



# **TAN CHONG MOTOR HOLDINGS BERHAD**

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

## **INTERIM REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2024**

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

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year To Date 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
Revenue	545,086	619,191	1,108,786	1,239,076
Operating (loss)/ profit	(28,610)	2,776	(32,936)	16,034
Interest expense	(17,166)	(14,802)	(33,806)	(29,957)
Interest income	3,956	4,147	8,895	9,195
Share of loss of equity-accounted investees	(477)	(170)	(598)	(772)
Loss before taxation	(42,297)	(8,049)	(58,445)	(5,500)
Tax expense	(644)	(11,968)	(4,213)	(20,262)
Loss for the period	(42,941)	(20,017)	(62,658)	(25,762)
Loss attributable to:				
Equity holders of the Company	(40,109)	(18,134)	(55,828)	(23,199)
Non-controlling interests	(2,832)	(1,883)	(6,830)	(2,563)
	(42,941)	(20,017)	(62,658)	(25,762)
Loss per share (sen)				
(a) Basic	(6.15)	(2.78)	(8.57)	(3.56)
(b) Fully diluted	N/A	N/A	N/A	N/A

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



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
AND OTHER COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED 30 JUNE 2024  
(THE FIGURES HAVE NOT BEEN AUDITED)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30.06.2024 RM'000	Preceding Year Corresponding Quarter 30.06.2023 RM'000	Current Year To Date 30.06.2024 RM'000	Preceding Year Corresponding Period 30.06.2023 RM'000
<b>Loss for the period</b>	(42,941)	(20,017)	(62,658)	(25,762)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	(2,553)	(1,944)	(8,054)	(2,304)
Cash flow hedge	(1,779)	(726)	(2,586)	4,737
<b>Total items that are or may be reclassified subsequently to profit or loss</b>	<u>(4,332)</u>	<u>(2,670)</u>	<u>(10,640)</u>	<u>2,433</u>
<b>Other comprehensive (expense)/ income for the period, net of tax</b>	(4,332)	(2,670)	(10,640)	2,433
<b>Total comprehensive expense for the period</b>	<u>(47,273)</u>	<u>(22,687)</u>	<u>(73,298)</u>	<u>(23,329)</u>
<b>Total comprehensive expense attributable to:</b>				
Equity holders of the Company	(41,922)	(18,062)	(64,402)	(17,358)
Non-controlling interests	(5,351)	(4,625)	(8,896)	(5,971)
	<u>(47,273)</u>	<u>(22,687)</u>	<u>(73,298)</u>	<u>(23,329)</u>

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023, together with the explanatory notes in this report.



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2024**

	(Unaudited) As at 30.06.2024 RM'000	(Audited) As at 31.12.2023 RM'000
<b>ASSETS</b>		
<b><u>Non-current assets</u></b>		
Property, plant and equipment	2,337,963	2,371,155
Investment properties	238,590	238,590
Intangible assets	97,997	100,888
Equity-accounted investees	64,291	66,456
Deferred tax assets	95,037	90,966
Hire purchase receivables	344,804	343,799
	<u>3,178,682</u>	<u>3,211,854</u>
<b><u>Current assets</u></b>		
Other investments	76,810	25,872
Inventories	761,921	822,057
Contract assets	31,593	25,541
Current tax assets	24,720	29,497
Hire purchase receivables	104,663	108,181
Receivables, deposits and prepayments	423,296	379,389
Derivative financial assets	144	345
Cash and cash equivalents	439,425	511,579
	<u>1,862,572</u>	<u>1,902,461</u>
<b>TOTAL ASSETS</b>	<u><u>5,041,254</u></u>	<u><u>5,114,315</u></u>



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

	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>As at</b>	<b>As at</b>
	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>EQUITY AND LIABILITIES</b>		
<b><u>Equity</u></b>		
Share capital	336,000	336,000
Reserves	2,359,515	2,430,434
Treasury shares	(26,394)	(26,294)
<b>Total equity attributable to owners of the Company</b>	<b>2,669,121</b>	<b>2,740,140</b>
Non-controlling interests	(1,603)	1,658
<b>Total equity</b>	<b>2,667,518</b>	<b>2,741,798</b>
<b><u>Non-current liabilities</u></b>		
Lease liabilities	63,174	67,929
Borrowings	250,000	450,000
Employee benefits	95,131	90,388
Deferred tax liabilities	242,754	243,850
Contract liabilities	54,122	51,312
	<b>705,181</b>	<b>903,479</b>
<b><u>Current liabilities</u></b>		
Borrowings	1,315,706	1,092,614
Lease liabilities	41,367	29,587
Derivative financial liabilities	3,339	807
Taxation	4,707	2,424
Contract liabilities	24,586	24,431
Payables and accruals	278,850	319,175
	<b>1,668,555</b>	<b>1,469,038</b>
<b>Total liabilities</b>	<b>2,373,736</b>	<b>2,372,517</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>5,041,254</b>	<b>5,114,315</b>
Net assets per share attributable to owners of the Company (RM)	4.10	4.20

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



**TAN CHONG MOTOR HOLDINGS BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE PERIOD ENDED 30 JUNE 2024**  
**(THE FIGURES HAVE NOT BEEN AUDITED)**

	-----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	
<b>At 01.01.2023</b>	336,000	(25,953)	(13,361)	939,782	(4,082)	100	1,639,790	2,872,276	(22,598)	2,849,678
Other comprehensive income/ (expense) for the period, net of tax	-	-	1,104	-	4,737	-	-	5,841	(3,408)	2,433
Transfer of revaluation surplus on properties	-	-	-	(8,804)	-	-	8,804	-	-	-
Loss for the period	-	-	-	-	-	-	(23,199)	(23,199)	(2,563)	(25,762)
Total comprehensive income/ (expense) for the period	-	-	1,104	(8,804)	4,737	-	(14,395)	(17,358)	(5,971)	(23,329)
Purchase of treasury shares	-	(263)	-	-	-	-	-	(263)	-	(263)
Dividend - 2023 interim	-	-	-	-	-	-	(6,519)	(6,519)	-	(6,519)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	17,150	17,150
<b>At 30.06.2023</b>	336,000	(26,216)	(12,257)	930,978	655	100	1,618,876	2,848,136	(11,419)	2,836,717
<b>At 01.01.2024</b>	336,000	(26,294)	(13,646)	922,173	(331)	100	1,522,138	2,740,140	1,658	2,741,798
Other comprehensive expense for the period, net of tax	-	-	(5,988)	-	(2,586)	-	-	(8,574)	(2,066)	(10,640)
Transfer of revaluation surplus on properties	-	-	-	(8,805)	-	-	8,805	-	-	-
Loss for the period	-	-	-	-	-	-	(55,828)	(55,828)	(6,830)	(62,658)
Total comprehensive expense for the period	-	-	(5,988)	(8,805)	(2,586)	-	(47,023)	(64,402)	(8,896)	(73,298)
Purchase of treasury shares	-	(100)	-	-	-	-	-	(100)	-	(100)
Dividend - 2024 interim	-	-	-	-	-	-	(6,517)	(6,517)	-	(6,517)
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	5,635	5,635
<b>At 30.06.2024</b>	336,000	(26,394)	(19,634)	913,368	(2,917)	100	1,468,598	2,669,121	(1,603)	2,667,518

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



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

	<b>CUMULATIVE QUARTER</b>	
	<b>For the 6 months</b>	<b>For the 6 months</b>
	<b>ended</b>	<b>ended</b>
	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>		
Loss before taxation	(58,445)	(5,500)
Adjustments for:		
Non-cash and non-operating items	95,178	62,248
<b>Operating profit before working capital changes</b>	36,733	56,748
<b>Changes in working capital</b>		
Inventories	64,376	(75,437)
Hire purchase receivables	(7,643)	15,182
Receivables, deposits and prepayments	15,920	(44,575)
Payables and accruals	(98,661)	(54,570)
Contract assets	(6,052)	(5,839)
Contract liabilities	2,965	(2,249)
Cash generated from/ (used in) operations	7,638	(110,740)
Tax paid	(448)	(18,157)
Interest paid	(18,147)	(13,923)
Employee benefits paid	(455)	(646)
<b>Net cash used in operating activities</b>	(11,412)	(143,466)
<b>Cash flows from investing activities</b>		
Acquisition of property, plant and equipment	(31,034)	(50,561)
Acquisition of intangible assets	(193)	(3,371)
Net (acquisition of)/ proceeds from other investments	(50,078)	524
Dividend received from equity-accounted investees	250	1,150
Proceeds from disposal of property, plant and equipment	10,885	6,634
<b>Net cash used in investing activities</b>	(70,170)	(45,624)



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

	<b>CUMULATIVE QUARTER</b>	
	<b>For the 6 months ended 30.06.2024 RM'000</b>	<b>For the 6 months ended 30.06.2023 RM'000</b>
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	(6,517)	(6,519)
Purchase of own shares	(100)	(263)
Net proceeds from bankers' acceptance	35,528	68,260
Net proceeds from medium term notes	-	150,000
Net repayment of term loans and revolving credit	(13,440)	(134,150)
Payment of lease liabilities	(8,840)	(11,589)
Share subscription in a subsidiary company by non-controlling interest shareholders	5,635	17,150
<b>Net cash from financing activities</b>	<b>12,266</b>	<b>82,889</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(69,316)</b>	<b>(106,201)</b>
<b>Effects of exchange rate fluctuations on cash and cash equivalents</b>	<b>(2,838)</b>	<b>10,203</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>511,579</b>	<b>558,160</b>
<b>Cash and cash equivalents at end of the period</b>	<b>439,425</b>	<b>462,162</b>

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



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

### 1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the audited consolidated financial statements of Tan Chong Motor Holdings Berhad (“TCMH”) and its subsidiaries, associates and joint venture (“the Group”) as at and for the year ended 31 December 2023.

### 2. Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2023, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”) and Amendments to MFRSs:

#### *Effective for annual periods beginning on or after 1 January 2024*

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

#### **MFRSs and Amendments to MFRSs issued but not yet effective**

The following MFRSs and Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted:

#### *Effective for annual periods beginning on or after 1 January 2025*

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

#### *Effective for annual periods beginning on or after 1 January 2026*

- *Amendments to the Classification and Measurement of Financial Instruments* (Amendments to MFRS 9, *Financial Instruments* and MFRS 7, *Financial Instruments: Disclosures*)

#### *Effective for annual periods beginning on or after 1 January 2027*

- MFRS 18, *Presentation and Disclosure in Financial Statements*
- MFRS 19, *Subsidiaries without Public Accountability: Disclosures*

#### *Effective for a date yet to be confirmed*

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

The initial application of the abovementioned accounting standards or amendments is not expected to have any material financial impacts to the financial statements of the Group.

### 3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the financial year ended 31 December 2023.

### 4. Seasonal or Cyclical Factors

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

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

**5. Unusual Items**

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

**6. Material Changes in Estimates**

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

**7. Debt and Equity Securities**

There was repurchase of issued ordinary shares from the open market of 60,000 during the quarter. Cumulative total number of shares repurchased at the end of the financial quarter was 20,303,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Under the Islamic Medium Term Notes (“Sukuk Murabahah”) Programme of RM1.5 billion, the outstanding nominal value of Islamic Medium Term Notes stood at RM450 million at the end of the financial quarter.

Save for the above, there were no other issuance and repayment of debt securities, share cancellation and resale of treasury shares during the period.

**8. Dividends Paid**

An interim single tier dividend of 1.0 sen per share for the financial year ending 31 December 2024 which amounted to RM6.52 million was declared on 24 May 2024 and paid on 28 June 2024 (2023: interim single tier dividend of 1.0 sen per share amounted to RM6.52 million, declared on 24 May 2023 and paid on 30 June 2023).

**9. Segmental Reporting**

(a) Business segment reporting for current quarter:

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	521,138	595,563	16,783	15,853	7,165	7,775	545,086	619,191
Inter-segment revenue	161	299	-	5	20,579	17,163	20,740	17,467
Segment EBITDA	520	18,167	2,468	4,158	6,256	33,447	9,244	55,772

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

**Reconciliation of reportable segment profit or loss:**

	30.06.2024	30.06.2023
	RM'000	RM'000
Total EBITDA for reportable segments	9,244	55,772
Depreciation and amortisation	(35,218)	(43,934)
Interest expense	(17,166)	(14,802)
Interest income	3,956	4,147
Share of loss of equity-accounted investees not included in reportable segments	(477)	(170)
Unallocated corporate expenses	(2,636)	(9,062)
Consolidated loss before taxation	(42,297)	(8,049)

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

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

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,059,515	1,194,661	35,454	33,255	13,817	11,160	1,108,786	1,239,076
Inter-segment revenue	3,426	2,385	-	9	41,906	34,190	45,332	36,584
Segment EBITDA	5,774	60,984	6,837	10,887	28,765	35,143	41,376	107,014

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

**Reconciliation of reportable segment profit or loss:**

	30.06.2024	30.06.2023
	RM'000	RM'000
Total EBITDA for reportable segments	41,376	107,014
Depreciation and amortisation	(70,666)	(75,588)
Interest expense	(33,806)	(29,957)
Interest income	8,895	9,195
Share of loss of equity-accounted investees not included in reportable segments	(598)	(772)
Unallocated corporate expenses	(3,646)	(15,392)
Consolidated loss before taxation	(58,445)	(5,500)

(c) Geographical segment reporting for current quarter:

	Malaysia		Vietnam		Others		Total	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	518,999	550,097	6,794	46,756	19,293	22,338	545,086	619,191
Segment EBITDA/ (LBITDA)	24,677	68,504	(12,853)	(10,136)	(2,580)	(2,596)	9,244	55,772

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

	Malaysia		Vietnam		Others		Total	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	1,054,059	1,107,038	8,982	86,615	45,745	45,423	1,108,786	1,239,076
Segment EBITDA/ (LBITDA)	69,487	125,072	(24,905)	(14,287)	(3,206)	(3,771)	41,376	107,014

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

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

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

**11. Other Investments**

	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Current</b>		
Liquid investments in quoted unit trusts with licensed financial institutions	76,810	25,872
Total	<u>76,810</u>	<u>25,872</u>

**12. Material Events**

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

**13. Changes in Composition of the Group**

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

**14. Changes in Contingent Liabilities or Contingent Assets**

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

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

	<b>30.06.2024</b>	<b>31.12.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
<i>Property, plant and equipment</i>		
Authorised but not contracted for	57,284	38,373
Authorised and contracted for		
In Malaysia	24,439	20,571
Outside Malaysia	5,691	6,427
Total	<u>87,414</u>	<u>65,371</u>

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

16. Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM’000	RM’000	RM’000	RM’000
<b>With WTCH Group</b>				
Purchases	(15,103)	(10,823)	(28,963)	(28,335)
Sales	9,116	9,163	13,961	16,302
Travel agency and car rental services	(400)	(403)	(956)	(521)
Contract assembly services	3,029	945	5,929	1,755
<b>With APM Group</b>				
Purchases	(5,226)	(5,896)	(9,901)	(11,395)
Sales	769	565	1,121	881
<b>With TCIL Group</b>				
Sales	1,349	2,323	4,006	5,358
Contract assembly services	-	7,601	-	14,133

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

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

	Individual Quarter		Cumulative Quarter	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM’000	RM’000	RM’000	RM’000
Purchases	(140,866)	(114,323)	(260,147)	(302,772)

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

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

**16. Significant Related Party Transactions (continued)**

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

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>30.06.2024</b>	<b>30.06.2023</b>	<b>30.06.2024</b>	<b>30.06.2023</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Purchases	(184)	(154,665)	(44,685)	(249,152)
Sales	2,473	4,785	6,780	8,269

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

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

**1. Analysis of Performance of All Operating Segments**

For the quarter ended 30 June 2024, the Group recorded revenue of RM545.1 million, a reduction of 12.0% compared to the same period preceding year, mainly due to softer consumer sentiments and a highly competitive business landscape in the local and overseas markets. In line with the lower revenue and lower margin, the Group recorded a Loss Before Tax (“LBT”) of RM42.3 million in the current quarter under review, compared to LBT of RM8.0 million in the same period preceding year.

For the six months ended 30 June 2024, the Group recorded revenue of RM1.1 billion, 10.5% lower than in the same period preceding year. As a result, the Group recorded a LBT of RM58.4 million in the current year-to-date period, compared to LBT of RM5.5 million in the same period last year. The decrease in profitability was mainly due to lower sales and lower net foreign exchange gain.

As of 30 June 2024, the Group’s retained earnings were RM1.47 billion. The net assets per share as of 30 June 2024 was lower at RM4.10, compared to RM4.20 as of 31 December 2023. Further analysis of the performance of the business segments is as follows:

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

The automotive division recorded lower revenue of RM521.1 million in the current quarter under review, a reduction of 12.5% compared to the same period preceding year (“YoY”). The decrease in sales was mainly due to stiffer competition in local and overseas markets. Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) of RM0.5 million varied by -97.1% YoY, mainly due to lower revenue and lower margin arising from weaker Ringgit during the current quarter under review.

For the six month period ended 30 June 2024, the automotive division recorded revenue of RM1,059.5 million (-11.3% YoY) and EBITDA of RM5.8 million (-90.5% YoY), mainly due to lower revenue, lower margin arising from weaker Ringgit, and lower net foreign exchange gain.

**(b) Financial Services (Hire Purchase and Insurance)**

The financial services division recorded revenue of RM16.8 million in the current quarter under review (+5.9% YoY) and EBITDA of RM2.5 million (-40.6% YoY). EBITDA was lower mainly due to higher impairment loss on hire purchase receivables in the current quarter under review compared to the same period preceding year.

For the six months ended 30 June 2024, the financial services division recorded higher revenue of RM35.5 million (+6.6% YoY) with lower EBITDA of RM6.8 million (-37.2% YoY). EBITDA was lower for the same reason explained in the paragraph above.

**(c) Other Operations (Investments and Properties)**

Revenue from Other Operations was lower at RM7.2 million in the current quarter under review (-7.8% YoY) and recorded a lower EBITDA of RM6.3 million in the current quarter compared to EBITDA of RM33.4 million in the same period preceding year (-81.3% YoY), mainly due to lower net foreign exchange gain in current quarter compared to same period preceding year which arose from transactions and outstanding balances denominated in foreign currencies.

For the six months ended 30 June 2024, revenue from Other Operations was higher at RM13.8 million (+23.8% YoY) and EBITDA of RM28.8 million was lower by 18.1% YoY. Revenue was higher mainly due to higher revenue recognised in the solar energy division in the current year-to-date period. The decrease in EBITDA was primarily due to lower net foreign exchange gain in the current year-to-date period, which arose from transactions and outstanding balances denominated in foreign currencies.

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

**2. Comparison with Preceding Quarter's Results**

	<b>Current Quarter 30.06.2024 RM'000</b>	<b>Immediate Preceding Quarter 31.03.2024 RM'000</b>	<b>Changes RM'000 %</b>	
Revenue	545,086	563,700	(18,614)	-3.3%
Loss before tax	(42,297)	(16,148)	(26,149)	>-100.0%
<b><u>External Revenue</u></b>				
Vehicles assembly, manufacturing, distribution and after-sales services	521,138	538,377	(17,239)	-3.2%
Financial services	16,783	18,671	(1,888)	-10.1%
Other operations	7,165	6,652	513	7.7%
	<u>545,086</u>	<u>563,700</u>	(18,614)	-3.3%
<b><u>Segment EBITDA</u></b>				
Vehicles assembly, manufacturing, distribution and after-sales services	520	2,467	(1,947)	-78.9%
Financial services	2,468	4,369	(1,901)	-43.5%
Other operations	6,256	25,296	(19,040)	-75.3%
	<u>9,244</u>	<u>32,132</u>	(22,888)	-71.2%

The Group recorded revenue of RM545.1 million in the current quarter under review, lower by RM18.6 million or 3.3% compared to RM563.7 million in the preceding quarter (QoQ). The Group recorded LBT of RM42.3 million in the current quarter under review compared to LBT of RM16.1 million in the preceding quarter (-161.9% QoQ), mainly due to net foreign exchange loss in the current quarter under review, compared to net foreign exchange gain in the preceding quarter.

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

The automotive division recorded lower revenue of RM521.1 million in the current quarter under review, a reduction of 3.2% compared to the preceding quarter, mainly due to stiffer competition in the local and overseas markets. The division registered EBITDA of RM0.5 million in the current quarter compared to EBITDA of RM2.4 million in the preceding quarter (-78.9% QoQ), mainly due to lower revenue and net foreign exchange loss in the current quarter under review.

**(b) Financial Services (Hire Purchase and Insurance)**

The financial services division recorded lower revenue of RM16.8 million (-10.1% QoQ) with a lower EBITDA of RM2.5 million in the current quarter under review (-43.5% QoQ). Lower EBITDA was in line with the lower revenue recorded during the current quarter under review.

**(c) Other Operations (Investments and Properties)**

The division recorded higher revenue of RM7.2 million (+7.7% QoQ) but EBITDA of RM6.3 million was lower in the current quarter under review (-75.3% QoQ). The decrease in EBITDA was mainly due to lower net foreign exchange gain in the current quarter compared to the preceding quarter.



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

**3. Future Prospects**

The global economy experienced moderate growth in the first half of 2024, with Gross Domestic Product (“GDP”) expanding at a rate of approximately 2.5% to 3.0% despite challenges from economic uncertainties across the globe. Regional economies such as Vietnam, Thailand and Indonesia as well as Malaysia are showing signs of steady recovery, driven by resilient domestic demand, rebound in tourism, and strong export activities. On the domestic front, the Government is optimistic that the full year 2024 GDP is well placed to expand by 4.0% to 5.0% after a relatively strong GDP growth of 5.9% in Quarter 2 of 2024. Total industry volume (“TIV”) in the first six months of 2024 grew by 6.6% compared to the same period in 2023, mainly driven by the national car makes and the new entrants of Chinese marques. Malaysian Automotive Association has however forecasted the full year 2024’s TIV to shrink by 4% to 765,000 units compared to the historic high of 799,731 units in 2023.

We will continue to enhance our existing showrooms and service centres in the domestic market to elevate customers’ experience with our products and services. With the impending launch of the e-powered model towards the end of 2024 and a few other new models in the pipeline over the next 24 months, we expect the Nissan segment to regain some of its lost ground moving forward.

Meanwhile in Vietnam, we expect the Euro 5 King Long buses and TQ Wuling N300P light commercial pick-ups to continue their sales momentum and drive better plant utilisation. With the newly launched GAC completely-built-up (“CBU”) models M8 and GS8, we are cautiously optimistic that the performance in Vietnam will start to show some improvements in the months ahead.

Moving forward, the Group has an extensive line-up of business initiatives and pipeline of new models for both its passenger and commercial vehicles as the catalysts to drive better performance. There are also additional contract assembly activities that will materialise over the course of next few quarters and is expected to generate improved financial performance for the Group. In addition, the Group will continue to rationalise its operations to drive down the cost of doing business and focus on prudent management of its resources to navigate through the challenging times ahead and deliver long term operational and financial sustainability.

**4. Comparison with Profit Forecast**

This is not applicable to the Group.

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

**5. Taxation**

	Individual Quarter		Cumulative Quarter	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
	RM'000	RM'000	RM'000	RM'000
Taxation				
- Current year	(3,945)	(5,038)	(8,100)	(10,088)
- Prior year	4	(347)	4	(348)
	<u>(3,941)</u>	<u>(5,385)</u>	<u>(8,096)</u>	<u>(10,436)</u>
Deferred taxation				
- Current year	2,729	(6,583)	2,269	(9,826)
- Prior year	568	-	1,614	-
	<u>3,297</u>	<u>(6,583)</u>	<u>3,883</u>	<u>(9,826)</u>
	<u>(644)</u>	<u>(11,968)</u>	<u>(4,213)</u>	<u>(20,262)</u>

Despite losses in the group, tax expense of RM0.6 million and RM4.2 million were recorded during the current quarter under review and cumulative quarter respectively, mainly due to tax charges from profitable subsidiaries, the disallowance of certain expenses for tax purposes, and deferred tax assets not recognised for some of the loss-making subsidiaries.

**6. Status of Corporate Proposals**

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

**7. Group Borrowings**

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

	30.06.2024	31.12.2023
	RM'000	RM'000
Unsecured :		
- Bankers' acceptances	241,098	205,570
- Revolving credit	871,548	887,044
- Short term loan	3,060	-
- Medium term notes	450,000	450,000
Total borrowings	<u>1,565,706</u>	<u>1,542,614</u>
Comprising :		
Amount repayable within one year	1,315,706	1,092,614
Amount repayable after one year	250,000	450,000
	<u>1,565,706</u>	<u>1,542,614</u>

Group borrowings breakdown by currencies:

		30.06.2024	31.12.2023
		RM'000	RM'000
Functional currency	Denominated in		
RM	RM	1,419,598	1,510,570
RM	USD	143,048	32,044
VND	VND	3,060	-
		<u>1,565,706</u>	<u>1,542,614</u>

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

**8. Financial Instruments**

**Derivatives**

As at 30 June 2024, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets/ (Liabilities) RM'000	Maturity
Forward foreign exchange contracts	160,128	(3,195)	Less than 1 year

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

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

**9. Changes in Material Litigation**

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

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

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

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

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

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

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

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

**9. Changes in Material Litigation (continued)**

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

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

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

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

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

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

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

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

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

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

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

The Plaintiffs filed the Record of Appeal before the Federal Court on 27 June 2024. A case management has been fixed on 2 September 2024 before the Federal Court. A date for the hearing of the appeal before the Federal Court will thereafter be fixed by the Registrar of the Federal Court.

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

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

**10. Dividend**

No dividend has been proposed for the second quarter ended 30 June 2024.

**11. Loss per Share**

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

	Individual Quarter		Cumulative Quarter	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
Loss attributable to the owners of the Company (RM'000)	(40,109)	(18,134)	(55,828)	(23,199)
Weighted average number of ordinary shares ('000)	651,712	651,930	651,748	652,003
Basic Loss per share (sen)	(6.15)	(2.78)	(8.57)	(3.56)

**12. Total Comprehensive (Expense)/ Income**

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
		Corresponding Quarter		Corresponding Period
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
RM'000	RM'000	RM'000	RM'000	
Depreciation and amortisation	(35,218)	(43,934)	(70,666)	(75,588)
Foreign exchange (Loss)/Gain	(7,747)	35,017	5,283	38,400
(Loss)/ Gain on derivatives	(1,779)	(726)	(2,586)	4,737
(Loss)/Gain on disposal of property, plant and equipment	(489)	1,256	1,376	1,456
Net provision for impairment/ write-off of receivables	(4,386)	(2,210)	(3,669)	(3,854)
Property, plant and equipment written off	(20)	(30)	(36)	(67)
(Provision for)/ Reversal of write-down of inventories	(449)	1,680	368	7,922
Gain on disposal of investment	-	-	-	-
Impairment loss on property, plant and equipment	-	-	-	-
Other income including investment income	-	-	-	-

**BY ORDER OF THE BOARD**

CHONG CHOON YENG

CHIN YOON LENG

Company Secretaries

Kuala Lumpur

30 August 2024