



# TAN CHONG MOTOR HOLDINGS BERHAD

Registration No.: 197201001333 (12969-P)

## DRIVING RESILIENCE

ANNUAL REPORT 2022



# Inside This Report

## 51<sup>st</sup>

### Annual General Meeting

**Date :**

Thursday, 1 June 2023

**Time :**

2.30 p.m.

**Broadcast Venue :**

Tricor Business Centre, Gemilang Room,  
Unit 29-01, Level 29, Tower A,  
Vertical Business Suite, Avenue 3,  
Bangsar South, No. 8, Jalan Kerinchi,  
59200 Kuala Lumpur, Malaysia



*As part of our sustainability initiatives,  
please scan the above QR code to download  
our digital copy of Annual Report 2022*

## 02

### About Us

- 02 The Story of Tan Chong
- 04 About Tan Chong Motor Holdings Berhad
- 08 Corporate Information



## 09

### Performance Review

- 09 Report of the Board of Directors
- 12 Management Discussion and Analysis
- 27 Eight-Year Financial Highlights
- 28 Daily Share Prices & Volume Traded on Bursa Malaysia Securities Berhad



29

## Leadership

- 29 Profile of Directors
- 33 Profile of Key Senior Management



92

## Financials

- 92 Financial Statements



37

## Sustainability

- 37 Sustainability Statement



219

## Other Information

- 219 Ten Largest Properties of the Group
- 221 Analysis of Shareholdings



67

## Governance

- 67 Corporate Governance Overview Statement
- 77 Audit Committee Report
- 81 Statement on Risk Management & Internal Control
- 91 Additional Compliance Information



224

## Annual General Meeting

- 224 Notice of Annual General Meeting
  - Form of Proxy
  - Personal Data Protection Notice



About Us

Performance Review

Leadership

Sustainability

The Story of Tan Chong



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 9002:1987 (Quality Systems) certification, the first motor assembly plant in South-East Asia to be accredited

2009

Serendah Assembly Plant received ISO 14001:2008 (Environmental Management Systems) and ISO 9001:2008 (Quality Management Systems) Certifications

2007

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

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



2003

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

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.



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



The Story of Tan Chong

2017

- Tan Chong celebrates 60<sup>th</sup> 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



2016

- Signing of Land Lease Agreement with Bago Regional Government

2015

- Truckquip Sdn. Bhd. received ISO 9001:2015 (Quality Management Systems)
- Establishment of Regional Office and International Procurement Centre in Thailand
- Appointed as the sole and exclusive distributor for locally-assembled Nissan vehicles in Myanmar
- Established Nissan 4S Centre in Glenmarie



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
- Renault launched Malaysia's first E-Store by offering a fully digital car buying and subscription experience



2022

- Truckquip Sdn. Bhd. received ISO 14001:2015 (Environmental Management Systems)
- GoInsurance won the General Insurance category (Digital) in Malaysia Technology Excellence Awards 2022
- Extreme Market Place Sdn. Bhd. officially launched AUTOPLUS, offering a wide range of high-quality aftermarket automotive parts

2021

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



**About Us**

Performance Review

Leadership

Sustainability

**About Tan Chong  
Motor Holdings Berhad**

Tan Chong Motor Holdings Berhad (“TCMH” or “the Group”) can look back on a history covering more than 65 years – a story that goes back to the late Tan Sri Tan Yuet Foh, the founder who had his dream of building an automotive empire in Malaysia.

Today, we have evolved into one of Malaysia’s largest conglomerates with extensive operations across the globe. Having served the country from sole distributor of small motor vehicles until incorporation of TCMH in 1972, we offer a broad products portfolio - ranging from commercial vehicles, after-sales services and spare parts, education, trading and motor-related financial services; both locally and abroad.

Through establishing long-term strategic business partnerships with leading domestic and foreign brands over the decades, we are recognised as one of the leading commercial vehicle distributors in Malaysia by having heavy commercial vehicles (“HCV”), light commercial vehicles (“LCV”) and buses in our current products line-up.

The automotive industry is in the process of a fundamental transformation, and we intend to play a major role in actively shaping that change. We strive to continue playing a leading role in the development of products and services for the future of mobility.

With such determination, we have also made significant inroads into the overseas market such as Vietnam, Laos, Cambodia, Myanmar, Thailand and Taiwan. The global networking of development activities as well as production and sales locations provide TCMH advantages in the international competitive environment and offers additional growth opportunities.

**Assembly and Manufacturing**

Motor Vehicles

**Sales and Distribution**

Passenger Cars  
Light Commercial Vehicles  
Trucks  
Buses

**After-sales Services**

Spare Parts  
Servicing & Maintenance  
Repair  
Body & Paint

**Financial Services**

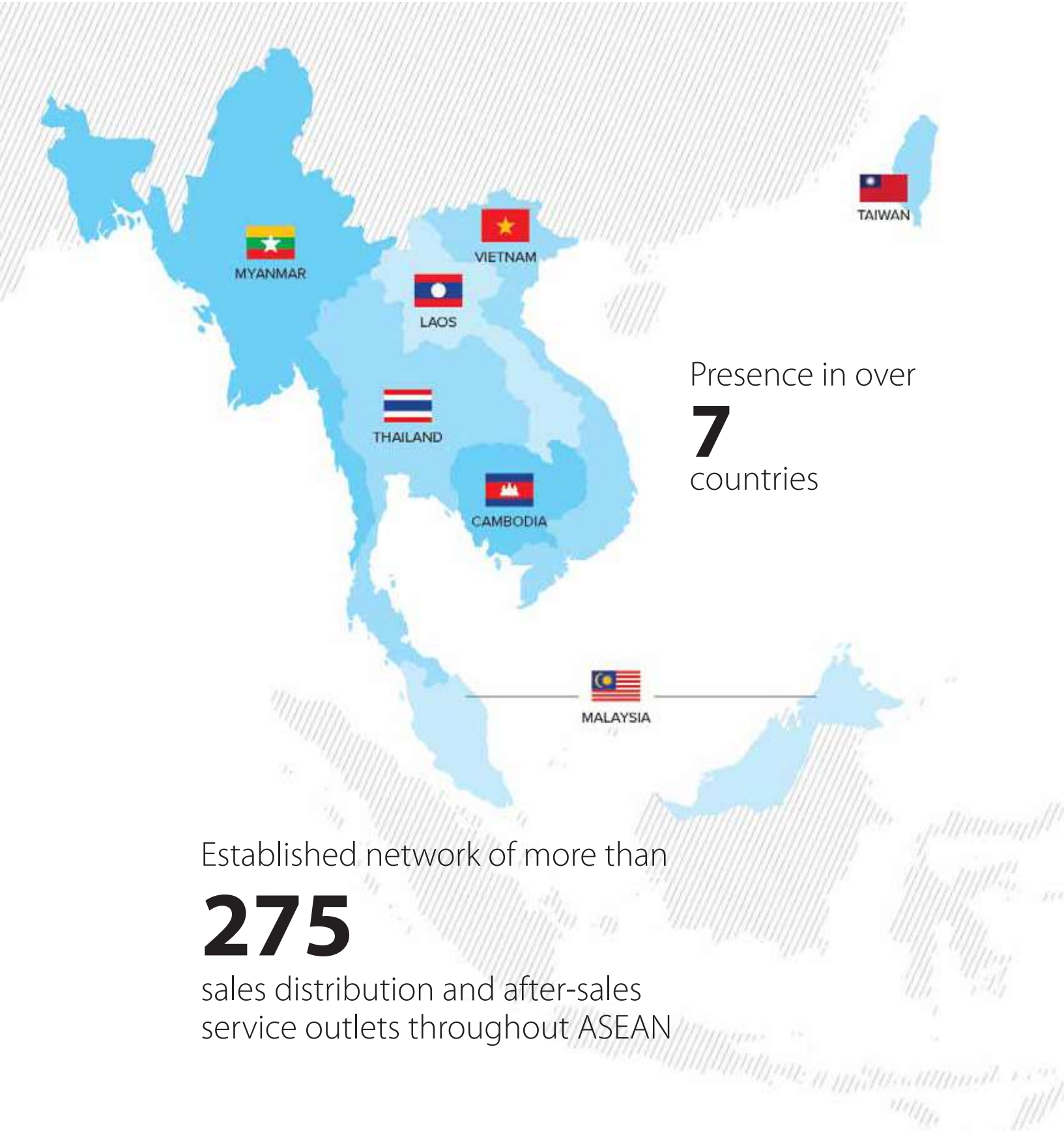
Hire Purchase  
Leasing  
Insurance Product & Services  
Financing  
Subscription

**Property**

Investment



## About Tan Chong Motor Holdings Berhad



Presence in over  
**7**  
countries

Established network of more than

**275**

sales distribution and after-sales service outlets throughout ASEAN

**About Us**

Performance Review

Leadership

Sustainability

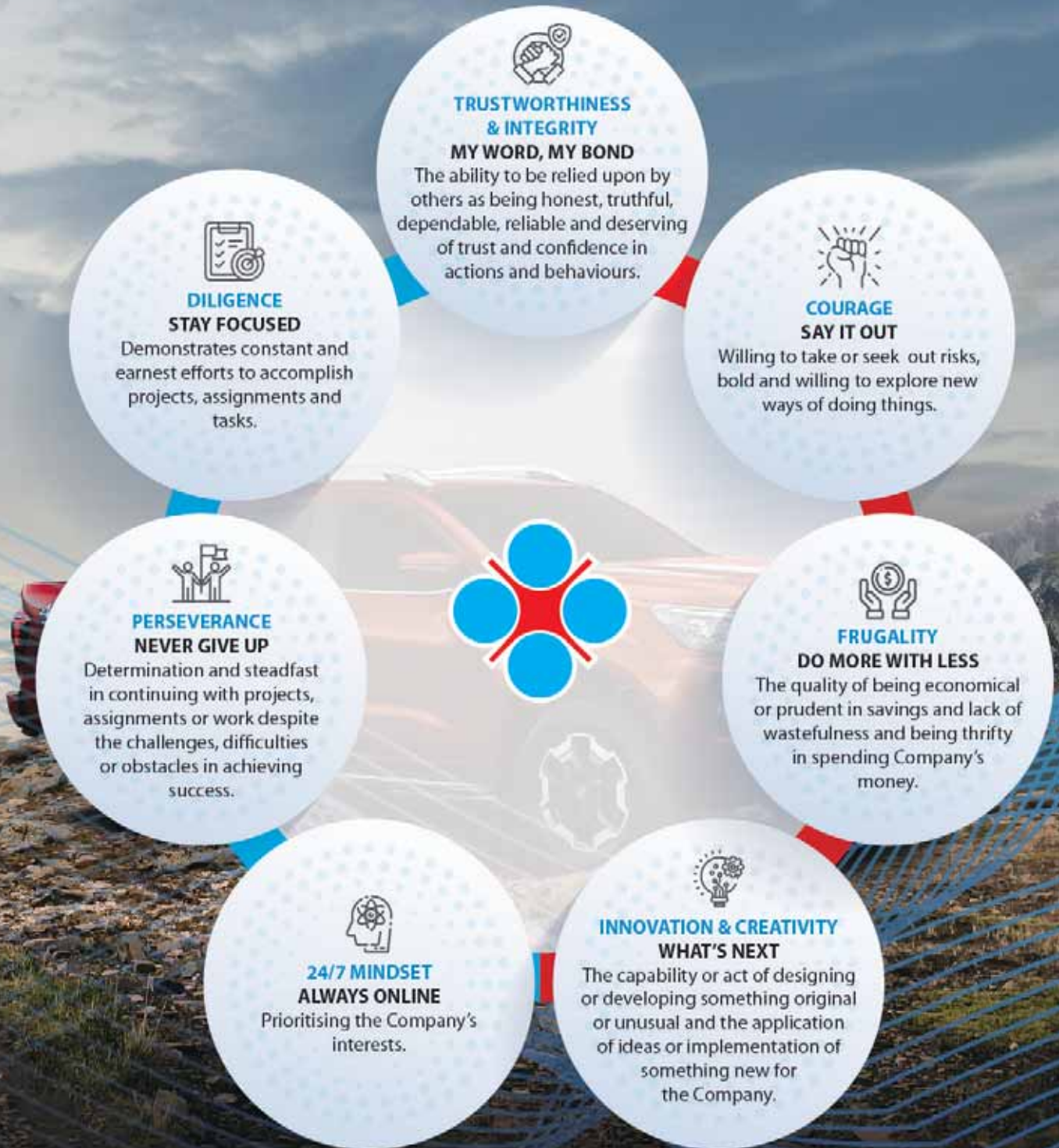
**About Tan Chong  
Motor Holdings Berhad**

# Our Core Values





## About Tan Chong Motor Holdings Berhad



**About Us**

Performance Review

Leadership

Sustainability

**Corporate  
Information****Board of Directors****Dato' Tan Heng Chew**

President

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

Deputy President

**Ho Wai Ming**

Group Chief Executive Officer

**Lee Min On**

Senior Independent Non-Executive Director

**Ng Chee Hoong**

Independent Non-Executive Director

**Dato' Ng Mann Cheong**

Non-Independent Non-Executive Director

**Dato' Chan Choun Sien**

Independent Non-Executive Director

**AUDIT COMMITTEE**

Ng Chee Hoong (Chairman)

Lee Min On

Dato' Ng Mann Cheong

Dato' Chan Choun Sien

**NOMINATING AND REMUNERATION COMMITTEE**

Lee Min On (Chairman)

Ng Chee Hoong

Dato' Ng Mann Cheong

Dato' Chan Choun Sien

**BOARD RISK MANAGEMENT AND SUSTAINABILITY  
COMMITTEE**

Lee Min On (Chairman)

Dato' Tan Heng Chew

Ng Chee Hoong

Dato' Ng Mann Cheong

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](mailto:tcmh@tanchonggroup.com)**SHARE REGISTRAR**

Tricor Investor &amp; 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](mailto:is.enquiry@my.tricorglobal.com)**AUDITORS**

KPMG PLT (LLP0010081-LCA &amp; AF 0758)

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 &amp; Services

Sub-sector : Automotive

## Report of the Board of Directors

### Dear Valued Shareholders,

On behalf of the Board of Directors and the Management, I am pleased to present the Annual Report of Tan Chong Motor Holdings Berhad ("TCMH") and its subsidiaries ("the Group") for the financial year ended 31 December 2022 ("FYE2022").

For the Group, 2022 was a challenging year as we have undertaken various business recovery measures, right-sized our organisation, implemented stringent controls on new investments, and made improvements in efficiency and productivity across our core business processes. The Group remains positive on the long-term prospects of our businesses, given that we have built strong fundamentals to remain resilient and well positioned to capitalise on growth opportunities.

While the country transitioned into endemic phase and the reopening of its borders from 1 April 2022, the risks arising from the geopolitical tensions across Europe and the impact from the prolonged conflict between Russia and Ukraine, as well as COVID-19 related disruptions in China which affected the global supply chain continued to be a dampener to the recovery of the businesses of the Group in FYE2022. Nonetheless, the Group continued to

introduce new models to excite the market and remain competitive, with the launch of New Nissan Serena S-Hybrid in July 2022 which had been well received in Malaysia. The demand for other popular models in our stable i.e. Nissan Almera Turbo and Nissan Navara have also been very encouraging and are expected to continue its strong sales momentum and be the catalysts for sales growth. The Group will continue to take appropriate actions to penetrate the domestic and regional markets with other new product launches moving forward.

#### Financial Performance Review

On the back of the gradual reopening of the global economies throughout the year, the Group recorded an improvement in revenue by 20.3% to RM3,052.2 million in FYE2022 compared to RM2,537.3 million in the financial year ended 31 December 2021 ("FYE2021").

However, the Group recorded a lower Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of RM174.0 million in FYE2022 compared to RM205.0 million in FYE2021, predominantly due to lower net foreign exchange ("forex") gain of RM1.6 million (FYE2021: net forex gain of RM38.0 million) and one-off legal compensation of RM17.1 million (FYE2021: Nil). As a result, the Group recorded a Loss Before Tax ("LBT") of RM14.2 million compared to a Profit Before Tax ("PBT") of RM19.1 million in FYE2021. Excluding the forex gain and the one-off legal compensation, the Group recorded an underlying PBT of RM1.3 million in FYE2022 compared to an underlying LBT of RM18.9 million in FYE2021.

The Group's Net Assets soared to RM2.9 billion at the end of FYE2022, with a Net Assets per share value of RM4.40 compared to RM4.28 at the end of FYE2021, largely due to the revaluation surplus of RM139.4 million in FYE2022 arising from the revaluation exercise on the Group's buildings, leasehold land and freehold land situated in Malaysia, Vietnam, Myanmar and Laos.

The Group's focus on cash flow management paid off with the Group recording a strong Cash Flow from Operating Activities of RM102.4 million in FYE2022, compared to RM123.2 million recorded in the previous financial year.



## Report of the Board of Directors

### Dividends

For FYE2022, total interim single tier dividends of 3.0 sen per ordinary share (FYE2021: interim single tier dividend 1.5 sen per ordinary share) were declared and paid as follows:

- (i) First interim single tier dividend of 1.5 sen per ordinary share amounted to approximately RM9.8 million was declared on 24 May 2022 and paid on 30 June 2022; and
- (ii) Second interim single tier dividend of 1.5 sen per ordinary share amounted to approximately RM9.8 million was declared on 22 November 2022 and paid on 23 December 2022.

The Board is not recommending any final dividend for FYE2022 (FYE2021: none) but will continue to assess the financial performance of the Group in the new financial year and will endeavor to reward the shareholders where it deems appropriate.

### Business Performance Review

With the nation transitioning into endemicity since 1 April 2022, the economy has continued to gather momentum, culminated in the gross domestic product ("GDP") expansion of 8.7% in 2022, mainly driven by higher domestic demand. Total industry volume ("TIV") in Malaysia surged to an all-time high of 720,658 units in 2022, largely attributed to pent-up demand for new vehicles as well as the sales tax exemption on new passenger vehicles which ended on 30 June 2022. The government's decision to allow buyers with confirmed bookings for new passenger vehicles by 30 June 2022 and completed registration by 31 March 2023 to enjoy sales tax exemption has also contributed to the TIV growth in 2022. However, the Group's local sales underperformed the growth of the industry's TIV in 2022, largely due to shortage of supply from the principals arising from prolonged global supply chain disruptions.



Total Industry Volume  
("TIV")

720,658

units in 2022

(2021: 508,911)

In Vietnam, the market had similarly made a quick recovery with GDP growth surging from 2.6% in 2021 to 8.0% in 2022. Riding on the outstanding economic growth, the TIV in 2022 increased by 23.9% to 508,547 units, an all-time high for the nation. On the back of the phenomenal growth in TIV, the Group recorded sales growth of 15.7% during the year.

Myanmar's economy expanded by 2.0% in 2022 compared to a contraction of 5.9% in 2021 despite the challenges of COVID-19 pandemic and political instability. Based on the forecast from the ASEAN Development Bank ("ADB"), Myanmar economy is expected to grow moderately at 2.6% in 2023. The automotive industry TIV plummeted dramatically in 2022 due to the suspension of importation of Completely-built-up ("CBU") vehicles since October 2021. The overall TIV in 2022 fell to 7,068 units compared to 9,350 units in 2021, a reduction of 24.0%. Notwithstanding the current setbacks in the country, the Group views the investment in Myanmar as a long term strategic investment and will continue our presence in the country to provide continuous support to our customers. The Group will also take the necessary measures to contain the exposure we face and mitigate the impacts by rationalising our business operations accordingly.

Laos achieved a modest 2.5% GDP growth in 2022 while Laotian KIP depreciated by 37.0% against the US Dollar and inflation rate rose to an average of 23.0%. Despite the uncertainties and challenges we face in the country, we managed to sustain the sales performance through the popular pick-up model Nissan Navara as well as the All New Nissan Almera and the Sports Utility Vehicle ("SUV") New Nissan Terra.

For Cambodia, the economy grew by 5.1% in 2022, propelled by effective COVID-19 health policy and management, resumption of domestic economic activity and growing external demand. The Cambodian government implemented Euro 4 regulations compliance for all vehicles imported into the country since the beginning of 2022. However, this has little impact to our business and similar to Laos, the introduction of the All New Nissan Almera and New Nissan Terra which have received good responses locally contributed to the sustained sales performance amid strong competition.

### Prospects and Strategic Directions Moving Forward

After a stellar growth of 8.7% in 2022, GDP is expected to moderate to 4%-5% growth in 2023 amid challenging external environment. The potential downside risks to economic growth remain with expectations of a weaker-than-expected global economic growth as well as continued geopolitical tensions on a global scale, partially cushioned by the positive effects of the recent reopening of China's economy.

The Malaysian Automotive Association ("MAA") forecasted the TIV to contract by 9.8% to 650,000 units in 2023 even though the Malaysian economy is expected to withstand the headwinds from the growing concerns of global economic slowdown. High interest rate environment and prolonged supply chain disruptions are expected to dampen consumer's demand and stifle the growth of automobile sales. Nevertheless, the Group will continue to take active measures to rejuvenate the

## Report of the Board of Directors



product line-up and raise our customer service level in fulfilling our promise of “Nissan – Discover Excitement” to position ourselves to compete well in the market. In Vietnam, the Group will continue our efforts to strengthen our foothold by expanding our sales and distribution channels across the country to further strengthen our competitiveness. The Group is on track to start producing our own TruckQuip (“TQ”) branded light commercial pick-up trucks in the later part of 2023.

On Environmental, Social and Governance (“ESG”) front, the Group has recently launched the latest version of the fully electrified Nissan Leaf in March 2023, the model equipped with a new charging port which allows the use of more public charging facilities. We will continue to play a part in raising Electric Vehicles (“EV”) adoption in the country either through direct retailing or offering customers a more affordable option of accessing an EV through the subscription mode. The Group continues to see robust demand in the cars sharing and subscription sector and will continue to tap on the available opportunities.

On other ESG initiatives, the Group is scheduled to meet the commissioning date of end December 2023 for the 20MW floating solar plant under the Large Scale Solar (“LSS”) Cycle 4. Once completed, the solar plant is expected to supply 883,000MWh of green electricity to Tenaga Nasional Berhad under a 25-year Power

Purchase Agreement, contributing to a reduction of 725,000 tonnes of CO<sub>2</sub> emissions to the environment, or equivalent to reducing 158,000 units of cars on the roads. This venture will also mark the Group’s diversification into the renewable energy sector.

A more comprehensive coverage of all our ESG initiatives has been included in the Sustainability Statement reporting in this Annual Report.

The Group has manoeuvred through the pandemic and challenging business environment by managing the resources prudently to cushion the impact of margin compression. Additionally, the Group has an established network of more than 275 sales distribution and after-sales service outlets throughout ASEAN to support the Group’s growth strategy. We are confident that the Group is well positioned to create a sustainable business, focusing on its core strategies of driving productivity, cost management, as well as efficient cash flow management to navigate through the challenging business environment ahead. On top of that, the Group will continue to drive digitalisation and other business improvement strategies to deliver long term operational and financial sustainability.

### Acknowledgement

I wish to take this opportunity to express my heartfelt appreciation to my fellow Board of Directors, the Management Team and employees of TCMH Group for their commitment and contributions to the Group. On behalf of the Board, I wish to also extend our gratitude and thanks to our shareholders, customers, suppliers, financiers, government authorities, regulatory bodies and all other stakeholders for their continuous support and confidence in the Group. We look forward to your continuous support as we strive to build a stronger business organisation and deliver a sustainable growth in the years to come.

On behalf of the Board,

**Dato’ Tan Heng Chew**  
President

13 April 2023

## Management Discussion and Analysis

### Overview

#### STRATEGIC INITIATIVES



Improve competitiveness in domestic market



Strengthen Regional Foothold in ASEAN



Efficient financial management focusing on conserving cash and cost optimisation

Gross Domestic Product (“GDP”) growth for Malaysia rebounded with a stellar 8.7%<sup>1</sup> growth in 2022, largely driven by domestic demand. Meanwhile, global economic growth has decelerated sharply due to tightening of monetary policy in the major economies to contain high inflation as well as prolonged geopolitical tensions globally.



Consumers continued to feel the effects of rising prices for energy, food, household goods and erosion of personal disposable income due to higher loan repayments on the back of rising interest rates. Nevertheless, consumer appetite for personal consumption remained robust after the pandemic.

Domestically, after two consecutive years of declining sales, Total Industry Volume (“TIV”) recovered strongly to register an all-time high of 720,658 units in 2022. The growth in TIV was largely due to pent up demand as well as the sales tax exemption for passenger vehicles which was extended until 30 June 2022. On top of that, the extended deadline of 31 March 2023 to register bookings made before 30 June 2022 to enjoy sales tax exemption had also contributed to the growth of TIV in 2022.

Tan Chong Motor Holdings Berhad (“TCMH”, “the Group”, “the Company”) recorded a 13.0% growth in sales units of domestic passenger and commercial vehicles compared to Financial Year Ended 31 December 2021 (“FYE2021”). In line with the increase in sales units, the Group recorded a higher revenue of RM3,052.2 million in FYE2022, an improvement of 20.3% compared to FYE2021, mainly due to low base effect.

The Group’s financial strength has enabled us to effectively navigate through the headwinds presented by the continued rising costs for essential goods and inflationary pressure, geopolitical tensions as well as the prolonged supply chain disruptions globally. We will continue to exercise prudence in managing our capital and operating 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 evolving needs of our existing and prospective stakeholders.

<sup>1</sup> Bank Negara Malaysia Quarterly Report (10 February 2023)

## 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 recently launched New Nissan Serena S-Hybrid has been well received in Malaysia and continues to receive better than expected bookings even post sales tax exemption period. The demand for the popular New Nissan Serena S-Hybrid, Almera Turbo and Navara has been very encouraging despite sales momentum being dampened by shortage of stock supply from the principal, which is expected to gradually improve in 2023.

Meanwhile, the Group will continue with its strategy to innovate and explore new opportunities in delivering mobility solutions to our customers by leveraging on technology. This includes the way sales and distribution of vehicles are organised such as virtual showroom and online sales platform, which continues to show improvement in adoption rate by the customers. The Group had 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 after-sales services to financing and insurance needs.

## Management Discussion and Analysis

### Strengthen Regional Foothold in ASEAN

We remain committed to strengthening our foundations in the ASEAN markets that the Group operates in, namely Vietnam, Laos, Cambodia and Thailand. In Vietnam, the Group will continue to focus on driving sales growth in the passenger vehicle and commercial vehicle segments. In Laos and Cambodia, the Nissan Navara MC, Nissan Terra MC and All-New Nissan Almera Turbo have been well received by the customers and the Group will continue to explore the markets with launches of other new Nissan models moving forward.

The political uncertainty in Myanmar continues to hamper our recovery in the country but the exposure in Myanmar has been kept at a manageable level and we will continue to optimise our operations accordingly to minimise the negative impact to the Group.

### Efficient Financial Management Focusing on Conserving Cash and Cost Optimisation

The Group's performance during the year had been tested with inflationary pressure, rising interest rate, weakening of the Ringgit against major currencies as well as supply chain disruptions. Nevertheless, the Group was able to record an improved underlying profit during the year under review and further improved its net gearing position to 28.0% at the end of FYE2022 compared to 30.3% in previous financial year. The Group's Cash and Bank Balances stood at RM558.2 million as at end of FYE 2022 compared to RM514.5 million as at end of FYE2021. Moving forward, the Group will continue to exercise prudence in managing our business operations, 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.

## REVIEW OF GROUP FINANCIAL PERFORMANCE



The Group recorded higher revenue of RM3,052.2 million arising from higher sales volume compared to RM2,537.3 million in FYE2021, largely contributed by higher sales in Malaysia and Vietnam. However, the Group recorded a lower Earnings before Interest, Taxation, Depreciation and Amortisation ("EBITDA") of RM174.0 million in FYE2022 compared to RM205.0 million in FYE2021, mainly due to lower net foreign exchange ("forex") gain of RM1.6 million (FYE2021: RM38.0 million) and one-off legal compensation of RM17.1 million (FYE2021: Nil). In line with that, the Group's Profit Before Tax ("PBT") of RM19.1 million in FYE2021 declined into a Loss Before Tax ("LBT") of RM14.2 million in FYE2022. Excluding the forex gain and the one-off legal compensation, the Group's underlying PBT of RM1.3 million in FYE2022 was an improvement of 106.9% compared to the underlying LBT of RM18.9 million in FYE2021.



## Management Discussion and Analysis

During the year, TCMH had issued RM300.0 million worth of Islamic Medium Term Notes ("MTN") pursuant to an Islamic Medium-Term Notes Programme of RM1,500.0 million in Nominal Value based on the Shariah principle of Murabahah ("Sukuk Murabahah") which MARC Ratings has affirmed a rating of A<sub>+</sub> (stable outlook). The MTNs were issued via two tranches of RM200.0 million and RM100.0 million each, with annual profit rates of 5.00% and 5.58% for tenures of 3 years and 5 years respectively. The proceeds of the Sukuk Murabahah programme were for Shariah-compliant general corporate purposes, including capital expenditure, working capital and refinancing requirements.

The Group undertook a revaluation exercise on its properties classified under Property, Plant & Equipment and Investment Properties to reflect their current market value during the year. The revaluation surplus (net of deferred tax) of RM139.4 million had been incorporated into the consolidated financial statements for FYE2022.

The revaluation surplus had partly contributed to the improvement in the Group's financial position, with shareholders' funds higher at RM2,872.3 million (2021: RM2,791.5 million) and net assets per share of RM4.40 (FYE2021: RM4.28).

The Group also continued with its focus to maintain a healthy cash position through more prudent stock reordering and tighter controls on capital expenditure during the year under review. As a result, the Group's inventory level decreased to RM748.4 million at the end of FYE2022, compared to RM778.0 million at the end of FYE2021. Cash and cash equivalents were higher at RM558.2 million at the end of FYE2022 (FYE2021: RM514.5 million) and the net debt position improved to RM805.2 million (FYE2021: RM846.0 million), with an improved net gearing ratio of 28.0% as at 31 December 2022 (FYE2021: 30.3%).



## AUTOMOTIVE DIVISION – PASSENGER VEHICLES

### 2022 Nissan Business Performance

The automotive market rebounded strongly in 2022, largely due to pent-up demand and the sales tax exemption which ended on 30 June 2022. The Nissan business division in Malaysia saw an improvement in its overall sales performance last year, registering 13,785 units of new vehicles in 2022, an increase of 1,498 units (+12.2%) compared to the previous year.

However, Nissan in Malaysia attained a lower market share of 1.9% in 2022 compared to 2.4% in 2021, affected by the shortage of supply from the principal as a result of global semiconductor chip shortage and the intermittent lockdowns in China during the year.

The highly anticipated Nissan Serena S-Hybrid Facelift model was successfully launched in July 2022 and amid stiff competition faced in the Multi-Purpose Vehicles ("MPV") segment, it won the Best Family Ride (RM100,000-RM200,000) in Editors' Choice Awards 2022 by StarCarsifu. The New Nissan Navara that was launched in 2021 also registered a significant sales improvement of 55.0% in 2022. Amongst Nissan's current line-up, the top three best-selling Nissan models were Nissan Serena (MPV), Nissan Navara (Pick-up), and Nissan Almera Turbo (B-segment sedan). These models contributed significantly to the Nissan sales improvement in 2022.

In terms of segment performance, the new Nissan Serena S-Hybrid continued to capture 1<sup>st</sup> position in the mid-size MPV segment. The NV200 also captured the 1<sup>st</sup> position in the light commercial vehicle ("LCV") Compact Panel Van segment, while Nissan Almera Turbo captured 3<sup>rd</sup> position in B-Sedan segment for Non-National makes.

## Management Discussion and Analysis

### 2023 Nissan Market Outlook

The Malaysian economy has been on a steady recovery path, backed by an increase in private consumption and improved business sentiments after the pandemic. However, some headwinds are likely to persist through 2023 in the local automotive industry, such as rising raw material costs, continuous shortage of semiconductor chips, potentially tighter financing, lower disposal income arising from higher interest rate, higher cost of living and uncertainties from geopolitical tensions. In addition, the impact of brought forward purchases due to the 2022 sales tax exemption will have a significant impact on new vehicles sales in 2023.

The Nissan business division in Malaysia aims to achieve higher sales volume in 2023 vs. 2022 as we anticipate Nissan to gradually recover from the shortage of semiconductor chips in 2023. The Nissan business division launched the newly improved Nissan Leaf electric vehicle ("EV") in the first quarter of 2023, leveraging on the Government's tax incentives for CBU EVs from 2023 until 2025. The new EV Nissan Leaf will be equipped with a new charging port which allows the use of more public charging facilities that brings added convenience to the driver, as well as the addition of more advanced Nissan Intelligent Mobility drive assist technologies that deliver 360° Safety.

Concurrently, the Group will continue to focus on improving our customers experience and fulfilling our promise of "Nissan – Discover Excitement" to position ourselves to compete well in the market. The new Nissan Retail Concept ("NRC") at our outlets nationwide will be rolled out progressively across the nation, as well as deploying omni-channel strategies to ensure a consistent and exciting Brand experience via all touch points, Sales and Aftersales.

### 2022 Renault Business Performance

In year 2022, we continued to grow all verticals under both the Renault and GoCar brand.

#### Retail Sales

We sold a total of 233 units of Renault and non-Renault (new and used) vehicles in 2022, 64% higher than sales in 2021. Our newly setup Used Vehicles Retail Centre at Jalan Putra, Kuala Lumpur will facilitate the disposal of our subscription fleet at the highest possible value when they are due to retire from the subscription programme progressively.

#### Subscription

We generated additional 2,035 subscription users in 2022 (same number in 2021), by expanding our fleet size to 3,250 units (408 units higher compared to a year ago).

Our Renault Subscription Programme continues to be industry benchmark having won the Frost & Sullivan Car Subscription Company of the year for two consecutive years.

#### Aftersales

Revenue grew by 15% and intakes increased by 36% to 16,000 units in 2022. 20% of the total revenue was contributed by non-Renault services, mainly attributed to the expansion of GoCar Garage app which managed to recruit more customers to our service centres.



### 2023 Renault Market Outlook

#### Retail Sales

With the continuation of the tax exemptions for EVs until the end of 2025, Renault will be introducing the improved Renault Zoe during the first half of 2023. With a driving range per full charge of 395km, Zoe will be among the most affordable EVs compared to vehicles with similar driving range. This model will be available for retail and subscription after its launch scheduled for first half of 2023. We will also continue to focus on the retail of used vehicles and are cautiously optimistic to achieve further sales growth in 2023.

#### Subscription

The new Renault Zoe will be a welcomed addition to the Renault Subscription programme, giving more choices to our subscription customers. At the same time, we are expecting further growth in fleet size with the non-Renault vehicles under the GoCar Subscription programme.

#### Aftersales

Our flagship workshop in Petaling Jaya will be fully operational by Quarter 2 2023 with 30 service bays catering to all brands of vehicles. Along with the GoCar Garage app, we aim to digitalise the car servicing industry for the off-warranty vehicles of all makes. With these initiatives, we also expect the aftersales revenue to make further progress in 2023.

## Management Discussion and Analysis



# AUTOMOTIVE DIVISION – COMMERCIAL VEHICLES

## 2022 Commercial Vehicles Business Performance

During the pandemic years of 2020-2021, the demand for commercial vehicles was dampened as customers held back investments amid market uncertainties. In 2022, with all economic sectors reopened, the total industry volume (“TIV”) of the Commercial Vehicles Segment in Malaysia rebounded strongly, in particular the Trucks Segment which was attributed to the pent-up demand for new vehicles and the low base effect in 2021. New light duty and medium duty trucks in particular had seen the biggest jump in TIV compared to 2021, contributed by the recovery across major industries. The growth in the Commercial Vehicle’s TIV was, nonetheless, overshadowed by challenges such as global supply chain disruptions, semiconductor chip shortage, sharp devaluation of Ringgit Malaysia and escalating commodity prices which had affected the prices of imported vehicles and component parts.

The Group’s Trucks Division operated with a tight inventory level especially with its light-duty trucks and heavy duty-trucks due to supply disruptions caused by the impact of geopolitical tension in Europe as well as multiple city lockdowns in China. The Trucks Division had managed to expand the overall sales volume and achieved an improved market share despite those external challenges faced during the year. The Trucks’ Division had not only achieved improved vehicle sales, its aftersales operations also performed better in terms of spare parts sales and number of service intakes.

In 2022, the Group’s Bus Division continued to experience weak customer demand in line with the stagnant growth of the Bus Segment’s TIV. Nevertheless, the domestic bus market has started to show signs of recovery after the reopening of borders since April 2022. The Bus Division had also received good sales enquiries and bookings in the second half of 2022 as the customers were starting to invest in new fleet in anticipation of the recovery of tourism and public transportation industries.

## 2023 Market Outlook

In 2023, the market outlook is expected to remain favourable despite global headwinds such as inflationary pressure and global economic uncertainties. China’s reopening since January 2023 bodes well for the global economy and positive business sentiments are expected to increase customers’ demand for our products which are used in the relevant sectors. The Trucks’ Division will continue to offer complete range of products and services to our customers as well as expand and improve its sales and service network facilities to penetrate new corporate and fleet customers.

China’s reopening of its international borders is expected to reinvigorate Malaysia’s tourism industry. Positive impacts will be seen on bus and coach operators who rely heavily on both local and international tourists to ensure their business sustainability. While the enquiries from coach operators are increasing, the customers’ purchasing ability for coaches and tour buses may recover at a slower pace due to challenges in securing financing facilities.

The Bus Division has received growing demand for its double-decker bus and minibus. The recovery in express bus sector has enhanced the demand for double-decker buses, while the new travelling norm in small and private groups has elevated the demand for minibuses. The Bus Division has also received enquiries on electric buses amid growing Environmental, Social and Governance (“ESG”) awareness and will focus its efforts on new opportunities in the electric buses segment.

We strive to procure these new business opportunities by leveraging on our strategic partners in penetrating the local and overseas markets. The Bus Division will continue its pursuit of productivity, design and quality improvement as well as product development in preparation for business expansion into overseas markets on a larger scale in particular the ASEAN and South Asia regions with its own in-house bus model (the FDU30-M Series).

## Management Discussion and Analysis

### VIETNAM

#### Passenger Vehicles - MG

##### 2022 Business Performance

In 2022, MG sales volume was affected by the disruptions in the global supply chain. The higher logistic costs, inventory shortages, consumer loan limitation set by the Central Bank of Vietnam and higher interest rates have affected consumer sentiments and dampened sales demand.

In spite of the above difficult conditions, MG sales performance improved by 14.1% with 4,650 units of sales in 2022 compared to 4,076 units in 2021. The sales growth was largely contributed by the successful launch of a new model MG5 (C-segment sedan) imported from Thailand which accounted for 60.0% of total MG sales in 2022.

##### 2023 Business Outlook

The National Assembly of Vietnam has set an economic growth target of 6.5% in 2023, despite global recession fears, geopolitical tensions in Europe and other economic headwinds. This will affect consumer sentiments and the continuous tightening of monetary policies and high interest rates will also affect sales demand. In view of that, the Group expects the automotive sector to remain challenging for the financial year 2023.

Separately, the Group had on 7 April 2023 announced that TC Services Vietnam Co., Ltd. ("TCSV"), a wholly-owned indirect subsidiary of the TCMH, received from SAIC Motor International Co., Ltd. ("SMIL"), wholly-owned subsidiary of SAIC Motor Corporation Limited ("SAIC"), a notice of termination of the Overseas Distribution Agreement ("ODA") executed between TCSV and SMIL due to the change of SAIC's overall global strategic directions. The ODA will terminate on 30 June 2023. TCSV remains open to further discussion with SMIL to explore alternative business opportunities for mutual benefits in Vietnam.

#### Commercial Vehicles – King Long Buses and Wuling Trucks & Vans

##### 2022 Vietnam Business Performance and 2023 Market Outlook

Vietnam's economy has recovered strongly, with its Gross Domestic Product growing by 8.0% in 2022, backed by strong domestic retail sales and exports. The tourism industry has been gradually recovering from the impact of COVID-19 since the reopening of its international borders on 15 March 2022. Despite the COVID-19 pandemic, the light truck and van segments have continued to grow by 5%-7% year-on-year since 2019.

##### King Long Buses

The reopening of the international borders since 15 March 2022 has helped the revival of Vietnam tourism industry, the main driver of sale of buses. The Bus Division in Vietnam had started to sell King Long Euro 4 buses again during 2022 with 6 active dealers amid stiff competition. Riding on the strong recovery of the local economy and improving tourism industry, the Bus Division has targeted to further expand the dealer network to 12 dealers in 2023. At the same time, the bus industry continues to face major challenges in 2023 with the tightening of credit limit to customers as well as high loan rates of between 9%-12% which is expected to impact the sale of new buses.

The Bus Division in Vietnam will introduce the King Long Euro 5 model with upgraded engine and major enhancements to the interior features and exterior design towards the second half of 2023. It is hoped that the new model will provide a major boost to the sales performance as the product is brought up to date with the latest specifications and features.

##### Wuling Trucks & Vans

The commercial light truck and van segments have been growing steadily by 5%-7% year-on-year even during the COVID-19 pandemic. The Commercial Light Truck and Van Division has increased the dealer network to 18 dealers in 2022 and managed to sell 71 units of Wuling light trucks and vans during the year; Wuling light trucks and vans are licensed by SAIC-GM-Wuling Automobile Co., Ltd. ("SGMW"). In 2023 the Commercial Light Truck and Van Division will continue to focus on dealership expansion by aiming to add 10 more dealerships to support its sales growth strategies in Vietnam.

In view of the growing volume in the segment, the Group will introduce the CKD version of the popular Wuling N300P light truck. It will be assembled at the Group's assembly plant in Danang, licensed by SGMW for sales and distribution under Tan Chong's own TQ ("TruckQuip") brand in Vietnam. Production trial of the new model using a Euro 5 engine will commence in first half of 2023 with mass production planned in second half of 2023 followed by sales launch in late 2023 or early 2024.

The Division will continue to negotiate with SGMW to introduce the CKD version of the Wuling N300L Blind Van which is another fast growing segment within the commercial vehicle industry in Vietnam.



## Management Discussion and Analysis

# MYANMAR

### 2022 Myanmar Business Performance

The performance of the Myanmar Division has been adversely impacted by the political uncertainties in the country. The Central Bank of Myanmar (CBM) has also implemented strict monetary controls in view of the depreciation of the local currency vs. US Dollar.

The division was not spared from the challenges but weathered the business difficulties with prudent management of resources and improving production efficiency. The production of Nissan Sunny was also curtailed by monetary controls and difficulties in obtaining the license for the importation of the KD packs. Importation of CBU vehicles has been suspended since 1 October 2021 due to monetary controls to limit the outflow of USD from the country.

The sales performance of the division was impacted by these events whereby it recorded a lower sales volume of 292 units in 2022 compared to 459 units in 2021.

### 2023 Market Outlook

Myanmar's market outlook remains uncertain in 2023 as we expect the external environment to have further adverse impacts on the political uncertainties in the country. For Nissan product line-up, we have planned to launch two new facelifted models together with an all-new model debuting for the first time to complement our existing Nissan model range once the CBU Importation suspension is lifted.

The division will continue to manage the resources prudently and contain the exposure of the Group in the country.

# LAOS

### 2022 Laos Business Performance

The sales performance of the business division in Laos was impacted by severe economic conditions and a drastic depreciation of the currency and the

division recorded a decrease in sales during the year. Despite the decrease in sales, the division managed to sustain its sales units in the large SUV segment, namely, Nissan Terra, as it was a lesser affected segment due to its more affluent target customers.

### 2023 Laos Market Outlook

In 2023, Laos' economy is expected to recover gradually, supported by new investment and higher renewable energy output, with seven hydropower projects scheduled to be fully operational and contribute to Laos' export earnings. The reopening of China's border would assist the recovery of Laos' tourism sector, leveraging on newly opened infrastructure like China – Laos High Speed Railway, Vientiane – Vanvieng Expressway as well as the potentials in increasing border trades.

Asian Development Bank ("ADB") has forecasted that the inflation in the Lao People's Democratic Republic ("Lao PDR") will reduce to 10.0% in 2023, with a projected GDP growth of 3.5%. However, inflationary pressures are expected to continue in 2023, mainly aggravated by policy tightening by central banks around the globe.

The division is expected to leverage on the economic recovery, more stabilized currency exchange rate and intensified Sales & Marketing activities to assist in improving sales momentum. The division will bring in additional variants of Navara high spec variant and Navara Pro-4X variant to enhance the current model line-up and excite the market.

# CAMBODIA

### 2022 Business Performance

Cambodia's economy recovered well in 2022 after COVID-19 and recorded an economic growth of estimated 4.8% due to post-pandemic economic recovery and a rebound in tourism, with 1.2 million international visitors arriving in the first nine months of 2022. Unlike neighbouring countries, Cambodia largely escaped from currency exchange risk due to its heavily dollarised economy.

However, Cambodia has been affected by other challenges including rising inflation, impacts from slowdown in global economies including major export countries like United States of America and European Union, unstable energy supplies with rising cost, and increase in interest rates.

Since the beginning of 2022, Cambodia has implemented Euro 4 compliance for all vehicles imported into the country. Nissan's Euro 4 Compliance for Almera and Terra were not ready at the beginning of the year and were only ready in July 2022 and December 2022 respectively. That had resulted in lost sales due to timing of introduction of Euro 4 compliant models.

The division was facing stiff competition in the pick-up segment for most part of the year and had continued to invest in a series of sales and marketing promotions to strengthen the Tan Chong and Nissan brand to improve the sales momentum.

### 2023 Market Outlook

Cambodia's economy is forecasted to grow by 5.4% in 2023, the growth mainly driven by recovery in tourism. It is however expected to continue to be affected by external conditions such as slowing demand in its main export markets in European Union and the United States of America as well as the economic conditions in China. Internal challenges such as inflation, slowdown in real estate market and rising private debts are expected to affect the sales momentum too.

In 2023, the division has built up a full range of Euro 4 compliant models line-up, namely, Nissan Navara, Almera and Terra. The complete product line-up is expected to assist the division in penetrating the market and drive higher sales growth in 2023.

Amid the challenging economic conditions, the division remains positive on the performance outlook in 2023, with its full plan of Sales and Marketing activities in 2023 set to drive sales momentum, particularly with a full year sales impact potential from Nissan Terra (Euro 4 compliant model).

## Management Discussion and Analysis

# THAILAND

## 2022 Thailand Business Performance

With the reopening of the international borders in 2022, the business division in Thailand has capitalised on the opportunities to expand into sourcing for new products for export sales through our suppliers in Thailand and China.

The division recorded a significant sales growth of 104.3% compared to 2021 through efficient sourcing and new product development of in-house private brand which caters to the replacement parts segment, as well as supply of materials for car seats manufacturing in the Original Equipment Manufacturer ("OEM") segment.

## 2023 Market Outlook

Thailand's economic growth in 2023 is projected at 3.6%, primarily driven by the recovery in tourism industry and private domestic consumption.

As part of our business growth strategies, the division will expand in sales and distribution of replacement parts in the domestic market through new channel development well as new product development.

The tourism recovery is expected to generate increasing activities of domestic travelling by tourists to different provinces within Thailand and this is expected to create new demand for coaches and minibuses to cover road transportation. To capitalise on this opportunity, the division will collaborate with the Bus Division of the Group in Malaysia to jointly promote and distribute TQ branded 20-seat and 31-seat minibuses to the bus operators in Thailand. Truckquip Sdn. Bhd. (a wholly owned subsidiary of TCMH) is the producer and supplier of TQ branded minibuses and the division will import the minibuses from Truckquip Sdn. Bhd. into Thailand for sales.

With China reopening its border since the beginning of 2023, our Kunshan Office is expected to be operational by second half of 2023. The core activity of our procurement centre in China is to source and further expand the product lines from reputable suppliers in China to support the growth of the Group's aftermarket business.

# ASSEMBLY & MANUFACTURING DIVISION

## 2022 Assembly and Manufacturing Division Business Performance & 2023 Market Outlook

In 2022, businesses started to normalise with further relaxations of COVID-19 restrictions, however, assembly operation was dampened by the global supply chain disruptions as well as local parts supply by vendors which were affected by flood. Operational costs had increased with the strengthening of US Dollar, increase in raw material costs, increase in prices of crude oil and natural gas due to Russia-Ukraine conflict and implementation of the minimum wages.

The following productive measures had been taken to mitigate the impact:

- Rationalisation of resources and the expansion of shared services between plants;
- 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;
- 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;
- 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;
- Installation of Poka Yoke (Error-proof) Systems in Logistics (Guided Parts Picking With Light Signals), Logistics (Inventory Triggering), Body Shop (Spot Welding Integrated With Weld Counters) and Assembly Shop (Bolt and Nut Tightening Control) 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; and
- h) Continue to explore other business opportunities for manufacturing and assembly services.

In order to remain competitive in the automotive assembly business with high dependency on manual workforce, Human Resources Development is one of our key focus areas to prepare talents for the future. Some of the crucial training programmes that had been rolled out 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) Alliance Production Way ("APW"), Daily Management Diagnosis ("DMD"), Shop Floor Management System;
- c) Nissan QAR / QAL System Training programme; and
- d) Safety programmes such as HIRARC.

Some of the key achievements in 2022 were as follows:

1. New model launches
  - a) Started production of New Nissan Serena S-Hybrid (minor change)
  - b) Started production of Foton BJ 1065 LCV
2. Environmental
  - a) Energy reduction activities by the Energy Management Committee ("EMC")
  - b) Establishment of Carbon Neutrality Road Map (target to achieve carbon neutrality by 2025)

The economic outlook for 2023 will remain challenging with interest rate hikes due to inflationary pressure which may continue to impact our operational costs. The plant will continue to manage its resources prudently and continuously look for cost reduction opportunities.

## AFTER-SALES SERVICES DIVISION

### 2022 After-Sales Service Business Performance and 2023 Market Outlook

#### Local After-Sales Service Business Operations

Tan Chong Ekspres Auto Servis Sdn Bhd ("TCEAS") is the dedicated after-sales service provider for all Nissan, Renault and INFINITI vehicles in Malaysia.

After-sales service is part of the Group's "Brand Promise" and a reliable and consistent after-sales service often contributes to creating a sustainable competitive advantage for the Group. Hence, we will continue to implement our mid and long term strategies to grow our business which include developing skills and competencies of our people, upgrading our operating systems, improving and refurbishing our facilities to ensure high standard of quality and service, developing Body & Paint ("B&P") hubs, enhancing our marketing communications and customer retention programmes and implementation of best practices to improve on our operational cost efficiency and productivity.

Moving forward, we will continue with our strategy to enhance our after-sales service network which comprises a total of seventy five (75) centres and our focus is on customer satisfaction and customer experience. This has helped to broaden our customer-base by leveraging on a nationwide after-sales service network backed by experienced technical staffs and strong support teams.

## Management Discussion and Analysis

### Overseas After-Sales Service Business Operations (eGarage)

eGarage is the registered brand name for a chain of vehicle service centres developed and managed by the Group in Indochina countries. eGarage offers professional motoring solutions by providing fast, efficient, convenient and hassle free quality services to meet customer's satisfaction at an affordable price.

Currently, eGarage is present in Cambodia and Myanmar and there are plans to further expand the eGarage service networks in these 2 countries, with the setting-up of a new B&P hub in Cambodia and more eGarage centres in Laos. eGarage has been operating in Cambodia and Myanmar with professionally well-trained technicians and sophisticated equipment.

Nissan local distributor appointed eGarage as their authorised service centre. eGarage being a multi-brand workshop offers a full range of services which include the following:

- A full range of automotive maintenance and repair services;
- A full range of B&P repair (collaborate with local insurance companies) and car grooming;
- Spare parts sales and distribution;
- Alignment and balancing;
- Air-conditioning service; and
- Diagnostic and troubleshooting.



## NISSAN MALAYSIA SPARE PARTS DIVISION

### 2022 Business Performance and 2023 Market Outlook

Nissan Malaysia Spare Parts Division ("SPD"), a dedicated parts distribution centre, supplies Nissan genuine spare parts to the authorised workshops and authorised spare parts stockists in Malaysia. The main warehouse in Selangor, Malaysia is supported by three regional depots in Kuching, Kota Kinabalu and Johor Bahru. Spare parts are distributed through these regional depots to cut short the supply lead time.

2022 was another challenging year where the geopolitical and market volatility affected global markets, including Malaysia. These circumstances have caused global supply chain interruptions, fluctuations of major currencies, shortage of raw materials and other uncontrollable factors which had impacted our order fulfilment as well as supply lead time. However, SPD managed to overcome all these challenges by taking proactive steps through increased order size in advance, conversion from sea shipment to land/air shipment for selected critical parts as well as advance locking of sales orders and supply through alternative external channels.

Despite these challenges, SPD is committed to maintain the total cost of ownership and continue to improve on the parts' supply lead time and order fulfilment.



## FINANCIAL SERVICES DIVISION

### Financial Services

#### 2022 Business Performance and 2023 Market Outlook

2022 is a year of transition for most, with businesses moving into the next phase of recovery coupled with improvement in consumer sentiments following the end of pandemic and the transitioning into endemicity since April 2022.

Revenue remained on the downward trajectory, similar to the previous year as the division maintained its position to be vigilant towards loan issuance and implemented tighter credit policy in order to secure better asset quality. Increase in the division's profitability was mainly driven by the internal reorganisation through disposal of the less desired business operation. In addition, decrease in impaired loan accounts and lower financial costs during the financial year also contributed positively to the better profit performance of the division.

Moving into 2023, we anticipate the Malaysian economy to continue on its recovery path and most businesses will rebound, serving as the main catalyst for the division's further growth. A key initiative for the coming year will be focusing on key accounts, leveraging on existing used car dealers to grow the financing of used cars which yield better overall margin.

### Insurance Services

#### 2022 Business Performance and 2023 Market Outlook

What seemed to be a recovery year turned out to be a challenging year for the Insurance Division. Stiffer competition from direct insurance companies and price comparison websites for renewal business presented strong challenges for the insurance intermediary business.

However, with robust business improvement initiatives in place, the Insurance Division managed to record a commendable growth in 2022. The improvements included improved retention ratios from 78% to 84%, wider range of extended warranty programmes offered, as well as improved online insurance renewal sales from its digital platform Golnsuran.com.

The above digital platform was also fortunate to be bestowed with an award by Singapore Business Review Magazine whereby Golnsuran.com was declared the winner of the Malaysia Technology Excellence Awards 2022, under the category of Digital General Insurance.

As digital adoption by the general public in renewing insurance is escalating, the division being a predominantly physical agent-based business, will be steadfast in providing unrivalled and relevant insurance products, advice and claims handling services to its customers, on top of continuously building a bigger footprint with its online platform – Golnsuran.com.

For Golnsuran.com, the division will continue to build brand presence and awareness and reach out to its customers through many innovative channels, as well as providing exceptional Customer Experience. Its aim is to steer the brand's mileage not only as an insurance agent but also as a preferred aggregator in the insurance services sector.



## Management Discussion and Analysis

The division's brand of Tan Chong Insurance Business Stream ("TCIBS") has been rebranded as "Tan Chong Insure ("TCI")" since 1 January 2023. This exercise does not change how it delivers innovative products and value to its customers. It merely reinforces strong commitment to its stakeholders, in offering comprehensive insurance solutions, enhanced customer experience and exceptional services. The division believes the new brand will better reflect its values, mission, and the direction in which it is heading as part of Tan Chong Group.

## INFORMATION TECHNOLOGY SERVICES

The Group's Information Technology ("IT") landscape has evolved over the years, and constantly adapts to changes in technology, evolving with business processes and embracing new ways of working. Throughout 2022, the much needed preventive maintenance activities that were delayed or postponed due to the pandemic were quickly carried out. We have invested in an advanced IT asset management system that enables us to monitor and ensure consistent and streamlined hardware and software asset management capabilities.

We have in place robust systems and processes to protect the Group's IT systems from the threats of cyber-attacks. We have continued our efforts to ensure that the staffs are well trained to tackle these threats in their day-to-day work. Our cybersecurity awareness training syllabus has been updated to reflect emerging trends of cyber threats such as implementing cybersecurity best practices and ensuring e-commerce transactions are safe and secured. We have also tightened our cybersecurity controls by enhancing access management over hardware and software assets, embarked on secured online payment platform, and working closely with our security partners to

constantly monitor and mitigate any cybersecurity threats.

IT Division's focus in 2023 will include enhancing customer service experience by revamping some of the mobile customer applications, to enable easier vehicle service bookings and appointments throughout the market. In addition, some of our back-end systems which involve staff management and development, will also be enhanced. We will continue to further improve our IT systems and ensuring our business and customer data are securely maintained.

## HUMAN RESOURCES

2022 was a year of business recovery where Malaysia moved into the endemic phase with the majority of the population vaccinated and international borders reopening. In general, companies worldwide including the Group observed higher than normal resignation rates during the past two years. The Group also faced challenges in acquiring new talents for our business recovery during the pandemic period. However, the Management had shown great resilience and agility in overcoming these issues and minimised the associated impacts.

One of the key focus areas for the Group in 2022 was to improve the overall work productivity of the Group. We had re-organized and restructured some of our businesses and right-sized the organisation during the year. At the same time, our home-grown HR Management System (AIMS) was also fully utilised to manage the performance process, from KPI setting to managing performance via the mid-year and year-end process through to compensation, as well as for Training and Development to build our internal capability.

Over the last two years, the Group had placed particular emphasis on employee learning and development. The Learning Management System ("LMS") module of our home-grown HR Management System (AIMS) was leveraged to manage all the training programmes designed to upskill our employees in terms of technical and soft skills to increase employee competency and managerial capabilities for the Group's long term sustainability. In 2022, the Managerial & Leadership programmes increased by 30% compared to 2021 with approximately 1,426 or 40% of management staff (Officer and above) participating in the training programmes. In line with business requirements, we have also introduced specific development programmes for the Sales and Service Advisors across the Group, which focus on Customer Service, Personal Excellence and Effective Communication.

The higher manpower turnover in 2022 due to the "Great Resignation Phenomena" had also indirectly impacted work place incident statistics, although there were no fatalities. This was mainly due to new joiners who were inexperienced and unfamiliar with the working environment. With businesses reopening and focusing on business recovery, we have since been monitoring these workplace incidents closely and taking corrective/preventive actions to ensure the safety of our employees. The Environmental, Health & Safety ("EHS") team also focused on conducting training covering areas such as Fire Safety, EHS Risk Management, Environmental Compliance and Occupational Health. This is to develop the awareness and knowledge among employees to ensure safety and compliance with EHS policies at their respective work place.

## Management Discussion and Analysis

As part of the Group's long term sustainability framework and plan, the Group initiated 5 scholarships and 19 sponsorships for the Technical and Vocational Education and Training ("TVET") automotive certification to the B40 and M40 communities. This is to cultivate young talents and develop the right skills for the Group as part of the objective of giving back to the communities that we operate in. Upon completion of the programme, these young graduates will be offered opportunities to join our workforce as skilled technicians for the various businesses within the Group.

2022 has also been the first year where we formally launched our Succession Planning & Talent Management Process. We are focused on developing our future leaders for the Group's longer term sustainability with the right development programmes, exposure and experience.

The COVID-19 crisis has given us the opportunity to rethink and re-strategize our Human Resource Management Strategy. We continue to place heavy emphasis on employee engagement, development and retention. Through partnerships with the various Business Units within the Group, we are excited to make significant enhancements to current initiatives which focus on the on-boarding process for new hires, and enhancing employee engagement through developing managerial capabilities.

## SUSTAINABILITY & GOVERNANCE

*"Clean Energy is the Future of Sustainability"*

Driving the agenda of Economic, Environmental, Social and Governance ("EESG") has been the top priority of the Group as a way to stay resilient and sustainable in the market while at the same time continue to contribute positively to the environment or communities we operate in.

Following the Group's successful bid for the 20 MW large scale solar photovoltaic plant under the Large Scale Solar ("LSS") Cycle 4, the Group has taken the first step of diversifying its businesses into renewable energy. The floating solar plant on the water surface in Serendah will only use up to 60% of the water surface for the installation of Floating Photovoltaic ("FPV") System and the Group is determined to preserve the ecosystem of the lake and the surrounding environment. The project will also preserve the water quality and comply with the guidelines of environmental management plans provided by Lembaga Urus Air Selangor ("LUAS") and Department of Environment ("DOE").

The project is scheduled to meet the commissioning date of end December 2023. Once completed, the solar plant is expected to supply 883,000MWh of green electricity to Tenaga Nasional Berhad under a 25-year Power Purchase Agreement, contributing to a reduction of 725,000 tonnes of CO<sub>2</sub> emissions to the environment; equivalent to removing 158,000 units of cars from our roads or planting 32,937,000 trees.

Through one of its subsidiaries TC Euro Cars Sdn Bhd ("TCEC"), the Group pioneered the Car Subscription programme in 2019 with the introduction of Renault Subscription, which was later expanded to cover car subscription for all other makes of used cars marketed under GoCar Subscription in 2020. Car subscriptions have been contributing to the circular economy for the automotive sector. In FY2022, TCEC managed to grow the subscription programme of Renault and non-Renault (multi-brand) fleet size to more than 3,000 units.

In addition, the subscription programme also offers a more affordable option to access an EV. The Group will continue with its electrification plan through the rolling out of more EVs via its GoEV sharing and subscription platform, on top of retailing the EVs. The Group had launched the latest version of the fully electrified Nissan Leaf in March 2023 and is set to launch Renault Zoe after the first quarter of 2023.

As for Corporate Governance, the Group ensures that effective corporate governance practices are in place to guide our people to do the right thing. This is also consistent with the Tan Chong Core Values shared by all the staff in the Group. 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, among others.

The Group has a Sustainability Framework in place to drive the EESG agenda of the Group. The Sustainability Working Committee, guided by the Board Risk Management and Sustainability Committee, has been entrusted to oversee the implementation of the sustainability initiatives under the Sustainability Framework, covering all aspects of EESG in our pursuit of delivering long term sustainability.

A full coverage of all other important activities undertaken by the Group covering the EESG aspects have been included in the Sustainability Statement of this Annual Report.

## Management Discussion and Analysis

### CONCLUSION

As we transition into 2023, the global economy continues to be weighed down by elevated cost pressures, higher interest rates, and prolonged worldwide geopolitical tensions. These factors more than offset the favourable sentiments from positive labour market conditions, and the full reopening of economies around the globe. Headline inflation moderated slightly from high levels in the initial stages and it is expected that central banks around the world will continue to raise interest rates, albeit at a slower pace, to manage inflationary pressures.

According to Bank Negara Malaysia's report, the growth outlook in 2023 will moderate to 4.0% - 5.0% amid downside risks such as escalation of geopolitical tensions, downturn in the major economies, and a potential sharp tightening in financial market conditions. This is in line with the projected global growth which will slow from 2.9% in 2022 to 1.7% in 2023 as major economies are expected to face a period of pronounced weakness, and the resulting spill-over impacts are expected to exacerbate the



headwinds faced by emerging market and developing economies.

Moving ahead, the Group will continue to focus on driving further business rationalisation initiatives with the aim to achieve better operational efficiencies. In addition, the Group's continuous focus on cash management efficiency will place the Group in a better position to navigate through the challenging times ahead. The Group will also continue to take

appropriate actions to stay competitive in the domestic as well as Indochina markets, with new models launches in Malaysia and Vietnam expected to be the catalysts for future sales growth, on top of driving the digitalisation agenda and adapting to the new norms in delivering long term operational and financial sustainability.

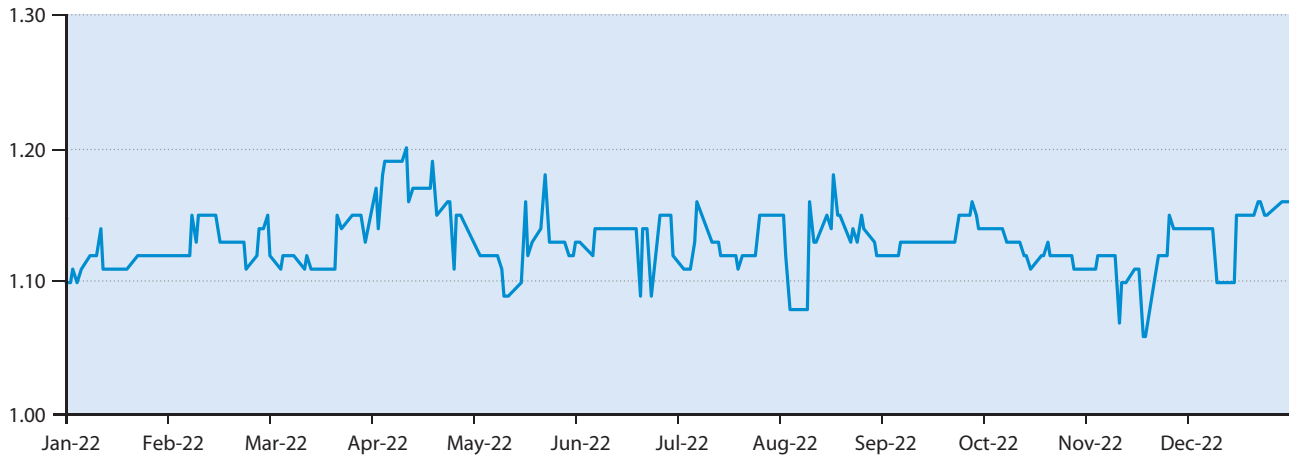


## Eight-Year Financial Highlights

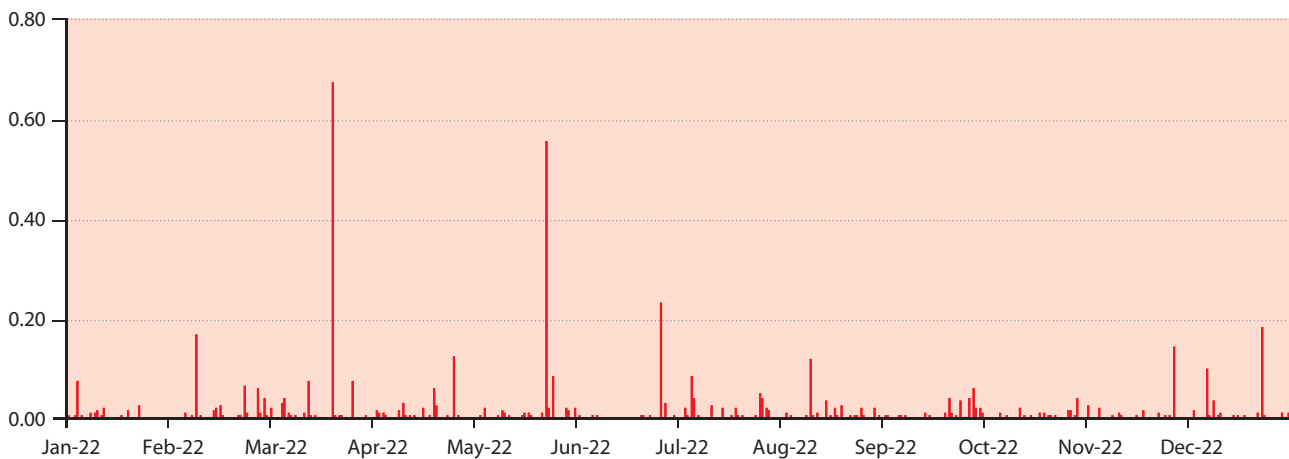
	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000	2016 RM'000	2015 RM'000
<b>RESULTS</b>								
Revenue	3,052,235	2,537,307	2,959,619	4,172,447	4,858,206	4,341,228	5,460,757	5,716,654
(Loss)/Profit before tax	(14,165)	19,134	(161,298)	114,327	178,586	(72,811)	(43,080)	115,252
Tax expense	(40,696)	(39,350)	(15,455)	(67,635)	(76,049)	(23,578)	(15,954)	(45,350)
(Loss)/Profit for the year	(54,861)	(20,216)	(176,753)	46,692	102,537	(96,389)	(59,034)	69,902
(Loss)/Profit attributable to:								
Owners of the Company	(51,110)	(15,417)	(165,580)	43,645	105,932	(88,597)	(54,943)	74,865
Non-controlling interests	(3,751)	(4,799)	(11,173)	3,047	(3,395)	(7,792)	(4,091)	(4,963)
<b>STATEMENT OF FINANCIAL POSITION</b>								
<b>Assets</b>								
Property, plant and equipment	2,414,470	2,317,945	2,311,657	2,250,999	1,773,114	1,825,620	1,863,022	1,704,190
Investment properties	238,990	229,500	230,495	216,725	207,376	202,000	198,766	186,633
Prepaid lease payments	-	-	-	-	43,436	45,609	51,343	49,798
Intangible assets	13,006	14,546	759	759	759	14,592	14,592	14,592
Equity-accounted investees	70,480	72,374	75,969	61,811	57,914	45,797	42,891	40,415
Other investments	-	-	-	-	1	1	1	1
Deferred tax assets	93,005	107,809	120,384	95,741	96,075	67,098	62,761	35,722
Hire purchase receivables	359,406	406,161	489,860	551,779	655,383	745,066	460,399	369,507
Finance lease receivables	-	-	-	-	-	585	162	9,153
Total non-current assets	3,189,357	3,148,335	3,229,124	3,177,814	2,834,058	2,946,368	2,693,937	2,410,011
Current assets	1,849,003	1,847,592	2,091,368	2,655,401	2,640,647	2,449,274	2,882,708	2,761,369
<b>Total Assets</b>	<b>5,038,360</b>	<b>4,995,927</b>	<b>5,320,492</b>	<b>5,833,215</b>	<b>5,474,705</b>	<b>5,395,642</b>	<b>5,576,645</b>	<b>5,171,380</b>
<b>Equity and Liabilities</b>								
Share capital	336,000	336,000	336,000	336,000	336,000	336,000	336,000	336,000
Reserves	2,562,229	2,481,423	2,531,552	2,708,944	2,525,874	2,485,161	2,562,520	2,485,524
Treasury shares	(25,953)	(25,901)	(25,866)	(25,364)	(25,283)	(25,282)	(25,278)	(25,274)
Total equity attributable to owners of the Company	2,872,276	2,791,522	2,841,686	3,019,580	2,836,591	2,795,879	2,873,242	2,796,250
Non-controlling interests	(22,598)	(21,850)	(16,995)	(11,548)	(17,733)	(14,511)	(8,952)	(1,602)
<b>Total equity</b>	<b>2,849,678</b>	<b>2,769,672</b>	<b>2,824,691</b>	<b>3,008,032</b>	<b>2,818,858</b>	<b>2,781,368</b>	<b>2,864,290</b>	<b>2,794,648</b>
Non-current liabilities	742,791	416,988	432,381	926,798	804,718	986,104	975,021	1,013,524
Current liabilities	1,445,891	1,809,267	2,063,420	1,898,385	1,851,129	1,628,170	1,737,334	1,363,208
<b>Total Equity and Liabilities</b>	<b>5,038,360</b>	<b>4,995,927</b>	<b>5,320,492</b>	<b>5,833,215</b>	<b>5,474,705</b>	<b>5,395,642</b>	<b>5,576,645</b>	<b>5,171,380</b>
<b>FINANCIAL STATISTICS</b>								
Basic (loss)/earnings per share (sen)	(7.84)	(2.36)	(25.38)	6.69	16.23	(13.57)	(8.42)	11.47
Gross dividend per share (sen)	3.00	1.50	1.50	4.00	3.00	2.00	4.00	5.00
Net assets per share (RM)	4.40	4.28	4.36	4.63	4.35	4.28	4.40	4.28
Return on invested capital (%)	-1.61%	-2.61%	-4.92%	2.15%	4.63%	-0.44%	0.36%	3.07%
Return on shareholders equity (%)	-1.80%	-0.55%	-5.65%	1.49%	3.76%	-3.13%	-1.94%	2.70%
Net debt/Equity (%)	28.03%	30.31%	29.81%	42.44%	30.82%	47.06%	54.88%	47.21%

## Daily Share Prices & Volume Traded on Bursa Malaysia Securities Berhad

### Share Price (RM)



### Volume Traded (Million)



### Composite Index



## Dato' Tan Heng Chew

Date of Appointment	19 October 1985
Nationality	Malaysian
Gender	Male
Age	76

**Dato' Tan Heng Chew**, JP, DJMK, 76, 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 nine (9) Board meetings held in 2022.

## 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	74

**Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng, also known as Dato' (Dr.) Rosie Tan**, DJMK, 74, 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 32<sup>nd</sup> 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.

## Profile Of Directors

### Ho Wai Ming

(Also known as Daniel Ho)

Date of Appointment	22 March 2013
Nationality	Malaysian
Gender	Male
Age	52

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 nine (9) Board meetings held in 2022.

**Ho Wai Ming**, also known as Daniel Ho, 52, 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 29 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 17 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 involving himself.

Mr. Ho attended all the nine (9) Board meetings held in 2022.



## Profile Of Directors

### Lee Min On

Date of Appointment	28 November 2016
Nationality	Malaysian
Gender	Male
Age	63

**Lee Min On**, 63, a Malaysian, Male, was appointed to the Board on 28 November 2016. He was re-designated on 31 December 2022 as 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 the Board Risk Management and Sustainability Committee, and a member of the Audit 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" 1<sup>st</sup> and 2<sup>nd</sup> 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 nine (9) Board meetings held in 2022.

### Ng Chee Hoong

Date of Appointment	3 November 2020
Nationality	Malaysian
Gender	Male
Age	56

**Ng Chee Hoong**, 56, 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 31 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 serves as an Independent Non-Executive Director of PESTECH International Berhad, a company listed on the Main Board of Bursa Malaysia Securities Berhad and SSF Home Group Berhad, a company undergoing Initial Public Offering on the ACE Market.

Mr. Ng attended all the nine (9) Board meetings held in 2022.

## Profile Of Directors

### Dato' Ng Mann Cheong

Date of Appointment	31 July 1998
Nationality	Malaysian
Gender	Male
Age	78

**Dato' Ng Mann Cheong**, DSSA, SMP, JP, 78, a Malaysian, Male, was appointed to the Board on 31 July 1998. He was re-designated as a Non-Independent Non-Executive Director on 31 December 2022. He is a member of the Audit Committee, the Board Risk Management and Sustainability Committee and the Nominating and Remuneration 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 52 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 nine (9) Board meetings held in 2022.

### Dato' Chan Choun Sien

(Also known as Dato' Christopher Chan)

Date of Appointment	1 April 2021
Nationality	Malaysian
Gender	Male
Age	52

**Dato' Chan Choun Sien**, also known as Dato' Christopher Chan, DIMP, 52, 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; an Independent Non-Executive Director of Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Berhad), Esthetics International Group Berhad and Selangor Dredging Berhad.

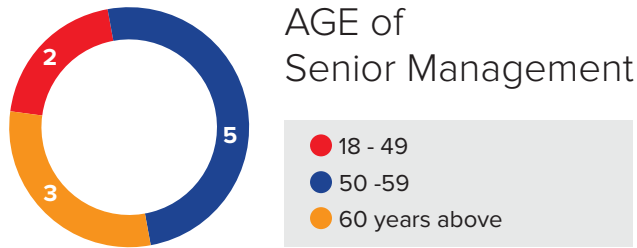
Dato' Christopher Chan attended all the nine (9) Board Meetings held in 2022.

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.

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 2022.

## 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 32 in the Annual Report 2022, and the following Senior Management Personnel:

### Chong Choon Yeng

Chief Financial Officer (w.e.f. 14 May 2020)

<b>Nationality</b>	Malaysian	<b>Gender</b>	Male	<b>Age</b>	51
--------------------	-----------	---------------	------	------------	----

#### Qualification:

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

#### Working Experience:

- Has more than 28 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 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.
- Appointed as joint Company Secretary of the Company on 16 March 2022.

#### Present Directorship(s):

Listed Entity: Nil

Other Public Companies: Nil

### Nicholas Tan Chye Seng

Head of Financial Services Division (w.e.f. 5 March 2012)

<b>Nationality</b>	Malaysian	<b>Gender</b>	Male	<b>Age</b>	49
--------------------	-----------	---------------	------	------------	----

#### 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.

About Us

Performance Review

Leadership

Sustainability

## Profile of Key Senior Management

### Christopher Tan Kok Leong

Head of Motor Division (*w.e.f. 1 January 2016*)

Nationality

Malaysian

Gender

Male

Age

46

#### 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 (*w.e.f. 1 April 2020*)

Nationality

Malaysian

Gender

Male

Age

52

#### 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

## Profile of Key Senior Management

### Ong Siew Luan

Head of Group Procurement & Supply Chain Management Division (*w.e.f. 1 January 2020*)

Nationality	Malaysian	Gender	Female	Age	54
-------------	-----------	--------	--------	-----	----

#### 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

### Kay Fock Soon

Head of After-Sales Division (*w.e.f. 1 September 2022*)

Nationality	Malaysian	Gender	Male	Age	56
-------------	-----------	--------	------	-----	----

#### Qualification:

- Executive Master in Business Administration

#### Working Experience:

- Joined the Group in April 2018 as Head of Southern Region, After-Sales, responsible for the after-sales retail businesses of southern region's workshops.
- In June 2020, appointed as Head of Northern Region, After-Sales, responsible for the after-sales retail businesses of northern region's workshops.
- In January 2021, assigned with additional responsibility in managing after-sales retail businesses of east coast region's workshops.
- In March 2022, re-assigned to Nationwide Service Division and took the responsibility in leading and managing Warranty, Technical and Total Customer Satisfaction, Technical Support, Training (Technical & Soft skills), Dealer Development and Customer Service Department.
- On 1 September 2022, appointed as Head of Tan Chong Ekspres Auto Servis Sdn. Bhd. ("TCEAS") who responsible for managing the overall after-sales operations, retail businesses for branches and dealers as well as TCEAS support departments.

#### Present Directorship(s):

Listed Entity: Nil

Other Public Companies: Nil

---

 About Us
 

---

 Performance Review
 

---

**Leadership**


---

 Sustainability
 

---

## Profile of Key Senior Management

### Teong Seng Kiang

Head of Assembly and Manufacturing Division (w.e.f. 1 March 2020)

**Nationality**

Malaysian

**Gender**

Male

**Age**

64

#### 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

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

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

## Sustainability Statement

### About this Sustainability Statement



#### Economic Sustainability



#### Environmental Sustainability



#### Governance Sustainability

#### Reporting Period

1<sup>st</sup> January 2022 to 31<sup>st</sup> December 2022

#### Reporting Scope

The report includes information that covers the Group's operations including economic, environmental, social and governance data for our Malaysia and Indochina operations.

#### Reporting Framework

This Sustainability Statement has been prepared in accordance with Bursa Malaysia Securities Berhad's Sustainability Reporting Guide.

TCMH commits to support goals and initiatives espoused by the United Nations Global Compact and the United Nations Sustainable Development Goals ("UNSDGs").

Welcome to Tan Chong Motor Holdings Berhad's Sustainability Statement FY2022 ("**Sustainability Statement**"). This Sustainability Statement aims to provide information about sustainability initiatives to help realise the goals of a sustainable organisation and society. It reports on significant activities, events, and changes that occurred in fiscal FY2022 (year ended 31<sup>st</sup> December 2022). It serves as a tool to demonstrate to our stakeholders how Tan Chong Motor Holdings Berhad ("**TCMH**" or "**the Group**") continues to undertake its operations in a responsible and sustainable manner.

We endeavour to fulfil our responsibility of presenting information to the public in order to broaden our range of communication with stakeholders.



## A MESSAGE FROM GROUP CHIEF EXECUTIVE OFFICER

Dear Shareholders and Stakeholders,  
Sustainability at TCMH is driven by our commitment to operate as a responsible business organisation consistent with the TCMH's Sustainability Framework. This is a journey that we started long ago and our commitment to this journey shall continue. We are pleased to share with our readers this year's Sustainability Statement.

Malaysia like many other countries around the globe has now entered the endemic phase of COVID-19 management. This signals the expectation of returning to normalcy as our economy and borders opened up fully. Amidst the year's highly challenging operating environment, we focused our efforts on making employees' safety and health our topmost priority among the business continuity programmes. For the year ahead, we will continue to focus on building a sustainable business organisation as we drive ahead with our strategic activities designed to build the Group's bench strength. Our journey towards digitalisation and digital transformation will march on. Our renewal efforts on many key business fronts to enhance customer service and experience will continue. We are also committed to enhance the talent pipeline and develop the critical people resources to meet business needs and opportunities that arise. We are committed to strengthening our strategic collaboration with business partners such as Nissan, Renault, UD Trucks, SAIC/MG and many others, and look forward to a successful year ahead.

Over the years, the Group has created a strong foundation built on ethos such as trustworthiness, integrity, perseverance, diligence, innovation and plain hard work; infused with the culture of good governance, sustainability and compliance. This created a well-respected market reputation for TCMH.

One of the key lessons we took away from the COVID-19 pandemic, was the contributions and sacrifices from our people to ensure business operational continuity. Our people are the Group's most valuable asset. In connection with investing into our people assets, the Group continues to embark on 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 Group has in place a self-learning system that was launched in the current financial year.

The endemic has reminded us time and again of the need to conduct our business with the mindset to ensure that it is resilient. We hone on our ability to evolve our operations and customers in the best way forward.

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 to embrace the use of digital technology throughout the operations of the Group. TCMH implements a robust cybersecurity control process in protecting our systems, networks and programmes from cyberattacks. One of the essential parts of cybersecurity in our company is employee's awareness. Cybersecurity Awareness Trainings were conducted to help employees to identify any threats and adopt information technology best practices to prevent or reduce the risk of cyberattack.

Sustainability-based initiatives across the Group have been and will remain at the forefront of our future planning and operational decision-making. We will be focusing on making further progress on our sustainability targets, ensuring better alignment to the initiatives set out in the Bursa Malaysia Securities Berhad's Main Market Listing Requirements. We are confident to be able to drive the Group's capacity to deliver a sustainable future and sustained value to our stakeholders with our Sustainability Framework in place.

In Driving Resilience, the Board and Management will continue to anchor and drive sustainability in the Group and work with all stakeholders to ensure the future prosperity for all. Thank you for your trust and continued support.

On behalf of the Board,

**DANIEL HO WAI MING**  
Group Chief Executive Officer



# Sustainability Statement

## SUSTAINABILITY AT TAN CHONG MOTOR HOLDINGS BERHAD

Sustainability is ingrained in our business strategy and decisions and is supported by our purpose statement "Driving Resilience". As a purpose-driven organisation, sustainability considerations contribute directly to what we do as a business organisation, how we operate and how we engage with our employees, customers, suppliers, service providers, local communities, regulators, investors and other stakeholders. Our commitment to sustainability is one of the key drivers of the Group's ambitions.

The Group regards sustainability as pivotal towards creating long-term value to shareholders and other stakeholders and towards this end, we emphasise on the adoption of robust Economic, Environmental, Social and Governance ("EESG") practices, which contribute to the UNSDGs.

Our Group Sustainability Framework is built upon the foundation of TCMH's Core Values which comprise seven (7) areas of focus, namely:

- (i) Trustworthy and Integrity ('T');
- (ii) Courage ('C');
- (iii) Frugality ('F');
- (iv) Innovation & Creativity ('I');
- (v) 24/7 Mindset ('M');
- (vi) Perseverance ('Pe'); and
- (vii) Diligence ('D').

The Core Values ("TCFIMPeD"), which are embedded into the Group's corporate culture, serve as our guiding principle as we remain vigilant in aligning our stakeholders' interests vis-à-vis the greater community we serve.

The Core Values are the cornerstone of our business operations and integrated into the theme statement of "Driving Resilience", which are the Group's 5-Year sustainability roadmap (FY2022 to FY2026) and supported by six (6) robust pillars. Sustainable actions are undertaken at all levels of our organisation, with sustainability-related Key Performance Targets and Indicators ("KPIs") prescribed to provide direction for all operating units towards achieving the EESG goals.



# Sustainability Statement

## ACCURACY AND RELIABILITY OF INFORMATION DISCLOSED

TCMH conducted a structured materiality assessment of sustainability matters faced in the Group’s operations and the outcome thereof has been reviewed by Senior Management and endorsed by the Board of Directors. This materiality assessment served as a reference in drafting this Sustainability Statement to ensure the Group is focused on addressing the topics that matter most to it and its stakeholders.

## SUSTAINABILITY GOVERNANCE STRUCTURE



A robust governance structure with clearly defined roles and responsibilities across the Group allows us to deliver on our sustainability ambitions and targets. With this in mind, and in accordance with Bursa Malaysia Securities Berhad’s Main Market Listing Requirements, we have adopted a progressive approach to our sustainability governance by reviewing and strengthening our governance structure from time to time.

### Board of Directors

The Board of Directors (**“the Board”**) of TCMH has the ultimate responsibility for the oversight on the Group’s sustainability journey, including EESG integration and its execution, ensuring accountability and transparency of the Group’s ethical and social responsibility footprints; discussing and receiving updates on material issues, developments and progress reports on a quarterly basis, so as to monitor achievement of the Group’s sustainability targets.

## Board Risk Management and Sustainability Committee ("BRMSC")

The BRMSC, which comprises the following five (5) Board members, has been entrusted by the Board of Directors with specific terms of reference to assist the latter in overseeing the EESG agenda, including the recommendation of action plans for the Board's consideration:

1. Lee Min On (Chairman), Independent Non-Executive Director;
2. Dato' Tan Heng Chew, President;
3. Dato' Ng Mann Cheong, Non-Independent Non-Executive Director;
4. Ng Chee Hoong, Independent Non-Executive Director; and
5. Dato' Chan Choun Sien, Independent Non-Executive Director.

## Risk Management and Sustainability Committee ("RMSC")

At the Management level, the RMSC is chaired by the Group Chief Executive Officer ("**GCEO**"). The RMSC provides strategic direction and support in the development and execution of the Group's sustainability strategies, targets and initiatives as well as regular review of the actions and outcomes. This Committee reports to the BRMSC, discusses sustainability matters and monitors emerging sustainability trends.

## Sustainability Working Committee ("**SWC**") & Group Risk Management and Sustainability ("**GRMS**")

The Sustainability Working Committee, assisted by the Group Risk Management and Sustainability Department, is a task force set up to execute the planned strategies in accordance with the Sustainability Roadmap. It examines the feasibility of initiatives and targets set for the year and acts as the main point of contact with Business Units in carrying out their sustainability initiatives. The SWC, which was established to drive the Group's sustainability focus areas, has the oversight of an Advisor to ensure alignment with Group's sustainability efforts, review of sustainability policies, issues and monitoring the effectiveness of sustainability plans and KPIs. GRMS facilitates the Group's implementation of sustainability strategies, assisted by Theme Leads who provide support and insights to formulate, coordinate and communicate on sustainability initiatives to publicise the Group's sustainability efforts and promote awareness of initiatives, both internally and externally. These Theme Leads are supported by Theme Advisors who are senior management staff. Based on their industry knowledge, the Theme Advisors provide input and feedback on the planned or proposed sustainability initiatives. Both the SWC and GRMS jointly drive performance through target setting and measurement of KPIs; and engaging with internal and external stakeholders in ensuring effective execution of planned initiatives. GRMS is responsible for compilation of the Group's annual Sustainability Statement and reports the Group's sustainability performance to the RMSC and BRMSC.

## Business Units and Functional Support Groups

The primary owners of sustainability initiatives and their implementations are the Business Units ("**BUs**") and Functional Support Groups ("**FSGs**"). They determine and track performance metrics and targets; and review the effectiveness of relevant policies based on their materiality, including initiatives undertaken.

## The Administrator of Sustainability Governance




The Sustainability Governance structure is supported by GRMS, BUs and FSGs mainly represented by key personnel from across the Group with the specific responsibility of identifying, assessing, and implementing sustainability initiatives and programmes planned. GRMS, which actively engages with BUs and FSGs in gathering and analysing key performance data to ensure meaningful disclosure, is entrusted to engage with internal and external stakeholders to elicit feedback to determine sustainability matters that are material to TCMH.




## Sustainability Statement

### STAKEHOLDERS ENGAGEMENT

#### ASSESSMENT OF MATERIAL MATTERS AND STAKEHOLDERS ENGAGEMENT

The Group has various stakeholders and recognises that their input and feedback are vital towards assisting TCMH in deciding pertinent action plans to address the EESG matters faced by the Group as such matters may influence the decisions of the stakeholders towards the Group. TCMH's sustainability-focused stakeholder engagement guidelines help to define the goals of the dialogues, set criteria for identifying and prioritising stakeholders and provide a general framework for sustainability-related stakeholder engagement activities. The following table presents the Group's stakeholders, the most common engagement channels and the frequency of engagement.

Key Stakeholder Groups (Internal/ External)	Engagement Mechanisms			Our Responses
	Frequency of Engagement	Channels of Engagement	Key Areas	
<b>Investors and Analysts</b> 	<ul style="list-style-type: none"> <li>Quarterly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Quarterly analysts and fund managers' briefing</li> <li>Annually and quarterly financial results announcements</li> <li>Other announcements made to Bursa Malaysia Securities Berhad</li> <li>Investor relations channel</li> <li>Corporate website</li> <li>Press release and coverage</li> </ul>	<ul style="list-style-type: none"> <li>Financial and operational performance</li> <li>Market and industry insights</li> <li>Corporate governance approach</li> <li>Business strategy</li> <li>COVID-19 impact and implications to business and our responses</li> <li>Risk management</li> </ul>	<ul style="list-style-type: none"> <li>Regular updates and communication via communication channels</li> <li>Ensuring transparent communication to all</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Daily</li> <li>Monthly</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Customer feedback channel</li> <li>Customer Care Centre and Customer Service Hotline</li> <li>Social media and corporate website</li> <li>Marketing events, roadshows and both physical and virtual showrooms</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Product safety and quality</li> <li>Service quality</li> <li>Ethical business practices</li> <li>Environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring customer satisfaction through high-quality products and services</li> <li>Sales and marketing campaign to attract and retain customers</li> <li>Digitalisation efforts, mobile applications, e-showroom</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>Regularly</li> <li>Half-yearly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Trade unions</li> <li>Events and functions</li> <li>Training programmes</li> <li>Intranet and e-mail blast</li> <li>Mid-year and annual performance appraisal</li> </ul>	<ul style="list-style-type: none"> <li>Career development</li> <li>Health, safety and well-being</li> <li>Diversity and inclusivity</li> <li>Talent development</li> <li>Employee welfare</li> <li>Emergency preparedness</li> <li>Remuneration, benefits and compensation</li> </ul>	<ul style="list-style-type: none"> <li>Implementing a robust learning and development plan across all areas of the business</li> <li>Hiring and promotions are based entirely on merit</li> <li>OSHA policies and procedures</li> </ul>

Key Stakeholder Groups (Internal/ External)	Engagement Mechanisms			Our Responses
	Frequency of Engagement	Channels of Engagement	Key Areas	
<b>Local Communities and Non-Governmental Organisations</b> 	<ul style="list-style-type: none"> <li>Regularly throughout the year</li> </ul>	<ul style="list-style-type: none"> <li>Social enhancement and environmental contribution programme</li> <li>Events</li> <li>Strategic partnership</li> </ul>	<ul style="list-style-type: none"> <li>Community engagement</li> <li>Environmental impact</li> <li>Support for vulnerable Groups</li> </ul>	<ul style="list-style-type: none"> <li>Charitable activities for the needy community</li> </ul>
<b>Media</b> 	<ul style="list-style-type: none"> <li>Regularly</li> <li>As needed</li> </ul>	<ul style="list-style-type: none"> <li>Events and press conferences</li> <li>Corporate interview</li> <li>Media briefing</li> <li>Press release, coverage and advertisements</li> </ul>	<ul style="list-style-type: none"> <li>Business performance, strategy and direction</li> <li>New products and services</li> <li>Partnership</li> </ul>	<ul style="list-style-type: none"> <li>Responding to media queries via e-mail or press release</li> </ul>
<b>Principal Partners</b> 	<ul style="list-style-type: none"> <li>Weekly</li> <li>Monthly</li> <li>Annually</li> </ul>	<ul style="list-style-type: none"> <li>Principal engagement</li> <li>Summit and Conference</li> </ul>	<ul style="list-style-type: none"> <li>Operational and business performance</li> <li>Supply chain management</li> <li>Environmental, health and safety</li> <li>Quality and compliance</li> </ul>	<ul style="list-style-type: none"> <li>Conducting regular meetings for review of decision and updates</li> <li>Complying with quality standards and Environmental, Health and Safety requirements</li> </ul>

## MATERIALITY ASSESSMENT

### DEFINITIONS

**Sustainability matters** refer to the risks and opportunities arising from sustainability impacts of our Group's operations and activities.

**Materiality** is the principle of identifying and assessing a wide range of sustainability matters and refining them to what are most important to our Group and its stakeholders.

**Stakeholder** is essentially an individual or a group that has an effect on, or is affected by our Group and its activities.

**Stakeholder engagement** is defined as the process used by our Group to engage with relevant stakeholders for a purpose to achieve agreed outcomes. It is now also recognised as a fundamental accountability mechanism, since it encourages our Group to involve stakeholders in identifying, understanding and responding to material sustainability issues and concerns. Stakeholder engagement also enables our Group to report, explain and answer to stakeholders for its decisions, actions and performance.

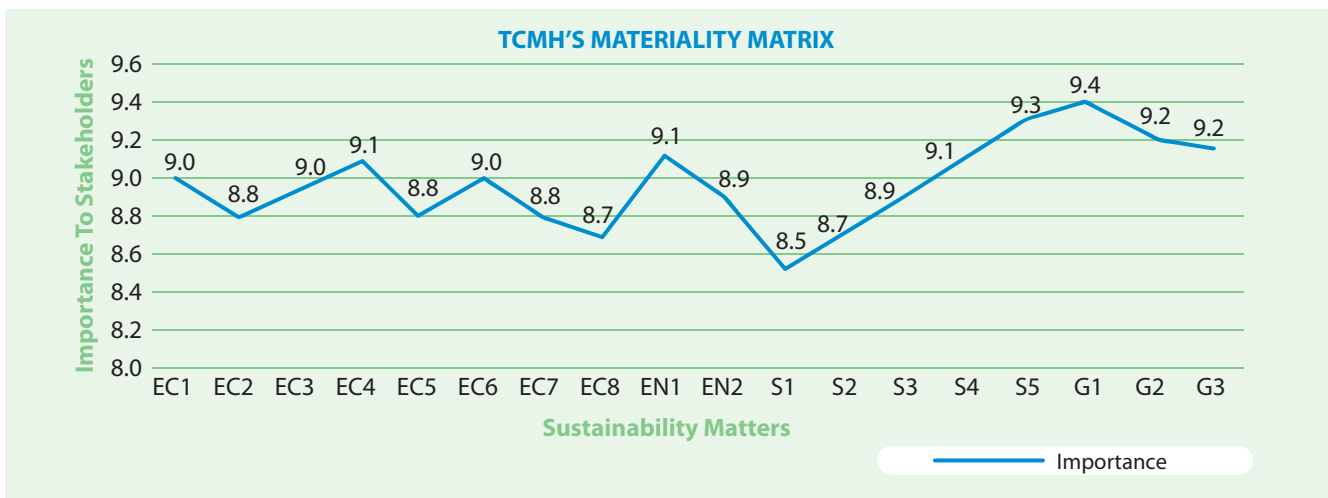
Recognising the need to understand how our stakeholders perceive and respond to the key sustainability issues that we face, we have, during the financial year under review, enhanced and improved upon the method and extent of engagement with relevant stakeholders to elicit their ESG perception in the Group's operations and how the ESG issues influence their decision-making towards the Group. Our methodology for the materiality assessment is guided by Bursa Malaysia Securities Berhad's Sustainability Reporting Guide 3<sup>rd</sup> Edition and the associated Toolkits.

# Sustainability Statement

## OUR MATERIALITY ASSESSMENT APPROACH

- Phase 1: Our process begins by evaluating the current business environment and reporting landscape. Identifying current economic, environmental, social and governance ("**EESG**") issues that we can help to manage and mitigate;
- Phase 2: Prioritisation of the material issues; and
- Phase 3: Validation, review and endorsement of the identified issues by our Risk Management and Sustainability Committee, Board Risk Management and Sustainability Committee and the Board of Directors.

To help prioritise the Group’s material sustainability matters, we plot them on a matrix, as shown in the table below that indicates how important they are to our business, as well as to our stakeholders - rating of 1 being the least important/least concerned and 10 being the most important/most concerned.



### ECONOMIC

- **EC1** - Financial Stability and Revenue Growth
- **EC2** - Optimum Assets Utilisation and Capital Allocation
- **EC3** - Sustainable Productivity
- **EC4** - Succession Planning and Bench Strength
- **EC5** - Convenient After-sales Service
- **EC6** - Customer Outreach
- **EC7** - Automation and Digitalisation
- **EC8** - Innovation and Value Added Services



### ENVIRONMENTAL

- **EN1** - Environmental Compliance and Regulation
- **EN2** - Emissions, Waste and Effluent Management



### SOCIAL

- **S1** - Community Engagement & Empowerment
- **S2** - Diversity & Inclusiveness
- **S3** - Human Rights
- **S4** - Talent Development and Retention
- **S5** - Employees' Safety and Well-being



### GOVERNANCE

- **G1** - Information Security
- **G2** - Good Governance
- **G3** - Supply Chain Management

Our focus on the importance of the sustainability matters is based on the weighted average of both ratings obtained from the internal and external stakeholder engagements, ranging from 8.5 (least important) to 9.4 (most important) covering all four (4) elements of Economic, Environmental, Social and Governance (“EESG”). Based on feedbacks gathered from stakeholders, the Group has categorised the priority into 3 levels, elaborated below:

1. **1<sup>st</sup> Level (Above 9.1)** - more emphasis and focus on our materiality approach to strongly connect with the Group’s Enterprise Risk Management and align with our business strategy to achieve the desired results, for all our stakeholders.
2. **2<sup>nd</sup> Level (8.9 to 9.1)** – close monitoring and continuous efforts are deployed to drive process improvement towards achieving the desired results. Demonstrates a proactive approach to risk management, climate action, social and governance issues, and long-term strategy.
3. **3<sup>rd</sup> Level (Below 8.9)** – develop a long-term plan and prioritise to address every conceivable EESG issue and managing the impacts through risk mitigation and maximising opportunities.

Level	Ranking on Importance	Material Matters	Description
1	<b>G1 (9.4)</b>	Information Security	Protection of all data, information and intellectual property against cybersecurity breaches.
1	<b>S5 (9.3)</b>	Employees’ Safety and Well-being	Providing for the health, safety and well-being of our employees in ways that address key challenges and bring value to their livelihood in the workplace. It covers all aspects of working life, from the quality and safety of the physical environment, to how workers feel about their work and their work place environment.
1	<b>G2 (9.2)</b>	Good Corporate Governance	Upholding good corporate governance practices.
1	<b>G3 (9.2)</b>	Supply Chain Management	Consideration of EESG factors across supply chain management and processes.
2	<b>EN1 (9.1)</b>	Environmental Compliance and Regulation	Management of evolving changes in the regulatory landscape and ensure compliance with all environmental laws and regulations.
2	<b>EC4 (9.1)</b>	Succession Planning and Bench Strength	Building a robust workforce by strategically developing the next generation of managers. Building talent pool to drive business sustainability.
2	<b>S4 (9.1)</b>	Talent Development and Retention	Promote the development of employees’ competencies to respond to the rapidly changing and complex business environment.
2	<b>EC1 (9.0)</b>	Financial Stability and Revenue Growth	Continuously map out the long-term strategic directions of the Group in ensuring its financial sustainability and navigate the highly disruptive era.
2	<b>EC3 (9.0)</b>	Sustainable Productivity	Driving productivity improvement while creating new job opportunities and enhancing the overall long-term effectiveness of the Group.
2	<b>EC6 (9.0)</b>	Customer Outreach	Fostering good relationships with customers by delivering high standards of interaction.

## Sustainability Statement

Level	Ranking on Importance	Material Matters	Description
2	EN2 (8.9)	Emissions, Waste and Effluent Management	Aspiring towards the circular economy within our operations and supply chain waste management.
2	S3 (8.9)	Human Rights	Protection of human rights standards across the operations.
3	EC5 (8.8)	Convenient After-Sales Service	Prioritising convenience and ease of after-sales services provided to customers.
3	EC2 (8.8)	Optimum Assets Utilisation and Capital Allocation	Optimising assets utilisation and capital allocation to ensure a better Return On Assets ("ROA") employed.
3	EC7 (8.8)	Automation and Digitalisation	Technological innovation to enhance key internal business functions, improve process efficiency and effectiveness, and promote innovation and business continuity.
3	S2 (8.7)	Diversity and Inclusiveness	Zero tolerance for all forms of discrimination, championing a diverse and inclusive working culture.
3	EC8 (8.7)	Innovation and Value Added Services	Responding to the need to innovate to meet market needs and provide value-added services to the customers.
3	S1 (8.5)	Community Engagement and Empowerment	Financial and non-financial contributions to support local communities, and underprivileged and underserved groups.

### SUSTAINABILITY FRAMEWORK

#### OUR PURPOSE STATEMENT

# "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 will 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 come in contact with along the way.






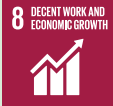







The Sustainability Framework outlines six (6) themes that collectively address material matters specific to our business. These themes are embedded with EESG elements which direct our strategic decision-making:

- **Long Term Value Creation;**
- **Innovation and Digitalisation;**
- **A Green Future;**
- **The Human Connection;**
- **Employees' Safety and Well-being; and**
- **Governance Responsibilities.**



The Sustainability Initiatives developed this year are mapped against these themes.

The Group’s materiality assessment sets the framework for our sustainability strategy and focus our efforts on those EESG elements that are significant to the Group. The six (6) robust themes supporting the EESG elements have enabled the Group to develop its sustainability roadmap, increase engagement with our stakeholders, improve on resource allocation through understanding of the EESG agenda and make proactive and continuous adjustments to our sustainability strategy.

Element	Thematic Pillar	Theme Story	Theme Focus	UNSDGs Alignment
<b>Economic</b> 	Long Term Value Creation	Mapping out Long Term Strategic Directions to realise the Group’s long term sustainability and maximising return on assets through optimal resource allocation.	To drive business diversification, regional expansion, process and cost efficiency to deliver long term value creation.	  
	Innovation and Digitalisation	Technology adoption to improve efficiency, speed, and quality in service and product delivery; innovation in enhancing connection with customers.	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.	
<b>Environmental</b> 	A Green Future	Committed to environmental sustainability matters in every market we operate.	To focus on energy conservation, lower carbon footprint, effluent and water management, emission management and material management.	 
<b>Social</b> 	The Human Connection	We connect with surrounding communities through social engagement and aim to empower, and strengthen them via pertinent Corporate Social Responsibilities (“CSR”) activities.	To focus on nurturing future generations, building and improving the quality of life for the surrounding communities by providing equal opportunities in education, empowering the underprivileged, etc.	 
	Employees’ Safety and Well-being	To ensure the safety and well-being of all employees.	To create and maintain safe work environments and provide for the well-being of all employees.	 
<b>Governance</b> 	Governance Responsibilities	To achieve business objectives while maintaining ethical standing and comply with best practices in Corporate Governance (“CG”) in the eyes of shareholders, regulators and the wider community.	Transparency and accountability business practices to ensure the successful management of businesses to achieve long-term business value and drive business growth.	



## ECONOMIC SUSTAINABILITY

The automotive industry is capital-intensive, knowledge-intensive and an essential driver of global economic development. TCMH is committed to supporting long term economic growth by adopting sustainable business practices and good corporate governance without compromising our environmental or societal well-being.

### THEME: LONG TERM VALUE CREATION

The Group continuously maps out its long term strategic directions towards ensuring its sustainability and navigates through the highly disruptive era.

The comprehensive strategic initiatives that maximise returns to shareholders in the long term include, amongst others, Driving Regionalisation, Productivity Improvement, Optimal Assets Utilisation and Efficiency in Capital Allocation. In addition, the Group remains agile and proactive in identifying and commercialising new business opportunities through innovation in a disruptive world which is increasingly driven by technology and the fast pace of change.

The Group proactively allocates resources optimally to business opportunities that enhance the value of the Group - enhancing value not only for shareholders but also for all other stakeholders, i.e., employees, customers, suppliers, business associates, government, community, etc. Through this, the Group contributes towards nation building in the form of raising national productivity and creating economic benefits to all the stakeholders that we engage with.



*New warehouse of TCIE Vietnam Pte. Ltd.*



*Launching of Nissan vehicles in Laos and Cambodia*

## Sustainability Statement

### THEME: INNOVATION AND DIGITALISATION – The Way Forward

We continue to build customer-accessibility to our services despite the profound global challenges from the post COVID-19 pandemic recovery. The Group accelerated its efforts on digitalisation and technological innovation to enhance the effectiveness and responsiveness of our operations. The services include our online showroom, service booking application (“DriveOn”) and one-stop shop for insurance services (“Golnsuran”).

We have augmented our online sales and realigned the marketing strategies to create a more seamless customer experience via digital platform Golnsuran. To stay connected with the growing suite of products Golnsuran strives to be the one-stop insurance e-platform facilitating a fuss-free renewal of vehicle insurance. Chatbots are also available to assist customers with lapsed or expired policies or certificates. With usage-based car insurance that contributes to a greener world, drivers who drive less are offered premium discounts based on their ideal mileage plan. Golnsuran has also introduced insurance to cater to various lifestyles, such as Home Protector, Medical insurance, Travel insurance, Personal Accidents insurance which include COVID-19 coverage.

In April 2022, we won the General Insurance category (Digital) in the Malaysia Technology Excellence Awards 2022. It is a timely recognition of our efforts not only towards revolutionising the insurance industry, but more importantly, a testament to our goal of making it easier for Malaysians to purchase insurance within a few clicks fully automated with ‘live’ quotes, best value by balancing both coverage and costs for everyone.

The Malaysia Technology Excellence Awards recognition conferment is a remarkable and significant milestone attained by the Group. Golnsuran aims to continue to be at the forefront of Malaysia’s technological revolution to propel the country’s economy to greater heights.

Supporting the expansion on financial inclusion in the community, it has introduced an affordable easy payment option, called “Buy Now, Pay Later” (“BNPL”). Customers may consider flexible payment option with Atome’s BNPL that offers customers basic protection insurance through instalment payments. This is in partnership with Atome, one of the largest BNPL players in Asia. We also reach out to lower-income group with MyTenang, a government initiative to offer simple and affordable conventional life or Takaful protection. In addition, consumer awareness is targeted through content pillars relating to road safety and importance of insurance protection via our website and social media.



*Golnsuran mobile apps*



*Golnsuran squad*



## Sustainability Statement



We are aware of our impact on the environment and are committed to protecting it for future generations. On a national level, Malaysia adopted the UNSDGs and the Paris Agreement in 2015. To support and align with nationwide environmental initiatives, the Group identified its priority environmental areas covering the management of energy, emissions, waste and effluent. We remain committed to mitigating climate change and reducing pollution, waste and resource usage.

We monitor environmental compliance and our policy effectiveness. This responsibility sits with the Environment, Health and Safety ("EHS") Department and the Safety Committee of the respective business units within the Group.

### THEME: A GREEN FUTURE

#### Environment, Health and Safety (EHS) Policy

The Group has in place an EHS Policy. We comply with all applicable environmental national laws and regulations specific to the local country our operations are based in.

The EHS Department is responsible for providing consultation and guidance on development and implementation of:

- Environmental, Health and Safety Management Programmes;
- Audit and Inspections;
- Incident Management; and
- Emergency Response Programme.

#### Reducing Emissions and Recognising Climate Change

TCMH acknowledges climate change and global warming as one of the world's pressing issues of today. We remain committed in playing our part to reduce in whatever way we can, all forms of emissions to the environment. The automotive industry is one of the biggest contributors to the Earth's global emissions. We are slowly seeing a transitional shift from vehicles with internal-combustion engine to electric vehicles to reduce fuel costs, emissions and impact on the environment. Over the recent years, there is a growing trend towards the use of Electric Vehicles ("EVs"). EVs use one or more electric motors powered by rechargeable lithium-ion batteries, the same kind of batteries that power smartphones and laptops. Like all other electronic devices, EVs plug into external power sources for charging. In addition to being less polluting than fuel engines, lithium-ion batteries often work more efficiently.

Being a partner of Nissan and Renault, EVs have already been added to the products line-up a few years ago to cater to customers' increasing demands for eco-friendly cars.

Moving towards electric vehicles has given the Group a chance to embrace innovative transport developments in addressing environmental issues. The Group has provided employees the opportunity to experience the Nissan Leaf, which has been a key part of demonstrating our corporate social responsibility and also setting environmental concerns at the heart of our business.

There are many advantages to owning an EV as a business owner. The running costs are typically much lower, costing a fraction to charge an EV compared to what is being spent on fuel, and there is a range of incentives too. On top of this, there is the environmental impact of EVs, with a single electric car saving around 1.5 million grams of CO<sub>2</sub> per year.

Car subscriptions are contributing to the circular economy. The model improves and optimises the capacity of vehicle utilisation.

Sustainability Statement



TCMH employees' experience of the All-New Nissan Leaf.

TC Euro Cars Sdn Bhd ("TCEC") pioneered the Malaysia Car Subscription programme for an OEM brand since 2019 with the introduction of Renault Subscription. The success of this programme also provided a platform for us to introduce a car subscription service with used cars of all makes marketed under GoCar Subscription since 2020.

In FY2022, TCEC managed to scale both the subscription programme to fleet size of 1,693 units of Renault and 1,558 units of non-Renault (multi-brand used cars) with utilisation rate of 91% and 84% respectively. On average, both programmes generated a combined 160 to 180 vehicle deliveries a month, of which over 97% of these deliveries comprised used vehicles (Renault and non-Renault) being redeployed to the subscription pool.

In addition, the subscription programme also lowers the barrier of entry for potential customers' journey towards electrification. The mass market adoption of EV is slow due to concerns over the charging infrastructure readiness, resale value, service cost, etc. Since December 2021, TCEC in collaboration with GoCar Mobility has introduced EV sharing and subscription programme which offers a fleet of Nissan Leaf for short-term car sharing or longer term subscription under the GoEV branding.

In recent years, impact from climate change has emerged as a major consumer concern, a political priority and thus a corporate imperative. Climate change and the policies set by regulators may expose the automotive sector as a whole, to substantial changes. These substantial changes present both risks and opportunities to TCMH. We are committed to reducing climate change impact by improving efficiency in our operations.



The models of Renault vehicles offered for the subscription programme

## Sustainability Statement



The project is on track to **Reduce 725,000 tonnes of CO<sub>2</sub> emissions** under 25 years of Power Purchase Agreement ("**PPA**") which **takes off 158,000 units of car** and equivalent to **planting 32,937,000 trees**.

*Based on our internal assessment, this could potentially translate to planting 32,937,000 trees on the mother earth or taken off an estimate of 158,000 cars from the road, which could effectively reduce the level of CO<sub>2</sub> by an estimate of 725,000 tonnes over the period of 25 years. (Assumption: A single tree can absorb CO<sub>2</sub> at a rate of 22 kg per year. Hence, equivalent to planting 32,937,000 trees).*

### Clean Energy: The Future of Sustainability

In supporting our Group's efforts to reduce greenhouse gas emissions, we have embarked on a solar energy project through our subsidiary TC Sunergy Sdn. Bhd. ("**TCSS**"). Solar power acts as a supplement to power needs.

TCSS is on track to meet the Commercial Operation Date (COD) of its 20MWac Floating Photovoltaic ("**FPV**") plant at Bandar Serendah in Selangor by the end of 2023. The project has been granted 4 years Power Purchase Agreement ("**PPA**") extension from Suruhanjaya Tenaga on 8th August 2022, which had revised the 21-Year to 25-Year PPA. The project has successfully progressed to Building Plan submissions, finalisation of detailed designs, and design submissions to Tenaga Nasional Berhad.

In an effort to reduce carbon footprint, solar business is often criticised for green washing as acres of land are cleared and trees have to be cut down to build large scale solar farms. TCSS takes pride that we have pledged by only using up to 60% of the water surface for the installation of FPV to preserve the ecosystem of the lake and the surrounding environment. The project also preserves the water quality and adheres to the environmental management plans based on the guidelines provided by Lembaga Urus Air Selangor ("**LUAS**") and Department of Environment ("**DOE**").



*The Lake at the site of the project, heavy vegetation before site clearance.*



*As at 31<sup>st</sup> December 2022, clearance was completed at the lake and ready for solar module installation by Q2 2023.*

In advocating social governance, the Renewable Energy ("**RE**") Business Unit has developed a dynamic and inclusive workforce from various background, talent and gender. With such diversity in mind, the RE team is set to achieve greater creativity and constantly searching for new business and sustainability opportunity.

### Energy Consumption and Conservation

TCMH's operations, particularly our plants, require an intensive amount of energy on a daily basis. Thus, we have applied a range of initiatives to reduce energy consumption wherever we can as we continuously find ways to improve our energy efficiency. One of the initiatives that we have embarked on to reduce our energy usage is regular and timely maintenance of equipment at our plants.

In our efforts to eliminate waste in our assembly and manufacturing division, we have been performing Kaizen to eliminate waste, improving productivity, and achieving sustained continual improvement in targeted activities and processes. We continue to make every effort to identify opportunities within our economical means to reduce carbon emissions.

### Renewable Energy

The rooftop solar panel system was the Group's continuous efforts in reducing carbon footprints. The energy harnessed from the rooftop solar panel amounting to 1,193.24MWh has contributed in the cost reduction of RM892,541 and estimated reduction of 815.36 tonnes of CO<sub>2</sub> emissions in FY2022.

## Sustainability Statement

### Water Consumption and Conservation

The automotive industry is a major consumer of water. Water is used in surface treatment and coating, paint spray booths, washing, rinsing, hosing, cooling, air-conditioning systems and boilers. TCMH optimises its water usage by promoting water-saving practices to employees and adopts water-efficient technologies and equipment. We aim to reduce our freshwater consumption by introducing more water-efficient processes, instilling awareness amongst employees on the importance of water conservation and monitoring water usage in all our operations. We regularly identify water usage inefficiencies and systematically address them.

In FY2022, the water usage intensity has reduced from 8.87m<sup>3</sup> in FY2021 to 6.15m<sup>3</sup> per unit production due to increase in production volume in Malaysia. The initiative in rainwater harvesting was temporary discontinued due to the shutdown of the Paint Shop in the Segambut plant for re-modification.

### Waste Management

TCMH is committed to reduce the impact and manage more efficiently the waste generated from our business activities to the surrounding environment. Driven by the need to go digital and implementing paperless initiatives, the Group is able to reduce the amount of paper that is used daily. Reduce, reuse and recycle (3Rs) awareness is instilled in our employees across our business operations with recycling bins placed strategically in our offices.

In FY2022, there was an increase in disposal of scheduled waste from 526.7 tonnes in FY2021 to 849.97 tonnes due to the addition of the Truck Group of companies. As for recyclable waste, it has increased from 1,333.04 tonnes in FY2021 to 3,469.83 tonnes due to the increase in production volume in the Malaysian plant.

### Effluent Management

TCMH has in place an effluent management system to ensure that all water removed from our operations does not leave a negative impact on our surrounding environments. In compliance with Environmental Quality (Industrial

Effluents) Regulations 2009, we carry out thorough chemical, physical and biological treatment on the discharge from our premises. We manage our oil and grease waste effectively to prevent from overflow that may pollute our rivers and streams.

### EHS Compliance

There were no major EHS non-compliance nor stop work notice issued by the authorities in FY2022. However, 3 minor findings have been pointed out by the authorities (Department of Environment) due to the incomplete labelling for waste container, inaccessibility of waste card and overdue scheduled waste storage. Preventive actions have been identified and implemented which included the enforcement of weekly inspections of scheduled waste storage, establishment of disposal schedule with waste contractors for all scheduled wastes and conduct of refresher training on scheduled waste management to all Heads of Branch. We will continue to monitor and ensure adherence to the EHS legal and industrial requirements.

### Environmental Key Performance Data

Financial Year		FY2020	FY2021	FY2022
<b>Energy</b>				
Intensity of electricity consumption (MWh/unit production)	Malaysia	1.115MWh	1.38MWh	1.113MWh
	Myanmar	N/A	1.3MWh	8.702MWh
Total energy saved (MWh)		213.69MWh *Plants in Malaysia and Vietnam	274.87MWh *Plants in Malaysia and Vietnam	413.85MWh *Plants in Malaysia and Vietnam
Total Solar energy harnessed (MWh)		1,064.71MWh *Malaysia	1,228.90MWh *Malaysia	1,193.24MWh *Malaysia
<b>CO<sub>2</sub></b>				
Carbon emission intensity (Tonnes/unit production)	Malaysia	0.273-t	0.341-t	0.712-t
	Myanmar	N/A	N/A	N/A
Total CO <sub>2</sub> Emissions Saved (Tonnes) *Malaysia		340.52-t	331.62-t	815.36-t

## Sustainability Statement

Financial Year	FY2020	FY2021	FY2022
<b>Water</b>			
Total Water Consumption (m <sup>3</sup> )	71,800m <sup>3</sup> *Plants in Malaysia	78,349m <sup>3</sup> *Plants in Malaysia	85,900m <sup>3</sup> *Plants in Malaysia
Water Usage Intensity (m <sup>3</sup> /unit production)	5.07m <sup>3</sup> *Plants in Malaysia	8.87m <sup>3</sup> *Plants in Malaysia	6.15m <sup>3</sup> *Plants in Malaysia
Total water recycled/reused/saved (m <sup>3</sup> )	N/A	41,167.11m <sup>3</sup> *Plants in Malaysia	N/A
<b>Waste Management</b>			
Total scheduled waste generated (Tonnes)	N/A	526.70 Tonnes *Plant in Malaysia and after-sales service division	849.97 Tonnes *Plant in Malaysia and Vietnam; and after-sales service division
Total recyclable waste generated (Tonnes)	1,854.04 Tonnes *Plant in Malaysia, Myanmar and Vietnam; and after-sales service division	1,333.04 Tonnes *Plant in Malaysia and Myanmar; and after-sales service division	3,469.83 Tonnes *Plant in Malaysia, Vietnam and Myanmar; and after-sales service division

## SOCIAL SUSTAINABILITY

### THEME: THE HUMAN CONNECTION

#### Giving Back to the Society

The principles of TCMH are aligned with its business strategy, which is to contribute to society and customers by delivering exceptional quality vehicles and technologies while co-existing harmoniously with the communities that host their operations. As a Group, TCMH continues to be active in philanthropic initiatives designed to strengthen ties with local communities and support initiatives that reflect local circumstances in its corporate activities. The Group's focus areas include, inter-alia, education and community well-being. We continue to pursue various social contribution activities while communicating with customers and local stakeholders.

#### Child Care Centre Programme

The welfare of children has always been a focus for the Group. Childcare programmes improve positive outcomes for young children and their families by offering support services such as child health and development assessments, early education and care, referral to community resources, and more. Single parents are able to increase labour productivity and focus on their professional endeavours. We believe that protecting children's rights is salient in developing the world and enabling society to run smoothly. The Group had established its first after-school day care centre, SJK (C) Sungai Chua, Kajang in 2008. SJK (C) Sungai Way, PJ was adopted in 2011; followed by Persatuan Kebajikan Kanak-Kanak Kajang in 2013. Subsequently, in 2016, SJK (C) Keong Hoe, Penang was established. This initiative, in collaboration with the respective schools' Parents-Teachers Associations ("**PTAs**"), is meant to assist children of single parents/caregivers by providing them a safe, after-school haven to study in; with meals and counselling provided too. In FY2022, the Group contributed a total investment of RM148,000 to the childcare programme and other financial support and sponsorship to our beneficiaries (organisations and schools) of RM57,300.



**Sustainability Statement**

**Bettering Children’s Lives in Vietnam**

Our overseas subsidiary, TC Services Vietnam Co., Ltd also launched its charitable initiative of donating essential items to “**Viet Tri Orphans and Disabled Children Protection Center**” which is a handicap and orphanage centre in Viet Tri, Phu Tho province. Items donated consisted of blankets, pillows, furniture, etc. The initiative left an indelible impact on the orphaned and handicapped children of the centre.



TC Services Vietnam Co. Ltd “Bettering Lives” programme FY2022

**Blood Donation Drive at Edaran Tan Chong Motor-Vehicle Distribution Centre in Serendah**

In FY2022, a blood donation drive was organised at our Vehicle Distribution Centre (“VDC”) located in Serendah to raise awareness among the public about the importance of donating blood that can save lives and to deal with the problem of a lack of blood in National Blood Centre. It is also the Group’s initiative to cultivate a caring and helpful nature among the staff. This initiative started since 2019 and 7 blood donation programmes had been carried out in VDC premise to-date. This year, we recorded a total of 122 donors who participated in this donation drive.

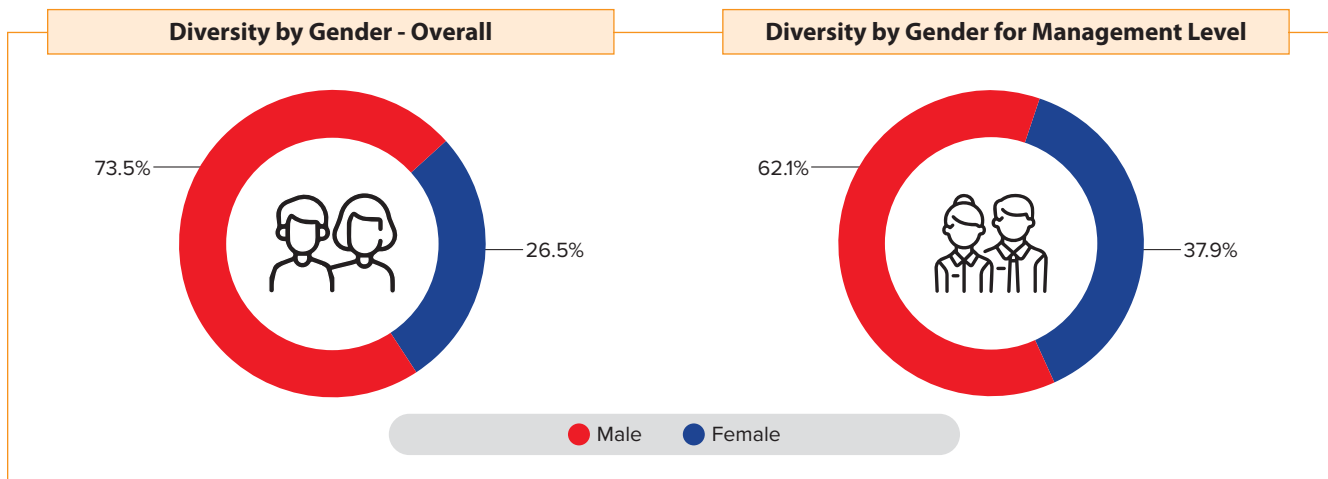


## Sustainability Statement

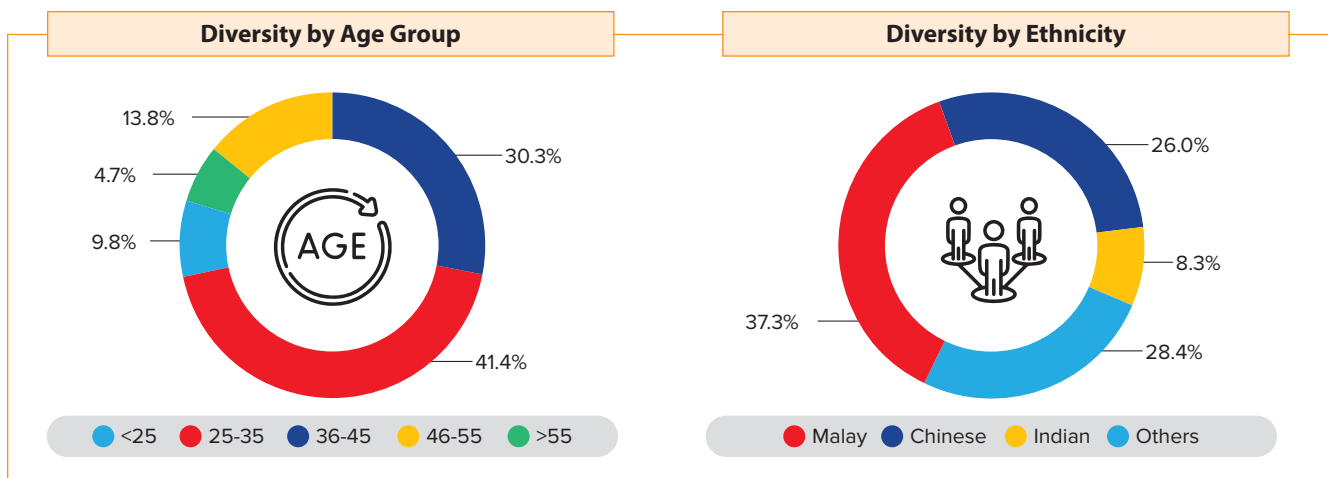
### Diversity and Inclusivity

Diversity and inclusivity are more than just policies and programmes. Instead, it is actually respecting the unique needs, perspectives and potential of all the 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 to all our employees, where we hire and promote talents based on their merits and capabilities – regardless of ethnicity, religion, gender, age, and physical abilities. The Group also practices zero tolerance towards any form of workplace discrimination or harassment.

We strive to create a culture that promotes gender balance in all parts of the organisation, particularly at management levels. In FY2022, the total workforce employed by the Group was 6,379 with an overall 26.5% being women. However, in management roles (Executive and above), the proportion of women was higher at 37.9%. The Group continuously works to build a diverse pool of potential future leaders by enhancing the balance in the internal succession pipeline while bringing in complementary capabilities through our recruitment process for the sustainability of the Group.



We also strive to promote diversity in terms of age and ethnicity. Generally, the Group has a young workforce with 81% of the workforce below 45 years of age. The breakdown by the different age groups can be seen in the diagram below, with 9.81% (below 25 years old), 41.35% (25 to 35 years old), 30.3% (36 to 45 years old), 13.81% (46 to 55 years old), and 4.74% (above 55 years old). The three major ethnicities namely Malay, Chinese and Indian made up 71.6% of the workforce, with the remaining being Nepalese and other nationalities from the countries that we operate in as well, namely Vietnamese, Burmese, Laotian, Cambodian, and Thai.



### Work-Life Balance

Post-pandemic saw the rise in the need for our employees to respond flexibly and at short notice in various life situations. TCMH focuses on productivity in the way we run our businesses to ensure our employees are able to have quality personal time. There are flexible working arrangement options available where needed by employees and these are subject to approval by the respective Heads of Department.

### 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.

The Group continues leveraging on our in-house capabilities to ensure that the programmes and content are well-suited and adapted to the Group's businesses and core values, as well as utilising our own in-house developed Learning Management System ("LMS").



For the Guided Managerial Development Framework, a total of 93 programmes was conducted, with 1,424 participants from a base of 3,174 management staff (Officer and above) from both Malaysia and Overseas entities, representing 45% of the population of employees with a total of 22,784 hours of training, and an average programme rating of 3.76 out of a total of 4. We had utilised 67% or RM1,546,223 of our HRDF's total levy contribution for training in Malaysia for FY2022.

Category	Total No. of Programmes	Total Participants
Officer / Executive	34	623
Senior Executive/ Assistant Manager	32	466
Manager / Senior Manager / Deputy General Manager	27	335
<b>Total</b>	<b>93</b>	<b>1,424</b>

For the Sales/ Service Development Program, a total of 57 programmes was conducted for Sales and Service Advisors as well as Sales and Service Managers with a total of 5,576 hours of training, and an average programme rating of 3.83 out of a total of 4.

Category	Total No. of Programmes	Total Participants
Sales Advisor Development Programme	3	68
Sales Manager Development Programme	1	13
Service Advisor Development Programme	48	362
Service Manager Development Programme	5	21
<b>Total</b>	<b>57</b>	<b>464</b>

Technical training continues to be a key part of business operations to ensure that staff at all levels have the requisite skills and technical proficiency to perform their jobs. This is managed by each individual business, with our key businesses' training hours as follows:

Key Businesses	Total No. of Programmes	Total Participants	Total Training Hours
Assembly & Manufacturing	171	2,417	16,241
Sales & Distribution (Motor Vehicles)	8	2,273	17,636
Sales & Distribution (Commercial Vehicles)	6	91	1,127
After-Sales Service	24	140	2,604



## Sustainability Statement

### Launching of e-Learning System

In FY2022, the Group launched its e-Learning system as an initiative to move towards developing a learning culture where each employee is expected and encouraged to take ownership and responsibility for personal development in relation to the employee's work. Having an e-platform helps to achieve that objective by ensuring the provision of learning management, tracking and experience. The new platform allows employees the flexibility to learn anytime and anywhere to support a continuous learning culture. Employees are able to identify and self-initiate learning opportunities best suited for their development. The categories of courses available range from managerial and leadership, information technology, sales and marketing to mental health.

### Tan Chong Technical Institute

Tan Chong Technical Institute ("**TCTECH**"), an academic brand of Tan Chong Education Services Sdn. Bhd., is a trusted knowledge transfer channel between academicians and the industry for future talent growth of internal and external personnel. The Group has invested in education over the past few decades with the aim of grooming youths in technical and vocational education and training (automotive studies), so as to create a talent pool of technically-trained graduates.

TCTECH provides a comprehensive range of automotive industry-oriented training programmes focusing on the improvement of people and processes within departments providing both commercial and technical services to customers. The style of teaching and content is based on real-life scenarios, and practical know-how of the automotive industry means that our trainers are able to deliver work-ready knowledge to deal with challenges and explore the use of the tools and skills in workshops.

There are four (4) key centres located in Petaling Jaya, Sandakan, Kota Bharu and Penang. At TCTECH, our automotive students work with experts in industry-simulated workshops and gain industry relevant training as well as job opportunities at all service centres that are located nationwide. TCTECH aims to be the country's quality private skilled and industrial based in-depth training mentor, and eventually will expand its centres to the Indochina region. Our advanced certificates will be recognised and accredited, both locally and abroad.

TCTECH produces new graduates every year and a total of 67 students graduated this year. This is a testament of the Group's contribution to society to build a knowledge-based economy through producing more skilled technicians and contributing towards raising national productivity.

### Corporate Social Responsibilities ("CSR") to B40 Families – Provision of Education & Job Opportunities

In line with UNSDG 4 and 8, the Group shows its commitment in helping youths from B40 (Bottom 40% of the Malaysian household income) families to build their skills and to continue their education. This is also in tandem with the Group's practice where we consistently believe in building fundamental capabilities to enable growth and work performance, both from technical and human aspects. In FY2022, the Group offered scholarships to 22 youths from B40 families within the communities we operate in. On top of that, the Group is also offering 17 SKM (Sijil Kemahiran Malaysia) Level 3 and 2 SKM Level 4 sponsorships in 2023, where the successful individuals will have the opportunities to be employed within the Group while being sponsored to further their automotive qualifications. The announcement of this programme was made public in December 2022 and the programme will be commencing in Q2 2023.

Upon programme completion, the students will be offered immediate employment opportunities to become part of our workforce as skilled technicians for the businesses within the Group. In FY2022, 67 students graduated from our automotive institute (TCTECH) and are now employed within the Group in the various after-sales businesses. This is in line with the Group's Social Pillar in our Sustainability Framework, and the theme under The Human Connection to nurture future generations and improve the lives of people in the communities by providing education and empowering the underprivileged.

### Local Employment and Sourcing

The Group is committed to local employment and sourcing in line with government policy. We acknowledge localisation as an essential component of our value chain.

### Human Rights

TCMH is committed to embedding human rights into the fabric of our business. We comply with all applicable laws and regulations pertaining to the hiring and treatment of employees in all the countries that we operate. Our approach to human rights is included in our Core Values, Code of Business Conduct and Ethics ("**CBCE**"), Suppliers' 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 from time to time.

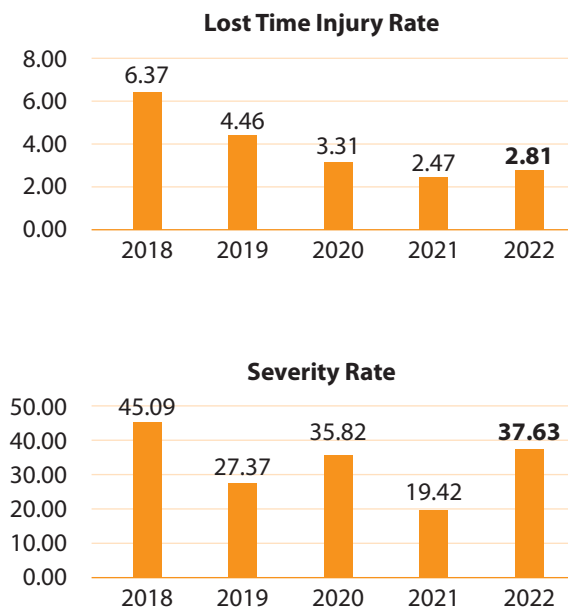
**Sustainability Statement**

Our management approach towards 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 operate; and
6. Grievance mechanisms – We have an established grievance procedure and whistleblowing channel 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 the financial year under review.

**THEME: EMPLOYEES’ SAFETY AND WELL-BEING**

**Health and Safety**



**Incident Statistics**

TCMH closely monitors workplace incidents and takes corrective and preventive actions progressively to ensure the safety of employees. However, the lost-time injury rate ("**LTIR**") had increased by 13.8% in financial year ended 31 December 2022, at 2.81 compared to 2.47 in FY2021 and the severity rate ("**SR**") had also increased by 93.8% to 37.63 in FY2022 compared to 19.42 in FY2021. Thorough investigation had been carried out and the main contributing factors causing the incidences were due to a lack of hands-on experience, unfamiliarity with the working environment and a significant increase of vehicle repair work when the country was transitioning into the endemic phase. The front-line workers, especially new joiners needed time to familiarise with their work tasks and environment. Immediate action was taken to rectify the situation through the provision of training to ensure awareness of safety precautions and processes as well as to develop requisite skills. No fatalities were recorded, and we are committed to and strive for a zero-accident environment, which prioritises "safety first" in all of our operations.

The Chemical Health Risk Assessment ("**CHRA**") was performed to evaluate the chemical use, handling and storage of chemicals to prevent or reduce workers' exposure to hazardous substances to health.

**Environmental, Health and Safety Training**

In total, 94 training sessions had been organised by EHS Department for all TCMH employees in FY2022, covering pertinent topics such as Fire Safety, Safe Operation of Equipment, General Safety Awareness, EHS Risk Management, Environmental Compliance and Occupational Health. This is to develop awareness and knowledge at all levels of employees in understanding and executing EHS policies at their workplace. This is part of the overall strategy to ensure that a safe work environment is provided as part of the culture in all our business operations.



## Sustainability Statement

### Employees' Well-being

As part of the continuous support and education for employees' well-being, a total of 16 webinars on health awareness/wellbeing and 7 webinars on financial literacy was conducted in partnerships with MiCare (a 3<sup>rd</sup> party outsource medical administrator), Standard Chartered Bank, Principal Asset Management and International SOS.

### Product Quality and Safety

Our customers' safety on the road has long been a top priority to us where we strive to deliver vehicles with the highest quality and safety standards. Every new generation of vehicles introduced into the market is upgraded with latest technology and safety innovation, such as Nissan intelligent mobility which includes 360° safety shield and advanced driver assistance systems. Electronic Stability Control ("ESC") and ISOFIX (International Standardised Car Seat Fitting System) for child safety are incorporated as safety features in Renault models. The New Quester comes with a reliable auxiliary braking system and transmission retarder to enable better control during a downhill drive. We uphold the highest standards and commitment to our principal partners, namely Nissan, Renault and UD Trucks.

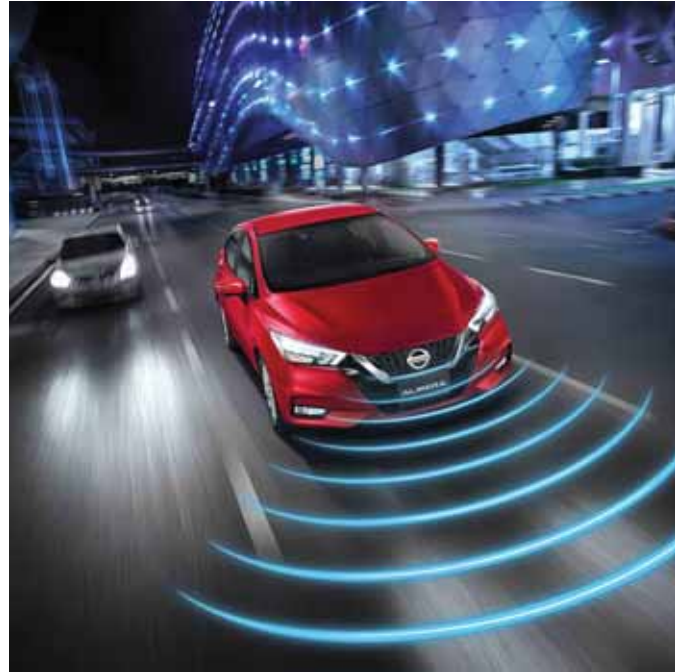
#### Nissan

Echoing the pledge by our principal partner, Nissan's goal of zero fatalities: reducing the number of deaths from accidents involving Nissan vehicles to virtually zero. Nissan is working to develop vehicle control technologies aimed at significantly reducing accidents by utilising next-generation LIDAR (Light Detection and Ranging) technology. The new driver-assistance technology utilises highly accurate, real-time information about the vehicle's surrounding environment to dramatically enhance collision avoidance.

#### Safety Shield: Virtually Collision-Free Cars

Nissan's Safety Shield concept supports the safety of vehicle users in a variety of scenarios from a comprehensive perspective, such as accident prevention and avoidance and protection of the occupants of the vehicle. Sensors and cameras assist users to monitor their surroundings of vehicles and pedestrians which may be in the user's blind spot.

Nissan Intelligent Mobility is a suite of integrated technology that is designed to increase safety, comfort, and control while driving, connecting you with your vehicle and the world around you. Get more confidence behind the wheel with the Nissan Almera's safety and advanced driver assistance systems.



#### Safety Shield



## Renault

With over a century of research and development, Renault sets the standards for automotive safety with vehicles tailored to present driving conditions. There are 5 safety features built in Renault Captur where they ensure the safety and comfort of the driver:

- The Electronic Stability Control ("**ESC**") keeps the vehicle under control during an emergency;
- The Hill-Start Assist ensuring vehicle not rolling backwards;
- The ISOFIX for child safety provides a rigid link between the child seat and the car to reduce the risk of injury;
- The High-Efficiency Airbags are equipped with high-efficiency front airbags, head/thorax side airbags and efficient pressure sensors to detect impact; and
- Emergency brake assist system complements the Anti-lock Braking System ("**ABS**") and controls the vehicle's trajectory whatever the braking intensity to reduce vehicle stopping distance without any sharp deviation from its trajectory.



The Electronic Stability Control (ESC)



Hill-Start Assist



ISOFIX for child safety



High-Efficiency Airbags



Emergency brake assist

The Renault Koleos is rated 5-Star in The European New Car Assessment Programme ("**EURO NCAP**"). The NCAP rates vehicles to determine crash worthiness and rollover safety. The safety ratings are gathered during controlled crash and rollover tests conducted at National Highway Traffic Safety Administration ("**NHTSA**") research facilities. Five stars indicate the highest safety rating and one star the lowest. The EURO NCAP safety rating is based on the assessment in four important areas:

- Adult Occupant Protection (for the driver and passenger);
- Child Occupant Protection;
- Pedestrian Protection which has been expanded to include cyclists and is now known as Vulnerable Road User ("**VRU**") protection; and
- Safety Assist, which evaluated driver-assistance and crash-avoidance technologies.



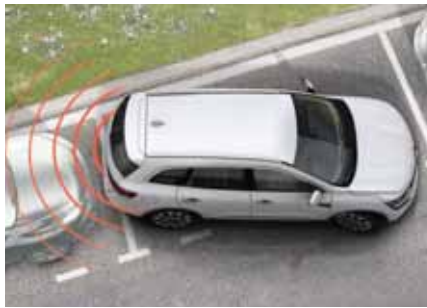
## Sustainability Statement

The highlights of the 6 safety features in Renault Koleos vehicle are as follows:

- The Blind Spot Warning System – a security system with light indicators on each wing mirror detects vehicles entering the blind spot of the driver;
- The front, side and rear parking sensors covered from all directions with sensors to provide an audible warning and with the visual guidelines displayed on the touchscreen on any close obstacle;
- The Hill-Start Assist ensuring vehicle not rolling backwards;
- The cornering function in fog lights automatically activates, illuminating the path ahead for better visibility at night;
- The ISOFIX for child safety provides a rigid link between the child seat and the car to reduce the risk of injury; and
- The 6 airbags protected and secured multi-stage, variable force deployment airbags to protect both the driver and the passengers.



*Blind Spot Warning System*



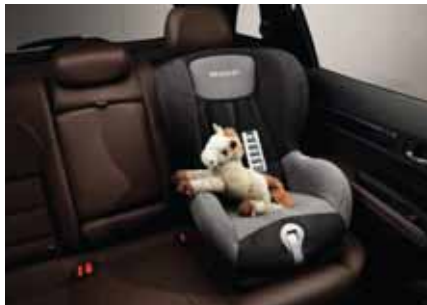
*Front, Side and Rear Parking Sensor*



*Hill-Start Assist*



*Cornering Function in Fog Lights*



*ISOFIX for Child Safety*



*Six (6) Airbags*



### UD Trucks

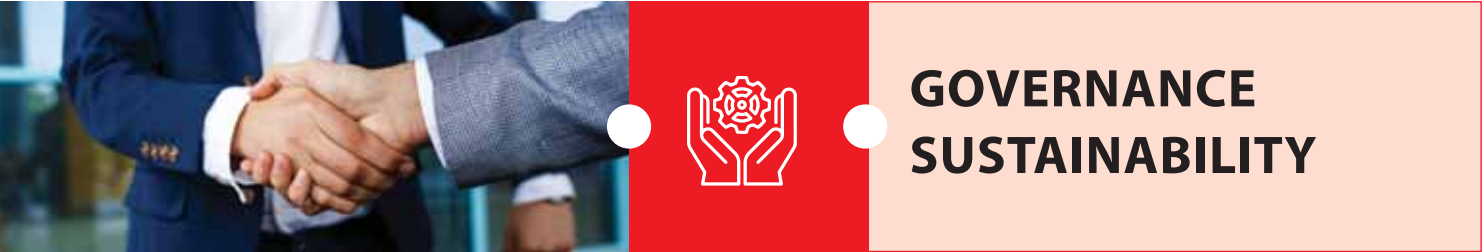
For over 40 years, TCMH through its subsidiary Tan Chong Industrial Equipment Sdn. Bhd. (TCIE) has been a distributor for UD Trucks. Our UD trucks undergo rigorous testing to identify potential quality issues before they are deemed ready to be sold to customers.

The New Quester's safety built-in are as follows:

- Auxiliary Brake which provides a reliable braking system to maintain safe speeds and delivers powerful braking without fade. The UD Extra Engine Brake ("**EEB**") is a powerful engine brake that comes with the 11-litre engine. It back-pressures the cylinders within the engine, using exhaust pressure and a patented ingenious valve system. There is no generation of heat or extra wear and tear on the equipment;
- Transmission Retarder, i.e., the presence of the hydraulic retarder makes downhill driving easier. In loaded vehicles in particular, the vehicle speed can be controlled without applying service brake which reduces wear and prevents accidents due to brake fade;
- Brake Max Mode with ESCOT, i.e., when vehicle is not coupled with a transmission retarder, ESCOT features a Brake Max Mode which allows the transmission to continuously downshift for a more effective use of the EEB;
- Other braking functions include exhaust brake on GH8E and GH11E enables fast, reliable and engine-braking; ABS (Anti-lock Braking System) improves braking on all surfaces; and full S-cam air brakes are super-durable for constant use;
- Front Underrun Protection System ("**FUPS**") in the New Quester's exterior was designed and developed with focus on safety. The system is equipped to prevent smaller vehicles from being wedged under the front in the event of a collision; and
- Economic Commission for Europe ("**ECE**") certification and fully compliant with the cab safety, braking, ADR lighting (Australian Design Rule of lighting installation) and noise requirements are all certified and approved according to European standards. ECE R29 for cab strength is part of this certification.



## Sustainability Statement



TCMH's governance system is supported by various policies and frameworks to ensure that relevant controls are established, and our processes are working efficiently. As a long established player in Malaysia and Indochina automotive industry, we recognise the scale of the impact our business has on the societies and environments in which we operate in.

This section elaborates the principles that guide the way we do business.

### THEME: GOVERNANCE RESPONSIBILITIES

#### Responsible Business

TCMH manages its business practices through transparent communication of robust governance policies and high standards of ethical behaviour. These practices transcend through the way we operate as an organisation and are included in our financial performance, risk management, along with our interactions with suppliers and customers. TCMH ensures responsible business practices through good governance, policies and regulations and deliver on overall economic performance.

#### Anti-Bribery and Anti-Corruption Culture

Guided by our Anti-Bribery and Anti-Corruption ("**ABAC**") Policy, TCMH has in place governance and anti-bribery and anti-corruption programme to help mitigate the risk of bribery and corruption in all aspects of our operations. The Group makes reference to industry best practices such as ISO 37001:2016 Anti-Bribery Management Systems standards whilst formalising its ABAC policy.

TCMH forbids all forms of corruptions. These ethcial standards are laid out in our Code of Business Conduct and Ethics ("**CBCE**"), contractual terms and other governing documents. The Group has zero-tolerance on bribery and corruption.

In FY2022, 100% of our workforce had completed and acknowledged the annual mandatory ABAC training. The training materials are available on the Group's intranet.

All employees were required to complete a test after the training to ensure their understanding of the requirements of the policy.

The Board has oversight of compliance with anti-corruption policies. Relevant policies and procedures are in place such as the Gift, Entertainment and Hospitality, included in the Anti-Bribery and Anti-Corruption Policy, Procurement Policy and the Code of Business Conduct and Ethics. Any employee involved in bribery faces disciplinary action, which can lead to termination of employment. Every employee is responsible for preventing and reporting suspicious activity or wrongdoing that may lead to bribery using dedicated whistleblowing channels.

#### Corruption Risk Management ("**CRM**")

The Group has established the Corruption Risk Management Framework to guide the conduct of Corruption Risk Assessment ("**CRA**"). The assessment has commenced since August 2020 by major operations within the Group and key risk indicators with pre-determined thresholds developed to monitor exposure to corruption risks monthly. TCMH has in place anti-corruption programme for effective mitigation strategies on potential instances of bribery, corruption and fraud with a focus on high-risk areas of business throughout the Group. Workshops were conducted by the Group Risk Management and Sustainability team to guide operations to perform the assessment in identifying potential corruption risks on a yearly basis.

### Special Complaints Policy

A compliance reporting channel is available on TCMH's intranet and corporate website for anyone to enquire, report or provide feedback on any improper conduct, e.g., fraud, wrongdoing, misconduct, non-compliance, etc. regardless of suspected or actual incidents. Parties may contact the Group Integrity Office via the following reporting channels:

- (i) by email to [compliance@tanchonggroup.com](mailto:compliance@tanchonggroup.com);
- (ii) by text message via the Compliance online "Hotform"; or
- (iii) via Toll Free line "1800-888-245"

### Third Party Due Diligence on Corruption Risk

TCMH had earlier embarked on performing third party due diligence on corruption risk for all existing and on-boarding of third party prior to engagement. This is to provide reasonable assurance by screening processes for any potential corruption risk exposure. A guideline was developed and formalised where trainings were conducted for our operations - communicating the process guidelines in performing the due diligence as part of the anti-bribery management programme.

### Responsible Supply Chain Management

We ensure business continuity in the organisation by managing our supply chain sustainably. Conducting business in an ethical and sustainable way is a cornerstone to TCMH. It is important that our labour practices are managed at the highest standards throughout the supply chain. We support local and overseas suppliers to help ensure supply, support a stable economy and maintain community relations.

The Suppliers' Code of Conduct ("**SCOC**") was issued by the Group Procurement Department and came into effect on 1<sup>st</sup> October 2021 to ensure that the way businesses are conducted throughout the whole supply chain conforms to TCMH's standards.

All our suppliers are required to acknowledge and abide by our SCOC upon engagement. TCMH's continues to assess Suppliers' compliance with this SCOC. Our sustainability practices are integrated with labour, health and safety compliance. New and existing suppliers are required to acknowledge and comply with the SCOC. We conduct awareness sessions within the Group regularly.

In FY2022, Group Procurement Department conducted a review on 19 key suppliers to assess their conformity to the SCOC's requirements. The reviews included feedback from suppliers on their preparedness towards ESG compliance. This was aimed at supporting our suppliers, vendors and contractors, particularly, those SMEs to grow together with the Group towards ESG compliance, where the Group provides assistance to guide and share knowledge on ESG aspects and compliance.

Moving forward, we will put in place initiatives to improve our supply chain by ensuring excellence through quality assurance. In future, we intend to incorporate more ESG elements into our SCOC.

The Group's Suppliers' Code of Conduct covers the following fundamental areas:

1. Prevention of child labour;
2. Prevention of forced labour;
3. No discrimination;
4. Fair and Equitable Compensation;
5. Freedom of Association and Right to Collective Bargaining;
6. Right to reasonable limitation of working hours, rest and leisure;
7. Ethical Conduct;
8. Zero Harm Approach;
9. Environmental Protection; and
10. Responsibility, accountability and transparency.

We uphold strong integrity within our business and do not tolerate instances of improper activities in good faith, such as questionable acts or possible violation of this SCOC to TCMH and/or corrupt practices regardless of whether they are suspected or actually took place.

## Sustainability Statement

### Cybersecurity

There were no successful cybersecurity attacks in FY2022, due to a combination of upgraded endpoint threat protection systems, as well as enhancement of cybersecurity awareness for Tan Chong staff. The focus throughout FY2022 was equipping staff with the necessary knowledge and awareness on dealing with cybersecurity threats. A total of 9 instructor-led online training sessions on cybersecurity awareness was conducted, while those who could not attend these classroom sessions completed their training via our online portal. Staff were also required to take a mandatory assessment, and we managed to achieve a 99.5% attendance and passing rate. The Group also carried out preventive maintenance measures by utilising our new IT Asset Management system which enabled us to manage our software assets and reduce any related cybersecurity risks accordingly. TCMH also embarked on a programme at some of our existing business processes by piloting the usage of e-signatures on some of our internal business documents, which had reduced paper usage, and we have plans to roll this out to some of our customer-facing processes in the year ahead.

### Privacy and Data Protection

The Personal Data Protection Act 2010 (“**PDPA**”) Policy has been established and its main objective is to ensure the security, retention and data integrity of the stakeholders is protected.

The PDPA provides guidance, purpose and method to collect, use and disclose personal data for legitimate and reasonable purposes. It also safeguards data by requiring data users to comply with certain obligations and confers certain rights to the data subject in relation to their personal data. In return, by adhering to the PDPA, we are better prepared to protect and prevent any form of abuse on the storage or processing of personal data of individuals for our commercial transactions.

### Conclusion

The Board is cognisant of the need for the Group to stay apprised of emerging risks and opportunities posed by the evolving Economic, Environmental, Social and Governance perspectives of doing business both locally and regionally. Accordingly, the Board, together with Management, remains vigilant in deploying pragmatic measures to address such matters in the Group’s quest to remain sustainable and create long-term value to stakeholders.

## 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 2022 and up to the date of this Statement. 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 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 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 13 March 2023, is uploaded 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 Group Governance imperative reminds Directors of the Company and its subsidiaries that they are to 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 robust economic, environmental, social and governance (“EESG”) 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 to acceptable levels; 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 EESG effectively, a Sustainability Working Committee (“SWC”) had been formed as a pivotal part of the Group’s sustainability framework, based on the EESG agenda, materiality assessment initiatives and key indicators to monitor performance. The SWC reports the progress of sustainability initiatives implementation to the Risk Management and Sustainability Committee (“RMSC”), which is helmed by the Group CEO. The Board had in 2022 undertaken various stakeholder engagements to ensure that the Group’s sustainability strategies, priorities and targets as well as performance against these targets are communicated to internal and external stakeholders.

## Corporate Governance Overview Statement

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 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 Committees' meetings.

The Non-Executive Directors, Independent and Non-Independent, 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. 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 process by bringing in the quality of detached impartiality. The Board has identified Dato' Ng Mann Cheong as a Senior Independent Non-Executive Director of the Company to whom concerns of fellow Directors, shareholders and other stakeholders may be conveyed. Dato' Ng Mann Cheong was re-designated as a Non-Independent Non-Executive Director with effect from 31 December 2022 and on even date, Mr. Lee Min On was re-designated as the Senior Independent Non-Executive Director of the Company.

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 uploaded 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, including Executive Directors. The Company also has in place a Special Complaints Policy ("Policy"), equivalent to a 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 Board 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. On 24 May 2022, the Board adopted a Directors' Fit and Proper Policy to set out the fit and proper criteria for the appointment of prospective Director and re-election of Directors on the Board of the Company and its subsidiaries. A copy of the Directors' Fit and Proper Policy is available on the Company's website at <https://www.tanchonggroup.com>.

## Corporate Governance Overview Statement

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, concerning statutory and regulatory requirements, corporate governance developments and practices; including the resultant implications of any changes in regulatory requirements to the Company and Directors.

To discharge their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their purview. The meeting schedules of the Board, Board Committees and AGM for each financial year are fixed in advance for the whole year to enable the Directors and Management to plan accordingly. 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 nine (9) 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, the Company leveraged on technology by conducting meetings of the Board and Board Committees online, enabling participants to log in off-site for robust discussions.

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

<b>Name</b>	<b>No. of Board Meetings attended</b>	<b>Percentage of Attendance (%)</b>
Dato' Tan Heng Chew	9/9	100
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	9/9	100
Ho Wai Ming	9/9	100
Lee Min On	9/9	100
Ng Chee Hoong	9/9	100
Dato' Ng Mann Cheong	9/9	100
Dato' Chan Choun Sien	9/9	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 distributing 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.

## Corporate Governance Overview Statement

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 which are as follows:

Name	Details of Programme
Dato' Tan Heng Chew	<ul style="list-style-type: none"> <li>• KPMG PLT : MFRS 2021 Updates and Updated MCCG 2021</li> <li>• TC iTech Sdn. Bhd. : Tan Chong Group's IT Systems &amp; Infrastructure</li> <li>• APM Automotive Holdings Berhad : Tax Corporate Governance Framework and Guidelines</li> <li>• APM Automotive Holdings Berhad : Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the APM Automotive Holdings Berhad Group</li> <li>• TC iTech Sdn. Bhd. : Cybersecurity Awareness</li> <li>• Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad and Warisan TC Holdings Berhad : Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function and External Auditors</li> <li>• Warisan TC Holdings Berhad Group : Corporate Liability Provision (Section 17A) of the Malaysian Anti-Corruption Commission Act 2009</li> </ul>
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	<ul style="list-style-type: none"> <li>• KPMG PLT : MFRS 2021 – Updates and Updated MCCG 2021</li> <li>• CIMB Private Banking in collaboration with Principal Asset Management : Webinar – Investing in Asia – Stay the course, think long term</li> <li>• CIMB Private Banking in collaboration with Principal Asset Management : Webinar – Has the Technology Sector Run Out of Steam? - Volatility, Valuations and Opportunity</li> <li>• APM Automotive Holdings Berhad: Tax Corporate Governance Framework and Guidelines</li> <li>• TC iTech Sdn. Bhd.: Cybersecurity Awareness</li> <li>• Tan Chong Motor Holdings Berhad: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the Tan Chong Motor Holdings Berhad Group</li> </ul>
Ho Wai Ming	<ul style="list-style-type: none"> <li>• KPMG PLT : MFRS 2021 – Updates and Updated MCCG 2021</li> <li>• Association of Chartered Certified Accountants : Services Tax, Sales Tax, GST &amp; Customs Duties - Special Tax Incentives in 2022 – Voluntary Disclosure &amp; Amnesty</li> <li>• Bursa Malaysia Berhad: TCFD 101 : Getting started with climate-related financial reporting</li> <li>• TC iTech Sdn. Bhd.: Tan Chong Group's IT Systems &amp; Infrastructure</li> <li>• Bursa Malaysia Berhad: TCFD 102 : Building experience in climate-related financial reporting</li> <li>• Tricor Axcelasia Sdn. Bhd.: Sustainability &amp; Environmental, Social &amp; Governance Training</li> <li>• Taiwan Industrial Technology Research Institute : 2022 International Webinar on Digital Transformation</li> <li>• APM Automotive Holdings Berhad: Tax Corporate Governance Framework and Guidelines</li> <li>• Warisan TC Holdings Berhad: Corporate Liability Provision (Section 17A) of the Malaysian Anti-Corruption Commission Act 2009</li> <li>• TC iTech Sdn. Bhd. : Cybersecurity Awareness</li> <li>• Tan Chong Motor Holdings Berhad: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the Tan Chong Motor Holdings Group</li> <li>• KPMG PLT : Human Rights Risk Management for Malaysian Companies</li> <li>• Tan Chong Motor Holdings Berhad: Briefing on Transfer Pricing Documentation</li> <li>• Securities Commission Malaysia : Audit Oversight Board Conversation with Audit Committees</li> <li>• KPMG PLT : 2022 MFRS Updates Seminar</li> <li>• Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad and Warisan TC Holdings Berhad : Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function and External Auditors</li> </ul>



## Corporate Governance Overview Statement

Name	Details of Programme
Lee Min On	<ul style="list-style-type: none"> <li>• KPMG PLT : MFRS 2021 – Updates and Updated MCCG 2021</li> <li>• Bursa Malaysia Berhad : TCFD 101 Climate Disclosure Training Programme</li> <li>• TC iTech Sdn. Bhd.: Tan Chong Group’s IT Systems &amp; Infrastructure</li> <li>• APM Automotive Holdings Berhad: Tax Corporate Governance Framework and Guidelines</li> <li>• Bursa Malaysia Berhad: Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers</li> <li>• Warisan TC Holdings Berhad : Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the Warisan TC Holdings Berhad Group</li> <li>• TC iTech Sdn. Bhd. : Cybersecurity Awareness</li> <li>• Tan Chong Motor Holdings Berhad: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the Tan Chong Motor Holdings Berhad Group</li> <li>• Lead Women Sdn. Bhd.: Bursa Malaysia Immersive Session: The Board “Agendar”</li> <li>• Securities Commission Malaysia: Securities Audit Oversight Board Conversation with Audit Committees</li> <li>• Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad and Warisan TC Holdings Berhad: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function and External Auditors</li> </ul>
Ng Chee Hoong	<ul style="list-style-type: none"> <li>• KPMG PLT : MFRS 2021 – Updates and Updated MCCG 2021</li> <li>• Bursa Malaysia Berhad: TCFD 101 : Getting started with climate-related financial reporting</li> <li>• TC iTech Sdn. Bhd.: Tan Chong Group’s IT Systems &amp; Infrastructure</li> <li>• Bursa Malaysia Berhad: TCFD 102 : Building experience in climate-related financial reporting</li> <li>• Chartered Tax Institute of Malaysia: Hasil-CTIM Tax Forum 2022</li> <li>• Audit Oversight Board: Audit Oversight Board’s Conversation with Audit Committee</li> <li>• Malaysian Institute of Accountants: MIA Webinar Series: Audit Series Workshop 5 – Auditing of Property Developers and Contractors</li> <li>• Chartered Tax Institute of Malaysia : National Tax Conference 2022</li> <li>• TC iTech Sdn. Bhd.: Cybersecurity Awareness</li> <li>• Tan Chong Motor Holdings Berhad: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the Tan Chong Motor Holdings Berhad Group</li> <li>• Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad and Warisan TC Holdings Berhad: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function and External Auditors</li> </ul>
Dato’ Ng Mann Cheong	<ul style="list-style-type: none"> <li>• KPMG PLT : MFRS 2021 Updates and Updated MCCG 2021</li> <li>• TC iTech Sdn. Bhd.: Tan Chong Group’s IT Systems &amp; Infrastructure</li> <li>• TC iTech Sdn. Bhd.: Cybersecurity Awareness</li> <li>• Tan Chong Motor Holdings Berhad: Sustainability Governance &amp; Operationalising Sustainability – What It All Means to the Tan Chong Motor Holdings Berhad Group</li> </ul>

## Corporate Governance Overview Statement

Name	Details of Programme
Dato' Chan Choun Sien	<ul style="list-style-type: none"> <li>• CIMB Investment Bank Berhad: A Bumpy Transitional Year</li> <li>• KPMG PLT: MFRS 2021 – Updates and Updated MCCG 2021</li> <li>• The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor : Investment Outlook for 2022</li> <li>• SME Association of Malaysia: Levelling Up the Logistics Strategy for SMEs</li> <li>• TC iTech Sdn. Bhd.: Tan Chong Group's IT Systems &amp; Infrastructure</li> <li>• Malaysia Digital Economy Corporation Sdn. Bhd. : Insuretech Webinar</li> <li>• Philippines-Japan Society Inc: 47th ASEAN-Japan Business Meeting</li> <li>• Selangor Dredging Berhad: Directors' Liabilities to Lembaga Hasi Dalam Negeri</li> <li>• KPMG PLT: Insights into Task Force on Climate-Related Financial Disclosures and Sustainable Finance</li> <li>• Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Berhad): Anti-Bribery &amp; Corruption Awareness - Safeguarding the Group, its Directors, Management &amp; Other Personnel from Corruption Prosecution</li> <li>• APM Automotive Holdings Berhad: Tax Corporate Governance Framework and Guidelines</li> <li>• TC iTech Sdn. Bhd.: Cybersecurity Awareness</li> <li>• Transformational Business Network: 2022 Asia Conference - Collaboration in the Post Pandemic World</li> <li>• Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad and Warisan TC Holdings Berhad: Briefing on the Annual Assessment of the Board of Directors, Board Committees, Individual Directors, Key Officers, Internal Audit Function SME and External Auditors</li> </ul>

## 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, three (3) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. 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 32 of the Annual Report.

The Nominating and Remuneration Committee ("NRC") is entrusted to assess the adequacy and appropriateness of the Board composition, identify and recommend suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity, including gender, age and ethnicity diversity, training requirements for Directors and other qualities of the Board, including core-competencies which the Non-Executive Directors should bring to the Board.

## Corporate Governance Overview Statement

The annual assessment of the Board, Board Committees and individual Directors was conducted by the NRC on 11 January 2023 using a self and peer assessment approach based on pre-set questionnaire, adapted from the Corporate Governance Guide 4<sup>th</sup> Edition, approved by the Board. The performance of Directors and Senior Management in relation to overseeing sustainability management was also assessed. 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' Tan Heng Chew and Mr. Ho Wai Ming, who had completed their Declaration of Fit and Propriety in line with the Directors' Fit and Proper Policy adopted by the Company, are in a position to be re-elected Directors of the Company at the forthcoming Annual General Meeting ("AGM"). An additional 360° assessment of the Board and Board Committees conducted by personnel who were not members of the Board or Board Committees but who attended the full meetings of these bodies were also conducted. 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 2022 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 who had served as an Independent Non-Executive Director for a cumulative term of more than twelve (12) years, was re-designated as a Non-Independent Non-Executive Director with effect from 31 December 2022. The Company met the requirements of the amended MMLR issued by Bursa Securities vide its letter dated 19 January 2022 in relation to Director Appointment, Independence and Miscellaneous Changes.

Based on findings of the assessments carried out by the NRC, the Board recognised that continued focus and priorities need to be accorded to the following areas, 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 activities; and
- (iii) Digital transformation and cybersecurity.

## Corporate Governance Overview Statement

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 the Terms of Reference of the NRC;
- Reviewed and recommended the re-election of Directors who were due for retirement by rotation for shareholders' approval;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director;
- Assessed the Directors' training needs;
- Reviewed the performance of the Chief Financial Officer and the Company Secretary;
- Reviewed the remuneration of Executive Directors and Senior Management Personnel of the Group;
- Reviewed the proposed renewal of the Service Contracts of Executive Director and Senior Management;
- Reviewed retirement and recognition proposal; and
- Noted the re-election of subsidiaries' Directors for the subsidiaries' forthcoming AGM.

The Board has formalised a Board Diversity Policy and such policy is contained in the Board Charter, available on the Company's website. The Board strongly advocates Board diversity, as a truly diverse Board includes and makes 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 amended MMLR by Bursa Securities, which requires all listed issuers to have at least one (1) woman Director on its Board, effective 1 June 2023.

### 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 established 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 available 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 by Directors of the Company from the Group and Company for the financial year ended 31 December 2022 amounted to RM16,984,236 and RM11,927,083 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, three (3) of whom are Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director, 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 2022, 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 include a requirement for a former partner to observe a cooling-off period of at least three (3) years from retirement or resignation 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 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 system of risk management and sustainability initiatives of the Group:

### Chairman

Lee Min On (Senior Independent Non-Executive Director)

### Members

Dato' Tan Heng Chew (Executive Director)

Ng Chee Hoong (Independent Non-Executive Director)

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

Dato' Chan Choun Sien (Independent Non-Executive Director)

The BRMSC oversees the implementation of the Group's risk management and sustainability frameworks, reviews risk management and sustainability policies which set out the risk and sustainability governance, 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 and sustainability 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, including the status of sustainability initiatives implemented by Management. The Chairman of RMSC and Heads of Group Risk Management and Sustainability, 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 81 to 90 of this Annual Report. As for sustainability initiatives, details of the activities are set out in the Sustainability Statement on pages 37 to 66 of this Annual Report.

## Corporate Governance Overview Statement

In line with the MCGG 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 (“Standards”) pursuant to the International Professional Practices Framework and the results of the QAR assessment were found to be satisfactory. The next QAR assessment will likely be conducted in 2024, with a 5-year gap interval as promulgated by the Standards.

### 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](mailto: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 MCGG, the Company despatches the notice of the 50<sup>th</sup> AGM to its shareholders at least 28 days before the AGM.

At the last AGM, which was held virtually at the broadcast venue at Tricor Business Centre, Kuala Lumpur, 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 50<sup>th</sup> 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 13 April 2023.

## 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 2022.

### COMPOSITION AND MEETINGS

The Audit Committee was established on 1 August 1994 and the current composition, including the attendance of its members at the eight (8) meetings held during the financial year, is as follows:

Name	Designation	Attendance
Ng Chee Hoong Independent Non-Executive Director	Chairman	8/8
Lee Min On Senior Independent Non-Executive Director	Member	8/8
Dato' Ng Mann Cheong Non-Independent Non-Executive Director	Member	8/8
Dato' Christopher Chan Choun Sien Independent Non-Executive Director	Member	8/8

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](http://www.tanchonggroup.com).

## Audit Committee Report

### 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 2022 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 2022 are stated in the Additional Compliance Information on page 91 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 2023, subject to shareholders' approval; and
- (f) Held three (3) private sessions with the external auditors, following the presentation of their Audit Plan for the financial year ended 31 December 2022 on 21 November 2022, and following their presentation of results and findings from their audit on 27 February 2023 and 31 March 2023, 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.



## Audit Committee Report

### (3) Internal Audit

- (a) Reviewed and approved the Annual Internal Audit Plan (“Plan”) to ensure adequacy of scope, resources, competencies and coverage of auditable entities in the Group with significant and high risks, including the periodic status of completion of the Plan;
- (b) Reviewed the scope and results of internal audits addressing 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.

## Audit Committee Report

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:
  - Corporate governance – application of the 48 Practices under the updated MCCG 2021;
  - Sales and collections;
  - Procurement and payment process;
  - Inventory verification;
  - E-payment;
  - Bank reconciliation;
  - Business operations and process improvement;
  - Inventory and logistics management;
  - Cyber security and data protection;
  - Anti-Bribery and Anti-Corruption reporting channels;
  - Environmental, health and safety compliance;
  - Compliance with licensing requirements;
  - Social media;
  - Cost rationalisation;
  - Bank financial covenants;
  - Project implementation;
  - Petty cash management; and
  - Follow up audit on the agreed management action plans.
- (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 13 April 2023.

## Statement on Risk Management and 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 2022 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.

## Statement on Risk Management and Internal Control

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

- Improve decision making, resource planning and prioritisation to achieve the Group's targeted performance and strategic objectives;
- Pursue opportunities while managing risks in a rapidly changing business environment;
- Mitigate loss of resources and missed business opportunities;
- Comply with laws and regulations; and
- Deal with risks should they materialise, 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 three (3) Independent Non-Executive Directors, one (1) Non-Independent Non-Executive Director and President. The Group Chief Executive Officer, Chief Financial Officer, Head of Group Risk Management and Sustainability and Business units risk owners attend the BRMSC meeting as invitees.

The reporting to BRMSC is undertaken by the Risk Management and Sustainability Committee ("RMSC"), which is chaired by the Group Chief Executive Officer and comprises heads of major business units of the Group as its members. The RMSC is supported by the Group Risk Management and Sustainability ("GRMS") Department. GRMS'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 GRMS. 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.

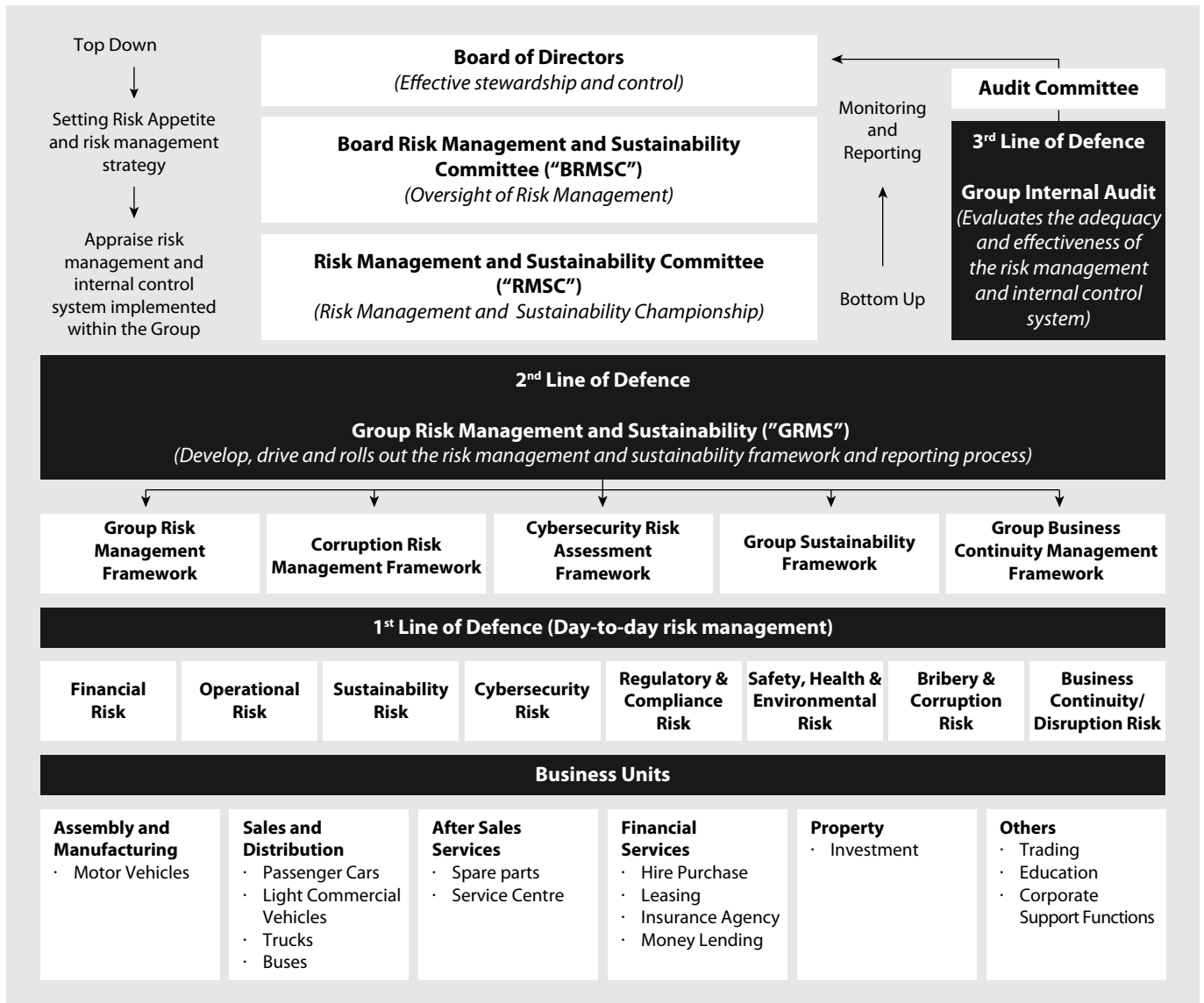
The Board has received assurance in writing from the President, Group Chief Executive Officer and Chief Financial Officer, that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management policy and procedures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

## Statement on Risk Management and Internal Control

### How the Group manages risk

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

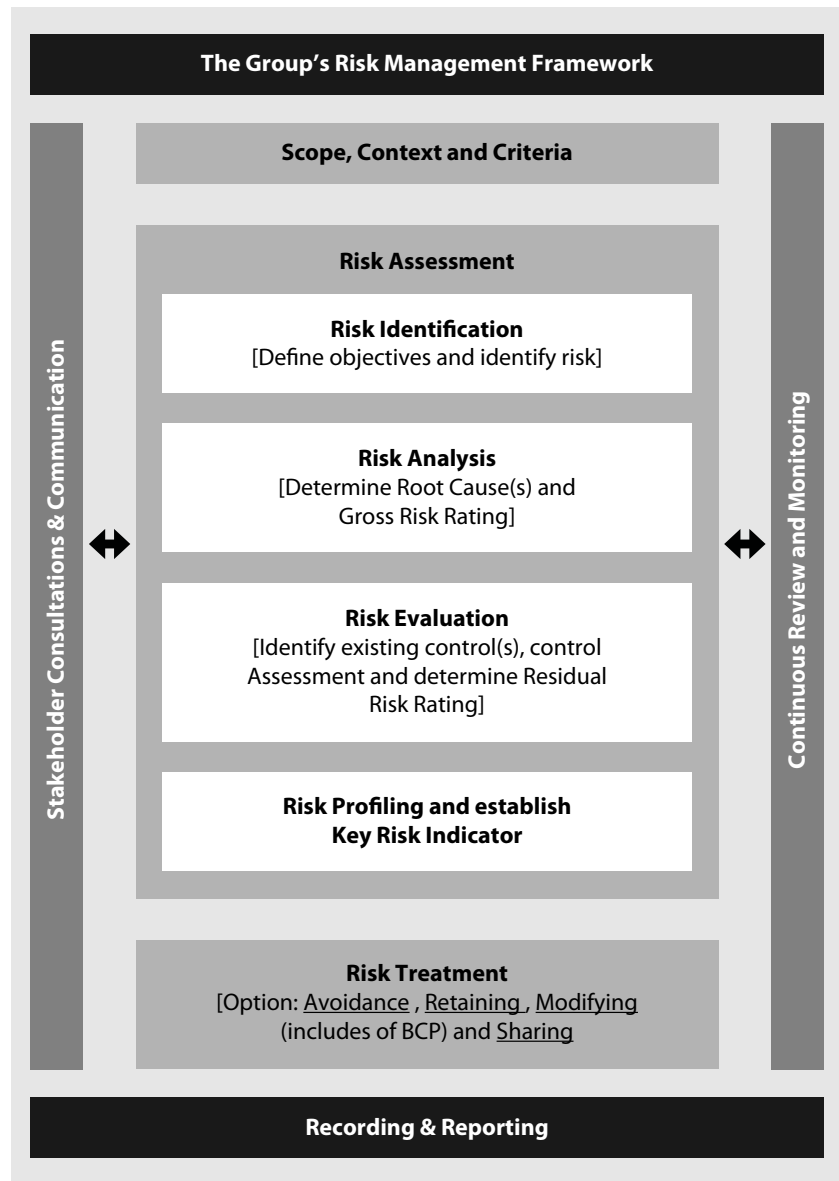
The risk assessment process which comprises key elements of risk identification, likelihood/impact analysis, risk evaluation and risk treatment (as illustrated in the risk framework illustrated opposite).

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 and 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, GRMS and business units, during the year under review were:

#### Framework & Procedure

- Reviewed and updated the Group Risk Management Framework & Procedure to align with the current business operating environment and best practices on risk management.

#### Risk Assessment & Monitoring

- Quarterly review by Business Unit to identify and assess the risks affecting their business;
- GRMS 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;
- Key Risk Indicator ("KRI"), 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 GRMS 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 GRMS;
- GRMS monitored and engaged in discussions on the KRIs and Cybersecurity Incident Management reported by Group IT monthly;
- 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, GRMS 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, GRMS facilitated the trust fund company to perform risk assessment and customer due diligence;
- Performed physical security risk assessment for selected after-sales service workshops to evaluate and enhance security preventive measures to mitigate the risk for assets loss; and
- Performed cybersecurity assessment and report to Bank Negara Malaysia for financial services business unit.

#### Reporting

- 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;
- Risk profiles assessed by respective Business Unit were consolidated into the Corporate Risk Map of the Group for presentation to the RMSC and BRMSC; and
- Group Information Technology presented the status of the KRIs, Cybersecurity risk assessment and Incident Management in RMSC and BRMSC quarterly meetings; and
- Group Integrity Office presented the status of compliance with TCMH's Group Anti-Bribery and Anti-Corruption Policy (as part of the mitigation action to address the corruption risk) in BRMSC quarterly meetings.

## Statement on Risk Management and Internal Control

Training & Communication	
Subject	Key Objectives
Risk awareness briefing	To create awareness of risks, embed a corporate risk culture and instil good governance amongst Group personnel.
ISO37001: 2016 – Anti-Bribery Management System (“ABMS”)	To raise awareness of good practices in combating bribery.
Third party risk-based due diligence	To guide Business Units to perform due diligence on corruption risks.
Business Continuity Management	To create awareness on the importance of effective business continuity planning.
Anti-Money Laundering and Customer Due Diligence (for TC Trust Labuan Limited)	To enhance knowledge and compliance to AML/CFT requirements by Labuan Financial Services Authority (“LFSA”) and the methodology to conduct customer due diligence.
Sustainability awareness briefing	To inculcate the importance of sustainability and facilitate business units to identify the sustainability risks and opportunities.

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 2022

Type of Risk	Concern	Mitigating Actions/ Strategy
Regulatory Risk	<p>Changes to local regulatory requirements and/or government policies may cause the operating efficiency not at the optimum level.</p> <p>Failing to observe or comply with latest regulations may also trigger penalties being imposed by the authorities.</p>	<p>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</p> <p>Changes to the regulatory requirements were incorporated into the policies/ standard operating procedures and communicated to the staff for compliance.</p>



## Statement on Risk Management and Internal Control

Type of Risk	Concern	Mitigating Actions/ Strategy
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:- <ul style="list-style-type: none"> <li>▪ Conducting detailed study and due diligence being performed prior to the investment;</li> <li>▪ Evaluation of investment proposal by the Investment Committee prior to seeking endorsement from the Board;</li> <li>▪ Keeping abreast with the latest rules and regulations imposed by the local governments;</li> <li>▪ Engaging with local expertise/ consultants for advisory services on legal and tax related matters; and</li> <li>▪ 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.</li> </ul>
Pandemic Related Risk	<p>The outbreak of the Covid-19 pandemic has threatened people's safety &amp; well-being, which in turn has impact to the sustainability of business operations.</p> <p>The COVID-19 pandemic is global and has worldwide impact creating an uncertain global economic outlook and disruption in supply chain.</p>	<p>To create a safe working environment in minimising infection at the workplace and ensuring business continuity, the Group has taken the following actions:</p> <ul style="list-style-type: none"> <li>▪ Establishing Standard Operating Procedures for the workplace that provide detailed guidance on preventing infection at the workplace, work safety arrangements and disease containment measures;</li> <li>▪ Maintaining safe working and business environment via regular disinfection of premises and installation of antiviral air filter in the office; and</li> <li>▪ Constant and regular communication/ reminder to employees on the good hygiene &amp; precautions practices in minimising the infection at the workplace.</li> </ul> <p>As Malaysia has entered into endemic phase, the Group has taken the following actions for business recovery:</p> <ul style="list-style-type: none"> <li>▪ 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;</li> <li>▪ Embarked and/ or further enhance the digitalisation as part of the Group's sustainability initiatives to improve efficiency, speed and quality in service &amp; product delivery to customers;</li> <li>▪ 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; and</li> <li>▪ Collaborate with the Principals and business associates to minimise the impact of the supply chain disruption.</li> </ul>

## Statement on Risk Management and Internal Control

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: <ul style="list-style-type: none"> <li>▪ Close monitoring of network activities and firewalls to prevent malicious or unnecessary network traffic;</li> <li>▪ Advanced Persistent Threat and Endpoint Protection Systems are installed in all servers and endpoints to protect critical and confidential data;</li> <li>▪ Regular maintenance of the Group's systems is carried out and action taken to close any identified gaps;</li> <li>▪ Incident Management process is established to facilitate the immediate response and resolution plan to cybersecurity attack incident; and</li> <li>▪ 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.</li> </ul>

### 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 and Sustainability, 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. The 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;
- 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. IT preventive maintenance exercise is carried out nationwide where IT related assessment activities are performed e.g. computer inventory stock count to verify the quantities and condition of the laptop and desktop computers, software inventory checks to verify that only authorised software are installed, review of the network rack and condition of the server room wiring, and review and test on the network connectivity such as internet speed and WIFI connectivity;
- j. A fraud prevention policy has been adopted by the Group - this policy provides guidance in preventing fraud and to promote transparency and integrity;

## Statement on Risk Management and Internal Control

- k. 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/>;
- l. 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;
- m. 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;
- n. 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;
- o. 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;
- p. 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
- q. 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 2022 amounted to approximately RM1.28 million (2021: approximately RM1.13 million).

## Statement on Risk Management and Internal Control

### 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 2022 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 2022, 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 and 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 13 April 2023.

## Additional Compliance Information

### Governance

Financials

Other Information

Annual General Meeting

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 2022 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 2022 were as follows:

	<b>Company 2022 (RM)</b>	<b>Group 2022 (RM)</b>
Statutory audit fees	64,100	689,880
Non-audit fees *	15,000	296,352

\* *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 2022, 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

- 94** Directors' Report
- 101** Statements of Financial Position
- 103** Consolidated Statement of Financial Position (in USD equivalent)
- 105** Statements of Profit or Loss and Other Comprehensive Income
- 107** Consolidated Statement of Profit or Loss and Other Comprehensive Income (in USD equivalent)
- 109** Consolidated Statement of Changes in Equity
- 111** Statement of Changes in Equity
- 112** Statements of Cash Flows
- 114** Notes to the Financial Statements



---

 About Us
 

---

 Performance Review
 

---

 Leadership
 

---

 Sustainability
 

---

## Directors' Report

for the year ended 31 December 2022

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 2022.

### 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	(51,110)	431,228
Non-controlling interests	(3,751)	-
	(54,861)	431,228

### 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 the following dividends in respect of the financial year ended 31 December 2022:

- a) an interim single tier dividend of 1.5 sen per ordinary share totalling approximately RM9,782,000 on 24 May 2022 and paid on 30 June 2022; and
- b) an interim single tier dividend of 1.5 sen per ordinary share totalling approximately RM9,782,000 on 22 November 2022 and paid on 23 December 2022.

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' (Dr.) Khor Swee Wah @ Koh Bee Leng  
 Ho Wai Ming  
 Lee Min On  
 Ng Chee Hoong  
 Dato' Ng Mann Cheong  
 Dato' Chan Choun Sien

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



## Directors' Report

for the year ended 31 December 2022

### 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  
 Ang Yue Lai (Resigned on 25 January 2022)  
 Chan Mei-Lynn  
 Chee Sock Fun (Resigned on 24 May 2022)  
 Chen Wen-Chun  
 Cheng Mun Kean  
 Cheong Kim Seong  
 Cheong Yoke Yean  
 Chia Tuang Mooi  
 Chin Ten Hoy  
 Chin Yoon Leng  
 Chiou Wi-Guo  
 Chong Choon Yeng  
 Chong Meow Fong  
 Choo Chee Seong  
 Chow Kai Ming  
 Christopher Tan Kok Leong  
 Daniel Chow Wing Fai  
 Dato' Azmil Bin Mohd Zabidi (Appointed on 30 January 2023)  
 Dato' Hardev Singh a/l Pritam Singh (Resigned on 30 June 2022)  
 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 (Resigned on 12 May 2022)  
 Han Yin Nee  
 Hout Kimmeng  
 Kay Fock Soon (Appointed on 22 September 2022)  
 Ke Bee Kian  
 Khoo Cheng Pah  
 Khoo Peng Peng  
 Koh Lay Hoon (Resigned on 4 March 2022)  
 Kol. (B) Ho Wah Juan  
 Kong Foo Weng  
 Kong Kim Loong @ Robert Kong  
 Lau Wai Yoong  
 Law Ah Tiong (Appointed on 7 March 2023)  
 Lee Jiunn Shyan  
 Lee Kok Loon  
 Lee Long How  
 Leong Moh Jyee  
 Leong Song Seng (Resigned on 21 November 2022)  
 Leong Wen Yew  
 Leong Yee Voon  
 Lew Jiun Shang  
 Liew Kong Fatt (Resigned on 28 February 2022)

## Directors' Report

for the year ended 31 December 2022

### List of Directors of Subsidiaries (continued)

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 (Resigned on 8 March 2023)  
 Nicholas Tan Chye Seng  
 Ong Siew Luan  
 Ong Teck Seong  
 Ong Wee Teck  
 Ong Yin Ee  
 Roslan Bin Ahmad (Appointed on 7 March 2023)  
 Say Teck Ming  
 Siow Tiang Sae (Resigned on 31 December 2022)  
 Song Choon Beng  
 Sunida Thaisom  
 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 (Resigned on 14 October 2022)  
 Teh Kim Hwa  
 Teong Seng Kiang  
 Terence Lau Han Seong  
 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 (Ceased on 5 July 2022)  
 Yao Tsu-Wei (Ceased on 23 August 2022)  
 Yap Bee Lee (Resigned on 5 May 2022)  
 Yap Boon Wah  
 Yap Yoke Moi  
 Yeap Ling Weng  
 Yeoh Hee Huat  
 Yeoh Kim Leong (Resigned on 5 May 2022)  
 Yong Ye Yeen  
 Yuen Kok Leong (Appointed on 15 May 2022)

## Directors' Report

for the year ended 31 December 2022

### 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 1.1.2022	Bought	Disposed/ Transferred	At 31.12.2022
<b>Interests in the Company</b>				
<b>Direct interests:</b>				
Dato' Tan Heng Chew	33,386,462	198,900	1,000,000	32,585,362
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,828,590	21,000	-	12,849,590
<b>Indirect/Deemed interests:</b>				
Dato' Tan Heng Chew	289,342,430 <sup>(1)</sup>	1,021,000	-	290,363,430 <sup>(1)</sup>
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	309,900,302 <sup>(2)</sup>	198,900	-	310,099,202 <sup>(2)</sup>
Dato' Ng Mann Cheong	150,000 <sup>(3)</sup>	-	-	150,000 <sup>(3)</sup>
Ho Wai Ming	20,000 <sup>(3)</sup>	-	-	20,000 <sup>(3)</sup>

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 2022 did not have any interest in the ordinary shares of the Company and of its related corporations during the financial year.

### 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 those shown below) 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.

## Directors' Report

for the year ended 31 December 2022

### Directors' benefits (continued)

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 31 December 2022 are as follows:

	<b>From the Company RM'000</b>	<b>From its subsidiary companies RM'000</b>
Directors of the Company:		
Fees	480	16
Remuneration	11,099	4,822
Estimated money value of any other benefits	348	-
Legal fees paid to a firm in which a Director is a member	-	219
	11,927	5,057

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 RM67,310 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.

**Directors'  
Report**

for the year ended 31 December 2022

**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.

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 2022 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.

---

[About Us](#)

---

[Performance Review](#)

---

[Leadership](#)

---

[Sustainability](#)

---

## **Directors' Report**

for the year ended 31 December 2022

### **Significant events**

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

### **Subsequent event**

Subsequent event is disclosed in Note 38 to the financial statements.

### **Auditors**

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

The auditors' remuneration of the Group and of the Company during the year are RM983,000 and RM64,100 respectively.

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: 13 April 2023

**Statements of  
Financial Position**  
as at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Assets</b>					
Property, plant and equipment	3	2,414,470	2,317,945	567	704
Investment properties	4	238,990	229,500	-	-
Intangible assets	5	13,006	14,546	-	-
Investments in subsidiaries	6	-	-	2,284,339	1,988,812
Equity-accounted investees	7	70,480	72,374	26,896	26,896
Deferred tax assets	9	93,005	107,809	6,591	9,868
Hire purchase receivables	10	359,406	406,161	-	-
Receivables	11	-	-	217,082	149,727
<b>Total non-current assets</b>		<b>3,189,357</b>	<b>3,148,335</b>	<b>2,535,475</b>	<b>2,176,007</b>
Other investments	8	454	2,081	-	-
Inventories	12	748,401	777,974	-	-
Contract assets	13	26,349	10,809	-	-
Current tax assets		19,292	19,323	-	-
Hire purchase receivables	10	104,817	101,047	-	-
Receivables	11	295,509	325,710	624	646
Deposits and prepayments	11	92,781	94,472	148	87
Derivative financial assets	14	3,240	-	-	-
Cash and cash equivalents	15	558,160	514,487	678	492
Asset classified as held for sale	16	1,849,003	1,845,903	1,450	1,225
		-	1,689	-	-
<b>Total current assets</b>		<b>1,849,003</b>	<b>1,847,592</b>	<b>1,450</b>	<b>1,225</b>
<b>Total assets</b>		<b>5,038,360</b>	<b>4,995,927</b>	<b>2,536,925</b>	<b>2,177,232</b>

## Statements of Financial Position

as at 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Equity</b>					
Share capital	17	336,000	336,000	336,000	336,000
Reserves		2,562,229	2,481,423	1,889,235	1,466,541
Treasury shares		(25,953)	(25,901)	(25,953)	(25,901)
<b>Total equity attributable to owners of the Company</b>		2,872,276	2,791,522	2,199,282	1,776,640
Non-controlling interests		(22,598)	(21,850)	-	-
<b>Total equity</b>		2,849,678	2,769,672	2,199,282	1,776,640
<b>Liabilities</b>					
Borrowings	18	300,000	-	300,000	-
Lease liabilities		71,109	70,451	275	188
Employee benefits	19	80,902	95,792	26,294	40,659
Deferred tax liabilities	9	244,806	206,125	-	-
Payables and accruals	20	-	-	-	298,310
Contract liabilities	13	45,974	44,620	-	-
<b>Total non-current liabilities</b>		742,791	416,988	326,569	339,157
Borrowings	18	974,027	1,268,189	-	-
Lease liabilities		18,702	23,963	83	250
Derivative financial liabilities	14	7,312	544	-	-
Taxation		3,070	1,644	-	-
Contract liabilities	13	27,643	22,113	-	-
Payables and accruals	20	415,137	492,814	10,991	61,185
<b>Total current liabilities</b>		1,445,891	1,809,267	11,074	61,435
<b>Total liabilities</b>		2,188,682	2,226,255	337,643	400,592
<b>Total equity and liabilities</b>		5,038,360	4,995,927	2,536,925	2,177,232

The notes on pages 114 to 213 are an integral part of these financial statements.



**Consolidated Statement of  
Financial Position**  
as at 31 December 2022 (in USD equivalent)

	<b>2022</b>	<b>2021</b>
	<b>USD'000</b>	<b>USD'000</b>
<b>Assets</b>		
<i>Property, plant and equipment</i>	547,127	555,063
<i>Investment properties</i>	54,156	54,957
<i>Intangible assets</i>	2,947	3,483
<i>Equity-accounted investees</i>	15,971	17,331
<i>Deferred tax assets</i>	21,075	25,816
<i>Hire purchase receivables</i>	81,443	97,261
<b>Total non-current assets</b>	<b>722,719</b>	<b>753,911</b>
<i>Other investments</i>	103	498
<i>Inventories</i>	169,590	186,296
<i>Contract assets</i>	5,971	2,588
<i>Current tax assets</i>	4,372	4,627
<i>Hire purchase receivables</i>	23,752	24,197
<i>Receivables</i>	66,963	77,996
<i>Deposits and prepayments</i>	21,024	22,623
<i>Derivative financial assets</i>	734	-
<i>Cash and cash equivalents</i>	126,481	123,201
<b>Assets classified as held for sale</b>	<b>418,990</b>	<b>442,026</b>
	-	404
<b>Total current assets</b>	<b>418,990</b>	<b>442,430</b>
<b>Total assets</b>	<b>1,141,709</b>	<b>1,196,341</b>

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.4130 = USD1.00

(2021 - RM4.1760 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

[About Us](#)
[Performance Review](#)
[Leadership](#)
[Sustainability](#)

## Consolidated Statement of Financial Position

as at 31 December 2022 (in USD equivalent)

	<b>2022</b> <b>USD'000</b>	<b>2021</b> <b>USD'000</b>
<b>Equity</b>		
Share capital	76,139	80,460
Reserves	580,609	594,210
Treasury shares	(5,881)	(6,202)
<b>Total equity attributable to owners of the Company</b>	<b>650,867</b>	<b>668,468</b>
Non-controlling interests	(5,121)	(5,232)
<b>Total equity</b>	<b>645,746</b>	<b>663,236</b>
<b>Liabilities</b>		
Borrowings	67,981	-
Lease liabilities	16,114	16,870
Employee benefits	18,333	22,939
Deferred tax liabilities	55,475	49,359
Contract liabilities	10,418	10,685
<b>Total non-current liabilities</b>	<b>168,321</b>	<b>99,853</b>
Borrowings	220,718	303,685
Lease liabilities	4,238	5,738
Derivative financial liabilities	1,657	130
Taxation	696	394
Contract liabilities	6,264	5,295
Payables and accruals	94,069	118,010
<b>Total current liabilities</b>	<b>327,642</b>	<b>433,252</b>
<b>Total liabilities</b>	<b>495,963</b>	<b>533,105</b>
<b>Total equity and liabilities</b>	<b>1,141,709</b>	<b>1,196,341</b>

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.4130 = USD1.00

(2021 - RM4.1760 = 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 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue</b>	21	3,052,235	2,537,307	460,346	423,117
Cost of sales		(2,452,636)	(1,998,447)	-	-
<b>Gross profit</b>		599,599	538,860	460,346	423,117
Other income		67,423	88,763	3	7,677
Distribution expenses		(199,419)	(193,533)	-	-
Administrative expenses		(358,816)	(313,481)	(15,730)	(5,457)
Net (loss)/reversal on impairment of financial instruments		(839)	2,551	(650)	2
Other expenses		(81,643)	(59,276)	-	(4,330)
<b>Results from operating activities</b>		26,305	63,884	443,969	421,009
Finance income	22	11,989	10,994	7,964	8,036
Finance costs	23	(51,720)	(54,236)	(20,912)	(31,952)
<b>Net finance cost</b>		(39,731)	(43,242)	(12,948)	(23,916)
Share of loss of equity-accounted investees, net of tax		(739)	(1,508)	-	-
<b>(Loss)/Profit before tax</b>	24	(14,165)	19,134	431,021	397,093
Tax (expense)/income	26	(40,696)	(39,350)	207	(1,783)
<b>(Loss)/Profit for the year</b>		(54,861)	(20,216)	431,228	395,310

## Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Items that will not be reclassified subsequently to profit or loss</b>					
Remeasurement of defined benefit liability		15,751	-	11,030	-
Revaluation of property, plant and equipment		141,638	-	-	-
		157,389	-	11,030	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>					
Foreign currency translation differences for foreign operations		(1,357)	(8,427)	-	-
Foreign currency translation differences for an equity-accounted associate		545	(2,087)	-	-
Cash flow hedge		(3,564)	(15,452)	-	-
		(4,376)	(25,966)	-	-
<b>Other comprehensive income/(loss) for the year, net of tax</b>	27	153,013	(25,966)	11,030	-
<b>Total comprehensive income/(loss) for the year</b>		98,152	(46,182)	442,258	395,310
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(51,110)	(15,417)	431,228	395,310
Non-controlling interests		(3,751)	(4,799)	-	-
<b>(Loss)/Profit for the year</b>		(54,861)	(20,216)	431,228	395,310
<b>Total comprehensive income/(loss) attributable to:</b>					
Owners of the Company		100,370	(40,347)	442,258	395,310
Non-controlling interests		(2,218)	(5,835)	-	-
<b>Total comprehensive income/(loss) for the year</b>		98,152	(46,182)	442,258	395,310
<b>Basic loss per ordinary share (sen)</b>	28	(7.84)	(2.36)		

The notes on pages 114 to 213 are an integral part of these financial statements.

**Consolidated Statement of Profit or Loss  
and Other Comprehensive Income**  
for the year ended 31 December 2022 (in USD equivalent)

	<b>2022</b> <b>USD'000</b>	<b>2021</b> <b>USD'000</b>
<b>Revenue</b>	691,646	607,593
Cost of sales	(555,775)	(478,555)
<b>Gross profit</b>	135,871	129,038
Other income	15,278	21,256
Distribution expenses	(45,189)	(46,344)
Administrative expenses	(81,309)	(75,067)
Net (loss)/reversal on impairment of financial instruments	(190)	611
Other expenses	(18,501)	(14,194)
<b>Results from operating activities</b>	5,960	15,300
Finance income	2,717	2,633
Finance costs	(11,720)	(12,988)
<b>Net finance cost</b>	(9,003)	(10,355)
Share of loss of equity-accounted investees, net of tax	(167)	(361)
<b>(Loss)/Profit before tax</b>	(3,210)	4,584
Tax expense	(9,222)	(9,423)
<b>Loss for the year</b>	(12,432)	(4,839)

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.4130 = USD1.00

(2021 - RM4.1760 = 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 2022 (in USD equivalent)

	2022 USD'000	2021 USD'000
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurement of defined benefit liability	3,569	-
Revaluation of property, plant and equipment	32,096	-
	35,665	-
<b>Items that are or may be reclassified subsequently to profit or loss</b>		
Foreign currency translation differences for foreign operations	(308)	(2,018)
Foreign currency translation differences for an equity-accounted associate	123	(500)
Cash flow hedge	(808)	(3,700)
	(993)	(6,218)
<b>Other comprehensive income/(loss) for the year, net of tax</b>	34,672	(6,218)
<b>Total comprehensive income/(loss) for the year</b>	22,240	(11,057)
<b>Loss attributable to:</b>		
Owners of the Company	(11,582)	(3,692)
Non-controlling interests	(850)	(1,149)
<b>Loss for the year</b>	(12,432)	(4,841)
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Company	22,744	(9,662)
Non-controlling interests	(504)	(1,395)
<b>Total comprehensive income/(loss) for the year</b>	22,240	(11,057)
<b>Basic loss per ordinary share (sen)</b>	(1.78)	(0.57)

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.4130 = USD1.00

(2021 - RM4.1760 = 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 2022

Group	Note	Attributable to owners of the Company									
		Non-distributable					Distributable				
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
<b>At 1 January 2021</b>		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)
<b>Total comprehensive loss for the year</b>		-	-	(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)
Changes in ownership interests in subsidiaries		-	(35)	-	-	-	-	(9,782)	(9,817)	-	(9,817)
<b>Total transactions with owners of the Company</b>		-	(35)	-	-	-	-	(9,782)	(9,817)	980	(8,837)
<b>At 31 December 2021</b>		336,000	(25,901)	(13,510)	814,934	(518)	100	1,680,417	2,791,522	(21,850)	2,769,672

## Consolidated Statement of Changes in Equity

for the year ended 31 December 2022

Group	Note	Attributable to owners of the Company										
		Non-distributable					Capitalisation of retained earnings	Distributable		Non-controlling interests	Total equity	
		Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Retained earnings RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000	
<b>At 1 January 2022</b>		336,000	(25,901)	(13,510)	814,934	(518)	100	1,680,417	2,791,522	(21,850)	2,769,672	
Remeasurement of defined benefit liability		-	-	-	-	-	-	15,515	15,515	236	15,751	
Revaluation of property, plant and equipment		-	-	-	139,380	-	-	-	139,380	2,258	141,638	
Transfer of revaluation surplus on properties		-	-	-	(13,316)	-	-	13,316	-	-	-	
Foreign currency translation differences for foreign operations		-	-	(396)	-	-	-	-	(396)	(961)	(1,357)	
Foreign currency translation difference for an equity-accounted associate		-	-	545	-	-	-	-	545	-	545	
Cash flow hedge		-	-	-	-	(3,564)	-	-	(3,564)	-	(3,564)	
Total other comprehensive income/(loss) for the year		-	-	149	126,064	(3,564)	-	28,831	151,480	1,533	153,013	
Loss for the year		-	-	-	-	-	-	(51,110)	(51,110)	(3,751)	(54,861)	
<b>Total comprehensive income/(loss) for the year</b>		-	-	149	126,064	(3,564)	-	(22,279)	100,370	(2,218)	98,152	
Purchase of treasury shares		-	(52)	-	-	-	-	-	(52)	-	(52)	
Dividends		-	-	-	-	-	-	(9,782)	(9,782)	-	(9,782)	
- 2022 first interim	29	-	-	-	-	-	-	(9,782)	(9,782)	-	(9,782)	
- 2022 second interim	29	-	-	-	-	-	-	(9,782)	(9,782)	-	(9,782)	
Changes in ownership interests in subsidiaries		-	(52)	-	-	-	-	(19,564)	(19,616)	-	(19,616)	
Transfer upon the disposal of asset classified as held for sale		-	-	-	-	-	-	-	-	1,470	1,470	
Transfer upon the disposal of asset classified as held for sale		-	-	-	(1,216)	-	-	1,216	-	-	-	
<b>Total transactions with owners of the Company</b>		-	(52)	-	(1,216)	-	-	(18,348)	(19,616)	1,470	(18,146)	
<b>At 31 December 2022</b>		336,000	(25,953)	(13,361)	939,782	(4,082)	100	1,639,790	2,872,276	(22,598)	2,849,678	

The notes on pages 114 to 213 are an integral part of these financial statements.



## Statement of Changes in Equity

for the year ended 31 December 2022

	Note	← Attributable to owners of the Company →			Total equity RM'000
		Non-distributable Share capital RM'000	Treasury shares RM'000	Distributable Retained earnings RM'000	
<b>Company</b>					
<b>At 1 January 2021</b>		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		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	395,310	395,310
Purchase of treasury shares		-	(35)	-	(35)
Dividends		-	-	-	-
- 2021 interim	29	-	-	(9,782)	(9,782)
<b>Total transactions with owners of the Company</b>		-	(35)	(9,782)	(9,817)
<b>At 31 December 2021/1 January 2022</b>		336,000	(25,901)	1,466,541	1,776,640
Profit for the year		-	-	431,228	431,228
Other comprehensive income for the year, net of tax		-	-	11,030	11,030
<b>Total comprehensive income for the year</b>		-	-	442,258	442,258
Purchase of treasury shares		-	(52)	-	(52)
Dividends		-	-	-	-
- 2022 first interim	29	-	-	(9,782)	(9,782)
- 2022 second interim	29	-	-	(9,782)	(9,782)
<b>Total transactions with owners of the Company</b>		-	(52)	(19,564)	(19,616)
<b>At 31 December 2022</b>		336,000	(25,953)	1,889,235	2,199,282
		Note 17	Note 17		

## Statements of Cash Flows

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>					
(Loss)/Profit before tax		(14,165)	19,134	431,021	397,093
Adjustments for:					
Amortisation of intangible asset	5	1,864	1,254	-	-
Depreciation of property, plant and equipment	3	146,581	141,356	137	137
Dividend income		-	-	(460,346)	(423,117)
Gain on disposal of:					
- Assets classified as held for sale	24	(158)	-	-	-
- Investment properties	24	(155)	-	-	-
- Property, plant and equipment	24	(11,872)	(6,077)	-	-
Gain on lease modification		-	-	-	(17)
Loss/(Gain) on unrealised foreign exchange - net	24	1,338	(2,021)	(3)	-
Finance costs	23	51,720	54,236	20,912	31,952
Finance income	22	(11,989)	(10,994)	(7,964)	(8,036)
Inventories written off	24	454	620	-	-
Write-down of inventories	12	6,030	8,991	-	-
Bad debts written off	24	292	398	-	-
Additional/(Reversal of) impairment loss on:	24				
- Amount due from subsidiaries		-	-	649	2
- Goodwill	5	-	759	-	-
- Hire purchase receivables		1,728	1,702	-	-
- Investment in subsidiaries		-	-	-	4,330
- Property, plant and equipment		(792)	-	-	-
- Trade receivables		(889)	(4,253)	-	-
Reversal of write-down of inventories	12	(3,996)	(10,903)	-	-
Property, plant and equipment written off		819	2,048	-	-
Retirement benefits charged/(over provided)	19	8,382	1,693	149	(6,161)
Fair value changes on investment properties	4	(15)	995	-	-
Share of loss/(profit) of equity-accounted investees		739	1,508	-	-
Fair value adjustment to derivatives		(3)	-	-	-
<b>Operating profit/(loss) before changes in working capital</b>		175,913	200,446	(15,445)	(3,817)
Changes in working capital:					
Inventories		40,937	(31,420)	-	-
Hire purchase receivables		41,257	74,003	-	-
Finance lease receivables		-	35	-	-
Receivables		31,469	17,086	22	(646)
Deposits and prepayment		1,691	(22,321)	(61)	65
Payables and accruals		(114,704)	(32,354)	1,235	(1,753)
Contract assets		(15,540)	8,568	-	-
Contract liabilities		6,884	(9,200)	-	-
<b>Cash generated from/(used in) operations</b>		167,907	204,843	(14,249)	(6,151)
Tax paid		(33,104)	(39,145)	-	-
Tax refunded		223	1,883	-	-
Interest paid		(43,050)	(53,892)	(16,496)	(31,585)
Interest received		11,989	10,994	7,964	8,036
Employee benefits paid		(1,584)	(1,500)	-	-
<b>Net cash from/(used in) operating activities</b>		102,381	123,183	(22,781)	(29,700)

The notes on pages 114 to 213 are an integral part of these financial statements.

## Statements of Cash Flows

for the year ended 31 December 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Cash flows from investing activities</b>					
Acquisition of intangible asset		(324)	(7,574)	-	-
Acquisition of property, plant and equipment		(59,766)	(120,539)	-	-
Repayment (to)/from subsidiaries		-	-	(422,137)	230,503
Net proceeds from disposal of other investments		1,627	168,225	-	1
Subscription to subsidiaries' share capital		-	-	(295,527)	(116,880)
Dividends received from:					
- Unquoted subsidiaries		-	-	460,146	423,117
- Joint ventures		200	-	200	-
- Associates		1,500	-	-	-
Proceeds from disposal of:					
- Assets classified as held for sale		1,847	-	-	-
- Investment properties		1,420	-	-	-
- Property, plant and equipment		23,280	39,743	-	-
<b>Net cash (used in)/from investing activities</b>		<b>(30,216)</b>	<b>79,855</b>	<b>(257,318)</b>	<b>536,741</b>
<b>Cash flows from financing activities</b>					
Dividends paid to owners of the Company	29	(19,564)	(9,782)	(19,564)	(9,782)
Purchase of own shares		(52)	(35)	(52)	(35)
Net (repayment of)/proceeds from bankers' acceptance		(51,681)	153,807	-	-
Net drawdown of term loans		945	358	-	-
Net (repayment)/drawdown of revolving credit		(241,968)	99,748	-	-
Payment of lease liabilities		(24,279)	(25,729)	(99)	(99)
Net proceeds from/(redemption of) medium term notes	18	300,000	(500,000)	300,000	(500,000)
Share subscription in a subsidiary by non-controlling interest shareholders		1,470	980	-	-
<b>Net cash (used in)/from financing activities</b>		<b>(35,129)</b>	<b>(280,653)</b>	<b>280,285</b>	<b>(509,916)</b>
Net increase/(decrease) in cash and cash equivalents		37,036	(77,615)	186	(2,875)
Effects of exchange rate fluctuations on cash and cash equivalents		6,637	10,140	-	-
Cash and cash equivalents at 1 January		514,487	581,962	492	3,367
<b>Cash and cash equivalents at 31 December</b>	15	<b>558,160</b>	<b>514,487</b>	<b>678</b>	<b>492</b>

Cash outflows for leases as a lessee

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Included in net cash from operating activities</b>					
Payment relating to leases of short-term leases and low-value assets	24	6,384	6,887	56	56
Interest paid in relation to lease liabilities	23	4,273	4,354	19	23
<b>Included in net cash from financing activities</b>					
Payment of lease liabilities		24,279	25,729	99	99
<b>Total cash outflows for leases</b>		<b>34,936</b>	<b>36,970</b>	<b>174</b>	<b>178</b>

The notes on pages 114 to 213 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 2022 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 2022 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 13 April 2023.

## 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 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 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 1 January 2024***

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendments to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants*

#### ***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.

## Notes to the Financial Statements

### 1. Basis of preparation (continued)

#### (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.

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.

## Notes to the Financial Statements

### 1. Basis of preparation (continued)

#### (d) Use of estimates and judgements (continued)

- *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.

- *Notes 10, 11 and 34 – 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 19.

## Notes to the Financial Statements

### 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.

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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (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.

##### (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.



## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (a) Basis of consolidation (continued)

##### (vi) Joint arrangements (continued)

- 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.

##### (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 fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (b) Foreign currency (continued)

##### (i) Foreign currency transactions (continued)

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 foreign currency translation reserve ("FCTR") in equity.

##### (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 FCTR 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.

## Notes to the Financial Statements

### 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.

##### (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)).

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

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

###### Financial liabilities

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

###### 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.

##### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (iv) Hedge accounting (continued)

###### 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.

##### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (c) Financial instruments (continued)

##### (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.

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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (d) Property, plant and equipment (continued)

##### (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. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

Buildings	3 - 50 years
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.

## Notes to the Financial Statements

### 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.



## Notes to the Financial Statements

### 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.

## Notes to the Financial Statements

### 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.

##### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (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.

#### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (k) Impairment (continued)

##### (i) Financial assets (continued)

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.

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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (k) Impairment (continued)

##### (ii) Other assets (continued)

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.

#### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (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.

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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (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.

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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (o) Revenue and other income (continued)

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

###### Manufacturing and assembly of passenger and commercial vehicles (continued)

###### (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.

###### 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.



## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (o) Revenue and other income (continued)

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

###### After-sales services (continued)

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.

##### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (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.

#### (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.

## Notes to the Financial Statements

### 2. Significant accounting policies (continued)

#### (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.

#### (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.

## Notes to the Financial Statements

### 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	Assets under construction RM'000	Total RM'000
<b>Cost/Valuation</b>										
At 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	<sup>^</sup> 76,113	3,417	-	26,158	178,381
Disposals	-	-	(16,860)	(3,056)	(593)	(47,019)	-	-	-	(67,528)
Transfer from assets under construction	-	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/ 1 January 2022	490,333	660,056	838,614	594,556	151,771	371,896	105,284	3,346	75,918	3,291,774
Additions	-	3,421	17,613	3,616	4,668	<sup>^</sup> 53,061	2,757	-	4,171	89,307
Disposals	-	-	(6,479)	(1,970)	(1,834)	(34,075)	-	-	-	(44,358)
Transfer from assets under construction	-	44,040	-	1,630	363	-	292	-	(46,325)	-
Revaluation and reclassifications (Note 27)	(8,773)	(76,640)	267,781	-	-	-	-	-	-	182,368
Less: Elimination of accumulated depreciation	-	(57,724)	(43,669)	-	-	-	-	-	-	(101,393)
Transfer (to)/from investment properties (Note 4)	(21,634)	18,304	(7,410)	-	-	-	-	-	-	(10,740)
Transfer to inventories	-	-	-	-	-	(40,821)	-	-	-	(40,821)
Write-off	-	-	-	(2,842)	(2,840)	(143)	(1,256)	-	(673)	(7,754)
Effects of movement in exchange rates	-	5,381	8,248	3,769	482	621	933	19	3,812	23,265
At 31 December 2022	459,926	596,838	1,074,698	598,759	152,610	350,539	108,010	3,365	36,903	3,381,648

<sup>^</sup> Included in this amount was withdrawal of inventories during the financial year with a carrying value of RM11,928,000 (2021: RM25,846,000) 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)

	Freehold land RM'000	Buildings RM'000	Right-of- use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Assets under construction RM'000	Total RM'000
<b>Group Cost/Valuation</b>										
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
Representing items:										
- at cost	-	-	134,220	598,759	152,610	350,539	108,010	3,365	36,903	1,384,406
- at valuation	459,926	596,838	940,478	-	-	-	-	-	-	1,997,242
At 31 December 2022	459,926	596,838	1,074,698	598,759	152,610	350,539	108,010	3,365	36,903	3,381,648

## 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	Assets under construction RM'000	Total RM'000
<b>Depreciation and impairment loss</b>										
At 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
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
At 1 January 2022										
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
Depreciation for the year	-	19,399	38,004	29,014	6,513	47,702	5,882	67	-	146,581
Disposals	-	-	(4,588)	(1,853)	(1,626)	(23,862)	(1,021)	-	-	(32,950)
Transfer to inventories	-	-	-	-	-	(15,041)	-	-	-	(15,041)
Write-off	-	-	-	(2,801)	(2,822)	(138)	(1,174)	-	-	(6,935)
Reversal of impairment loss (Note 3.1)	-	(756)	(36)	-	-	-	-	-	-	(792)
Elimination on revaluation	-	(57,724)	(43,669)	-	-	-	-	-	-	(101,393)
Effects of movement in exchange rates	-	512	(277)	2,421	343	222	654	4	-	3,879
At 31 December 2022										
Accumulated depreciation	-	-	87,901	483,944	133,811	137,716	87,951	646	-	931,969
Accumulated impairment loss	4,230	9,133	2,689	19,076	37	-	44	-	-	35,209
	4,230	9,133	90,590	503,020	133,848	137,716	87,995	646	-	967,178
<b>Carrying amounts</b>										
At 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/ 1 January 2022										
	486,103	612,354	737,458	118,317	20,331	243,063	21,630	2,771	75,918	2,317,945
At 31 December 2022										
	455,696	587,705	984,108	95,739	18,762	212,823	20,015	2,719	36,903	2,414,470

## Notes to the Financial Statements

### 3. Property, plant and equipment (continued)

	Right-of-use assets - Building RM'000	Furniture, fixtures, and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
<b>Company Cost</b>					
At 1 January 2021	514	220	1,689	10	2,433
Additions	513	-	-	-	513
Disposals	(514)	-	-	-	(514)
At 31 December 2021/ 1 January 2022/31 December 2022	513	220	1,689	10	2,432
<b>Depreciation</b>					
At 1 January 2021	257	214	1,377	-	1,848
Depreciation for the year	85	3	49	-	137
Disposals	(257)	-	-	-	(257)
At 31 December 2021/1 January 2022	85	217	1,426	-	1,728
Depreciation for the year	86	1	49	1	137
At 31 December 2022	171	218	1,475	1	1,865
<b>Carrying amounts</b>					
At 1 January 2021	257	6	312	10	585
At 31 December 2021/1 January 2022	428	3	263	10	704
At 31 December 2022	342	2	214	9	567

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 2022, the Group has reversed an impairment loss of RM792,000 in respect of land and buildings which are mainly reported in the segment of vehicle assembly, manufacturing, distribution and after-sales service (2021: Nil). The reversal of impairment loss was arose from the revaluation exercise.

## Notes to the Financial Statements

### 3. Property, plant and equipment (continued)

#### 3.2 Right-of-use assets

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

<b>Group Cost/Valuation</b>	<b>Long term leasehold land RM'000</b>	<b>Buildings RM'000</b>	<b>Plant, machinery and equipment RM'000</b>	<b>Furniture, fixtures, fittings and office equipment RM'000</b>	<b>Motor vehicles RM'000</b>	<b>Total RM'000</b>
At 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
<b>At 31 December 2021/ 1 January 2022</b>	<b>715,417</b>	<b>118,524</b>	<b>821</b>	<b>2,759</b>	<b>1,093</b>	<b>838,614</b>
Additions	-	11,640	-	5,973	-	17,613
Disposals	(303)	(5,832)	(19)	-	(325)	(6,479)
Revaluation and reclassifications	267,781	-	-	-	-	267,781
Less: Elimination of accumulated depreciation	(43,669)	-	-	-	-	(43,669)
Transfer to investment properties (Note 4)	(7,410)	-	-	-	-	(7,410)
Effects of movement in exchange rates	8,662	(545)	-	131	-	8,248
<b>At 31 December 2022</b>	<b>940,478</b>	<b>123,787</b>	<b>802</b>	<b>8,863</b>	<b>768</b>	<b>1,074,698</b>
<b>Cost/Valuation</b>						
Representing items:						
- at cost	8,018	118,524	821	2,759	1,093	131,215
- at valuation	707,399	-	-	-	-	707,399
<b>At 31 December 2021</b>	<b>715,417</b>	<b>118,524</b>	<b>821</b>	<b>2,759</b>	<b>1,093</b>	<b>838,614</b>
Representing items:						
- at cost	-	123,787	802	8,863	768	134,220
- at valuation	940,478	-	-	-	-	940,478
<b>At 31 December 2022</b>	<b>940,478</b>	<b>123,787</b>	<b>802</b>	<b>8,863</b>	<b>768</b>	<b>1,074,698</b>



## Notes to the Financial Statements

### 3. Property, plant and equipment (continued)

#### 3.2 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
<b>Depreciation and impairment loss</b>						
At 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/ 1 January 2022						
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
Depreciation for the year	15,006	16,392	73	6,365	168	38,004
Disposals	(264)	(4,001)	(19)	-	(304)	(4,588)
Impairment loss (Note 3.1)	(36)	-	-	-	-	(36)
Elimination on revaluation	(43,669)	-	-	-	-	(43,669)
Effects of movement in exchange rates	456	(863)	-	130	-	(277)
At 31 December 2022						
Accumulated depreciation	-	77,875	635	8,851	540	87,901
Accumulated impairment loss	2,689	-	-	-	-	2,689
	2,689	77,875	635	8,851	540	90,590
<b>Carrying amounts</b>						
At 1 January 2021						
	686,438	57,413	67	447	341	744,706
At 31 December 2021/ 1 January 2022						
	684,221	52,177	240	403	417	737,458
At 31 December 2022						
	937,789	45,912	167	12	228	984,108

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.

## Notes to the Financial Statements

### 3. Property, plant and equipment (continued)

#### 3.3 Property, plant and equipment under revaluation model

The Group's properties were revalued on 31 December 2022 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 RM'000	Long term leasehold land (Note a) RM'000	Buildings RM'000	Total RM'000
<b>Group</b>				
<b>2022</b>				
Cost	143,231	282,218	643,217	1,068,666
Accumulated depreciation	-	(74,773)	(180,406)	(255,179)
Accumulated impairment loss	(4,230)	(2,689)	(9,133)	(16,052)
	139,001	204,756	453,678	797,435
<b>2021</b>				
Cost	164,865	281,269	572,071	1,018,205
Accumulated depreciation	-	(70,362)	(168,623)	(238,985)
Accumulated impairment loss	(4,230)	(2,725)	(9,889)	(16,844)
	160,635	208,182	393,559	762,376

#### Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>Group</b>				
<b>2022</b>				
Freehold land	-	-	455,696	455,696
Long term leasehold land	-	-	937,789	937,789
Buildings	-	-	587,705	587,705
	-	-	1,981,190	1,981,190
<b>2021</b>				
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

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

### 3. Property, plant and equipment (continued)

#### 3.3 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 RM40 to RM671 (2021: RM39 to RM487), properties in Vietnam range from RM39 to RM86 (2021: RM35 to RM62) per square foot and a property in Myanmar is RM78 per square foot (2021: RM53).

#### 3.4 Titles

The titles to certain properties with a total value of RM15,055,000 (2021: RM14,655,000) have yet to be issued by the relevant authorities.

## Notes to the Financial Statements

### 4. Investment properties

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
<b>Group</b>				
At 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 2021/1 January 2022	149,245	14,890	65,365	229,500
Transfer	* 21,634	* 7,410	* (18,304)	10,740
Change in fair value recognised in profit or loss	606	400	(991)	15
Disposal	-	(985)	(280)	(1,265)
At 31 December 2022	171,485	21,715	45,790	238,990

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

The operating lease payments to be received are as follows:

	Group	
	2022 RM'000	2021 RM'000
Less than one year	2,061	3,515
One to two years	1,132	2,298
Two to three years	470	907
Three to four years	-	735
Total undiscounted lease payments	3,663	7,455

### 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
<b>Group</b>				
<b>2022</b>				
Freehold land	-	-	171,485	171,485
Long term leasehold land	-	-	21,715	21,715
Buildings	-	-	45,790	45,790
	-	-	238,990	238,990

## Notes to the Financial Statements

Governance

**Financials**

Other Information

Annual General Meeting

#### 4. Investment properties (continued)

##### Fair value information (continued)

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>2021</b>				
Freehold land	-	-	149,245	149,245
Long term leasehold land	-	-	14,890	14,890
Buildings	-	-	65,365	65,365
	-	-	229,500	229,500

##### ***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 RM19 to RM2,000 (2021: RM13 to RM1,906).

## Notes to the Financial Statements

### 5. Intangible assets

Group	Goodwill RM'000	Development costs RM'000	System RM'000	Total RM'000
<b>Cost</b>				
At 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 2021/1 January 2022	14,703	7,574	8,226	30,503
Additions	-	324	-	324
At 31 December 2022	14,703	7,898	8,226	30,827
<b>Amortisation and impairment losses</b>				
At 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 2021/1 January 2022				
Accumulated amortisation	-	431	823	1,254
Accumulated impairment loss	14,703	-	-	14,703
	14,703	431	823	15,957
Amortisation	-	1,023	841	1,864
At 31 December 2022				
Accumulated amortisation	-	1,454	1,664	3,118
Accumulated impairment loss	14,703	-	-	14,703
	14,703	1,454	1,664	17,821
<b>Carrying amounts</b>				
At 1 January 2021				
	759	-	-	759
At 31 December 2021/1 January 2022				
	-	7,143	7,403	14,546
At 31 December 2022				
	-	6,444	6,562	13,006

## Notes to the Financial Statements

Governance

**Financials**

Other Information

Annual General Meeting

### 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	
	2022 RM'000	2021 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)	(14,703)
	-	-

- (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 2021 lapsed.

### 6. Investments in subsidiaries

	Company	
	2022 RM'000	2021 RM'000
Investments at cost	2,329,407	2,033,880
Less: Impairment loss	(45,068)	(45,068)
	2,284,339	1,988,812

Details of the subsidiaries are in Note 36.

## Notes to the Financial Statements

### 6. Investments in subsidiaries (continued)

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")

	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
<b>2022</b>					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	30,586	(45,703)	(9,485)	2,004	(22,598)
<hr/>					
Total comprehensive income/(loss) allocated to NCI	4,185	(5,090)	(1,049)	(264)	(2,218)
<hr/>					
<b>2021</b>					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	26,401	(40,614)	(8,436)	799	(21,850)
<hr/>					
Total comprehensive (loss)/income allocated to NCI	(552)	(5,233)	49	(99)	(5,835)
<hr/>					



## Notes to the Financial Statements

### 6. Investments in subsidiaries (continued)

#### Summarised financial information before intra-group elimination

	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000
<b>2022</b>			
<b>As at 31 December</b>			
Non-current assets	62,547	1,255	-
Current assets	125,164	31,213	161
Non-current liabilities	(17,444)	-	-
Current liabilities	(68,315)	(208,250)	(18,759)
Net assets/(liabilities)	101,952	(175,782)	(18,598)
<b>Year ended 31 December</b>			
Revenue	83,708	120	19
Profit/(Loss) for the year	5,636	(16,527)	(1,715)
Total comprehensive income/(loss)	13,950	(19,576)	(2,057)
Cash flows from/(used in) operating activities	7,293	9,251	(67)
Cash flows (used in)/from investing activities	(1,586)	(706)	95
Cash flows used in financing activities	(5,550)	(9,464)	-
Net increase/(decrease) in cash and cash equivalents	157	(919)	28
Dividend paid to NCI	-	-	-
<b>2021</b>			
<b>As at 31 December</b>			
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)
<b>Year ended 31 December</b>			
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	-	-	-

## Notes to the Financial Statements

### 7. Equity-accounted investees

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interests in associates	a	66,651	68,963	25,490	25,490
Interest in joint venture	b	3,829	3,411	1,406	1,406
		70,480	72,374	26,896	26,896

#### (a) Interests in associates

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 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	18,819	21,131	-	-
	66,651	68,963	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	
			2022 %	2021 %
<b>Direct associates</b>				
Comit Communication Technologies (M) Sdn. Bhd. ("CCT")	Malaysia	Property investment holding	24.50	24.50
TC Capital (Thailand) Co., Ltd. ("TCCT")	Thailand	Hire purchase service of vehicles and services of financial credits	45.45	45.45
<b>Indirect associates</b>				
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
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

## Notes to the Financial Statements

### 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	
<b>Summarised financial information</b>						
<b>As at 31 December 2022</b>						
Non-current assets	43,500	3,816	10,453	32,685	108,267	
Current assets	17,949	74,872	4,113	34,837	6,610	
Non-current liabilities	-	-	(39)	(389)	(1,080)	
Current liabilities	(6,404)	(17,526)	(313)	(19,017)	(36,545)	
<b>Net assets</b>	<b>55,045</b>	<b>61,162</b>	<b>14,214</b>	<b>48,116</b>	<b>77,252</b>	
<b>Year ended 31 December 2022</b>						
Profit/(Loss) for the year	725	(235)	2,956	(5,745)	(6,448)	
Other comprehensive income	-	1,199	-	-	-	
<b>Total comprehensive income/(loss)</b>	<b>725</b>	<b>964</b>	<b>2,956</b>	<b>(5,745)</b>	<b>(6,448)</b>	
<b>Included in the total comprehensive income is:</b>						
Revenue	753	718	3,941	72,411	109,623	
	<b>CCT RM'000</b>	<b>TCCT RM'000</b>	<b>KEV RM'000</b>	<b>THK RM'000</b>	<b>MUV RM'000</b>	<b>Total RM'000</b>
<b>Reconciliation of net assets to carrying amount as at 31 December 2022</b>						
Group's share of net assets	13,486	27,798	3,554	9,623	12,190	66,651
<b>Group's share of results for the year ended 31 December 2022</b>						
Group's share of profit/(loss) for the year	177	(107)	739	(1,149)	(1,017)	(1,357)
Group's share of other comprehensive profit	-	545	-	-	-	545
<b>Group's share of total comprehensive income/(loss)</b>	<b>177</b>	<b>438</b>	<b>739</b>	<b>(1,149)</b>	<b>(1,017)</b>	<b>(812)</b>
<b>Other information</b>						
Dividends received by the Group	-	-	1,500	-	-	1,500

## Notes to the Financial Statements

### 7. Equity-accounted investees (continued)

#### (a) Interests in associates (continued)

Group	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	MUV RM'000	
<b>Summarised financial information</b>						
<b>As at 31 December 2021</b>						
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	
<b>Year ended 31 December 2021</b>						
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)	
<b>Included in the total comprehensive income is:</b>						
Revenue	751	1,222	2,966	76,526	100,328	
<b>Reconciliation of net assets to carrying amount as at 31 December 2021</b>						
Group's share of net assets	13,308	27,360	4,315	10,772	13,208	68,963
<b>Group's share of results for the year ended 31 December 2021</b>						
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)
<b>Other information</b>						
Dividends received by the Group	-	-	-	-	-	-

## Notes to the Financial Statements

### 7. Equity-accounted investees (continued)

#### (b) Interest in joint venture

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares in Malaysia, at cost	500	500	1,406	1,406
Share of post-acquisition reserve	3,329	2,911	-	-
	3,829	3,411	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.

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	
	2022	2021
Percentage of ownership and voting interest	50%	50%

	Group	
	2022 RM'000	2021 RM'000
<b>Summarised financial information</b>		
<b>As at 31 December</b>		
Non-current assets	520	831
Current assets (including cash and cash equivalents)	9,349	8,384
Non-current liabilities	(171)	(171)
Current liabilities	(2,040)	(2,222)
Cash and cash equivalents	714	1,119

	2022	2021
<b>Year ended 31 December</b>		
Profit and total comprehensive income	1,236	628

#### Included in the total comprehensive income are:

Revenue	15,048	9,968
Depreciation and amortisation	349	380
Income tax expense	365	190

## Notes to the Financial Statements

### 7. Equity-accounted investees (continued)

#### (b) Interest in joint venture (continued)

	Group	
	2022 RM'000	2021 RM'000
<b>Reconciliation of net assets to carrying amount as at 31 December</b>		
Group's share of net assets	3,829	3,411
<b>Group's share of results for year ended 31 December</b>		
Group's share of profit and total comprehensive income	618	314
<b>Other information</b>		
Dividend received by the Group	200	-

### 8. Other investments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Current</b>				
Fair value through profit or loss financial asset:				
Liquid investments in quoted unit trusts with licensed financial institutions				
	454	2,081	-	-
	454	2,081	-	-
Representing items:				
At fair value				
	454	2,081	-	-
	454	2,081	-	-

## Notes to the Financial Statements

### 9. Deferred tax assets/(liabilities)

#### Recognised deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) are attributable to the following:

	Assets		Liabilities		Net	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Group</b>						
<b>Deferred tax assets/(liabilities)</b>						
Property, plant and equipment/ investment properties						
- capital allowances/right-of-use assets	-	-	(45,261)	(42,097)	(45,261)	(42,097)
- revaluation	-	-	(240,415)	(204,493)	(240,415)	(204,493)
Provisions and contract liabilities	91,360	96,069	-	-	91,360	96,069
Unabsorbed capital allowances	10,791	8,661	-	-	10,791	8,661
Unabsorbed reinvestment allowance	6,253	6,230	-	-	6,253	6,230
Tax losses carry-forwards	8,901	12,076	-	-	8,901	12,076
Lease liabilities	21,546	27,326	-	-	21,546	27,326
Net gain on unrealised foreign exchange	-	-	(5,039)	(2,137)	(5,039)	(2,137)
Derivative financial liabilities	-	26	(7)	-	(7)	26
Other items	70	23	-	-	70	23
Tax assets/(liabilities)	138,921	150,411	(290,722)	(248,727)	(151,801)	(98,316)
Set off tax	(45,916)	(42,602)	45,916	42,602	-	-
Net tax assets/(liabilities)	93,005	107,809	(244,806)	(206,125)	(151,801)	(98,316)
<b>Company</b>						
<b>Deferred tax assets/(liabilities)</b>						
Property, plant and equipment						
- capital allowances/right-of-use assets	-	-	(94)	(100)	(94)	(100)
Provisions	6,599	9,863	-	-	6,599	9,863
Lease liabilities	86	105	-	-	86	105
Net tax assets/(liabilities)	6,685	9,968	(94)	(100)	6,591	9,868

## 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 1.1.2021 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
<b>Group</b>					
Property, plant and equipment/ investment properties					
- capital allowances/right-of-use assets	(45,865)	3,785	(17)	-	(42,097)
- revaluation	(210,465)	5,972	-	-	(204,493)
Provisions and contract liabilities	110,911	(14,844)	2	-	96,069
Unabsorbed capital allowances	7,877	784	-	-	8,661
Unabsorbed reinvestment allowances	6,155	75	-	-	6,230
Tax losses carry-forwards	10,677	(77)	1,476	-	12,076
Lease liabilities	32,760	(5,434)	-	-	27,326
Net gain on unrealised foreign exchange	(1,557)	(580)	-	-	(2,137)
Derivative financial liabilities	-	-	-	26	26
Other items	902	(879)	-	-	23
	(88,605)	(11,198)	1,461	26	(98,316)

	At 1.1.2022 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 31.12.2022 RM'000
<b>Group</b>					
Property, plant and equipment/ investment properties					
- capital allowances/right-of-use assets	(42,097)	(3,143)	(21)	-	(45,261)
- revaluation	(204,493)	4,808	-	(40,730)	(240,415)
Provisions and contract liabilities	96,069	1,087	141	(5,937)	91,360
Unabsorbed capital allowances	8,661	2,130	-	-	10,791
Unabsorbed reinvestment allowances	6,230	23	-	-	6,253
Tax losses carry-forwards	12,076	(3,204)	29	-	8,901
Lease liabilities	27,326	(5,780)	-	-	21,546
Net gain on unrealised foreign exchange	(2,137)	(2,898)	(4)	-	(5,039)
Derivative financial liabilities/(assets)	26	-	-	(33)	(7)
Other items	23	47	-	-	70
	(98,316)	(6,930)	145	(46,700)	(151,801)



## Notes to the Financial Statements

### 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 1.1.2022 RM'000	Recognised in profit or loss (Note 26) RM'000	At 31.12.2021/ 1.1.2022 RM'000	Recognised in profit or loss (Note 26) RM'000	Recognised in other comprehensive income (Note 27) RM'000	At 31.12.2022 RM'000
<b>Company</b>						
Property, plant and equipment – capital allowances/ right-of-use assets	(46)	(54)	(100)	6	-	(94)
Provisions	11,631	(1,768)	9,863	220	(3,484)	6,599
Lease liabilities	66	39	105	(19)	-	86
	11,651	(1,783)	9,868	207	(3,484)	6,591

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2022 RM'000	2021 RM'000
Unabsorbed capital allowances	95,094	65,469
Tax losses carry-forwards	390,261	381,856
Deductible temporary differences	6,217	1,475
Provisions	16,642	18,576
	508,214	467,376

#### 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 RM230,517,000 (VND1,266,578,261,000) (2021: RM233,295,000 (VND1,538,206,003,000)) (stated at gross) which will be expiring in financial years 2023 to 2027 for subsidiaries in Vietnam and an amount of RM159,744,000 (2021: RM148,561,000) (stated at gross) which will be expiring in financial years 2028 to 2032 for subsidiaries in Malaysia.

## Notes to the Financial Statements

### 10. Hire purchase receivables

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Gross repayments receivables	649,383	686,826
Less: Unearned interest receivables	(136,737)	(132,923)
	512,646	553,903
Less: Impairment loss	(48,423)	(46,695)
	464,223	507,208
<b>Current</b>		
Hire purchase receivables	122,209	122,142
Less: Impairment loss	(17,392)	(21,095)
	104,817	101,047
<b>Non-current</b>		
Hire purchase receivables	390,437	431,761
Less: Impairment loss	(31,031)	(25,600)
	359,406	406,161
	464,223	507,208

	<b>Gross repayments receivables 2022 RM'000</b>	<b>Unearned interest receivables 2022 RM'000</b>	<b>Present value of minimum hire purchase receivables 2022 RM'000</b>	<b>Gross repayments receivables 2021 RM'000</b>	<b>Unearned interest receivables 2021 RM'000</b>	<b>Present value of minimum hire purchase receivables 2021 RM'000</b>
<b>Group</b>						
<b>Current</b>						
Less than one year	173,561	(51,352)	122,209	171,923	(49,781)	122,142
<b>Non-current</b>						
Between one and five years	427,283	(81,356)	345,927	480,857	(80,766)	400,091
After five years	48,539	(4,029)	44,510	34,046	(2,376)	31,670
	475,822	(85,385)	390,437	514,903	(83,142)	431,761
	649,383	(136,737)	512,646	686,826	(132,923)	553,903

## Notes to the Financial Statements

### 11. Receivables, deposits and prepayments

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
Amount due from subsidiaries	a	-	-	224,644	156,640
Less: Impairment loss		-	-	(7,562)	(6,913)
		-	-	217,082	149,727
<b>Current</b>					
Trade receivables	b	262,016	285,611	-	-
Less: Impairment loss		(21,159)	(22,048)	-	-
Other receivables	c	240,857	263,563	-	-
		54,652	62,147	624	646
		295,509	325,710	624	646
<b>Current</b>					
Deposits		12,393	13,374	108	67
Prepayments	d	80,388	81,098	40	20
		92,781	94,472	148	87

#### 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 1.70% to 5.63% (2021: 4.78% to 6.05%) per annum.

#### Note b

Included in trade receivables are amounts due from related parties of RM57,303,000 (2021: RM61,047,000).

#### Note c

Included in other receivables are indirect taxes amounting to RM14,504,000 (2021: RM12,089,000).

#### Note d

As at 31 December 2022, the prepayments made for inventories, property, plant and equipment were RM57,126,000 (2021: RM53,857,000) for the Group.

## Notes to the Financial Statements

### 12. Inventories

	Group	
	2022 RM'000	2021 RM'000
Raw materials	15,709	14,377
Unassembled vehicle packs	267,164	232,334
Work-in-progress	7,927	13,940
Manufactured inventories and trading inventories	13,953	11,571
Used vehicles	36,649	9,184
New vehicles	236,315	346,294
Spare parts and others	170,684	150,274
	748,401	777,974
Recognised in profit or loss:		
Inventories recognised as cost of sales	2,294,283	1,866,728
Write-down to net realisable value	6,030	8,991
Reversal of write-down	3,996	10,903

The write-down and reversal are included in cost of sales.

### 13. Contract assets/(liabilities)

#### 13.1 Contract assets

Group	2022 RM'000	2021 RM'000
Opening balance	10,809	19,377
Addition by obligation performed but not billed during the year	26,349	10,809
Transfer to receivables from contract assets recognised at the beginning of the period	(10,809)	(19,377)
<b>Ending balance</b>	<b>26,349</b>	<b>10,809</b>
Current	26,349	10,809

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.

## Notes to the Financial Statements

Governance
<b>Financials</b>
Other Information
Annual General Meeting

### 13. Contract assets/(liabilities) (continued)

#### 13.2 Contract liabilities

Group	2022 RM'000	2021 RM'000
Opening balance	(66,733)	(75,932)
Revenue recognised that was included in the contract liability balance at the beginning of the period	43,881	37,480
Increase due to cash received, excluding amounts recognised as revenue during the period	(50,765)	(28,281)
<b>Ending balance</b>	<b>(73,617)</b>	<b>(66,733)</b>
Current	(27,643)	(22,113)
Non-current	(45,974)	(44,620)
	<b>(73,617)</b>	<b>(66,733)</b>

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.

### 14. Derivative financial assets/(liabilities)

Group	Nominal value (Gross) 2022 RM'000	Assets 2022 RM'000	Liabilities 2022 RM'000	Nominal value (Gross) 2021 RM'000	Assets 2021 RM'000	Liabilities 2021 RM'000
	Derivatives designated as hedging instrument – forward exchange contracts	308,429	3,240	(7,312)	275,406	-

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.

## Notes to the Financial Statements

### 15. Cash and cash equivalents

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	197,856	309,166	678	492
Deposits with licensed banks	360,304	205,321	-	-
	558,160	514,487	678	492

### 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 sales was completed on 2022.

	Note	Group	
		2022 RM'000	2021 RM'000
Property, plant and equipment	3	-	1,689

### 17. Share capital and reserves

	Number of shares 2022 '000	Group and Company		
		Amount 2022 RM'000	Number of shares 2021 '000	Amount 2021 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 1 June 2022 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 44,000 (2021: 30,000) of its issued shares from the open market at price ranging from RM1.14 to RM1.19 (2021: RM1.16 to RM1.17) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,883,000 (2021: 19,839,000). These transactions were financed by internally generated funds.

As at 31 December 2022, the number of outstanding shares in issue after deducting treasury shares held was 652,117,000 (2021: 652,161,000) 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.

## Notes to the Financial Statements

### 17. Share capital and reserves (continued)

#### 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.

### 18. Borrowings

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>				
Islamic Medium Term Notes ("Islamic MTNs") – unsecured	300,000	-	300,000	-
<b>Current</b>				
Term loans – unsecured	65,942	63,328	-	-
Bankers' acceptances – unsecured	158,950	210,631	-	-
Revolving credit – unsecured	749,135	994,230	-	-
	974,027	1,268,189	-	-
	1,274,027	1,268,189	300,000	-

On 16 March 2022, the Company had completed the inaugural issuance of RM300 million nominal value of Islamic Medium Term Notes Programme. The Islamic MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value RM'000
3	5.00%	14 March 2025	200,000
5	5.58%	16 March 2027	100,000

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.

## Notes to the Financial Statements

### 18. Borrowings (continued)

#### Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1 January 2021 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	Net changes from financing cash flows RM'000	Acquisition of new lease RM'000	Foreign exchange movement RM'000	At 31 December 2022 RM'000
<b>Group</b>										
<b>Non-current</b>										
Islamic Medium Term Notes ("IMTNs")										
- unsecured	-	-	-	-	-	-	300,000	-	-	300,000
<b>Current</b>										
Medium Term Notes ("MTNs")										
- unsecured	499,656	(500,000)	-	344	-	-	-	-	-	-
Term loans - unsecured	60,202	358	-	-	2,768	63,328	945	-	1,669	65,942
Bankers' acceptances - unsecured	56,824	153,807	-	-	-	210,631	(51,681)	-	-	158,950
Revolving credit - unsecured	884,811	99,748	-	-	9,671	994,230	(241,968)	-	(3,127)	749,135
Lease liabilities	97,966	(25,729)	20,249	-	1,928	94,414	(24,279)	16,967	2,709	89,811
	1,599,459	(271,816)	20,249	344	14,367	1,362,603	(316,983)	16,967	1,251	1,063,838
Total liabilities from financing activities	1,599,459	(271,816)	20,249	344	14,367	1,362,603	(16,983)	16,967	1,251	1,363,838

	At 1 January 2021 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 December 2021 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 December 2022 RM'000
<b>Company</b>							
<b>Non-current</b>							
Islamic Medium Term Notes ("IMTNs")							
- unsecured	-	-	-	-	300,000	-	300,000
<b>Current</b>							
Medium Term Notes ("MTNs")							
- unsecured	499,656	(500,000)	344	-	-	-	-
Lease liabilities	275	(99)	262	438	(99)	19	358
	499,931	(500,099)	606	438	(99)	19	358
Total liabilities from financing activities	499,931	(500,099)	606	438	299,901	19	300,358



## Notes to the Financial Statements

### 19. Employee benefits

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Recognised liability for employee benefits	80,902	95,792	26,294	40,659

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.

#### 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Balance at 1 January	95,792	95,599	40,659	46,820
<b><i>Included in profit or loss</i></b>				
Current service cost	6,085	1,217	88	(6,161)
Interest cost	2,297	476	61	-
	8,382	1,693	149	(6,161)
<b><i>Included in other comprehensive income</i></b>				
Remeasurement:				
Actuarial loss/(gain) arising from:				
- Demographic assumptions	130	-	-	-
- Financial assumptions	(4,316)	-	(1,205)	-
- Experience adjustments	(17,502)	-	(13,309)	-
	(21,688)	-	(14,514)	-
<b><i>Others</i></b>				
Benefits paid	(1,584)	(1,500)	-	-
Balance at 31 December	80,902	95,792	26,294	40,659

## Notes to the Financial Statements

### 19. Employee benefits (continued)

#### Actuarial assumptions

Principal actuarial assumptions used at the end of the reporting period (expressed as weighted averages):

	Group and Company	
	2022	2021
	%	%
Discount rate	5.15 and 5.19	4.40
Future salary growth	5.50	5.50
Withdrawal rate	14.35 and 14.43	14.40

#### 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
<b>2022</b>				
Discount rate (1% movement)	(5,301)	6,015	(1,383)	1,545
Future salary growth (1% movement)	3,075	(2,775)	249	(213)
Withdrawal rate (1% movement)	(984)	1,033	(11)	11
<b>2021</b>				
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

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.

## Notes to the Financial Statements

### 20. Payables and accruals

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Non-current</b>					
<b>Non-trade</b>					
Amount due to subsidiaries	a	-	-	-	298,310
<b>Current</b>					
<b>Trade</b>					
Trade payables	b	221,953	255,154	-	-
<b>Current</b>					
<b>Non-trade</b>					
Payables and accruals		193,184	237,660	8,525	2,896
Amount due to subsidiaries	c	-	-	2,466	58,289
		193,184	237,660	10,991	61,185
		415,137	492,814	10,991	61,185
		415,137	492,814	10,991	359,495

#### Note a

As at 31 December 2021, 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% per annum.

#### Note b

Included in trade payables are amount due to related parties of RM2,238,000 (2021: RM3,836,000) and amount payable to Royal Malaysia Customs Department of RM43,225,000 (2021: RM75,644,000).

#### Note c

The current amount due to subsidiaries is unsecured, repayable on demand and non-interest bearing.

### 21. Revenue

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Revenue from contracts with customers</b>	3,002,487	2,483,913	-	-
<b>Other revenue</b>				
Financial services revenue	49,748	53,394	-	-
Dividend income	-	-	460,346	423,117
<b>Total revenue</b>	3,052,235	2,537,307	460,346	423,117

## 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.

Group	Reportable Segments							
	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Primary geographical markets</b>								
Malaysia	2,524,008	2,063,420	66,368	69,595	11,472	10,343	2,601,848	2,143,358
Vietnam	320,028	261,074	-	-	15	158	320,043	261,232
Other countries	128,174	131,741	-	-	2,170	976	130,344	132,717
	2,972,210	2,456,235	66,368	69,595	13,657	11,477	3,052,235	2,537,307
<b>Major products/ service lines</b>								
Manufacturing, assembly and distribution of passenger and commercial vehicles	2,629,281	2,160,946	-	-	-	-	2,629,281	2,160,946
After-sales services	342,929	295,289	-	-	-	-	342,929	295,289
Hire purchase financing	-	-	49,748	53,394	-	-	49,748	53,394
Insurance agency	-	-	16,620	16,201	-	-	16,620	16,201
Other income	-	-	-	-	13,657	11,477	13,657	11,477
	2,972,210	2,456,235	66,368	69,595	13,657	11,477	3,052,235	2,537,307
<b>Timing and recognition</b>								
At a point in time	2,783,341	2,314,322	16,620	16,201	12,898	10,611	2,812,859	2,341,134
Over time	188,869	141,913	-	-	759	866	189,628	142,779
<b>Revenue from contracts with customers</b>								
	2,972,210	2,456,235	16,620	16,201	13,657	11,477	3,002,487	2,483,913
Other revenue	-	-	49,748	53,394	-	-	49,748	53,394
	2,972,210	2,456,235	66,368	69,595	13,657	11,477	3,052,235	2,537,307

## Notes to the Financial Statements

### 21. Revenue (continued)

#### 21.2 Transaction price allocated to the remaining performance obligations

As at 31 December 2022, the aggregated amount of revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date was RM73,617,000 (2021: RM66,733,000). This amount mainly represents the remaining performance obligations relating to extended warranty services, free maintenance services and marketing services, where RM27,643,000 (2021: RM22,113,000) 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest income of financial assets that are not at fair value through profit or loss	11,531	5,233	7,964	8,036
Other finance income	458	5,761	-	-
Recognised in profit or loss	11,989	10,994	7,964	8,036

### 23. Finance costs

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Term loans	2,153	2,842	-	-
- Banker's acceptances	5,322	4,667	-	-
- Revolving credit	27,544	20,595	-	-
- Medium Term Notes	12,379	21,398	12,379	21,398
- Other borrowings	49	380	8,514	10,531
	47,447	49,882	20,893	31,929
Interest expense on lease liabilities	4,273	4,354	19	23
Recognised in profit or loss	51,720	54,236	20,912	31,952

### 24. (Loss)/Profit before tax

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(Loss)/Profit before tax is arrived at after crediting:</b>				
Bad debts recovered	1,850	1,806	-	-
Dividend income from:				
- Unquoted subsidiaries	-	-	460,146	423,117
- Joint ventures	200	-	200	-
- Associates	1,500	-	-	-

## Notes to the Financial Statements

### 24. (Loss)/Profit before tax (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(Loss)/Profit before tax is arrived at after crediting (continued):</b>				
Change in fair value of investment properties	15	-	-	-
Gain on disposal of:				
- Asset classified as held for sale	158	-	-	-
- Investment properties	155	-	-	-
- Property, plant and equipment	11,872	6,077	-	-
Interest income	11,989	10,994	7,964	8,037
Net gain on foreign exchange:				
- Unrealised	14,651	19,818	3	-
- Realised	10,557	45,378	-	-
Reversal of impairment loss on property, plant and equipment	792	-	-	-
Rental income on leased assets	106	-	-	-
Rental income on land and buildings	3,770	4,603	-	-
Reversal of impairment loss on:				
- Trade receivables	889	4,253	-	-
Reversal of write-down of inventories	3,996	10,903	-	-
<b>(Loss)/Profit before tax is arrived at after charging:</b>				
Audit fee				
Current year				
- KPMG Malaysia	521	668	64	61
- Overseas affiliates of KPMG Malaysia	169	127	-	-
- Other auditors	293	181	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	15	18	15	15
- Overseas affiliates of KPMG Malaysia	281	246	-	-
- Other auditors	16	61	-	-
Amortisation of intangible assets	1,864	1,254	-	-
Bad debts written off	292	398	-	-
Depreciation of property, plant and equipment	146,581	141,356	137	137
Direct operating expenses of investment properties generating rental income	782	748	-	-
Expenses relating to short-term leases and leases of low-value assets (Note a)	6,384	6,887	56	56
Change in fair value of investment properties	-	995	-	-
Legal compensation (Note 32(a))	17,085	-	-	-
Interest expense	51,720	54,236	20,912	31,952
Inventories written off	454	620	-	-
Write-down of inventories	6,030	8,991	-	-
Impairment loss on:				
- Hire purchase receivables	1,728	1,702	-	-
- Amount due from subsidiaries	-	-	649	2
- Goodwill	-	759	-	-
- Investment in subsidiaries	-	-	-	4,330
Property, plant and equipment written off	819	2,048	-	-

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.

## Notes to the Financial Statements

### 24. (Loss)/Profit before tax (continued)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>(Loss)/Profit before tax is arrived at after charging (continued):</b>				
Net loss on foreign exchange:				
- Unrealised	15,989	17,797	-	-
- Realised	7,578	9,424	-	7
Non-executive directors:				
- Fees	496	423	480	423
- Allowances and benefits	173	143	173	143
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	34,407	35,337	888	1,226
- Expenses/(Over provision) related to defined benefit plans	8,382	1,693	149	(6,161)
- Wages, salaries and others	346,027	314,709	12,164	7,575
Warranty claim	646	-	-	-

### 25. Key management personnel compensations

The key management personnel compensations are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive directors:				
- Remunerations	15,749	12,053	10,927	8,509
- Other short-term benefits	299	278	299	278
- Post-employment benefits	48	5,197	48	5,197
	16,096	17,528	11,274	13,984
Other key management personnel:				
- Remuneration and other short-term employee benefits	12,695	15,052	716	663
- Post-employment benefits	282	206	23	27
	12,977	15,258	739	690
	29,073	32,786	12,013	14,674

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.

## Notes to the Financial Statements

### 26. Tax expense/(income)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Recognised in the profit or loss</b>				
<b>Income tax expense</b>				
Income tax expense	32,944	27,228	-	-
Over provided in prior years	(410)	(975)	-	-
	32,534	26,253	-	-
Real property gain tax	194	-	-	-
Withholding taxes	1,038	1,899	-	-
<b>Deferred tax expense</b>				
Origination/(Reversal) of temporary differences	11,011	17,182	(210)	1,744
Crystallisation of deferred tax liabilities arising from revaluation surplus	(4,808)	(5,972)	-	-
Under/(Over) provided in prior years	727	(12)	3	39
	6,930	11,198	(207)	1,783
	40,696	39,350	(207)	1,783
<b>Reconciliation of tax expense</b>				
(Loss)/Profit before tax	(14,165)	19,134	431,021	397,093
Income tax calculated using Malaysian tax rate of 24% (2021: 24%)	(3,400)	4,592	103,445	95,302
Effect of tax rates in foreign jurisdictions	2,408	2,340	-	-
Double deduction	(232)	(52)	-	-
Non-deductible expenses	41,249	37,441	6,828	8,793
Income not subject to tax	(6,504)	(4,483)	(110,483)	(102,351)
Tax incentives	(208)	(57)	-	-
Crystallisation of deferred tax liabilities arising from revaluation surplus	(4,808)	(5,972)	-	-
Tax on deemed sales income	841	-	-	-
Real property gain tax	194	-	-	-
Withholding taxes	1,038	1,899	-	-
Unrecognised deferred tax assets	9,801	4,629	-	-
	40,379	40,337	(210)	1,744
Under/(Over) provided in prior years	317	(987)	3	39
	40,696	39,350	(207)	1,783



## Notes to the Financial Statements

### 27. Other comprehensive income/(loss)

	Before tax RM'000	2022 Tax expense RM'000	Net of tax RM'000	Before tax RM'000	2021 Tax expense RM'000	Net of tax RM'000
<b>Group</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Remeasurement of defined benefit liability	21,688	(5,937)	15,751	-	-	-
Revaluation of property, plant and equipment	182,368	(40,730)	141,638	-	-	-
	204,056	(46,667)	157,389	-	-	-
<b>Group</b>						
<b>Items that are or may be reclassified subsequently to profit or loss</b>						
Foreign currency translation differences for foreign operations	(1,357)	-	(1,357)	(8,427)	-	(8,427)
Foreign currency translation differences for an equity-accounted associate	545	-	545	(2,087)	-	(2,087)
Cash flow hedge	(3,531)	(33)	(3,564)	(15,478)	26	(15,452)
	(4,343)	(33)	(4,376)	(25,992)	26	(25,966)
	199,713	(46,700)	153,013	(25,992)	26	(25,966)
<b>Company</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Remeasurement of defined benefit liability	14,514	(3,484)	11,030	-	-	-
	14,514	(3,484)	11,030	-	-	-

## Notes to the Financial Statements

### 28. Basic loss per ordinary share

#### Group

#### *Basic loss per ordinary share*

The calculation of basic loss per ordinary share as at 31 December 2022 was based on the loss attributable to ordinary shareholders of RM51,110,000 (2021: loss of RM15,417,000) and the weighted average number of ordinary shares outstanding during the year of 652,129,000 (2021: 652,161,000).

#### *Weighted average number of ordinary shares*

	Group	
	2022 '000	2021 '000
Issued ordinary shares at 1 January	652,161	652,191
Effect of treasury shares held	(32)	(30)
<b>Weighted average number of ordinary shares at 31 December</b>	<b>652,129</b>	<b>652,161</b>

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
<b>2022</b>			
First interim 2022 ordinary	1.50	9,782	30 June 2022
Second interim 2022 ordinary	1.50	9,782	23 December 2022
<b>2021</b>			
Interim 2021 ordinary	1.50	9,782	30 June 2021

### 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.

## Notes to the Financial Statements

### 30. Operating segments (continued)

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 2022 and 2021.

#### 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.

#### (a) Business segment

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,972,210	2,456,235	66,368	69,595	13,657	11,477	3,052,235	2,537,307
Inter-segment revenue	511	883	18	900	78,536	73,795	79,065	75,578
Segment EBITDA	132,874	128,587	27,493	31,861	30,059	51,136	190,426	211,584
Depreciation and amortisation	(121,659)	(113,080)	(697)	(1,583)	(26,089)	(27,947)	(148,445)	(142,610)
Finance costs	(27,782)	(36,574)	-	(41)	(23,938)	(17,621)	(51,720)	(54,236)
Finance income	3,030	2,698	399	241	8,560	8,055	11,989	10,994
Share of (loss)/profit of equity-accounted investees, net of tax	(1,548)	(2,449)	(107)	346	916	595	(739)	(1,508)
Unallocated corporate expenses							(15,676)	(5,090)
(Loss)/Profit before tax							(14,165)	19,134
Tax expense							(40,696)	(39,350)
Loss for the year							(54,861)	(20,216)

## Notes to the Financial Statements

### 30. Operating segments (continued)

#### (b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
External revenue	2,601,848	2,143,358	320,043	261,232	130,344	132,717	3,052,235	2,537,307
Segment EBITDA/ (LBITDA)	227,536	220,551	(8,434)	(2,812)	(28,676)	(6,155)	190,426	211,584

### 31. Commitments

#### Capital commitments

	Group	
	2022 RM'000	2021 RM'000
<i>Property, plant and equipment:</i>		
Authorised but not contracted for	166,228	240,511
Contracted but not provided for		
In Malaysia	2,586	13,027
Outside Malaysia	21,511	84,965
	190,325	338,503

### 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.

## Notes to the Financial Statements

### 32. Contingencies (continued)

#### (a) Counter claim from Narita Motorcare (Cambodia) Co., Ltd. ("Narita"), Mr. Long Narith and Ms. Pich Sokhom (continued)

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")

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.

On 16 May 2022, the Supreme Court had upheld the Court of Appeal Decision as follows and ruled that ETCM (C) and TCMC are not entitled to any damages:

- i. ETCM (C) and TCMC to pay damages of USD3,953,130.00 to Narita; and
- ii. litigation cost shall be borne by ETCM (C) and TCMC.

On 4 November 2022, ETCM (C) and TCMC and Narita had entered into the Settlement Agreement to settle the Supreme Court Judgement at USD3,800,000.00 (approximately RM17,085,000) to Narita to resolve the dispute entirely.

The above amounts have been provided for and settled in the current year financial results.

#### (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").

## Notes to the Financial Statements

### 32. Contingencies (continued)

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

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.

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.

## Notes to the Financial Statements

### 32. Contingencies (continued)

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

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.

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 7<sup>th</sup> 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. The hearing of the appeal initially fixed on 9 May 2022 has been vacated and converted to case management. The Court of Appeal has re-fixed the hearing of the appeal to 9 August 2022. The Court of Appeal has further directed that parties are to file Reply Submissions and any additional Bundle of Authorities to be filed by 25 July 2022 and fixed a further case management on 26 July 2022.

## Notes to the Financial Statements

### 32. Contingencies (continued)

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

The hearing of the appeal fixed on 9 August 2022 was converted to case management and later re-fixed on 25 October 2022. The hearing of the appeal re-fixed on 19 October 2022 was vacated. The Court of Appeal has fixed further case management on 9 March 2023 and re-fixed the hearing of the appeal on 23 March 2023. The hearing of the appeal fixed on 23 March 2023 was vacated and the Court has re-fixed the hearing of the appeal on 13 July 2023.

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 TCIE has reasonable prospects of obtaining an order at the Court of Appeal in its favour and setting aside the judgement of the High Court.

### 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>With WTCH Group</b>		
Purchases	(55,559)	(60,974)
Sales	61,522	50,369
Insurance agency, workshop services and administrative services	6,007	5,291
Travel agency and car rental services	(602)	(290)
Rental income receivable	1,351	1,652
Rental expense payable	(1,077)	(1,012)
Contract assembly fee receivable	3,362	5,433



## Notes to the Financial Statements

Governance

**Financials**

Other Information

Annual General Meeting

### 33. Related parties (continued)

#### Significant related party transactions (continued)

- (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 (continued):

	Group	
	2022 RM'000	2021 RM'000
<b>With APM Group</b>		
Purchases	(34,072)	(13,997)
Sales	3,544	1,585
Insurance agency, workshop services and administrative services	1,802	1,755
Rental income receivable	11	30
Rental expense payable	(1,799)	(1,692)
<b>With TCIL Group</b>		
Sales	10,429	10,471
Contract assembly fee receivable	18,644	4,950

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	
	2022 RM'000	2021 RM'000
Purchases	(695,009)	(597,424)
Technical assistance fee and royalty	(3,153)	(5,531)

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	
	2022 RM'000	2021 RM'000
Purchases	(7,256)	(8,405)

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

## Notes to the Financial Statements

### 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.

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchases	(410,737)	(434,374)
Sales	18,729	9,074
Insurance agency, workshop services and administrative services	26	24
Rental income receivable	280	280

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:

	<b>Company</b>	
	<b>2022</b>	<b>2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Subsidiaries</b>		
Dividend income receivable	460,146	423,117
Interest income receivable	7,952	7,773
Management fees payable	(452)	(847)
Rental expense payable	(56)	(56)
Interest expense payable	(8,514)	(10,531)
<b>Joint venture</b>		
Dividend income receivable	200	-

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.

## Notes to the Financial Statements

### 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.

2022	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
<b>Financial assets</b>				
<b>Group</b>				
Other investments	454	-	454	-
Trade and other receivables*	281,005	281,005	-	-
Hire purchase receivables	464,223	464,223	-	-
Deposits	12,393	12,393	-	-
Derivative financial assets	3,240	-	-	3,240
Cash and cash equivalents	558,160	558,160	-	-
	1,319,475	1,315,781	454	3,240
<b>Company</b>				
Amount due from subsidiaries and other receivables	217,706	217,706	-	-
Deposits	108	108	-	-
Cash and cash equivalents	678	678	-	-
	218,492	218,492	-	-
<b>Financial liabilities</b>				
<b>Group</b>				
Borrowings	(1,274,027)	(1,274,027)	-	-
Payables and accruals	(415,137)	(415,137)	-	-
Derivative financial liabilities	(7,312)	-	-	(7,312)
	(1,696,476)	(1,689,164)	-	(7,312)
<b>Company</b>				
Borrowings	(300,000)	(300,000)	-	-
Payables and accruals	(10,991)	(10,991)	-	-
	(310,991)	(310,991)	-	-

\* excludes non-financial instruments.

## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### 34.1 Categories of financial instruments (continued)

2021	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	Derivatives used for hedging RM'000
<b>Financial assets</b>				
<b>Group</b>				
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	-
<b>Company</b>				
Amount due from subsidiaries and other receivables	150,373	150,373	-	-
Deposits	68	68	-	-
Cash and cash equivalents	492	492	-	-
	150,933	150,933	-	-
<b>Financial liabilities</b>				
<b>Group</b>				
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)
<b>Company</b>				
Payables and accruals	(359,495)	(359,495)	-	-

\* excludes non-financial instruments.

## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### 34.2 Net gains and losses arising from financial instruments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	458	5,761	-	-
Financial assets at amortised cost	61,998	62,586	7,315	8,037
Financial liabilities at amortised cost	(45,806)	(11,907)	(20,893)	(31,929)
Derivatives designated as hedging instruments	(3,564)	(15,452)	-	-
	13,086	40,988	(13,578)	(23,892)

#### 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.

## Notes to the Financial Statements

### 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.

## Notes to the Financial Statements

### 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
<b>2022</b>			
Current (Not past due)	120,191	(585)	119,606
Past due 1 – 30 days	35,268	(481)	34,787
Past due 31 – 90 days	25,813	(1,128)	24,685
	181,272	(2,194)	179,078
<b>Credit impaired</b>			
Past due more than 90 days	22,766	(2,025)	20,741
Individually impaired	57,978	(16,940)	41,038
	262,016	(21,159)	240,857
Trade receivables	262,016	(21,159)	240,857
Contract assets	26,349	-	26,349
	288,365	(21,159)	267,206
<b>2021</b>			
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
<b>Credit impaired</b>			
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

## Notes to the Financial Statements

### 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		Total RM'000
	Lifetime ECL RM'000	Credit impaired RM'000	
<b>Balance as at 1 January 2021</b>	1,949	24,352	26,301
Net remeasurement of loss allowance	245	(4,498)	(4,253)
<b>Balance as at 31 December 2021/1 January 2022</b>	2,194	19,854	22,048
Net remeasurement of loss allowance	-	(889)	(889)
<b>Balance as at 31 December 2022</b>	2,194	18,965	21,159

There was no allowance for impairment made on contract assets in year 2022 and 2021.

No trade receivables were written off in the financial year ended 31 December 2022 (2021: 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
<b>2022</b>			
Current (Not past due)	254,834	(484)	254,350
Past due 1 – 30 days	88,198	(173)	88,025
Past due 31 – 90 days	97,947	(2,010)	95,937
	440,979	(2,667)	438,312
<b>Credit impaired</b>			
Past due more than 90 days	36,606	(12,399)	24,207
Individually impaired	35,061	(33,357)	1,704
	512,646	(48,423)	464,223
Hire purchase receivables	512,646	(48,423)	464,223



## Notes to the Financial Statements

### 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
<b>2021</b>			
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
<b>Credit impaired</b>			
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

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
<b>Balance as at 1 January 2021</b>	4,387	40,606	44,993
Net remeasurement of loss allowance	(1,272)	2,974	1,702
<b>Balance as at 31 December 2021/1 January 2022</b>	3,115	43,580	46,695
Net remeasurement of loss allowance	(448)	2,176	1,728
<b>Balance as at 31 December 2022</b>	2,667	45,756	48,423

As at 31 December 2022, RM292,000 of hire purchase receivables were written off (2021: nil).

## Notes to the Financial Statements

### 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 non-interest bearing.

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.

###### *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.

## Notes to the Financial Statements

Governance

**Financials**

Other Information

Annual General Meeting

### 34. Financial instruments (continued)

#### 34.4 Credit risk (continued)

##### Inter-company loans and advances (continued)

*Recognition and measurement of impairment loss (continued)*

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
<b>2022</b>			
Low credit risk	213,595	-	213,595
Credit impaired	11,049	(7,562)	3,487
	224,644	(7,562)	217,082
<b>2021</b>			
Low credit risk	145,590	-	145,590
Credit impaired	11,050	(6,913)	4,137
	156,640	(6,913)	149,727

The movement in the allowance for impairment in respect of subsidiaries' loans and advances is as follows:

Company	Lifetime ECL	
	2022 RM'000	2021 RM'000
<b>Balance as at 1 January</b>	6,913	6,936
Net remeasurement of loss allowance	649	2
Write off allowance	-	(25)
<b>Balance as at 31 December</b>	7,562	6,913

#### 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.

## Notes to the Financial Statements

### 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 RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	More 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	More than 5 years RM'000
<b>Group</b>									
<b>2022</b>									
<i>Non-derivative financial liabilities</i>									
Medium Term Notes	5.00 – 5.58	300,000	-	300,000	-	349,905	15,537	334,368	-
Term loans	3.50 – 7.90	65,942	65,942	-	-	65,942	65,942	-	-
Bankers' acceptances	2.25 – 4.54	158,950	158,950	-	-	158,950	158,950	-	-
Revolving credit	1.45 – 6.04	749,135	749,135	-	-	749,135	749,135	-	-
Payables and accruals	-	415,137	415,137	-	-	415,137	415,137	-	-
Lease liabilities	5.00	89,811	24,334	20,167	45,310	147,326	17,256	36,393	93,677
		1,778,975	1,413,498	320,167	45,310	1,886,395	1,421,957	370,761	93,677
<i>Derivative financial liabilities</i>									
Forward exchange contracts (gross settled):									
Outflow		7,312	7,312	-	-	115,199	115,199	-	-
Inflow		-	-	-	-	(107,887)	(107,887)	-	-
		1,786,287	1,420,810	320,167	45,310	1,893,707	1,429,269	370,761	93,677
<b>2021</b>									
<i>Non-derivative financial liabilities</i>									
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
<i>Derivative financial liabilities</i>									
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

## Notes to the Financial Statements

### 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
<b>Company</b>							
<b>2022</b>							
<i>Non-derivative financial liabilities</i>							
Medium Term Notes	5.00 – 5.58	300,000	-	300,000	349,905	15,537	334,368
Amount due to subsidiaries							
- Current	-	2,466	2,466	-	2,466	2,466	-
Payables and accruals	-	8,525	8,525	-	8,525	8,525	-
Lease liabilities	5.00	358	358	-	495	99	396
		311,349	11,349	300,000	361,391	26,627	334,764
<b>2021</b>							
<i>Non-derivative financial liabilities</i>							
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

## Notes to the Financial Statements

### 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:

	2022		2021	
	Denominated in USD RM'000	Denominated in JPY RM'000	Denominated in USD RM'000	Denominated in JPY RM'000
<b>Group</b>				
Receivables	1,258	3,192	5,337	3,268
Intra-group balances	341,218	-	366,778	-
Cash and cash equivalents	247,735	4,975	152,805	6,143
Payables and accruals	(5,445)	-	(8,715)	(2)
Borrowings	(144,922)	-	(207,230)	-
Derivative financial liabilities	(4,072)	-	(544)	-
Net exposure	435,772	8,167	308,431	9,409

## Notes to the Financial Statements

### 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.

	2022		2021	
	Equity RM'000	Profit or loss RM'000	Equity RM'000	Profit or loss RM'000
USD	16,559	16,714	11,720	11,741
JPY	310	310	358	358

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.

## Notes to the Financial Statements

### 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Fixed rate instruments</b>				
<b>Financial assets:</b>				
Hire purchase receivables	464,223	507,208	-	-
Amount due from subsidiaries	-	-	68,421	34,483
Deposits with licensed banks	360,304	205,321	-	-
<b>Financial liabilities:</b>				
Medium Term Notes	(300,000)	-	(300,000)	-
Lease liabilities	(89,811)	(94,414)	-	-
Amount due to subsidiaries	-	-	-	(298,310)
	434,716	618,115	(231,579)	(263,827)
<b>Floating rate instruments</b>				
<b>Financial assets:</b>				
Amount due from subsidiaries	-	-	148,661	115,244
<b>Financial liabilities:</b>				
Term loans	(65,942)	(63,328)	-	-
Bankers' acceptances	(158,950)	(210,631)	-	-
Revolving credit	(749,135)	(994,230)	-	-
	(974,027)	(1,268,189)	148,661	115,244

###### (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.



## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### 34.6 Market risk (continued)

##### 34.6.2 Interest rate risk (continued)

(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 2022 RM'000	100 bp decrease 2022 RM'000	100 bp increase 2021 RM'000	100 bp decrease 2021 RM'000
<b>Group</b>				
Floating rate instruments	(7,403)	7,403	(9,638)	9,638
<b>Company</b>				
Floating rate instruments	1,130	(1,130)	876	(876)

##### 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.

*Sensitivity analysis*

At the reporting date, if the prices of instruments had been 1% (2021: 1%) higher/lower, with all other variables held constant, the Group profit or loss would have increased/(decreased) by RM5,000 (2021: RM21,000) arising as a result of changes in the fair value of the financial assets classified as fair value through profit or loss.

## Notes to the Financial Statements

### 34. Financial instruments (continued)

#### 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
<b>2022</b>			
Forward exchange contracts	(4,072)	(4,072)	(4,072)
<b>2021</b>			
Forward exchange contracts	(544)	(544)	(544)

During the financial year, a loss of RM3,564,000 (2021: loss of RM15,452,000) 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.

## Notes to the Financial Statements

### 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				Total fair value	Carrying amount
	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		
<b>2022</b>										
<b>Group</b>										
<b>Financial assets</b>										
Other investments										
- Liquid investments with licensed financial institutions	-	454	-	454	-	-	-	-	454	454
Hire purchase receivables	-	-	-	-	-	-	359,406	359,406	359,406	359,406
Derivative financial assets – forward exchange contracts	-	3,240	-	3,240	-	-	-	-	3,240	3,240
	-	3,694	-	3,694	-	-	359,406	359,406	363,100	363,100
<b>Financial liabilities</b>										
Borrowings	-	-	-	-	-	-	(300,000)	(300,000)	(300,000)	(300,000)
Derivative financial liabilities – forward exchange contracts	-	(7,312)	-	(7,312)	-	-	-	-	(7,312)	(7,312)
	-	(7,312)	-	(7,312)	-	-	(300,000)	(300,000)	(307,312)	(307,312)
<b>2021</b>										
<b>Group</b>										
<b>Financial assets</b>										
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
<b>Financial liabilities</b>										
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				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
<b>2022</b>										
<b>Company</b>										
<b>Financial assets</b>										
Amount due from subsidiaries	-	-	-	-	-	-	217,082	217,082	217,082	217,082
<b>Financial liabilities</b>										
Borrowings	-	-	-	-	-	-	(300,000)	(300,000)	(300,000)	(300,000)
<b>2021</b>										
<b>Company</b>										
<b>Financial assets</b>										
Amount due from subsidiaries	-	-	-	-	-	-	149,727	149,727	149,727	149,727
<b>Financial liabilities</b>										
Amount due to subsidiaries	-	-	-	-	-	-	(298,310)	(298,310)	(298,310)	(298,310)

#### 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 (2021: no transfer in either direction).

### 34. Financial instruments (continued)

#### 34.8 Fair value information (continued)

##### Policy on transfer between levels (continued)

##### 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 2022 and 31 December 2021 were as follows:

		<b>Group</b>	
	<b>Note</b>	<b>2022</b>	<b>2021</b>
		<b>RM'000</b>	<b>RM'000</b>
Total borrowings	18	1,274,027	1,268,189
Lease liabilities		89,811	94,414
Less: Other investments	8	(454)	(2,081)
Less: Cash and cash equivalents	15	(558,160)	(514,487)
Net debt		805,224	846,035
Total equity attributable to owners of the Company		2,872,276	2,791,522
Net debt-to-equity ratios		0.28	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	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b>			
Agensi Pekerjaan Bijak Sdn. Bhd.	Provision of private employment agency services	100	100
# <sup>β</sup> Auto Components Manufacturers Sdn. Bhd.	Property investment holding	100	100
Autokita Sdn. Bhd.	Insurance agency	100	100
# <sup>β</sup> Ceranamas Sdn. Bhd.	Property and investment holding	100	100
Chauffeur Safe Travel Sdn. Bhd.	Travel agency and transportation services	100	100
# <sup>β</sup> 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
# <sup>β</sup> Julang Lumayan Sdn. Bhd.	Property investment holding	100	100
# <sup>β</sup> Perwiramas Sdn. Bhd.	Investment holding	100	100
* Premium Commerce Berhad	Structured entity for asset-backed securitisation	-	-
Space Studio House Sdn. Bhd. (formerly known as TC Capital Premium Sdn. Bhd.)	Provision of advertising and marketing services	100	100

## Notes to the Financial Statements

Governance

**Financials**

Other Information

Annual General Meeting

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b>			
# <sup>B</sup> 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
# <sup>B</sup> Tan Chong Construction Sdn. Bhd.	Investment holding	100	100
# <sup>B</sup> 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.	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
# <sup>B</sup> Tan Chong Technical Centre Sdn. Bhd.	Research and development activities for automotive industry	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 Resources Sdn. Bhd.	Hire purchase financing, leasing, money lending and transport agent	100	100
# <sup>B</sup> TC Commercial Assets Sdn. Bhd.	Property investment holding	100	100

## Notes to the Financial Statements

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b>			
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
# <sup>B</sup> TC Facilities Management Sdn. Bhd.	Provision of building facilities management services	100	100
# <sup>B</sup> TC Hartanah Sdn. Bhd.	Property investment holding	100	100
# <sup>B</sup> TC Heritage 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
# <sup>B</sup> TC Maju Properties Sdn. Bhd.	Property investment holding	100	100
TC Management Services Corporation Sdn. Bhd.	Provision of management services	100	100
# <sup>B</sup> TC Manufacturing Holdings Sdn. Bhd.	Investment holding	100	100
# <sup>B</sup> 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
# <sup>B</sup> TC Residence Sdn. Bhd.	Property investment holding	100	100
TC Security Services Sdn. Bhd.	Provision of security services	51	51
# <sup>B</sup> TC Sri Amar Sdn. Bhd.	Property investment holding	100	100
TC Sunergy Sdn. Bhd.	Developing, operating and trading of power from renewable energy projects	51	51
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



## Notes to the Financial Statements

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b>			
# <sup>β</sup> 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
# <sup>β</sup> Vincus Holdings Sdn. Bhd.	Investment holding	100	100
# <sup>β</sup> West Anchorage Sdn. Bhd.	Investment holding	100	100
# <sup>β</sup> Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> Auto Infiniti Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> Auto Trucks & Components Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> E-Garage Auto Services Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> Fujiyama Car Cooler Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> Pemasaran Alat Ganti Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> Rustcare Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> Tan Chong Development Sdn. Bhd.	Dormant	100	100
Δ Tan Chong Higher Education Sdn. Bhd.	Dormant	-	100
# <sup>β</sup> Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100
Δ Tan Chong Private Education Sdn. Bhd.	Dormant	-	100
# <sup>β</sup> TC Automotive Electronics Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> TC Brake System Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> TC Commercial Insure Agency Sdn. Bhd.	Dormant	100	100

## Notes to the Financial Statements

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Malaysia:</b>			
# <sup>β</sup> TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100
Δ TC Industrial Entity Sdn. Bhd.	Dormant	-	100
Δ TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	-	100
# <sup>β</sup> TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> TC Plastics Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> TC Transmission Sdn. Bhd.	Dormant	100	100
# <sup>β</sup> WariTan Automobile Sdn. Bhd.	Dormant	100	100
<b>Incorporated in Labuan:</b>			
ETCM (C) Pty Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (Labuan) Pty Ltd	Investment holding	100	100
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
# <sup>β</sup> Tan Chong Motorcycles (Labuan) Pte Ltd	Investment holding	100	100
TC Express Auto Services and Spare Parts (Labuan) Pty Ltd	Investment holding	100	100
# <sup>β</sup> TC Manufacturing (Labuan) Pte Ltd	Investment holding	100	100
# <sup>β</sup> TC Overseas Assets Holdings Labuan Pte Ltd	Investment holding	100	100
# <sup>β</sup> TC Services Holdings Labuan Pte Ltd	Investment holding	100	100
# <sup>β</sup> TC Security Services (Labuan) Pte Ltd	Investment holding	100	100
# <sup>β</sup> 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

## Notes to the Financial Statements

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Labuan:</b>			
# <sup>β</sup> TCMSC (Labuan) Pte Ltd	Investment holding	100	100
# <sup>β</sup> Tan Chong Construction (Labuan) Pte Ltd	Dormant	100	100
# <sup>β</sup> Tan Chong Motorcycles (MM) Pte Ltd	Dormant	100	100
# <sup>β</sup> Tan Chong Trading (Labuan) Pty Ltd	Dormant	100	100
# <sup>β</sup> TC Assets Labuan (V) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Capital Resources (Labuan) Pty Ltd	Dormant	100	100
# <sup>β</sup> TC Intellectual Investment Pte Ltd	Investment holding	100	100
# <sup>β</sup> TC iTech (Labuan) Pte Ltd	Investment holding	100	100
# <sup>β</sup> TC Manufacturing (C) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Manufacturing (L) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Manufacturing (MM) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Manufacturing (V) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Overseas Assets Labuan (C) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Services Labuan (C) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Services Labuan (L) Pte Ltd	Dormant	100	100
# <sup>β</sup> TC Services Labuan (MM) Pte Ltd	Dormant	100	100
# <sup>β</sup> TCIP Pte Ltd	Dormant	100	100
<b>Incorporated in Cambodia:</b>			
# <sup>β</sup> 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
# <sup>β</sup> Tan Chong Motor (Cambodia) Pty. Ltd.	Importation and distribution of motor vehicles	100	100
^ <sup>β</sup> T C Motor Sales (Cambodia) Pty. Ltd.	Dormant	100	100

## Notes to the Financial Statements

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Vietnam:</b>			
# <sup>β</sup> TC Motor Vietnam Co., Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@ <sup>β</sup> TCIE Vietnam Pte. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@ <sup>β</sup> Nissan Vietnam Co., Ltd.	Importation and distribution of motor vehicles and spare parts	74	74
# <sup>β</sup> TC Motorcycles (Vietnam) Co., Ltd.	Importation and distribution of motorcycles and motorcycle components	100	100
@ <sup>β</sup> TC Services Vietnam Co., Ltd.	Retail distribution of automobiles, automobile workshop services and trading of spare parts	100	100
# <sup>β</sup> TC iTech (Vietnam) Co., Ltd.	Producing software products, providing IT solutions & services and integrating IT systems	100	100
<b>Incorporated in Laos:</b>			
<sup>Λ</sup> <sup>β</sup> Tan Chong Motor (Lao) Sole Co., Ltd. (formerly known as Tan Chong Motor (Lao) Co., Ltd.)	Importation and distribution of motor vehicles and spare parts including providing after-sales services	100	100
<sup>Λ</sup> <sup>β</sup> Tan Chong Motorcycles (Lao) Co., Ltd. (formerly known as Tan Chong Motorcycles (Laos) Co., Ltd.)	Property investment holding	100	100
<b>Incorporated in United States of America:</b>			
<sup>Λ</sup> <sup>β</sup> Tan Chong Warisan Resources Management LLC	Dormant	51	51

## Notes to the Financial Statements

Governance

Financials

Other Information

Annual General Meeting

### 36. Subsidiaries (continued)

Name	Principal activities	Effective ownership interest	
		2022 %	2021 %
<b>Incorporated in Myanmar:</b>			
<sup>^β</sup> 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
<sup>^β</sup> ETCM (Myanmar) Company Limited	Provision of services relating to vehicle distribution	100	100
<sup>^β</sup> Tan Chong Motor (Myanmar) Company Limited	Assembly, sales and distribution of motor vehicles, trading of spare parts and automotive workshop services	100	100
<sup>^β</sup> TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	100
<b>Incorporated in Thailand:</b>			
<sup>#*β</sup> TC Express Auto Services and Spare Parts (Thailand) Co., Ltd.	Dormant	49	49
<sup>#β</sup> Tan Chong Mekong Regional Co., Ltd.	Regional operating headquarters	100	100
<sup>#β</sup> Tan Chong Mekong Trading (Thailand) Co., Ltd.	International procurement centre	100	100
<b>Incorporated in Taiwan:</b>			
<sup>^aβ</sup> Tan Chong Technology Development (Taiwan) Co., Ltd.	Dormant	100	-

# Company audited by another firm of Public Accountants.

\* Deemed subsidiary by virtue of control in the company.

<sup>^</sup> The 2022 and 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, the unaudited management financial statements of these subsidiaries were used for the purpose of consolidation.

<sup>a</sup> Company incorporated during the year.

<sup>@</sup> Company audited by member firms of KPMG International.

<sup>β</sup> Company not audited by KPMG PLT.

<sup>Δ</sup> Company struck off in year 2022.

## Notes to the Financial Statements

### 37. Significant events

- (i) On 11 March 2022, An Tam Construction and Trading Co., Ltd. ("Antaco Vietnam") had accepted the Sixth Supplemental Letter to the Joint Venture Agreement dated 13 March 2020 ("JV Agreement") from Tan Chong Construction (Labuan) Pte Ltd, an indirect wholly-owned subsidiary of the Company ["TCC (Labuan)"] for:
- a) the extension of the term for the setting up of the Joint Venture Company 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.

On 20 March 2023, TCC (Labuan) and Antaco Vietnam had mutually agreed in writing to the lapse of the JV Agreement.

The JV Agreement has since lapsed and was terminated on even date.

- (ii) On 31 August 2022, Tan Chong Technology Development (Taiwan) Co., Ltd, a indirect wholly-owned subsidiary of the Company was incorporated under the Company Act of Taiwan with the principal activities of research and development service, industry innovation and incubation services, energy technical services and other consulting services.
- (iii) Reference is made to the Company's announcement dated 23 August 2019 pertaining to the commencement of legal proceedings by its wholly-owned subsidiary, TCIEV Vietnam Pte. Ltd. ("TCIEV"), against Nissan Vietnam Co., Ltd. ("NVL"), a joint venture company between ETCM (V) Pte Ltd, another wholly-owned subsidiary of the Company, and Nissan Motor Co., Ltd., each holding 74% and 26% equity interest respectively in NVL, for the repayment of loan of VND218 billion (equivalent to approximately USD9.4 million) together with interests pursuant to a Loan Agreement dated 5 June 2019 as supplemented by a supplemental letter entered into between TCIEV and NVL with the People's Court of Cau Giay District, Ha Noi City, Vietnam ("Claim").

On 19 August 2022, TCIEV had withdrawn the Claim as the parties were engaged in discussions to resolve the matter amicably.

- (iv) The Company announced on 12 August 2022 that TC Sunergy Sdn. Bhd. ("TC Sunergy"), an indirect 51% owned subsidiary of the Company, received a notification letter dated 8 August 2022 from the Energy Commission ("EC") to inform TC Sunergy on the extension of Scheduled Commercial Operation Date ("SCOD") and effective period of the Power Purchase Agreement ("PPA") for the LSSPV Project.

The EC notified TC Sunergy of the following:

1. The SCOD for the LSSPV on 31 December 2023 remains unchanged; and
2. The effective period of the PPA be extended from 21 years to 25 years subject to the following:
  - Related agreements for TC Sunergy's right to occupy and use the land for the LSSPV Project be extended and aligned for a period of 25 years; and
  - Related warranties for the relevant solar panel and equipment in respect of the LSSPV be extended and aligned for a period of 25 years.

A supplementary PPA will be executed between TC Sunergy and Tenaga Nasional Berhad to set forth the aforesaid changes.

- (v) On 16 March 2022, the Company had established the Sukuk Murabahah Programme, and completed the inaugural issuance of RM300 million nominal value of Sukuk Murabahah ("Series 1 Sukuk Murabahah") under the Sukuk Murabahah Programme. The Series 1 Sukuk Murabahah is rated A+<sub>IS</sub> 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.

## Notes to the Financial Statements

---

[Governance](#)

---

[Financials](#)

---

[Other Information](#)

---

[Annual General Meeting](#)

---

### 38. Subsequent event

On 3 April 2023, TC Services Vietnam Co. Ltd. ("TCSV"), a wholly-owned subsidiary of the Company, received from SAIC Motor International Co. Ltd. ("SMIL") a notice of termination of the Overseas Distribution Agreement ("ODA") dated 18 May 2020 executed between TCSV and SMIL, for the appointment of TCSV as the sole and exclusive importer and distributor for the sale of CBU MG brand vehicles ("MG Brand Vehicles") and after-sales spare part, and provider of after-sales services for the CBU MG Brand Vehicles in Vietnam, including the appointment of dealers to perform these obligations and activities in Vietnam. The ODA will terminate on 30 June 2023.

---

[About Us](#)

---

[Performance Review](#)

---

[Leadership](#)

---

[Sustainability](#)

---

## 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 101 to 213 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 2022 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: 13 April 2023

## 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 101 to 213 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 13 April 2023.

**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 2022 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 101 to 213 (except for pages 103, 104, 107 and 108 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 2022, 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.

## Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad  
(Registration No. 197201001333 (12969-P))(Incorporated in Malaysia)

### 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 rate 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.

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.

## Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad  
(Registration No. 197201001333 (12969-P))(Incorporated in Malaysia)

### 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.
- 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.

## Independent Auditors' Report

to the members of Tan Chong Motor Holdings Berhad  
(Registration No. 197201001333 (12969-P))(Incorporated in Malaysia)

### Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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

Petaling Jaya, Selangor

Date: 13 April 2023

**Lee Hean Kok**  
Approval Number: 02700/12/2023 J  
Chartered Accountant

## Ten Largest Properties of the Group

as at 31 December 2022

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 19.5.2068 14.11.2073 27.1.2074 5.10.2099	524.78	47	1974 to 1999	2022
2	Lot 29120 (P.T. 15014), Mukim Serendah, Daerah Hulu Selangor Darul Ehsan	Assembly plant, office, vehicle storage yard & warehouse	7,281,185	1,076,701	Freehold/ Leasehold 22.3.2094 28.4.2105 27.9.2106 28.4.2112 3.7.2116	278.25	16	1996 to 2013	2022
3	Lot 44, Special Zone (6), Industrial Park in Nyung Inn Village, Bago Township, Bago Region, Myanmar	Assembly plant, warehouse and office	2,177,787	468,088	Leasehold 16.2.2076	170.44	4	2016	2022
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	465,406	Leasehold 25.3.2054	109.86	10	2010	2022
5	No. 2, Jalan Gerudi 15/4, Section 15, Shah Alam, 40200 Selangor Darul Ehsan	Industrial plant	713,983	417,424	Leasehold 19.2.2066	88.30	54	30.12.2009	2022
6	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	86.00	43	11.09.1981	2022
7	Lot U12, U13, U14 & U15, Road No. 10B, Hoa Khanh Extended Industrial Zone, Lien Chieu District, Danang City, Vietnam	Assembly plant and office	1,372,065	78,663	Leasehold 25.3.2054	69.22	4	2011	2022

[About Us](#)
[Performance Review](#)
[Leadership](#)
[Sustainability](#)

## Ten Largest Properties of the Group

as at 31 December 2022

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
8	Lot X5, X6, X7 and X8, Road No 5B, Expanded Hoa Khanh Industrial Zone, Lien Chieu Dist, Danang City, Vietnam	Assembly plant, office, vehicle storage yard & warehouse	1,645,850	135,463	Leasehold 25.3.2054	64.74	-	2013	2022
9	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	59.15	2	01.03.2011	2022
10	Lot 93, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,637	-	Freehold	49.10	-	27.08.2012	2022

Note: The value of 249 Jalan Segambut, 51200 Kuala Lumpur is based on valuation report of 16 lots of land held under lot numbered 1474, 1475, 3681, 4185, 14282, 25669, 43097, 46354, 49392, 49393, 49968, 49970, 49972, 57927, 81438 & 81425 and building. The value of Lot 29120 (P.T. 15014), Mukim Serendah, Daerah Hulu Selangor, Selangor Darul Ehsan is based on valuation report of 6 lots of land held under lot numbered 45, 15961, 16360, 23975, 23976, 29120 & 40874 and building.

## Analysis of Shareholdings

as at 31 March 2023

### 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	289	4.41	4,255	.. <sup>(1)</sup>
100 - 1,000	2,108	32.16	1,808,286	0.27
1,001 - 10,000	3,283	50.09	13,885,798	2.07
10,001 - 100,000	736	11.23	21,254,540	3.16
100,001 - 32,600,849 <sup>(2)</sup>	134	2.04	280,538,657	41.75
32,600,850 and above <sup>(3)</sup>	4	0.06	334,525,464	49.78
<b>Sub Total</b>	<b>6,554</b>	<b>100.00</b>	<b>652,017,000</b>	<b>97.03</b>
Treasury shares			19,983,000	2.97
<b>Total</b>			<b>672,000,000</b>	<b>100.00</b>

#### Notes:

<sup>(1)</sup> Less than 0.01%.

<sup>(2)</sup> 100,001 to less than 5% of issued shares less treasury shares.

<sup>(3)</sup> 5% and above of issued shares less treasury shares.

### DIRECTORS' SHAREHOLDING (as per Register of Directors' Shareholding)

No.	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	Dato' Tan Heng Chew	32,616,462	5.00	290,363,430 <sup>(1)</sup>	44.53
2	Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,849,590	1.97	310,130,302 <sup>(4)</sup>	47.56
3	Ho Wai Ming	-	-	20,000 <sup>(3)</sup>	.. <sup>(2)</sup>
4	Lee Min On	-	-	-	-
5	Ng Chee Hoong	-	-	-	-
6	Dato' Ng Mann Cheong	-	-	150,000 <sup>(3)</sup>	0.02
7	Dato' Chan Choun Sien	-	-	-	-

#### Notes:

<sup>(1)</sup> 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.

<sup>(2)</sup> Less than 0.01%.

<sup>(3)</sup> Interest of spouse by virtue of Section 59(11)(c) of the Act.

<sup>(4)</sup> Interests of spouse and children by virtue of Section 59(11)(c) of the Act.

## Analysis of Shareholdings

as at 31 March 2023

### SUBSTANTIAL SHAREHOLDERS

(as per Register of Substantial Shareholders)

No.	Name	Direct		Indirect	
		No. of Shares Held	%	No. of Shares Held	%
1	Tan Chong Consolidated Sdn. Bhd.	263,828,240	40.46	-	-
2	Employees Provident Fund Board	42,031,800	6.45	-	-
3	Nissan Motor Co., Ltd	37,333,324	5.73	-	-
4	Dato' Tan Heng Chew	32,616,462	5.00	274,781,840 <sup>(1)</sup>	42.14
5	Tan Eng Soon	-	-	263,828,240 <sup>(2)</sup>	40.46

Notes:

<sup>(1)</sup> 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").

<sup>(2)</sup> 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	33.40
2	Citigroup Nominees (Tempatan) Sdn. Bhd. Employees Provident Fund Board	42,031,800	6.45
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	5.73
5	Amanahraya Trustees Berhad Amanah Saham Bumiputera	24,896,700	3.82
6	CIMSEC Nominees (Tempatan) Sdn. Bhd. CIMB for Tan Heng Chew (PB)	20,351,100	3.12
7	Tan Han Chuan	20,100,600	3.08
8	Pang Sew Ha @ Phang Sui Har	18,108,058	2.78
9	Maybank Securities Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Ching Ching	15,834,600	2.43
10	Tan Boon Pun	13,704,845	2.10
11	Tan Beng Keong	12,085,962	1.85
12	CIMB Group Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Wealthmark Holdings Sdn. Bhd. (50003 PZDM)	9,087,400	1.39
13	Tan Ban Leong	9,031,929	1.39
14	Tan Chong Consolidated Sdn. Bhd.	8,667,900	1.33



## Analysis of Shareholdings

as at 31 March 2023

### THIRTY LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Shares Held	%
15	Public Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Heng Chew (E-KLC)</i>	8,585,500	1.32
16	Tan Hoe Pin	8,306,327	1.27
17	CIMSEC Nominees (Tempatan) Sdn. Bhd. <i>CIMB for Khor Swee Wah @ Koh Bee Leng (PB)</i>	8,300,290	1.27
18	Citigroup Nominees (Asing) Sdn. Bhd. <i>Exempt AN for UBS Switzerland AG (Clients Assets)</i>	7,283,700	1.12
19	Tan Chee Keong	7,252,295	1.11
20	Key Development Sdn. Berhad	6,334,400	0.97
21	Tan Chee Keong	4,833,667	0.74
22	Chinchoo Investment Sdn. Berhad	4,705,000	0.72
23	Gan Teng Siew Realty Sdn. Berhad	4,679,000	0.72
24	Tan Hoe Pin	4,419,573	0.68
25	Cartaban Nominees (Asing) Sdn. Bhd. <i>Exempt AN for Standard Chartered Bank Singapore (EFGBHK-ASING)</i>	3,648,300	0.56
26	UOB Kay Hian Nominees (Asing) Sdn. Bhd. <i>Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)</i>	3,574,802	0.55
27	Citigroup Nominees (Tempatan) Sdn. Bhd. <i>Exempt AN for Bank of Singapore Limited (Local)</i>	3,490,058	0.54
28	Kenanga Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Tan Heng Chew</i>	3,429,200	0.53
29	DB (Malaysia) Nominee (Asing) Sdn. Bhd. <i>Deutsche Bank AG Singapore for Yeoman 3-Rights Value Asia Fund (PTSL)</i>	3,250,000	0.50
30	CIMB Group Nominees (Asing) Sdn. Bhd. <i>Exempt An For DBS Bank Ltd (SFS)</i>	2,640,000	0.40
<b>TOTAL</b>		<b>571,126,670</b>	<b>87.60</b>

## Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 51<sup>st</sup> Annual General Meeting (“AGM”) of TAN CHONG MOTOR HOLDINGS BERHAD will be held virtually at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 1 June 2023 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 2022 together with the Reports of the Directors and Auditors thereon.   | <b>(Please refer to Explanatory Note 1)</b> |
| 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’ Tan Heng Chew   | <b>Ordinary Resolution 1</b>                |
| (ii) Mr. Ho Wai Ming  | <b>Ordinary Resolution 2</b>                |
| 3. To approve the payment of Directors’ fees of up to RM770,000 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 2023 until the next Annual General Meeting of the Company.   | <b>Ordinary Resolution 3</b>                |
| 4. To approve Directors’ benefits of up to RM500,000 in aggregate to the Non-Executive Directors of the Company, up to RM10,800 in aggregate to the Non-Executive Directors of TC Capital Resources Sdn. Bhd., up to RM7,200 in aggregate to the Non-Executive Directors of Tan Chong & Sons Motor Company Sdn. Bhd., and up to RM3,600 in aggregate to the Non-Executive Director of TMC Services Sdn. Bhd., subsidiaries of the Company, during the course of the period from 2 June 2023 until the next Annual General Meeting of the Company. | <b>Ordinary Resolution 4</b>                |
| 5. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2023 and to authorise the Directors to fix their remuneration.   | <b>Ordinary Resolution 5</b>                |

#### Special Business

To consider and, if thought fit, to pass the following resolutions:

#### 6. 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

## Notice of Annual General Meeting

- (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 6

#### 7. **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 2023 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").

## Notice of Annual General Meeting

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 7

#### 8. 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 2023 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

## Notice of Annual General Meeting

### 9. 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 2023 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 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 2023 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").

## Notice of Annual General Meeting

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. 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 2023

### NOTES:

1. *The 51<sup>st</sup> AGM of the Company will be conducted virtually through live streaming and online remote voting using Remote Participation and Voting ("RPV") facilities. Tricolor Investor & Issuing House Services Sdn. Bhd. ("Tricolor") 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 2023 ("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.*

## Notice of Annual General Meeting

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 2023 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](mailto: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.

## Notice of Annual General Meeting

### EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

#### 1. Item 1 of the Agenda - Audited Financial Statements for financial year ended 31 December 2022

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 purposes 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' Tan Heng Chew and Mr. Ho Wai Ming are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election at the 51<sup>st</sup> 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 32 of the Annual Report 2022 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., Tan Chong & Sons Motor Company Sdn. Bhd. and TMC Services Sdn. Bhd, also subsidiaries 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.

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 | @ | RM1,800 per meeting  |
| - As member              | @ | RM1,500 per meeting  |
| (b) Petrol allowance     | @ | RM800 per month each   |
| (c) Company driver       | @ | RM5,000 per month for Non-Independent Non-Executive Director |

The Board recommends that shareholders approve a maximum aggregate amount of RM802,400 for the payment of Directors' fees to the Non-Executive Directors of the Company (i.e. RM770,000) and its subsidiary, TC Trust Labuan Limited (i.e. RM32,400) during the course of the period from 2 June 2023 until the next AGM of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM521,600 for the payment of benefits to the Non-Executive Directors of the Company (i.e. RM500,000) and its subsidiaries, TC Capital Resources Sdn. Bhd. (i.e. RM10,800), Tan Chong & Sons Motor Company Sdn. Bhd. (i.e. RM7,200) and TMC Services Sdn. Bhd. (i.e. RM3,600) during the course of the period from 2 June 2023 until the next AGM of the Company.



## Notice of Annual General Meeting

#### 4. Ordinary Resolution 6 - Proposed Renewal of Authority for the Company to Purchase Its Own Shares

Ordinary Resolution 6, 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 2023 ("Circular"), which is available at the Company's website at <https://www.tanchonggroup.com>.

#### 5. Ordinary Resolutions 7, 8, 9 and 10 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions

Ordinary Resolutions 7, 8, 9 and 10, 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 are 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 51<sup>st</sup> 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.

This page has been intentionally left blank



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 51<sup>st</sup> Annual General Meeting ("AGM") of the Company to be held virtually at the broadcast venue at Tricor Business Centre, Gemilang Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Thursday, 1 June 2023 at 2.30 p.m., and at any adjournment thereof, as indicated below:

No.	Resolutions	For	Against
<b>Ordinary Resolution 1</b>	Re-election of Dato' Tan Heng Chew as Director		
<b>Ordinary Resolution 2</b>	Re-election of Mr. Ho Wai Ming as Director		
<b>Ordinary Resolution 3</b>	Directors' fees		
<b>Ordinary Resolution 4</b>	Directors' benefits		
<b>Ordinary Resolution 5</b>	Re-appointment of KPMG PLT as Auditors		
<b>Ordinary Resolution 6</b>	Proposed renewal of authority for the Company to purchase its own shares		
<b>Ordinary Resolution 7</b>	Proposed Shareholders' Mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities		
<b>Ordinary Resolution 8</b>	Proposed Shareholders' Mandate for recurrent related party transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures		
<b>Ordinary Resolution 9</b>	Proposed Shareholders' Mandate for recurrent related party transactions with Tan Chong International Limited and its subsidiaries		
<b>Ordinary Resolution 10</b>	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.)

\_\_\_\_\_  
Signatures of Member(s)/Attorney of Member(s)  
Date:

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	<u>No. of Shares</u>	<u>Percentage</u>
Proxy 1	_____	_____ %
Proxy 2	_____	_____ %
Total	_____	100%

\_\_\_\_\_  
Common Seal of Member, if applicable  
(if the appointer is a corporation)

**Notes:**

1. The 51<sup>st</sup> 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 TIH Online website at <https://tjih.online>. A depositor whose name appears in the Record of Depositors of the Company as at 25 May 2023 ("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.

Fold Here

Affix  
Stamp  
Here

**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

Fold Here

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 2023 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 TIH Online**  
By electronic means to the electronic address at Tricor's TIH Online website at <https://tjih.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](mailto: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 51<sup>st</sup> 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 2023

# 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 2023



**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](mailto:tcmh@tanchonggroup.com)

<https://www.tanchonggroup.com>