



TAN CHONG MOTOR HOLDINGS BERHAD

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

INTERIM REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2021

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 DECEMBER 2021

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Revenue	866,921	747,897	2,537,307	2,959,619
Operating profit/ (loss)	68,065	(66,096)	62,846	(115,459)
Interest expense	(13,850)	(13,729)	(54,236)	(61,380)
Interest income	2,527	3,362	10,994	14,595
Share of profit/ (loss) of equity-accounted investees	216	(426)	(1,508)	946
Profit/ (Loss) before taxation	56,958	(76,889)	18,096	(161,298)
Tax (expense)/ income	(10,905)	9,444	(38,293)	(15,455)
Profit/ (Loss) for the period	46,053	(67,445)	(20,197)	(176,753)
Profit/ (Loss) attributable to:				
Equity holders of the Company	43,279	(69,625)	(15,398)	(165,580)
Non-controlling interests	2,774	2,180	(4,799)	(11,173)
	46,053	(67,445)	(20,197)	(176,753)
Earnings/ (Loss) per share (sen)				
(a) Basic	6.64	(10.67)	(2.36)	(25.38)
(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 2020.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
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**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2021**

	Current Year Quarter 31.12.2021 RM'000	Preceding Year Corresponding Quarter 31.12.2020 RM'000	Current Year To Date 31.12.2021 RM'000	Preceding Year Corresponding Period 31.12.2020 RM'000
Profit/ (Loss) for the period	46,053	(67,445)	(20,197)	(176,753)
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences for foreign operations	9,203	4,514	(7,447)	5,844
Foreign currency translation differences for an equity-accounted associate	(2,087)	(89)	(2,087)	(89)
Cash flow hedge	2,427	6,742	(15,452)	11,397
Total items that are or may be classified subsequently to profit or loss	9,543	11,167	(24,986)	17,152
Other comprehensive income/ (loss) for the period, net of tax	9,543	11,167	(24,986)	17,152
Total comprehensive income/ (loss) for the	55,596	(56,278)	(45,183)	(159,601)
Total comprehensive income/ (loss) attributable to:				
Equity holders of the Company	52,495	(57,479)	(40,328)	(148,993)
Non-controlling interests	3,101	1,201	(4,855)	(10,608)
	55,596	(56,278)	(45,183)	(159,601)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



TAN CHONG MOTOR HOLDINGS BERHAD
Registration No. 197201001333 (12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment *	2,321,310	2,311,657
Investment properties	229,500	230,495
Intangible assets	14,546	759
Equity-accounted investees	72,374	75,969
Deferred tax assets	108,507	120,384
Hire purchase receivables	406,161	489,860
	<u>3,152,398</u>	<u>3,229,124</u>
<u>Current assets</u>		
Other investments	2,081	170,306
Inventories	774,499	772,706
Contract assets	10,809	19,377
Current tax assets	25,197	11,162
Hire purchase receivables	98,231	93,053
Receivables, deposits and prepayments	436,930	424,888
Derivative financial assets	-	17,914
Cash and cash equivalents	517,303	581,962
	<u>1,865,050</u>	<u>2,091,368</u>
TOTAL ASSETS	<u><u>5,017,448</u></u>	<u><u>5,320,492</u></u>

* Included in this amount was withdrawal of inventories during the financial year with a carrying value of RM26 million (2020: RM105 million) for the business of subscription plans in one of the subsidiaries of the Group.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021 (continued)

	As at	As at
	31.12.2021	31.12.2020
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,481,442	2,531,552
Treasury shares	(25,901)	(25,866)
Total equity attributable to owners of the Company	2,791,541	2,841,686
Non-controlling interests	(21,850)	(16,995)
Total equity	2,769,691	2,824,691
<u>Non-current liabilities</u>		
Lease liabilities	70,451	74,894
Employee benefits	95,792	95,599
Deferred tax liabilities	205,766	208,989
Contract liabilities	40,249	52,899
	412,258	432,381
<u>Current liabilities</u>		
Borrowings	1,268,189	1,501,493
Lease liabilities	23,963	23,072
Derivative financial liabilities	544	2,980
Taxation	7,518	2,350
Contract liabilities	26,484	23,034
Payables and accruals	508,801	510,491
	1,835,499	2,063,420
Total liabilities	2,247,757	2,495,801
TOTAL EQUITY AND LIABILITIES	5,017,448	5,320,492
Net assets per share attributable to owners of the Company (RM)	4.28	4.36

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



TAN CHONG MOTOR HOLDINGS BERHAD
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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	-----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
At 01.01.2020	336,000	(25,364)	(9,222)	841,201	3,537	100	1,873,328	3,019,580	(11,548)	3,008,032
Other comprehensive income for the year, net of tax	-	-	5,190	-	11,397	-	-	16,587	565	17,152
Transfer of revaluation surplus on properties	-	-	-	(13,314)	-	-	13,314	-	-	-
Loss for the year	-	-	-	-	-	-	(165,580)	(165,580)	(11,173)	(176,753)
Total comprehensive income/ (loss) for the year	-	-	5,190	(13,314)	11,397	-	(152,266)	(148,993)	(10,608)	(159,601)
Purchase of treasury shares	-	(502)	-	-	-	-	-	(502)	-	(502)
Dividend - 2019 final	-	-	-	-	-	-	(13,049)	(13,049)	-	(13,049)
Dividend - 2020 interim	-	-	-	-	-	-	(9,784)	(9,784)	(300)	(10,084)
Changes in ownership interests in subsidiaries	-	-	-	344	-	-	(5,910)	(5,566)	5,461	(105)
At 31.12.2020	336,000	(25,866)	(4,032)	828,231	14,934	100	1,692,319	2,841,686	(16,995)	2,824,691
At 01.01.2021	336,000	(25,866)	(4,032)	828,231	14,934	100	1,692,319	2,841,686	(16,995)	2,824,691
Other comprehensive loss for the year, net of tax	-	-	(9,478)	-	(15,452)	-	-	(24,930)	(56)	(24,986)
Transfer of revaluation surplus on properties	-	-	-	(13,297)	-	-	13,297	-	-	-
Loss for the year	-	-	-	-	-	-	(15,398)	(15,398)	(4,799)	(20,197)
Total comprehensive loss for the year	-	-	(9,478)	(13,297)	(15,452)	-	(2,101)	(40,328)	(4,855)	(45,183)
Purchase of treasury shares	-	(35)	-	-	-	-	-	(35)	-	(35)
Dividend - 2021 interim	-	-	-	-	-	-	(9,782)	(9,782)	-	(9,782)
At 31.12.2021	336,000	(25,901)	(13,510)	814,934	(518)	100	1,680,436	2,791,541	(21,850)	2,769,691

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020.



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	For the 12 months ended	For the 12 months ended
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from operating activities		
Profit/ (Loss) before taxation	18,096	(161,298)
Adjustments for:		
Non-cash and non-operating items	165,823	237,269
Operating profit before working capital changes	183,919	75,971
Changes in working capital		
Inventories	(25,725)	636,028
Hire purchase receivables	73,702	51,460
Receivables, deposits and prepayments	(10,327)	147,894
Payables and accruals	(1,690)	(226,547)
Contract assets	8,568	(1,714)
Contract liabilities	(9,200)	(5,302)
Cash from operations	219,247	677,790
Tax paid	(37,262)	(43,433)
Interest paid	(38,888)	(44,338)
Employee benefits paid	(1,500)	(2,729)
Net cash from operating activities	141,597	587,290
Cash flows from investing activities		
Acquisition of property, plant and equipment	(124,351)	(127,997)
Acquisition of intangible assets	(7,573)	-
Net proceeds from/ (acquisition of) disposal of other investments	168,225	(158,140)
Acquisition of share in equity-accounted investees	-	(15,000)
Dividend received from equity-accounted investees	-	1,699
Proceeds from disposal of property, plant and equipment	31,966	23,631
Net cash from/ (used in) investing activities	68,267	(275,807)



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021 (continued)

	CUMULATIVE QUARTER	
	For the 12 months ended	For the 12 months ended
	31.12.2021	31.12.2020
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(9,782)	(22,833)
Dividends paid to non-controlling interests	-	(300)
Purchase of own shares	(35)	(502)
Net proceeds from/ (repayment of) bankers' acceptance	153,807	(115,062)
Net (repayment of)/ proceeds from medium term notes, term loans and revolving credit	(399,550)	25,373
Payment of lease liabilities	(30,083)	(21,674)
Share subscription in subsidiary company by non-controlling interest shareholders	980	-
Net cash used in financing activities	(284,663)	(134,998)
Net (decrease)/ increase in cash and cash equivalents	(74,799)	176,485
Effects of exchange rate fluctuations on cash and cash equivalents	10,140	(2,309)
Cash and cash equivalents at beginning of the year	581,962	407,786
Cash and cash equivalents at end of the year	517,303	581,962

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020.

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 2020.

Since the first quarter of financial year 2021, the Group had changed its accounting estimates with respect to residual value of its motor vehicles from NIL to 30% of the cost of the assets. This change in accounting estimates has been applied prospectively from 1 January 2021 and has been accounted for in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The change in accounting estimates has the effect of reducing the depreciation charge for the current year-to-date period under review by approximately RM21.6 million. The effect in future periods is not disclosed as estimating it is impracticable.

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 2020, except for the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations:

Effective for annual periods beginning on or after 1 January 2021

- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement*, MFRS 7, *Financial Instruments: Disclosures*, MFRS 4, *Insurance Contracts* and MFRS 16, *Leases – Interest Rate Benchmark Reform – Phase 2*

The adoption of the above pronouncement did not have any material impact on the financial statements of the Group.

MFRSs, Amendments to MFRSs and IC Interpretations issued but not yet effective

The following MFRSs, Amendments to MFRSs have been issued but are not yet effective, and have yet to be adopted other than marked “*” which are not applicable to the Group:-

Effective for annual periods beginning on or after 1 April 2021

- Amendments to MFRS 16, *Leases – Covid-19-Related Rent Concessions beyond 30 June 2021*

Effective for annual periods beginning on or after 1 January 2022

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

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 (Amendment to MFRS 17, *Insurance Contracts*)
- Amendments to MFRS 101, *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies*

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

2. Changes in Accounting Policies (continued)

Effective for annual periods beginning on or after 1 January 2023 (continued)

- 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*

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, amendments or interpretations are 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 year ended 31 December 2020.

4. Seasonal or Cyclical Factors

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

5. Unusual Items

There were no unusual items that have 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 no repurchase of issued ordinary shares from the open market during the quarter. Cumulative total number of shares repurchased at the end of the financial quarter was 19,839,000. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group had redeemed RM9.1 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C was RM64.1 million at the end of the financial quarter.

Under the combined aggregate nominal value of RM1.5 billion of Commercial Papers and Medium Term Notes Programmes, the Group had fully redeemed RM500.0 million nominal value of Medium Term Notes on 24 November 2021 and terminated the Commercial Papers and Medium Term Notes Programmes.

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. Dividend Paid

No dividends were paid during the quarter ended 31 December 2021.

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

9. Segmental Reporting

(a) Business segment reporting for current quarter:

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	844,881	727,627	18,447	17,085	3,593	3,185	866,921	747,897
Inter-segment revenue	412	732	11	210	16,641	18,384	17,064	19,326
Segment EBITDA/ (LBITDA)*	58,766	(44,105)	17,414	19,563	26,924	(9,934)	103,104	(34,476)

*Segment earnings/ (losses) before interest, taxation, depreciation and amortisation

Reconciliation of reportable segment profit or loss:

	31.12.2021	31.12.2020
	RM'000	RM'000
Total EBITDA/ (LBITDA) for reportable segments	103,104	(34,476)
Depreciation and amortisation	(39,961)	(27,982)
Interest expense	(13,850)	(13,729)
Interest income	2,527	3,362
Share of profit/(loss) of equity-accounted investees not included in reportable segments	216	(426)
Unallocated corporate expenses	4,922	(3,638)
Consolidated profit/ (loss) before taxation	56,958	(76,889)

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

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	2,456,235	2,870,100	69,595	70,063	11,477	19,456	2,537,307	2,959,619
Inter-segment revenue	883	1,936	900	3,088	73,795	76,949	75,578	81,973
Segment EBITDA/ (LBITDA)	124,553	21,618	31,861	20,897	53,796	(2,046)	210,210	40,469

Reconciliation of reportable segment profit or loss:

	31.12.2021	31.12.2020
	RM'000	RM'000
Total EBITDA for reportable segments	210,210	40,469
Depreciation and amortisation	(142,274)	(136,935)
Interest expense	(54,236)	(61,380)
Interest income	10,994	14,595
Share of (loss)/ profit of equity-accounted investees not included in reportable segments	(1,508)	946
Unallocated corporate expenses	(5,090)	(18,993)
Consolidated profit/ (loss) before taxation	18,096	(161,298)

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

9. Segmental Reporting (continued)

(c) Geographical segment reporting for current quarter:

	Malaysia		Vietnam		Others		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000							
External revenue	761,427	652,855	67,284	31,777	38,210	63,265	866,921	747,897
Segment EBITDA/ (LBITDA)	98,260	(16,799)	2,928	(19,861)	1,916	2,184	103,104	(34,476)

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

	Malaysia		Vietnam		Others		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000							
External revenue	2,143,358	2,393,518	261,232	290,690	132,717	275,411	2,537,307	2,959,619
Segment EBITDA/ (LBITDA)	218,770	101,675	(2,405)	(84,011)	(6,155)	22,805	210,210	40,469

10. Valuation of Property, Plant and Equipment

The valuation of property, plant and equipment was brought forward without amendment from the audited financial statements for the year ended 31 December 2020.

11. Valuation of Investment Properties

Pursuant to the fair value model applied for investment properties, the fair value loss (net of deferred tax) of RM0.9 million has been incorporated into the current year profit or loss.

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

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 changes in the composition of the Group for the quarter under review.

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2021 except as disclosed in Part B, Note 9 of the Announcement.

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

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

	31.12.2021	31.12.2020
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	238,953	133,006
Authorised and contracted for		
In Malaysia	13,027	29,346
Outside Malaysia	84,965	101,740
Total	336,945	264,092

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Purchases	(23,348)	(11,253)	(60,074)	(30,852)
Sales	30,461	3,812	51,971	15,733
Travel agency and car rental services	(147)	300	(290)	(1,658)
Contract assembly services	2,462	1,184	5,433	4,587
With APM Group				
Purchases	(4,214)	173	(13,997)	(26,347)
Sales	1,092	905	1,572	3,521
With TCIL Group				
Sales	2,445	1,837	10,471	10,616
Contract assembly services	2,199	3,140	4,950	7,544

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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Purchases	(102,400)	(284,770)	(597,424)	(705,321)

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 Directors of certain subsidiaries of the Company, namely Datuk Yaacob bin Wan Ibrahim and Datuk Abdullah bin Abdul Wahad, have 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:

	Individual Quarter		Cumulative Quarter	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Purchases	(129,004)	(20,096)	(434,374)	(54,836)
Sales	2,905	6,926	9,074	11,765

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

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

1. Analysis of Performance of All Operating Segments

For the quarter ended 31 December 2021, the Group recorded a higher revenue of RM866.9 million, increased by 15.9% compared to the same period preceding year. Consequently, the Group's Profit Before Tax ("PBT") improved to RM57.0 million in the current quarter under review, compared to Loss Before Tax ("LBT") of RM76.9 million in the same period preceding year.

For the financial year ended ("FYE") 31 December 2021, the Group recorded a lower revenue of RM2,537.3 million, decreased by 14.3% compared to the same period preceding year mainly due to the prolonged lockdown period. However, the Group recorded an improved PBT of RM18.1 million in the current year-to-date period compared to LBT of RM161.3 million in the same period preceding year. The improvement in PBT was mainly due to better sales mix, lower operating expenses, lower impairment on hire purchase receivables and higher unrealised foreign exchange ("forex") gain in the current year. The Group's LBT of RM161.3 million in the same period preceding year was mainly due to the impact arising from the settlement of the Bills of Demand from Royal Customs Department as well as weak sales resulting from the various lockdowns during the year, both locally and regionally.

As at 31 December 2021, the Group's retained earnings was RM1.68 billion. The net assets per share as at 31 December 2021 was RM4.28, lower compared to RM4.36 as at 31 December 2020. 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 a higher revenue of RM844.9 million in the current quarter under review (+16.1% compared to same period last year ("YoY")) and Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") of RM58.8 million (+233.2% YoY).

As for the FYE 31 December 2021, the automotive division recorded revenue of RM2,456.2 million (-14.4% YoY) and EBITDA of RM124.6 million (+476.2% YoY). The higher EBITDA in both the current quarter under review and FYE 31 December 2021 was mainly due to better sales mix and lower operating expenses. The lower EBITDA in the automotive division in the same period preceding year was mainly due to the impact arising from the settlement of the Bills of Demand from Royal Customs Department as well as weak sales recorded during the year.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded revenue of RM18.4 million in the current quarter under review (+8.0% YoY) and EBITDA of RM17.4 million (-11.0% YoY).

For the FYE 31 December 2021, the financial services division recorded a marginally lower revenue of RM69.6 million (-0.7% YoY). However, EBITDA improved to RM31.9 million (+52.5% YoY), mainly due to lower impairment on hire purchase receivables recognised in the current year.

(c) Other Operations (Investments and Properties)

Revenue from Other Operations was higher at RM3.6 million in the current quarter under review (+12.8% YoY) and the division recorded a higher EBITDA of RM26.9 million (+371.0% YoY).

For the FYE 31 December 2021, revenue from Other Operations was lower at RM11.5 million (-41.0% YoY). However, EBITDA was higher at RM53.8 million (+2,729.3% YoY), mainly contributed by higher net foreign exchange gain which arose from transactions and outstanding balances denominated in foreign currencies.

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

2. Comparison with Preceding Quarter's Results

	Current Quarter 31.12.2021 RM'000	Immediate Preceding Quarter 30.09.2021 RM'000	Changes	
			RM'000	%
Revenue	866,921	439,275	427,646	97.4%
Profit/ (Loss) before tax	56,958	(42,674)	99,632	233.5%
<u>External Revenue</u>				
Vehicles assembly, manufacturing, distribution and after-sales services	844,881	420,766	424,115	100.8%
Financial services	18,447	15,889	2,558	16.1%
Other operations	3,593	2,620	973	37.1%
	<u>866,921</u>	<u>439,275</u>	427,646	97.4%
<u>Segment EBITDA/ (LBITDA)</u>				
Vehicles assembly, manufacturing, distribution and after-sales services	58,766	16,024	42,742	266.7%
Financial services	17,414	(1,111)	18,525	1667.4%
Other operations	26,924	(8,572)	35,496	414.1%
	<u>103,104</u>	<u>6,341</u>	96,763	1526.0%

After the movement control restrictions were gradually lifted in August 2021, the Group's performance started to gather momentum and recorded a higher revenue of RM866.9 million in the current quarter under review, an increase of RM427.6 million or 97.4% compared to RM439.3 million in the preceding quarter. PBT improved to RM57.0 million in the current quarter under review compared to LBT of RM42.7 million in the preceding quarter.

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

The automotive division recorded a higher revenue of RM844.9 million in the current quarter under review, increased by 100.8% compared to the preceding quarter ("QoQ"). EBITDA improved to RM58.8 million in the current quarter under review (+266.7% QoQ) mainly due to recovery in sales after the movement control restrictions were eased. In addition, favourable sales mix and lower operating expenses also contributed to the improvement in EBITDA.

(b) Financial Services (Hire Purchase and Insurance)

The financial services division recorded revenue of RM18.4 million (+16.1% QoQ) and EBITDA of RM17.4 million (+1,667.4% QoQ) in the current quarter under review. EBITDA was higher as a result of the reversal of impairment loss on hire purchase receivables recognised in the current quarter under review.

(c) Other Operations (Investments and Properties)

The division recorded revenue of RM3.6 million (+37.1% QoQ) and EBITDA of RM26.9 million (+414.1% QoQ) in the current quarter under review. EBITDA was higher mainly due to net forex gain which arose from transactions and outstanding balances denominated in foreign currencies in the current quarter under review.

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

3. Future Prospects

The global economies enter year 2022 with more uncertainties brought about by new Covid-19 variants, geopolitical tensions between Russia and Ukraine, rising energy prices and supply chain disruptions. Even with the impending reopening of international borders, the global economic growth is expected to moderate to around 4.4% expansion, down from 5.9% in 2021 ¹. Amid a slightly lower global economic growth, the local economy is projected to grow by 5.5% - 6.5% in 2022 ², largely supported by the efficient vaccination programme as well as the swift implementation of economic policy support measures.

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

The Group will continue to take appropriate actions to stay competitive in the domestic as well as Indo-China markets, with new model launches in Malaysia and Vietnam expected to be the catalysts for sales growth in 2022. Barring any unforeseen circumstances, the Group is cautiously optimistic of a better operational performance in 2022.

The Group’s overall balance sheet and business fundamentals remain strong and will continue to strengthen its core business operations. Moving ahead, the Group will continue to raise its focus to drive digitalisation and further business improvement strategies to deliver operational and financial sustainability.

¹ International Monetary Fund in its “World Economic Update” in January 2022

² Ministry of Finance, Malaysia (February 2022)

4. Comparison with Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM’000	RM’000	RM’000	RM’000
Taxation				
- Current year	(12,701)	(16,477)	(29,817)	(44,576)
- Prior year	2,963	339	1,182	(683)
	<u>(9,738)</u>	<u>(16,138)</u>	<u>(28,635)</u>	<u>(45,259)</u>
Deferred taxation				
- Current year	(1,481)	25,467	(9,914)	30,251
- Prior year	314	115	256	(447)
	<u>(1,167)</u>	<u>25,582</u>	<u>(9,658)</u>	<u>29,804</u>
	<u>(10,905)</u>	<u>9,444</u>	<u>(38,293)</u>	<u>(15,455)</u>

The Group recorded tax charges of RM10.9 million and RM38.3 million for the current quarter under review and current year-to-date period respectively. This was mainly due to tax charges in certain profitable subsidiaries of the Group, certain expenses being disallowed for tax purposes and deferred tax assets not recognised for some of the loss making subsidiaries.

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

6. Status of Corporate Proposals

The Company had established an Islamic medium term notes (“Sukuk Murabahah”) programme of RM1,500.0 million in nominal value based on the Shariah principle of Murabahah (via Tawarruq arrangement) during the quarter under review and lodged the programme with the Securities Commission (“SC”) Malaysia on 21 December 2021 (“Lodgement Date”).

The first issuance under the Sukuk Murabahah Programme shall be made within sixty (60) business days (or such other extended period as allowed by SC) from the Lodgement Date. The Sukuk Murabahah Programme has been assigned an indicative rating of A+_{IS} by MARC Ratings Berhad.

7. Group Borrowings

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

	31.12.2021	31.12.2020
	RM'000	RM'000
Unsecured :		
- Bankers' acceptances	210,631	56,824
- Revolving credit	994,230	884,811
- Short term loan	63,328	60,202
- Medium term notes	-	499,656
Total borrowings	<u>1,268,189</u>	<u>1,501,493</u>
Comprising :		
Amount repayable within one year	1,268,189	1,501,493
Amount repayable after one year	-	-
	<u>1,268,189</u>	<u>1,501,493</u>

Group borrowings breakdown by currencies:

		31.12.2021	31.12.2020
		RM'000	RM'000
Functional currency	Denominated in		
RM	RM	997,631	1,214,480
RM	USD	207,230	214,596
VND	VND	63,328	72,417
		<u>1,268,189</u>	<u>1,501,493</u>

8. Financial Instruments

Derivatives

As at 31 December 2021, 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	275,406	(544)	Less than 1 year

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

8. Financial Instruments (continued)

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

(a) Motion to Correct Counter Claim from Narita Motorcare (Cambodia) Co. Ltd ("Narita") and Others

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 TCM (Cambodia) Pty Ltd ("TCMC") to pay damages and compensation of USD6,550,000.00 to Narita, USD200,000.00 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 USD33,000,000.00 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 USD329,208.00 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.

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")

ETCM (C) and TCMC, through the Solicitors, had on 19 October 2021 filed the appeal against the Court of Appeal Decision at the Supreme Court.

The Court of Appeal Decision that ETCM (C) and TCMC are to pay damages of USD3,953,130 to Narita would not be executed pending the outcome of the appeal to the Supreme Court.

(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, 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"), Konsortium Transnasional Berhad ("KTB") and MHSB Properties Sdn Bhd ("MHSB") (collectively known as "Plaintiffs").

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)

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

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.

On 11 August 2017, 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.

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

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

(collectively known as “High Court Judgment”)

On 21 July 2021, TCIE filed the Notice of Appeal against the High Court Judgment to the Court of Appeal. Case management before the Court of Appeal is fixed on 6 September 2021. Subsequently, the next Case Management was re-fixed on 8 November 2021.

On 8 November 2021, the Court of Appeal had during the case management further directed for parties to file Written Submissions by 24 April 2022 and fixed the next case management on 25 April 2022 and hearing of the appeal on 9 May 2022.

On 22 July 2021, TCIE applied for a Stay of Execution of the High Court Judgment which was fixed for hearing on 9 September 2021, where the High Court granted a stay of execution/ enforcement proceedings in relation to the Judgment of the High Court dated 15 July 2021 pending the disposal of TCIE's appeal to the Court of Appeal.

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 fourth quarter ended 31 December 2021.

11. Earnings/ (Loss) per Share

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

	Individual Quarter		Cumulative Quarter	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Earnings/ (Loss) attributable to the owners of the Company (RM'000)	43,279	(69,625)	(15,398)	(165,580)
Weighted average number of ordinary shares ('000)	652,161	652,380	652,162	652,439
Basic Earnings/ (Loss) per share (sen)	6.64	(10.67)	(2.36)	(25.38)

12. Total Comprehensive Income

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

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding Year	Current Year	Preceding Year
	Quarter	Corresponding Quarter	To Date	Corresponding Period
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortisation	(39,961)	(27,982)	(142,274)	(136,935)
Reversal/ (Provision for) and (write off) of receivables	7,088	12,734	(3,014)	(8,898)
Write-down and write off of inventories	1,207	(10,739)	1,824	(12,483)
Fair value adjustment on investment properties	(995)	(930)	(995)	(930)
Foreign exchange (loss) /gain	(2,353)	(18,067)	35,348	(17,821)
Gain on disposal of properties, plant and equipment	2,753	670	6,077	4,955
Property, plant and equipment written off	(599)	(3,119)	(2,048)	(3,842)
Gain /(Loss) on derivatives	2,427	6,742	(15,452)	11,397
Gain/ (Loss) on disposal of investment	-	-	-	-
Impairment loss on goodwill	(759)	-	(759)	-
Impairment loss on property, plant and equipment	-	-	-	-
Other income including investment income	-	-	-	-

BY ORDER OF THE BOARD

HO WAI MING
Company Secretary
Kuala Lumpur
28 February 2022