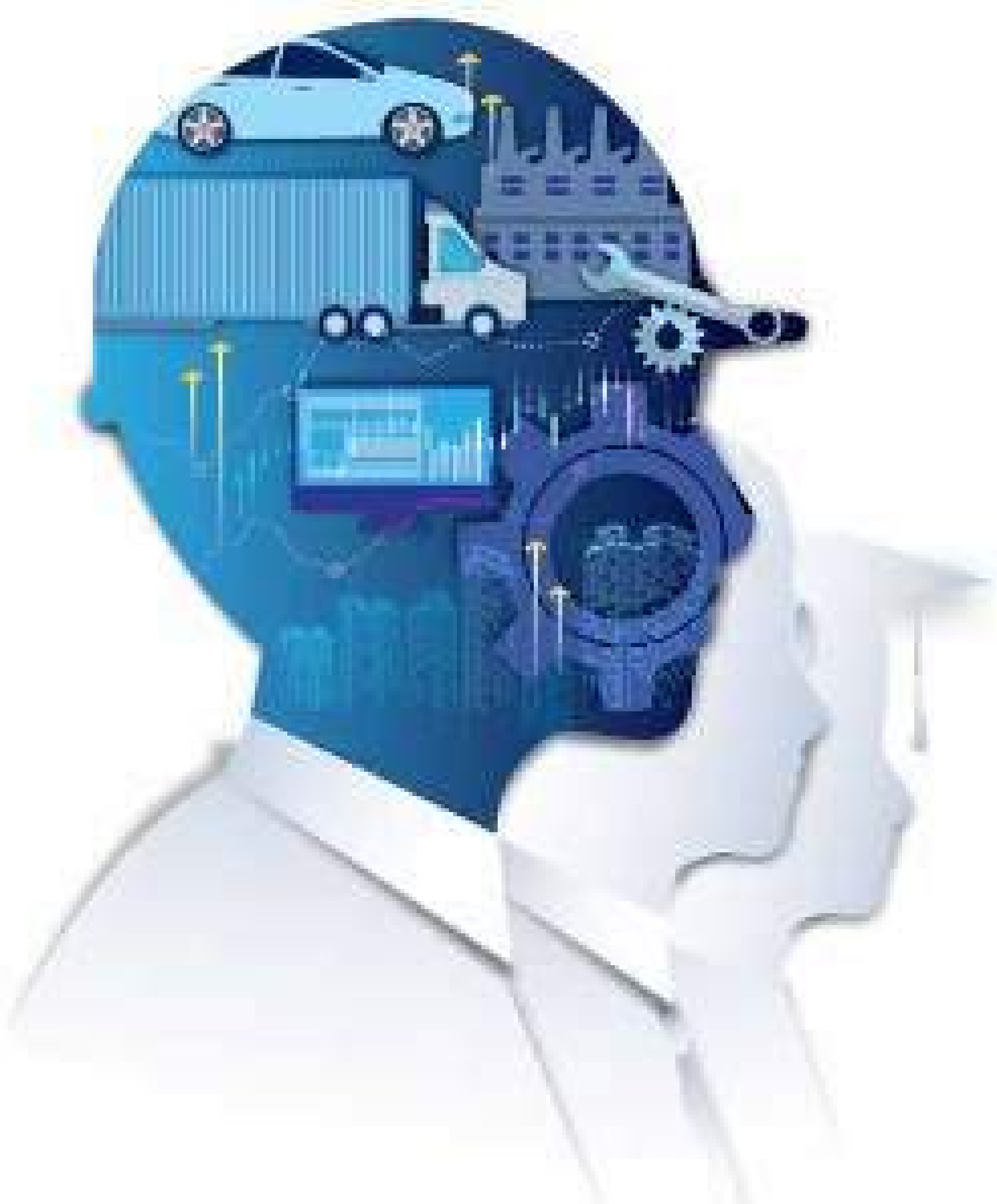
TAN CHONG MOTOR HOLDINGS BERHAD

Registration No.: 197201001333 (12969-P)



DRIVING RESILIENCE

ANNUAL REPORT 2021

INSIDE THIS REPORT

As part of our sustainability initiatives, please scan the above QR code to download our digital copy of Annual Report 2021

ABOUT US

PERFORMANCE REVIEW

LEADERSHIP

SUSTAINABILITY

50th Annual General Meeting

Date : Wednesday, 1 June 2022
Time : 2.30 p.m.
Broadcast Venue : Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia

GOVERNANCE

FINANCIALS

OTHER INFORMATION

ANNUAL GENERAL MEETING

1957
- The Beginning of Tan Chong Motor

1972
- Incorporation of Tan Chong Motor Holdings Berhad

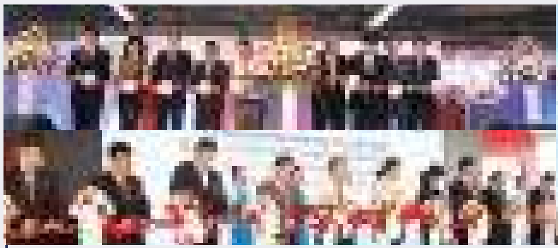
1974
- Listed on the Kuala Lumpur Stock Exchange

1976
- Assembly Plant in Segambut commenced operations

1993
- Segambut Assembly Plant received ISO 9002 (Quality Systems) certification, the first motor assembly plant in South-East Asia to be accredited

THE STORY OF TAN CHONG

65 YEARS ANNIVERSARY



2011
- Infiniti, the Luxury Division of Nissan Motor Co. was inaugurated in Malaysia under Inspired Motor Sdn Bhd

2013
- Opening of TCIE Vietnam Plant in Danang, Vietnam
- Appointed as the sole and exclusive distributor for Nissan CBU vehicles in Myanmar
- Opening of Nissan showrooms in Myanmar and Laos

2014
- Opening of Infiniti boutique showroom in Ho Chi Minh City, Vietnam
- Appointed as the exclusive distributor for Kawasaki CBU sports type motorcycles in Vietnam

2015
- TC Motorcycles (Vietnam) Co. Ltd was officiated on 11 May 2015
- Establishment of Tan Chong Mekong Regional Co., Ltd. in Thailand
- Appointed as the sole and exclusive distributor for locally-assembled Nissan vehicles in Myanmar

2016
- Signing of Land Lease Agreement with Bago Regional Government
- Establishment of TC Systems (Vietnam) Company Limited in Vietnam

2003

- A Master Agreement with Renault S.A.S for manufacturing, marketing & servicing of Renault cars in Malaysia

2006

- Opened the first overseas After Sales-Service Centre in Cambodia under the brand name of E-Garage
- Ground breaking ceremony for the new plant at Serendah, Selangor

2007

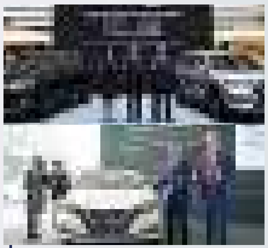
- Serendah Assembly Plant started production and rolled out the first model, Nissan Latio

2009

- Serendah Assembly Pant received ISO 14001 (Environmental Management Systems) and ISO 9001 (Quality Management System) Certifications

2010

- Ground breaking ceremony for the Group's first overseas vehicle assembly plant in Danang, Vietnam
- Appointed as the sole and exclusive distributor for Nissan vehicles in the Kingdom of Cambodia and Lao People's Democratic Republic
- Signing of agreement in Hanoi, Vietnam to acquire 74% charter capital in Nissan Vietnam Co. Ltd.



2017

- Tan Chong celebrates 60th Anniversary
- Tan Chong Motor Assemblies Sdn. Bhd. achieved production of 1,000,000 Nissan vehicles from 1976 to 2016
- Assembly plant in Yangon, Myanmar commenced its operations

2018

- Established a second 3S Centre in Yangon, Myanmar
- Sole and exclusive rights to distribute King Long Coach in Vietnam
- Sole and exclusive rights to distribute King Long Coaches and Buses in Malaysia

2019

- Full-fledge assembly plant in Bago, Myanmar commenced operations

2020

- Appointed as the official distributor for MG vehicles in Vietnam

2021

- Selected to participate in the Large Scale Solar (LSS) Cycle 4 Project in Bandar Serendah

ABOUT TAN CHONG MOTOR HOLDINGS BERHAD

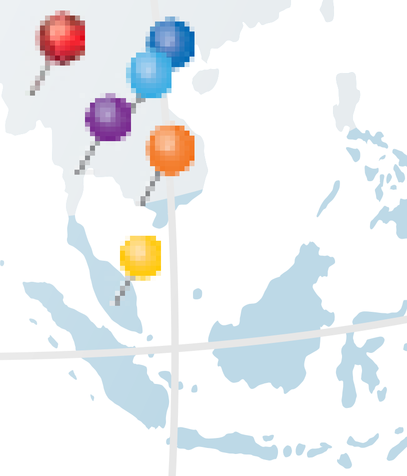
1957 marked the beginning of Tan Chong Motor Holdings Berhad's ("TCMH" or "the Group") story and the start of a remarkable journey for a Malaysian automotive conglomerate that continues to this day.

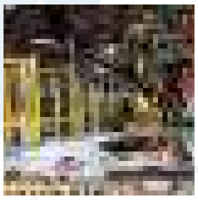
This year, we celebrate 65 years of service excellence since we ventured into the Malaysian automotive industry – made all the more memorable thanks to the trust and confidence our customers continue to place in the Tan Chong brand!

We started off as a humble, sole distributor of small motor vehicles, led by the vision of the late Tan Sri Tan Yuet Foh. 1972 was yet another milestone, as it saw the incorporation of TCMH. We began diversifying our business with forays into commercial vehicles, after-sales services and spare parts, education, trading and motor-related financial services (including hire purchase financing, insurance agency and even leasing to property investments); both locally and abroad.

Today, TCMH has evolved into one of Malaysia's largest conglomerates. Tan Chong is a household brand name and well-respected as an automotive brand. Our operations span the globe and touches countless lives daily. We take pride in providing quality products and services to all our customers.

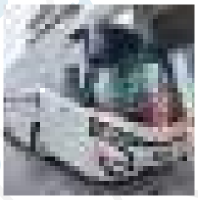
By developing strategic partnerships with other leading domestic and foreign brands over the decades, TCMH has grown into one of Malaysia's most respectable commercial vehicle distributors. Our current products line-up includes heavy commercial vehicles (HCV), light commercial vehicles (LCV) and buses.





ASSEMBLY AND MANUFACTURING

Motor Vehicles



SALES AND DISTRIBUTION

Passenger Cars
Light Commercial Vehicles
Trucks
Buses

AFTER-SALES SERVICE

Spare Parts
Service Centre

FINANCIAL SERVICES

Hire Purchase
Leasing
Insurance Agency
Money Lending

PROPERTY

Investment

6 Presence in over countries

- Malaysia
- Vietnam
- Thailand
- Laos
- Myanmar
- Cambodia

Sales network covers more than

180 strategically-located retail and service outlets

As part of our growth plans, we have also expanded the Group's footprints to new markets such as Vietnam, Laos, Cambodia, Myanmar and Thailand.

As we look back on our journey thus far, we are grateful for the support from our valued customers, shareholders, employees and various stakeholders. This gives us the motivation to perform to the highest standards of providing customer excellence, responsible corporate governance and ensuring sustainability in every facet of our operations. By pursuing policies guided by responsible economic, environmental and social concerns, we continue to innovate in delivering only what is best for our stakeholders, community and environment.

We invite you to join TCMH as we continue our journey together on "Driving Resilience" and we would like to express our greatest appreciation for YOUR unwavering support and trust.

Our Core Values

My Word Is My Bond

Trustworthiness & Integrity

The ability to be relied upon by others as being honest, truthful, dependable, reliable and deserving of trust and confidence in actions and behaviours. Shows integrity (doing the right things in the best interests of the company without being monitored).

Say It Out

Courage

Willing to take or seek out risks, bold and willing to explore new ways of doing things. Diplomatically not insisting on direct and actionable feedback, is open and direct with others without being intimidating and deals head-on with people problems and delicate situations.

Do More With Less

Frugality

The quality of being economical or prudent in savings and lack of wastefulness and being thrifty in spending Company's money.

Stay Focused!

Diligence

Demonstrates constant and earnest efforts to accomplish projects, assignments and tasks that are given.

What's Next

Innovation & Creativity

The capability or act of designing or developing something original or unusual and the application of ideas or implementation of something new for the Company.

Always Online

24/7 Mindset

Prioritising the Company's interests, in terms of spending time thinking, strategising and executing action plans to promote and advance the Company and Group's stakeholder interests, even outside office hours.

Never Give Up

Perseverance

Determination and steadfastness in continuing with projects, assignments or work despite the challenges, difficulties or obstacles in achieving success.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Tan Heng Chew
President

Dato' Ng Mann Cheong
Senior Independent
Non-Executive Director

Ng Chee Hoong
Independent
Non-Executive Director

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

Ho Wai Ming
Group Chief Executive Officer

Lee Min On
Independent
Non-Executive Director

Dato' Chan Choun Sien
Independent
Non-Executive Director

AUDIT COMMITTEE

Ng Chee Hoong *(Chairman)*
Dato' Ng Mann Cheong
Lee Min On
Dato' Chan Choun Sien

NOMINATING AND REMUNERATION COMMITTEE

Dato' Ng Mann Cheong *(Chairman)*
Ng Chee Hoong
Lee Min On
Dato' Chan Choun Sien

BOARD RISK MANAGEMENT AND SUSTAINABILITY COMMITTEE

Lee Min On *(Chairman)*
Dato' Ng Mann Cheong
Ng Chee Hoong
Dato' Tan Heng Chew
Dato' Chan Choun Sien

COMPANY SECRETARIES

Chong Choon Yeng (MIA 26002)
(SSM Practicing Cert. 202208000039)

Chin Yoon Leng (MAICSA 7057010)
(SSM Practicing Cert. 202208000043)

REGISTERED OFFICE

62-68, Jalan Sultan Azlan Shah
51200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603 4047 8888
Fax : +603 4047 8636
Web : https://www.tanchonggroup.com
Email : tcmh@tanchonggroup.com

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn. Bhd.
[Registration no. 197101000970 (11324-H)]
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Wilayah Persekutuan
Malaysia
Tel : +603 2783 9299
Fax : +603 2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

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Level 10, KPMG Tower
8, First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia
Tel : +603 7721 3388
Fax : +603 7721 3399

LEGAL FORM AND DOMICILE

Public Limited Liability Company
Incorporated and Domiciled in Malaysia

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
[Registration no. 200301033577 (635998-W)]

Date of Listing	: 4 February 1974
Stock Name	: TCHONG
Stock Code	: 4405
Sector	: Consumer Products & Services
Sub-sector	: Automotive

REPORT OF THE BOARD OF DIRECTORS

Dear Valued Shareholders,

On behalf of the Board of Directors and the Management, it is my great pleasure to present to you the Annual Report of Tan Chong Motor Holdings Berhad ("TCMH") and its subsidiaries ("the Group") for the financial year ended 31 December 2021 ("FYE2021").

The COVID-19 pandemic persisted to wreak significant economic damage across the world in 2021. Movement restrictions, which were implemented to curtail the virus spread, were gradually relaxed once the infectivity rates dipped. However, the resultant freer movement caused a resurgence in infection numbers, leading to a re-tightening of the restrictions. This oscillation between curtailed and freer movement caused widespread disruptions to businesses and the overall trajectory of the global economic recovery.

Despite the challenging environment arising from the pandemic, the Group continued to introduce new models to excite the market and remain competitive. Following closely on the all-new Nissan Almera Turbo at the end of 2020, the Group launched the face-lifted Nissan Navara MC in Malaysia in April 2021. The new model MG ZS MCE was also launched in the fast-growing sports utility vehicles ("SUV") segment in Vietnam in January 2021. All these new models have been well received in their respective markets. The Group will continue to take appropriate actions to penetrate the domestic and regional markets with other new product launches moving forward.

The acceleration of the National COVID-19 Immunisation Programme, as well as other initiatives such as the Pakej Pelindungan Rakyat dan Pemulihan Ekonomi ("PEMULIH") and the National Recovery Plan ("NRP"), have improved consumer and business confidence despite the uncertainty. In spite of this challenging situation, the Group has embraced the challenges by building resilience across our businesses. Becoming more resilient not only helps our Group and our valuable employees get through difficult circumstances, it also empowers us to grow, accept changes and adapt to the new normal.

Financial Performance Overview

In line with the longer lockdown period experienced in FYE2021, the Group recorded a decline in revenue by 14% to RM2,537.3 million, compared to RM2,959.6 million in the financial year ended 31 December 2020 ("FYE2020"). However, the Group's profit before tax ("PBT") improved significantly to RM19.1 million (FYE2020: Loss Before Tax of RM161.3 million).

DIVIDENDS

For FYE2021, an interim dividend of 1.5 sen per ordinary share amounting to approximately RM9.8 million was declared on 24 May 2021 and paid on 30 June 2021 (FYE2020: interim single tier dividend 1.5 sen per share). The Board is not recommending any final dividend for FYE2021 (FYE2020: none) but will continue to assess the financial performance of the Group in the new financial year and will endeavour to reward the shareholders where it deems appropriate.

BUSINESS PERFORMANCE REVIEW

In Malaysia, the Total Industry Volume ("TIV") fell for the second consecutive year in 2021. TIV registered in 2021 was 508,911 units, a decrease of

REPORT OF THE BOARD OF DIRECTORS

Revenue
RM2,537.3mil

Dividends
1.5 sen

Profit Before Tax
RM19.1mil

20,603 units, -4% compared to 529,514 units in 2020. The performance of the automotive sector was impacted by market uncertainties brought on by the prolonged lockdown due to COVID-19 which left the industry struggling with its aftermath of supply chain disruptions and subsequently led to a shortage of chips worldwide as production could not keep up with demand. The situation also worsened towards end of the year with the massive floods which could have a spillover impact into early 2022.

The Malaysian government has extended the sales tax exemption for passenger vehicles until 30 June 2022 which will support sales of new vehicles. Moreover, the tax exemptions granted to electric vehicles ("EVs") will provide the much needed incentives to promote the growth of EVs' sales.

On the international front, Vietnam posted a modest economic growth of 2.58% in 2021, amid prolonged COVID-19 pandemic and the surge in daily new COVID-19 cases with various mitigation measures such as lockdowns, border closure, and movement restrictions being imposed by the Government to curb the spread of the virus. The Group's MG business operations in Vietnam were affected by the implementation of lockdown and movement restrictions amongst districts, cities and provinces. However, the sales performance of MG cars has been very encouraging and we continued to gain market share with our sales growing beyond 4,000 units in 2021.

Myanmar experienced unprecedented disruptions to the economy since the beginning of the COVID-19 pandemic. The political situation in Myanmar also faced some turmoil at the start of 2021 and this has caused uncertainties on the social and economic fronts as well. As a result, Myanmar experienced economic contraction of 18.4% in 2021. Fortunately, the Myanmar market has seen some improvements with economic and social activities returning to normality in the recent months. We view the investment in Myanmar as a long term strategic investment and will continue our presence in the country to provide continuous service and support to our customers. However, the Group will take the necessary measures to contain the exposure we face and mitigate the impacts by adjusting our business plans accordingly.

For Laos, the COVID-19 situation did not improve despite ongoing vaccination programmes, and the emergence of new variants of COVID-19 continues to disrupt the Laos economy and restricted the entrance of international travellers. Despite the uncertainties in the country, we are excited to have introduced the "All-New Nissan Almera" and the family SUV "New Nissan Terra" to the Laos market towards end of 4th quarter 2021 and these new models have been well received locally.

Cambodia continued to battle with COVID-19 that not only disrupted business operations, but the livelihoods and health of communities across the country. The economic impact on the region was devastating, especially on Cambodia's tourism and hospitality sectors which were the hardest hit. Similar to the Laos market, we introduced the "All-New Nissan Almera" and "New Nissan Terra" to the Cambodia market towards end of 4th quarter 2021 and we have been receiving good responses in the market.

Prospects and Strategic Directions Moving Forward

Moving forward, we are confident that the Group is well positioned to create a sustainable business. With the ongoing vaccination programme by the Government and with more than 98% of adult Malaysians fully vaccinated, we can increase our engagement with potential customers to visit our vehicle showrooms as well as promoting our products through digital platforms.

On the domestic front, the Malaysian Automotive Association ("MAA's") target for 2022 automotive sales is 600,000 units, which is 91,089 units or 18% higher than last year's total. Consumer spending is expected to rise in tandem with the country's economic recovery. At the last Monetary Policy Committee ("MPC") meeting in March 2022, Bank Negara Malaysia decided to maintain the benchmark Overnight Policy Rate ("OPR") at 1.75%. The sales tax exemption for passenger vehicles which has been extended to 30 June 2022 and the full tax exemptions for EVs will also likely provide the much needed boost in stimulating sales of new cars.

Possible downsides include the continuation of pandemic-related challenges, supply chain disruptions, shortage of semiconductor chips, rising cost of freight, rising energy costs and effects from the ongoing war between Russia and Ukraine. These may affect the country's economic growth and in turn, the sales of new vehicles. However, it is unlikely that these disruptions will cause major upheaval in the economy, given that much experience had been garnered by the governments around the globe in handling the COVID-19 crisis over the past two years. In addition, we expect the reopening of the Malaysian border on 1 April 2022 and other impending reopening of borders internationally to provide the upsides to counter some of the downside risks.

Notwithstanding the challenges in 2022, the Group will be introducing the face-lifted Nissan Serena in the second half of 2022. As one of the earliest automotive players to introduce fully electrified vehicles in Malaysia, the latest 100% electric Nissan Leaf will be equipped with a new charging port which allows the use of more public charging facilities in the second half of 2022. We are also delighted that the launch of C-segment sedan MG5 in Vietnam in March 2022 has been very well received and recorded healthy bookings within a short span of time. Moving forward, we will continue our efforts to strengthen our foothold in Vietnam by expanding our sales and distribution channels across the country to build further competitive edge with our MG passenger vehicles as well as King Long buses and TruckQuip ("TQ") commercial vehicles.

The uncertainties surrounding the political situations in Myanmar have exacerbated complications to the recovery path of our business operations in the country. Management will continue to keep a close tab on the developments and will review and adjust our plans accordingly to minimise the impacts to the Group.

The Group announced in December 2021 its plans to issue up to RM1,500 million worth of a Rated Islamic Medium Term Notes Programme ("Sukuk Murabahah"). The Sukuk Murabahah, with a tenure of up to 30 years, will be used to mainly finance the working capital needs of our business expansions in Malaysia and Vietnam. The Sukuk Murabahah carries a rating of A+$_{Is}$ with a stable outlook from Malaysian Rating Corporation Berhad. The Group had already successfully issued the first tranche of RM300 million in nominal value of the Sukuk Murabahah on 16 March 2022.

The Group takes cognizance of the importance of Environmental, Social and Governance ("ESG") aspects in building a long term sustainable business. With the Group's Sustainability Governance structure firmly in place, the Group is committed to balancing the objective of delivering economic benefits with the needs to genuinely care for the environment as well as the people we engage with either internally or externally. Amongst others, as we had recently announced, the participation in the large scale renewable energy which is expected to commence commercial operations by the end of 2023 will further contribute towards reduction of carbon footprint. This is on top of the ongoing energy and natural resources conservation initiatives rolled out across the Group to reduce the environmental impacts the Group creates in its operations. Our commitment towards ensuring a safe and secure working environment remains one of our top priorities, as we continue to battle with the COVID-19 pandemic. Safety measures and Standard Operating Procedures ("SOPs") have been implemented in all our business premises and workplaces in a timely and efficient manner to ensure the safety of our stakeholders. In addition, with our workforce that is almost 100% fully vaccinated with booster doses received, we are confident of providing the safest environment to all our stakeholders who engage with us. A more comprehensive coverage of all our initiatives has been included in the Sustainability Statement reporting in this Annual Report.

Acknowledgement

On behalf of the Board of Directors, I would like to express our sincere appreciation and thanks to our valued shareholders, customers, suppliers and business associates, bankers and financiers for their continued support towards the Group. I would also like to extend my heartfelt gratitude to my Board members, Management team and all employees for their commitment and teamwork towards the Group's success. I strongly believe that Tan Chong Motor Holdings Berhad is well positioned to achieve greater success in year 2022 with the continued support from all of our stakeholders.

On behalf of the Board,

DATO' TAN HENG CHEW
President

8 April 2022

MANAGEMENT DISCUSSION AND ANALYSIS

Overview

Global economic growth rebounded by 5.9% in 2021 despite the lingering pandemic-led disruptions. However, it is expected to decelerate to 4.4% growth in 2022, reflecting headwinds posed by COVID-19 flare-ups, supply chain bottlenecks, rising energy prices, on top of the ongoing war between Russia and Ukraine.

On the domestic front, national Gross Domestic Product ("GDP") grew by 3.1% in 2021 after a contraction of 5.6% in 2020. The local automotive industry suffered a minor setback during the year 2021, largely due to a prolonged lockdown period compared to the preceding year. However, the Malaysian Automotive of Malaysia ("MAA") had earlier announced the forecast of total industry volume ("TIV") at 600,000 units in 2022, 18% higher compared to 508,000 units in 2021. This was after taking into account the robust demand with the exemption of sales tax for passenger vehicles which has now been extended to 30 June 2022 and the tax exemptions on electric vehicles commencing in year 2022, on top of the low hire purchase loan interest rates.

Tan Chong Motor Holdings Berhad ("TCMH", "the Company", "the Group") delivered a commendable performance in a highly challenging and competitive environment for the financial year ended 31 December 2021 ("FYE2021"). Whilst revenue declined by 14% to RM2.5 billion for FYE2021, the Group managed to record a Profit Before Tax of RM19.1 million compared to a Loss Before Tax of RM161.3 million in the financial year ended 31 December 2020 ("FYE2020").

The Group's financial strength has enabled us to effectively weather the ravages of the pandemic. We will continue to exercise prudence in our expenditure and drive further cost rationalisation whilst capitalising on future growth opportunities under the new norm. The Group has been laying the groundwork in driving the agenda of digitalisation through various means, including online sales, process automation and inter-connectivity between various systems, in order to better cater to the changing needs of our existing and prospective stakeholders.

STRATEGIC INITIATIVES

The Group's aim of building a sustainable profitable business continues to be the top priority and laid out below are the initiatives in driving the strategic priorities of the Group:

IMPROVE COMPETITIVENESS IN DOMESTIC MARKET

The Group launched the face-lifted Nissan Navara MC in Malaysia in April 2021 which has been well received. With the upcoming new models to be launched during the year and in the years ahead, we are confident that the product line-up will be further enhanced to strengthen our competitiveness in the local market.

Meanwhile, the Group will continue with its strategy to innovate and explore new approaches in delivering mobility solutions to our customers by leveraging on technology. This includes the way of sales and distribution of vehicles are organised such as virtual showroom and online sales platform which have shown marked improvement in adoption rate by the customers under the new norm. The Group has also further grown the car subscription programme through offering a wider range of new and used vehicles to the customers. All these are integrated into Tan Chong's automotive eco-system to deliver end-to-end mobility solutions to cater to our discerning customers, from sales showrooms to aftersales services to financing and insurance needs.

STRENGTHEN REGIONAL FOOTHOLD IN ASEAN

The Group continued to make inroads in Vietnam with a stronger market share through its distribution of MG cars in 2021. Moving ahead, the Group will continue to penetrate the growing automotive industry in Vietnam with other new model launches and is confident of further improving the performance in the coming years.

We remain committed to strengthening our foundations in the other Asean market namely Laos, Cambodia and Thailand as long-term strategic investments. The recent launches of Nissan Navara MC, Nissan Terra MC and All-New Nissan Almera Turbo in Laos and Cambodia in 2021 have been well received by the customers and the Group will continue to penetrate the markets with other new Nissan car launches moving forward. The political uncertainty in Myanmar continues to cast doubts on our recovery in the country but the exposure in Myanmar has been kept at a manageable level and we will continue to adjust our recovery plans accordingly to minimise the impacts to the Group.

EFFICIENT FINANCIAL MANAGEMENT FOCUSING ON CONSERVING CASH AND COST OPTIMISATION

The Group's commendable performance amidst another challenging pandemic year enabled us to maintain a solid balance sheet. The Group's net gearing stood at 30% at the end of FYE2021 with cash and bank balances of RM514.5 million. Moving forward, the Group will continue to exercise prudence in our business dealings, improve our financial efficiency whilst continuing to rationalise the operations and drive further cost optimisation to ease the pressure of margin compression arising from inflationary factors.

MANAGEMENT DISCUSSION AND ANALYSIS

REVIEW OF GROUP FINANCIAL PERFORMANCE

The Group recorded revenue of RM2,537.3 million and profit before tax ("PBT") of RM19.1 million in FYE 2021 compared to revenue of RM2,959.6 million and loss before tax ("LBT") of RM161.3 million respectively in FY2020. It was a commendable performance from the Group considering that the pandemic had resulted in a longer lockdown period in 2021 compared to the previous year.

The financial position of the Group at the end of FYE2021 remained strong with shareholders' funds of RM2,791.5 million (FYE2020: RM2,841.7 million) and net asset per share of RM4.28 (FYE2020: RM4.36). The Group recorded cash and cash equivalents of RM516.6 million at the end of FYE2021 (FYE2020: RM752.3 million), which included the RM2.1 million of Liquid Investments in Quoted Unit Trusts with Licensed Financial Institutions ("Unit Trusts") (FYE2020: RM170.3 million). Consequently, the Group's Net Debt remained at the same level of around RM846.0 million (FYE2020: RM847.2 million) and recorded a net gearing ratio of 30% as at 31 December 2021 (FYE2020: 30%).

The Group had continued with its focus to maintain a healthy cash position throughout the year, despite the longer period of lockdown experienced, the Group managed to generate the cash required to redeem the Medium Term Notes of RM500 million which matured at the end of November 2021. The Group managed to conserve its cash position through more prudent stock reordering and tighter control on capital expenditure, which matched the RM128.0 million in FYE2020. The Group's inventory level increased marginally to RM778.0 million at the end of FYE2021, compared to RM772.7 million at the end of FYE2020.

As an annual exercise, the Group undertook a revaluation on its investment properties to reflect the current market value at the end of FYE2021. The loss on revaluation (net of deferred tax) of RM0.9 million had been incorporated into the consolidated financial statements for FYE2021.

BUSINESS PERFORMANCE AND MARKET OUTLOOK

AUTOMOTIVE DIVISION – PASSENGER VEHICLES

2021 Nissan Business Performance

The Nissan business division in Malaysia saw a decline in its overall performance last year, registering 12,287 units of new vehicles in 2021, a decline of approximately 1,873 units (-13.2%) compared to the previous year. The decline resulted in Nissan attaining a lower market share of 2.4% in 2021 compared to 2.7% in 2020. However, the monthly average sales of 2021 was better than 2020, supported by the recently launched All-New Almera Turbo and New Navara MC, even though 2021 had a longer lockdown than 2020. The All-New Nissan Almera Turbo that was launched at the end of 2020 registered a significant sales improvement of 33% in 2021.

The highly anticipated Nissan Navara facelift model was successfully launched in April 2021 amid stiff competition it faces from other brands. Amongst Nissan's current line-up, the top three best-selling Nissan models are the Nissan Almera Turbo (B-Sedan), Nissan Navara (Pick-up) and Nissan Serena (multi-purpose vehicle ("MPV")), these models contributed to 72% of total Nissan sales in 2021.

In terms of segment performance, the Nissan Serena S-Hybrid continued to capture 1st position in the mid-size MPV Segment. The NV200 also captured 1st position in the light commercial vehicle ("LCV") Compact Panel Van segment, while Nissan Almera Turbo and X-Trail both captured 3rd positions in their respective B-Sedan and C-SUV segments for Non-National makes.

2022 Nissan Market Outlook

The Malaysian economy has been on the path to recovery since the 3rd quarter of 2021, supported by the reopening of almost all of the economic and social sectors. However, the local automotive industry in 2022 may face another challenging period with the fast-spreading Omicron variant which may disrupt the overall global and domestic recovery. Other possible downsides including the shortage of semiconductor chips, rising cost of freight, inflation risks, other supply chain disruptions and the associated higher cost of living may also affect the country's economic growth and in turn, the sales of new vehicles.

The Nissan business division in Malaysia aims to achieve higher volume in 2022 vs. 2021 as we expect the sales tax exemption for passenger vehicles which has been extended to June 2022 to continue to attract new car buyers. The Nissan business division will be launching the new **Nissan Serena**, one of our core models and the best-seller in the mid-size MPV segment, in the second half of 2022 to further reinforce our No. 1 MPV segment position. It is anticipated to create much excitement in the competitive MPV segment with its redefined luxury design, added with more advanced Nissan Intelligent Mobility (NIM) drive assist technologies.

Also leveraging on the Government's Tax Free incentives for CBU electric vehicles ("EVs") for 2022 & 2023, the 100% electric new **Nissan Leaf** will be equipped with a new charging port in the second half of 2022 which allows the use of more public charging facilities that brings added convenience to the driver, as well as the addition of more advanced NIM drive assist technologies.

Concurrently, the Group will continue to embark on digital marketing and data analytics for a wider audience reach and more precise leads capturing, as well as enhancements to customer service quality for a stronger customer engagement and retention.

2021 Renault Business Performance

(a) Subscription

In 2019 and 2020, Renault had transformed its business model by becoming the first original equipment manufacturer ("OEM") to offer subscription services and a fully digital eStore. Such offerings proved to be extremely relevant in the current market situation.

Under the subscription programme, we increased our fleet size to 2,843 units of vehicles consisting of 1,865 units of Renault cars and 978 units of non-Renault cars under the GoCar subscription programme. At the same time, we have added over 2,000 customers through the subscription programmes in the last 12 months.

(b) GoCar Garage

With the increased fleet of non-Renault vehicles in subscription, TCEC gained wealth of experience in the repair and maintenance of such cars. This paved the way for the introduction of GoCar Garage. GoCar Garage differs from the Nissan After Sales Service provider as this new service caters to all car brands, especially those after warranty period but still demanding an OEM service level minus the premium price. In addition, with the full integration into GoCar Garage mobile app, it allows added convenience of appointment bookings, quotation approvals, complimentary 2 hours car sharing usage, pick-up delivery services and mobile payment options.

(c) GoEV

Towards the end of 2021, we introduced GoEV programme offering car sharing, subscription and charging solutions for all Electric Vehicles. The pilot programme started with 25 units of Nissan Leaf EVs and 10 charging stations with immediate plans to further scale up to take advantage of the growing EVs adoption.

MANAGEMENT DISCUSSION AND ANALYSIS

2022 Renault Market Outlook

(a) Subscription

Subscription fleet size is expected to grow to 3,500 units consisting of 1,400 units of Renault cars and 2,100 units of non-Renault cars. This strategy allows us to broaden the portfolio of car brands and provides the customers a wider choice of cars, ultimately strengthening our position as the undisputed leader in the car subscription market and continue to create disruptions to the traditional car ownership and leasing business model.

(b) GoCar Garage

More should be expected from GoCar Garage in 2022 as the brand will see expansion in market coverage utilising the network of service centres available within the Group. At the same time, more enhancements will be made to the app to allow more services offered under the GoCar Garage vertical including emergency breakdown assistance via the app. Moving forward, apart from the seamless integration of the app which brings excellent convenience to the customers, the division will also continue to raise the level of customer service excellence to attract and retain a much larger customers' base.

(c) GoEV

2022 will be an important milestone for the EV market thanks to the full import and excise duties exemption for all EVs. The division is planning to introduce other models of EV on the GoEV sharing and subscription platform after the second half of 2022 to take advantage of this exemption.

AUTOMOTIVE DIVISION – COMMERCIAL VEHICLES

2021 Trucks & Buses Business Performance

In the past 2 years, the automotive industry including the commercial vehicles segment had been experiencing challenging market conditions due to the unprecedented COVID-19 pandemic outbreak. Customers were cautious in spending and held back purchases of new trucks and buses while waiting for a recovery in the industries which they operate in.

The TIV of commercial vehicles in Malaysia in 2021 remained soft as the commercial vehicles segment continued to see many challenges posed by the pandemic such as movement control order ("MCO") restrictions, supply chain disruptions, semiconductor chip shortage and rising freight charges which have affected the demand and production of commercial vehicles.

In 2021, the Trucks' division had seen improvement in performance although its distribution and aftersales operations faced disruptions caused by the lockdowns implemented nationwide from June to August 2021. During the lockdowns, the automotive sector in Malaysia was restricted to operate as the sector was not listed as an essential service. Nevertheless, the Trucks' division managed to maintain its overall market share and gathered encouraging bookings for all its truck models in the last quarter of 2021, in particular its light-duty trucks segment which has benefited the most from the rising demand from the rapidly growing e-commerce and logistic industries.

In the last quarter of 2021, the Trucks' division added a new pick-up model under JMC brand which complements its existing product offerings to its customers. This new pick-up model is expected to contribute positively to the revenue of Trucks' division in the future.

The Buses' division continued to experience weak customer demand in 2021 attributed primarily to the travel restrictions triggered by the MCO which has severely affected the bus transportation and tourism industries. Notwithstanding, the Buses' division has been actively seeking new business opportunities by actively participating in tender projects and exploring new applications for its buses. Towards the end of the year, the Buses' division has seen an increase in sales enquiries and bookings from its customers in both local and overseas markets.

2022 Trucks & Buses Market Outlook

The national economy is en route to a recovery with positive growth expected in 2022, in the face of prevailing challenges posed by the new variants of COVID-19. The Trucks' division will continue to expand its extensive sales and service network to penetrate new corporate and fleet customers and focus on the growing industries such as e-commerce and logistic industries as well as industries that will benefit from the implementation of infrastructure projects as announced under the Malaysian National Budget 2022.

In March 2022, the Government announced that Malaysia would commence its transition to the endemic phase and reopen its borders from 1 April 2022. This announcement brings hope to the recovery of the tourism industry and will have a direct positive impact on bus and coach operators who rely heavily on both local and international tourists to ensure their business sustainability. Express bus operators and cross-border factory bus operators in the Southern region are expected to experience the first phase of the recovery process with the reopening of the Malaysia-Singapore border. However, customers' purchasing ability for coaches and tour buses is still expected to be low in 2022, affected by strict lending from financial institutions to the bus operators. The Buses' division will focus its efforts on foreseeable opportunities in the city transportation segment and electric buses.

Moving forward, the Buses' division will strive to procure new business opportunities, leveraging on its strategic partners in local and overseas markets. The division will continue its pursuit of productivity, design and quality improvement as well as product development in preparation for the business expansion into overseas markets on a larger scale in particular the South East Asia and South Asia regions with its own in-house bus model (the FDU30-M Series).

2021 VIETNAM BUSINESS PERFORMANCE & 2022 OUTLOOK

2021 Vietnam Business Performance

MG (Passenger Vehicles)

MG business division, the distributor of MG brand cars in Vietnam achieved a new milestone with total sales volume of above 4,000 units in year 2021 compared to 500 units in the first year of launch in 2020. The increase in sales volume was mainly driven by the network expansion of 3S MG dealers, coupled with the introduction of new MG ZS MCE model imported from Thailand in January 2021 which has been very well received in Vietnam.

To support the increase in sales volume, the division will continue on the quick expansion of the 3S dealership network to extend the market coverage and providing after-sales service to the MG customers. At the end of the year 2021, the division had already appointed 30 dealers nationwide.

King Long Bus (Commercial Vehicles)

The King Long Bus division successfully launched the King Long 29-seater and 35-seater bus variants in the 4th quarter of 2020. However, the distribution faced severe headwinds after its introduction as the COVID-19 pandemic wreaked havoc on the tourism industry which subsequently collapsed as tourists stayed at home and tour companies and related businesses like transport services shuttered. Despite these challenges, the division continued to increase its King Long dealership network from 3 to 9 dealers by the end of 2021.

Wuling Truck & Van (Commercial Vehicles)

In July 2021, the Wuling Truck & Van division officially launched the light truck under the Wuling brand in Vietnam. The first three models introduced to the Vietnamese market were Wuling Brilliance 1.5L Light Truck, Wuling Brilliance 1.5L Van and Sunshine 1.2L Small Light Truck imported from China. Similarly, sales were curtailed as dealers faced difficulties running their businesses amidst the severe disruptions caused by the 4th wave of COVID-19. Nevertheless, the division managed to successfully appoint 10 dealers in 2021.

2022 Vietnam Business Outlook

Vietnam's economy is forecasted to rebound with a GDP growth target of 6.0% to 6.5% for year 2022. With several initiatives under the USD15 billion economic stimulus packages announced by the Vietnamese Government and

MANAGEMENT DISCUSSION AND ANALYSIS

Value Added Tax ("VAT") reduction from 10% to 8% in 2022, these measures are expected to soften the impact of the COVID-19 pandemic on the country's economy and support the recovery of local economic activities.

However, COVID-19 impacts still remain a key risk in the short term and the increase in raw material and logistics costs, and chips shortages could affect MG business division's sales volume and profit margin in year 2022. Although facing all these challenges, MG business division has planned for a positive contribution from MG distribution by increasing sales volume and market share as it continues to grow its 3S dealership network to strengthen MG brand positioning in Vietnam. In March 2022, MG business division had launched a new C-segment sedan model which will be imported from Thailand. This model has been competitively priced in order to compete in both B & C market segments.

Meanwhile, the assembly plant will continue with the study of new collaboration with various global and major automotive companies for assembly of new completely-knocked-down ("CKD") model to expand its automotive footprint in Vietnam.

2021 MYANMAR BUSINESS PERFORMANCE & 2022 OUTLOOK

2021 Myanmar Business Performance

The sales performance of the division in Myanmar was severely impacted by the twin economic impacts of the COVID-19 pandemic and political turmoil whereby it recorded a decrease in sales by 43% (from 806 units in 2020 to 459 units in 2021).

The division managed to achieve a respectable sales of 459 units in 2021 with a 4.9% market share as opposed to 4.5% in 2020. Myanmar had been experiencing a shrinking B-segment (25%) as the MPV (30%) and SUV (20%) segments gained popularity where Nissan was not represented. The emergence of more market players from China and South Korea added to the already competitive market scenario especially in the cross-segment competition of MPV B and SUV B segments.

Despite the prevailing headwinds, we expanded the market coverage with one (1) new dealership located in Yangon in the 4th quarter of 2021. This new dealership will be vital in our expansion plans and new model launches planned in the future.

At the same time, we have continually stirred up consumer excitement, breathing life into consumer interests to overcome the disruptive effects of the pandemic with enticing promotional campaigns such as Sunny Drive Campaign, Safe and Save Campaign and Year-End-Gold-Rush Campaign. We have placed more emphasis on online sales activities and social media marketing in view of the COVID-19 situation where we are able to communicate directly with the general consumers.

2022 Myanmar Market Outlook

Myanmar's economy continues to be severely tested by the ongoing impacts of the political uncertainties and the surge in COVID-19 cases in 2021. Following an expected 18% contraction of the economy in 2021, World Bank has projected a growth of 1% in 2022.

The country has seen a significant recovery in overall local business sentiments as the Myanmar Kyat experienced minimal fluctuations due to foreign exchange ("forex") controls imposed by the central bank towards the end of 2021. The automotive TIV has also improved with most plants resuming operations and sales of vehicles beginning to show some form of recovery.

The Group will continue to serve our customers and owners of Nissan cars in the Myanmar market to meet customers' expectations and ensure the customers will have continuous access to proper maintenance and support.

We anticipate the Myanmar government to continue providing further Economic Relief Plans to extend its support to the automotive market such as maintaining the current Personal Income Tax level which was reduced to 3% from 6% as well as the reduction in Road Tax Registration rate by 50% which was implemented in August 2020. Semi Knocked-Down ("SKD") import duty of 0% is expected to continue in 2022.

Any new model launches in Myanmar will depend on the political situation and the Group will monitor the situation closely and navigate through the challenges by adjusting its business recovery plan accordingly in order to minimise the impacts to the Group.

2021 LAOS BUSINESS PERFORMANCE & 2022 OUTLOOK

2021 Laos Business Performance

In 2021, the COVID-19 situation did not improve further despite the ongoing vaccination programme and the emergence of new variants of COVID-19 had continued to disrupt the Laos economy and restricted entrance of international travellers. To further contain the outspread of the pandemic, the government of Laos had implemented various lockdown measures intermittently for the past 2 years.

The sales performance of the business division in Laos was severely impacted by these lockdown measures whereby it had recorded a decrease in sales by 51% (from 581 units in 2020 to 297 units in 2021). Despite the decrease in overall sales, the division had sustained the sales in the large SUV segment and pick-up segment with the core model line-up, i.e. Nissan Terra and Nissan Navara respectively.

Despite the lockdowns, the division continued to adopt the Regional Market Coverage Plan via outlets located in major townships as well as expanding the sales and marketing activities via frequent provincial roadshows to reach out to potential customers in smaller townships as well as embarking aggressively on social media digital marketing to increase the outreach of the brand and sales prospects.

2022 Laos Business Outlook

Economic recovery in Laos slowed down amid the second wave of COVID-19 pandemic that has led to lockdowns and lower consumer spending according to Asian Development Bank ("ADB"). The country's economy is forecasted to recover with a growth of 4.5% in 2022.

Laos' economic well-being has been jeopardised; with international trading conditions deteriorating, domestic demand weakening, and the public debt burden posing a high risk to macroeconomic stability.

Challenges remain as new measures to contain COVID-19 outbreaks and the slow pace of the vaccine rollout have impacted the country's economic prospects. However, the division remains cautiously positive on the outlook for 2022 with the recently launched new core models – the All-New Nissan Almera, New Nissan Terra, as well as New Nissan Navara that were introduced in 2021. These new models are expected to continue to excite the market and boost our sales performance in 2022.

MANAGEMENT DISCUSSION AND ANALYSIS

2021 CAMBODIA BUSINESS PERFORMANCE & 2022 OUTLOOK

2021 Cambodia Business Performance

In 2021, Cambodia continued to battle with COVID-19 that not only disrupted business operations, but the livelihoods and health of the communities across the country. The economic impact on the region was devastating, especially on Cambodia's tourism and hospitality sectors which were the hardest hit. The slump in global demand has also weighed heavily on the country's export economy, with subdued consumer sentiments.

The Royal Government of Cambodia took countermeasures to contain the pandemic and avoided the situation from getting out of control in the Kingdom; by placing Phnom Penh capital and several other districts under lockdown from April till August 2021 in order to control the spread of the COVID-19.

Due to the above impacts, the business division in Cambodia had recorded a decrease in sales by 56% (from 421 units in 2020 to 236 units in 2021). Nevertheless, the division had invested in a series of integrated aggressive sales and marketing initiatives to strengthen the Tan Chong and Nissan brands to improve their market position and sales momentum.

The new normal has also accelerated the agenda of digital adoption and the division has intensified its efforts on digitalisation to bring greater convenience to our customers.

2022 Cambodia Business Outlook

According to ADB, Cambodia's outlook remains highly uncertain and risks are tilted to the downside as further disruptions remain high due to the active spread of new variants of COVID-19.

The Royal Government of Cambodia continues to mitigate the economic and social impacts caused by the pandemic by accelerating the free COVID-19 vaccination programme, cash transfers to poor households, economic stimulus and loan restructuring programmes.

With the government's continuous efforts, the economic growth is expected to rebound by growing 5.6% in 2022. The government has continued to implement new policies and investment laws to fully exploit the benefits of bilateral Cambodia-China Free Trade Agreement.

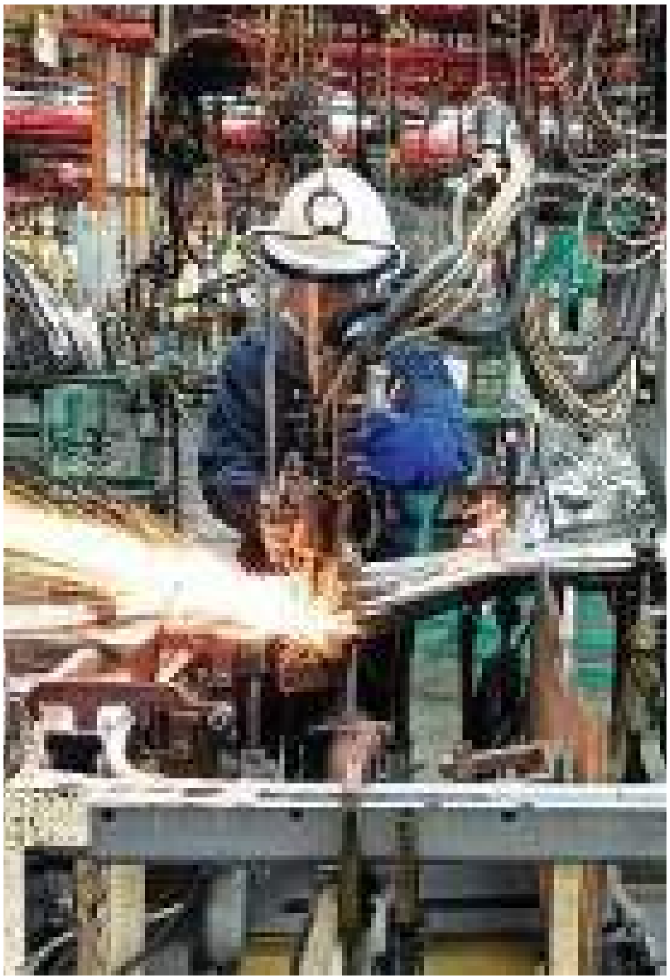
The division will remain resilient in the market, with the aggressive Sales and Marketing plans in 2022, we expect to see better sales prospects with the recently launched All-New Nissan Almera and New Nissan Terra which were launched towards the end of 2021.

2021 THAILAND BUSINESS PERFORMANCE AND 2022 MARKET OUTLOOK

2021 Thailand Business Performance

While 2021 was full of unexpected challenges from the COVID-19 pandemic like restriction in travel and increase in parts and freight costs, the business division in Thailand managed to minimise the impact through new sourcing and product development for export through suppliers' channel from China.

The division recorded a growth of 13.2% compared to 2020 on export of auto parts through continuation of new product development of Tan Chong brand with reliable suppliers from China and Thailand.



2022 Market Outlook

The Thai economic growth in 2022 is projected to grow at 4% primarily with the recovery in domestic demand and manufacturing production, the expansion of export and the revival of domestic tourism with the anticipated easing of international arrivals.

As part of our business growth strategies in sales and channel development in the domestic market, we plan to import the auto parts from China into Thailand for distribution to tap into the large addressable automotive parts market in the country.

When the division's Kunshan procurement office in China becomes operational by 2nd half of 2022, our sourcing and new product development activities can be further expanded to cover wider product types with more reputable suppliers from China to support the growth of the Group's business in Thailand.

ASSEMBLY AND MANUFACTURING DIVISION

2021 Assembly and Manufacturing Division Business Performance & 2022 Market Outlook

The impact of COVID-19 continued to dampen the production output with intermittent plant closures. During the closures, our assembly and manufacturing division was given the approval by MITI to operate at warm idle condition to maintain all critical equipment.

More stringent manufacturing standard operating procedures ("SOP") for COVID-19 had been implemented to fight against the spread of the disease during operations. Productive measures had been taken to mitigate the impact with initiatives such as:

a) Rationalisation of resources and the expansion of shared services between plants.
b) Adoption of lean initiatives in manufacturing operations such as inventory control and cost reduction activities through waste identification and reduction to ensure optimal operating cost was achieved.
c) Reduction on dependency of human workforce through investment in automation such as installation of spot and hemming robots at the Stamping Plant, which is in line with the Industrial 4.0 initiatives.
d) Expansion of Integrated Factory Automation ("iFA") with in-house developed Automated Guided Vehicle ("AGV") for efficient parts supply and Low Cost Automation ("LCA") such as Karakuri and Minomi racking systems to reduce non-value added motions of humans where both contributed to productivity improvement.
e) Installation of in-house developed Pokayoke (Error-proof) Systems in assembly processes to avoid human error and guaranteeing the built in quality of processes performed.
f) Continuous evaluation of automation opportunities in order to overcome labour shortage and to reduce labour dependency in order to improve productivity and cost efficiency.
g) Implementation of Nissan Quality Assurance Requirements ("QAR") / Quality Assurance Level ("QAL") system to further enhance the quality level of vehicles assembled to meet customer demand.
h) Continue to explore other business opportunities for manufacturing and assembly services.

MANAGEMENT DISCUSSION AND ANALYSIS

In order to remain competitive in the automotive assembly business with high dependency on manual workforce, Human Resources Development has been listed as one of our key focus areas in preparing talents for the future. Some of the crucial training programmes that had been rolled were as follows:

a) Developed and rolled out e-learning programmes internally and participated in external e-learning programmes such as e-Latih by Human Resource Development Corporation ("HRDC")
b) Nissan Anti Corrosion Auditor Certification programme
c) Alliance Production Way ("APW") Daily Management Diagnosis ("DMD") Shop Floor Management System
d) Nissan Industrial Engineering Expert Certification programme
e) Nissan QAR / QAL System Training programme
f) Safety programmes such as HIRARC

The division has been implementing initiatives which create positive environmental impact, in alignment with the Group's sustainability efforts. Some of the key achievements in 2021 were as follows:

a) Expansion of the Regenerative Thermal Oxidizer (RTO) system to decompose volatile organic compounds (VOCs) at Paint Shop
b) Establishment of Energy Management Committee (EMC) to oversee the energy conservation programmes of the plants
c) Participate as part of a consortium which has been awarded the development of a 20MW Floating Solar Plant at Serendah by Energy Commission in LSS@ MENTARI scheme

Following the business recovery in 2022, the division expects to continue on improving production efficiency as the assembly plants can operate on normal basis without any restrictions or disruptions seen in previous years.

AFTER-SALES SERVICE DIVISION

2021 After-Sales Service Business Performance and 2022 Market Outlook

Local Business Operations

The business division is the dedicated after-sales service provider for all Nissan, Renault and INFINITI vehicles in Malaysia.

2021 was a challenging year for the division as we saw a decline in service intakes and the market continued to be battered by COVID-19 with the movement control orders' restrictions.

The division recently emerged as the Winner in the Global Nissan Aftersales Award 2020 ("GNAA"), making it 3 wins since 2017 as the best achieving Nissan dealer for after-sales service within Asia and Pacific region.

The division remains positive on the long-term prospects in the country, given that we have built strong fundamentals and well positioned the division to capitalise on the growth opportunities. We will continue to manage the efficiency of our operations in order to mitigate any impact brought upon by external factors.

We will continue to implement our mid and long term strategies to grow our business by upgrading our operating systems, improving and refurbishing our facilities to ensure higher standards of quality and service, expanding Body and Paint ("B&P") hubs, enhancing our marketing communications and retention programmes as well as implementation of best practices to improve on our operational cost efficiency and productivity.

Forging ahead, we will continue with our strategy to enhance the quality of our after-sales service network which comprises a total of seventy-seven (77) centres and focus on delivering customer satisfaction and better customer experience.

Overseas Business Operations (eGarage)

eGarage is the registered brand name for a chain of vehicle service centres developed and managed by the Group in Indo China countries. eGarage offers professional motoring solutions by providing fast, efficient, convenient and hassle free quality services to meet customers' satisfaction.

Currently, eGarage is present in Cambodia and Myanmar. There are plans to expand the eGarage network in these 2 countries and setting up eGarage centres in Laos in 2023. eGarage has been running successfully in Cambodia and Myanmar by the local teams trained in Malaysia.

eGarage's full range of services include the following:

- A full range of automotive maintenance and repair services, including Mobile service
- Spare parts sales and distribution
- Vehicle pickup and delivery
- Alignment and balancing

eGarage has planned to include B&P restoration in 2022 to increase the revenue of the Group in Cambodia and Myanmar.

SPARE PARTS DIVISION

2021 Business Performance & 2022 Market Outlook

The Spare Parts Division ("SPD") is a dedicated parts distribution centre which supplies Nissan genuine spare parts to after-sales service workshops, authorised service dealers and authorised parts stockists. The main warehouse in Kuala Lumpur is supported by three regional depots in Kuching, Kota Kinabalu and Johor Bahru. Spare parts are distributed through these regional depots for better supply lead time.

The MCO restrictions and global supply chain disruptions in 2021 had impacted the overall parts supply lead time and fulfilment. Delay of supply was mitigated by alternative parts sourcing and conversion of sea shipment to air shipment based on the urgency of the parts' demands.

The Group's After-Sales Division (SPD and After-Sales Service Workshops combined) emerged as the winner in the Global Nissan Aftersales Award 2020, recording its 3rd win since 2017 as the best achieving Nissan dealer for Aftersales Services within Asia and Pacific region.

The global supply chain disruptions caused by COVID-19 pandemic and container shortage are expected to continue in 2022. In addition, the shortage of raw materials and increase in freight charges are expected to drive up parts prices. Despite these challenges, SPD is committed to maintain the total ownership cost and continue to improve parts' supply lead time and fulfilment.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL SERVICES DIVISION

(A) FINANCIAL SERVICES

2021 Business Performance & 2022 Market Outlook

The pandemic inevitably affected our 2020 performance, and it continued into 2021 with further intermittent lockdowns. Subdued revenue growth recorded in FYE2021 was mainly due to tightening measures to focus on lower risk customer profile. Nevertheless, Profit Before Tax ("PBT") for the division doubled from the year before, mainly driven by lower impairments on loans. To assist our customers during this difficult time, we offered to reschedule and restructure ("R&R") their Hire Purchase loans to minimise the financial burden on the customers.

As we transitioned into 2022, we remain vigilant to focus on serving the needs of our customers and business partners. Continued recovery in domestic activities, mainly on consumer spending and investment will be an important element for the business unit to grow its lending portfolio, especially the used car market segment. Whilst doing that, continuous efforts will be taken to ensure inherent credit risks are identified, measured and mitigated. The division is committed to deliver an improved performance in 2022 through proactive measures on cost management, business operational efficiency and strengthening asset quality.

(B) INSURANCE SERVICES

2021 Business Performance & 2022 Market Outlook

2021 was a turbulent year and the insurance industry had not been spared. The insurance division has been steadfast in its purpose to stabilise and build the business amidst the rocky pandemic times. While premium received contracted in line with the numerous lockdowns, through concerted efforts, certain business segments recorded improvements such as sub-year retention ratio from 79% to 81%, increase in premium from re-winning of lost customers, as well as increase in cases for extended warranty programme. We have also recorded an improvement in penetration rates in RTI-GAP and Motorist Personal Accident policies.

In December 2020, we had launched our digital platform at www.Goinsuran.com under the brand GoInsuran. GoInsuran was developed to improve the way road users renew car insurance and road tax. We injected technologies to provide an easy and seamless experience for our customers, from getting free quotations, to making online payments. This platform operates as a real-time electronic platform for customers to renew car insurance and we deliver their road tax for free. Harnessing social media to elevate our brand despite a turbulent year, GoInsuran platform has shown a strong sense of agility and perseverance.

Going into 2022, we are planning to have new products to be introduced such as used cars warranty programme and RTI-GAP plus. We will also be offering Buy-Now-Pay-Later option for our customers.

As for GoInsuran, we will continue to invest in this channel to build awareness, to improve user interface and to increase product offerings. We look to grow this channel and aspire to diversify our digital initiatives through partnerships with other established e-commerce and telecommunication brands in driving further visibility of our platform and improving customer experience. Through surveys conducted, they have helped us to identify customers' pain points and gauge where GoInsuran stands amongst our key competitors. We will also grow our social media initiatives by adopting Key Opinion Leaders (KOLs) to reach more B2C audiences as well as engage with potential prospects. This will steer the brand's mileage not only as an insurance agent but also as a preferred aggregator in the insurance services sector.

INFORMATION TECHNOLOGY SERVICES

The global pandemic has forced us to adapt to a different way of doing business and running the daily operations. Online meetings and collaborative working are just some of the many ways we have transformed the Group. Our investments into online insurance and vendor payment systems, mobile and cloud-based applications have made it easier to respond to business and operational needs and at the same time ensure the safety of staff and customers.

If 2020 was the "Year of the Online Meeting" where everyone embraced a new way of collaborating at work, 2021 was "Year of The Rise in Cyber-attacks". Across the globe, as companies struggled to recover after the crippling effects of the pandemic, threat players had also ramped up their nefarious activities.

In 2021, we had scaled up our infrastructure and endpoint security and invested critical resources to enhance our IT asset management capabilities with stronger protection to minimise the risk of cyber threats. Over 4,000 training hours were recorded during the year to ensure our staff are kept abreast of cybersecurity threats and we will continue the efforts to reduce this risk. This has also enabled us to re-strategize our approach to safeguard our business and customer data by exploring new alternatives from traditional on-site hosting management to more agile cloud-based hosting.

Our focus in 2022 will be to further enhance our customer experience. A successful pilot run of our in-house built cloud-based 3S system has enabled us to fine tune the business processes, and a phased roll out of this new system will be our main priority in transforming the business. We also aim to improve the business operational efficiency by rolling out a new back-office solution to ensure an uninterrupted service to our dealers. Last but not least, we have also been working on enhancements to our Human Resources systems to enable better management of our human capital development and places the Group on the right path with total transparency on our human capital data for strategic human capital management.

MANAGEMENT DISCUSSION AND ANALYSIS

HUMAN RESOURCES

2021 was another tough year with the COVID-19 pandemic resurging and enforced lockdowns in the middle of the year. However, despite these extremely tough times, our employees buckled down and concentrated on what was necessary. We focused on ensuring a safe and healthy environment for staff, with close to 100% of staff being vaccinated, strict SOPs being enforced, regular disinfections, air filters installed in all offices, and regular self-testing.

As we embraced the new way of working, the Group has also moved forward with changing to a 5-day workweek. This was one of the areas of change as we move towards ensuring the sustainability of the company through attracting and retaining talents and human capital.

With the reopening of schools and physical classes being allowed by the government, Tan Chong Education has also focused their marketing efforts and targeting of the M40 and B40 communities for young school leavers to take up the vocational automotive certification programmes that we provide. This continues to be a source of talents that not only supports the Group's value chain but also in supporting the communities that we operate in. This shows our commitment in contributing towards the societies or communities we operate in, by providing opportunities for further education or technical training followed by employment opportunities in the Group to the targeted groups.

Our employees have also shown a strong caring attitude towards colleagues who were affected by the year end floods by being out there to help with the cleaning and clearing of affected homes and contributing monetary support towards the restoration of their homes.

For 2022, Succession Planning as part of the Talent Management and Development Programme will be a key focus for the Group as we concentrate on business recovery and driving the longer term sustainability of the Group. Coupled with the values such as agility, resilience, perseverance and caring that the Group's employees have shown, this should bode well to having the right talents and leadership to take the Group forward.

SUSTAINABILITY AND GOVERNANCE

The Group is committed to driving the Environmental, Social and Governance ("ESG") agenda in building a long term sustainable business. We have taken the first step into large scale renewable energy as part of the diversification plans through a Special Purpose Vehicle entity, TC Sunergy Sdn Bhd ("TCSS"), with equity participation by Tan Chong Motor Assemblies Sdn Bhd, APM Shock Absorbers Sdn Bhd and TCIM Sdn Bhd, all wholly owned subsidiaries of TCMH, APM Automotive Holdings Berhad and Warisan TC Holdings Berhad respectively. TCSS will be carrying out development, financing, designing, supplying, installing, operating and maintaining a 20 Mega Watts large scale solar photovoltaic plant on the water surface in Serendah, Hulu Selangor ("LSS"). LSS is expected to commence commercial operations by 31 December 2023 for a term of 21 years under a power purchase agreement entered into with Tenaga Nasional Berhad ("TNB") under the LSS@ MENTARI (also known as LSS Cycle 4) Scheme by Energy Commission ("EC"). The outlook for the solar photovoltaic ("PV") industry in Malaysia remains optimistic given that the government is committed to supporting the growth of the solar PV industry, where renewable energy is targeted to contribute around 31% to the national capacity mix by 2025. This will form an important part of the Group's initiatives to mitigate the carbon footprint generated by the businesses of the Group.

On top of that, as one of the earliest industry players in the sales and distribution of fully-electric vehicles ("EVs"), we will continue to play a part in reducing carbon emissions and fighting climate change. With the recent announcement of tax exemptions on EVs by the government, the Group will continue to explore opportunities to bring in new model of EVs for sales in the country.

As for Corporate Governance, the Group ensures that effective corporate governance practices are in place to guide our people to do the right thing. The Group is committed to follow the best practices of corporate governance, guided by the principles of transparency, accountability, integrity and corporate performance. There are also clear policies and guidelines to govern the day to day operations of the Group, including Code of Business Conducts and Ethics, Fraud Prevention Policy, Anti-Bribery and Anti-Corruption Policy, Special Complaints (Whistle Blowing) Policy and Gifts, Entertainment and Hospitality Policy, amongst others.

The Group has also embarked on putting in place a Sustainability Framework in driving the long term business objectives. The Sustainability Working Committee, guided by the Board Risk Management and Sustainability Committee, has been entrusted to oversee the implementation of the sustainability initiatives which cover all aspects of environmental, social and governance in our pursuit of long term sustainability and delivering the economic objective of long term value creation.

A full coverage of all the other important activities undertaken by the Group which cover the aspects of Economic, Environmental, Social and Governance initiatives have been included in the Sustainability Statement of this Annual Report (pages 38 – 57).

MANAGEMENT DISCUSSION AND ANALYSIS

CONCLUSION

Moving into 2022, the global economies are expected to face more challenges brought about by new COVID-19 variants, the ongoing war between Russia and Ukraine, rising energy prices and supply chain disruptions. Even with the impending reopening of international borders, the downside risks to further growth in 2022 remain high and is expected to moderate to around 4.4% expansion, down from 5.9% in 2021.

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%), as economic activities resumed with the easing of containment measures. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors while on the expenditure side, growth was driven mainly by the improvement in household spending and trade activities. With the turnaround in growth in the fourth quarter, the economy grew by 3.1% for 2021 as a whole, and the unemployment rate declined to 4.6%. As the Nation transitions into endemic phase and with the reopening of Malaysian borders from 1 April 2022, we expect the economic activities to pick up pace and provide the upside to counter the risks arising from ongoing geopolitical tensions across Europe and impacts from the prolonged war between Russia and Ukraine.

Amidst a slightly slower global economic growth, the local economy is projected to grow by 5.3% - 6.3% in 2022, largely supported by the efficient vaccination programme as well as the swift implementation of economic policy support measures.

As announced by the Government of Malaysia, the sales tax exemption for passenger vehicles has been further extended to 30 June 2022. On top of that, the announcement of tax exemptions on Electric Vehicles ("EVs") will provide the much needed incentives to promote the growth of EVs. On the back of these support measures, the Malaysian Automotive Association ("MAA") has forecasted the automotive sales to grow by 18% in 2022, to reach the total industry volume of 600,000 units in 2022.

The Group will continue to take appropriate actions to stay competitive in the domestic as well as Indo-China markets, with new model launches in Malaysia and Vietnam expected to be the catalysts for sales growth in 2022.

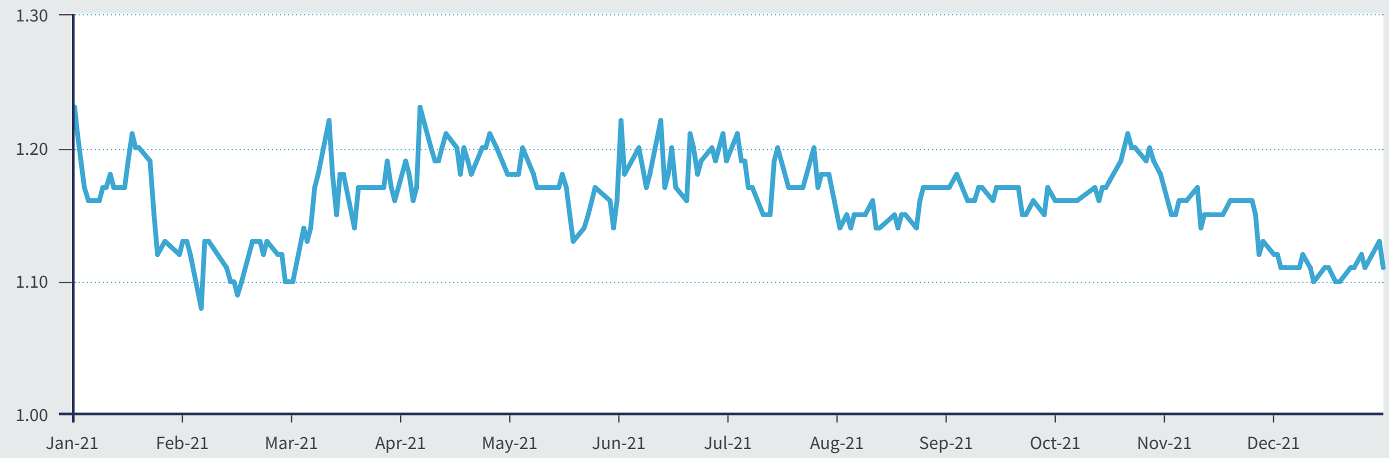
Moving ahead, the Group will continue to focus on further rationalising the business operations with the aim to drive down the cost of doing business. In addition, better control on new investments and more efficient management of working capital are expected to conserve the cash within the Group. Through these principles of prudent resources management, the Group expects to navigate through the challenging times ahead. The Group will also continue to drive the digitalisation agenda and further business improvement strategies whilst adapting to the new norms in delivering long term operational and financial sustainability.

EIGHT-YEAR FINANCIAL HIGHLIGHTS

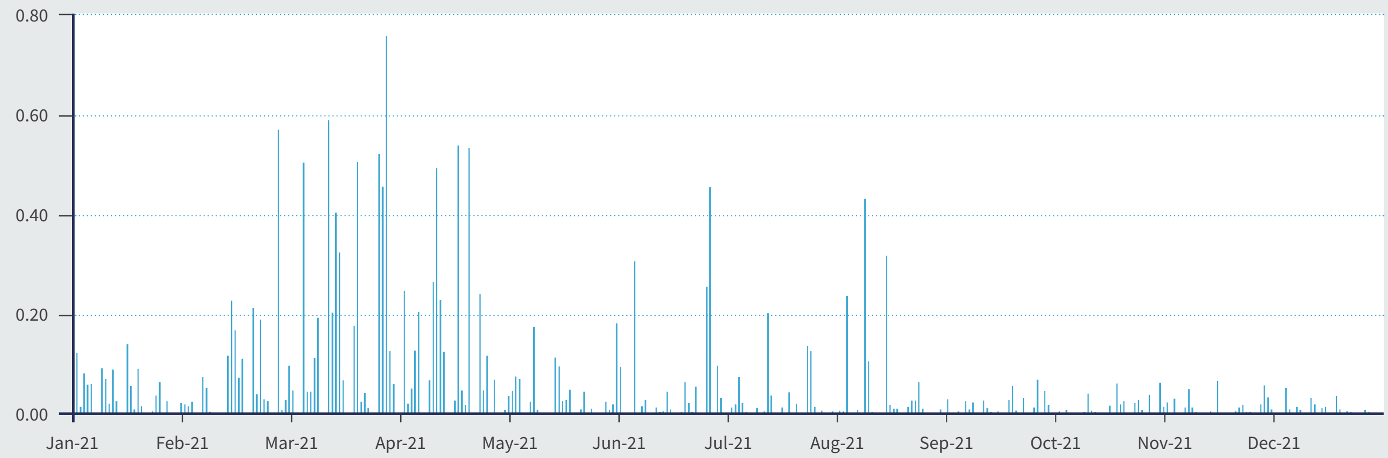
	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000	2014 RM'000
RESULTS								
Revenue	2,537,307	2,959,619	4,172,447	4,858,206	4,341,228	5,460,757	5,716,654	4,760,628
Profit/(Loss) before tax	19,134	(161,298)	114,327	178,586	(72,811)	(43,080)	115,252	170,845
Tax expense	(39,350)	(15,455)	(67,635)	(76,049)	(23,578)	(15,954)	(45,350)	(51,191)
(Loss)/Profit for the year	(20,216)	(176,753)	46,692	102,537	(96,389)	(59,034)	69,902	119,654
(Loss)/Profit attributable to:								
Owners of the Company	(15,417)	(165,580)	43,645	105,932	(88,597)	(54,943)	74,865	105,853
Non-controlling interests	(4,799)	(11,173)	3,047	(3,395)	(7,792)	(4,091)	(4,963)	13,801
STATEMENT OF FINANCIAL POSITION								
Assets								
Property, plant and equipment	2,317,945	2,311,657	2,250,999	1,773,114	1,825,620	1,863,022	1,704,190	1,731,688
Investment properties	229,500	230,495	216,725	207,376	202,000	198,766	186,633	173,078
Prepaid lease payments	-	-	-	43,436	45,609	51,343	49,798	44,524
Intangible assets	14,546	759	759	759	14,592	14,592	14,592	14,592
Equity-accounted investees	72,374	75,969	61,811	57,914	45,797	42,891	40,415	36,793
Other investments	-	-	-	1	1	1	1	1
Deferred tax assets	107,809	120,384	95,741	96,075	67,098	62,761	35,722	34,787
Hire purchase receivables	406,161	489,860	551,779	655,383	745,066	460,399	369,507	350,594
Finance lease receivables	-	-	-	-	585	162	9,153	636
Total non-current assets	3,148,335	3,229,124	3,177,814	2,834,058	2,946,368	2,693,937	2,410,011	2,386,693
Current assets	1,847,592	2,091,368	2,655,401	2,640,647	2,449,274	2,882,708	2,761,369	2,619,869
Total Assets	**4,995,927**	**5,320,492**	**5,833,215**	**5,474,705**	**5,395,642**	**5,576,645**	**5,171,380**	**5,006,562**
Equity and Liabilities								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	2,481,423	2,531,552	2,708,944	2,525,874	2,485,161	2,562,520	2,485,524	2,443,592
Treasury shares	(25,901)	(25,866)	(25,364)	(25,283)	(25,282)	(25,278)	(25,274)	(24,990)
Total equity attributable to owners of the Company	2,791,522	2,841,686	3,019,580	2,836,591	2,795,879	2,873,242	2,796,250	2,754,602
Non-controlling interests	(21,850)	(16,995)	(11,548)	(17,733)	(14,511)	(8,952)	(1,602)	5,951
Total equity	2,769,672	2,824,691	3,008,032	2,818,858	2,781,368	2,864,290	2,794,648	2,760,553
Non-current liabilities	416,988	432,381	926,798	804,718	986,104	975,021	1,013,524	1,101,119
Current liabilities	1,809,267	2,063,420	1,898,385	1,851,129	1,628,170	1,737,334	1,363,208	1,144,890
Total Equity and Liabilities	**4,995,927**	**5,320,492**	**5,833,215**	**5,474,705**	**5,395,642**	**5,576,645**	**5,171,380**	**5,006,562**
FINANCIAL STATISTICS								
Basic (loss)/earnings per share (sen)	(2.36)	(25.38)	6.69	16.23	(13.57)	(8.42)	11.47	16.22
Gross dividend per share (sen)	1.50	1.50	4.00	3.00	2.00	4.00	5.00	6.00
Net assets per share (RM)	4.28	4.36	4.63	4.35	4.28	4.40	4.28	4.22
Return on invested capital (%)	-2.61%	-4.92%	2.15%	4.63%	-0.44%	0.36%	3.07%	4.29%
Return on shareholders equity (%)	-0.55%	-5.65%	1.49%	3.76%	-3.13%	-1.94%	2.70%	3.87%
Net debt/Equity (%)	30.21%	29.81%	42.44%	30.82%	47.06%	54.88%	47.21%	34.28%

DAILY SHARE PRICES & VOLUME TRADED ON BURSA MALAYSIA SECURITIES BERHAD

Share Price (RM)



Volume Traded (Million)



Composite Index

PROFILE OF DIRECTORS

Name	:	**DATO' TAN HENG CHEW**
Date of Appointment	:	**19 October 1985**
Nationality	:	**Malaysian**
Gender	:	**Male**
Age	:	**75**

Dato' Tan Heng Chew, JP, DJMK, 75, 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 on 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' (Dr.) 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 eight (8) Board meetings held in 2021.

Name	:	**DATO' NG MANN CHEONG**
Date of Appointment	:	**31 July 1998**
Nationality	:	**Malaysian**
Gender	:	**Male**
Age	:	**77**

Dato' Ng Mann Cheong, DSSA, SMP, JP, 77, 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 serves on the board of MTrustee Berhad, AmMortgage One Berhad and is a past director of Port Klang Authority. He has abstained from deliberating and voting in respect of transactions between the Group and related parties involving himself.

Dato' Ng attended all the eight (8) Board meetings held in 2021.

PROFILE OF DIRECTORS

Name	:	**DATO' (DR.) KHOR SWEE WAH @ KOH BEE LENG** (Also known as Dato' (Dr.) Rosie Tan)
Date of Appointment	:	**22 March 2013**
Nationality	:	**Malaysian**
Gender	:	**Female**
Age	:	**73**

Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng, also known as Dato' (Dr.) Rosie Tan, DJMK, 73, 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 to Group Senior Executive Vice President on 28 November 2016. On 1 January 2018, her corporate title was changed to Group Chief Executive Officer and subsequently to Deputy President on 1 January 2020.

Dato' (Dr.) Rosie Tan graduated from the University of Newcastle, New South Wales, Australia with a Bachelor of Commerce (Accounting) degree in year 1970. Dato' (Dr.) Rosie Tan has been conferred the Honorary Doctor of Philosophy Degree (International Business) in conjunction with the 32nd Convocation Ceremony of University Utara Malaysia ("UUM") on 19 October 2019. Together with the conferment, she has also been appointed as a Member of University-Industry Advisory Council of UUM from 2019 to 2021.

Dato' (Dr.) 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 50 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. She has also brought about the enhancement of the digitalisation to the treasury system.

As a passionate person, Dato' (Dr.) 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 is 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 was 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' (Dr.) 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' (Dr.) 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' (Dr.) Rosie Tan attended all the eight (8) Board meetings held in 2021.

Name	:	**HO WAI MING** (Also known as Daniel Ho)
Date of Appointment	:	**22 March 2013**
Nationality	:	**Malaysian**
Gender	:	**Male**
Age	:	**51**

Ho Wai Ming, also known as Daniel Ho, 51, 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 subsequently changed to Chief Financial Officer on 1 January 2015 and he was appointed as the Group Chief Executive Officer on 1 January 2020.

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

Mr. Ho has more than 27 years' experience in business strategy and management, corporate laws and governance, 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 and relinquished this position on 16 March 2022. He is also the Chairman of the Group's Risk Management and Sustainability Committee. During his over 16 years' stint in the Group, he 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 has abstained from deliberating and voting in respect of transactions between the Group and related parties that involving himself.

Mr. Ho attended all the eight (8) Board meetings held in 2021.

PROFILE OF DIRECTORS

Name :	**LEE MIN ON**
Date of Appointment :	**28 November 2016**
Nationality :	**Malaysian**
Gender :	**Male**
Age :	**62**

Lee Min On, 62, 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.

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 of good governance and integrity in the market place, Mr. Lee speaks regularly at public seminars and conferences, including in-house sessions, sharing his thoughts and insights, particularly on Sustainability, Governance, Risk and Compliance.

Mr. Lee also serves as an Independent Non-Executive Director of APM Automotive Holdings Berhad, Warisan TC Holdings Berhad, Kotra Industries Berhad and Lii Hen Industries Berhad. He is also a member of Audit and Risk Management Committee of MIA. He has abstained from deliberating and voting in respect of transactions between the Group and related parties that involved him as a Director.

Mr. Lee attended all the eight (8) Board meetings held in 2021.

Name	:	**NG CHEE HOONG**
Date of Appointment	:	**3 November 2020**
Nationality	:	**Malaysian**
Gender	:	**Male**
Age	:	**55**

Ng Chee Hoong, 55, a Malaysian, Male, was appointed to the Board on 3 November 2020. He is an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of the Board Risk Management and Sustainability Committee and the Nominating and Remuneration Committee.

He is a Fellow of the Association of Chartered Certified Accountants ("ACCA"), a member of the Malaysian Institute of Accountants ("MIA") and a member of the Chartered Tax Institute of Malaysia ("CTIM").

Mr. Ng is the sole partner of an accounting firm which provides auditing, taxation and advisory services. He has more than 30 years of experience in the provision of audit and assurance services. Prior to joining the Group, Mr. Ng was a partner in various mid-tier accounting firms from June 1990 to April 2020 except for the period from March 2017 to February 2019 where he joined an oil palm and rubber plantation company as the Chief Financial Officer.

Mr. Ng also sits on the Board of PESTECH International Berhad ("PIB"), a company listed on the Main Board of Bursa Malaysia Securities Berhad and MOG Holdings Limited ("MOG"), a company listed on the Main Board of the Stock Exchange of Hong Kong Limited as an Independent Non-Executive Director.

Mr. Ng attended all the eight (8) Board meetings held in 2021.

PROFILE OF DIRECTORS

Name	:	**DATO' CHAN CHOUN SIEN** (Also known as Dato' Christopher Chan)
Date of Appointment	:	**1 April 2021**
Nationality	:	**Malaysian**
Gender	:	**Male**
Age	:	**51**

Dato' Chan Choun Sien, also known as Dato' Christopher Chan, DIMP, 51, a Malaysian, Male, was appointed to the Board on 1 April 2021. He is an Independent Non-Executive Director, and a member of the Audit Committee, the Board Risk Management and Sustainability Committee and the Nominating and Remuneration Committee.

Dato' Christopher Chan is a Certified Practising Accountant with CPA Australia. He is a graduate from the University of Melbourne, Australia with a Bachelor of Laws (Honours) degree and a Bachelor of Commerce degree both in year 1994. Dato' Christopher Chan had attended a leadership programme at INSEAD (Institut Européen d'Administration des Affaires) in year 2010 to 2011.

Dato' Christopher Chan was a former Managing Director of Investment Banking at CIMB Investment Bank Berhad. He has over 24 years of experience in some of the then largest mergers and acquisitions in Malaysia, IPOs, equity and debt fund raisings, and corporate restructuring exercises, as well as regional private banking in Southeast Asia. He was named as one of the top 10 investment bankers in Asia (ex-Japan) by Brendan Wood International Journal in 2006.

In addition, he is the Deputy Chairman of the Finance and Capital Market Committee of the Associated Chinese Chambers of Commerce and Industry Malaysia.

Dato' Christopher Chan is the Independent Non-Executive Chairman of Hextar Industries Berhad (formerly known as SCH Group Berhad); an Independent Non-Executive Director of Rubberex Corporation (M) Berhad, Esthetics International Group Berhad and Selangor Dredging Berhad.

Dato' Christopher Chan attended five (5) Board Meetings held in 2021 as he was only appointed to the Board on 1 April 2021.

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 in any business arrangement involving the Company and its subsidiaries.

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 2021.

PROFILE OF KEY SENIOR MANAGEMENT

Key Senior Management of Tan Chong Motor Holdings Berhad ("TCMH") Group comprises Dato' Tan Heng Chew – President, Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng – Deputy President, Mr. Ho Wai Ming – Group Chief Executive Officer, whose profiles are included in the Profile of Directors on pages 29 to 34 in the Annual Report 2021, and the following Senior Management Personnel:

CHONG CHOON YENG
Chief Financial Officer

- Aged 50
- Male
- Malaysian

Date of Appointment: 14 May 2020

Qualification:
- The Chartered Institute of Management Accountants ("CIMA")
- Malaysian Institute of Accountants ("MIA")

Working Experience:
- Has more than 27 years of experience in the field of financial management practices covering all aspects of accounting and finance, treasury management, tax planning and compliance, corporate restructuring, strategic planning as well as investors relation in various industries with multinational corporations (MNCs) and local public listed companies such as Carlsberg in Malaysia, Hong Leong Industries Berhad, Tropicana Corporation Berhad among others prior to joining the Group.
- Joined as the Chief Financial Officer of the Group on 14 May 2020.

Present Directorship(s):
Listed Entity: Nil
Other Public Companies: Nil

NICHOLAS TAN CHYE SENG
Head of Financial Services Division

- Aged 48
- Male
- Malaysian

Date of Appointment: 5 March 2012

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 Mobility and Grab Holdings Ltd.), leasing and insurance product verticals.

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' (Dr.) Khor Swee Wah @ Koh Bee Leng, a Director of TCMH.

PROFILE OF KEY SENIOR MANAGEMENT

CHRISTOPHER TAN KOK LEONG
Head of Motor Division (Malaysia)

- Aged 45
- Male
- Malaysian

Date of Appointment: 1 January 2016

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. on 1 January 2016.

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' (Dr.) Khor Swee Wah @ Koh Bee Leng, a Director of TCMH.

SAY TECK MING
Head of Commercial Vehicles Division

- Aged 51
- Male
- Malaysian

Date of Appointment: 1 April 2020

Qualification:
- Malaysian Institute of Accountants ("MIA")
- Associate Chartered Management Accountant ("ACMA")
- Post Graduate Diploma, University of Leicester (UK)

Working Experience:
- Joined the Group in January 2005 as Head of Internal & Management Audit. Prior to joining the Group, worked in Tractors Malaysia, a subsidiary of the Sime Darby Group.
- In 2009, transferred to head the Finance Division of Nissan Business Stream, managing branch operations control and finance matters. In 2013, moved to the front line and held the position of Head of Business for Nissan sales and distribution for the northern and eastern region.
- Transferred to head the Insurance Division of the Group in 2016 and subsequently, the setting up of the Tan Chong Contact Centre until January 2020.
- Responsible for the overall business of sales and distribution of trucks and buses, after-sales and spare parts of commercial vehicle division of the Group in 2020.

Present Directorship(s):
Listed Entity: Nil
Other Public Companies: Nil

ONG SIEW LUAN
Head of Group Procurement & Supply Chain Management Division

- Aged 53
- Female
- Malaysian

Date of Appointment: 1 January 2020

Qualification:
- Associate Chartered Management Accountant ("ACMA")
- Chartered Global Management Accountant ("CGMA")
- Bachelor of Business Degree in Business Administration, Royal Melbourne Institute of Technology ("RMIT"), Australia

Working Experience:
- Joined the Group in June 1997, as a Finance Executive under Group Finance & Administration and re-assigned to Internal Audit Department after five (5) years. Prior to joining the Group, worked as external auditor in a Public Accountant firm.
- In 2003, transferred to Tan Chong & Sons Motor Company Sdn. Bhd. (Spare Parts Division). Held various senior positions in managing the complete value chain of distribution and sourcing of products. Also held senior position as Head of Business Units in other subsidiaries in managing auto parts and accessories for replacement markets.
- Promoted as Executive Vice President of Spare Parts Division on 1 July 2016.
- Transferred to TC Management Services Corporation Sdn. Bhd. as Head of Group Procurement & Supply Chain Management Division effective from 1 January 2020.

Present Directorship(s):
Listed Entity: Nil
Other Public Companies: Nil

YAO TSU-WEI
(ALSO KNOWN AS MICHAEL YAO)
Head of After-Sales Division

- Aged 58
- Male
- Taiwanese

Date of Appointment: 1 March 2013

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

TEONG SENG KIANG
Head of Assembly and Manufacturing Division

- Aged 63
- Male
- Malaysian

Date of Appointment: 1 March 2020

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 and he relinquished this position on 31 December 2019. In the interim period, he was also assigned additional role to oversee Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA") effective 1 January 2018. From 1 January 2020, he was appointed as Chief Operating Officer of TCMA.

Present Directorship(s):
Listed Entity: Nil
Other Public Companies: Nil

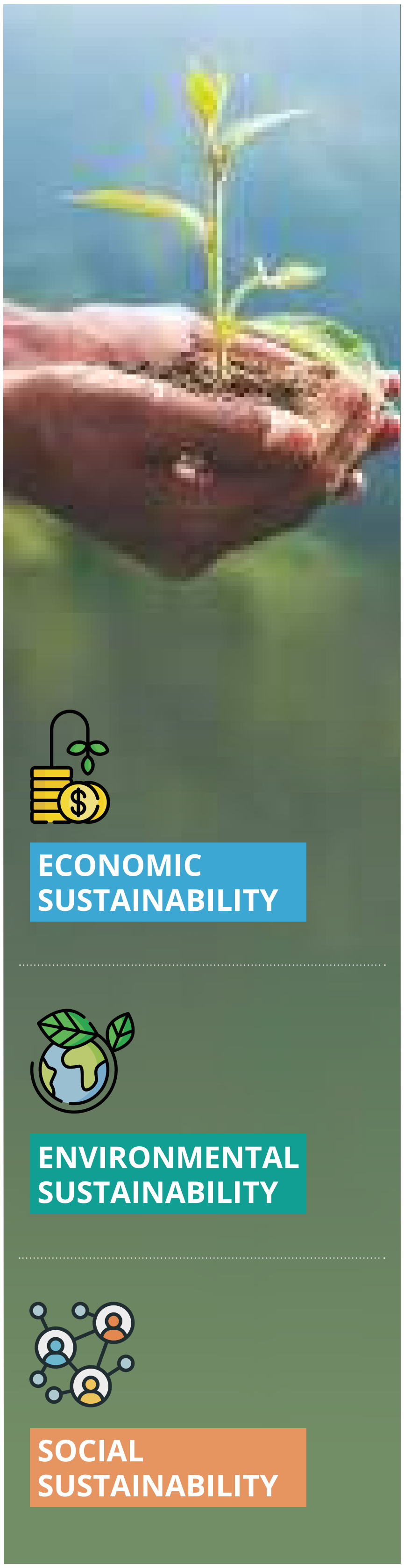
AGE OF SENIOR MANAGEMENT

- 18-49 years: 2
- 50-59 years: 4
- 60 years above: 1

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, and its subsidiaries;
(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



Board of Directors' Overview

In FY2020, the world faced the enormous challenge of dealing with, and responding to, the COVID-19 pandemic as the virus spread rapidly across the globe. The COVID-19 pandemic has severely and adversely disrupted lives, livelihoods, communities and businesses worldwide. As we entered FY2021, the pandemic continued to have a detrimental effect on the global community and economy.

Despite the challenges, we at TCMH remain steadfast in our values. We continue to do our best to minimise and curb the spread of the virus while ensuring the safety and well-being of our employees, customers, and the communities we serve.

Our people remain our greatest source of strength. We continue to implement talent development initiatives and training programmes to equip and upgrade our people with new skill sets in adapting to the changes and future needs of the industry.

The pandemic has reminded us of the need for resilience and agility in managing our business. Our ability to evolve our operations and customers experience at an unprecedented pace proved critical in retaining our competitive edge. As the Group navigates these challenging times, we remain proactive in embracing resilience across our business. We leverage on our Core Values and work culture to capture emerging opportunities that lie ahead, and to create long-term value for stakeholders. Realising that digital technologies will undoubtedly be at the forefront of ensuring business continuity, the Group has also accelerated and improved on the quality of our services by transforming our business model from "conventional" approaches to leverage on digital technology.

At TCMH, we firmly believe that our long-term financial sustainability is connected to our business practices and internal control system. Hence, the Board is committed to promoting the highest standards of corporate governance and forging a healthy corporate culture that engenders transparency, accountability, integrity and corporate performance within the Company. We are also aware that effective corporate governance is not only confined to regulatory compliance, but also encompasses different approaches, including transparency in financial reporting and decision-making processes, fair and equitable compensation, having a diverse and inclusive workforce, and the practice of responsible and ethical supply chains. We are committed to fulfilling our roles, in protecting the interests of all stakeholders, whilst maximising long-term shareholder value.

Sustainability Governance

Our approach to sustainability is to ensure the Group's commitments to stakeholders, in driving value-creation through good environmental, social and economic (EES) practices. At TCMH's highest governance level, the Board of Directors is responsible for overseeing the development and adoption of the Group Sustainability Strategy and related policies. The Board is assisted by the Risk Management and Sustainability Committee ("RMSC"), helmed by the Group Chief Executive Officer ("CEO"), and comprising representatives from the group-wide divisions and subsidiaries to coordinate and drive TCMH's sustainability initiatives.

We formed our Sustainability Working Committee ("SWC") to define the sustainability framework based on the EES, materiality assessment, initiatives and key performance indicators. The SWC's tasks include rolling out the framework and overseeing the implementation of initiatives in 2022 with the primary role of administering the implementation of initiatives allocated, and reporting of the progress to RMSC and the Board Risk Management and Sustainability Committee ("BRMSC") on a quarterly basis. The purpose statement for sustainability for the Group's 5-Year Roadmap (2022 to 2026) is "Driving Resilience".

The new framework will further enhance TCMH's ability to identify and address key sustainability issues in a proactive manner by focusing on six (6) robust pillars. Sustainable actions will be undertaken by all levels of our organisation, with sustainability-related key performance indicators (KPIs) also set to provide direction for all active subsidiaries towards achieving goals.

The Board is assisted by the RMSC, which designs, manages and administers the framework's policy and practices. The principal role of the RMSC is to assist the Board to fulfil its oversight responsibilities, where the power to decide on sustainability issues remains with the Board. The terms of reference for the RMSC have been formalised, reviewed periodically as needed and approved by the Board.

Board Risk Management and Sustainability Committee ("BRMSC")

- Provide oversight for corporate sustainability strategies and long term sustainability plans
- Offer suggestions to improve and enhance sustainability initiatives
- Oversee the development of the Group's sustainability initiatives
- Review, approve and endorse sustainability-related strategies for the Group

Risk Management and Sustainability Committee ("RMSC")

- Monitor and report progress of sustainability initiatives to the Board
- Develop and oversee the execution of sustainability plans and strategies
- Develop major goals to support broad functional objectives

Sustainability Working Committee ("SWC")

- Implement and manage economic, environmental and social efforts
- Provide data/ information and report progress of sustainability initiatives to RMSC
- Monitor and evaluate effectiveness of sustainability programmes

Business Units

- Report progress of the Group's sustainability efforts to the SWC
- Collect and monitor data to evaluate the Group's sustainability progress
- Support formulation and execution of practices and initiatives

SUSTAINABILITY STATEMENT

Our Sustainability Framework

OUR THEME PURPOSE

Driving Resilience

The Group is fully committed to the responsibility of ensuring and providing solutions to facilitate social progress, environmental equilibrium and economic growth through a strong governance structure. Sustainability is an integral part of our DNA and our stance towards the development of sustainable solutions has never wavered. We strive to realise our full potential in creating long-term value - both in profitability and sustainability - for our stakeholders, across present and future generations, impacting positively the lives we encounter along the way.

SUSTAINABILITY STRATEGIES

PILLARS	**ECONOMIC**		
THEMES	**Long Term Value Creation**	**Innovation & Digitalisation**	**Governance Responsibilities**
THEME STORY	Mapping out Long Term Strategic Directions in ensuring the long term sustainability of the Group and maximising return on assets through optimal resource allocation.	Technology adoption to improve efficiency, speed and quality in service and product delivery; innovation in enhancing connection with customers.	To achieve business objectives while maintaining ethical standing and comply with best practices in CG in the eyes of shareholders, regulators and the wider community.
THEME FOCUS	To drive business diversification, regional expansion, process and cost efficiency to drive long term value creation.	To focus on digitalisation, automation and continuous improvement to provide quality service and product delivery to customers. To transform and evolve for sustainability's sake.	Transparency and accountability business practices to ensure the successful management of the businesses to achieve long-term business value and drive business growth.

KEY SDG ALIGNMENT

ECONOMIC

ENVIRONMENTAL

SOCIAL

ENVIRONMENTAL	SOCIAL	
A Green Future	**The Human Connection**	**Employees' Safety and Well-being**
Committed to environmental sustainability matters in every market we operate.	We connect with surrounding communities through social engagement and aim to empower and strengthen them via pertinent CSR activities.	To ensure the safety and well-being of all employees.
To focus on energy conservation, carbon neutrality, effluent & water management, zero emission and material management.	To focus on nurturing future generations, building and improving the quality of life for surrounding communities by providing equal opportunities in education, empowering the underprivileged, etc.	To create and maintain safe work environments and provide for the well-being of all employees.

SUSTAINABILITY STATEMENT

STAKEHOLDER ENGAGEMENT

We consider our stakeholders to be those with shared interest and values in our business activities. At TCMH, we value transparent two-way communication with our stakeholders as their feedback is fundamental in guiding our business strategy. The following table provides an overview of our engagement mechanisms and responses to different stakeholder groups. All meetings and events were held virtually this year in compliance with health and safety protocols due to the COVID-19 pandemic:

	ENGAGEMENT MECHANISMS			
KEY STAKEHOLDER GROUPS (INTERNAL/ EXTERNAL)	**FREQUENCY OF ENGAGEMENT**	**CHANNELS OF ENGAGEMENT**	**KEY AREAS OF INTEREST & CONCERN**	**OUR RESPONSES**
ANALYSTS	• Quarterly • Annually	• Quarterly analysts & fund managers' briefing • Annually & quarterly financial results announcements • Other announcements made to Bursa Malaysia Securities Berhad • Investor relations channel • Corporate website ** TCMH was awarded the Best Investor Relations Website under Small Cap companies category at The Investor Relations Awards 2021* • Press release and coverage	• Financial & operational performance • Market/Industry insights • Corporate governance approach • Business strategy • COVID-19's impact and implications to business & our responses • Risk management	• Regular updates and communication via communication channels • Ensuring transparent communication to all • Cost reduction & rationalisation initiatives to mitigate COVID-19 impact
CUSTOMERS	• Daily • Monthly	• Customer satisfaction survey • Customer feedback channel • Customer Care Centre & Customer Service Hotline • Social media & corporate website • Marketing events, roadshows & both physical and virtual showrooms	• Customers satisfaction • Product safety & quality • Service quality • Ethical business practices • Environmental impact	• Ensuring customer satisfaction through high-quality products and services • Sales & marketing campaign to attract and retain customers • Adapting customer experience in the midst of COVID-19, e.g. the launch of mobile app, e-showroom etc.

	ENGAGEMENT MECHANISMS			
KEY STAKEHOLDER GROUPS (INTERNAL/ EXTERNAL)	**FREQUENCY OF ENGAGEMENT**	**CHANNELS OF ENGAGEMENT**	**KEY AREAS OF INTEREST & CONCERN**	**OUR RESPONSES**
EMPLOYEES	• Regularly • Half-yearly • Annually	• Trade unions • Events & functions • Training programmes • Intranet & email blast • Mid-year & annual performance appraisal	• Career development • Health, safety & well-being • Diversity & inclusion • Talent development • Employee welfare • Emergency preparedness • Remuneration, benefits and compensation • Impact of COVID-19	• Implementing a robust learning and development plan across all areas of the business • Hiring and promotions are based entirely on merit • OSHA policies & procedures • COVID-19 safety measures and SOPs at the workplace
LOCAL COMMUNITIES & NGOS	• Regularly throughout the year	• Social enhancement & environmental contribution programme • Events • Strategic partnership	• Community engagement • Environmental impact • Support for vulnerable groups	• Conducting sustainability-related programmes • Charity activities for the needy community • COVID-19 relief aid programmes
MEDIA	• Regularly • When necessary	• Events & press conferences • Corporate interview • Media briefing • Press release, coverage and advertisements	• Business performance, strategy and direction • New products & services • Partnership	• Taking note and responding to media queries via email or press release
PRINCIPAL PARTNERS	• Weekly • Monthly • Annually	• Principal Engagement • Summit and Conference	• Operational & business performance • Supply chain management • Environment, health and safety • Quality & compliance	• Conducting regular meetings for review of decision and updates • Complying with quality standards & EHS requirements

SUSTAINABILITY STATEMENT

KEY STAKEHOLDER GROUPS (INTERNAL/ EXTERNAL)	ENGAGEMENT MECHANISMS			OUR RESPONSES
	FREQUENCY OF ENGAGEMENT	CHANNELS OF ENGAGEMENT	KEY AREAS OF INTEREST & CONCERN	
REGULATORS	• When necessary	• Dialogues and meetings with the authorities • Public–private Partnership for Community Investments	• Governance & regulatory compliance • Job creation • Economic development • Containment measures & SOPs during the pandemic	• Conducting programmes to support Government initiatives • Tan Chong Vaccination Programme in supporting the national immunisation drive • Compliance with the key laws such as Malaysian Anti-Corruption Commission Act 2009, Prevention and Control of Infectious Diseases Regulations 2021, Environmental Quality Act 1974, Occupational Safety and Health Act 1994, etc.
SHAREHOLDERS	• Annually • Quarterly • When necessary	• Annual General Meeting ("AGM") • Annual & Quarterly Financial Results Announcements • Other announcements made to Bursa Malaysia Securities Berhad • Investor Relations Channel • Corporate Website • Press Release and Coverage	• Sustainable financial/ operational performance • Business strategy/ direction • Risk management • Impact of COVID-19	• Regular updates and communication via communication channels • Embedding ESG in decision-making process or business operations • The Group remains competitive and focuses on increasing shareholder value amid the COVID-19 pandemic
SUPPLIERS & VENDORS	• Annually • Half-yearly	• Vendor Registration • Contract Negotiation • Vendor Appointment • Supplier Audit and Evaluation • Supplier Due Diligence	• Business opportunities • Supply chain management policies	• Evaluating supplier performance • Supplier training workshops to ensure compliance with Company procedures/ policies

SOCIAL SUSTAINABILITY

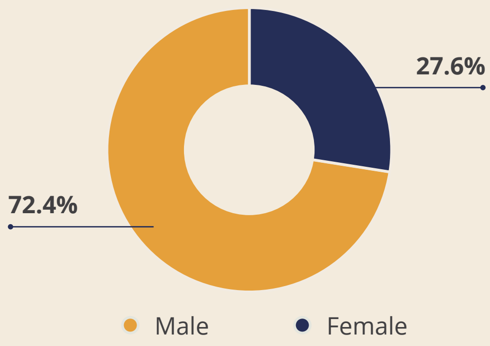
TCMH is committed to conducting every aspect of our business with integrity, complying with the regulations and showing due respect to stakeholders across our entire value chain.

Diversity & Inclusion

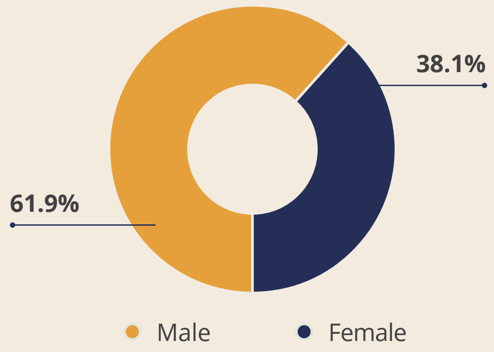
Diversity and inclusion are more than just policies and programmes. They actually encompass respecting the unique needs, perspectives and potential of all team members. At TCMH, we embrace diversity and inclusivity as our strength. Our strong regional presence enables us to hire diverse talents around the globe. The Group provides fair and equitable treatment and opportunities for all employees, as we hire and promote talents based on their merit and capabilities, regardless of ethnic background, religion, gender, age, physical abilities and other aspects. The Group also practises zero-tolerance of any form of workplace discrimination or harassment.

We strive to create a culture that promotes gender equality in all parts of the organisation, particularly on every leadership level. In FY2021, the total workforce employed by the Group was 7,107 with 27.6% women. However, in managerial roles (executive and above), the proportion of women was higher at 38.1%. Currently, there is one (1) female director on the Board. The Group will continuously work towards building a diverse pool of potential future leaders by enhancing the balance in succession pipelines and our recruitment process.

Diversity by Gender - Overall

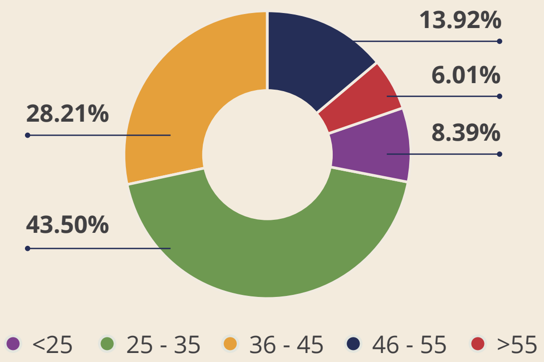


Diversity by Gender for Management Level



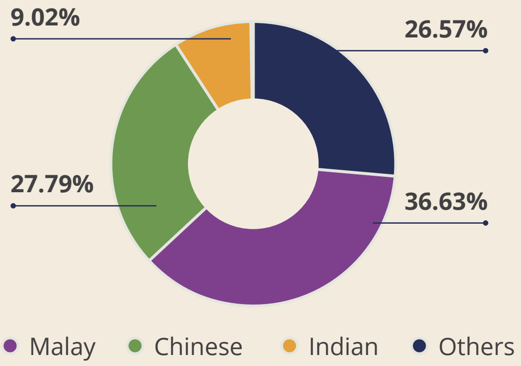
We also strive to promote diversity in terms of age and ethnicity. Our workforce is made up of 8.39% (below 25 years old), 43.5% (25 to 35 years old), 28.21% (36 to 45 years old), 13.92% (46 to 55 years old), and 6.01% (above 55 years old). The three major ethnicities (Malay, Chinese and Indian) form 73.43% of the workforce while the remaining consist of other nationalities such as Nepalese and Bangladeshi as well as nationals from countries that we operate in, namely Vietnamese, Burmese, Laotian, Cambodian, and Thai.

Diversity by Age Group



SUSTAINABILITY STATEMENT

Diversity by Ethnicity



Human Rights

TCMH is committed to embedding human rights into every function of our business. We comply with all applicable laws and regulations pertaining to the hiring and treatment of employees where operations are based. Our approach to human rights is included in our core values, Code of Business Conduct & Ethics (CBCE), Supplier Code of Conduct (SCOC) and the underlying policies. All parties are expected to exemplify the highest standards of ethical business conduct at all times, and are obliged to familiarise themselves with the CBCE.

Our Management's approach to embedding human rights within our organisation is as follows:

1. **A safe and healthy workplace**
   Ensuring a safe and healthy workplace that complies with applicable OSH national laws and regulations for all employees.

2. **A respectful workplace**
   Prohibiting all forms of discrimination and/or harassment and ensuring that all stakeholders are treated fairly with dignity and respect.

3. **No forced or child labour**
   Prohibiting all forms of child, forced or compulsory labour. We expect our suppliers or business partners to adhere to these same principles.

4. **Work hours and wages**
   Complying with all local applicable laws and regulations relating to wages, work hours, overtime, holidays and benefits.

5. **Freedom of association and the right to collective bargaining**
   Encouraging constructive and effective dialogue between employees and management. All employees, regardless of rank or job grade, have the right to form and join associations freely, and to bargain collectively, as permitted by applicable laws, rules in the country in which we conduct business.

6. **Grievance mechanisms**
   We have established grievance procedures and whistleblowing channels which are available to all employees and other stakeholders. A thorough and impartial investigation into allegations of violations and abuses is carried out.

TCMH is pleased to announce that there have been no reports of any incidents involving human rights violations, discrimination, child labour, forced or compulsory labour during this financial year within the Tan Chong organisation.

Occupational Safety and Health (OSH)

Guided by the Group's Environment, Health, and Safety (EHS) policy, we are committed to protecting the safety and well-being of our employees to achieve continuous growth. Our OSH committee consisting of a chairman who holds the top management position - and equal representation from management and employees - meets at least once every three months at the workplace and at any reasonable time at the request of at least half of members of the committee to discuss workplace safety and health issues. The OSH committee, at all locations where we are present, is responsible for:

- Promoting and monitoring compliance with health and safety regulations;
- Conducting and monitoring the effectiveness of health and safety programmes;
- Carrying out studies on the trends of accidents, near-miss accidents, dangerous occurrences and other occupational hazards occurring at the workplace; and making recommendations to management on the remedial measures to be taken;
- Inspecting/Investigating the workplace to check on the effectiveness of the measures taken to ensure the safety and health of persons at the workplace; and
- Assisting in the development of safe work procedures/policies.

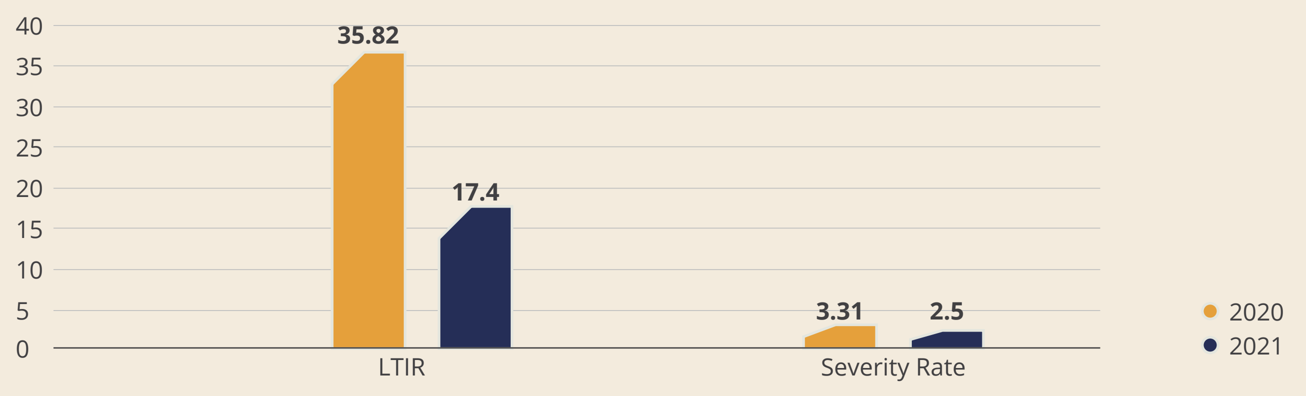
All employees are also empowered to raise concerns and report potential safety hazards to our EHS team via the EHS hotline or email. Numerous safety awareness campaigns and programmes were also conducted in FY2021 to enable employees to recognise and respond to hazards properly. The average training hours per employee relating to EHS in FY2021 are as follows:

1. Malaysia's Assembly and Manufacturing Division: 2.16
2. Myanmar's Business Division: 1.7
3. Vietnam's Business Division: 3.41

Our OSH Performance

TCMH targets to reduce the Lost Time Injury Rate (LTIR) and severity rate by 15% to 2.81 and 30.45 respectively in FY2021 (against FY2020). The Group's LTIR and severity rate were 2.5 and 17.4 respectively per million hours worked in FY2021. The LTIR improved by 24.47% and the severity rate improved by 51.42% during FY2021. These significant gains were driven by reduced accidents in the workplace with recordable incident occurrences falling 45.45% from FY2020 to FY2021. There were no fatalities recorded. We are committed to, and strive for, a zero-accident environment, which prioritises "Safety First" in all of our operations.

LTIR & Severity Rate



SUSTAINABILITY STATEMENT

Supporting Employee Health and Well-being during COVID-19

Helping our people to stay well at work remains our top priority since the pandemic outbreak. Key safety measures adopted within our premises included the mandatory use of face masks, social distancing, daily e-health declarations, the compulsory use of the MySejahtera app, regular disinfection exercises etc. In FY2021, we further enhanced our mitigation efforts by installing antiviral air filters at all our workplaces. As part of its efforts to bolster Malaysia's National COVID-19 Immunisation Programme (PICK), TCMH has also launched our Tan Chong COVID-19 Vaccination Programme for employees nationwide. Over 99% of the Group's employees have completed their COVID-19 vaccination in FY2021. All our employees were also given an additional day of unrecorded leave to receive their vaccination doses. The Group also provided employees with COVID-19 self-test kits on a regular basis to ensure they remained fit to work.

As part of the support and education for employees' safety and well-being, a total of 40 webinars on health awareness/well-being and 12 webinars on financial literacy were conducted in partnerships with MiCare and Standard Chartered Bank.

Training and Development

One of the most important parts of our business strategy and organisational culture is the development of human capability in each and every country we operate, for operational excellence and long-term sustainability.

With the pandemic, the Group repositioned its learning and development platform, demonstrating the ability to adapt rapidly to the unprecedented changes by accelerating our shift toward digitalisation of our HR services in FY2020. In FY2021, we developed our own in-house capabilities to ensure that the programmes and content were well-suited and adapted to the Group's businesses and core values, as well as utilising our own in-house developed Learning Management System.

For the Personal Excellence and Managerial Framework, a total of 67 programmes were conducted, with 695 participants from a base of 2,645 management staff (Officer and above), representing 26% of the population with a total of 11,120 hours of training, and an average rating of 3.81 out of a total of 4. We utilised 75% or RM768,864 of our Human Resources Development Fund's (HRDF) total levy contribution for training.

Category	Total No. of Programmes	Average Rating	Total Participants
Officer/Executive	28	3.83	321
Senior Executive/ Assistant Manager	20	3.76	236
Manager/Senior Manager/Deputy GM	19	3.84	138
Total	**67**	**3.81**	**695**

Technical and sales training remained continuous as part of normal business operations to ensure that staff have the requisite skills to perform their jobs. This is managed by each of the individual businesses, with our key businesses' training hours as follows:

Key Businesses	Total No. of Programmes	Total Participants	Total Training Hours
Assembly & Manufacturing	49	2,132	7,816
Sales & Distribution (Motor Vehicles)	11	609	47,502
Sales & Distribution (Commercial Vehicles)	21	290	6,090
After-Sales Service	33	500	8,000

Nissan Regional Training Centre

Manufacturing quality and productivity depend greatly on the skills of individual workers. To ensure they are always equipped with the latest skills in our assembly plants, our Nissan Regional Training Centre (RTC), built and equipped with the latest tools according to the latest Nissan Global Centre Training standards with Nissan certified trainers, provides new employees with the opportunity to gain theoretical knowledge and hands-on training in real-world assembly lines. New employees are required to complete and pass requisite tests prior to commencing work. This module aims to create a highly-skilled, motivated and well-equipped workforce that propels the Company forward.

Responsible Product Innovation

At TCMH, we assure customers of the quality, safety and technological-relevance of our products and services. Driven by innovations under the Nissan Intelligent Mobility (NIM) and Nissan Safety Shield 360 (NSS 360˚) initiatives, we are committed to providing a safer, smarter and more enjoyable driving experience for Nissan owners by transforming how cars are powered, driven and better integrated with societies.

The new and redesigned Nissan Navara, launched in FY2021, comes with cutting-edge NIM driver assist features and safety systems to lower collision risk at different phases of driving. The improved engine in the Navara also shows how power, acceleration and fuel efficiency may not only coexist, but also thrive amidst a newly-improved fuel economy of 11%.

As part of our commitment to reduce CO_2 emissions, the second-generation LEAF comes with a raft of upgrades, including an improved driving range of up to 311km per full charge; a 60% increment over the first generation. This is made possible by a more efficient e-Powertrain and a larger lithium-ion battery pack with a capacity of 40kWh.

The Group continues to promote the development of new technologies by integrating these safety features into more models.

Risk not yet been detected:		
Intelligent Around View Monitor with Moving Object Detection	The system displays various camera views, including a bird's-eye view of the vehicle, which allows the driver to quickly understand the vehicle and parking space orientation. By detecting moving objects around the car and alerting the driver, this technology enhances safety when pulling out of a parking space.	Gives drivers peace of mind when driving.
Risk detected:		
Intelligent Predictive Forward Collision Warning	Notifies the driver using an indicator and audible alert to reduce the risk of a forward collision.	Prevents or lessens the severity of accidents.
Blind Spot Warning	Visual alerts appear on mirrors and display if a vehicle is detected in a blind-spot area. Further warning alerts sound if the driver continues moving into the danger zone to assist the driver in avoiding a collision.	
Lane Departure Warning	Alerts the driver if he begins leaving his current lane. If there is a risk of the vehicle leaving the current lane unintentionally, the system provides visual and audio alerts to prompt the driver to take action.	
Intelligent Driver Alertness	Monitors drivers' driving patterns and steering behaviour to detect changes from normal patterns. If inattention is observed, audible and visual alerts are raised.	
High Beam Assist	This system automatically switches the headlights setting to low beam from high beam when it detects a vehicle ahead. Frequent usage of high beams allows for earlier detection of pedestrians, supporting safer driving.	
Rear Cross Traffic Alert	This system warns the driver with an audible alert when there is risk of collision with a detected vehicle crossing the rearward direction of the reversing vehicle.	
Crash/Collision Prevention:		
Emergency Braking System	Activates the brakes to avoid collisions or reduce damage caused by collisions.	

SUSTAINABILITY STATEMENT

Responsible Supply Chain

To uphold the Group's fundamental policy of conducting business in an ethical and sustainable way, the Suppliers' Code of Conduct ("SCOC") has been implemented in tandem with the Group's revised Procurement Policy on 1st October 2021. The SCOC is created to ensure that the Group's appointed suppliers and their sub-contracted parties fully conform to all applicable regulatory requirements and adhere to existing environmental, social and corporate governance standards. Due diligence procedures and audits for sub-contractors, suppliers and other supply chain participants will be done in phases starting July 2022 to ensure compliance with this SCOC. Our agreement with vendors includes a mandate to comply with local laws and regulations. All suppliers are required to acknowledge and undertake adherence to our SCOC.

TCMH's SCOC covers the following:

01 Prevention of child labour & young workers

02 No forced labour, including bonded, trafficking, indentured or prison labour

03 No discrimination

04 Fair and equitable compensation

05 Freedom of association & right to collective bargaining

06 Right to reasonable limitation of working hours, rest & leisure

07 Ethical conduct

08 Occupational health & safety

09 Environmental protection

10 Responsibility, accountability & transparency

ECONOMIC SUSTAINABILITY

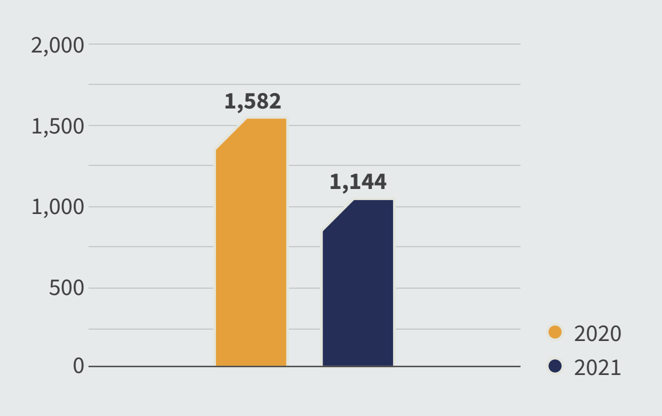
TCMH is committed to supporting long-term economic growth by adopting sustainable business practices and good corporate governance without detriment to our environment or societal well-being.

Sustainable Manufacturing

To drive innovation, the Group embraces both the QC Story and Kaizen approach in our assembly and manufacturing division to eliminate waste, improve productivity and achieve sustained continuous improvement in our manufacturing process.

We require all supervisory staff in cross-functional teams to converge in several groups and to complete at least three (3) QC projects in a year per group. The Group also targets a minimum 60% of department headcount (from supervisory staff to engineer level), who must submit at least one (1) kaizen per month per individual. There were 46 QC Story projects and 1,144 Kaizen projects (46% submission rate) in FY2021; falling short of our targets due to temporary plant closure during MCO 2.0.

Completed Kaizen Initiatives



Good Governance

Effective corporate governance practices help our people to do the right thing at the right time and also guide our business in the right direction. Our business is based on the best practices of corporate governance, guided by the principles of transparency, accountability, integrity and corporate performance, underpinned by our following strong business ethics policies:

1) Code of Business Conduct and Ethics ("CBCE")

The CBCE defines the non-negotiables for all our employees, including Directors. It sets out the Company's position on fair and equitable treatment, confidentiality, conflicts of interest, corruption and bribery, data integrity & authenticity, human rights, compliance, etc. All our employees are required to undertake the assessment every year to renew their commitment to the CBCE. Over 99% of our employees completed the annual CBCE training and assessment in FY2021.

2) Special Complaints Policy ("SCP")

The SCP is equivalent to the whistle-blowing policy that serves as an avenue for raising concerns relating to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices without fear of reprisal.

3) Fraud Prevention Policy ("FPP")

The FPP was established to provide a system for detection and prevention of fraud, corruption and other irregularities, the reporting of any fraud that may be detected or suspected, and the fair dealing of matters pertaining to fraud.

SUSTAINABILITY STATEMENT

4) Anti-Bribery & Anti-Corruption Policy ("ABAC") & Gifts, Entertainment & Hospitality Policy ("GEH")

Our ABAC Policy has been in force since 1 June 2020 in line with the implementation of Section 17A of the Malaysian Anti-Corruption Commission Act 2009 ("MACC Act 2009"). The Group takes a zero-tolerance approach to the violation of anti-corruption and anti-bribery laws and regulations by employees and also third parties who have dealings with the Group. All TCMH employees and suppliers are required to attend mandatory training on ABAC every year. An ABAC awareness test is also carried out and all our employees are required to pass the test by obtaining a score of at least 80 marks. In FY2021, all employees and 89% of 1,443 registered suppliers, both local and overseas, attended the mandatory training. Corruption risk assessments are also undertaken across all regions with operating entities and 100% of our operations are assessed for risks related to corruption. Key Risk Indicators (KRIs) were also developed to monitor and respond to the risk exposure. To-date, there have been no cases of bribery and corruption reported.

As per our GEH Policy, all gifts, entertainment, hospitality, donations and sponsorships received or given must be declared by the employees via the Online GEH register and duly verified by Heads of Division/ Department.

Digitalisation and Technology

To ensure continuous customer-accessibility to our services especially during the pandemic, the Group accelerated its efforts on digitalisation and technological innovation to enhance the effectiveness and responsiveness of our operations. We have augmented our online sales and realigned marketing strategies to create a more seamless customer journey. With the launch of our online showroom, online service booking mobile app ("Drive On") and online vehicle insurance renewal ("GoInsurance"), customers enjoy convenient and hassle-free transactions, from ordering a vehicle to after-sales services, all with just a few clicks online. The e-commerce platform functions as an additional sales channel, enhancing and adding value to customer experience. Our customers now have the convenience of purchasing parts and merchandise, anytime and anywhere.

To mitigate the rising threat to cyber security, TCMH stays abreast of cyber security developments to keep our customers and corporate data safe. There were 34,400 cyber security threats recorded throughout the year from January to December 2021. There was one (1) successful Denial of Service (DoS) attack carried out against two (2) subsidiary companies' corporate websites. However, due to the security measures in place, there was no financial impact or loss of data. The relevant security fixes have been made and no further breaches have been reported since.

A total of 6 instructor-led training sessions were carried out during the year totalling more than 4,000 manpower-hours, focusing on personal information compromise or 'Phishing' attacks. Approximately 99% of the staff have attended these training sessions. This resulted in a drop of phishing attacks reported. There were 30 attacks reported in Q3 2021 dropping to zero phishing attacks reported in Q4 2021.

To further strengthen our network security and cyber threat defences, the Group invested RM370,000 in implementing an IT Asset Management

system, and upgrading our Anti-Virus system to a more versatile Endpoint Cloud Security system. Further measures to enhance our network security will continue to be implemented. These offer enhanced protection and reduce risk to the network.

Building a Sustainable Community

As we empower the community in which we operate, we aim to touch lives in a positive manner. TCMH creates societal values through employment and uplifting the underprivileged. We believe that every person is entitled to a quality education without discrimination. In 2009, TCMH partnered with three (3) schools in Malaysia in establishing after-school day-care centres that also provide meals, counselling and tuition for the children of single parents/caregivers. To-date, over 250 students have benefitted from this programme with a total of RM1.7 million invested. In addition, we have also partnered with the Federal Territory Islamic Council (MAIWP) to provide teenagers from low-income (B40) families with job placement opportunities and hands-on automotive skills training to help them develop the working skills they need to be job-ready graduates.

To ensure the vulnerable are adequately protected against the virus, the Group loaned two (2) Nissan vehicles to Mercy Malaysia in support of their door-to-door vaccine outreach programme for homeless individuals, the disabled and bedridden patients in Kuantan and Johor (as part of the mobile clinic initiative under PICK).

The Group responded to flood relief efforts by loaning 4 vehicles to MITI's #MITI Prihatin Programme in Ulu Langat, The Hope Branch (Pertubuhan Harapan Amal Harith Iskander) and Mercy Malaysia. A sum of RM20,000 was also donated to help alleviate the burden of the flood victims from Pusat Jagaan Baitul Hidayah Puchong, Rumah SVP Klang and Pertubuhan Kebajikan Kanak-Kanak Klang Utama Caring Home. We also launched a flood relief programme for Nissan customers whose vehicles were affected by flash floods by offering a reduction of 25% on parts and labour for repair works. We also offer an Easy Payment Plan (EPP) for up to 12 months on total bills, and a 6-month or 10,000km mileage warranty (whichever comes first) on Nissan Genuine Parts replacement.

In our shared fight against the COVID-19 pandemic, the Group also lent its support to Suriana's 'Feed the Poor Programme' for the second consecutive year in FY2021 by contributing food aid to more than 200 poor families living in various public housing projects in the Klang Valley. We also contributed aid to two (2) local charitable organisations, namely Koperasi Yaqin (KOYAQIN) and Persatuan Penduduk Blok A (PERSADA), in support of their efforts to provide food security for individuals and families living in Rawang, facing sudden hardship amidst these challenging times.

Our overseas business divisions continue to serve the local community by providing assistance, such as school supplies as well as improving educational facilities. Tan Chong Motor (Lao) Co., Ltd. ("TCML") collaborated with 2nd Hand World Project, a development project under the United Nations Development Programme ("UNDP"), to deliver school items to underdeveloped villages in the Vientiane province of Laos. Tan Chong Motor (Myanmar) Co., Ltd. ("TCMM") also partnered with MATRADE to donate water bottles and school bags to Khine Hnin Wai Children's Home in Myanmar.

TCMH continues to carry out our corporate social responsibilities as a corporate citizen in support of our community and society in the markets we operate.

ENVIRONMENTAL SUSTAINABILITY

TCMH and its subsidiaries endeavour to develop and implement sustainable environmental practices to reduce negative environmental impact. This is done by reducing carbon emissions, harnessing solar energy and water usage and other natural resources, efficiently.

Energy Consumption & Conservation

FY2021

↓ 24.8%

decrease in energy consumption in our Malaysian manufacturing plants

In FY2021, we saw a 24.8% decrease in energy consumption in our Malaysian manufacturing plants compared to FY2020. Although this reduction was driven primarily by the temporary shutdown of our plants due to the mandatory Movement Control Order (MCO), it is also a result of our ongoing energy-efficiency initiatives such as the continuous maintenance of equipment, equipment and process optimisation, and by investing in more energy-efficient equipment. We managed to conserve 124.7MWh of energy in Malaysia. Despite fewer projects being implemented in FY2021, our energy conservation efforts are bearing fruit even as we capitalise on earlier initiatives.

While there was a decrease in overall electricity consumption, the intensity of electricity consumption (MWh per unit production) increased by 25% to 1.38MWh per unit production due to lower production volume during the MCO. This increase can be attributed to our operations running below their designed output capacity.

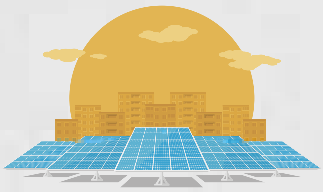
In Myanmar, the stringent monitoring of our core business processes shows that to produce a vehicle, we consume approximately 1.3MWh of energy, increased by 170% compared to FY2020, due to lower production volume, resulting from the COVID-19 pandemic and also Myanmar's political situation.

No data was available for our plant in Vietnam as it has temporarily stopped operations in FY2021 in preparation for other CKD production planning. Our Vietnam's business division is committed to reducing its energy consumption through a number of ongoing projects and initiatives. These have resulted in an estimated 150MWh energy saving.

Renewable Energy

As part of the Group's efforts to reduce carbon footprints and energy consumption, we installed solar panel system in the Serendah assembly plant in 2016. A total of 1,228.90MWh of energy was harnessed from our solar panel initiative in FY2021, equivalent to approximately RM919,225 savings. Our assembly plant in Vietnam is also studying plans to install a solar panel system at their premises.

In FY2021, TCMH was shortlisted by the Energy Commission to develop a 20MW floating solar farm under the LSS@MEnTARI, also known as Large Scale Solar (LSS) Cycle 4. The proposed 20MW floating solar farm will be located at Bandar Serendah in Selangor. The proposed floating photovoltaic (FPV) plant is scheduled to commence operations by 31 December 2023. Once completed, the FPV plant will supply 950,000MWh of green electricity to Tenaga Nasional Berhad under a 21-year Power Purchase Agreement, whilst reducing 659,300 tonnes of CO_2 emissions.



1,228.90MWh of energy was harnessed from our solar panel initiative in FY2021, equivalent to approximately **RM919,225** savings

CO_2 Emissions

Energy consumption is the main cause of CO_2 emission, which has led to the emergence of global warming. We recorded a decrease in total CO_2 emissions in Malaysia, from 3,618 tonnes in FY2020 to 2,719 tonnes in FY2021, due to lower energy consumption. However, there was an increase in carbon emission intensity this year due to a reduction in production volume, with 0.34 tonnes of CO_2 produced per unit production. ("Carbon emission intensity" is inversely proportional to "production volume"; as when "production volume" increases, economies of scale kicks in to lower "carbon emission intensity"). Our energy-efficiency initiatives and solar panel initiative have also resulted in an estimated reduction of 331.62 tonnes of CO_2 in FY2021.

Total CO_2 Emissions in Malaysia

3,618 tonnes
(FY2020)

2,719 tonnes
(FY2021)

TCMH consistently strives to reduce CO_2 emissions in the development of our vehicle fleet, in tandem with our eco-friendly initiatives. Some of the models we have launched since 2013 include the fully-electric vehicles ("EV") Nissan Leaf and Renault Zoe and Twizy. We believe that EVs are essential to reducing CO_2 emissions and fighting climate change. Launched in July 2019, the new Nissan Leaf has been well-received by Malaysian motorists. Data indicates that one electric vehicle (EV) can save 4.6 tonnes of greenhouse gases each year (equivalent to planting 209 trees). Through such initiatives, we have managed to reduce at least 350 tonnes of greenhouse gases, to-date.

The Renault Zoe and Twizy have also played an integral part in reducing the greenhouse effect, as noted by a European study conducted by the Foundation for Nature and Mankind in 2017. Accordingly, over the course of its lifetime, the carbon footprint of a Renault Zoe is nearly 40% less than an equivalent combustion-powered vehicle. We shall continue to prioritise, invest in, and market eco-friendly vehicles featuring the latest technologies, so as to protect the environment, whilst providing customers with only the best from TCMH.

Water Consumption & Conservation

Water is one of the most essential natural resources for our manufacturing plants. Water usage intensity increased from 5.07m^3 in FY2020 to 8.87m^3 per unit production for FY2021 in Malaysia due to the reduction in production outputs. To address water scarcity and groundwater depletion problems, TCMH has reduced water usage through rainwater harvesting. Rainwater collected is stored safely to prevent it from evaporating, thereby promoting efficient utilisation and conservation. Various initiatives have also been carried out to prevent water wastage and achieve water efficiency across our operations. In FY2021, we managed to save 41,167.11m^3 of water, which translated into savings of RM93,861.

Waste Management

We continuously promote the 4Rs (Reduce, Reuse, Recycle, Recovery) throughout our business operations. All recyclable materials are disposed of to our recycling counterparts. Total recyclable materials generated in Malaysia and Myanmar was 1,333.04 tonnes in FY2021.

Scheduled wastes generated by TCMH are handled by Department of Environment (DOE) licensed collectors to be recycled or disposed of in an appropriate manner. All employees involved in this process are also trained in the proper management of scheduled wastes to prevent spillage. The total scheduled wastes generated in Malaysia (assembly & manufacturing division & after-sales service division) in FY2021 amounted to 526.7 tonnes.

There remains room for improvement. We were compounded RM4,000 after failing to comply with several regulations involving Scheduled Waste Management. These minor lapses in compliance involved the improper storage of SW409 (contaminated plastic containers), failure to dispose of coolants (SW327) within 180 days, and failure to prepare an accurate and up-to-date inventory of scheduled wastes as stipulated under Regulation 11 of the Environmental Quality (Scheduled Wastes) Regulations 2005. Corrective actions have also been deployed to ensure that such non-compliances are not repeated going forward.

Recyclable Materials
generated in **Malaysia** and **Myanmar** was
1,333.04
tonnes

Effluent & Water Management

We have installed effluent & water management system by transforming all water used in manufacturing processes and returning them to the environment without jeopardizing the environment and aquatic life. Before discharging our effluents, we conduct chemical, physical and biological treatment on the discharge, which comply with Environmental Quality (Industrial Effluents) Regulations 2009.

SUSTAINABILITY STATEMENT

Performance Summary in FY2021 (Environmental)

Financial Year		FY2019	FY2020	FY2021
Energy				
Intensity of electricity consumption (MWh/ unit production)	Malaysia	N/A	1.115MWh	1.38MWh
	Myanmar	N/A	N/A	1.3MWh
Total energy saved (MWh)		380MWh **Malaysia's plant only*	213.69MWh **Both Malaysia & Vietnam's plants*	274.87MWh **Both Malaysia & Vietnam's plants*
Total solar energy harnessed (MWh)		N/A	1,064.71MWh **Malaysia*	1,228.90MWh **Malaysia*
CO_2				
Carbon emission intensity (Tonnes/unit production)	Malaysia	0.228-t	0.273-t	0.341-t
	Myanmar	N/A	N/A	N/A
Total CO_2 Emissions Saved (Tonnes) **Malaysia*		194.43-t	340.52-t	331.62-t
Water				
Total Water Consumption (m^3)		N/A	71,800m^3 **Malaysia's plant*	78,349m^3 **Malaysia's plant*
Water Usage Intensity (m^3/unit production)		N/A	5.072m^3 **Malaysia's plant*	8.87m^3 **Malaysia's plant*
Total water recycled/reused/saved (m^3)		N/A	N/A	41,167.11m^3 **Malaysia's plant*
Waste Management				
Total scheduled waste generated (Tonnes)		N/A	N/A	526.7 Tonnes **Malaysia's plant & after-sales service division*
Total recyclable waste generated (Tonnes)		N/A	1,854.04 Tonnes **Malaysia's plant & after-sales service division, Myanmar and Vietnam's plants*	1,333.04 Tonnes **Malaysia's plant & after-sales service division, Myanmar's plant*

Moving Forward

Moving forward, we will adopt a long-term sustainability approach that emphasises environmental, social and governance (ESG) goals. In this context - for the foreseeable future, at least - our focus shall revolve around the following key indicators:

- The adoption of a comprehensive strategic planning process;
- Risk management vis-à-vis current challenges;
- The appointment, training and monitoring of human capital;
- Our communication policy; and
- Ensuring the integrity of internal control and management information systems.

We remain cognisant that our industry is about people, and impacts upon people's lives. Consequently, we acknowledge that human behaviour and its material output are important elements within the level of immediately observable symptoms.

The Group always upholds our Core Values that are embedded into our corporate culture. Tan Chong's Core Values serve as our guiding principle and we remain vigilant in ensuring the alignment of our stakeholders' interests vis-a-vis the greater community we serve.

Let this be the rallying call behind TCMH's corporate governance practices, as we strive to create, enhance and sustain value for stakeholders, whilst playing an active role as a socially-responsible corporate entity and employer of choice.

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 enhance shareholder 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 ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") during the financial year ended 31 December 2021, 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 https://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 shareholders of the Company. 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.

Directors are tasked with managing and directing the business and affairs of the Group and they must exercise reasonable care, skill and diligence in decision-making. Directors must also keep themselves abreast of relevant developments, including material sustainability risks and opportunities, to discharge their duties and responsibilities efficiently.

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 the interests of these stakeholders. 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. The Board Charter which was last revised on 11 March 2022 is published on the Company's website at https://www.tanchonggroup.com.

In managing potential conflict of interest situations, including potential conflict of interest between any Director and the Company and/or any of its subsidiary(ies), the Board has formalised a Conflict of Interest Policy to be observed by the Directors of the Group. This is to ensure the Directors of the Company and its subsidiaries always act in the best interest of the companies they serve and they must not place themselves in a position where there is conflict between their duties to the companies and personal interest.

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies to ensure that they support long-term value creation through good environmental, social and governance ("ESG") practices underpinning sustainability; 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; maintaining effective communication with the stakeholders; and reviewing and approving key matters such as financial results, investments and divestitures, acquisitions and disposals, and major capital expenditure. In discharging their oversight role in ESG effectively, a Sustainability Working Committee ("SWC") had been formed to define the sustainability framework based on the ESG, materiality assessment initiatives and key performance indicators. The SWC reports progress of sustainability initiatives implementation to the Risk Management and Sustainability Committee ("RMSC"), which is helmed by the Group CEO. The Board had in 2021 undertaken various stakeholder engagements to ensure that the Company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

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.

The Executive Team (as defined in the Board Charter), comprising the President (leader), Deputy President, 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 the Deputy President, 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 Chairman also ensures appropriate steps are taken to provide effective communication with stakeholders and that their views are communicated to the Board as a whole. The Board Chairman has never been a member of Audit Committee or Nominating and Remuneration Committee of the Company nor participated in any of the mentioned Committee's meetings.

The Independent Non-Executive Directors, who currently comprise more than 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.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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 https://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"), equivalent to whistle-blowing policy, which serves as an avenue for raising concerns relating to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices. On 19 May 2020, the Company adopted an Anti-Bribery and Anti-Corruption Policy to manage bribery and corruption risks of the Group as guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009.

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 provisions of the Companies Act 2016 and MMLR of Bursa Securities, experienced and competent on statutory and regulatory requirements, corporate governance developments and practices and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities. The Company Secretaries advise the Board on governance matters and ensuring that there is an effective system of corporate governance in place.

In discharging their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their purview. The dates of the meetings of the Board, Board Committees and AGM for each financial year are fixed in advance for the whole year to ensure all Directors' and Board Committee members' dates are booked and also to facilitate Management's planning for the whole financial year. 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 eight (8) Board meetings, with the Company Secretaries in attendance at every meeting while Senior Management and Internal and External Auditors attended the Board and Board Committee meetings upon invitation, as and when necessary. In line with good governance practices, the Company leveraged on technology by conducting meetings of the Board and Board Committees online, which made it more convenient for meeting participation and robust discussion.

The attendances of the Directors at the Board meetings are as follows:

Name	No. of Board Meetings Attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	8/8	100
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	8/8	100
Ho Wai Ming	8/8	100
Dato' Ng Mann Cheong	8/8	100
Lee Min On	8/8	100
Ng Chee Hoong	8/8	100
Dato' Chan Choun Sien (appointed on 1 April 2021)	5/5	100

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 Secretaries also explain to the Board, the implication of the requirements on the Directors.

All Directors have completed the Mandatory Accreditation Programme as required by the MMLR 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 or participated by the Directors are as follows:

Name	Details of Programme
Dato' Tan Heng Chew	• Tan Chong Motor Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance • APM Automotive Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to APM, its Directors, Management, Company Secretaries & Auditors • Tan Chong Motor Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries & Auditors • Tan Chong Motor Holdings Berhad : 2022 National Budget Briefing by Mr. Tang Chin Fook
Dato' Ng Mann Cheong	• TC iTech Sdn. Bhd. : Cybersecurity Awareness Training • Tan Chong Motor Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries & Auditors
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	• Tan Chong Motor Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance • Tan Chong Motor Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries & Auditors • Tan Chong Motor Holdings Berhad : 2022 National Budget Briefing by Mr. Tang Chin Fook
Ho Wai Ming	• Association of Chartered Certified Accountants : Decision Making in a Crisis • Warisan TC Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance • EY Corporate Advisors Pte. Ltd. : Asia-Pacific Reframe Series livestream - "Have you reinvented strategy to see new opportunities tomorrow?" • Tan Chong Motor Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance • KPMG PLT : KPMG Board Leadership Center Exclusive - Sustainable Finance - Making better financial decisions • Association of Chartered Certified Accountants : Webinar - The Malaysian Transfer Pricing Developments • KPMG PLT : Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Iclif Executive Education Center : Implementing Amendments in The Malaysian Code on Corporate Governance • Tan Chong Motor Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries & Auditors • Tan Chong Motor Holdings Berhad : 2022 National Budget Briefing by Mr. Tang Chin Fook

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Name	Details of Programme
Lee Min On	• Warisan TC Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance (Trainer) • Tan Chong Motor Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance (Trainer) • TC iTech Sdn. Bhd. : Cybersecurity Awareness Training • Malaysian Institute of Accountants : MIA Virtual Conference Series - Capital Market Conference 2021 • Bursa Malaysia Berhad : Sustainability Reporting Workshops - Scope & Materiality in Sustainability Reporting • Warisan TC Holdings Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to WTCH, its Directors, Management, Company Secretaries & Auditors (Trainer) • Tan Chong Motor Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries & Auditors (Trainer) • Securities Commission Malaysia : Conversation with Audit Committees • Malaysian Institute of Corporate Governance : 9th Governance in Procurement Conference 2021 - Procurement Digitalisation for the Future • Minority Shareholders Watch Group : MSWG Webinar – Covid Creates Unique Governance Issues
Ng Chee Hoong	• Asia School of Business : Mandatory Accreditation Programme • KPMG PLT : Impact of COVID-19 on Financial Reporting • Tan Chong Motor Holdings Berhad : Roles & Responsibilities of Directors in Governance, Risk & Controls / Compliance • Malaysian Institute of Accountants : MIA Webinar Series - ISQC 1, ISQM 1 & 2, and ISA 220 (Revised), Incorporating Root Cause Analysis • Chartered Tax Institute of Malaysia : Topical Tax Issues Facing SMEs • TC iTech Sdn. Bhd. : Cybersecurity Awareness Training • Chartered Tax Institute of Malaysia : National Tax Conference 2021 • Tan Chong Motor Holdings Berhad : The Updated Malaysian Code on Corporate Governance 2021 - Implications of the Updates to TCMH, its Directors, Management, Company Secretaries & Auditors • Malaysian Institute of Accountants : Complimentary Webinar on ED ISA for Less Complex Entities ("LCE") and Engagement on eConfirm.my • Chartered Tax Institute of Malaysia : 2022 Budget Seminar • Securities Commission Malaysia : Conversation with Audit Committees

Name	Details of Programme
Dato' Chan Choun Sien (appointed on 1 April 2021)	• Transformational Business Network & Beneficial Returns : Investing Courageously - An Impact Investing Workshop • Affin Hwang Asset Management Berhad : Market Outlook 2021 - Pathway to Recovery • Malaysia-Japan Economic Association : 46th ASEAN-Japan Business Meeting • UBS : UBS Healthcare Summit 2021 • Affin Hwang Asset Management Berhad : Review & Outlook • KPMG PLT : Building back better - A board's-eye view • CIMB Alumni : Let's Catch Up with Malaysia's Finance Minister • CPA Australia : Case study of an SME utilising multiple funding options • Malaysia Digital Economy Corporation : Venture Capital to Bridge Your Growth Gap • ELC : Eagles Leadership Convention 2021 - Reframe, Recover, Reinvent • CLSA : ESG Session with Prof Justine Nolan • Affin-Hwang Investment Bank : Sustainability Conference - The Operationalisation of ESG Across Investment Processes • Khazanah Nasional Berhad : The Hasanah Forum 2021 - From Charity to Justice: Vision for an Equal and Just Malaysia • Affin Hwang Asset Management Berhad : Review & Outlook

II. BOARD COMPOSITION

The Company is led by an experienced Board which is vital for the continuing progress and success of the Group. The current Board consists of seven (7) members, comprising three (3) Executive Directors and four (4) Independent Non-Executive Directors. This composition of the Board fulfills the requirements as set out in the MMLR 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, investment banking, as well as corporate governance, risk management and internal audit. The profiles of the Directors are set out on pages 29 to 34 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. During the year, a new Independent Non-Executive Director was appointed to the Board. The NRC interviewed the candidate to assess the candidate's skill, knowledge, expertise, experience, competency, time commitment, character, professionalism and integrity, being the criteria that Board had adopted to determine the suitability of candidates for directorship. Following a rigorous assessment and based on outcome of the interview, the NRC recommended to the Board to approve the appointment of Dato' Chan Choun Sien as an Independent Non-Executive Director, since the Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

The annual assessment of the Board, Board Committees and individual Directors was conducted by the NRC on 12 January 2022 using a self and peer assessment approach based on pre-set questionnaire approved by the Board. Following the assessment, 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 the retiring Directors, Dato' Ng Mann Cheong and Mr. Lee Min On, are in a position to be re-elected Directors of

CORPORATE GOVERNANCE OVERVIEW STATEMENT

the Company at the forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried out by the NRC were duly documented. In line with Practice 5.7 of the Malaysian Code on Corporate Governance 2021 Edition ("MCCG"), the Board has provided a statement to support the re-appointment of the retiring directors in the Notice of Annual General Meeting.

The NRC has also assessed the independence of all Independent Non-Executive Directors for the financial year ended 31 December 2021 based on criteria set out in paragraph 1.01 of the MMLR 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.

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 as an Independent Non-Executive 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.

Dato' Ng Mann Cheong has served as Independent Non-Executive Director for a cumulative term of more than nine (9) years. Following the assessment and recommendation by the NRC, the Board is of the opinion that the independence of Dato' Ng Mann Cheong has remained unimpaired and his judgement over business dealings of the Company has not been influenced by the interest of the other Directors or substantial shareholders and recommended that Dato' Ng Mann Cheong be retained as Independent Non-Executive Director, 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.

Based on the findings of the assessments and evaluations carried out by the NRC, the Board recognised that continued focus and priorities need to be given to the following areas during the financial year ending 31 December 2022 in addition to its core duties of creating long term-value for stakeholders:

(i) The continued implementation of the Anti-Bribery & Anti-Corruption Framework towards fulfilling the requirements of Section 17A(5) of the Malaysian Anti-Corruption Commission Act 2009 so as to safeguard the interest of the Group, Directors and shareholders;

(ii) Building risk resilience by further strengthening controls on certain core areas; and

(iii) Digital transformation and cybersecurity.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review and up to the date of this Statement is set out below:

- Reviewed Policies and Procedures for the Remuneration of Directors and Senior Management;
- 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) who 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 and its effectiveness;
- Reviewed the performance of the Chief Financial Officer and the Company Secretary;
- Considered and recommended an Independent Non-Executive Director for appointment on the Board and Board Committees;

- Reviewed the remuneration of Executive Directors and Employees (Senior Management and Non-Senior Management Staff) of the Group;
- Reviewed the proposed extension of the Executive Service Contract of the Deputy President and Senior Management;
- Reviewed the terms of reference of the NRC; and
- Reviewed Year 2021 ex-gratia and Year 2022 salary reinstatement/increment of the Executive Directors and Senior Management Personnel.

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 a myriad of skills, regional and industry experience, background, gender, age, ethnicity and other qualities of Directors such as the candidates' competency, character, time commitment, integrity and experience in meeting the Company's needs. These diversities are considered in determining the optimum composition of the Board and, whenever possible, are 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 seven (7) Directors, comprising six (6) male Directors and one (1) woman Director which is in line with the target set in the Board Diversity Policy. The Company met the requirements of the recently proposed amendments to the MMLR announced by Bursa Securities vide its letter dated 19 January 2022. Pursuant to the proposal, effective 1 June 2023, all listed issuers are required to have at least one (1) woman director on its Board.

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 7.1 of the 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, competence, 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. The Policies and Procedures for the Remuneration of Directors and Senior Management which were last reviewed on 12 January 2021 are published on the Company's website at https://www.tanchonggroup.com.

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

The remuneration received or to be received by Directors of the Company from the Group and Company for the financial year ended 31 December 2021 amounted to RM18,332,161 and RM14,787,113 respectively. Details of the remuneration for each of the Directors on a named basis are set out under Practice 8.1 of the Corporate Governance Report uploaded on the Company's website at https://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 four (4) members, all of whom are Independent Non-Executive Directors, with Mr. Ng Chee Hoong 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 2021, are set out in the Audit Committee Report of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

One of the key responsibilities of the Audit Committee in its Terms of Reference 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. In line with Practice 9.2 of the MCCG, the Terms of Reference of Audit Committee also includes a requirement for a former partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the Audit Committee. Partner refers to all former partners of the External Audit Firm and/or its affiliates, including those providing advisory services, tax consulting, etc.

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 before such services are provided. On 14 September 2021, the Company adopted an External Auditor Assessment Policy to set out guidelines and procedures to be undertaken by the Audit Committee in ensuring the suitability, objectivity and independence of the auditors in substance as well as in form in line with the MCCG Practices and Guidance.

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:

<u>Chairman</u>
Lee Min On (Independent Non-Executive Director)

<u>Members</u>
Dato' Ng Mann Cheong (Senior Independent Non-Executive Director)
Dato' Tan Heng Chew (Executive Director)
Ng Chee Hoong (Independent Non-Executive Director)
Dato' Chan Choun Sien (Independent Non-Executive Director) *(Appointed on 1 April 2021)*

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, four (4) BRMSC meetings were 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 72 to 81 of this Annual Report.

In line with the MCCG and the MMLR 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 Group's system of internal control and risk management. All internal audits carried out are guided by the International Professional Practices Framework 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. During the financial year ended 31 December 2019, a full scope Quality Assurance Review ("QAR") was conducted by an independent reviewer engaged by the Company to conduct an assessment on GIA to ensure that the quality of the Company's internal audit conformed with The International Standards for the Professional Practice of Internal Auditing pursuant to the International Professional Practices Framework and the results of the QAR assessment were found to be satisfactory.

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 https://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.

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.

In line with the MCCG, the Company despatched the notice of the 49th AGM to its shareholders at least 28 days before the AGM.

At the last AGM, which was held fully virtual through the online meeting platform at TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia, all the Directors (including the chair of the Board Committees) and the external auditors were available to engage with, and to be accountable to, the shareholders for their stewardship of the Company. The members of Senior Management of the Company were also available to respond to any enquiries from the shareholders.

During the AGM, the Chairman of the meeting ensured that the meeting was conducted in an orderly manner. The strategic business direction of the Group, the Group's financial performance, some key initiatives, overview of market outlook and the Group's strategies and actions going forward were presented at the meeting. Shareholders were given the opportunity to submit their questions prior to and during the AGM via e-query box. All questions received prior to the day of the AGM were addressed during the last AGM. For questions received on the day of the AGM and those not dealt with during the AGM, the Company had responded to them by posting the Questions and Answers on the Company's website after the AGM. The minutes of AGM together with a summary of key matters discussed at the AGM were made available on the Company's website within 30 days after the AGM.

All resolutions set out in the notice of the 49th AGM were voted by poll in accordance with the MMLR 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 8 April 2022.

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 2021.

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
Ng Chee Hoong *Independent Non-Executive Director*	Chairman	7/7
Dato' Ng Mann Cheong *Senior Independent Non-Executive Director*	Member	7/7
Lee Min On *Independent Non-Executive Director*	Member	7/7
Dato' Christopher Chan Choun Sien (Appointed on 1 April 2021) *Independent Non-Executive Director*	Member	5/5

The Audit Committee meetings are structured with 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 request for, and the Company Secretaries who are the Committee Secretaries 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, with any member interested in the matter deliberated abstaining.

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 scheduled meetings to table their annual audit plan and consider the final audited financial statements, as well as 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 that 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 were able to, and had discharged 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 and up to the date of this report, 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.

Details of such work and activities carried out by the Audit Committee for the purpose of the financial year under review and up to the date of this Report 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 complied with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 2021 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 before they were provided by the external auditors and/or their affiliates, both local and overseas in accordance with the Group's external auditors' assessment policy 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 2021 are stated in the Additional Compliance Information on page 82 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 had confirmed their professional independence in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants via their presentation deck to the Audit Committee as well as their engagement letter. In line with the Malaysian Code on Corporate Governance 2021 Edition, the Committee also reviewed the Annual Transparency Report of the external audit firm which set out, inter-alia, the governance and leadership structure of the firm, as well as measures undertaken by the firm to uphold audit quality and manage risks. Following the outcome of such assessment, the Audit Committee was satisfied that the external auditors were able to meet the audit requirements and statutory obligations of the Company and their professional independence and objectivity as external auditors of the Company. Accordingly, the Audit Committee recommended, and the Board 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 June 2022, subject to shareholders' approval; and

AUDIT COMMITTEE REPORT

(f) Held three (3) private sessions with the external auditors, following the presentation of their Audit Plan for the financial year ended 31 December 2021 on 22 November 2021, and following their presentation of results and findings from their audit on 25 February 2022 and 31 March 2022, in the absence of Executive Directors, Management and Committee Secretaries. These sessions enabled the external auditors to discuss with candour with the Audit Committee on any other matters noted by the external auditors during their audit of the financial statements for the financial year under review without being beholden to Management's presence.

(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 the assessment of risk management and internal controls over operations, financial and compliance relating to the Group based on the approved Plan;

(c) Reviewed and discussed the major findings, areas requiring improvements and significant internal audit matters raised by the internal auditors and Management's response, including follow-up actions. Management of the business units concerned was requested to rectify and improve the risk management and internal control procedures and workflow process deficiencies based on the internal auditors' recommendations; and

(d) Reviewed the performance, competencies, training requirements and effectiveness of the internal audit function.

(4) Related Party Transaction

Reviewed recurrent related party transactions ("RRPTs") of the Group on a quarterly basis to determine if 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 determine if 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 complied with the Listing Requirements of Bursa Securities.

(5) Others

(a) Reviewed the Circular to Shareholders in relation to Shareholders' Mandate on RRPTs, the review procedures of RRPTs, the RRPT estimates and methods for determination of RRPT transaction price and threshold of authority, 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 valuation of non-current assets of the Group;

(c) Reviewed the report on irregularities and serious misconduct issued by the Group Integrity Office (as presented by the Head of Investigation and Digital Forensic Services Department) and ensured that remedial action plans were appropriate; and

(d) Supervised the implementation of the Anti-Bribery and Anti-Corruption Policy ("ABAC") for the Group, effective from 19 May 2020, and reviewed the effectiveness of the ABAC and the Adequate Procedures that were implemented to help prevent the occurrence of corrupt practices and to comply with Section 17A(5) of the MACC Act 2009.

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 governance, risk management and 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 governance, risk management and internal control procedures and processes is conducted by GIA to assess whether 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 risks inherent in the business units concerned. The Group's Internal Audit Plan is tabled annually to, 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 for the financial year under review 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 the Group's risk management policies and procedures, including assessing the adequacy and operating effectiveness of the policies and procedures in achieving their intended purpose;

(d) 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, including their underlying risks, of the Group covered by GIA comprised the following:

- Sales and collections;
- Payment process;
- Inventory verification;
- E-payment;
- Bank reconciliation;
- Business operations and process improvement;
- Inventory and logistics management;
- External tenancy agreements;
- Bank financial covenants;
- Hire purchase and staff loan operation;
- Cost rationalisation;
- Project implementation; and
- Petty cash management;

(e) Performed special review and investigation, as required;

(f) Reported audit findings and made recommendations to improve the internal control system at the various business units; and

(g) Reviewed the RRPTs and RPTs of the Group to determine if 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 complied with the Listing Requirements of Bursa Securities as well as the guidelines and procedures in relation to the Shareholders' Mandate for RRPTs which was obtained at the last Annual General Meeting.

This Report is dated 8 April 2022.

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 about the state of risk management and internal controls of the listed issuer as a group ("Statement on Risk Management & Internal Control" or "Statement"). The Statement needs to include sufficient and meaningful information for 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 2021 and up to the date of approval of this Statement for inclusion in the Company's Annual Report. For disclosure purpose, this Statement has considered and, where required, 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 2021 Edition ("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 10.1

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

- Practice 10.2

  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 a 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 reviews and improves upon the risk management and internal control system across all its business units and subsidiaries to enable the system to meet business needs and support the effective management of risks to acceptable levels.

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, including emerging ones, and the impact thereon.

The Board has delegated the oversight of risk management to one of its sub-committees, namely the Board Risk Management and Sustainability Committee ("BRMSC"), which comprises four (4) Independent Non-Executive Directors and an Executive Director as its members. The Group Chief Executive Officer, Chief Financial Officer, Head of Group Risk Management and Business units risk owners attend the BRMSC meeting as invitees.

Reporting to BRMSC is undertaken by the Risk Management and Sustainability Committee ("RMSC"), which comprises heads of major business units of the Group as its members. The 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 meetings with and updates from the RMSC and GRM. During the financial year under review, the BRMSC reviewed and endorsed the following for subsequent reporting to the Board:

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

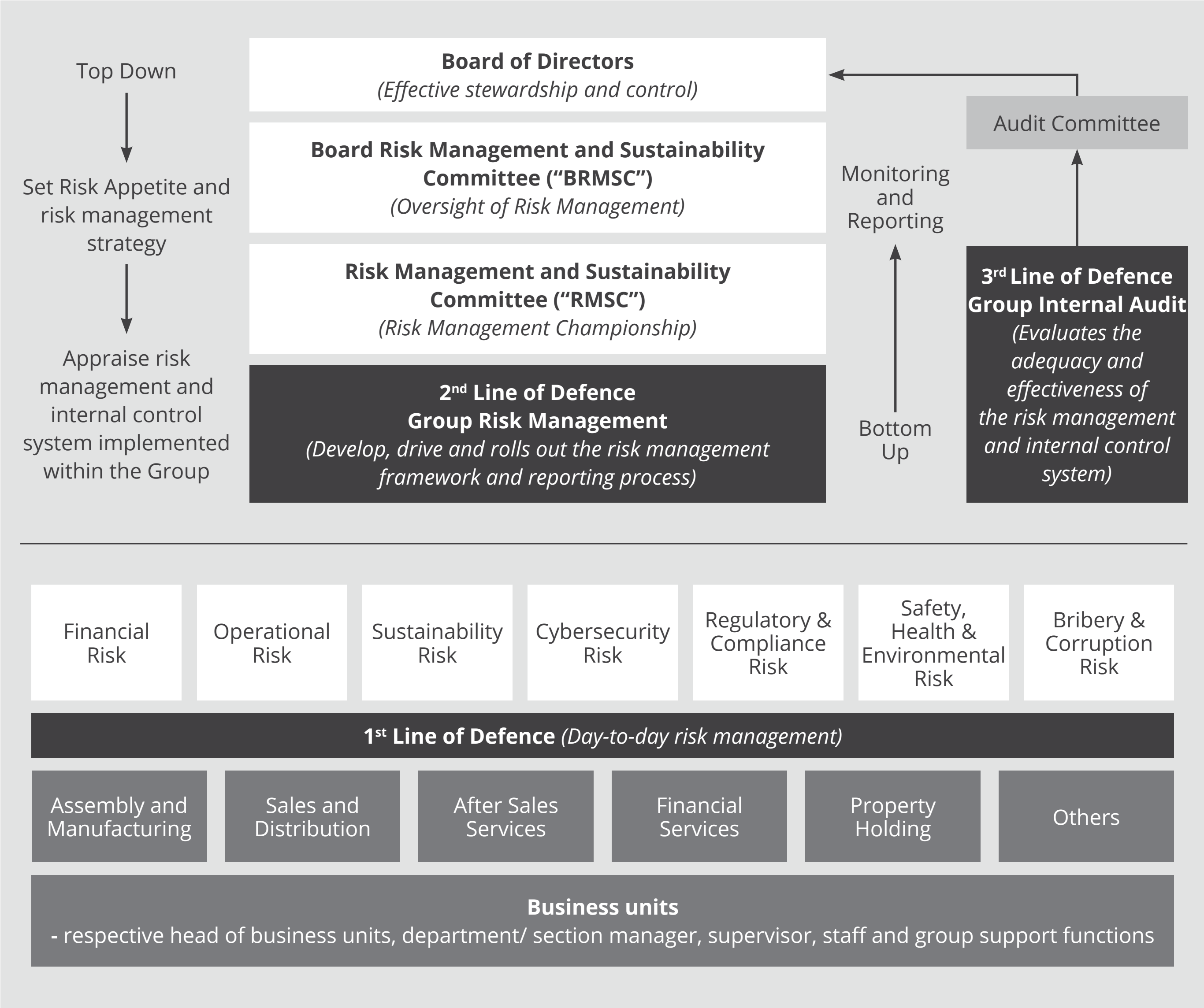
The Board has received assurance in writing from the President, Group Chief Executive Officer and Chief Financial Officer, that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management policy and procedures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

A holistic risk management system is applied throughout the businesses. Set out below is the risk governance structure, including the respective remit, 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 imperative part of the business with the aim to facilitate implementation of the risk management framework and processes across the Company and its subsidiaries. The Group continually seeks to improve the risk management processes, enabling risks to be proactively managed and minimise any adverse impact on the Group's business strategies and objectives.

How the Group manages risk

The Group adopts the RMPP, aligned with the ISO 31000:2018 Risk Management – Guidelines.

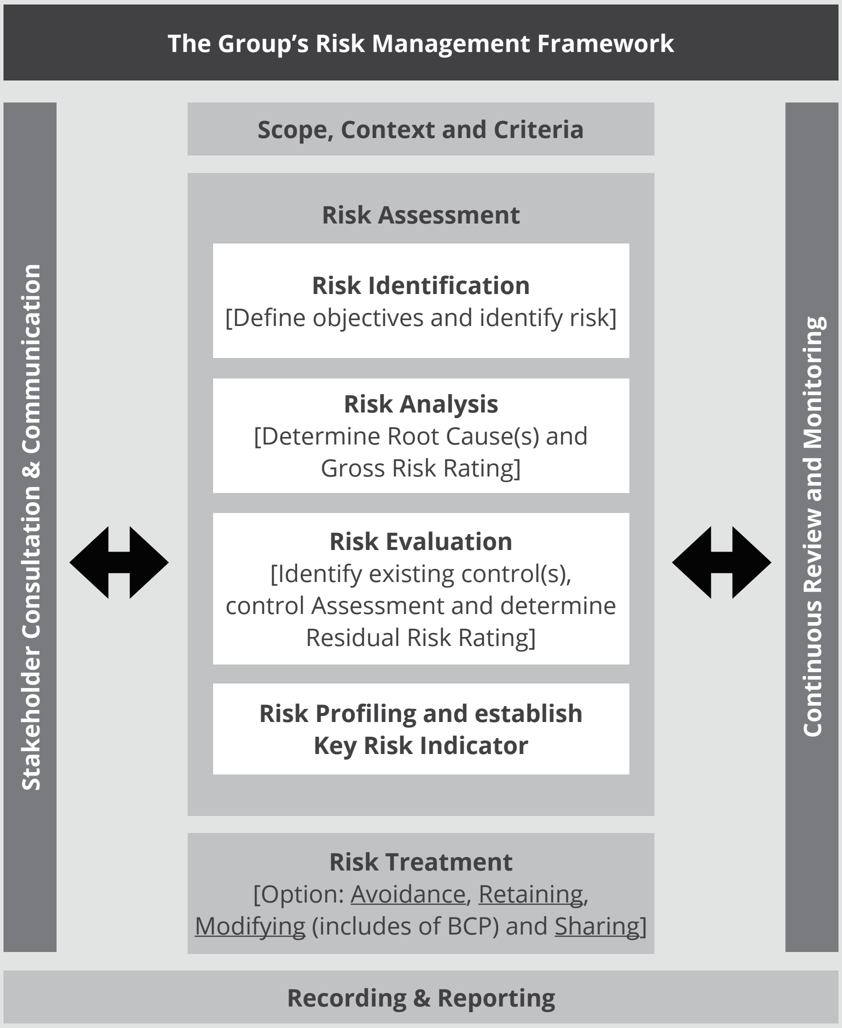
The risk assessment process which comprises key elements of risk identification, likelihood/impact analysis, risk evaluation and risk treatment (as illustrated in the risk framework illustrated opposite).

All identified risks are described, analysed, and reported by the 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 deployed reflect the organisation's risk appetite, which is defined as the level of risk the Group is prepared to accept to achieve its objectives.

The Group's risk parameters comprise quantitative (financial) and qualitative (non-financial, e.g., reputation and image, business interruption, operational efficiency, governance and regulatory, people, business model sustainability and environmental, health and safety) matrices.

Eventually, identified risks are rated "High, Moderate or Low" based on the likelihood of their occurrence and impact thereof, taking into consideration the adequacy and effectiveness of existing controls. Risk treatment or risk mitigating plans are formulated to address the risks aligned with the risk appetite.



STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

SUMMARY OF RISK MANAGEMENT ACTIVITIES DURING THE FINANCIAL YEAR

Key risk management activities carried out by the Board, with assistance from the BRMSC, RMSC, GRM and business units, during the year under review were:

- Business units conducted quarterly review to identify and assess the risks affecting their business, where the scope of assessment covered existing as well as emerging risks;
- Business units assessed the likelihood and impact of the said risks, existing controls, control effectiveness and the action plans taken to manage those risks to a desired level;
- GRM facilitated deliberation sessions with the business units to review and challenge the control effectiveness based on potential causes and existing controls, risk rating and risk mitigating plans reported by business units;
- These updated risk profiles were then consolidated into the Corporate Risk Map of the Group for presentation to the RMSC and BRMSC;
- During the year, four (4) RMSC and four (4) BRMSC meetings were held to table updated risks and present the mitigation plans for the approval of Senior Management and Board based on the current risk appetite of the Group;
- KRIs, which essentially corroborate risk ratings in terms of likelihood and impact of risks, were established to provide an early signal of increasing risk exposures in various areas of the business units;
- The KRIs, covering business risk and corruption risk, were updated by business units and monitored by GRM monthly. When the indicators were triggered to an unacceptable level, remedial actions were taken by business units to address the areas of concern and the implementation of the action plan was monitored closely by GRM;
- GRM monitored and engaged in discussions on the KRIs and Cybersecurity Incident Management reported by Group IT monthly. Group IT presented the status of the KRIs and Cybersecurity risk assessment in RMSC and BRMSC quarterly meetings;
- Continuous risk awareness briefings, which were attended by the business unit personnel to create awareness of risks, embed a corporate risk culture and instil good governance amongst Group personnel;
- Conducted awareness training on ISO37001: 2016 – Anti-Bribery Management System (ABMS) to raise awareness of good practices in combating bribery;
- Conducted Business Continuity Management awareness briefing to create awareness on the importance of effective business continuity planning;
- Detailed study and analysis on emerging risks by sharing the researched materials with the business units for their forward planning on the mitigation controls;
- In compliance with the requirements stipulated in the Group's Anti-Bribery and Anti-Corruption Policy, GRM guided business units in corruption risk assessment and performing due diligence on third party to address corruption risks;
- In compliance with Anti Money Laundering/ Counter Financing of Terrorism requirements, GRM facilitated the trust fund company to perform risk assessment and customer due diligence; and
- GRM engaged in discussions with business units in assessing the business impact arising from COVID-19 outbreak and monitored the activation progress of business continuity plan to ensure business adaptation and resilience.

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 or further action, as the case might be.

THE GROUP'S KEY RISKS FOR 2021

Type of Risk	Concern	Mitigating Actions/ Strategy
Regulatory Risk	Changes to local regulatory requirements and/or government policies may cause the operating efficiency not at the optimum level. Failing to observe or comply with latest regulations may also trigger penalties being imposed by the authorities.	The Group kept abreast on the latest changes to the regulatory requirements by engaging with various government agencies and/ or business associations to gain forefront knowledge of new regulations and/ or policies requirement; and Changes to the regulatory requirements were incorporated into the policies/ standard operating procedures and communicated to the staff for compliance.
Country Risk	The Group has investment abroad in the ASEAN region and is exposed to country risk where the possible changes in the business environment (due to economic, political, etc.) may adversely affect operating profits or the value of assets in the country.	The control measures in place to minimise the impact of the country risk to the Group's long term business strategy includes:- • Conducting detailed study and due diligence being performed prior to the investment; • Evaluation of investment proposal by the Investment Committee prior to seeking endorsement from the Board; • Keeping abreast with the latest rules and regulations imposed by the local governments; • Engaging with local expertise/ consultants for advisory services on legal and tax related matters; and • Maintaining close monitoring on the business environment in the countries where the Group's business resided with appropriate business strategy adopted to mitigate the emerging risks.

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

Type of Risk	Concern	Mitigating Actions/ Strategy
Pandemic Related Risk	The outbreak of the COVID-19 pandemic has threatened people's safety & well-being, which in turn has impact to the sustainability of business operations. The COVID-19 pandemic is global, and has worldwide impact creating an uncertain global economic outlook.	To create a safe working environment in minimising infection at the workplace and ensuring business continuity, the Group has taken the following actions: • Establishing Standard Operating Procedures for the workplace that provide detailed guidance on preventing infection at the workplace, work safety arrangements and disease containment measures; • Maintaining safe working and business environment via regular disinfection of premises and installation of antiviral air filter in the office; • Provision of adequate Personal Protection Equipment, e.g., hand sanitisers, face masks and self-test kits, to staff to perform RTK antigen test regularly; and • Facilitation with Government appointed Healthcare Service Providers to provide COVID-19 vaccinations and booster jabs for staff. To address the concern on business sustainability during the pandemic, the Group has taken the following actions: • Business units have activated their business continuity plans to mitigate the effect or impact from the uncertainty and rapidly changing COVID-19 pandemic situation; • Active monitoring of business impact analysis and the business recovery plan; being watchful of emerging risks and challenges of the "new norms" faced by major business units in their business sustainability. These included consistent updates of action status on the business continuity plan and recovery plans to the Board to enable the Group enhance and redeploy its existing capabilities to accelerate business recovery; and • Active monitoring of liquidity risks and credit risks with proactive actions taken to mitigate the impact on the Group's financial performance and financial position, impacted by lower yield on the Group's products and services and current market sentiments.

Type of Risk	Concern	Mitigating Actions/ Strategy
Cybersecurity Risk	The Group is potentially exposed to the risks of malware, ransomware, phishing attacks, unauthorised access, corruption and/ or loss of its information assets.	To mitigate these risks, processes have been deployed to manage and protect the confidentiality, integrity and availability of data and critical infrastructure, which include: • Close monitoring of network activities and firewalls to prevent malicious or unnecessary network traffic; • Advanced Persistent Threat and Endpoint Protection Systems are installed in all servers and endpoints to protect critical and confidential data; • Regular maintenance of the Group's systems is carried out and action taken to close any identified gaps; • Incident Management process is established to facilitate the immediate response and resolution plan to cybersecurity attack incident; and • Multiple sessions of Cybersecurity awareness briefing are conducted to instil the knowledge of risks associated with cyber-attacks and to cultivate an organisation that is always aware of cyber threats.

INTERNAL CONTROL SYSTEM

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

a. Communication of Company values, i.e., Trustworthiness & Integrity, Courage, Frugality, Innovation & Creativity, 24/7 Mind-set, Perseverance and Diligence, to all employees;
b. A code of conduct which requires employees 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;
c. An organisational structure of the Group with formally defined lines of responsibility and delegation of authority for the 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;
d. Board and Audit Committee review the Group's financial reporting process, financial and operational performance, internal controls, risk management and governance structure;
e. Active participation and involvement from the President, Deputy 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;
f. Review and approval of annual business plan and budget of all major business units by the Board;

STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

g. Variance analysis, comparing actual performance against budget/forecast results is carried out, monitored, and reported to the President, Group Chief Executive Officer and Chief Financial Officer. Relevant remedial action plans are formulated to address the significant variance or gaps. On a quarterly basis, the Chief Financial Officer briefs the Audit Committee on the performance of the Group in relation to previous quarters as well as the budget;
h. HR policies and procedures have been formalised to cover hiring, orientation, training, evaluating, counselling, promotion and compensation and benefits;
i. A fraud prevention policy has been adopted by the Group - this policy provides guidance in preventing fraud and to promote transparency and integrity;
j. In line with the provisions of Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, the Group has adopted a culture of zero tolerance towards all forms of bribery and corruption as already enunciated in our Group's policies, codes of conduct, and core values. This culture is restated in our Anti-Bribery and Anti-Corruption Policy ("ABAC") which can be viewed in our Intranet and public website at: https://www.tanchonggroup.com/corporate-integrity/;
k. Since the beginning of 2021, our Group Integrity Office has conducted ABAC awareness and training for all employees and stakeholders via our E-Learning platform. All employees are also required to sit for an awareness test to gauge their understanding of the ABAC;
l. Individual project task forces have been formed to assess and evaluate the feasibility and risk impact that prospective investments have on the Group. The feasibility study, risk impact and assessment on new investments or projects are then evaluated and approved by an Investment Committee for the Board's deliberation and approval;
m. Policies and procedures, which address the major aspects of activities throughout the Group, have been established to enable necessary management directives to be carried out with actions taken on risks to achieve the Group's objectives. The policies and procedures include a range of control activities as diverse as approval, authorisation, verification, reconciliation, review of performance, safeguarding of assets and segregation of key conflicting functions;
n. Periodic management and Board meetings are carried out to discuss pertinent business matters whilst relevant information and data is collated and reported at the Management and Board meetings to facilitate decision making. Such information includes financial and non-financial, internal and external reporting;
o. Heads of Department are entrusted to conduct management and supervisory reviews ensuring that personnel reporting to them discharge the duties and tasks as entrusted; and
p. Group Internal Audit carries out separate and independent evaluations on the effectiveness of the internal control system, risk management and corporate governance. Internal control deficiencies as well as material risk issues and governance breaches are reported to the Audit Committee, the Board, President, Group Chief Executive Officer and Chief Financial Officer.

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 risk management and 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 effectiveness and efficiency of the internal control procedures and processes, risk management, and corporate governance are conducted by GIA to ensure that the systems are 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 before the internal audit activities commence. Action plans are taken by the Management to address the audit findings and concerns raised in the internal audit reports. GIA also follows through on the status of the Management's action plans on the internal audit findings.

The internal audit function and practices are assessed by both the internal and external assessors on a periodical basis according to the International Professional Practices Framework ("IPPF") for internal auditing. The internal audit function has its own Quality Assurance and Improvement Programme (QAIP) and had undergone and successfully passed the Quality Assurance Review (QAR) in 2019 undertaken by an accredited and independent external assessor with the results of the QAR tabled to the Audit Committee. The IPPF is the conceptual framework that organises authoritative guidance promulgated by The Institute of Internal Auditors, USA.

On a quarterly basis, 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 2021 amounted to approximately RM1.13 million (2020: approximately RM1.19 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 2021 as a result of weaknesses in internal controls that would require disclosure in the annual report. Nonetheless, the Board continues to take measures to strengthen the risk management processes and internal control environment of the Group.

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 Company's Annual Report for the year ended 31 December 2021, 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 shareholders and the Group's assets.

This Statement is dated 8 April 2022.

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

There were no material contracts (not being contracts entered in the ordinary course of business) entered into by the Company and/or its subsidiaries involving the Directors' and major shareholders' interests either still subsisting at the end of financial year ended 31 December 2021 or entered into since the previous financial year.

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 affiliates, to the Company and the Group respectively for the financial year ended 31 December 2021 were as follows:

	Company 2021 (RM)	**Group 2021 (RM)**
Statutory audit fees	61,000	794,470
Non-audit fees *	15,000	263,593

* *The non-audit fees comprised mainly fees paid or payable to KPMG PLT and their overseas affiliates for tax compliance, tax advisory services, transfer pricing study and review of statutory documents.*

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 2021, 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.

FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2021

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding, whilst the principal activities and the details of the subsidiaries are as stated in Note 36 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
(Loss)/Profit for the year attributable to:		
Owners of the Company	(15,417)	395,310
Non-controlling interests	(4,799)	-
	(20,216)	395,310

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year under review except as disclosed in the financial statements.

DIVIDENDS

Since the end of the previous financial year, the Company declared an interim single tier dividend of 1.5 sen per ordinary share totalling approximately RM9,782,000 in respect of the financial year ended 31 December 2021 on 24 May 2021 and paid on 30 June 2021.

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

DIRECTORS OF THE COMPANY

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

Dato' Tan Heng Chew
Dato' Ng Mann Cheong
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng
Ho Wai Ming
Lee Min On
Ng Chee Hoong
Dato' Chan Choun Sien (Appointed on 1 April 2021)

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

LIST OF DIRECTORS OF SUBSIDIARIES

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

Abdul Rahman Bin Mohamed
Alagasan a/l Gadigaselam
Allan Chong Phang Ngee
Amornrat Teerawattananun (Resigned on 18 March 2021)
Ang Yue Lai
Chan Mei-Lynn
Chang Tang-Chih (Resigned on 1 October 2021)
Chee Sock Fun
Chen Wen-Chun
Chen Yuan-Ching (Resigned on 13 January 2021)
Cheng Mun Kean
Cheong Kim Seong
Cheong Yoke Yean
Chia Tuang Mooi
Chin Ten Hoy
Chin Yoon Leng
Chiou Wi-Guo
Chong Choon Yeng (Appointed on 8 January 2021)
Chong Meow Fong
Choo Chee Seong
Chow Kai Ming
Christopher Tan Kok Leong
Daniel Chow Wing Fai
Dato’ Cheah Sam Kip (Demised on 13 May 2021)
Dato’ Cheah Choong Kit (Resigned on 1 March 2021)
Dato’ Hardev Singh a/l Pritam Singh
Dato’ Tan Eng Hwa
Dato’ Than Tai Hing
Dato’ Yew Hock Tat
Datuk Abdullah bin Abdul Wahab
Datuk Saharudin bin Muhamad Toha
Datuk Tan Kok Liang
Datuk Yaacob bin Wan Ibrahim
Foo Check Tuann
Fung Chee Sheng
Han Yin Nee
Hout Kimmeng
Ke Bee Kian
Khoo Cheng Pah
Khoo Peng Peng (Appointed on 21 June 2021)
Koh Lay Hoon (Resigned on 4 March 2022)
Kol. (B) Ho Wah Juan
Kong Foo Weng
Kong Kim Loong @ Robert Kong
Lau Wai Yoong
Lee Jiunn Shyan
Lee Kok Loon
Lee Long How
Lee Tatt Boon (Resigned on 30 November 2021)
Leong Moh Jyee

DIRECTORS' REPORT
for the year ended 31 December 2021

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Leong Song Seng
Leong Wen Yew
Leong Yee Voon
Lew Jiun Shang
Liew Kong Fatt (Resigned on 28 February 2022)
Lim Chee Khoon
Ling Kok Onn (Resigned on 3 January 2022)
Ling Koon Kiong
Loh Thim Choy
Loke Kwong Cheong
Looi Kok Eu
Martin Leow @ Liew Hun Vean
Mohd Yusop bin Saidin
Narasak Woraphun
Ng Eng Soon
Ng Kiat Seng
Ng Mei Ching (Resigned on 29 July 2021)
Nicholas Tan Chye Seng
Ong Siew Luan
Ong Teck Seong
Ong Wee Teck (Appointed on 22 January 2021)
Ong Yew Chee (Resigned on 25 October 2021)
Ong Yin Ee
Say Teck Ming
Song Choon Beng
Siow Tiang Sae (Appointed on 21 June 2021)
Sunida Thaisom (Appointed on 30 March 2021)
Tan Cheng Fu
Tan Keng Meng
Tan Lian Chin
Tan Poh Guan
Tan Seng Huat
Tan Siew Hoong
Tan Soon Huat
Tan Su Kui @ Tan Su Leong
Tan Teow Chang
Tan Ying Xiu
Tang Chin Fook
Tay Chai Li (Resigned on 5 January 2022)
Teng Fu
Teh Kim Hwa
Teong Seng Kiang
Terence Lau Han Seong
Thambirajah A Marimuthu (Resigned on 8 March 2021)
Tse Pei Chen
Tyrel Sackett Fernandez
U Khin Maung Lwin
Wan Chun Shong
Wong Chin Ngai (Resigned on 28 February 2022)
Wong Hoe Mun
Wong King Yoon
Wong Yoke Hung
Yao Tsu-Wei
Yap Bee Lee

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Yap Boon Wah
Yap Yoke Moi
Yeap Ling Weng
Yeoh Hee Huat
Yeoh Kim Leong
Yong Ye Yeen (Appointed on 12 May 2021)

DIRECTORS' INTERESTS IN SHARES

The interests and deemed interest in the ordinary shares of the Company and its related corporations (other than wholly-owned subsidiaries) of those who were Directors at financial year end as recorded in the Register of Directors' Shareholdings are as follows:

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Disposed/ Transferred**	**At 31.12.2021**
Interests in the Company				
Direct interests:				
Dato' Tan Heng Chew	32,061,762	1,324,700	-	33,386,462
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,808,590	20,000	-	12,828,590
Indirect/Deemed interests:				
Dato' Tan Heng Chew	289,322,430	20,000	-	289,342,430(1)
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	308,575,602	1,324,700	-	309,900,302(2)
Dato' Ng Mann Cheong	150,000	-	-	150,000(3)
Ho Wai Ming	20,000	-	-	20,000(3)

Notes:

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

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

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

By virtue of Dato' Tan Heng Chew's interests in the shares of the Company, he is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Tan Chong Motor Holdings Berhad has an interest as stated in Note 36 to the financial statements.

Save for the above, the other Directors holding office at 31 December 2021 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

DIRECTORS' REPORT
for the year ended 31 December 2021

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group or of the Company and/or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the professional fees received by a Director of the Company and a legal firm in which a Director of the Company is a partner; rental income receivable and/or rental expense payable by the Company and/or related corporations from/to companies in which the Directors and/or their connected persons have significant financial interests, and the relevant related party transactions as disclosed in Note 33 to the financial statements.

There were no arrangements during and at the end of the financial year which had the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company during the financial year. There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

SHARE BUY-BACK

Details of share buy-back are disclosed in Note 17 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, total indemnity coverage of RM40,000,000 was effected with insurance premium of RM58,432 paid for the Directors and the officers of the Group and of the Company.

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

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

i) all known bad debts have been written off and adequate provision made for doubtful debts, and

ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

OTHER STATUTORY INFORMATION (continued)

At the date of this report, the Directors are not aware of any circumstances:

i) that would render the amount written off for bad debt or the amount of the provision for doubtful debts in the Group and in the Company inadequate to any substantial extent, or

ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading, or

iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate, or

iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person, or

ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, except for those disclosed in the financial statements, the financial performance of the Group and of the Company for the financial year ended 31 December 2021 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

DIRECTORS' REPORT
for the year ended 31 December 2021

SIGNIFICANT EVENTS

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

AUDITORS

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

The auditors' remuneration is disclosed in Note 24 to the financial statements.

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

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

Ho Wai Ming
Director

Kuala Lumpur,
Date: 8 April 2022

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Assets					
Property, plant and equipment	3	2,317,945	2,311,657	704	585
Investment properties	4	229,500	230,495	-	-
Intangible assets	5	14,546	759	-	-
Investments in subsidiaries	6	-	-	1,988,812	1,876,262
Equity-accounted investees	7	72,374	75,969	26,896	26,896
Other investments	8	-	-	-	1
Deferred tax assets	9	107,809	120,384	9,868	11,651
Hire purchase receivables	10	406,161	489,860	-	-
Receivables	11	-	-	149,727	110,965
Total non-current assets		3,148,335	3,229,124	2,176,007	2,026,360
Other investments	8	2,081	170,306	-	-
Inventories	12	777,974	772,706	-	-
Contract assets	13	10,809	19,377	-	-
Current tax assets		19,323	11,162	-	-
Hire purchase receivables	10	101,047	93,053	-	-
Receivables	11	325,710	352,737	646	210,184
Deposits and prepayments	11	94,472	72,151	87	152
Derivative financial assets	14	-	17,914	-	-
Cash and cash equivalents	15	514,487	581,962	492	3,367
		1,845,903	2,091,368	1,225	213,703
Asset classified as held for sale	16	1,689	-	-	-
Total current assets		1,847,592	2,091,368	1,225	213,703
Total assets		4,995,927	5,320,492	2,177,232	2,240,063

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2021

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Equity					
Share capital	17	336,000	336,000	336,000	336,000
Reserves		2,481,423	2,531,552	1,466,541	1,081,013
Treasury shares		(25,901)	(25,866)	(25,901)	(25,866)
Total equity attributable to owners of the Company		2,791,522	2,841,686	1,776,640	1,391,147
Non-controlling interests		(21,850)	(16,995)	-	-
Total equity		2,769,672	2,824,691	1,776,640	1,391,147
Liabilities					
Lease liabilities		70,451	74,894	188	188
Employee benefits	19	95,792	95,599	40,659	46,820
Deferred tax liabilities	9	206,125	208,989	-	-
Payables and accruals	20	-	-	298,310	288,077
Contract liabilities	13	44,620	52,899	-	-
Total non-current liabilities		416,988	432,381	339,157	335,085
Borrowings	18	1,268,189	1,501,493	-	499,656
Lease liabilities		23,963	23,072	250	87
Derivative financial liabilities	14	544	2,980	-	-
Taxation		1,644	2,350	-	-
Contract liabilities	13	22,113	23,034	-	-
Payables and accruals	20	492,814	510,491	61,185	14,088
Total current liabilities		1,809,267	2,063,420	61,435	513,831
Total liabilities		2,226,255	2,495,801	400,592	848,916
Total equity and liabilities		4,995,927	5,320,492	2,177,232	2,240,063

The notes on pages 105 to 220 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF *FINANCIAL POSITION*

as at 31 December 2021 (in USD equivalent)

	2021	***2020***
	USD'000	***USD'000***
Assets		
Property, plant and equipment	*555,063*	*576,042*
Investment properties	*54,957*	*57,437*
Intangible assets	*3,483*	*189*
Equity-accounted investees	*17,331*	*18,931*
Other investments	*-*	*-*
Deferred tax assets	*25,816*	*29,999*
Hire purchase receivables	*97,261*	*122,068*
Total non-current assets	*753,911*	*804,666*
Other investments	*498*	*42,439*
Inventories	*186,296*	*192,551*
Contract assets	*2,588*	*4,829*
Current tax assets	*4,627*	*2,781*
Hire purchase receivables	*24,197*	*23,188*
Receivables	*77,996*	*87,899*
Deposits and prepayments	*22,623*	*17,979*
Derivative financial assets	*-*	*4,464*
Cash and cash equivalents	*123,201*	*145,019*
	442,026	*521,149*
Assets classified as held for sale	*404*	*-*
Total current assets	*442,430*	*521,149*
Total assets	*1,196,341*	*1,325,815*

The information presented on this page does not form part the audited financial statements of the Group.

The audited figures are converted into USD equivalent using the exchange rate of RM4.176 = USD1.00

(2020 - RM4.013 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF *FINANCIAL POSITION*

as at 31 December 2021 (in USD equivalent)

	2021 USD'000	2020 USD'000
Equity		
Share capital	80,460	83,728
Reserves	594,210	630,838
Treasury shares	(6,202)	(6,446)
Total equity attributable to owners of the Company	668,468	708,120
Non-controlling interests	(5,232)	(4,235)
Total equity	663,236	703,885
Liabilities		
Lease liabilities	16,870	18,663
Employee benefits	22,939	23,822
Deferred tax liabilities	49,359	52,078
Contract liabilities	10,685	13,182
Total non-current liabilities	99,853	107,745
Borrowings	303,685	374,157
Lease liabilities	5,738	5,749
Derivative financial liabilities	130	743
Taxation	394	586
Contract liabilities	5,295	5,740
Payables and accruals	118,010	127,210
Total current liabilities	433,252	514,185
Total liabilities	533,105	621,930
Total equity and liabilities	1,196,341	1,325,815

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The audited figures are converted into USD equivalent using the exchange rate of RM4.176 = USD1.00

(2020 - RM4.013 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

	Note	Group		Company	
		2021	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	21	2,537,307	2,959,619	423,117	138,603
Cost of sales		(1,998,447)	(2,451,956)	-	-
Gross profit		538,860	507,663	423,117	138,603
Other income		88,763	58,764	7,677	2
Distribution expenses		(193,533)	(244,800)	-	-
Administrative expenses		(313,481)	(342,209)	(5,457)	(18,950)
Net reversal/(loss) on impairment of financial instruments		2,551	(10,505)	2	(1,198)
Other expenses		(59,276)	(84,372)	(4,330)	(137)
Results from operating activities		63,884	(115,459)	421,009	118,320
Finance income	22	10,994	14,595	8,036	15,596
Finance costs	23	(54,236)	(61,380)	(31,952)	(35,449)
Net finance cost		(43,242)	(46,785)	(23,916)	(19,853)
Share of (loss)/profit of equity-accounted investees, net of tax		(1,508)	946	-	-
Profit/(Loss) before tax	24	19,134	(161,298)	397,093	98,467
Tax expense	26	(39,350)	(15,455)	(1,783)	1,587
(Loss)/Profit for the year		(20,216)	(176,753)	395,310	100,054

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(8,427)	5,844	-	-
Foreign currency translation differences for an equity- accounted associate		(2,087)	(89)	-	-
Cash flow hedge		(15,452)	11,397	-	-
		(25,966)	17,152	-	-
Other comprehensive (loss)/income for the year, net of tax	27	(25,966)	17,152	-	-
Total comprehensive (loss)/income for the year		(46,182)	(159,601)	395,310	100,054
(Loss)/Profit attributable to:					
Owners of the Company		(15,417)	(165,580)	395,310	100,054
Non-controlling interests		(4,799)	(11,173)	-	-
(Loss)/Profit for the year		(20,216)	(176,753)	395,310	100,054
Total comprehensive (loss)/income attributable to:					
Owners of the Company		(40,347)	(148,993)	395,310	100,054
Non-controlling interests		(5,835)	(10,608)	-	-
Total comprehensive (loss)/income for the year		(46,182)	(159,601)	395,310	100,054
Basic loss per ordinary share (sen)	28	(2.36)	(25.38)		

The notes on pages 105 to 220 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021 (in USD equivalent)

	2021 USD'000	2020 USD'000
Revenue	607,593	737,508
Cost of sales	(478,555)	(611,003)
Gross profit	129,038	126,505
Other income	21,256	14,643
Distribution expenses	(46,344)	(61,002)
Administrative expenses	(75,067)	(85,275)
Net reversal/(loss) on impairment of financial instruments	611	(2,618)
Other expenses	(14,194)	(21,025)
Results from operating activities	15,300	(28,772)
Finance income	2,633	3,637
Finance costs	(12,988)	(15,295)
Net finance cost	(10,355)	(11,658)
Share of (loss)/profit of equity-accounted investees, net of tax	(361)	236
Profit/(Loss) before tax	4,584	(40,194)
Tax expense	(9,423)	(3,851)
Loss for the year	(4,839)	(44,045)

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The audited figures are converted into USD equivalent using the exchange rate of RM4.176 = USD1.00

(2020 - RM4.013 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2021 (in USD equivalent)

	2021 USD'000	2020 USD'000
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(2,018)	1,456
Foreign currency translation differences for an equity-accounted associate	(500)	(22)
Cash flow hedge	(3,700)	2,840
	(6,218)	4,274
Other comprehensive (loss)/ income for the year, net of tax	(6,218)	4,274
Total comprehensive loss for the year	(11,057)	(39,771)
Loss attributable to:		
Owners of the Company	(3,692)	(41,261)
Non-controlling interests	(1,149)	(2,784)
Loss for the year	(4,841)	(44,045)
Total comprehensive loss attributable to:		
Owners of the Company	(9,662)	(36,987)
Non-controlling interests	(1,397)	(2,784)
Total comprehensive loss for the year	(11,059)	(39,771)
Basic loss per ordinary share (sen)	(0.57)	(6.32)

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The audited figures are converted into USD equivalent using the exchange rate of RM4.176 = USD1.00

(2020 - RM4.013 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

		← *Attributable to owners of the Company* →									
		← *Non-distributable* →						*Distributable*			
Group	**Note**	**Share capital**	**Treasury shares**	**Translation reserve**	**Revaluation reserve**	**Hedging reserve**	**Capitalisation of retained earnings**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2020		336,000	(25,364)	(9,222)	841,201	3,537	100	1,873,328	3,019,580	(11,548)	3,008,032
Transfer of revaluation surplus on properties		-	-	-	(13,314)	-	-	13,314	-	-	-
Foreign currency translation differences for foreign operations		-	-	5,279	-	-	-	-	5,279	565	5,844
Foreign currency translation difference for an equity-accounted associate		-	-	(89)	-	-	-	-	(89)	-	(89)
Cash flow hedge		-	-	-	-	11,397	-	-	11,397	-	11,397
Total other comprehensive income/(loss) for the year		-	-	5,190	(13,314)	11,397	-	13,314	16,587	565	17,152
Loss for the year		-	-	-	-	-	-	(165,580)	(165,580)	(11,173)	(176,753)
Total comprehensive income/(loss) for the year		-	-	5,190	(13,314)	11,397	-	(152,266)	(148,993)	(10,608)	(159,601)
Purchase of treasury shares		-	(502)	-	-	-	-	-	(502)	-	(502)
Dividends											
- 2019 final	29	-	-	-	-	-	-	(13,049)	(13,049)	-	(13,049)
- 2020 interim	29	-	-	-	-	-	-	(9,784)	(9,784)	(300)	(10,084)
		-	(502)	-	-	-	-	(22,833)	(23,335)	(300)	(23,635)
Changes in ownership interests in subsidiaries		-	-	-	344	-	-	(5,910)	(5,566)	5,461	(105)
Total transactions with owners of the Company		-	(502)	-	344	-	-	(28,743)	(28,901)	5,161	(23,740)
At 31 December 2020		336,000	(25,866)	(4,032)	828,231	14,934	100	1,692,319	2,841,686	(16,995)	2,824,691

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2021

		Attributable to owners of the Company									
		Non-distributable						*Distributable*			
Group	**Note**	**Share capital RM'000**	**Treasury shares RM'000**	**Translation reserve RM'000**	**Revaluation reserve RM'000**	**Hedging reserve RM'000**	**Capitalisation of retained earnings RM'000**	**Retained earnings RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
At 1 January 2021		336,000	(25,866)	(4,032)	828,231	14,934	100	1,692,319	2,841,686	(16,995)	2,824,691
Transfer of revaluation surplus on properties		-	-	-	(13,297)	-	-	13,297	-	-	-
Foreign currency translation differences for foreign operations		-	-	(7,391)	-	-	-	-	(7,391)	(1,036)	(8,427)
Foreign currency translation difference for an equity-accounted associate		-	-	(2,087)	-	-	-	-	(2,087)	-	(2,087)
Cash flow hedge		-	-	-	-	(15,452)	-	-	(15,452)	-	(15,452)
Total other comprehensive (loss)/income for the year		-	-	(9,478)	(13,297)	(15,452)	-	13,297	(24,930)	(1,036)	(25,966)
Loss for the year		-	-	-	-	-	-	(15,417)	(15,417)	(4,799)	(20,216)
Total comprehensive loss for the year		-	-	(9,478)	(13,297)	(15,452)	-	(2,120)	(40,347)	(5,835)	(46,182)
Purchase of treasury shares		-	(35)	-	-	-	-	-	(35)	-	(35)
Dividends											
- 2021 interim	29	-	-	-	-	-	-	(9,782)	(9,782)	-	(9,782)
		-	(35)	-	-	-	-	(9,782)	(9,817)	-	(9,817)
Changes in ownership interests in subsidiaries		-	-	-	-	-	-	-	-	980	980
Total transactions with owners of the Company		-	(35)	-	-	-	-	(9,782)	(9,817)	980	(8,837)
At 31 December 2021		336,000	(25,901)	(13,510)	814,934	(518)	100	1,680,417	2,791,522	(21,850)	2,769,672

The notes on pages 105 to 220 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2021

		Attributable to owners of the Company			
		Non-distributable		*Distributable*	
	Note	**Share capital RM'000**	**Treasury shares RM'000**	**Retained earnings RM'000**	**Total equity RM'000**
Company					
At 1 January 2020		336,000	(25,364)	1,003,792	1,314,428
Profit for the year		-	-	100,054	100,054
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	100,054	100,054
Purchase of treasury shares		-	(502)	-	(502)
Dividends					
- 2019 final	29	-	-	(13,049)	(13,049)
- 2020 interim	29	-	-	(9,784)	(9,784)
Total transactions with owners of the Company		-	(502)	(22,833)	(23,335)
At 31 December 2020		336,000	(25,866)	1,081,013	1,391,147
Profit for the year		-	-	395,310	395,310
Other comprehensive income for the year, net of tax		-	-	-	-
Total comprehensive income for the year		-	-	395,310	395,310
Purchase of treasury shares		-	(35)	-	(35)
Dividends					
- 2021 interim	29	-	-	(9,782)	(9,782)
Total transactions with owners of the Company		-	(35)	(9,782)	(9,817)
At 31 December 2021		336,000	(25,901)	1,466,541	1,776,640
		Note 17	Note 17		

The notes on pages 105 to 220 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2021

	Note	Group		Company	
		2021	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities					
Profit/(Loss) before tax		19,134	(161,298)	397,093	98,467
Adjustments for:					
Amortisation of intangible asset	5	1,254	-	-	-
Depreciation of property, plant and equipment	3	141,356	136,935	137	178
Dividend income		-	-	(423,117)	(138,603)
Gain on disposal of property, plant and equipment	24	(6,077)	(4,955)	-	-
Gain on lease modification		-	-	(17)	-
(Gain)/Loss on unrealised foreign exchange - net	24	(2,021)	9,622	-	-
Finance costs	23	54,236	61,380	31,952	35,449
Finance income	22	(10,994)	(14,595)	(8,036)	(15,596)
Inventories written off	24	620	720	-	-
Write-down of inventories	12	8,991	15,795	-	-
Bad debts written off	24	398	1,557	-	-
Addition/(Reversal) of impairment loss on:	24				
Amount due from subsidiaries		-	-	2	1,198
Goodwill	5	759	-	-	-
Hire purchase receivables		1,702	11,346	-	-
Investment in subsidiaries		-	-	4,330	-
Property, plant and equipment		-	3,962	-	-
Trade receivables		(4,253)	(841)	-	-
Reversal of write-down of inventories	12	(10,903)	(3,735)	-	-
Property, plant and equipment written off		2,048	3,842	-	-
Retirement benefits charged/(over provided)	19	1,693	16,340	(6,161)	8,710
Fair value changes on investment properties	4	995	930	-	-
Share of loss/(profit) of equity- accounted investees		1,508	(946)	-	-
Fair value adjustment to derivatives		-	(88)	-	-
Operating profit/(loss) before changes in working capital		200,446	75,971	(3,817)	(10,197)

	Note	Group		Company	
		2021	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Operating profit/(loss) before changes in working capital		200,446	75,971	(3,817)	(10,197)
Changes in working capital:					
Inventories		(31,420)	636,028	-	-
Hire purchase receivables		74,003	51,460	-	-
Finance lease receivables		35	204	-	-
Receivables		17,086	154,250	(646)	-
Deposits and prepayment		(22,321)	(6,560)	65	21
Payables and accruals		(32,354)	(226,547)	(1,753)	(7,960)
Contract assets		8,568	(1,714)	-	-
Contract liabilities		(9,200)	(5,302)	-	-
Cash generated from/(used in) operations		204,843	677,790	(6,151)	(18,136)
Tax paid		(39,145)	(48,665)	-	-
Tax refunded		1,883	5,232	-	-
Interest paid		(53,892)	(58,933)	(31,585)	(32,972)
Interest received		10,994	14,595	8,036	15,596
Employee benefits paid		(1,500)	(2,729)	-	-
Net cash from/(used in) operating activities		123,183	587,290	(29,700)	(35,512)
Cash flows from investing activities					
Acquisition of intangible asset		(7,574)	-	-	-
Acquisition of property, plant and equipment		(120,539)	(127,997)	-	(156)
Repayment from subsidiaries		-	-	230,503	90,780
Net proceeds from disposal/(acquisition) of other investments		168,225	(158,140)	1	137
Acquisition of share in equity- accounted investees		-	(15,000)	-	-
Subscription to subsidiaries' share capital		-	-	(116,880)	(170,579)
Dividends received from:					
- Unquoted subsidiaries		-	-	423,117	138,353
- Joint ventures		-	250	-	250
- Associates		-	1,449	-	-
Proceeds from disposal of property, plant and equipment		39,743	23,631	-	-
Net cash from/(used in) investing activities		79,855	(275,807)	536,741	58,785

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2021

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	29	(9,782)	(22,833)	(9,782)	(22,833)
Dividends paid to non-controlling interests		-	(300)	-	-
Purchase of own shares		(35)	(502)	(35)	(502)
Net proceeds from/(repayment) of bankers' acceptance		153,807	(115,062)	-	-
Net drawdown of term loans		358	60,202	-	-
Net drawdown/(repayment) of revolving credit		99,748	(34,829)	-	-
Payment of lease liabilities		(25,729)	(21,674)	(99)	(28)
Redemption of medium term notes	18	(500,000)	-	(500,000)	-
Share subscription in a subsidiary by non-controlling interest shareholders		980	-	-	-
Net cash used in financing activities		(280,653)	(134,998)	(509,916)	(23,363)
Net (decrease)/increase in cash and cash equivalents		(77,615)	176,485	(2,875)	(90)
Effects of exchange rate fluctuations on cash and cash equivalents		10,140	(2,309)	-	-
Cash and cash equivalents at 1 January		581,962	407,786	3,367	3,457
Cash and cash equivalents at 31 December	15	514,487	581,962	492	3,367

Cash outflows for leases as a lessee

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Included in net cash from operating activities					
Payment relating to leases of short-term leases and low-value assets	24	6,887	6,692	56	112
Interest paid in relation to lease liabilities	23	4,354	3,743	23	16
Included in net cash from financing activities					
Payment of lease liabilities		25,729	21,674	99	28
Total cash outflows for leases		36,970	32,109	178	156

The notes on pages 105 to 220 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Tan Chong Motor Holdings Berhad is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The address of its registered office and principal place of business is as follows:

Registered office/Principal place of business
62-68 Jalan Sultan Azlan Shah
51200 Kuala Lumpur

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the "Group" and individually referred to as "Group entities") and the Group's interest in associates and joint ventures. The financial statements of the Company as at and for the financial year ended 31 December 2021 do not include any other entities.

The Company is principally engaged in investment holding, whilst the principal activities and the details of the subsidiaries are as stated in Note 36 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 8 April 2022.

1. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The Group and the Company had elected to early adopt Amendments to MFRS16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021* and applies the practical expedient to the rent concessions granted to the Group and the Company. Consequently, rent concessions received have been recognised by the Group and the Company.

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective, and have not been adopted by the Group and the Company:

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

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

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

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

The Group and the Company plan to apply to abovementioned accounting standards, interpretations and amendments, where applicable, once they become effective.

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

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

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis other than those disclosed in the notes to the financial statements.

(c) Functional and presentation currencies

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest thousand, unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

- *Note 3 - valuation of property, plant and equipment and Note 4 - valuation of investment properties*

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

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

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

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

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

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

- *Note 5 - impairment of intangible assets*

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

- *Note 9 - recognition of deferred tax assets*

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

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

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

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

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

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

- *Note 12 - valuation of inventories*

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

- *Note 19 - valuation of employee benefits*

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

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(i) Subsidiaries (continued)

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has *de facto* power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(ii) Business combinations

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

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

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

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

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

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

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against the Group reserves.

(iv) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as a financial asset depending on the level of influence retained.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Associates

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

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

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

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

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not remeasured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

(vi) Joint arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements' returns.

Joint arrangements are classified and accounted for as follows:

- A joint arrangement is classified as "joint operation" when the Group or the Company has rights to the assets and obligations for the liabilities relating to an arrangement. The Group and the Company account for each of its share of assets, liabilities and transactions, including its share of those held or incurred jointly with the other investors, in relation to the joint operation.

- A joint arrangement is classified as "joint venture" when the Group or the Company has rights only to the net assets of the arrangements. The Group accounts for its interest in the joint venture using the equity method. Investments in joint venture are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value which are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at FVOCI or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the hedging reserve in equity.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

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

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

Foreign currency differences are recognised in other comprehensive income and accumulated in the hedging reserve in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the hedging reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(c) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

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

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristic and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(a) Amortised cost

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

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

(b) Fair value through other comprehensive income

(i) Debt investments

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

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

(ii) Equity investments

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(c) Fair value through profit or loss

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

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

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

Financial liabilities

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

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

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

(a) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;

(b) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Group is provided internally on that basis to the Group's key management personnel; or

(c) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

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

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

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

(b) Amortised cost

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

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

(iii) Regular way purchase or sale of financial assets

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

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and

(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the Group or the Company, and

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) Hedge accounting

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

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedged item is a non-financial asset or liability, the associated gain or loss recognised in other comprehensive income is removed from equity and included in the initial amount of the asset or liability. However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss immediately.

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

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item’s cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedge future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount of the financial asset and the sum of consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on their modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vi) Offsetting

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

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment, except for freehold land, are measured at cost/valuation less accumulated depreciation and any accumulated impairment losses. Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of reporting period.

Freehold land is stated at valuation less any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(i) Recognition and measurement (continued)

The gain and loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within “other income” and “other expenses” respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group revalues its properties comprising land and building every three (3) years and at shorter intervals whenever the fair value of the revalued assets is expected to differ materially from their carrying value.

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

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use except for one of the subsidiaries where its plant, machinery and equipment are depreciated over the shorter of the model useful life or projected production volume. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment (continued)

(iii) Depreciation (continued)

The estimated useful lives for the current and comparative periods are as follows:

Plant, machinery and equipment	4 - 10 years
Furniture, fixtures, fittings and office equipment	3 - 10 years
Motor vehicles	5 years
Renovation	5 - 8 years
Rough road	5 years

Depreciation methods, useful lives and residual values are reviewed at the end of the reporting period, and adjusted as appropriate.

(e) Leases

(i) Definition of a lease

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

- The contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- The customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- The customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(ii) Recognition and initial measurement

(a) As a lessee

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

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

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

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

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

(b) As a lessor

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(iii) Subsequent measurement

(a) As a lessee

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

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

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

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

(b) As a lessor

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

(f) Intangible assets

(i) Goodwill

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

(ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have infinite useful lives, are measured at cost less any accumulated amortisation and any accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible assets (continued)

(iv) Amortisation

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

Other intangible assets are amortised from the date that they are available for use. Amortisation is based on the cost of an asset less its residual value. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

Development costs	2 - 10 years
Software	10 years

(g) Investment property

(i) Investment property carried at fair value

Investment properties are properties which are owned or right-of-use asset held under a lease contract to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods and services or for administrative purposes.

Investment properties which are owned are measured initially at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs. Right-of-use asset held under a lease contract that meets the definition of investment property is initially measured similarly as other right-of-use assets.

Subsequently, investment properties are measured at fair value with any changes therein recognised in profit or loss for the period in which they arise. Where the fair value of the investment property under construction is not reliably determinable, the investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is complete, whichever is earlier.

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

An investment property is derecognised on its disposal, or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. The difference between the net disposal proceeds and the carrying amount is recognised in profit or loss in the period in which the item is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property (continued)

(ii) Reclassification from/to investment property

When an item of property, plant and equipment is transferred to investment property following a change in its use, any difference arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity as a revaluation of property, plant and equipment. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in profit or loss. Upon disposal of an investment property, any surplus previously recorded in equity is transferred to retained earnings; the transfer is not made through profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs of locally assembled motor vehicles, work-in-progress in respect of motor vehicles under assembly and unassembled vehicle packs are determined at standard cost adjusted for variances which approximates actual cost on a specific identification basis.

Costs of other raw materials, work-in-progress, manufactured inventories and trading inventories are determined mainly on the first in first out basis whilst spare parts are determined mainly on the weighted average basis.

(i) Contract asset/Contract liability

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

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

(j) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment

(i) Financial assets

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

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

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

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

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

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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

(ii) Other assets

The carrying amounts of other assets (except for inventories, contract assets, deferred tax asset and investment property measured at fair value) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Equity instruments

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

(i) Issue expenses

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

(ii) Ordinary shares

Ordinary shares are classified as equity.

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

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

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

Where treasury shares are sold or reissued subsequently, the difference between the sales consideration net of directly attributable costs and the carrying amount of the treasury shares is recognised in equity.

(m) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group or the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) State plans

The Group’s and the Company’s contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Defined benefit plans

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

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Employee benefits (continued)

(iii) Defined benefit plans (continued)

Remeasurements of the defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income. The Group and the Company determine the interest expense on the defined liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then defined benefit liability, taking into account any changes in the defined benefit liability during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group and the Company recognise gains or losses on the settlement of a defined benefit plan when the settlement occurs.

(n) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(o) Revenue and other income

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

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

Performance obligations by segment are as follows:

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

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

Manufacturing and assembly of passenger and commercial vehicles

(i) Point in time recognition

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

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

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

(ii) Over time recognition

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

Distribution and sale of vehicles and parts

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

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

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

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

After-sales services

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

Hire purchase revenue is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the net investment outstanding at the end of each reporting period.

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

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

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

(i) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established.

(ii) Rental income

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

(iii) Interest income

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

(p) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

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

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

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

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

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unutilised reinvestment allowance and investment tax allowance, being tax incentives that is not a tax base of an asset, is recognised as a deferred tax asset to the extent that it is probable that the future taxable profits will be available against which the unutilised tax incentive can be utilised.

(r) Earnings per ordinary share

The Group presents basic earnings per share data for its ordinary shares (“EPS”).

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

NOTES TO THE FINANCIAL STATEMENTS

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the President of the Company, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

(t) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(u) Fair value measurements

Fair value of an asset or a liability, except for lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value are categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

3. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Buildings RM'000	Right-of-use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Cost/Valuation										
At 1 January 2020	490,333	633,343	816,696	516,626	143,037	243,126	102,351	3,322	74,568	3,023,402
Additions	-	948	10,119	8,149	3,337	^ 141,976	2,974	-	76,077	243,580
Disposals	-	-	(11,141)	(1,233)	(572)	(42,549)	(2,005)	-	-	(57,500)
Reclassifications	-	-	-	33,128	665	-	500	-	(34,293)	-
Transfers	-	* (17,000)	* 2,300	-	-	-	-	-	-	(14,700)
Write-off	-	-	-	(3,380)	(1,457)	-	(1,883)	-	(3,325)	(10,045)
Effects of movement in exchange rates	-	(2,557)	(2,076)	(2,024)	(151)	(312)	(389)	(14)	(687)	(8,210)
At 31 December 2020/ 1 January 2021	490,333	614,734	815,898	551,266	144,859	342,241	101,548	3,308	112,340	3,176,527
Additions	-	433	30,306	35,919	6,035	^ 76,113	3,417	-	26,158	178,381
Disposals	-	-	(16,860)	(3,056)	(593)	(47,019)	-	-	-	(67,528)
Reclassifications	-	40,786	4,459	7,755	2,627	-	461	-	(56,088)	-
Transfer to intangible asset	-	-	-	-	-	-	-	-	(8,226)	(8,226)
Transfer to asset held for sale	-	(1,800)	-	-	(3)	-	-	-	-	(1,803)
Write-off	-	-	-	(3,700)	(1,547)	(140)	(798)	-	(934)	(7,119)
Effects of movement in exchange rates	-	5,903	4,811	6,372	393	701	656	38	2,668	21,542
At 31 December 2021	490,333	660,056	838,614	594,556	151,771	371,896	105,284	3,346	75,918	3,291,774

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

^ Included in this amount was withdrawal of inventories during the financial year with a carrying value of RM25,846,000 (2020: RM105,000,000) for the business of subscription plans in one of the subsidiaries of the Group.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Buildings RM'000	Right-of-use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Cost/Valuation										
Representing items:										
- at cost	-	-	112,746	551,266	144,859	342,241	101,548	3,308	112,340	1,368,308
- at valuation	490,333	614,734	703,152	-	-	-	-	-	-	1,808,219
At 31 December 2020	490,333	614,734	815,898	551,266	144,859	342,241	101,548	3,308	112,340	3,176,527
Representing items:										
- at cost	-	41,219	127,869	594,556	151,771	371,896	105,284	3,346	75,918	1,471,859
- at valuation	490,333	618,837	710,745	-	-	-	-	-	-	1,819,915
At 31 December 2021	490,333	660,056	838,614	594,556	151,771	371,896	105,284	3,346	75,918	3,291,774

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Buildings RM'000	Right-of-use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2020										
Accumulated depreciation	-	-	49,265	400,567	117,916	97,442	73,056	529	-	738,775
Accumulated impairment loss	4,230	9,889	2,725	15,114	37	-	44	-	1,589	33,628
	4,230	9,889	51,990	415,681	117,953	97,442	73,100	529	1,589	772,403
Depreciation for the year	-	18,734	28,664	34,404	7,947	40,525	6,640	21	-	136,935
Disposals	-	-	(8,922)	(1,163)	(460)	(26,870)	(1,409)	-	-	(38,824)
Write-off	-	-	-	(1,597)	(1,358)	-	(1,659)	-	(1,589)	(6,203)
Impairment loss (Note 3.1)	-	-	-	3,962	-	-	-	-	-	3,962
Effects of movement in exchange rates	-	(341)	(540)	(1,917)	(139)	(206)	(257)	(3)	-	(3,403)
At 31 December 2020/ 1 January 2021										
Accumulated depreciation	-	18,393	68,467	430,294	123,906	110,891	76,371	547	-	828,869
Accumulated impairment loss	4,230	9,889	2,725	19,076	37	-	44	-	-	36,001
	4,230	28,282	71,192	449,370	123,943	110,891	76,415	547	-	864,870

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Buildings RM'000	Right-of-use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Depreciation and impairment loss (continued)										
Depreciation for the year	-	18,860	37,632	29,149	9,203	39,376	7,115	21	-	141,356
Disposals	-	-	(8,675)	(3,056)	(473)	(21,658)	-	-	-	(33,862)
Transfer to asset held for sale	-	(114)	-	-	-	-	-	-	-	(114)
Write-off	-	-	-	(3,157)	(1,519)	(100)	(295)	-	-	(5,071)
Effects of movement in exchange rates	-	674	1,007	3,933	286	324	419	7	-	6,650
At 31 December 2021										
Accumulated depreciation	-	37,813	98,431	457,163	131,403	128,833	83,610	575	-	937,828
Accumulated impairment loss	4,230	9,889	2,725	19,076	37	-	44	-	-	36,001
	4,230	47,702	101,156	476,239	131,440	128,833	83,654	575	-	973,829
Carrying amounts										
At 1 January 2020	486,103	623,454	764,706	100,945	25,084	145,684	29,251	2,793	72,979	2,250,999
At 31 December 2020/1 January 2021	486,103	586,452	744,706	101,896	20,916	231,350	25,133	2,761	112,340	2,311,657
At 31 December 2021	486,103	612,354	737,458	118,317	20,331	243,063	21,630	2,771	75,918	2,317,945

3. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Right-of-use assets - Building RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
Cost					
At 1 January 2020/ 31 December 2020/ 1 January 2021	514	220	1,689	10	2,433
Additions	513	-	-	-	513
Disposals	(514)	-	-	-	(514)
At 31 December 2021	513	220	1,689	10	2,432
Depreciation					
At 1 January 2020	172	210	1,288	-	1,670
Depreciation for the year	85	4	89	-	178
At 31 December 2020/ 1 January 2021	257	214	1,377	-	1,848
Depreciation for the year	85	3	49	-	137
Disposals	(257)	-	-	-	(257)
At 31 December 2021	85	217	1,426	-	1,728
Carrying amounts					
At 1 January 2020	342	10	255	-	607
At 31 December 2020/ 1 January 2021	257	6	312	10	585
At 31 December 2021	428	3	263	10	704

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

3.1 Impairment loss

In financial year 2020, the Group has recognised an impairment loss of RM3,962,000 in respect of idle machines which are mainly reported in the segment of vehicle assembly, manufacturing, distribution and after-sales service.

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.2 Change in estimates

During the financial year, the Group and the Company had changed its accounting estimates with respect to residual value of its motor vehicles from Nil to 30% of the cost of the assets. This change in accounting estimates has been applied prospectively from 1 January 2021 and has been accounted for in accordance with MFRS 108: *Accounting Policies, Changes in Accounting Estimates and Errors*.

The change in accounting estimates has the effect of reducing the depreciation charge for motor vehicles over its expected useful lives, in current and future periods as follows:

	2021 RM'000	2022 RM'000	2023 RM'000	2024 RM'000	2025 RM'000
Decrease in depreciation charge	20,918	22,080	21,618	16,706	9,983

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Right-of-use assets

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

Group	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost/Valuation						
At 1 January 2020	703,813	109,738	261	2,286	598	816,696
Additions	-	9,590	195	142	192	10,119
Disposals	(1,145)	(9,862)	-	-	(134)	(11,141)
Transfers	*2,300	-	-	-	-	2,300
Effects of movement in exchange rates	(1,816)	(260)	-	-	-	(2,076)
At 31 December 2020/1 January 2021	703,152	109,206	456	2,428	656	815,898
Additions	3,559	25,524	365	331	527	30,306
Disposals	(97)	(16,673)	-	-	(90)	(16,860)
Reclassifications	4,459	-	-	-	-	4,459
Effects of movement in exchange rates	4,344	467	-	-	-	4,811
At 31 December 2021	715,417	118,524	821	2,759	1,093	838,614
Cost/Valuation						
Representing items:						
- at cost	-	109,206	456	2,428	656	112,746
- at valuation	703,152	-	-	-	-	703,152
At 31 December 2020	703,152	109,206	456	2,428	656	815,898
Representing items:						
- at cost	8,018	118,524	821	2,759	1,093	131,215
- at valuation	707,399	-	-	-	-	707,399
At 31 December 2021	715,417	118,524	821	2,759	1,093	838,614

* Transferred from Investment properties (Note 4).

NOTES TO THE FINANCIAL STATEMENTS

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.3 Right-of-use assets (continued)

Group	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Depreciation and impairment loss						
At 1 January 2020						
Accumulated depreciation	-	47,822	49	1,045	349	49,265
Accumulated impairment loss	2,725	-	-	-	-	2,725
	2,725	47,822	49	1,045	349	51,990
Depreciation for the year	14,900	12,388	340	936	100	28,664
Disposals	(540)	(8,248)	-	-	(134)	(8,922)
Effects of movement in exchange rates	(371)	(169)	-	-	-	(540)
At 31 December 2020/1 January 2021						
Accumulated depreciation	13,989	51,793	389	1,981	315	68,467
Accumulated impairment loss	2,725	-	-	-	-	2,725
	16,714	51,793	389	1,981	315	71,192
Depreciation for the year	13,768	22,846	192	375	451	37,632
Disposals	(97)	(8,488)	-	-	(90)	(8,675)
Effects of movement in exchange rates	811	196	-	-	-	1,007
At 31 December 2021						
Accumulated depreciation	28,471	66,347	581	2,356	676	98,431
Accumulated impairment loss	2,725	-	-	-	-	2,725
	31,196	66,347	581	2,356	676	101,156
Carrying amounts						
At 1 January 2020	701,088	61,916	212	1,241	249	764,706
At 31 December 2020/1 January 2021	686,438	57,413	67	447	341	744,706
At 31 December 2021	684,221	52,177	240	403	417	737,458

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

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.4 Property, plant and equipment under revaluation model

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

Had the revalued properties been carried under the cost model, the net carrying amount of each class of property, plant and equipment that would have been included in the financial statements of the Group would be as follows:

	Freehold land	Long term leasehold land (Note a)	Buildings	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2021				
Cost	164,865	281,269	530,852	976,986
Accumulated depreciation	-	(70,362)	(168,623)	(238,985)
Accumulated impairment loss	(4,230)	(2,725)	(9,889)	(16,844)
	160,635	208,182	352,340	721,157
2020				
Cost	164,865	269,004	526,749	960,618
Accumulated depreciation	-	(67,189)	(157,379)	(224,568)
Accumulated impairment loss	(4,230)	(2,725)	(9,889)	(16,844)
	160,635	199,090	359,481	719,206

Fair value information

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2021				
Freehold land	-	-	486,103	486,103
Long term leasehold land	-	-	712,692	712,692
Buildings	-	-	608,948	608,948
	-	-	1,807,743	1,807,743
2020				
Freehold land	-	-	486,103	486,103
Long term leasehold land	-	-	700,427	700,427
Buildings	-	-	604,845	604,845
	-	-	1,791,375	1,791,375

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

3. PROPERTY, PLANT AND EQUIPMENT (continued)

3.4 Property, plant and equipment under revaluation model (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Valuation process applied by the Group

The fair value of land and buildings is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical land and buildings that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the land and buildings, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using inputs with significant adjustments for the land and buildings.

Fair values of land and buildings have been generally derived using the sales comparison and depreciated replacement cost approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Depreciated replacement cost approach is based on how much it would cost to reproduce the property after adjusting for depreciation. The price per square foot for material properties in Malaysia range from RM39 to RM487 (2020: RM39 to RM487), properties in Vietnam range from RM35 to RM62 (2020: RM35 to RM62) per square foot and a property in Myanmar is RM53 per square foot (2020: RM53).

3.5 Titles

The titles to certain properties with a total value of RM14,655,000 (2020: RM14,655,000) have yet to be issued by the relevant authorities.

4. INVESTMENT PROPERTIES

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group				
At 1 January 2020	146,840	17,240	52,645	216,725
Transfer	-	* (2,300)	* 17,000	14,700
Change in fair value recognised in profit or loss	-	(50)	(880)	(930)
At 31 December 2020/ 1 January 2021	146,840	14,890	68,765	230,495
Change in fair value recognised in profit or loss	2,405	-	(3,400)	(995)
At 31 December 2021	149,245	14,890	65,365	229,500

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

The operating lease payments to be received are as follows:

	Group 2021 RM'000	Group 2020 RM'000
Less than one year	3,515	3,043
One to two years	2,298	1,276
Two to three years	907	353
Three to four years	735	6
Total undiscounted lease payments	7,455	4,678

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2021				
Freehold land	-	-	149,245	149,245
Long term leasehold land	-	-	14,890	14,890
Buildings	-	-	65,365	65,365
	-	-	229,500	229,500
2020				
Freehold land	-	-	146,840	146,840
Long term leasehold land	-	-	14,890	14,890
Buildings	-	-	68,765	68,765
	-	-	230,495	230,495

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES (continued)

Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Valuation process applied by the Group

The fair value of investment properties is determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the investment properties, either directly or indirectly.

Level 2 fair values of land and buildings have been generally derived using the sales comparison approach. Sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties.

Transfer between Level 1 and Level 2 fair values

There is no transfer between Level 1 and Level 2 fair values during the financial year.

Level 3 fair value

Level 3 fair value is estimated using inputs with significant adjustments for the investment properties.

Fair values of land and buildings have been generally derived using the sales comparison and depreciated replacement cost approach. In the sales comparison approach, sales price of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square foot of comparable properties. Depreciated replacement cost approach is based on how much it would cost to reproduce the property after adjusting for depreciation. The price per square foot for material investment properties in Malaysia ranged from RM13 to RM1,906 (2020: RM14 to RM1,906).

5. INTANGIBLE ASSETS

Group	Goodwill RM'000	Development costs RM'000	System RM'000	Total RM'000
Cost				
At 1 January 2020/31 December 2020/ 1 January 2021	14,703	-	-	14,703
Additions	-	7,574	-	7,574
Transfer from property, plant and equipment	-	-	8,226	8,226
At 31 December 2021	14,703	7,574	8,226	30,503
Amortisation and impairment losses				
At 1 January 2020/31 December 2020/1 January 2021	-	-	-	-
Accumulated amortisation	-	-	-	-
Accumulated impairment loss	13,944	-	-	13,944
	13,944	-	-	13,944
Amortisation	-	431	823	1,254
Impairment loss	759	-	-	759
At 31 December 2021				
Accumulated amortisation	-	431	823	1,254
Accumulated impairment loss	14,703	-	-	14,703
	14,703	431	823	15,957
Carrying amounts				
At 1 January 2020/31 December 2020/ 1 January 2021	759	-	-	759
At 31 December 2021	-	7,143	7,403	14,546

5. INTANGIBLE ASSETS (continued)

5.1 Impairment testing for cash-generating unit containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each unit are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
(i) Malaysia property	648	648
(ii) Vietnam vehicles distribution network	13,944	13,944
(iii) Travel agency and transportation services	111	111
	14,703	14,703
Less: Impairment loss	(14,703)	(13,944)
	-	759

(i) The impairment test in respect of Malaysia property was based on fair value of the property which is determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. Valuation is performed with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value of the land at the reporting date.

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

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

6. INVESTMENTS IN SUBSIDIARIES

	Company	
	2021	**2020**
	RM'000	**RM'000**
Investments at cost	2,033,880	1,917,000
Less: Impairment loss	(45,068)	(40,738)
	1,988,812	1,876,262

Details of the subsidiaries are in Note 36.

Although the Group owns less than half of the ownership interest and voting power in TC Express Auto Services and Spare Parts (Thailand) Co., Ltd., the Directors have determined that the Group controls the entity. The Group has de facto control over the entity because the Group has held significantly more power over the entity than any other equity holders and that remaining voting rights in the investees are widely dispersed and that there is no indication that all other shareholders would exercise their votes collectively.

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

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

(i) Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA")
(ii) Nissan Vietnam Co., Ltd. ("NVL")
(iii) TC Express Auto Services and Spare Parts (Thailand) Co., Ltd. ("TCEAS Thai")

2021	**TCMA** RM'000	**NVL** RM'000	**TCEAS (Thai)** RM'000	**Other individually immaterial subsidiaries** RM'000	**Total** RM'000
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	26,401	(40,614)	(8,436)	799	(21,850)
Total comprehensive (loss)/income allocated to NCI	(552)	(5,233)	49	(99)	(5,835)
2020					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	26,952	(35,381)	(8,485)	(81)	(16,995)
Total comprehensive (loss)/income allocated to NCI	(1,611)	(8,315)	146	(828)	(10,608)

NOTES TO THE FINANCIAL STATEMENTS

6. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination

2021	**TCMA RM'000**	**NVL RM'000**	**TCEAS (Thai) RM'000**
As at 31 December			
Non-current assets	54,599	805	614
Current assets	137,821	32,341	490
Non-current liabilities	(11,189)	-	-
Current liabilities	(93,229)	(189,352)	(17,645)
Net assets/(liabilities)	88,002	(156,206)	(16,541)
Year ended 31 December			
Revenue	51,918	363	370
Loss for the year	(1,839)	(13,717)	(1,125)
Total comprehensive (loss)/income	(1,839)	(20,127)	96
Cash flows (used in)/from operating activities	(4,472)	12,296	350
Cash flows (used in)/from investing activities	(934)	956	-
Cash flows from/(used in) financing activities	5,550	(11,546)	(698)
Net increase/(decrease) in cash and cash equivalents	144	1,706	(348)
Dividend paid to NCI	-	-	-

2020	**TCMA RM'000**	**NVL RM'000**	**TCEAS (Thai) RM'000**
As at 31 December			
Non-current assets	56,521	3,270	956
Current assets	68,884	32,310	833
Non-current liabilities	(8,534)	-	-
Current liabilities	(27,030)	(171,659)	(18,426)
Net assets/(liabilities)	89,841	(136,079)	(16,637)
Year ended 31 December			
Revenue	66,716	119,850	1,128
(Loss)/Profit for the year	(5,371)	(33,706)	47
Total comprehensive (loss)/income	(5,371)	(31,981)	286
Cash flows from operating activities	6,819	49,172	494
Cash flows (used in)/from investing activities	(3,693)	219	-
Cash flows used in financing activities	(1,000)	(36,126)	(1,036)
Net increase/(decrease) in cash and cash equivalents	2,126	13,265	(542)
Dividend paid to NCI	300	-	-

7. EQUITY-ACCOUNTED INVESTEES

	Note	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Interests in associates	a	68,963	72,872	25,490	25,490
Interest in joint venture	b	3,411	3,097	1,406	1,406
		72,374	75,969	26,896	26,896

(a) Interests in associates

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Unquoted shares, at cost:				
In Malaysia	35,585	35,585	13,243	13,243
Outside Malaysia	12,247	12,247	12,247	12,247
Share of post-acquisition reserve	21,131	25,040	-	-
	68,963	72,872	25,490	25,490

Details of the associates are as follows:

Name of entity	Principal place of business/ Country of incorporation	Principal activities	Effective ownership interest and voting interest 2021 %	Effective ownership interest and voting interest 2020 %
Comit Communication Technologies (M) Sdn. Bhd. ("CCT")	Malaysia	Property investment holding	24.50	24.50
Kanzen Energy Ventures Sdn. Bhd. ("KEV")	Malaysia	Investment holding	25.00	25.00
MUV Marketplace Sdn. Bhd. ("MUV")	Malaysia	Provision of used vehicles auction services, vehicle inspection and certification and trading of used vehicles	15.78	15.78
TC Capital (Thailand) Co., Ltd. ("TCCT")	Thailand	Hire purchase service of vehicles and services of financial credits	45.45	45.45
THK Rhythm Malaysia Sdn. Bhd. ("THK")	Malaysia	Manufacture and sale of automobile tie rods, tie rod ends and suspension ball joints, stabiliser links, steering linkages and power steering gears	20.00	20.00

7. EQUITY-ACCOUNTED INVESTEES (continued)

(a) Interests in associates (continued)

The following table summarises the information of the Group's material associates, adjusted for any differences in accounting policies and reconciles the information to the carrying amount of the Group's interest in the associates.

Group	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	MUV RM'000
Summarised financial information					
As at 31 December 2021					
Non-current assets	43,500	4,417	10,479	38,433	108,481
Current assets	17,220	76,521	7,169	39,981	16,823
Non-current liabilities	(1,306)	-	(63)	(3,195)	(698)
Current liabilities	(5,094)	(20,740)	(327)	(21,358)	(40,906)
Net assets	54,320	60,198	17,258	53,861	83,700
Year ended 31 December 2021					
Profit/(Loss) for the year	379	761	2,012	(7,150)	(8,450)
Other comprehensive loss	-	(4,592)	-	-	-
Total comprehensive income/(loss)	379	(3,831)	2,012	(7,150)	(8,450)
Included in the total comprehensive income is:					
Revenue	751	1,222	2,966	76,526	100,328

7. EQUITY-ACCOUNTED INVESTEES (continued)

(a) Interests in associates (continued)

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	MUV RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2021						
Group's share of net assets	13,308	27,360	4,315	10,772	13,208	68,963
Group's share of results for the year ended 31 December 2021						
Group's share of profit /(loss) for the year	92	346	503	(1,430)	(1,333)	(1,822)
Group's share of other comprehensive loss	-	(2,087)	-	-	-	(2,087)
Group's share of total comprehensive income/ (loss)	92	(1,741)	503	(1,430)	(1,333)	(3,909)
Other information						
Dividends received by the Group	-	-	-	-	-	-

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

NOTES TO THE FINANCIAL STATEMENTS

7. EQUITY-ACCOUNTED INVESTEES (continued)

(a) Interests in associates (continued)

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	MUV RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2020						
Group's share of net assets	13,216	29,101	3,812	12,202	14,541	72,872
Group's share of results for the year ended 31 December 2020						
Group's share of (loss)/profit for the year	(272)	672	521	30	(460)	491
Group's share of other comprehensive loss	-	(89)	-	-	-	(89)
Group's share of total comprehensive (loss)/income	(272)	583	521	30	(460)	402
Other information						
Dividends received by the Group	-	-	1,449	-	-	1,449

(b) Interest in joint venture

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unquoted shares in Malaysia, at cost	500	500	1,406	1,406
Share of post-acquisition reserve	2,911	2,597	-	-
	3,411	3,097	1,406	1,406

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

Structurflex is structured as a separate vehicle and provides the Group rights to the net assets of the entity. Accordingly, the Group has classified the investment in Structurflex as a joint venture.

7. EQUITY-ACCOUNTED INVESTEES (continued)

(b) Interest in joint venture (continued)

The following tables summarise the financial information of Structurflex, as adjusted for any differences in accounting policies. The tables also reconcile the summarised financial information to the carrying amount of the Group's interest in Structurflex, which is accounted for using the equity method.

	Group and Company	
	2021	**2020**
Percentage of ownership and voting interest	50%	50%

	Group	
	2021	**2020**
Summarised financial information	**RM'000**	**RM'000**
As at 31 December		
Non-current assets	831	1,178
Current assets (including cash and cash equivalents)	8,384	7,588
Non-current liabilities	(171)	(155)
Current liabilities	(2,222)	(2,417)
Cash and cash equivalents	1,119	823
Year ended 31 December		
Profit and total comprehensive income	628	910
Included in the total comprehensive income are:		
Revenue	9,968	9,830
Depreciation and amortisation	380	383
Income tax expense	190	255
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	3,411	3,097
Group's share of results for year ended 31 December		
Group's share of profit and total comprehensive income	314	455
Other information		
Dividend received by the Group	-	250

8. OTHER INVESTMENTS

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Fair value through profit or loss financial asset:					
Asset-backed notes	a	-	-	-	1
Current					
Fair value through profit or loss financial asset:					
Liquid investments in quoted unit trusts with licensed financial institutions		2,081	170,306	-	-
		2,081	170,306	-	1
Representing items:					
At fair value		2,081	170,306	-	1
		2,081	170,306	-	1

Note a

In June 2009, RM159 million nominal value of second series – 2009A Asset-Backed Medium Term Notes ("Notes") was issued by structured entity ("SE"). The Notes acquired by the Company comprise of Class A Notes, Class B Notes and Class C Notes. The proceeds from the issuance of the Notes were used by the SE for the acquisition of hire purchase receivables from Tan Chong & Sons Motor Company Sdn. Bhd. ("TCM") and TC Capital Resources Sdn. Bhd. ("TCCR"). RM110 million of Class A Notes were issued to investors in the debt capital markets while the remaining Class A Notes, Class B Notes and Class C Notes were subscribed by the Company.

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

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

The Class C Notes was fully redeemed on 19 March 2021.

9. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Group						
Deferred tax assets/(liabilities)						
Property, plant and equipment/ investment properties						
- capital allowances/ right-of-use assets	-	-	(42,097)	(45,865)	(42,097)	(45,865)
- revaluation	-	-	(204,493)	(210,465)	(204,493)	(210,465)
Provisions and contract liabilities	96,069	110,911	-	-	96,069	110,911
Unabsorbed capital allowances	8,661	7,877	-	-	8,661	7,877
Unabsorbed reinvestment allowance	6,230	6,155	-	-	6,230	6,155
Tax losses carry-forwards	12,076	10,677	-	-	12,076	10,677
Lease liabilities	27,326	32,760	-	-	27,326	32,760
Net gain on unrealised foreign exchange	-	-	(2,137)	(1,557)	(2,137)	(1,557)
Derivative financial liabilities	26	-	-	-	26	-
Other items	23	902	-	-	23	902
Tax assets/(liabilities)	150,411	169,282	(248,727)	(257,887)	(98,316)	(88,605)
Set off tax	(42,602)	(48,898)	42,602	48,898	-	-
Net tax assets/(liabilities)	107,809	120,384	(206,125)	(208,989)	(98,316)	(88,605)
Company						
Deferred tax assets/(liabilities)						
Property, plant and equipment						
- capital allowances/ right-of-use assets	-	-	(100)	(66)	(100)	(46)
Provisions	9,863	11,631	-	-	9,863	11,631
Lease liabilities	105	66	-	-	105	66
Net tax assets/(liabilities)	9,968	11,697	(100)	(66)	9,868	11,651

NOTES TO THE FINANCIAL STATEMENTS

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

Recognised deferred tax assets/(liabilities) (continued)

Group's movement in temporary differences during the year:

	At 1.1.2020 RM'000	Recognised in profit or loss (Note 26) RM'000	Effects of movement in exchange rate RM'000	At 31.12.2020 / 1.1.2021 RM'000	Recognised in profit or loss (Note 26) RM'000	Effects of movement in exchange rate RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2021 RM'000
Group								
Property, plant and equipment/ investment properties								
- capital allowances/ right-of-use assets	(51,137)	5,243	29	(45,865)	3,785	(17)	-	(42,097)
- revaluation	(215,037)	4,572	-	(210,465)	5,972	-	-	(204,493)
Provisions and contract liabilities	87,911	22,887	113	110,911	(14,844)	2	-	96,069
Unabsorbed capital allowances	6,701	1,176	-	7,877	784	-	-	8,661
Unabsorbed reinvestment allowances	6,140	15	-	6,155	75	-	-	6,230
Tax losses carry-forwards	10,281	1,588	(1,192)	10,677	(77)	1,476	-	12,076
Lease liabilities	36,680	(3,920)	-	32,760	(5,434)	-	-	27,326
Net loss/(gain) on unrealised foreign exchange	200	(1,757)	-	(1,557)	(580)	-	-	(2,137)
Derivative financial liabilities	-	-	-	-	-	-	26	26
Other items	902	-	-	902	(879)	-	-	23
	(117,359)	29,804	(1,050)	(88,605)	(11,198)	1,461	26	(98,316)

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

Recognised deferred tax assets/(liabilities) (continued)

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

	At 1.1.2020	Recognised in profit or loss (Note 26)	At 31.12.2020 / 1.1.2021	Recognised in profit or loss (Note 26)	At 31.12.2021
	RM'000	RM'000	RM'000	RM'000	RM'000
Company					
Property, plant and equipment					
– capital allowances/ right-of-use assets	88	(134)	(46)	(54)	(100)
Provisions	10,049	1,582	11,631	(1,768)	9,863
Lease liabilities	(73)	139	66	39	105
	10,064	1,587	11,651	(1,783)	9,868

Unrecognised deferred tax assets

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

	Group	
	2021	2020
	RM'000	RM'000
Unabsorbed capital allowances	65,469	52,488
Tax losses carry-forwards	381,856	371,996
Deductible temporary differences	1,475	3,559
Provisions	18,576	20,044
	467,376	448,087

Group

In accordance with the provision of Finance Act 2021 which was gazetted on 31 December 2021, the unused tax losses from the year of assessment 2019 for Malaysian entities are available for utilisation up to a period of ten (10) consecutive years from when it was incurred, for which, any excess at the end of the tenth year, shall be disregarded. In addition, any accumulated unused tax losses up to the year of assessment 2018 would be allowed to carried forward until year of assessment 2028. Certain countries, which the Group operates, have also imposed legislations that tax losses have expiry dates to be utilised.

Deferred tax assets have not been recognised in respect of these items because it is not probable that the respective subsidiaries will generate sufficient future taxable profits against which they can be utilised.

Included in tax losses carry-forwards is an amount of RM233,295,000 (VND1,538,206,003,000) (2020: RM210,241,000 (VND1,206,482,855,000)) (stated at gross) which will be expiring in financial years 2022 to 2026 for a subsidiary in Vietnam and an amount of RM148,561,000 (2020: RM161,755,000) (stated at gross) which will be expiring in financial years 2025 to 2028 for subsidiaries in Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

10. HIRE PURCHASE RECEIVABLES

	Group 2021 RM'000	Group 2020 RM'000
Gross repayments receivables	686,826	785,267
Less: Unearned interest receivables	(132,923)	(157,361)
	553,903	627,906
Less: Impairment loss	(46,695)	(44,993)
	507,208	582,913
Current		
Hire purchase receivables	122,142	112,682
Less: Impairment loss	(21,095)	(19,629)
	101,047	93,053
Non-current		
Hire purchase receivables	431,761	515,224
Less: Impairment loss	(25,600)	(25,364)
	406,161	489,860
	507,208	582,913

	Gross repayments receivables 2021 RM'000	Unearned interest receivables 2021 RM'000	Present value of minimum hire purchase receivables 2021 RM'000	Gross repayments receivables 2020 RM'000	Unearned interest receivables 2020 RM'000	Present value of minimum hire purchase receivables 2020 RM'000
Group						
Current						
Less than one year	171,923	(49,781)	122,142	165,417	(52,735)	112,682
Non-current						
Between one and five years	480,857	(80,766)	400,091	568,949	(100,577)	468,372
After five years	34,046	(2,376)	31,670	50,901	(4,049)	46,852
	514,903	(83,142)	431,761	619,850	(104,626)	515,224
	686,826	(132,923)	553,903	785,267	(157,361)	627,906

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	**2021**	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Non-current					
Amount due from subsidiaries	a	-	-	156,640	117,901
Less: Impairment loss		-	-	(6,913)	(6,936)
		-	-	149,727	110,965
Current					
Trade receivables	b	285,611	305,468	-	-
Less: Impairment loss		(22,048)	(26,301)	-	-
		263,563	279,167	-	-
Finance lease receivables	c	-	35	-	-
Other receivables	d	62,147	73,535	646	-
Amount due from subsidiaries	e	-	-	-	210,184
		325,710	352,737	646	210,184
Current					
Deposits		13,374	14,471	67	67
Prepayments	f	81,098	57,680	20	85
		94,472	72,151	87	152

Note a
The non-current amount due from subsidiaries is in respect of advances that are unsecured, not receivable within the next twelve months and subject to interest ranging from 4.78% to 6.05% (2020: 4.68% to 6.05%) per annum.

Note b
Included in trade receivables are amounts due from related parties of RM61,047,000 (2020: RM75,063,000).

Note c

	Group	
	2021	**2020**
	RM'000	**RM'000**
Finance lease receivables	-	36
Less: Unearned interest	-	(1)
	-	35

NOTES TO THE FINANCIAL STATEMENTS

11. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Note c (continued)

Group	Future minimum lease payments 2021 RM'000	Unearned interest 2021 RM'000	Present value of minimum lease payments 2021 RM'000	Future minimum lease payments 2020 RM'000	Unearned interest 2020 RM'000	Present value of minimum lease payments 2020 RM'000
Current						
Less than one year	-	-	-	36	(1)	35

Note d
Included in other receivables are indirect taxes amounting to RM12,089,000 (2020: RM31,514,000).

Note e
The current amount due from subsidiaries is in respect of advances that are unsecured, repayable on demand and subject to interest at 4.78% (2020: 4.68%) per annum.

Note f
As at 31 December 2021, the prepayments made for inventories, property, plant and equipment were RM53,857,000 (2020: RM31,407,000) for the Group.

12. INVENTORIES

	Group 2021 RM'000	Group 2020 RM'000
Raw materials	14,377	12,629
Unassembled vehicle packs	232,334	336,870
Work-in-progress	13,940	18,755
Manufactured inventories and trading inventories	11,571	5,384
Used vehicles	9,184	11,002
New vehicles	346,294	232,491
Spare parts and others	150,274	155,575
	777,974	772,706
Recognised in profit or loss:		
Inventories recognised as cost of sales	1,866,728	2,297,471
Write-down to net realisable value	8,991	15,795
Reversal of write-down	10,903	3,735

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

13. CONTRACT ASSETS/(LIABILITIES)

13.1 Contract assets

Group	2021 RM'000	2020 RM'000
Opening balance	19,377	17,663
Addition by obligation performed but not billed during the year	10,809	19,377
Transfer to receivables from contract assets recognised at the beginning of the period	(19,377)	(17,663)
Ending balance	10,809	19,377
Current	10,809	19,377

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

13.2 Contract liabilities

Group	2021 RM'000	2020 RM'000
Opening balance	(75,932)	(81,235)
Revenue recognised that was included in the contract liability balance at the beginning of the period	37,480	21,565
Increase due to cash received, excluding amounts recognised as revenue during the period	(28,281)	(16,263)
Ending balance	(66,733)	(75,933)
Current	(22,113)	(23,034)
Non-current	(44,620)	(52,899)
	(66,733)	(75,933)

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

NOTES TO THE FINANCIAL STATEMENTS

14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value (Gross) 2021 RM'000	Assets 2021 RM'000	Liabilities 2021 RM'000	Nominal value (Gross) 2020 RM'000	Assets 2020 RM'000	Liabilities 2020 RM'000
Group						
Derivatives designated as hedging instrument – forward exchange contracts	275,406	-	(544)	568,252	17,914	(2,980)

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

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

15. CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	309,166	407,587	492	3,367
Deposits with licensed banks	205,321	174,375	-	-
	514,487	581,962	492	3,367

16. ASSET CLASSIFIED AS HELD FOR SALE

The Group's management had decided to dispose of a property located in Mukim of Bentong, District of Bentong, Pahang Darul Makmur on 23 November 2021. The sale and purchase agreement was signed on 14 February 2022. On 31 December 2021, the asset held for sale is as follows:

	Note	Group 2021 RM'000
Property, plant and equipment	3	1,689

The carrying value of property, plant and equipment is the same as its carrying value before it was being reclassified to current asset.

17. SHARE CAPITAL AND RESERVES

	Group and Company			
	Number of shares	**Amount**	**Number of shares**	**Amount**
	2021	**2021**	**2020**	**2020**
	'000	**RM'000**	**'000**	**RM'000**
Ordinary shares, issued and fully paid				
At 1 January/31 December	672,000	336,000	672,000	336,000

Ordinary shares

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

Treasury shares

The shareholders of the Company had via a resolution passed at the Annual General Meeting held on 3 June 2021 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 30,000 (2020: 409,000) of its issued shares from the open market at price ranging from RM1.16 to RM1.17 (2020: RM1.07 to RM1.36) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,839,000 (2020: 19,809,000). These transactions were financed by internally generated funds.

As at 31 December 2021, the number of outstanding shares in issue after deducting treasury shares held was 652,161,000 (2020: 652,191,000) ordinary shares.

The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. Treasury shares have no rights to vote, dividends and participation in other distribution.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Revaluation reserve

This revaluation reserve relates to revaluation surplus arising from the valuation of land and buildings in property, plant and equipment under revaluation model or immediately prior to its reclassification as investment properties.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

NOTES TO THE FINANCIAL STATEMENTS

18. BORROWINGS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Medium Term Notes ("MTNs") – unsecured	-	499,656	-	499,656
Term loans – unsecured	63,328	60,202	-	-
Bankers' acceptances – unsecured	210,631	56,824	-	-
Revolving credit – unsecured	994,230	884,811	-	-
	1,268,189	1,501,493	-	499,656
	1,268,189	1,501,493	-	499,656

On 24 November 2014, the Company issued MTNs amounting to RM750 million under MTNs Programme. The MTNs issued are as follows:

Tenure (years)	**Interest rate (per annum)**	**Maturity date**	**Nominal value RM'000**
7	4.8%	24 November 2021	500,000

The interest is payable every half yearly and the principal is repayable in full upon maturity.

Information on repayment terms and interest rates to the Group's and the Company's borrowings are as set out in Note 34.5.

On 24 November 2021, the Company fully redeemed RM500 million nominal value of MTN and terminated the MTNs Programme.

18. BORROWINGS (continued)

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

Group	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31 December 2020 RM'000	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31 December 2021 RM'000
Non-current											
Medium Term Notes ("MTNs") - unsecured	499,286	-	-	(499,286)	-	-	-	-	-	-	-
Current											
Medium Term Notes ("MTNs") - unsecured	-	-	-	499,656	-	499,656	(500,000)	-	344	-	-
Term loans - unsecured	-	60,202	-	-	-	60,202	358	-	-	2,768	63,328
Bankers' acceptances - unsecured	171,886	(115,062)	-	-	-	56,824	153,807	-	-	-	210,631
Revolving credit - unsecured	924,968	(34,829)	-	-	(5,328)	884,811	99,748	-	-	9,671	994,230
Lease liabilities	105,408	(21,674)	15,266	-	(1,034)	97,966	(25,729)	20,249	-	1,928	94,414
	1,202,262	(111,363)	15,266	499,656	(6,362)	1,599,459	(271,816)	20,249	344	14,367	1,362,603
Total liabilities from financing activities	1,701,548	(111,363)	15,266	370	(6,362)	1,599,459	(271,816)	20,249	344	14,367	1,362,603

NOTES TO THE FINANCIAL STATEMENTS

18. BORROWINGS (continued)

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

Company	At 1 January 2020 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 December 2020 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 December 2021 RM'000
Non-current							
Medium Term Notes ("MTNs") - unsecured	499,286	-	(499,286)	-	-	-	-
Current							
Medium Term Notes ("MTNs") - unsecured	-	-	499,656	499,656	(500,000)	344	-
Lease liabilities	303	(28)	-	275	(99)	262	438
	303	(28)	499,656	499,931	(500,099)	606	438
Total liabilities from financing activities	499,589	(28)	370	499,931	(500,099)	606	438

19. EMPLOYEE BENEFITS

	Group 2021 RM'000	Group 2020 RM'000	Company 2021 RM'000	Company 2020 RM'000
Recognised liability for employee benefits	95,792	95,599	40,659	46,820

Under the Group's and the Company's defined benefit scheme, eligible employees, who include Directors who are employees, are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the statutory pension funds for each completed year of service upon the retirement age of 60 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contract.

19. EMPLOYEE BENEFITS (continued)

Movements in the net defined benefit liability

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at 1 January	95,599	81,988	46,820	38,110
Included in profit or loss				
Current service cost	1,217	12,855	(6,161)	2,972
Interest cost	476	3,485	-	5,738
	1,693	16,340	(6,161)	8,710
Others				
Benefits paid	(1,500)	(2,729)	-	-
Balance at 31 December	95,792	95,599	40,659	46,820

Actuarial assumptions

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

	Group and Company	
	2021	**2020**
	%	**%**
Discount rate	4.4	4.4
Future salary growth	5.5	5.5
Withdrawal rate	14.4	14.4

NOTES TO THE FINANCIAL STATEMENTS

19. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

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

	Group		Company	
	Increase RM'000	**Decrease RM'000**	**Increase RM'000**	**Decrease RM'000**
2021				
Discount rate (1% movement)	(5,581)	6,553	(108)	119
Future salary growth (1% movement)	5,080	(4,493)	131	(120)
Withdrawal rate (1% movement)	(3,284)	3,587	(124)	136
2020				
Discount rate (1% movement)	(5,186)	6,111	(108)	120
Future salary growth (1% movement)	4,350	(3,854)	121	(111)
Withdrawal rate (1% movement)	(2,694)	2,957	(110)	121

Although the analysis does not account to the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

20. PAYABLES AND ACCRUALS

		Group		Company	
	Note	**2021 RM'000**	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current					
Non-trade					
Amount due to subsidiaries	a	-	-	298,310	288,077
Current					
Trade					
Trade payables	b	255,154	274,242	-	-
Current					
Non-trade					
Payables and accruals		237,660	236,249	2,896	4,649
Amount due to subsidiaries	c	-	-	58,289	9,439
		237,660	236,249	61,185	14,088
		492,814	510,491	61,185	14,088
		492,814	510,491	359,495	302,165

20. PAYABLES AND ACCRUALS (continued)

Note a
The non-current amount due to subsidiaries is in respect of advances that are unsecured, not repayable within the next twelve months and are subject to interest at 6.05% (2020: 6.05%) per annum.

Note b
Included in trade payables are amount due to related parties of RM3,836,000 (2020: RM1,021,000) and amount payable to Royal Malaysia Customs Department of RM75,644,000 (2020: RM109,000,000).

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

21. REVENUE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue from contracts with customers	2,483,913	2,904,584	-	-
Other revenue				
Financial services revenue	53,394	55,035	-	-
Dividend income	-	-	423,117	138,603
Total revenue	2,537,307	2,959,619	423,117	138,603

NOTES TO THE FINANCIAL STATEMENTS

21. REVENUE (continued)

21.1 Disaggregation of revenue

Analysis of revenue disaggregated by primary geographical markets, major products and service lines and timing of revenue recognition are disclosed below. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments as disclosed in Note 30.

	Reportable Segments							
	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
Group	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Primary geographical markets								
Malaysia	2,063,418	2,305,448	69,595	70,063	10,343	18,007	2,143,356	2,393,518
Vietnam	261,075	290,346	-	-	158	344	261,233	290,690
Other countries	131,742	274,306	-	-	976	1,105	132,718	275,411
	2,456,235	2,870,100	69,595	70,063	11,477	19,456	2,537,307	2,959,619
Major products/service lines								
Manufacturing, assembly and distribution of passenger and commercial vehicles	2,160,946	2,517,574	-	-	-	-	2,160,946	2,517,574
After-sales services	295,289	352,526	-	-	-	-	295,289	352,526
Hire purchase financing	-	-	53,394	55,035	-	-	53,394	55,035
Insurance agency	-	-	16,201	15,028	-	-	16,201	15,028
Other income	-	-	-	-	11,477	19,456	11,477	19,456
	2,456,235	2,870,100	69,595	70,063	11,477	19,456	2,537,307	2,959,619
Timing and recognition								
At a point in time	2,314,322	2,673,219	16,201	15,028	10,611	13,220	2,341,134	2,701,467
Over time	141,913	196,881	-	-	866	6,236	142,779	203,117
Revenue from contracts with customers	2,456,235	2,870,100	16,201	15,028	11,477	19,456	2,483,913	2,904,584
Other revenue	-	-	53,394	55,035	-	-	53,394	55,035
	2,456,235	2,870,100	69,595	70,063	11,477	19,456	2,537,307	2,959,619

21.2 Transaction price allocated to the remaining performance obligations

As at 31 December 2021, the aggregated amount of revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date was RM66,733,000 (2020: RM75,933,000). This amount mainly represents the remaining performance obligations relating to extended warranty services, free maintenance services and marketing services, where RM22,113,000 (2020: RM23,034,000) is expected to be recognised over the next year, while the remaining amount is expected to be recognised up to 6 years.

22. FINANCE INCOME

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income of financial assets that are not at fair value through profit or loss	5,233	6,347	8,036	15,596
Other finance income	5,761	8,248	-	-
Recognised in profit or loss	10,994	14,595	8,036	15,596

23. FINANCE COSTS

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Term loans	2,842	353	-	-
- Banker's acceptances	4,667	3,686	-	-
- Revolving credit	20,595	27,556	-	-
- Medium Term Notes	21,398	23,934	21,398	23,934
- Other borrowings	380	2,108	10,531	11,499
	49,882	57,637	31,929	35,433
Interest expense on lease liabilities	4,354	3,743	23	16
Recognised in profit or loss	54,236	61,380	31,952	35,449

24. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax is arrived at after crediting:				
Bad debts recovered	1,806	3,164	-	-
Dividend income from:				
- Unquoted subsidiaries	-	-	423,117	138,353
- Joint ventures	-	250	-	250
- Associates	-	1,449	-	-
Gain on disposal of property, plant and equipment	6,077	4,955	-	-
Interest income	10,994	14,595	8,037	15,596
Net gain on foreign exchange:				
- Unrealised	19,818	2,189	-	-
- Realised	45,378	1,115	-	-
Rental income on leased assets	-	50	-	-
Rental income on land and buildings	4,603	3,891	-	-
Reversal of impairment loss on:				
- Trade receivables	4,253	841	-	-
- Amount due from subsidiaries	-	-	-	-
Reversal of write-down of inventories	10,903	3,735	-	-

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax is arrived at after charging:				
Audit fee				
Current year				
- KPMG Malaysia	668	658	61	61
- Overseas affiliates of KPMG Malaysia	127	147	-	-
- Other auditors	181	198	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	18	22	15	15
- Overseas affiliates of KPMG Malaysia	246	176	-	-
- Other auditors	61	20	-	-
Amortisation of intangible assets	1,254	-	-	-
Bad debts written off	398	1,557	-	-
Depreciation of property, plant and equipment	141,356	136,935	137	178
Direct operating expenses of investment properties generating rental income	748	936	-	-
Expenses relating to short-term leases and leases of low-value assets (Note a)	6,887	6,692	56	112
Change in fair value of investment properties	995	930	-	-
Interest expense	54,236	61,380	31,952	35,449
Inventories written off	620	720	-	-
Write-down of inventories	8,991	15,795	-	-
Impairment loss on:				
- Property, plant and equipment	-	3,962	-	-
- Hire purchase receivables	1,702	11,346	-	-
- Amount due from subsidiaries	-	-	2	1,198
- Goodwill	759	-	-	-
- Investment in subsidiaries	-	-	4,330	-
Property, plant and equipment written off	2,048	3,842	-	-
Net loss on foreign exchange:				
- Unrealised	17,797	11,811	-	-
- Realised	9,424	9,314	7	-
Non-executive directors:				
- Fees	423	329	423	329
- Allowances and benefits	143	150	143	149

NOTES TO THE FINANCIAL STATEMENTS

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

Note a:

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit/(Loss) before tax is arrived at after charging (continued):				
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	35,337	33,433	1,226	1,814
- Expenses/(Over provision) related to defined benefit plans	1,693	16,340	(6,161)	8,710
- Wages, salaries and others	314,709	317,745	7,575	6,153
Warranty claim	-	1,289	-	-

25. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Executive directors:				
- Remunerations	12,053	12,506	8,509	9,197
- Other short-term benefits	278	288	278	293
- Post-employment benefits	5,197	10,852	5,197	10,869
	17,528	23,646	13,984	20,359
Other key management personnel:				
- Remuneration and other short-term employee benefits	15,052	10,281	663	-
- Post-employment benefits	206	178	27	-
	15,258	10,459	690	-
	32,786	34,105	14,674	20,359

25. KEY MANAGEMENT PERSONNEL COMPENSATIONS (continued)

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

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

Under the Group's and the Company's defined benefit scheme, eligible employees, who include Directors who are employees, are entitled to retirement benefits of 16.0% to 17.0% of total basic salary earned less the statutory pension funds for each completed year of service upon the retirement age of 60 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contract.

26. TAX EXPENSE

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised in the profit or loss				
Income tax expense				
Income tax expense	27,228	43,292	-	-
(Over)/Under provided in prior years	(975)	683	-	-
	26,253	43,975	-	-
Withholding taxes	1,899	1,284	-	-
Deferred tax expense				
Origination/(Reversal) of temporary differences	17,182	(25,679)	1,744	(1,727)
Crystallisation of deferred tax liabilities arising from revaluation surplus	(5,972)	(4,572)	-	-
(Over)/Under provided in prior years	(12)	447	39	140
	11,198	(29,804)	1,783	(1,587)
	39,350	15,455	1,783	(1,587)

NOTES TO THE FINANCIAL STATEMENTS

26. TAX EXPENSE (continued)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Reconciliation of tax expense				
Profit/(Loss) before tax	19,134	(161,298)	397,093	98,467
Income tax calculated using Malaysian tax rate of 24% (2020: 24%)	4,592	(38,712)	95,302	23,632
Effect of tax rates in foreign jurisdictions	2,340	5,654	-	-
Double deduction	(52)	(186)	-	-
Non-deductible expenses	37,441	51,011	8,793	7,906
Income not subject to tax	(4,483)	(8,985)	(102,351)	(33,265)
Tax incentives	(57)	(1,685)	-	-
Crystallisation of deferred tax liabilities arising from revaluation surplus	(5,972)	(4,572)	-	-
Recognition of deferred tax assets not previously recognised	-	(1,532)	-	-
Withholding taxes	1,899	1,284	-	-
Unrecognised deferred tax assets	4,629	12,048	-	-
	40,337	14,325	1,744	(1,727)
(Over)/Under provided in prior years	(987)	1,130	39	140
	39,350	15,455	1,783	(1,587)

27. OTHER COMPREHENSIVE (LOSS)/INCOME

	2021			2020		
	Before tax RM'000	**Tax expense RM'000**	**Net of tax RM'000**	**Before tax RM'000**	**Tax expense RM'000**	**Net of tax RM'000**
Group						
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(8,427)	-	(8,427)	5,844	-	5,844
Foreign currency translation differences for an equity-accounted associate	(2,087)	-	(2,087)	(89)	-	(89)
Cash flow hedge	(15,478)	26	(15,452)	11,397	-	11,397
	(25,992)	26	(25,966)	17,152	-	17,152

28. BASIC LOSS PER ORDINARY SHARE

Group

Basic loss per ordinary share

The calculation of basic loss per ordinary share as at 31 December 2021 was based on the loss attributable to ordinary shareholders of RM15,417,000 (2020: loss of RM165,580,000) and the weighted average number of ordinary shares outstanding during the year of 652,161,000 (2020: 652,439,000).

Weighted average number of ordinary shares

	Group	
	2021 '000	**2020 '000**
Issued ordinary shares at 1 January	652,191	652,600
Effect of treasury shares held	(30)	(161)
Weighted average number of ordinary shares at 31 December	652,161	652,439

Diluted loss per ordinary share is not presented as the Group has no potential shares or other instrument with dilutive effects.

29. DIVIDENDS

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

	Dividend per share (sen)	Total RM'000	Date of payment
2021			
Interim 2021 ordinary	1.50	9,782	30 June 2021
2020			
Interim 2020 ordinary	1.50	9,784	28 December 2020
Final 2019 ordinary	2.00	13,049	18 September 2020
Total		22,833	

30. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

- *Vehicles assembly, manufacturing, distribution and after-sales services:* Business in assembly and distribution of passenger and commercial vehicles, automotive workshop services, distribution of automotive spare parts and manufacturing of automotive parts.

- *Financial services:* Business in provision of hire purchase financing, personal loans and insurance agency.

- *Other operations:* Business in property and investment holding activities.

Performance is measured based on segment earnings/(loss) before interest, taxation, depreciation and amortisation ("EBITDA"/"LBITDA"), as included in the internal management reports that are reviewed by the Chief Operating Decision Makers ("CODM"). Segment profit/(loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The operations of the Group are predominantly in Malaysia and Vietnam.

There is no concentration or reliance of single customer which the single external revenue is 10 percent or more during the financial year 2021 and 2020.

Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

30. OPERATING SEGMENTS (continued)

(a) Business segment

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
External revenue	2,456,235	2,870,100	69,595	70,063	11,477	19,456	2,537,307	2,959,619
Inter-segment revenue	883	1,936	900	3,088	73,795	76,949	75,578	81,973
Segment EBITDA/ (LBITDA)	128,587	21,618	31,861	20,897	51,136	(2,046)	211,584	40,469
Depreciation and amortisation	(113,080)	(111,396)	(1,583)	(3,308)	(27,947)	(22,231)	(142,610)	(136,935)
Finance costs	(36,574)	(40,154)	(41)	(424)	(17,621)	(20,802)	(54,236)	(61,380)
Finance income	2,698	3,294	241	185	8,055	11,116	10,994	14,595
Share of (loss)/profit of equity-accounted investees, net of tax	(2,449)	212	346	672	595	62	(1,508)	946
Unallocated corporate expenses							(5,090)	(18,993)
Profit/(Loss) before tax							19,134	(161,298)
Tax expense							(39,350)	(15,455)
Loss for the year							(20,216)	(176,753)

(b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
External revenue	2,143,358	2,393,518	261,232	290,690	132,717	275,411	2,537,307	2,959,619
Segment EBITDA/ (LBITDA)	220,551	101,675	(2,812)	(84,011)	(6,155)	22,805	211,584	40,469

31. COMMITMENTS

Capital commitments

	Group	
	2021	**2020**
	RM'000	**RM'000**
Property, plant and equipment:		
Authorised but not contracted for	240,511	133,006
Contracted but not provided for		
In Malaysia	13,027	29,346
Outside Malaysia	84,965	101,740
	338,503	264,092

32. CONTINGENCIES

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

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

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

The Supreme Court had, on 5 June 2019, concurred with the Court of Appeal's decision on the non-existence of agreement between ETCM (C) and TCMC with Narita but dismissed the Court of Appeal's decision and made a ruling to return the appeal case to the Court of Appeal on the COA's Award.

On 29 July 2021, the Court of Appeal had decided as follows:

i. order to ETCM (C) and TCMC to pay damages of USD3,953,130 to Narita; and
ii. litigation cost shall be borne by each party. (collectively "Court of Appeal Decision")

32. CONTINGENCIES (continued)

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

In consultation with ETCM(C) and TCMC's solicitors, the Board is of the view that there are good grounds to appeal for the Court of Appeal's decision and had instructed the solicitors to file for Satuk Appeal on 19 October 2021 against the Court of Appeal's decision at the Supreme Court for, amongst others:

i. the miscalculation of damages granted by the Court of Appeal to Narita against ETCM(C) and TCMC; and
ii. the omission of the Court of Appeal in deciding on the issue of emotional distress compensation as claimed by ETCM(C) and TCMC, as ordered by the Supreme Court.

Pending the outcome of the appeal to the Supreme Court, the Court of Appeal's Decision that ETCM (C) and TCMC are to pay damages of USD3,953,130 to Narita would not be executed.

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

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

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

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

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

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

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

32. CONTINGENCIES (continued)

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

Subsequently, the Plaintiffs filed the Plaintiffs Claim seeking, amongst others:

i. an injunction to restrain TCIE from proceeding with the repossession and disposal of the vehicles, taking any legal action under the Settlement Agreement until the disposal of the Plaintiffs' Claim and entering into any dealing in relation to the Land;

ii. a declaration that the value of the Land was RM55,600,000.00;

iii. payment of the sum of RM22,679,424.94 to MHSB;

iv. the return of the vehicles to the Plaintiffs;

v. payment of the sum of RM877,000.00 being compensation paid by the Government of Malaysia for acquisition of part of the Land to the Plaintiffs.

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

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

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

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

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

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

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

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

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

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

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

32. CONTINGENCIES (continued)

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

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

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

Upon conclusion of the trial on 14 April 2021, both the Plaintiffs and the Defendant had filed their respective Written Submissions by 19 May 2021. The Plaintiffs filed their Submissions in Reply on 24 May 2021 and the Defendants Reply Submissions by 27 May 2021. In addition, as instructed by the Court, the Plaintiffs filed the notes of proceedings on 24 April 2021 and 5 May 2021.

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

i. a declaration that the value of the Land was RM55,600,000.00;

ii. repayment of the sum of RM22,679,424.94, with interest at the rate of 5% per annum, to be paid by TCIE to MHSB, the 7th Plaintiff;

iii. the return of the land acquisition compensation sum of RM877,000.00 by TCIE to the Plaintiffs;

iv. the return of all the buses by TCIE to the Plaintiffs; and costs in the sum of RM80,000.00, subject to allocatur, to be paid by TCIE to the Plaintiffs.

(collectively known as "High Court Judgement")

On 21 July 2021, TCIE filed the Notice of Appeal against the High Court Judgement to the Court of Appeal. Case management before the Court of Appeal is fixed on 6 September 2021. Subsequently, the next Case Management was re-fixed on 8 November 2021.

On 8 November 2021, the Court of Appeal had during the case management further directed for parties to file Written Submissions by 24 April 2022 and fixed the next case management on 25 April 2022 and hearing of the appeal on 9 May 2022.

On 22 July 2021, TCIE applied for a Stay of Execution of the High Court Judgement which was fixed for hearing on 9 September 2021, where the High Court granted a stay of execution/ enforcement proceedings in relation to the Judgement of the High Court dated 15 July 2021 pending the disposal of TCIE's appeal to the Court of Appeal.

Based on the legal opinion obtained from TCIE's legal counsel, the Board is of the view that there are reasonable grounds to appeal against the High Court Judgement.

33. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Controlling related party relationships are as follows:

(i) The subsidiaries as disclosed in Note 36.
(ii) The substantial shareholders of the Company.

Significant related party transactions

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
With WTCH Group		
Purchases	(60,974)	(39,852)
Sales	50,369	15,733
Insurance agency, workshop services and administrative services	5,291	4,800
Travel agency and car rental services	(290)	(1,658)
Rental income receivable	1,652	1,863
Rental expense payable	(1,012)	(1,025)
Contract assembly fee receivable	5,433	4,587
With APM Group		
Purchases	(13,997)	(26,347)
Sales	1,585	3,521
Insurance agency, workshop services and administrative services	1,755	1,552
Rental income receivable	30	69
Rental expense payable	(1,692)	(1,583)

33. RELATED PARTIES (continued)

Significant related party transactions (continued)

	Group	
	2021	**2020**
	RM'000	**RM'000**
With TCIL Group		
Sales	10,471	10,616
Contract assembly fee receivable	4,950	7,544

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

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

	Group	
	2021	**2020**
	RM'000	**RM'000**
Purchases	(597,424)	(705,321)
Technical assistance fee and royalty	(5,531)	(9,602)

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

(iii) Significant transactions with Renault s.a.s. Group, which is a substantial shareholder of Nissan Motor Co., Ltd., are as follows:

	Group	
	2021	**2020**
	RM'000	**RM'000**
Purchases	(8,405)	(9,236)

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

33. RELATED PARTIES (continued)

Significant related party transactions (continued)

(iv) Significant transactions with Auto Dunia Sdn. Bhd.:

(a) a company in which Directors of the subsidiaries of the Company, namely Datuk Yaacob bin Wan Ibrahim and Datuk Abdullah bin Abdul Wahad, have substantial financial interests; and

(b) a company connected with a Director of the Company, Dato' Tan Heng Chew, by virtue of Section 197 of the Companies Act 2016.

	Group	
	2021	**2020**
	RM'000	**RM'000**
Purchases	(434,374)	(54,836)
Sales	9,074	11,765
Insurance agency, workshop services and administrative services	24	5
Rental income receivable	280	268

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

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

	Company	
	2021	**2020**
	RM'000	**RM'000**
Subsidiaries		
Dividend income receivable	423,117	138,353
Interest income receivable	7,773	15,535
Management fees payable	(847)	(750)
Rental expense payable	(56)	(112)
Interest expense payable	(10,531)	(11,499)
Joint venture		
Dividend income receivable	-	250

These transactions have been entered into in the normal course of business and have been established under negotiated terms. The gross balances outstanding for subsidiaries are disclosed in Note 11 and Note 20.

There are no significant transactions with the key management personnel in the Group other than disclosed in Note 25.

34. FINANCIAL INSTRUMENTS

34.1 Categories of financial instruments

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

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

2021	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
Financial assets				
Group				
Other investments	2,081	-	2,081	-
Trade and other receivables*	313,621	313,621	-	-
Hire purchase receivables	507,208	507,208	-	-
Deposits	13,374	13,374	-	-
Cash and cash equivalents	514,487	514,487	-	-
	1,350,771	1,348,690	2,081	-
Company				
Other investments				
Amount due from subsidiaries	150,373	150,373	-	-
Deposits	68	68	-	-
Cash and cash equivalents	492	492	-	-
	150,933	150,933	-	-
Financial liabilities				
Group				
Borrowings	(1,268,189)	(1,268,189)	-	-
Payables and accruals	(492,814)	(492,814)	-	-
Derivative financial liabilities	(544)	-	-	(544)
	(1,761,547)	(1,761,003)	-	(544)
Company				
Payables and accruals	(359,495)	(359,495)	-	-

* excludes non-financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

34.1 Categories of financial instruments (continued)

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

* excludes non-financial instruments.

34. FINANCIAL INSTRUMENTS (continued)

34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	5,761	8,248	-	-
Financial assets at amortised cost	62,586	52,483	8,037	15,596
Financial liabilities at amortised cost	(11,907)	(75,459)	(31,929)	(35,433)
Derivatives designated as hedging instruments	(15,452)	11,485	-	-
	40,988	(3,243)	(23,892)	(19,837)

34.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk
- Liquidity risk
- Market risk

34.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Credit risk in relation to the Group's core business activities are managed by the respective operating units where credit policies that are specific to their respective industries are in place.

New vehicles sales are mainly financed by finance companies, with the remainder financed by TC Capital Resources Sdn. Bhd. ("TCCR") and as such, the Group's collection risk rests mainly with these finance companies. The Group also extends credit to used car dealers, spare part dealers and selected corporate purchasers. Bank guarantees are required on a selective basis to secure the line of credit from the Group. For used car dealers, spare part dealers and selected corporate purchasers, the Group has an informal credit policy in place and the exposure is monitored on an ongoing basis. In respect of hire purchase business financed via TCCR, credit evaluations are performed on all customers requiring financing from the Group and the Group has ownership claims over the vehicles under financing.

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables and contract assets is represented by the carrying amounts in the statement of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their recoverable amount. A significant portion of these receivables are trade receivables of the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than 90 days, which are deemed to have higher credit risk, are monitored individually.

Recognition and measurement of impairment loss

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

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

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

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

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

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

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

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(a) Trade receivables and contract assets

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

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Current (Not past due)	140,966	(679)	140,287
Past due 1 – 30 days	33,706	(492)	33,214
Past due 31 – 90 days	27,466	(1,023)	26,443
	202,138	(2,194)	199,944
Credit impaired			
Past due more than 90 days	38,974	(7,480)	31,494
Individually impaired	44,499	(12,374)	32,125
	285,611	(22,048)	263,563
Trade receivables	285,611	(22,048)	263,563
Contract assets	10,809	-	10,809
	296,420	(22,048)	274,372
2020			
Current (Not past due)	134,408	(543)	133,865
Past due 1 – 30 days	37,768	(417)	37,351
Past due 31 – 90 days	29,795	(989)	28,806
	201,971	(1,949)	200,022
Credit impaired			
Past due more than 90 days	41,454	(9,280)	32,174
Individually impaired	62,043	(15,072)	46,971
	305,468	(26,301)	279,167
Trade receivables	305,468	(26,301)	279,167
Contract assets	19,377	-	19,377
	324,845	(26,301)	298,544

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(a) Trade receivables and contract assets (continued)

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

	Trade receivables		
	Lifetime ECL RM'000	**Credit impaired RM'000**	**Total RM'000**
Balance as at 1 January 2020	1,314	25,828	27,142
Net remeasurement of loss allowance	635	(1,476)	(841)
Balance as at 31 December 2020/ 1 January 2021	1,949	24,352	26,301
Net remeasurement of loss allowance	245	(4,498)	(4,253)
Balance as at 31 December 2021	2,194	19,854	22,048

There was no allowance for impairment made on contract assets in year 2021 and 2020.

No trade receivables were written off in the financial year ended 31 December 2021 (2020: Nil).

(b) Hire purchase receivables

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

Group	**Gross carrying amount RM'000**	**Loss allowance RM'000**	**Net balance RM'000**
2021			
Current (Not past due)	252,974	(447)	252,527
Past due 1 – 30 days	100,767	(187)	100,580
Past due 31 – 90 days	124,554	(2,481)	122,073
	478,295	(3,115)	475,180
Credit impaired			
Past due more than 90 days	44,395	(13,859)	30,536
Individually impaired	31,213	(29,721)	1,492
	553,903	(46,695)	507,208
Hire purchase receivables	553,903	(46,695)	507,208

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(b) Hire purchase receivables (continued)

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

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

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 January 2020	2,996	30,651	33,647
Net remeasurement of loss allowance	1,391	9,955	11,346
Balance as at 31 December 2020/ 1 January 2021	4,387	40,606	44,993
Net remeasurement of loss allowance	(1,272)	2,974	1,702
Balance as at 31 December 2021	3,115	43,580	46,695

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Investments and other financial assets

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

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

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

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

Other receivables

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

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

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

Inter-company loans and advances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances are only provided to subsidiaries of the Company.

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment loss

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

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

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

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

Company	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2021			
Low credit risk	145,590	-	145,590
Significant increase in credit risk	-	-	-
Credit impaired	11,050	(6,913)	4,137
	156,640	(6,913)	149,727
2020			
Low credit risk	316,894	-	316,894
Significant increase in credit risk	-	-	-
Credit impaired	11,191	(6,936)	4,255
	328,085	(6,936)	321,149

34. FINANCIAL INSTRUMENTS (continued)

34.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment loss (continued)

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

	Lifetime ECL	
Company	**2021**	**2020**
	RM'000	**RM'000**
Balance as at 1 January	6,936	5,738
Net remeasurement of loss allowance	2	1,198
Write off allowance	(25)	-
Balance as at 31 December	6,913	6,936

34.5 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group maintains a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

34. FINANCIAL INSTRUMENTS (continued)

34.5 Liquidity risk (continued)

Maturity analysis

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

	Contractual interest rate	Carrying amount	Not later than 2 years	More than 2 years but not later than 5 years	More than 5 years	Contractual cash flows	Not later than 1 year	More than 1 year but not later than 5 years	More than 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
2021									
Non-derivative financial liabilities									
Term Loans	3.50 - 6.50	63,328	63,328	-	-	63,328	63,328	-	-
Bankers' acceptances	2.16 - 3.23	210,631	210,631	-	-	210,631	210,631	-	-
Revolving credit	1.15 - 4.77	994,230	994,230	-	-	994,230	994,230	-	-
Payables and accruals	-	492,814	492,814	-	-	492,814	492,814	-	-
Lease liabilities	5.00	94,414	30,232	21,648	42,534	160,371	19,383	35,720	105,268
		1,855,417	1,791,235	21,648	42,534	1,921,374	1,780,386	35,720	105,268
Derivative financial liabilities									
Forward exchange contracts (gross settled):									
Outflow	-	544	544	-	-	396,719	396,719	-	-
Inflow	-	-	-	-	-	(396,175)	(396,175)	-	-
		1,855,961	1,791,779	21,648	42,534	1,921,918	1,780,930	35,720	105,268

34. FINANCIAL INSTRUMENTS (continued)

34.5 Liquidity risk (continued)

Maturity analysis (continued)

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

34. FINANCIAL INSTRUMENTS (continued)

34.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
Company							
2021							
Non-derivative financial liabilities							
Amount due to subsidiaries							
- Non-current	6.05	298,310	-	298,310	316,358	-	316,358
- Current	-	58,289	58,289	-	58,289	58,289	-
Payables and accruals	-	2,896	2,896	-	2,896	2,896	-
Lease liabilities	5.00	438	438	-	495	99	396
		359,933	61,623	298,310	378,038	61,284	316,754
Company							
2020							
Non-derivative financial liabilities							
Medium Term Notes	4.78	499,656	499,656	-	519,999	519,999	-
Amount due to subsidiaries							
- Non-current	6.05	288,077	-	288,077	305,506	-	305,506
- Current	-	9,439	9,439	-	9,439	9,439	-
Payables and accruals	-	4,649	4,649	-	4,648	4,648	-
Lease liabilities	5.00	275	179	96	297	99	198
		802,096	513,923	288,173	839,889	534,185	305,704

34. FINANCIAL INSTRUMENTS (continued)

34.6 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows.

34.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group hedges its foreign currency denominated trade payables and overseas subsidiaries loan repayments. Derivative financial instruments like forward exchange contracts are used to reduce exposure to fluctuations in foreign exchange rates. The Group avoids using leverage derivatives for hedging purposes and also does not hedge for speculative purposes. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2021		2020	
	Denominated in		Denominated in	
	USD	JPY	USD	JPY
	RM'000	RM'000	RM'000	RM'000
Group				
Receivables	5,337	3,268	396	2,502
Intra-group balances	366,778	-	232,154	-
Cash and cash equivalents	152,805	6,143	111,296	1,011
Payables and accruals	(8,715)	(2)	(3,048)	314
Borrowings	(207,230)	-	(244,596)	-
Derivative financial (liabilities)/assets	(544)	-	14,934	-
Net exposure	308,431	9,409	111,136	3,827

34. FINANCIAL INSTRUMENTS (continued)

34.6 Market risk (continued)

34.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A simulated 5% strengthening in the USD/JPY against MYR at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables in particular interest rates and market conditions remained constant and ignores any impact of forecasted sales and purchases.

	2021		2020	
	Equity	**Profit or loss**	**Equity**	**Profit or loss**
	RM'000	**RM'000**	**RM'000**	**RM'000**
USD	11,720	11,741	4,223	3,656
JPY	358	358	145	145

A simulated 5% weakening of USD/JPY against the MYR at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

34.6.2 Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings, the placement of excess funds in interest-earning deposits and lease liabilities. The borrowings which have been obtained to finance the working capital of the Group are subject to floating interest rates except for Medium Term Notes and lease liabilities.

Excess funds are placed with licensed financial institutions for certain periods during which the interest rates are fixed. The management reviews the rates at regular intervals.

On the other hand, the Group provides hire purchase loans at fixed rates for tenures of up to 9 years. These loans are funded by internal and external resources.

Risk management objectives, policies and processes for managing the risk

The Group adopts a policy of ensuring that between 30% and 60% of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

34. FINANCIAL INSTRUMENTS (continued)

34.6 Market risk (continued)

34.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed rate instruments				
Financial assets:				
Assets-backed notes	-	-	-	1
Hire purchase receivables	507,208	582,913	-	-
Finance lease receivables	-	35	-	-
Amount due from subsidiaries	-	-	34,483	146,980
Deposits with licensed banks	205,322	174,375	-	-
Financial liabilities:				
Medium Term Notes	-	(499,656)	-	(499,656)
Lease liabilities	(94,414)	(97,966)	-	(275)
Amount due to subsidiaries	-	-	(298,310)	(288,077)
	618,116	159,701	(263,827)	(641,027)
Floating rate instruments				
Financial assets:				
Amount due from subsidiaries	-	-	115,244	174,169
Financial liabilities:				
Term loans	(63,328)	(60,202)	-	-
Bankers' acceptances	(210,631)	(56,824)	-	-
Revolving credit	(994,230)	(884,811)	-	-
	(1,268,189)	(1,001,837)	115,244	174,169

34. FINANCIAL INSTRUMENTS (continued)

34.6 Market risk (continued)

34.6.2 Interest rate risk (continued)

(a) Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points (bp) interest rate at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

	Profit or loss		Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
	2021	2021	2020	2020
	RM'000	RM'000	RM'000	RM'000
Group				
Floating rate instruments	(9,638)	9,638	(7,614)	7,614
Company				
Floating rate instruments	876	(876)	1,324	(1,324)

34.6.3 Other price risk

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

Risk management objectives, policies and processes for managing the risk

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

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

34. FINANCIAL INSTRUMENTS (continued)

34.6 Market risk (continued)

34.6.3 Other price risk (continued)

Sensitivity analysis

At the reporting date, if the prices of instruments had been 1% (2020: 1%) higher/lower, with all other variables held constant, the Group profit or loss would have increased/(decreased) by RM21,000 (2020: RM1,703,000) arising as a result of changes in the fair value of the financial assets classified as fair value through profit or loss.

34.7 Hedging activities

Cash flow hedge

The Group entered into forward foreign currency exchange contracts to hedge the cash flow risk in relation to the foreign currency exposure, which are designated as cash flow hedges.

The following table indicates the periods in which the cash flows associated with the forward exchange contracts are expected to occur and affect profit or loss:

Group	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000
2021			
Forward exchange contracts	(544)	(544)	(544)
2020			
Forward exchange contracts	14,934	14,934	14,934

During the financial year, a loss of RM15,452,000 (2020: profit of RM11,397,000) was recognised in other comprehensive income. The gain/(loss) on the hedging derivative is included in the carrying amount of the inventory acquired. The gain/(loss) is reclassified to profit or loss when the inventory affects profit or loss (that is, on sale of the goods containing the hedged components or impairment of the inventory).

34.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

34. FINANCIAL INSTRUMENTS (continued)

34.8 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Level 1 RM'000**	**Level 2 RM'000**	**Level 3 RM'000**	**Total RM'000**	**Total fair value RM'000**	**Carrying amount RM'000**
2021										
Group										
Financial assets										
Other investments										
- Liquid Investments with licensed financial institutions	-	2,081	-	2,081	-	-	-	-	2,081	2,081
Hire purchase receivables	-	-	-	-	-	-	406,161	406,161	406,161	406,161
	-	2,081	-	2,081	-	-	406,161	406,161	408,242	408,242
Financial liabilities										
Derivative financial liabilities										
– forward exchange contracts	-	(544)	-	(544)	-	-	-	-	(544)	(544)

NOTES TO THE FINANCIAL STATEMENTS

34. FINANCIAL INSTRUMENTS (continued)

34.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2020										
Group										
Financial assets										
Other investments										
- Liquid Investments with licensed financial institutions	-	170,306	-	170,306	-	-	-	-	170,306	170,306
Hire purchase receivables	-	-	-	-	-	-	489,860	489,860	489,860	489,860
Finance lease receivables	-	-	-	-	-	-	35	35	35	35
Derivative financial assets										
- forward exchange contracts	-	17,914	-	17,914	-	-	-	-	17,914	17,914
	-	188,220	-	188,220	-	-	489,895	489,895	678,115	678,115
Financial liabilities										
Derivative financial liabilities										
– forward exchange contracts	-	(2,980)	-	(2,980)	-	-	-	-	(2,980)	(2,980)

34. FINANCIAL INSTRUMENTS (continued)

34.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Total fair value RM'000	Carrying amount RM'000
2021										
Company										
Financial assets										
Amount due from subsidiaries	-	-	-	-	-	-	149,727	149,727	149,727	149,727
	-	-	-	-	-	-	149,727	149,727	149,727	149,727
Financial liabilities										
Amount due to subsidiaries	-	-	-	-	-	-	(298,310)	(298,310)	(298,310)	(298,310)
	-	-	-	-	-	-	(298,310)	(298,310)	(298,310)	(298,310)
2020										
Company										
Financial assets										
Other investments										
- Asset-backed notes	-	-	1	1	-	-	-	-	1	1
Amount due from subsidiaries	-	-	-	-	-	-	110,965	110,965	110,965	110,965
	-	-	1	1	-	-	110,965	110,965	110,966	110,966
Financial liabilities										
Amount due to subsidiaries	-	-	-	-	-	-	(288,077)	(288,077)	(288,077)	(288,077)
	-	-	-	-	-	-	(288,077)	(288,077)	(288,077)	(288,077)

34. FINANCIAL INSTRUMENTS (continued)

34.8 Fair value information (continued)

Policy on transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

Level 2 fair value is estimated using inputs other than quoted prices included within Level 1 that are observable for the financial assets or liabilities, either directly or indirectly.

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial assets

Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the end of the reporting period.

Transfers between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2020: no transfer in either direction).

Level 3 fair value

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

Fair values of hire purchase receivables, finance lease receivables, non-current borrowings and non-current amounts due from and due to subsidiaries, which are determined for disclosure purpose, have been derived using discounted cash flow approach. For finance lease receivables and hire purchase receivables, the market rate of interest is determined by reference to similar finance lease and hire purchase agreements.

Valuation processes applied by the Group for Level 3 fair value

The Group has an established control framework in respect to the measurement of fair values of financial instruments. This includes a team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The team regularly reviews significant unobservable inputs and valuation adjustments.

35. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio that complies with debt covenants and regulatory requirements.

The debt-to-equity ratios at 31 December 2021 and 31 December 2020 were as follows:

		Group	
	Note	**2021**	**2020**
		RM'000	**RM'000**
Total borrowings	18	1,268,189	1,501,493
Lease liabilities		94,414	97,966
Less: Other investments	8	(2,081)	(170,306)
Cash and cash equivalents	15	(514,487)	(581,962)
Net debt		846,035	847,191
Total equity attributable to owners of the Company		2,791,522	2,841,686
Net debt-to-equity ratios		0.30	0.30

There were no changes in the Group's approach to capital management during the financial year.

The Group is also required to maintain certain debt-to-equity ratio to comply with debt covenants, failing which, an event of default may be triggered. The Group has complied with these covenants.

NOTES TO THE FINANCIAL STATEMENTS

36. SUBSIDIARIES

The principal activities of the subsidiaries, their places of incorporation and the interest of the Company are shown below:

	Name	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
	Incorporated in Malaysia:			
	Agensi Pekerjaan Bijak Sdn. Bhd.	Provision of private employment agency services	100	100
	Auto Components Manufacturers Sdn. Bhd.	Property investment holding	100	100
	Autokita Sdn. Bhd.	Insurance agency	100	100
	Ceranamas Sdn. Bhd.	Property and investment holding	100	100
	Chauffeur Safe Travel Sdn. Bhd.	Travel agency and transportation services	100	100
	Constant Knight (M) Sdn. Bhd.	Property investment holding	100	100
	Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
	Edaran Tan Chong Motor (Sabah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
	Edaran Tan Chong Motor (Sarawak) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
	Edaran Tan Chong Motor (Selatan) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
	Edaran Tan Chong Motor (Tengah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
	Edaran Tan Chong Motor (Utara) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
	Extreme Market Place Sdn.Bhd.	Trading and distribution of automotive parts, lubricants, batteries, tyres and accessories for domestic, export and e-commerce platform markets	100	100
	GoEVCharger Sdn. Bhd.	Operating charging infrastructure and system for electric vehicles	100	100
	Hikmat Asli Sdn. Bhd.	Property investment holding	100	100
	Julang Lumayan Sdn. Bhd.	Property investment holding	100	100
	Pemasaran Alat Ganti Sdn. Bhd.	Marketing of automotive parts	100	100
	Perwiramas Sdn. Bhd.	Investment holding	100	100
*	Premium Commerce Berhad	Structured entity for asset - backed securitisation	-	-

36. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
Incorporated in Malaysia:			
Rustcare Sdn. Bhd.	Distribution of automotive accessories	100	100
Sungei Bintang Sdn. Bhd.	Property investment holding	100	100
Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sales of motor vehicles	100	100
Tan Chong Agency Sdn. Bhd.	Insurance agency	100	100
Tan Chong Education Sdn. Bhd.	Investment holding	100	100
Tan Chong Education Services Sdn. Bhd.	Provision of education services	100	100
Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automotive workshop services	100	100
Tan Chong IBS Sdn. Bhd.	Insurance agency	100	100
Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, spare parts and after sales services for commercial vehicles	100	100
Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles, spare parts and after sales services for commercial vehicles	100	100
Tan Chong Inspire Sdn. Bhd. (Formerly known as Inspired Motor Sdn. Bhd.)	Insurance agency	100	100
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles	70	70
Tan Chong Premier Sdn. Bhd.	Insurance agency	100	100
Tan Chong Trading (Malaysia) Sdn. Berhad	Investment holding, merchandise and tractors trading	100	100
Tanahku Holdings Sdn. Bhd.	Property investment holding	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100
TC Capital Premium Sdn. Bhd.	Used car service provider/dealer	100	100
TC Capital Resources Sdn. Bhd.	Hire purchase financing, leasing, money lending and transport agent	100	100
TC Commercial Assets Sdn. Bhd.	Property investment holding	100	100
TC Contact Centre Services Sdn. Bhd.	Activities of call centres	100	100
TC Euro Cars Sdn. Bhd.	Distribution and leasing of motor vehicles	100	100

NOTES TO THE FINANCIAL STATEMENTS

36. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2021 %	2020 %
Incorporated in Malaysia:			
TC Facilities Management Sdn. Bhd.	Provision of building facilities management services	100	100
TC Hartanah Sdn. Bhd.	Property investment holding	100	100
TC Heritage Sdn. Bhd.	Investment holding	100	100
TC Industrial Entity Sdn. Bhd.	Investment holding	100	100
TC Insurservices Sdn. Bhd.	Insurance agency	100	100
TC iTech Sdn. Bhd.	Provision of information technology services	100	100
TC Maju Properties Sdn. Bhd.	Property investment holding	100	100
TC Management Services Corporation Sdn. Bhd.	Provision of management services	100	100
TC Manufacturing Holdings Sdn. Bhd.	Investment holding	100	100
TC Metropolitan Sdn. Bhd.	Property investment holding	100	100
TC Module Integrator Sdn. Bhd.	Manufacture and sale of automotive parts and modules	100	100
TC Motors (Sarawak) Sdn. Bhd.	Distribution of commercial vehicles and after-sales services and spare parts	100	100
TC Residence Sdn. Bhd.	Property investment holding	100	100
TC Security Services Sdn. Bhd.	Provision of security services	51	51
TC Sri Amar Sdn. Bhd.	Property investment holding	100	100
TC Trucks After Sales Sdn. Bhd.	Distribution and sales of auto parts and provision of after-sales services for commercial vehicles	100	100
TC Trucks Group Sdn. Bhd.	Investment holding	100	100
TC Trucks Sales Sdn. Bhd.	Distribution and sales of commercial vehicles	100	100
TC Utama Sdn. Bhd.	Property investment holding	100	100
TCCL Sdn. Bhd.	Insurance agency	100	100
TCM Stamping Products Sdn. Bhd.	Manufacture and sale of automotive parts and modules	100	100
TMC Services Sdn. Bhd.	Provision of financial services	100	100
Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	100	100
VDC Sdn. Bhd.	Provision of pre-delivery inspection services	100	100

36. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
	Incorporated in Malaysia:			
	Vincus Holdings Sdn. Bhd.	Investment holding	100	100
	West Anchorage Sdn. Bhd.	Investment holding	100	100
	Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd.	Dormant	100	100
	Auto Infiniti Sdn. Bhd.	Dormant	100	100
	Auto Trucks & Components Sdn. Bhd.	Dormant	100	100
	E-Garage Auto Services Sdn. Bhd.	Dormant	100	100
	Fujiyama Car Cooler Sdn. Bhd.	Dormant	100	100
	Tan Chong Construction Sdn. Bhd.	Dormant	100	100
	Tan Chong Development Sdn. Bhd.	Dormant	100	100
	Tan Chong Higher Education Sdn. Bhd.	Dormant	100	100
	Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100
	Tan Chong Private Education Sdn. Bhd.	Dormant	100	100
	Tan Chong Technical Centre Sdn. Bhd.	Dormant	100	100
	TC Automotive Electronics Sdn. Bhd.	Dormant	100	100
	TC Brake System Sdn. Bhd.	Dormant	100	100
	TC Commercial Insure Agency Sdn. Bhd.	Dormant	100	100
	TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100
	TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	100	100
	TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
	TC Plastics Sdn. Bhd.	Dormant	100	100
	TC Sunergy Sdn. Bhd.	Dormant	51	100
	TC Transmission Sdn. Bhd.	Dormant	100	100
∂	WariTan Automobile Sdn. Bhd.	Dormant	100	-
	Incorporated in Labuan:			
	ETCM (C) Pty Ltd	Investment holding and trading of motor vehicles	100	100
	ETCM (Labuan) Pty Ltd	Investment holding	100	100

36. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
Incorporated in Labuan:			
ETCM (L) Pty Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (MM) Pte Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (V) Pte Ltd	Investment holding	100	100
Tan Chong Motorcycles (Labuan) Pte Ltd	Investment holding	100	100
Tan Chong Trading (Labuan) Pty Ltd	Investment holding	100	100
TC Express Auto Services and Spare Parts (Labuan) Pty Ltd	Investment holding	100	100
TC Manufacturing (Labuan) Pte Ltd	Investment holding	100	100
TC Overseas Assets Holdings Labuan Pte Ltd	Investment holding	100	100
TC Services Holdings Labuan Pte Ltd	Investment holding	100	100
TC Security Services (Labuan) Pte Ltd	Investment holding	100	100
TC Services Labuan (V) Pte Ltd	Investment holding	100	100
TC Trust Labuan Limited	Provision of Labuan trust company services	100	100
TCIE (Labuan) Pty Ltd	Investment holding	100	100
TCMSC (Labuan) Pte Ltd	Investment holding	100	100
Tan Chong Construction (Labuan) Pte Ltd	Dormant	100	100
Tan Chong Motorcycles (MM) Pte Ltd	Dormant	100	100
TC Assets Labuan (V) Pte Ltd	Dormant	100	100
TC Capital Resources (Labuan) Pty Ltd	Dormant	100	100
TC Intellectual Investment Pte Ltd	Investment holding	100	100
TC iTech (Labuan) Pte Ltd	Investment holding	100	100
TC Manufacturing (C) Pte Ltd	Dormant	100	100
TC Manufacturing (L) Pte Ltd	Dormant	100	100
TC Manufacturing (MM) Pte Ltd	Dormant	100	100
TC Manufacturing (V) Pte Ltd	Dormant	100	100
TC Overseas Assets Labuan (C) Pte Ltd	Dormant	100	100
TC Services Labuan (C) Pte Ltd	Dormant	100	100

36. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
	Incorporated in Labuan:			
	TC Services Labuan (L) Pte Ltd	Dormant	100	100
	TC Services Labuan (MM) Pte Ltd	Dormant	100	100
	TCIP Pte Ltd	Dormant	100	100
	Incorporated in Cambodia:			
#β	TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts, components, accessories and lubricant products	100	100
^	TC Security Services (Cambodia) Co. Ltd.	Provision of security services	90	90
#β	Tan Chong Motor (Cambodia) Pty. Ltd.	Importation and distribution of motor vehicles	100	100
^β	T C Motor Sales (Cambodia) Pty. Ltd.	Dormant	100	100
	Incorporated in Vietnam:			
#β	TC Motor Vietnam Co., Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@β	TCIE Vietnam Pte. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@β	Nissan Vietnam Co., Ltd.	Importation and distribution of motor vehicles and spare parts	74	74
#β	TC Motorcycles (Vietnam) Co., Ltd.	Importation and distribution of motorcycles and motorcycle components	100	100
@β	TC Services Vietnam Co., Ltd.	Retail distribution of automobiles, automobile workshop services and trading of spare parts	100	100
#β	TC iTech (Vietnam) Co., Ltd.	Producing software products, providing IT solutions & services and integrating IT systems	100	100
	Incorporated in Laos:			
^β	Tan Chong Motor (Lao) Co., Ltd.	Importation and distribution of motor vehicles and spare parts including providing after-sales services	100	100
^β	Tan Chong Motorcycles (Laos) Co., Ltd.	Dormant	100	100

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36. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2021 %	Effective ownership interest 2020 %
	Incorporated in United States of America:			
^β	Tan Chong Warisan Resources Management LLC	Dormant	51	51
	Incorporated in Myanmar:			
^β	E-Garage Auto Services and Spare Parts (Myanmar) Company Limited	Servicing, maintenance and repairing of all kinds of vehicles and machines, and importer and sales of cars, spare parts and service equipment	90	90
^β	ETCM (Myanmar) Company Limited	Provision of services relating to vehicle distribution	100	100
^β	Tan Chong Motor (Myanmar) Company Limited	Assembly, sales and distribution of motor vehicles, trading of spare parts and automotive workshop services	100	100
^β	TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	100
	Incorporated in Thailand:			
#*β	TC Express Auto Services and Spare Parts (Thailand) Co., Ltd.	Automotive workshop services and trading of spare parts	49	49
#β	Tan Chong Mekong Regional Co., Ltd.	Regional operating headquarters	100	100
#β	Tan Chong Mekong Trading (Thailand) Co., Ltd.	International procurement centre	100	100

Company audited by another firm of Public Accountants.

* Deemed subsidiary by virtue of control in the company.

^ The 2021 financial statements of these subsidiaries are not required to be audited according to the relevant regulations of the country of incorporation and are not material to the Group. Hence, consolidated using unaudited management financial statements.

∂ Company incorporated during the year.

@ Company audited by other member firms of KPMG International.

β Company not audited by KPMG PLT.

37. SIGNIFICANT EVENTS

(i) Following the declaration of the COVID-19 pandemic in March 2020 by the World Health Organisation and subsequent control measures undertaken by the Malaysian Government to curb and contain the spread of COVID-19, Movement Control Order ("MCO") 2.0 was enforced in Malaysia from January 2021 to March 2021 and a nation-wide MCO was re-imposed in Malaysia from June 2021 to August 2021. The automotive sector was impacted by market uncertainties brought on by the prolonged lockdown during the year which left the industry struggling with its aftermath of supply chain disruptions.

The Group and the Company had performed assessments on its operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2021.

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

(ii) Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group had exercised the clean-up call option in Class C Notes Series 2009-A, Class C Notes Series 2010-A, Class C Notes Series 2010-B, Class C Notes Series 2011-A, Class C Notes Series 2014-A ("relevant series") and purchased all of the outstanding receivables comprised of receivables of relevant series on 31 January 2021.

(iii) The Company had terminated Commercial Papers and Medium Term Notes Programmes ("CP/ MTN Programmes") on 1 December 2021 following the full redemption of the notes which were outstanding under the CP/ MTN Programmes with a nominal value of RM500 million on 24 November 2021.

(iv) Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a 70% owned subsidiary of the Company, APM Shock Absorbers Sdn. Bhd. (a wholly-owned subsidiary of APM Automotive Holdings Berhad ("APM")) and TCIM Sdn. Bhd. ("TCIM") (a wholly-owned subsidiary of Warisan TC Holdings Berhad ("WTCH")) received a Letter of Notification dated 12 March 2021 from the Energy Commission ("EC") notifying that TCMA, APM Shock Absorbers Sdn. Bhd. ("APMSA") and TCIM (which collaborated as a consortium in the bid for the Large Scale Solar Photovoltaic Plant of 20MW at Hulu Selangor, Selangor, Malaysia ("LSSPV Project") had been selected as a shortlisted bidder for the LSSPV Project, subsequent to a competitive bidding exercise conducted by the EC, subject to fulfilment of additional requirements to be issued by EC in due course.

On 18 June 2021, TCMA and TC Sunergy Sdn. Bhd. ("TC Sunergy"), another indirect subsidiary of the Company, had entered into a Subscription and Shareholders' Agreement ("SSA") with APMSA and TCIM to regulate the relationship of the parties (i.e. TCMA, APMSA and TCIM) as shareholders through equity participation by the subscription of 999,998 new ordinary shares in TC Sunergy for a total cash subscription consideration of RM999,998/- ("Proposed Subscription") as the initial share capital of TC Sunergy, the company identified to undertake the LSSPV Project.

On 19 August 2021, TC Sunergy received from Tenaga Nasional Berhad ("TNB"), the signed Power Purchase Agreement ("PPA") dated 16 August 2021 executed between TC Sunergy and TNB to govern the obligations of TC Sunergy and TNB, whereby TC Sunergy will sell and TNB will purchase the energy generated by the solar power plant for a period of 21 years (or such other extended period as permissible under the PPA) from the expected commercial operation date on or before 31 December 2023 in accordance with the agreed terms and conditions as stipulated in the PPA.

37. SIGNIFICANT EVENTS (continued)

(v) Reference is made to the Company's previous announcements dated 20 August 2019, 20 November 2019, 3 January 2020, 3 April 2020, 7 August 2020 and 6 November 2020 pertaining to the Memorandum of Understanding dated 20 August 2019 which was supplemented by a Supplemental Memorandum of Understanding dated 31 December 2019 and a 2nd Supplemental Memorandum of Understanding dated 30 June 2020 (collectively, "MOU") executed by TC Manufacturing (Labuan) Pte. Ltd., an indirect wholly-owned subsidiary of the Company, with SAIC GM Wuling Automobile Co., Ltd. ("SGMW") to cooperate in the study of the potential and feasibility of the business opportunity in introducing SGMW commercial vehicle products and other products of SGMW to Southeast Asia with initial identified countries namely Vietnam, Myanmar, Cambodia and Lao PDR ("Project").

On 25 March 2021, pursuant with the MOU, TC Motor Vietnam Co., Ltd. ("TCMV"), another indirect wholly-owned subsidiary of the Company, had been nominated by TC Manufacturing (Labuan) Pte Ltd to enter into a SGMW Vehicle and Parts Export Contract ("Export Contract") with SGMW, and TCMV had on even date executed the Export Contract with SGMW for the appointment of TCMV as SGMW's sole and exclusive importer and distributor of vehicles and parts of N111P Pickup, N300P Pickup and N300L Cargo Van ("Products") in Vietnam and the provision of after-sales services for the Products.

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

(a) the term for the setting up of the JV Co. to 12 September 2021; and

(b) the term for obtaining the Investment Registration Certificate, the Enterprise Registration Certificate and/or other approval(s) from the relevant authorities in Vietnam required to operate the business to within 24 months from the date of the JV Agreement.

On 10 September 2021, Antaco Vietnam had accepted the Fifth Supplemental Letter to the JV Agreement from TCC (Labuan) for the extension of the term for the setting up of the JV Co. in Vietnam from 12 September 2021 to 13 March 2022.

On 11 March 2022, Antaco Vietnam had accepted the Sixth Supplemental Letter to the JV Agreement from TCC (Labuan) for:

(a) the extension of the term for the setting up of the JV Co. in Vietnam from 13 March 2022 to 13 March 2023; and

(b) the extension of the term for obtaining the Investment Registration Certificate, Enterprise Registration Certificate and/or other approval(s) from the relevant authorities in Vietnam required to operate the business, from within twenty four (24) months from the date of the JV agreement to within forty (40) months from the date of the JV Agreement.

(vii) On 1 October 2020, TC Manufacturing Labuan Pte Ltd, an indirect wholly-owned subsidiary of the Company, entered into a MOU with PT. SGMW Motor Indonesia ("PT SGMW"), a company established under the laws of Indonesia to cooperate on the study of the potential and feasibility of the business opportunities in introducing PT SGMW's vehicle products to Malaysia and Thailand.

On 31 December 2021, the MOU expired in accordance with the terms of the MOU. The Company will continue to pursue future business opportunities with PT. SGMW.

37. SIGNIFICANT EVENTS (continued)

(viii) On 19 October 2020, TC Motor Vietnam Co., Ltd. ("TCMV"), an indirect wholly-owned subsidiary of the Company, entered into a MOU with Xiamen King Long United Automotive Industry Co. Ltd. ("King Long"), a company incorporated in China in accordance with the laws of the People's Republic of China to facilitate the commencement of discussions and negotiations for the appointment of TCMV as the sole and exclusive distributor of King Long KINGO microbus model in Vietnam in both CBU and CKD forms.

On 15 July 2021, the Company announced that the feasibility study on the Proposed Collaboration will be completed soon. Preliminary findings indicate there are certain additional investments costs to be incurred in order to comply with the Vietnamese market regulations. TCMV will ascertain whether it is economically viable for the Proposed Collaboration to continue or to be terminated.

On 12 October 2021, TCMV and King Long had vide a termination letter mutually agreed to terminate the MOU in view that the Proposed Collaboration is not economically viable for TCMV. Notwithstanding the above, TCMV remains open for future collaborations with King Long should such opportunity arises.

(ix) On 22 December 2020, TC Overseas Assets Holdings Labuan Pte Ltd ("TCOAHL"), a wholly-owned subsidiary of the Company, entered into a MOU with GAC Motor International Limited ("GAC International"), a company established under the laws of Hong Kong to cooperate to study on the potential and feasibility of the business opportunity in introducing GAC International's vehicle products ("Products") to Malaysia and Vietnam, with the intention to appoint TCOAHL or any other company under the Group on exclusive basis for the sales, distribution, assembly and provision of after-sales services for the Products in the said countries.

On 8 November 2021, the Company announced that both parties have consented to allow the MOU to expire voluntarily. The Company will continue to explore future business opportunities with GAC.

(x) Reference is made to the Company's previous announcements dated 27 May 2020, 13 August 2020, 24 August 2020, 3 September 2020 and 29 March 2021 in relation to the bills of demand amounting to approximately RM180 million issued by the Royal Malaysian Customs Department ("RMCD") to Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a subsidiary of the Company.

Consequent to the issuance of the said bills, TCMA applied to the High Court to commence judicial review proceedings to challenge the RMCD's decision to issue the said bills.

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

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

37. SIGNIFICANT EVENTS (continued)

On 19 April 2021, TCMA had through its legal counsel with the agreement of Attorney General and RMCD filed a consent order with the Shah Alam High Court to enter into a Consent Judgement for the following:

(a) TCMA will make full and final settlement of the BODs in the following manner:

(i) RM10,806,335.81 on or before 20 April 2021; and

(ii) The remaining balance of RM97,257,022.31 in 36 equal monthly instalments of RM2,701,583.95 each from May 2021 to April 2024.

(b) In view of the above, RMCD agrees that TCMA's excise duty for the audit on the taxable period from November 2016 to October 2019 has been settled accordingly.

Following the filing of the Consent Order, TCMA had withdrawn its Application for Leave for Judicial Review filed with the Shah Alam High Court.

With the above Consent Judgement, the dispute between RMCD and TCMA had been settled amicably.

(xi) On 16 April 2021, WariTan Automobile Sdn. Bhd., a direct wholly-owned subsidiary of the Company was incorporated under the Companies Act 2016 with the principal activities to assembly, sales and distribution of motor vehicles, sales of spare parts and provision of after-sales services.

(xii) On 21 December 2021, the Company proposed to establish an Islamic medium term notes ("Sukuk Murabahah") programme of RM1,500.0 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) ("Sukuk Murabahah Programme").

The Sukuk Murabahah Programme shall have a tenure of thirty (30) years from the date of first issuance of Sukuk Murabahah under the Sukuk Murabahah Programme.

The proceeds from the issuance of the Sukuk Murabahah shall be utilised by the Company and/or its subsidiaries for the following Shariah-compliant purposes:

(i) Capital expenditure;
(ii) Working capital requirements;
(iii) General corporate purposes;
(iv) Projects, investments and asset acquisitions that are being undertaken and/or to be undertaken in the future;
(v) Refinance and/or repay financing facilities including existing conventional borrowings; and/or
(vi) Defray all fees and expenses in relation to the establishment of the Sukuk Murabahah Programme.

The Sukuk Murabahah Programme had been lodged with the Securities Commission Malaysia ("SC") on 21 December 2021 in accordance with the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework (effective 15 June 2015).

On 16 March 2022, the Company had established the Sukuk Murabahah Programme, and completed the inaugural issuance of RM300.0 million nominal value of Sukuk Murabahah ("Series 1 Sukuk Murabahah") under the Sukuk Murabahah Programme. The Series 1 Sukuk Murabahah is rated A+IS with a stable outlook by MARC Ratings Berhad.

Proceeds from the issuance of the Series 1 Sukuk Murabahah shall be utilised by the Company's subsidiaries for working capital requirements.

STATEMENT BY DIRECTORS

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

In the opinion of the Directors, the financial statements set out on pages 91 to 220 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

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

Ho Wai Ming
Director

Kuala Lumpur,

Date: 8 April 2022

STATUTORY DECLARATION

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

I, **Chong Choon Yeng**, the officer primarily responsible for the financial management of Tan Chong Motor Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 91 to 220 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 8 April 2022.

Chong Choon Yeng

Before me:

INDEPENDENT AUDITORS' REPORT

To The Members Of Tan Chong Motor Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated In Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Tan Chong Motor Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 91 to 220 (except for pages 93, 94, 97 and 98 that do not form part of the financial statements).

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

Valuation of Inventories

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

The key audit matter

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

The key audit matter (continued)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

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

Valuation of Hire Purchase Receivables

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

The key audit matter

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

How the matter was addressed in our audit

We performed the following audit procedures, among others:

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

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

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

INDEPENDENT AUDITORS' REPORT

To The Members Of Tan Chong Motor Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated In Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon (continued)

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 36 to the financial statements.

Other Matter

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

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Lee Hean Kok
Approval Number: 02700/12/2023 J
Chartered Accountant

Petaling Jaya, Selangor

Date: 8 April 2022

TEN LARGEST PROPERTIES OF THE GROUP

as at 31 December 2021

No	Location	Description	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Tenure / Expiry Date	Net Book Value (RM million)	Age of Building (years)	Date of Acquisition	Date of Last Revaluation
1	249 Jalan Segambut, 51200 Kuala Lumpur	Assembly plant, office, vehicle storage yard, warehouse & hostel	2,043,425	931,098	Freehold/ Leasehold 4.7.2065 20.4.2068 14.1.2073 27.1.2074 5.10.2099	494.63	46	1974 to 1999	2019
2	Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor Darul Ehsan	Assembly plant, office, vehicle storage yard & warehouse	6,890,774	961,892	Freehold/ Leasehold 22.3.2094 28.4.2105 27.9.2106 28.4.2112	259.63	15	1996 to 2013	2019
3	Industrial Park in Nyung Inn Village, Bago Township, Bago Region, Myanmar	Assembly plant, warehouse and office	2,177,787	269,270	Leasehold 17.2.2066	110.22	3	2016	2019
4	Lot U8, U9, U10 and U11, Road No 5B, Expanded Hoa Khanh Industrial Zone, Lien Chieu Dist, Danang City, Vietnam	Assembly plant, office, vehicle storage yard & warehouse	1,393,926	430,869	Leasehold 25.3.2054	81.09	9	2013	2019
5	Lot 3 Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan	Spare parts & service centre, factory, warehouse/ store, offices & showroom	425,619	204,856	Leasehold 5.9.2074	77.90	42	11.09.1981	2019
6	No. 2, Jalan Gerudi 15/4, Section 15, Shah Alam, 40200 Selangor Darul Ehsan	Industrial plant	713,983	417,424	Leasehold 19.2.2066	77.40	53	30.12.2009	2019
7	No. 2, Jalan Indah 15/2, Taman Bukit Indah, 81200 Johor Bharu, Johor	Showroom, workshop & spare parts, office and car park	143,410	262,495	Freehold	57.91	1	01.03.2011	2019
8	Lot 93, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,637	-	Freehold	49.10	-	27.08.2012	2021

No	Location	Description	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Tenure / Expiry Date	Net Book Value (RM million)	Age of Building (years)	Date of Acquisition	Date of Last Revaluation
9	Lot 92, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,228	-	Freehold	48.70	-	24.08.2012	2021
10	No. 2, Jalan Johor Jaya, 81750 Masai, Johor Darul Takzim	Office, showroom, service, spare parts and training centre	93,830	277,425	Freehold	44.26	7	21.05.2015	2019

Note: *The value of 249 Jalan Segambut, 51200 Kuala Lumpur is based on valuation report of 15 lots of land held under lot numbered 1249, 1474, 1475, 3681, 4185, 14282, 25669, 43097, 46354, 49392, 49393, 49968, 49970, 49972 & 57927 and building. The value of Lot P.T. 15014, Mukim Serendah, Daerah Hulu, Selangor Darul Ehsan is based on valuation report of 6 lots of land held under lot numbered 45, 15961, 16360, 23975, 23976 & 29120 and building.*

ANALYSIS OF SHAREHOLDINGS

as at 31 March 2022

SHARE CAPITAL

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

ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
1 - 99	298	4.38	4,565	-[1]
100 - 1,000	2,164	31.77	1,863,866	0.28
1,001 - 10,000	3,446	50.59	14,590,634	2.17
10,001 - 100,000	762	11.19	21,734,114	3.24
100,001 - 32,608,049 [2]	137	2.01	279,442,357	41.58
32,608,050 and above [3]	4	0.06	334,525,464	49.78
Sub Total	**6,811**	**100.00**	**652,161,000**	**97.05**
Treasury shares			19,839,000	2.95
Total			**672,000,000**	**100.00**

Notes:

[1] *Less than 0.01%.*

[2] *100,001 to less than 5% of issued shares less treasury shares.*

[3] *5% and above of issued shares less treasury shares.*

DIRECTORS' SHAREHOLDING
(as per Register of Directors' Shareholding)

		Direct		Indirect	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1	Dato' Tan Heng Chew	33,551,762	5.14	289,342,430[1]	44.37
2	Dato' Ng Mann Cheong	-	-	150,000[3]	0.02
3	Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,828,590	1.97	310,065,602[4]	47.54
4	Ho Wai Ming	-	-	20,000[3]	-[2]
5	Lee Min On	-	-	-	-
6	Ng Chee Hoong	-	-	-	-
7	Dato' Chan Choun Sien	-	-	-	-

Notes:

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

[2] *Less than 0.01%.*

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

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

SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

		Direct		Indirect	
No.	**Name**	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
1	Tan Chong Consolidated Sdn. Bhd.	263,828,240	40.45	-	-
2	Employees Provident Fund Board	42,031,800	6.45	-	-
3	Nissan Motor Co., Ltd	37,333,324	5.72	-	-
4	Dato' Tan Heng Chew	33,551,762	5.14	274,781,840(1)	42.13
5	Tan Eng Soon	-	-	263,828,240(2)	40.45

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

THIRTY LARGEST SHAREHOLDERS

No.	**Name**	**No. of Shares Held**	**%**
1	Tan Chong Consolidated Sdn. Bhd.	217,789,240	33.39
2	Citigroup Nominees (Tempatan) Sdn. Bhd. *Employees Provident Fund Board*	42,031,800	6.44
3	Tan Chong Consolidated Sdn. Bhd.	37,371,100	5.73
4	Cartaban Nominees (Asing) Sdn. Bhd. *Exempt AN for Daiwa Securities Co. Ltd. Client Acc*	37,333,324	5.72
5	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	29,000,000	4.45
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Tan Heng Chew (PB)*	20,351,100	3.12
7	Tan Han Chuan	19,562,400	3.00
8	Pang Sew Ha @ Phang Sui Har	18,108,058	2.78
9	Tan Boon Pun	12,650,813	1.94
10	Maybank Securities Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Ching Ching*	12,360,100	1.89
11	Tan Ban Leong	11,031,929	1.69
12	Tan Beng Keong	11,031,929	1.69
13	CIMB Group Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)*	9,087,400	1.39
14	Tan Chong Consolidated Sdn. Bhd.	8,667,900	1.33

ANALYSIS OF SHAREHOLDINGS
as at 31 March 2022

THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name	No. of Shares Held	%
15	Public Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Heng Chew (E-KLC)*	8,520,800	1.31
16	CIMSEC Nominees (Tempatan) Sdn. Bhd. *CIMB for Khor Swee Wah @ Koh Bee Leng (PB)*	8,279,290	1.27
17	Citigroup Nominees (Asing) Sdn. Bhd. *Exempt AN for UBS Switzerland AG (Clients Assets)*	7,283,700	1.12
18	Tan Chee Keong	7,252,295	1.11
19	Tan Hoe Pin	7,252,295	1.11
20	Key Development Sdn. Berhad	6,334,400	0.97
21	Chinchoo Investment Sdn. Berhad	4,705,000	0.72
22	Gan Teng Siew Realty Sdn. Berhad	4,679,000	0.72
23	Kenanga Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Tan Heng Chew*	4,429,200	0.68
24	Tan Hoe Pin	4,419,573	0.68
25	Lee Lang	4,216,130	0.65
26	Tan Chee Keong	3,779,634	0.58
27	UOB Kay Hian Nominees (Asing) Sdn. Bhd. *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	3,705,802	0.57
28	Cartaban Nominees (Asing) Sdn. Bhd. *Exempt AN for Standard Chartered Bank Singapore (EFGBHK-ASING)*	3,648,300	0.56
29	DB (Malaysia) Nominee (Asing) Sdn. Bhd. *Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)*	3,250,000	0.50
30	Tan Bee Huat	2,860,000	0.44
	TOTAL	**570,992,512**	**87.55**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 50th Annual General Meeting ("AGM") of TAN CHONG MOTOR HOLDINGS BERHAD will be held virtually at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 1 June 2022 at 2.30 p.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 103 of the Company's Constitution, as Directors of the Company:

   (i) Dato' Ng Mann Cheong **Ordinary Resolution 1**
   (ii) Mr. Lee Min On **Ordinary Resolution 2**

3. To approve the payment of Directors' fees of up to RM500,000 in aggregate to the Non-Executive Directors of the Company and up to RM32,400 in aggregate to the Non-Executive Directors of TC Trust Labuan Limited, a subsidiary of the Company, during the course of the period from 2 June 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 3**

4. To approve Directors' benefits of up to RM344,600 in aggregate to the Non-Executive Directors of the Company and up to RM5,400 in aggregate to the Non-Executive Directors of TC Capital Resources Sdn. Bhd., a subsidiary of the Company, during the course of the period from 2 June 2022 until the next Annual General Meeting of the Company. **Ordinary Resolution 4**

5. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 5**

Special Business

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

6. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTOR**

   "THAT approval be and is hereby given for Dato' Ng Mann Cheong who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." **Ordinary Resolution 6**

NOTICE OF ANNUAL GENERAL MEETING

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

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company at any point in time of the purchase; and

(ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares or in any other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

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

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities." **Ordinary Resolution 7**

8. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.1 of the Company's Circular to Shareholders dated 28 April 2022 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 8**

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINT VENTURES**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.2 of the Company's Circular to Shareholders dated 28 April 2022 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 9**

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

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.3 of the Company's Circular to Shareholders dated 28 April 2022 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 10**

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

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Auto Dunia Sdn. Bhd. involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.2 of the Company's Circular to Shareholders dated 28 April 2022 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

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

(ii) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 11**

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

By Order of the Board

CHONG CHOON YENG (MIA 26002) (SSM PC No. 202208000039)
CHIN YOON LENG (MAICSA 7057010) (SSM PC No. 202208000043)
Company Secretaries

Kuala Lumpur
28 April 2022

NOTICE OF ANNUAL GENERAL MEETING

NOTES:

1. *The 50th AGM of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") has been appointed as the Poll Administrator for the AGM to facilitate the RPV via TIIH Online website at https://tiih.online. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2022 ("Record of Depositors") shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM. Please follow the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV facilities. The Administrative Guide is available on the Company's website at https://www.tanchonggroup.com and Bursa Malaysia's website at https://www.bursamalaysia.com.*

2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/proxies will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.*

3. *A member, other than a member who is also an Authorised Nominee [as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA")] or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to participate and vote at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. A proxy appointed shall have the same rights as the member to participate and vote at the meeting.*

4. *Subject to Note 7 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.*

5. *Subject to Note 7 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*

6. *Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:*

   (i) the securities account number;
   (ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and
   (iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.

7. *Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.*

8. *The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") for the AGM shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for the AGM or no later than 30 May 2022 at 2.30 p.m. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised:*

(i) *In hard copy form*
Either by hand or post to the Company's Share Registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;

(ii) *By electronic means via TIIH Online*
By electronic means to the electronic address at Tricor's TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for the procedures and requirements relating to the submission of proxy forms; and

(iii) *By electronic means via email*
By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 8(i) above before the commencement of the AGM.

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

1. **Item 1 of the Agenda - Audited Financial Statements for financial year ended 31 December 2021**

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

2. **Ordinary Resolutions 1 and 2 - Re-election of Directors who retire by rotation pursuant to Article 103 of the Company's Constitution**

   Dato' Ng Mann Cheong and Mr. Lee Min On are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 50th AGM.

   The Board has, through the Nominating and Remuneration Committee ("NRC"), considered the assessment of the Directors and collectively agreed that they meet the criteria as prescribed by Paragraph 2.20A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad on character, experience, integrity, competence and time commitment to effectively discharge their roles as Directors. Before making its recommendation to the Board, the NRC evaluated any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect, the capacity of the retiring Directors to bring an independent judgement to bear on issues before the Board and to act in the best interest of the Company, as a whole. The Board endorsed the NRC's recommendation on the re-election of the retiring Directors.

   Please refer to pages 29 to 34 of the Annual Report 2021 for the profiles of the aforesaid Directors.

3. **Ordinary Resolutions 3 and 4 - Directors' Fees and Benefits**

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

NOTICE OF ANNUAL GENERAL MEETING

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

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

The Board recommends that shareholders approve a maximum aggregate amount of RM532,400 for the payment of Directors' fees to the Non-Executive Directors of the Company (i.e. RM500,000) and its subsidiary, TC Trust Labuan Limited (i.e. RM32,400) during the course of the period from 2 June 2022 until the next AGM of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM350,000 for the payment of benefits to the Non-Executive Directors of the Company (i.e. RM344,600) and its subsidiary, TC Capital Resources Sdn. Bhd. (i.e. RM5,400) during the course of the period from 2 June 2022 until the next AGM of the Company.

4. **Ordinary Resolution 6 - Continuing in Office as Independent Non-Executive Director**

Pursuant to the Malaysian Code on Corporate Governance 2021 Edition, it is recommended that approval of shareholders be sought in the event that the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

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

(a) He fulfill the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, is able to bring independent and objective judgment both as Board member and in his role as Board Committees' member, and he has discharged his duties diligently;

(b) Dato' Ng's relevant experience and expertise in legal and regulatory requirements as well as his diverse business environment enables him to provide invaluable contribution to the Board and Board Committees; and

(c) Dato' Ng's long service with the Company enhances his knowledge and understanding of the business operations of the Group which enables him to contribute actively and effectively during deliberations at Board and Board Committees' meetings.

5. **Ordinary Resolution 7 - Proposed Renewal of Authority for the Company to Purchase Its Own Shares**

Ordinary Resolution 7, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company at any point in time of the purchase ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority shall continue to be in force until the conclusion of the next AGM of the Company, or at the expiration of the period within which the next AGM of the Company is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 28 April 2022 ("Circular"), which is available at the Company's website at https://www.tanchonggroup.com.

6. **Ordinary Resolutions 8, 9, 10 and 11 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions**

   Ordinary Resolutions 8, 9, 10 and 11, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

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

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents, a Power of Attorney and/or other documents appointing representative(s) to attend, participate, speak and vote at the 50th Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies, attorneys and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies), attorney(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies), attorney(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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FORM OF PROXY

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

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

I/We ______________________________ *(name of shareholder as per NRIC, in capital letters)*

NRIC No./Company No. ______________________ (*new*) ______________________ (*old*)

of ____ *(full address)*

telephone no. ______________________ being a member(s) of TAN CHONG MOTOR HOLDINGS BERHAD,

hereby appoint ______________________________ *(name of proxy as per NRIC, in capital letters)*

NRIC No. ______________________ (*new*) ______________________ (*old*)

telephone no. ______________________ and ______________________

(name of proxy as per NRIC, in capital letters) NRIC No. ______________________ (*new*)

______________________ (*old*) telephone no. ______________________ or failing him/her,

*the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 50th Annual General Meeting ("AGM") of the Company to be held virtually at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Wednesday, 1 June 2022 at 2.30 p.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
Ordinary Resolution 1	Re-election of Dato' Ng Mann Cheong as Director		
Ordinary Resolution 2	Re-election of Mr. Lee Min On as Director		
Ordinary Resolution 3	Directors' fees		
Ordinary Resolution 4	Directors' benefits		
Ordinary Resolution 5	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 6	Continuing in office of Dato' Ng Mann Cheong as Independent Non-Executive Director		
Ordinary Resolution 7	Proposed renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 8	Proposed Shareholders' Mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities		
Ordinary Resolution 9	Proposed Shareholders' Mandate for recurrent related party transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures		
Ordinary Resolution 10	Proposed Shareholders' Mandate for recurrent related party transactions with Tan Chong International Limited and its subsidiaries		
Ordinary Resolution 11	Proposed Shareholders' Mandate for recurrent related party transactions with Auto Dunia Sdn. Bhd.		

**To delete if not applicable.*

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion.)

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

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

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. *The 50th AGM of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") has been appointed as the Poll Administrator for the AGM to facilitate the RPV via TIIH Online website at https://tiih.online. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2022 ("Record of Depositors") shall be entitled to attend, speak (in the form of real time submission of typed texts) and vote (collectively, "participate") remotely at the AGM. Please follow the procedures set out in the Administrative Guide for the AGM to register, participate and vote remotely via the RPV facilities. The Administrative Guide is available on the Company's website at https://www.tanchonggroup.com and Bursa Malaysia's website at https://www.bursamalaysia.com.*
2. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. Members/ proxies will not be allowed to attend the AGM in person at the Broadcast Venue on the day of the meeting.*
3. *A member, other than a member who is also an Authorised Nominee [as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA")] or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to participate and vote at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. A proxy appointed shall have the same rights as the member to participate and vote at the meeting.*
4. *Subject to Note 7 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.*
5. *Subject to Note 7 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
6. *Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:*
   - *(i) the securities account number;*
   - *(ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and*
   - *(iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.*
7. *Any beneficial owner who holds shares in the Company through more than one (1) securities account and/ or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/ or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.*

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Tricor Investor & Issuing House Services Sdn. Bhd. Registration No. 197101000970 (11324-H)
Registrar for TAN CHONG MOTOR HOLDINGS BERHAD Registration No. 197201001333 (12969-P)
Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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8. *The instrument appointing a proxy (the "Form of Proxy") and the Power of Attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority (collectively, the "Proxy Authorisation Documents") for the AGM shall be deposited or submitted in the following manner not less than 48 hours before the time appointed for the AGM or no later than 30 May 2022 at 2.30 p.m. If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised:*
   - *(i) In hard copy form*

     Either by hand or post to the Company's Share Registrar, Tricor, at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel: +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia;
   - *(ii) By electronic means via TIIH Online*

     By electronic means to the electronic address at Tricor's TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for the procedures and requirements relating to the submission of proxy forms; and
   - *(iii) By electronic means via email*

     By electronic mail (email) to Tricor's email address at is.enquiry@my.tricorglobal.com to be followed by the deposit of a hard copy of the Form of Proxy and the Proxy Authorisation Documents at Tricor's office address stated in paragraph 8(i) above before the commencement of the AGM.
9. ***Personal Data Privacy***

   By submitting an instrument appointing a proxy(ies), the Proxy Authorisation Documents, a Power of Attorney and/or other documents appointing representative(s) to attend, participate, speak and vote at the 50th AGM of the Company and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's and such individual's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies, attorneys and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where any of the aforesaid document discloses the personal data of the member's proxy(ies), attorney(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies), attorney(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies), attorney(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice ("Notice") is issued to all shareholders (including substantial shareholders) ("Shareholders") of TAN CHONG MOTOR HOLDINGS BERHAD ("Company", "TCMH", "we", "us" or "our") in accordance with the Personal Data Protection Act 2010 ("Act") which came into force on 15 November 2013. The Act regulates the processing of personal data and requires us to notify you on matters relating to your personal data that is being processed, or that is to be collected and further processed by us. For the purpose of this Notice, the terms "personal data" and "processing" used in this Notice shall have the meaning prescribed in the Act.

Bursa Malaysia Securities Berhad ("Bursa Malaysia") has also on 15 November 2013 amended the Main Market Listing Requirements ("Listing Requirements") consequential to the Act. Under Paragraph 2.14A of the Listing Requirements, any person who provides or has provided personal data to Bursa Malaysia should read and be aware of Bursa Malaysia's personal data notice available at Bursa Malaysia's website at https://www.bursamalaysia.com ("Bursa Malaysia's personal data notice"). If the Company provides Bursa Malaysia with personal data of the Shareholders, the Company must notify the Shareholders of Bursa Malaysia's personal data notice.

As Shareholders of TCMH, your personal data which may include your name, national registration identity card number ("NRIC no."), passport number, address, date of birth/age, contact details and number, email address, gender, nationality, shareholding in TCMH, bank account number, Central Depository System ("CDS") account number and any other personal data required, may be processed by TCMH and its related companies ("TCMH Group") for the following purposes ("Purposes"):

(a) Compliance with the Companies Act 2016, Listing Requirements and applicable relevant laws, regulations and guidelines, as may be amended, from time to time;
(b) Verification of information to authorities and governmental agencies;
(c) Deliver, communicate and transmit to the Shareholders of TCMH's annual report, circular to shareholders, and any other information through modes of communication and delivery we deem appropriate;
(d) Payment of dividends and giving of other benefits to you as shareholders, if applicable;
(e) Maintain, upkeep and update our records regarding the Shareholders' information; and
(f) Dealings with all matters in connection with your Shareholding in TCMH; or such other purposes as may be related to the foregoing.

The personal data processed by us include all information you have provided to us as well as other information we may obtain about you.

Your personal data may be disclosed by us in connection with the Purposes to parties including but not limited to companies within TCMH Group (whether present or future), our professional advisers, insurance companies, auditors, lawyers, banks, share registrars and other service providers, governmental and/or quasi-governmental departments and/or agencies, regulatory and/or statutory bodies and third parties as may be required by law or arising from any legal obligations which is imposed on TCMH Group. Your personal data may be transferred to a place outside Malaysia.

If you fail to supply to us your personal data, we may not be able to process your personal data for any of the Purposes.

We are committed to ensuring that your personal data is stored securely. You are responsible for ensuring that the personal data you provide to us is accurate, complete and not misleading and that such personal data is kept up to date.

Please also be notified that you have the right to request access to and correction of your personal data and you have a choice to limit the consent of the processing of your personal data.

PERSONAL DATA PROTECTION NOTICE

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

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

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

By providing to us your personal data, you hereby consent to the processing of your personal data in accordance with all of the foregoing. You shall also procure the consent of your proxy appointed to attend any general meeting of TCMH on your behalf whose personal data is provided to us by you for any purpose relating to the general meeting.

In accordance with the Act, the Notice is issued in both English and Bahasa Malaysia. In the event of inconsistency between the English version and the Bahasa Malaysia version, the English version shall prevail.

Issued by : TAN CHONG MOTOR HOLDINGS BERHAD
28 April 2022

NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama) ("Pemegang Saham") TAN CHONG MOTOR HOLDINGS BERHAD ("Syarikat", "TCMH" atau "kami") menurut Akta Perlindungan Data Peribadi 2010 ("Akta") yang berkuatkuasa pada 15 November 2013. Akta ini mengawal selia pemprosesan data peribadi dan menghendaki kami untuk memaklumkan anda berkenaan perkara-perkara yang berkaitan dengan data peribadi anda yang sedang diproses, atau yang akan dikumpul dan diproses oleh kami. Untuk tujuan Notis ini, terma-terma "data peribadi" dan "pemprosesan" yang digunakan dalam Notis ini hendaklah membawa maksud sepertimana yang ditakrifkan dalam Akta tersebut.

Bursa Malaysia Securities Berhad ("Bursa Malaysia") telah membuat pindaan kepada Keperluan Penyenaraian Pasaran Utama ("Keperluan Penyenaraian") pada 15 November 2013 akibat daripada Akta ini. Seperti yang tertakluk di bawah perenggan 2.14A Keperluan Penyenaraian, sesiapa yang memberi atau telah memberi data peribadi kepada Bursa Malaysia, haruslah membaca dan menyedari tentang notis data peribadi Bursa Malaysia yang terdapat di laman web Bursa Malaysia di https://www.bursamalaysia.com ("notis data peribadi Bursa Malaysia"). Sekiranya Syarikat membekalkan data peribadi Pemegang Saham kepada Bursa Malaysia, Syarikat mesti memaklumkan Pemegang Saham tentang notis data peribadi Bursa Malaysia.

Sebagai Pemegang Saham TCMH, data peribadi anda mungkin termasuk nama, nombor kad pengenalan, nombor pasport, alamat, tarikh lahir/umur, maklumat dan nombor perhubungan, alamat emel, jantina, kewarganegaraan, pegangan saham dalam TCMH, nombor akaun bank, nombor akaun Sistem Depositori Pusat ("CDS") anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh TCMH dan syarikat-syarikat yang berkaitan dengannya ("Kumpulan TCMH") untuk tujuan-tujuan berikut ("Tujuan"):

(a) Mematuhi Akta Syarikat 2016, Keperluan Penyenaraian dan undang-undang, peraturan-peraturan dan garis panduan berkaitan yang mungkin dipinda dari semasa ke semasa;
(b) Pengesahan maklumat kepada pihak berkuasa dan agensi kerajaan;
(c) Menyampaikan, menghubungi dan menghantar laporan tahunan TCMH, pekeliling kepada pemegang saham, dan lain-lain maklumat kepada Pemegang Saham melalui cara komunikasi dan penyampaian yang kami anggap sesuai;
(d) Pembayaran dividen dan manfaat lain kepada anda sebagai pemegang saham, jika berkenaan;
(e) Mengekal, menyelia dan mengemaskinikan rekod kami yang berkaitan dengan maklumat-maklumat Pemegang Saham; dan
(f) Untuk berurusan dengan semua perkara yang berkaitan dengan pegangan saham anda dalam TCMH; atau bagi tujuan-tujuan lain yang mungkin berkaitan dengan perkara-perkara yang dinyatakan di atas.

Data peribadi anda yang diproses oleh kami merangkumi segala maklumat yang diberi oleh anda serta maklumat lain yang mungkin kami perolehi berkenaan anda.

Maklumat peribadi anda mungkin dizahirkan oleh kami untuk Tujuan di atas kepada pihak lain termasuk dan tidak terhad kepada syarikat-syarikat dalam Kumpulan TCMH (sama ada pada masa kini atau masa depan), penasihat profesional, syarikat-syarikat insurans, juruaudit, peguam, bank, pendaftar saham dan pembekal perkhidmatan lain, semua jabatan dan/atau agensi kerajaan dan/atau kuasi-kerajaan, badan-badan penguatkuasa dan/atau berkanun dan sebarang pihak ketiga, sebagaimana yang dikehendaki undang-undang atau timbul daripada apa-apa kewajipan undang-undang yang dikenakan ke atas Kumpulan TCMH. Data peribadi anda mungkin akan dipindahkan ke suatu tempat di luar Malaysia.

Sekiranya anda gagal membekalkan data peribadi anda kepada kami, kami mungkin tidak dapat memproses data peribadi anda bagi apa-apa Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

NOTIS PERLINDUNGAN DATA PERIBADI

Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

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

Untuk Perhatian	:	Cik Lim Lay Kiow, Pengurus Kanan
Tel	:	+603-2783 9299
Fax	:	+603-2783 9222
Emel	:	Lay.Kiow.Lim@my.tricorglobal.com

Dengan membekalkan data peribadi anda kepada kami, bermaksud anda bersetuju membenarkan kami memproses data peribadi anda selaras dengan apa-apa yang dinyatakan di atas. Anda juga harus mendapatkan persetujuan proksi anda yang dilantik untuk menghadiri apa-apa mesyuarat agung TCMH bagi pihak anda, sekiranya data peribadi mereka dibekalkan oleh anda kepada kami untuk apa-apa tujuan yang berkaitan dengan mesyuarat agung.

Mengikut Akta tersebut, Notis ini diterbitkan dalam Bahasa Inggeris dan Bahasa Malaysia. Sekiranya terdapat sebarang ketidakseragaman atau percanggahan di antara versi Bahasa Inggeris dan Bahasa Malaysia, versi Bahasa Inggeris akan diguna pakai.

Dikeluarkan oleh : TAN CHONG MOTOR HOLDINGS BERHAD
28 April 2022

Tan Chong Motor Holdings Berhad
Registration No.: 197201001333 (12969-P)

62-68 Jalan Sultan Azlan Shah
51200 Kuala Lumpur, Malaysia
Telephone: +603 4047 8888
Facsimile : +603 4047 8636
E-mail : tcmh@tanchonggroup.com

https://www.tanchonggroup.com