05

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

for the year ended 31 December 2019

The Directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2019.

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 37 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

RESULTS

	Group RM'000	Company RM'000
Profit for the year attributable to:		
Owners of the Company	43,645	70,068
Non-controlling interests	3,047	-
	46,692	70,068

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 amount of dividends paid by the Company were as follows:

(i) In respect of the financial year ended 31 December 2018 as reported in the Directors' Report of that year:

- a final single tier dividend of 2 sen per ordinary share totalling RM13,053,000 declared on 29 April 2019 which was approved by the shareholders at the Forty-Seventh Annual General Meeting held on 30 May 2019 and paid on 28 June 2019; and

(ii) In respect of the financial year ended 31 December 2019:

- an interim single tier dividend of 2 sen per ordinary share totalling RM13,053,000 declared on 20 August 2019 and paid on 30 September 2019.

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 December 2019 is 2 sen per ordinary share totalling RM13,053,000.

DIRECTORS OF THE COMPANY

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

Dato' Tan Heng Chew
Dato' Ng Mann Cheong
Siew Kah Toong
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng
Ho Wai Ming
Lee Min On

All these Directors are also directors of some of the Company's subsidiaries.

LIST OF DIRECTORS OF SUBSIDIARIES

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

Abdul Rahman Bin Mohamed
Alagasan a/l Gadigaselam
Alan Cheah Kian Meng (Appointed on 11 March 2019)
Allan Chong Phang Ngee (Appointed on 23 January 2019)
Amornrat Teerawattananun
Ang Yue Lai
Ayako Nakamura
Chaloraju a/l Subramaniam
Chan Ing Chyi (Appointed on 6 February 2020 and resigned on 13 May 2020)
Chan Mei-Lynn (Appointed on 21 January 2020)
Chang Pie Hoon (Resigned on 9 July 2019)
Chang Tang-Chih (Appointed on 25 March 2020)
Chee Sock Fun (Appointed on 20 December 2019)
Chen Wen-Chun (Appointed on 1 April 2019)
Chen Yin-Heng (Appointed on 24 February 2020)
Chen Yuan-Ching (Appointed on 24 February 2020)
Cheng Ee Sen
Cheng Mun Kean
Cheong Kim Seong
Cheong Yoke Yean
Chia Tuang Mooi
Chin Faat Moy (Appointed on 25 March 2020)
Chin Ten Hoy
Chin Yoon Leng (Appointed on 8 January 2019)
Chiou Wi-Guo (Appointed on 24 February 2020)
Chong Meow Fong
Choo Chee Seong
Chow Kai Ming
Christopher Tan Kok Leong
Daniel Chow Wing Fai
Dato' Cheah Choong Kit
Dato' Cheah Sam Kip
Dato' Dr. Lim Weng Khuan

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Dato' Dr. Yew Chong Hooi (Resigned on 30 May 2020)
Dato' Hardev Singh a/l Pritam Singh
Dato' Law Hong Soon (Appointed on 23 January 2019 and resigned on 30 May 2020)
Dato' Tan Eng Hwa
Dato' Tan Seng Sung (Resigned on 21 April 2020)
Dato' Than Tai Hing
Dato' Yew Hock Tat
Datuk Abdullah bin Abdul Wahab
Datuk Adeline Pung Shuk Ken (Appointed on 1 April 2019 and resigned on 30 May 2020)
Datuk Saharudin bin Muhamad Toha
Datuk Tan Kok Liang
Datuk Yaacob bin Wan Ibrahim
Foo Check Tuann
Fung Chee Sheng
Gan Chin Hui
Gan Tat Khye (Appointed on 23 March 2019)
Gil Lumakin Pajuyo (Resigned on 29 May 2020)
Han Yin Nee (Appointed on 14 January 2020)
Hout Kimmeng
Ke Bee Kian
Khoo Cheng Pah
Khoo Kiat Beng (Resigned on 30 May 2020)
Koh Lay Hoon
Kol. (B) Ho Wah Juan
Kong Foo Weng
Kong Hon Khien
Kong Kim Loong @ Robert Kong (Appointed on 31 January 2019)
Kuan Kim Luen (Demised on 10 October 2019)
Lau Wai Yoong (Appointed on 12 February 2020)
Lee Jiunn Shyan
Lee Kim Hay @ Tong Ah See (Resigned on 25 March 2020)
Lee Long How (Appointed on 10 March 2020)
Leong Moh Jyee
Leong Song Seng
Leong Yee Voon (Appointed on 31 December 2019)
Lew Jiun Shang
Liew Kong Fatt
Lim Chee Khoon
Ling Kok Onn
Ling Koon Kiong
Loh Thim Choy
Loke Kwong Cheong
Looi Kok Eu (Appointed on 2 January 2020)
Lor Yat Hoong (Resigned on 23 March 2019)
Loy Swee Im (Resigned on 14 February 2020)
Mak Kok Weng
Martin Leow (Appointed on 1 May 2019)
Mohd Yusop bin Saidin
Narasak Woraphun (Appointed on 1 May 2019)

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Ng Eng Soon (Appointed 10 May 2019)
Ng Kiat Seng (Appointed on 6 February 2020)
Ng Mei Ching (Appointed on 14 March 2019)
Ng Wei Pin (Appointed in 12 February 2019)
Nguyen Dinh Thuan
Nicholas Tan Chye Seng
Ong Siew Luan
Ong Teck Seong
Ong Yew Chee (Appointed on 19 November 2019)
Ong Yin Ee (Appointed on 3 February 2020)
Say Teck Ming
Song Choon Beng
Tan Cheng Fu (Appointed on 23 March 2019)
Tan Keng Meng
Tan Lian Chin (Appointed on 1 April 2019)
Tan Poh Guan
Tan Seng Huat
Tan Siew Hoong (Resigned on 14 March 2020 and reappointed on 19 May 2020)
Tan Soon Huat
Tan Su Kui @ Tan Su Leong
Tan Teow Chang
Tan Ying Xiu
Tang Chin Fook
Tay Chai Li
Teh Kim Hwa
Teong Seng Kiang
Terence Lau Han Seong
Tham Wah Choy
Thambirajah A. Marimuthu
Tse Pei Chen
Tyrel Sackett Fernandez (Appointed on 29 May 2020)
U Khin Maung Lwin
Vincent Wijnen
Wan Chun Shong
Wiboon Lamkoon (Appointed on 1 May 2019)
Wong Chin Ngai (Appointed on 23 March 2019)
Wong Hoe Mun (Appointed on 21 February 2020)
Wong King Yoon
Wong Li Yin (Resigned on 11 February 2020)
Wong Poh Chun (Appointed on 1 April 2019 and resigned on 14 January 2020)
Wong Seap Hong
Wong Yoke Hung (Appointed on 2 January 2020)
Yao Tsu-Wei
Yap Bee Lee
Yap Boon Wah
Yap Swee Hoon (Resigned on 28 January 2019)
Yap Yoke Moi
Yeap Ling Weng
Yeoh Chew Ling (Resigned on 14 January 2020)
Yeoh Hee Huat
Yeoh Kim Leong
Yong Chau Chin

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 1.1.2019	Bought	Disposed/ Transferred	At 31.12.2019
Interests in the Company				
Direct interests:				
Dato' Tan Heng Chew	27,763,962	628,900	-	28,392,862
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,310,590	398,000	-	12,708,590
Indirect/Deemed interests:				
Dato' Tan Heng Chew	288,922,430	398,000	-	289,320,430 (1)
Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	304,375,802	628,900	-	305,004,702 (2)
Dato' Ng Mann Cheong	150,000	-	-	150,000 (3)
Ho Wai Ming	15,000	5,000	-	20,000 (3)

Notes:

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

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

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

By virtue of Dato' Tan Heng Chew's interests in the shares of the Company, he is also deemed interested in the shares of the subsidiaries during the financial year to the extent that Tan Chong Motor Holdings Berhad has an interest as stated in Note 37 to the financial statements.

Save for the above, the other Directors holding office at 31 December 2019 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 a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in the financial statements of the Group or of the Company and/or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the professional fees received by a 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 34 to the financial statements.

DIRECTORS' BENEFITS (continued)

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 18 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage of RM40,000,000 which insurance premium of RM43,569 have been paid for the Directors and the officers of the Group and of the Company.

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

OTHER STATUTORY INFORMATION

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

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

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

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

OTHER STATUTORY INFORMATION (continued)

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, the financial performance of the Group and of the Company for the financial year ended 31 December 2019 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.

SIGNIFICANT EVENTS

Significant events are disclosed in Note 38 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 39 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 25 to the financial statements.

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

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

Siew Kah Toong
Director

Kuala Lumpur,
Date: 11 June 2020

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Assets					
Property, plant and equipment	4	2,250,999	1,773,114	607	343
Investment properties	5	216,725	207,376	-	-
Prepaid lease payments	6	-	43,436	-	-
Intangible assets	7	759	759	-	-
Investments in subsidiaries	8	-	-	1,705,683	1,688,183
Equity-accounted investees	9	61,811	57,914	26,896	26,896
Other investments	10	-	1	138	139
Deferred tax assets	11	95,741	96,075	10,064	11,272
Hire purchase receivables	12	551,779	655,383	-	-
Receivables	13	-	-	390,093	361,683
Total non-current assets		3,177,814	2,834,058	2,133,481	2,088,516
Other investments	10	12,166	126,868	-	-
Inventories	14	1,527,069	1,238,750	-	-
Contract assets	15	17,663	16,689	-	-
Current tax assets		16,145	9,057	-	-
Hire purchase receivables	12	95,430	92,886	-	-
Receivables	13	509,412	534,407	3,600	289,027
Deposits and prepayments	13	65,591	99,577	173	244
Derivative financial assets	16	4,139	295	-	-
Cash and cash equivalents	17	407,786	522,118	3,457	2,108
Total current assets		2,655,401	2,640,647	7,230	291,379
Total assets		5,833,215	5,474,705	2,140,711	2,379,895

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Equity					
Share capital		336,000	336,000	336,000	336,000
Reserves		2,708,944	2,525,874	1,003,792	956,927
Treasury shares		(25,364)	(25,283)	(25,364)	(25,283)
Total equity attributable to owners of the Company		3,019,580	2,836,591	1,314,428	1,267,644
Non-controlling interests		(11,548)	(17,733)	-	-
Total equity	18	3,008,032	2,818,858	1,314,428	1,267,644
Liabilities					
Borrowings	19	499,286	498,933	499,286	498,933
Lease liabilities		72,754	-	276	-
Employee benefits	20	81,988	82,306	38,110	37,685
Deferred tax liabilities	11	213,100	175,476	-	-
Payables and accruals	21	-	-	276,769	306,803
Contract liabilities	15	59,670	48,003	-	-
Total non-current liabilities		926,798	804,718	814,441	843,421
Borrowings	19	1,096,854	1,024,313	-	249,785
Lease liabilities		32,654	-	27	-
Derivative financial liabilities	16	690	1,527	-	-
Taxation		5,770	24,502	-	-
Contract liabilities	15	21,565	11,333	-	-
Payables and accruals	21	740,852	789,454	11,815	19,045
Total current liabilities		1,898,385	1,851,129	11,842	268,830
Total liabilities		2,825,183	2,655,847	826,283	1,112,251
Total equity and liabilities		5,833,215	5,474,705	2,140,711	2,379,895

The notes on pages 93 to 208 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2019 (in USD equivalent)

	31.12.2019 USD'000	31.12.2018 USD'000
Assets		
Property, plant and equipment	550,030	428,444
Investment properties	52,957	50,109
Prepaid lease payments	-	10,496
Intangible assets	185	183
Equity-accounted investees	15,103	13,994
Deferred tax assets	23,394	23,215
Hire purchase receivables	134,827	158,362
Total non-current assets	776,496	684,803
Other investments	2,973	30,656
Inventories	373,138	299,323
Contract assets	4,316	4,033
Current tax assets	3,945	2,188
Hire purchase receivables	23,318	22,444
Receivables	124,475	129,131
Deposits and prepayments	16,027	24,061
Derivative financial assets	1,011	71
Cash and cash equivalents	99,642	126,161
Total current assets	648,845	638,068
Total assets	1,425,341	1,322,871

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

The audited figures are converted into USD equivalent using the exchange rate of RM4.093 = USD1.00

(2018 - RM4.139 = USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 31 December 2019 (in USD equivalent)

	31.12.2019 USD'000	31.12.2018 USD'000
Equity		
Share capital	82,101	81,189
Reserves	661,929	610,336
Treasury shares	(6,198)	(6,109)
Total equity attributable to owners of the Company	737,832	685,416
Non-controlling interests	(2,822)	(4,285)
Total equity	735,010	681,131
Liabilities		
Borrowings	122,000	120,559
Lease liabilities	17,777	-
Employee benefits	20,034	19,888
Deferred tax liabilities	52,071	42,401
Contract liabilities	14,580	11,599
Total non-current liabilities	226,462	194,447
Borrowings	268,016	247,508
Lease liabilities	7,979	-
Derivative financial liabilities	169	369
Taxation	1,410	5,921
Contract liabilities	5,269	2,738
Payables and accruals	181,026	190,757
Total current liabilities	463,869	447,293
Total liabilities	690,331	641,740
Total equity and liabilities	1,425,341	1,322,871

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The audited figures are converted into USD equivalent using the exchange rate of RM4.093 = USD1.00

(2018 - RM4.139 = 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 2019

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	22	4,172,447	4,858,206	104,400	93,950
Cost of sales		(3,362,834)	(3,865,768)	-	-
Gross profit		809,613	992,438	104,400	93,950
Other income		67,137	98,077	-	18
Distribution expenses		(300,000)	(277,464)	-	-
Administrative expenses		(370,716)	(461,472)	(17,498)	(33,316)
Net reversal of/(loss) on impairment of financial instruments		25,421	(36,964)	4,600	(1,077)
Other expenses		(61,898)	(87,817)	-	(20,100)
Results from operating activities		169,557	226,798	91,502	39,475
Finance income	23	21,223	22,209	26,710	29,031
Finance costs	24	(78,777)	(71,607)	(47,853)	(50,712)
Net finance cost		(57,554)	(49,398)	(21,143)	(21,681)
Share of profit of equity-accounted investees, net of tax		2,324	1,186	-	-
Profit before tax	25	114,327	178,586	70,359	17,794
Tax (expense)/income	27	(67,635)	(76,049)	(291)	3,937
Profit for the year		46,692	102,537	70,068	21,731

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2019

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Items that will not be reclassified subsequently to profit or loss					
Effect of changes in tax rate on revalued property, plant and equipment		-	(15,334)	-	-
Remeasurement of defined benefit liability		8,297	-	2,911	-
Revaluation of property, plant and equipment		153,428	-	-	-
		161,725	(15,334)	2,911	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		3,044	(2,684)	-	-
Foreign currency translation differences for an equity-accounted associate		1,823	787	-	-
Cash flow hedge		5,004	(17,760)	-	-
		9,871	(19,657)	-	-
Other comprehensive income/(loss) for the year, net of tax	28	171,596	(34,991)	2,911	-
Total comprehensive income for the year		218,288	67,546	72,979	21,731
Profit attributable to:					
Owners of the Company		43,645	105,932	70,068	21,731
Non-controlling interests		3,047	(3,395)	-	-
Profit for the year		46,692	102,537	70,068	21,731
Total comprehensive income attributable to:					
Owners of the Company		211,469	70,468	72,979	21,731
Non-controlling interests		6,819	(2,922)	-	-
Total comprehensive income for the year		218,288	67,546	72,979	21,731
Basic earnings per ordinary share (sen)	29	6.69	16.23		

The notes on pages 93 to 208 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2019 (in USD equivalent)

	2019	**2018**
	USD'000	**USD'000**
Revenue	1,019,535	1,173,905
Cost of sales	(821,707)	(934,099)
Gross profit	197,828	239,806
Other income	16,405	23,699
Distribution expenses	(73,305)	(67,045)
Administrative expenses	(90,584)	(111,507)
Net reversal of/(loss) on impairment of financial instruments	6,212	(8,932)
Other expenses	(15,125)	(21,219)
Results from operating activities	41,431	54,802
Finance income	5,186	5,366
Finance costs	(19,249)	(17,303)
Net finance cost	(14,063)	(11,937)
Share of profit of equity-accounted investees, net of tax	568	287
Profit before tax	27,936	43,152
Tax expense	(16,527)	(18,376)
Profit for the year	11,409	24,776

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The audited figures are converted into USD equivalent using the exchange rate of RM4.093 = USD1.00

(2018 - RM4.139 = 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 2019 (in USD equivalent)

	2019 USD'000	2018 USD'000
Items that will not be reclassified subsequently to profit or loss		
Effect of changes in tax rate on revalued property, plant and equipment	-	(3,705)
Remeasurement of defined benefit liability	2,027	-
Revaluation of property, plant and equipment	37,490	-
	39,517	(3,705)
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	744	(649)
Foreign currency translation differences for an equity-accounted associate	445	190
Cash flow hedge	1,223	(4,291)
	2,412	(4,750)
Other comprehensive income/(loss) for the year, net of tax	41,929	(8,455)
Total comprehensive income for the year	53,338	16,321
Profit attributable to:		
Owners of the Company	10,664	25,596
Non-controlling interests	745	(820)
Profit for the year	11,409	24,776
Total comprehensive income attributable to:		
Owners of the Company	51,672	17,027
Non-controlling interests	1,666	(706)
Total comprehensive income for the year	53,338	16,321
Basic earnings per ordinary share (sen)	1.63	3.92

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

Group	Note	Share capital	Treasury shares	Translation reserve	Revaluation reserve	Hedging reserve	Capitalisation of retained earnings	Retained earnings	Total	Non-controlling interests	Total equity
		Attributable to owners of the Company									
		Non-distributable					*Distributable*				
		RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018		336,000	(25,282)	(11,914)	726,716	16,293	100	1,743,791	2,785,704	(14,511)	2,771,193
Effects of changes in tax rates		-	-	-	(15,334)	-	-	-	(15,334)	-	(15,334)
Transfer of revaluation surplus on properties		-	-	-	(9,944)	-	-	9,944	-	-	-
Foreign currency translation differences for foreign operations		-	-	(3,157)	-	-	-	-	(3,157)	473	(2,684)
Foreign currency translation difference for an equity-accounted associate		-	-	787	-	-	-	-	787	-	787
Cash flow hedge		-	-	-	-	(17,760)	-	-	(17,760)	-	(17,760)
Total other comprehensive (loss)/income for the year		-	-	(2,370)	(25,278)	(17,760)	-	9,944	(35,464)	473	(34,991)
Profit for the year		-	-	-	-	-	-	105,932	105,932	(3,395)	102,537
Total comprehensive (loss)/income for the year		-	-	(2,370)	(25,278)	(17,760)	-	115,876	70,468	(2,922)	67,546
Purchase of treasury shares		-	(1)	-	-	-	-	-	(1)	-	(1)
Dividends											
- 2017 final	30	-	-	-	-	-	-	(6,527)	(6,527)	-	(6,527)
- 2018 interim	30	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
Total transactions with owners of the Company		-	(1)	-	-	-	-	(19,580)	(19,581)	(300)	(19,881)
At 31 December 2018/ 1 January 2019		336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,840,087	2,836,591	(17,733)	2,818,858

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

		Attributable to owners of the Company									
		Non-distributable					Distributable				
Group	Note	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2019, *as previously reported*		336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,840,087	2,836,591	(17,733)	2,818,858
Adjustment on initial application of MFRS 16, net of tax		-	-	-	-	-	-	(2,293)	(2,293)	(334)	(2,627)
At 1 January 2019, *restated*		336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,837,794	2,834,298	(18,067)	2,816,231
Remeasurement of defined benefit liability		-	-	-	-	-	-	8,051	8,051	246	8,297
Revaluation of property, plant and equipment		-	-	-	149,707	-	-	-	149,707	3,721	153,428
Transfer of revaluation surplus on properties		-	-	-	(9,944)	-	-	9,944	-	-	-
Foreign currency translation differences for foreign operations		-	-	3,239	-	-	-	-	3,239	(195)	3,044
Foreign currency translation difference for an equity-accounted associate		-	-	1,823	-	-	-	-	1,823	-	1,823
Cash flow hedge		-	-	-	-	5,004	-	-	5,004	-	5,004
Total other comprehensive income for the year		-	-	5,062	139,763	5,004	-	17,995	167,824	3,772	171,596
Profit for the year		-	-	-	-	-	-	43,645	43,645	3,047	46,692
Total comprehensive income for the year		-	-	5,062	139,763	5,004	-	61,640	211,469	6,819	218,288
Purchase of treasury shares		-	(81)	-	-	-	-	-	(81)	-	(81)
Dividends											
- 2018 final	30	-	-	-	-	-	-	(13,053)	(13,053)	-	(13,053)
- 2019 interim	30	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
Total transactions with owners of the Company		-	(81)	-	-	-	-	(26,106)	(26,187)	(300)	(26,487)
At 31 December 2019		336,000	(25,364)	(9,222)	841,201	3,537	100	1,873,328	3,019,580	(11,548)	3,008,032

The notes on pages 93 to 208 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2019

		← Attributable to owners of the Company			→
		Non-distributable		*Distributable*	
	Note	Share capital	Treasury shares	Retained earnings	Total equity
		RM'000	RM'000	RM'000	RM'000
Company					
At 1 January 2018		336,000	(25,282)	954,776	1,265,494
Profit and total comprehensive income for the year		-	-	21,731	21,731
Purchase of treasury shares		-	(1)	-	(1)
Dividends					
- 2017 final	30	-	-	(6,527)	(6,527)
- 2018 interim	30	-	-	(13,053)	(13,053)
Total transactions with owners of the Company		-	(1)	(19,580)	(19,581)
At 31 December 2018/1 January 2019, *as previously reported*		336,000	(25,283)	956,927	1,267,644
Adjustment on initial application of MFRS 16, net of tax		-	-	(8)	(8)
At 1 January 2019, *restated*		336,000	(25,283)	956,919	1,267,636
Profit for the year		-	-	70,068	70,068
Other comprehensive income for the year, net of tax		-	-	2,911	2,911
Total comprehensive income for the year		-	-	72,979	72,979
Purchase of treasury shares		-	(81)	-	(81)
Dividends					
- 2018 final	30	-	-	(13,053)	(13,053)
- 2019 interim	30	-	-	(13,053)	(13,053)
Total transactions with owners of the Company		-	(81)	(26,106)	(26,187)
At 31 December 2019		336,000	(25,364)	1,003,792	1,314,428
		Note 18	Note 18		

The notes on pages 93 to 208 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS

for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Cash flows from operating activities					
Profit before tax		114,327	178,586	70,359	17,794
Adjustments for:					
Amortisation of prepaid lease payments	6	-	2,087	-	-
Depreciation of property, plant and equipment	4	137,012	98,267	164	57
Dividend income		-	-	(104,400)	(93,950)
Gain on disposal of property, plant and equipment	25	(7,448)	(6,261)	-	(18)
Loss/(Gain) on unrealised foreign exchange - net	25	4,337	(4,324)	-	-
Finance costs	24	78,777	71,607	47,853	50,712
Finance income	23	(21,223)	(22,209)	(26,710)	(29,031)
Inventories written off	25	4	22	-	-
Write-down of inventories	14	1,847	29,518	-	-
Write-off of investment		1	-	1	-
(Reversal)/Addition of impairment loss on:	25				
Hire purchase receivables		(6,692)	15,690	-	-
Property, plant and equipment		9,770	11,580	-	-
Trade receivables		(18,729)	21,274	-	-
Investment in subsidiary		-	-	-	20,100
Amount due from subsidiaries		-	-	(4,600)	1,077
Goodwill	7	-	13,944	-	-
Reversal of write-down of inventories	14	(4,032)	(5,098)	-	-
Property, plant and equipment written off		921	1,129	-	-
Retirement benefits charged	20	11,640	14,679	4,255	7,980
Fair value changes on investment properties	5	(519)	(3,826)	-	-
Share of profit of equity-accounted investees		(2,324)	(1,186)	-	-
Fair value adjustment to derivatives		323	(526)	-	-
Operating profit/(loss) before changes in working capital		297,992	414,953	(13,078)	(25,279)

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

	Note	Group 2019 RM'000	Group 2018 RM'000	Company 2019 RM'000	Company 2018 RM'000
Operating profit/(loss) before changes in working capital		297,992	414,953	(13,078)	(25,279)
Changes in working capital:					
Inventories		(286,138)	(111,932)	-	-
Hire purchase receivables		107,752	74,899	-	-
Finance lease receivables		483	375	-	-
Receivables		37,889	(22,953)	11	(11)
Deposits and prepayment		33,986	34,000	71	(90)
Payables and accruals		(41,908)	218,273	(8,633)	1,142
Contract assets		(974)	982	-	-
Contract liabilities		21,899	21,516	-	-
Cash generated from/(used in) operations		170,981	630,113	(21,629)	(24,238)
Tax paid		(91,977)	(57,218)	-	-
Tax refund		5,256	2,057	-	-
Interest paid		(78,777)	(68,210)	(45,471)	(47,315)
Interest received		21,223	22,209	26,710	29,031
Employee benefits paid		(2,315)	(2,565)	-	-
Net cash from/(used in) operating activities		24,391	526,386	(40,390)	(42,522)
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(288,676)	(71,939)	-	(371)
Acquisition of prepaid lease payments	6	-	(1,066)	-	-
Repayment from/(Advances to) subsidiaries		-	-	231,160	(17,950)
Net proceeds from disposal of other investments		114,702	17,289	-	-
Acquisition of share in equity-accounted investees		-	(13,244)	-	(13,244)
Subscription to subsidiaries' share capital		-	-	(17,500)	-
Acquisition of subsidiary company		-	(200)	-	-
Dividends received from:					
- Unquoted subsidiaries		-	-	104,150	93,350
- Joint ventures		250	600	250	600
- Associates		-	2,500	-	-
Proceeds from disposal of property, plant and equipment		23,975	18,958	-	71
Net cash (used in)/from investing activities		(149,749)	(47,102)	318,060	62,456

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Dividends paid to owners of the Company	30	(26,106)	(19,580)	(26,106)	(19,580)
Dividends paid to non-controlling interests		(300)	(300)	-	-
Purchase of own shares		(81)	(1)	(81)	(1)
Net proceeds from/(repayment of) bills payable		163,630	(49,051)	-	-
Net repayment of term loans		(8,928)	(23,135)	-	-
Net drawndown/(repayment) of revolving credit		155,592	(184,297)	-	-
Payment of lease liabilities		(21,256)	-	(134)	-
Redemption of medium term notes	19	(250,000)	-	(250,000)	-
Net cash from/(used in) financing activities		12,551	(276,364)	(276,321)	(19,581)
Net (decrease)/increase in cash and cash equivalents		(112,807)	202,920	1,349	353
Effects of exchange rate fluctuations on cash and cash equivalents		(1,525)	1,193	-	-
Cash and cash equivalents at 1 January		522,118	318,005	2,108	1,755
Cash and cash equivalents at 31 December		407,786	522,118	3,457	2,108

Cash outflows for leases as a lessee

	Note	Group		Company	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities					
Payment relating to leases of short-term leases and low-value assets	25	4,390	-	-	-
Interest paid in relation to lease liabilities	24	2,986	-	20	-
Included in net cash from financing activities					
Payment of lease liabilities		21,256	-	134	-
Total cash outflows for leases		28,632	-	154	-

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2019

Cash and cash equivalents

Cash and cash equivalents included in the statements of cash flows comprise the following statements of financial position amounts:

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Cash and bank balances	17	201,509	350,731	3,457	2,108
Deposits with licensed banks	17	206,277	171,387	-	-
		407,786	522,118	3,457	2,108

The notes on pages 93 to 208 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

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 2019 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 2019 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 37 to the financial statements. There has been no significant change in the nature of these activities during the financial year.

These financial statements were authorised for issue by the Board of Directors on 11 June 2020.

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 have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2020
- Amendments to MFRS 3, *Business Combinations – Definition of a Business*
- Amendments to MFRS 101, *Presentation of Financial Statements* and MFRS 108*, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9, *Financial Instruments*, MFRS 139, *Financial Instruments: Recognition and Measurement* and MFRS 7, *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 June 2020
- Amendments to MFRS 16, *Leases – COVID-19-Related Rent Concessions*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021 (IASB has deferred the effective date of IFRS 17 to annual reporting periods beginning on or after 1 January 2023; MASB has yet to announce the change of date)
- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022
- Amendments to MFRS 101, *Presentation of Financial Statements: Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 – 2020)*
- 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 141, *Agriculture (Annual Improvements to MFRS Standards 2018 – 2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- 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*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

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 Group and the Company.

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

(b) Basis of measurement

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

(c) Functional and presentation currencies

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

(d) Use of estimates and judgements

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

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

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 4 – valuation of property, plant and equipment and Note 5 – valuation of investment properties*

  The Group carries its property, plant and equipment and investment properties at fair value, 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 4 and 5.

- *Note 4 – 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.

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

- *Note 4 – extension options and incremental borrowing rate in relation to leases (continued)*

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

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

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

- *Note 7 – 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 7.

- *Note 11 – 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 12 and 13 – 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.

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

- *Note 14 – 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 and current selling prices.

- *Note 20 – 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 20.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

During the year, the Group and the Company adopted MFRS 16, *Leases*.

Definition of a lease

On transition to MFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied MFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under MFRS 117 and IC Interpretation 4, *Determining whether an Arrangement contains a Lease* were not reassessed. Therefore, the definition of a lease under MFRS 16 has been applied only to contracts entered into or changed on or after 1 January 2019.

As a lessee

Where the Group and the Company are a lessee, the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application as an adjustment to the opening balance of retained earnings at 1 January 2019.

At 1 January 2019, for leases that were classified as operating lease under MFRS 117, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Group entities' incremental borrowing rate as at 1 January 2019. The weighted average rate applied is 5%. Right-of-use assets are measured at either:
- their carrying amount as if MFRS 16 had been applied since the commencement date, discounted using the lessee's incremental borrowing rate at 1 January 2019; or
- an amount equal to the lease liability or adjusted by the amount of any prepaid lease payments.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

As a lessee (continued)

The Group used the following practical expedients when applying MFRS 16 to leases previously classified as operating lease under MFRS 117:

- applied a single discount rate to a portfolio of leases with similar characteristics;
- applied the exemption not to recognise right-of-use assets and liabilities for leases with 12 months or less of lease term as at 1 January 2019;
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance lease under MFRS 117, the carrying amounts of the right-of-use asset and the lease liability at 1 January 2019 are determined to be the same as the carrying amount of the leased asset and lease liability under MFRS 117 immediately before that date.

As a lessor

Group entities whose is an intermediate lessor reassessed the classification of a sublease previously classified as an operating lease under MFRS 117 and concluded that the sublease is an operating lease under MFRS 16.

Impacts on financial statements

Since the Group and the Company applied the requirements of MFRS 16 retrospectively with the cumulative effect of initial application at 1 January 2019, there are no adjustments made to the prior period presented.

The following table explains the difference between operating lease commitments disclosed applying MFRS 117 at 31 December 2018, and lease liabilities in the statements of financial position at 1 January 2019.

	Group RM'000	Company RM'000
Operating lease commitments at 31 December 2018	108,588	-
Discounted using the incremental borrowing rate as at 1 January 2019	40,288	-
Recognition exemption for short-term leases and leases of low-value assets	(4,390)	-
Extension and termination options reasonably certain to be exercised	32,717	276
Lease liabilities previously relating to option of extending lease period not considered as at 31 December 2018	47,390	163
Lease liabilities recognised at 1 January 2019	116,005	439

3. 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, other than the application of the new MFRS 16 as disclosed in Note 2 above.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(i) Foreign currency transactions (continued)

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

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

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.

(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 3(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 3(k)(i)) where the effective interest rate is applied to the amortised cost.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial assets (continued)

(b) Fair value through other comprehensive income (continued)

(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 3(k)(i)).

Financial liabilities

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

(a) Fair value through profit or loss

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial liabilities (continued)

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

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

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

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

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

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

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

(b) Amortised cost

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(iv) Hedge accounting (continued)

Cash flow hedge (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

3. 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. Buildings are depreciated on a straight-line basis over the shorter of 50 years or the lease period. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

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

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

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

(e) Leases

The Group has applied MFRS 16, *Leases* using the modified retrospective approach, under which the cumulative effect of initial application is recognised as an adjustment to retained earnings as at 1 January 2019. Accordingly, the comparative information presented for 2018 has not been restated – i.e. it is presented, as previously reported under MFRS 117, *Leases* and related interpretations.

Current financial year

(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;

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Current financial year (continued)

(i) Definition of a lease (continued)

- 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.

(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 leased 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Current financial year (continued)

(ii) Recognition and initial measurement (continued)

(a) As a lessee (continued)

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.

(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 3(d)(i)).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

Current financial year (continued)

(iii) Subsequent measurement (continued)

(a) As a lessee (continued)

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 "revenue".

Previous financial year

(i) Finance lease

Leases in terms of which the Group or the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Leasehold land which in substance is a finance lease is classified as property, plant and equipment or as investment property if held to earn rental income or for capital appreciation or for both.

Where the Group acts as a lessor in a finance lease, receivables under finance lease represent outstanding amounts due under these agreements less finance charges allocated to the future periods. Finance lease interest is recognised over the primary period of the lease so as to produce a constant rate of return on the net cash investment.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases (continued)

(ii) Operating lease

Leases, where the Group or the Company does not assume substantially all the risks and rewards of ownership are classified as operating leases and, except for property interest held under operating lease, the leased assets are not recognised on the statement of financial position. Property interest held under an operating lease, which is held to earn rental income or for capital appreciation or both, is classified as investment property and measured using fair value model.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense, over the term of the lease. Contingent rentals are charged to profit or loss in the reporting period in which they are incurred.

Leasehold land which in substance is an operating lease is classified as prepaid lease payments. The payments are amortised over the lease terms which are not more than 45 years.

Where the Group acts as lessor in an operating lease arrangement, rental income from operating leases is accounted for on a straight-line basis over the period of the lease. Lease incentives provided are recognised over the lease term on a straight-line basis.

(f) Intangible assets

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.

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property (continued)

(i) Investment property carried at fair value (continued)

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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 3(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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(i) Financial assets (continued)

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.

3. 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.

3. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions (continued)

Warranties

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

(o) Revenue and other income

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

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

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

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

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.

3. 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)

(i) Point in time recognition (continued)

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

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

(ii) Over time recognition

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

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

Distribution and sale of vehicles and parts (continued)

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

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

After-sales services

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

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

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

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 "revenue".

(iii) Interest income

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

(p) Borrowing costs

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

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

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

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

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax (continued)

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

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

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

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

(r) Earnings per ordinary share

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Operating segments

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

(t) Contingent liabilities

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

(u) Fair value measurements

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Right-of-use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Cost/Valuation											
At 1 January 2018	476,672	484,599	561,798	-	497,719	133,691	150,853	97,925	3,354	53,878	2,460,489
Additions	652	10,815	2,320	-	5,979	6,585	35,498	1,017	-	9,073	71,939
Disposals	-	-	-	-	(14,608)	(848)	(31,009)	(111)	-	-	(46,576)
Reclassifications	-	-	-	-	7,896	599	-	2,115	-	(10,610)	-
Transfers	* (2,850)	-	* 1,300	-	-	-	-	-	-	-	(1,550)
Write-off	-	-	-	-	(1,390)	(1,929)	(126)	(1,416)	-	-	(4,861)
Effects of movement in exchange rates	-	21	(1,237)	-	(2,307)	(59)	(193)	138	(22)	3,558	(101)
At 31 December 2018, *as previously reported*	474,474	495,435	564,181	-	493,289	138,039	155,023	99,668	3,332	55,899	2,479,340
Adjustment on initial application of MFRS 16	-	(495,435)	-	695,310	-	-	-	-	-	-	199,875
At 1 January 2019, *as restated*	474,474	-	564,181	695,310	493,289	138,039	155,023	99,668	3,332	55,899	2,679,215
Additions	-	-	20,176	19,929	12,680	6,504	128,639	4,249	-	107,647	299,824
Disposals	-	-	-	-	(654)	(689)	(40,278)	(1,495)	-	-	(43,116)
Reclassifications	-	-	73,993	-	13,328	736	-	557	-	(88,614)	-
Revaluation (Note 28)	19,265	-	26,090	149,965	-	-	-	-	-	-	195,320
Less: Elimination of accumulated depreciation	-	-	(45,775)	(46,730)	-	-	-	-	-	-	(92,505)
Transfers	* (3,406)	-	* (4,735)	* (785)	-	-	-	-	-	-	(8,926)
Write-off	-	-	-	-	(890)	(1,502)	(123)	(577)	-	(256)	(3,348)
Effects of movement in exchange rates	-	-	(587)	(993)	(1,127)	(51)	(135)	(51)	(10)	(108)	(3,062)
At 31 December 2019	490,333	-	633,343	816,696	516,626	143,037	243,126	102,351	3,322	74,568	3,023,402
Representing items:											
- at cost	11,405	22,047	19,653	-	493,289	138,039	155,023	99,668	3,332	55,899	998,355
- at valuation	463,069	473,388	544,528	-	-	-	-	-	-	-	1,480,985
At 31 December 2018	474,474	495,435	564,181	-	493,289	138,039	155,023	99,668	3,332	55,899	2,479,340
Representing items:											
- at cost	-	-	-	112,883	516,626	143,037	243,126	102,351	3,322	74,568	1,195,913
- at valuation	490,333	-	633,343	703,813	-	-	-	-	-	-	1,827,489
At 31 December 2019	490,333	-	633,343	816,696	516,626	143,037	243,126	102,351	3,322	74,568	3,023,402

* Transferred from/(to) Investment properties (Note 5).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Right-of-use assets RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Depreciation and impairment loss											
At 1 January 2018											
Accumulated depreciation	-	10,083	14,743	-	351,480	100,723	88,692	56,399	471	-	622,591
Accumulated impairment loss	472	2,112	4,490	-	5,127	33	-	44	-	-	12,278
	472	12,195	19,233	-	356,607	100,756	88,692	56,443	471	-	634,869
Depreciation for the year	-	10,601	13,887	-	31,310	11,226	21,847	9,363	33	-	98,267
Disposals	-	-	-	-	(14,598)	(632)	(18,598)	(51)	-	-	(33,879)
Write-off	-	-	-	-	(1,250)	(1,658)	(126)	(698)	-	-	(3,732)
Impairment loss	-	-	-	-	9,987	4	-	-	-	1,589	11,580
Effects of movement in exchange rates	-	1	(141)	-	(766)	(13)	(20)	62	(2)	-	(879)
At 31 December 2018, *as previously stated*											
Accumulated depreciation	-	20,685	28,489	-	366,176	109,646	91,795	65,075	502	-	682,368
Accumulated impairment loss	472	2,112	4,490	-	15,114	37	-	44	-	1,589	23,858
	472	22,797	32,979	-	381,290	109,683	91,795	65,119	502	1,589	706,226
Adjustment on initial application of MFRS 16	-	(22,797)	-	64,893	-	-	-	-	-	-	42,096
At 1 January 2019, *as restated*											
Accumulated depreciation	-	-	28,489	62,781	366,176	109,646	91,795	65,075	502	-	724,464
Accumulated impairment loss	472	-	4,490	2,112	15,114	37	-	44	-	1,589	23,858

* Transferred from/(to) Investment properties (Note 5).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land	Long term leasehold land	Buildings	Right-of-use assets	Plant, machinery and equipment	Furniture, fixtures, fittings and office equipment	Motor vehicles	Renovation	Rough road	Under construction	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Depreciation and impairment loss (continued)											
Depreciation for the year	-	-	17,492	33,392	36,097	10,316	30,312	9,375	28	-	137,012
Disposals	-	-	-	-	(537)	(584)	(24,478)	(990)	-	-	(26,589)
Transfers	-	-	* (96)	-	-	-	-	-	-	-	(96)
Write-off	-	-	-	-	(561)	(1,414)	(123)	(329)	-	-	(2,427)
Impairment loss (Note 4.1)	3,758	-	5,399	613	-	-	-	-	-	-	9,770
Elimination on revaluation	-	-	(45,775)	(46,730)	-	-	-	-	-	-	(92,505)
Effects of movement in exchange rates	-	-	(110)	(178)	(608)	(48)	(64)	(75)	(1)	-	(1,084)
At 31 December 2019											
Accumulated depreciation	-	-	-	49,265	400,567	117,916	97,442	73,056	529	-	738,775
Accumulated impairment loss	4,230	-	9,889	2,725	15,114	37	-	44	-	1,589	33,628
	4,230	-	9,889	51,990	415,681	117,953	97,442	73,100	529	1,589	772,403
Carrying amounts											
At 1 January 2018	476,200	472,404	542,565	-	141,112	32,935	62,161	41,482	2,883	53,878	1,825,620
At 31 December 2018	474,002	472,638	531,202	-	111,999	28,356	63,228	34,549	2,830	54,310	1,773,114
At 1 January 2019	474,002	-	531,202	630,417	111,999	28,356	63,228	34,549	2,830	54,310	1,930,893
At 31 December 2019	486,103	-	623,454	764,706	100,945	25,084	145,684	29,251	2,793	72,979	2,250,999

* Transferred from/(to) Investment properties (Note 5).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Right-of-use assets - Building RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost				
At 1 January 2018	-	208	1,351	1,559
Additions	-	12	359	371
Disposals	-	-	(167)	(167)
At 31 December 2018, *as previously reported*	-	220	1,543	1,763
Adjustment on initial application of MFRS 16	514	-	-	514
At January 2019, *as restated/* At 31 December 2019	514	220	1,543	2,277
Depreciation				
At 1 January 2018	-	199	1,278	1,477
Depreciation for the year	-	5	52	57
Disposals	-	-	(114)	(114)
At 31 December 2018, *as previously reported*	-	204	1,216	1,420
Adjustment on initial application of MFRS 16	86	-	-	86
At January 2019, *as restated*	86	204	1,216	1,506
Depreciation for the year	86	6	72	164
At 31 December 2019	172	210	1,288	1,670
Carrying amounts				
At 1 January 2018	-	9	73	82
At 31 December 2018	-	16	327	343
At 1 January 2019	428	16	327	771
At 31 December 2019	342	10	255	607

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

4.1 Impairment loss

During the financial year ended 31 December 2019, the Group has recognised an impairment loss of RM9,770,000 in respect of land and buildings which are mainly reported in the segment of vehicle assembly, manufacturing, distribution and after-sales service (2018: RM11,580,000 in respect of idle technical facilities). The impairment arose from the revaluation exercise.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 Right-of-use assets

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

Group	Long term leasehold land RM'000	Buildings RM'000	Plant, machinery and equipment RM'000	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost/Valuation						
At 1 January 2019	594,483	99,435	45	961	386	695,310
Additions	7,786	10,390	216	1,325	212	19,929
Revaluation	149,965	-	-	-	-	149,965
Less: Elimination of accumulated depreciation	(46,730)	-	-	-	-	(46,730)
Transfers	* (785)	-	-	-	-	(785)
Effects of movement in exchange rates	(906)	(87)	-	-	-	(993)
At 31 December 2019	703,813	109,738	261	2,286	598	816,696
Cost/Valuation						
Representing items:						
- at cost	-	109,738	261	2,286	598	112,883
- at valuation	703,813	-	-	-	-	703,813
At 31 December 2019	703,813	109,738	261	2,286	598	816,696

* Transferred from/(to) Investment properties (Note 5).

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.2 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
Depreciation and impairment loss						
At 1 January 2019						
Accumulated depreciation	35,998	26,481	11	131	160	62,781
Accumulated impairment loss	2,112	-	-	-	-	2,112
	38,110	26,481	11	131	160	64,893
Depreciation for the year	10,879	21,372	38	914	189	33,392
Impairment loss	613	-	-	-	-	613
Elimination on revaluation	(46,730)	-	-	-	-	(46,730)
Effects of movement in exchange rates	(147)	(31)	-	-	-	(178)
At 31 December 2019						
Accumulated depreciation	-	47,822	49	1,045	349	49,265
Accumulated impairment loss	2,725	-	-	-	-	2,725
	2,725	47,822	49	1,045	349	51,990
Carrying amounts						
At 1 January 2019	556,373	72,954	34	830	226	630,417
At 31 December 2019	701,088	61,916	212	1,241	249	764,706

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

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.3 Property, plant and equipment under revaluation model

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

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

	Freehold land RM'000	Long term leasehold land (Note a) RM'000	Buildings RM'000	Total RM'000
Group				
2019				
Cost	164,865	268,214	545,358	978,437
Accumulated depreciation	-	(59,564)	(146,261)	(205,825)
Accumulated impairment loss	(4,230)	(2,725)	(9,889)	(16,844)
	160,635	205,925	389,208	755,768
2018				
Cost	156,866	142,475	436,858	736,199
Accumulated depreciation	-	(55,623)	(135,391)	(191,014)
Accumulated impairment loss	(472)	(2,112)	(4,490)	(7,074)
	156,394	84,740	296,977	538,111

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2019				
Freehold land	-	-	486,103	486,103
Long term leasehold land	-	-	702,957	702,957
Buildings	-	-	623,454	623,454
	-	-	1,812,514	1,812,514
2018				
Freehold land	-	-	462,597	462,597
Long term leasehold land	-	-	471,276	471,276
Buildings	-	-	540,038	540,038
	-	-	1,473,911	1,473,911

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

4. PROPERTY, PLANT AND EQUIPMENT (continued)

4.3 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 RM39 to RM487 (2018: RM36 to RM574) whereas properties in Vietnam range from RM35 to RM62 (2018: RM33) per square foot.

4.4 Titles

The titles to certain properties with a total value of RM14,655,000 (2018: RM32,888,000) have yet to be issued by the relevant authorities.

5. INVESTMENT PROPERTIES

	Freehold land RM'000	Long term leasehold land RM'000	Buildings RM'000	Total RM'000
Group				
At 1 January 2018	136,754	14,575	50,671	202,000
Transfer	* 2,850	-	* (1,300)	1,550
Change in fair value recognised in profit or loss	3,726	1,530	(1,430)	3,826
At 31 December 2018/1 January 2019	143,330	16,105	47,941	207,376
Transfer	* 3,406	* 785	* 4,639	8,830
Change in fair value recognised in profit or loss	104	350	65	519
At 31 December 2019	146,840	17,240	52,645	216,725

* Transferred from/(to) Property, plant and equipment (Note 4).

The operating lease payments to be received are as follows:

	Group	
	2019 RM'000	2018 RM'000
Less than one year	4,269	4,500
One to two years	2,010	4,269
Two to three years	567	2,010
Three to four years	8	567
Total undiscounted lease payments	6,854	11,346

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
2019				
Freehold land	-	-	146,840	146,840
Long term leasehold land	-	-	17,240	17,240
Buildings	-	-	52,645	52,645
	-	-	216,725	216,725
2018				
Freehold land	-	-	143,330	143,330
Long term leasehold land	-	-	16,105	16,105
Buildings	-	-	47,941	47,941
	-	-	207,376	207,376

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.

5. INVESTMENT PROPERTIES (continued)

Fair value information (continued)

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 RM14 to RM1,906 (2018: RM14 to RM1,906).

6. PREPAID LEASE PAYMENTS

	Group RM'000
Leasehold land	
Cost	
At 1 January 2018	55,741
Additions	1,066
Effects of movement in exchange rates	(1,378)
At 31 December 2018, *as previously stated*	55,429
Adjustment on initial application of MFRS 16	(55,429)
At 1 January 2019, *as restated*	-

6. PREPAID LEASE PAYMENTS (continued)

	Group RM'000
Amortisation	
At 1 January 2018	10,132
Amortisation for the year	2,087
Effects of movement in exchange rates	(226)
At 31 December 2018, *as previously stated*	11,993
Adjustment on initial application of MFRS 16	(11,993)
At 1 January 2019, *as restated*	-
Carrying amount	
At 1 January 2018	45,609
At 31 December 2018	43,436
At 31 December 2019	-

As at 1 January 2019, the prepaid lease payments balances of RM43,436,000 are reclassified as right-of-use assets under property, plant and equipment based on the respective underlying assets following the adoption of MFRS 16.

7. INTANGIBLE ASSETS

Group	Note	Goodwill RM'000
Cost		
At 1 January 2018		14,592
Acquisition through business combination		111
At 31 December 2018/1 January 2019/31 December 2019		14,703
Impairment loss		
At 1 January 2018		-
Impairment loss	7.1	13,944
At 31 December 2018/1 January 2019/31 December 2019		13,944
Carrying amounts		
At 1 January 2018		14,592
At 31 December 2018/1 January 2019/31 December 2019		759

7. INTANGIBLE ASSETS (continued)

7.1 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	
	2019	2018
	RM'000	RM'000
(i) Malaysia property	648	648
(ii) Vietnam vehicles distribution network	13,944	13,944
(iii) Travel agency and transportation services	111	111
	14,703	14,703
Less: Impairment loss	(13,944)	(13,944)
	759	759

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

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

Arising from discussions between ETCMV and NML, both parties have mutually agreed via Letter of Agreement dated 6 September 2019 for an extension of the said notice period from 10 September 2019 to 30 September 2020. The Joint Venture Agreement may be terminated on 30 September 2020, subject to continuous negotiation by both parties.

8. INVESTMENTS IN SUBSIDIARIES

	Company	
	2019	2018
	RM'000	RM'000
Investments at cost	1,746,421	1,728,921
Less: Impairment loss	(40,738)	(40,738)
	1,705,683	1,688,183

8. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are in Note 37.

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. and TC Sri Amar Sdn. Bhd., the Directors have determined that the Group controls these two entities. The Group has de facto control over these entities because the Group has held significantly more power over these entities 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	NVL	TCEAS (Thai)	Other individually immaterial subsidiaries	Total
2019	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	28,864	(27,065)	(8,631)	(4,716)	(11,548)
Total comprehensive income/ (loss) allocated to NCI	6,663	2,049	(1,093)	(800)	6,819
2018					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	22,835	(29,114)	(7,538)	(3,916)	(17,733)
Total comprehensive income/ (loss) allocated to NCI	2,263	(3,546)	(640)	(999)	(2,922)

8. INVESTMENTS IN SUBSIDIARIES (continued)

Non-controlling interests in subsidiaries (continued)

Summarised financial information before intra-group elimination

2019	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000
As at 31 December			
Non-current assets	63,092	7,919	1,273
Current assets	90,503	(4,561)	1,341
Non-current liabilities	(13,456)	-	-
Current liabilities	(43,927)	(107,456)	(19,537)
Net assets/(liabilities)	96,212	(104,098)	(16,923)
Year ended 31 December			
Revenue	123,142	362,603	1,563
Profit/(loss) for the year	9,706	6,487	(1,129)
Total comprehensive income/(loss)	22,210	7,881	(2,143)
Cash flows used in operating activities	(2,669)	(25,288)	(1,833)
Cash flows from/(used in) investing activities	3,425	(13,018)	(91)
Cash flows (used in)/from financing activities	(1,000)	(23,451)	1,768
Net decrease in cash and cash equivalents	(244)	(61,757)	(156)
Dividend paid to NCI	300	-	-

2018	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000
As at 31 December			
Non-current assets	55,263	13,135	1,065
Current assets	95,214	5,150	1,513
Non-current liabilities	(8,112)	-	-
Current liabilities	(66,248)	(130,264)	(17,358)
Net assets/(liabilities)	76,117	(111,979)	(14,780)
Year ended 31 December			
Revenue	124,907	329,649	1,755
Profit/(loss) for the year	7,542	(16,238)	(857)
Total comprehensive income/(loss)	7,543	(13,640)	(1,255)
Cash flows (used in)/from operating activities	(816)	62,515	(1,356)
Cash flows (used in)/from investing activities	(2,124)	(1,111)	319
Cash flows (used in)/from financing activities	(1,000)	(18,487)	1,133
Net (decrease)/increase in cash and cash equivalents	(3,940)	42,917	96
Dividend paid to NCI	300	-	-

9. EQUITY-ACCOUNTED INVESTEES

		Group		Company	
	Note	**2019**	**2018**	**2019**	**2018**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Interests in associates	a	58,919	55,236	25,490	25,490
Interest in joint venture	b	2,892	2,678	1,406	1,406
		61,811	57,914	26,896	26,896

(a) Interests in associates

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Unquoted shares, at cost:				
In Malaysia	20,585	20,585	13,243	13,243
Outside Malaysia	12,247	12,247	12,247	12,247
Share of post-acquisition reserve	26,087	22,404	-	-
	58,919	55,236	25,490	25,490

Details of the material associates are as follows:

Name of entity	**Principal place of business/Country of incorporation**	**Principal activities**	**Effective ownership interest and voting interest 2019 %**	**Effective ownership interest and voting interest 2018 %**
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
Kanzen Energy Ventures Sdn. Bhd. ("KEV")	Malaysia	Investment holding	25.00	25.00
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

9. 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
Summarised financial information				
As at 31 December 2019				
Non-current assets	40,211	19,710	10,411	38,827
Current assets	15,646	69,573	8,600	42,719
Non-current liabilities	-	-	-	(4,347)
Current liabilities	(809)	(26,535)	(49)	(16,338)
Net assets	55,048	62,748	18,962	60,861
Year ended 31 December 2019				
Profit for the year	861	1,074	2,116	3,160
Other comprehensive income	-	4,010	-	-
Total comprehensive income	861	5,084	2,116	3,160
Included in the total comprehensive income is:				
Revenue	692	2,037	3,009	93,531

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2019					
Group's share of net assets	13,487	28,519	4,741	12,172	58,919
Group's share of results for the year ended 31 December 2019					
Group's share of profit for the year	211	488	529	632	1,860
Group's share of other comprehensive income	-	1,823	-	-	1,823
Group's share of total comprehensive income	211	2,311	529	632	3,683
Other information					
Dividends received by the Group	-	-	-	-	-

9. EQUITY-ACCOUNTED INVESTEES (continued)

(a) Interests in associates (continued)

Group	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000
Summarised financial information				
As at 31 December 2018				
Non-current assets	40,216	8,998	10,411	27,818
Current assets	14,879	64,153	6,479	55,308
Non-current liabilities	-	-	-	(3,891)
Current liabilities	(908)	(15,487)	(44)	(21,534)
Net assets	54,187	57,664	16,846	57,701
Year ended 31 December 2018				
Profit/(loss) for the year	131	(3,417)	3,740	6,210
Other comprehensive income	-	1,732	-	-
Total comprehensive income/(loss)	131	(1,685)	3,740	6,210
Included in the total comprehensive income/ (loss) is:				
Revenue	149	1,106	4,437	98,301

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2018					
Group's share of net assets	13,276	26,208	4,212	11,540	55,236
Group's share of results for the year ended 31 December 2018					
Group's share of profit/(loss) for the year	32	(1,553)	935	1,242	656
Group's share of other comprehensive income	-	787	-	-	787
Group's share of total comprehensive income/(loss)	32	(766)	935	1,242	1,443
Other information					
Dividends received by the Group	-	-	2,500	-	2,500

9. EQUITY-ACCOUNTED INVESTEES (continued)

(b) Interest in joint venture

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Unquoted shares in Malaysia, at cost	500	500	1,406	1,406
Share of post-acquisition reserve	2,392	2,178	-	-
	2,892	2,678	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 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	
	2019	2018
Percentage of ownership and voting interest	50%	50%

	Group	
	2019	2018
Summarised financial information	RM'000	RM'000
As at 31 December		
Non-current assets	1,546	812
Current assets (including cash and cash equivalents)	6,513	6,764
Non-current liabilities	(137)	(124)
Current liabilities	(2,139)	(2,097)
Cash and cash equivalents	772	438
Year ended 31 December		
Profit and total comprehensive income	928	1,060
Included in the total comprehensive income are:		
Revenue	10,535	11,170
Depreciation and amortisation	-	91
Income tax expense	(316)	(252)

9. EQUITY-ACCOUNTED INVESTEES (continued)

(b) Interest in joint venture (continued)

	Group	
	2019	2018
Summarised financial information (continued)	RM'000	RM'000
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	2,892	2,678
Group's share of results for year ended 31 December		
Group's share of profit and total comprehensive income	464	530
Other information		
Dividend received by the Group	250	600

10. OTHER INVESTMENTS

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-current					
Fair value through profit or loss financial asset:					
Option	a	-	1	-	1
Asset-backed notes	b	-	-	138	138
		-	1	138	139
Current					
Fair value through profit or loss financial asset:					
Liquid investments in quoted unit trusts with licensed financial institutions		12,166	126,868	-	-
		12,166	126,869	138	139
Representing items:					
At fair value		12,166	126,869	138	139
		12,166	126,869	138	139

10. OTHER INVESTMENTS (continued)

Note a

The Company entered into a Subscription Option Agreement on 1 October 2009 with Kereta Komersil Seladang (M) Sdn. Bhd. (“Kereta Komersil”), a subsidiary of Warisan TC Holdings Berhad, pursuant to which the Company was granted an option to subscribe for up to such number of new ordinary shares of RM1.00 each in the capital of Kereta Komersil and shall be equivalent to 19% of the total and paid-up capital of Kereta Komersil after such subscription (“Option”). The Option was available for a period of ten (10) years from the date of the Subscription Option Agreement which has lapsed on 30 September 2019.

Note b

In June 2009, RM159 million nominal value of second series – 2009A medium term asset-backed notes (“Notes”) was issued by structured entity (“SE”). The Notes acquired by the Company comprise of Class A Notes, Class B Notes and Class C Notes. The proceeds from the issuance of the Notes were used by the SE for the acquisition of hire purchase receivables from Tan Chong & Sons Motor Company Sdn. Bhd. (“TCM”) and TC Capital Resources Sdn. Bhd. (“TCCR”). RM110 million of Class A Notes were issued to investors in the debt capital markets while the remaining Class A Notes, Class B Notes and Class C Notes were subscribed by the Company.

The maturity dates and coupon rates for the outstanding Notes held by the Company as of year end are as follows:

	Norminal value RM’000	Date of maturity	Coupon rate
2019			
Class C	2,200	December 2029	5.00%
2018			
Class C	2,200	December 2029	5.00%

11. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

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

	Assets		Liabilities		Net	
	2019	2018	2019	2018	2019	2018
Group	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Deferred tax assets/ (liabilities)						
Property, plant and equipment/investment properties						
- capital allowances/ right-of-use assets	-	-	(51,137)	(14,826)	(51,137)	(14,826)
- revaluation	-	-	(215,037)	(176,453)	(215,037)	(176,453)
Provisions and contract liabilities	87,911	95,995	-	-	87,911	95,995
Unabsorbed capital allowances	6,701	4,451	-	-	6,701	4,451
Unabsorbed reinvestment allowance	6,140	5,858	-	-	6,140	5,858
Tax losses carry-forwards	10,281	4,610	-	-	10,281	4,610
Lease liabilities	36,680	-	-	-	36,680	-
Net loss on unrealised foreign exchange	200	676	-	-	200	676
Other items	902	288	-	-	902	288
Tax assets/(liabilities)	148,815	111,878	(266,174)	(191,279)	(117,359)	(79,401)
Set off tax	(53,074)	(15,803)	53,074	15,803	-	-
Net tax assets/(liabilities)	95,741	96,075	(213,100)	(175,476)	(117,359)	(79,401)
Company						
Deferred tax assets						
Property, plant and equipment						
- capital allowances/ right-of-use assets	88	9	-	-	88	9
Provisions	10,049	11,263	-	-	10,049	11,263
Lease liabilities	-	-	(73)	-	(73)	-
Net tax assets	10,137	11,272	(73)	-	10,064	11,272

11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Recognised deferred tax assets/(liabilities) (continued)

Group's movement in temporary differences during the year:

	At 1.1.2018	Recognised in profit or loss (Note 27)	Effects of movement in exchange rate	Recognised in other comprehensive income (Note 28)	At 31.12.2018	Adjustment on initial application of MFRS 16	Adjusted 31.12.2018/ 1.1.2019	Recognised in profit or loss (Note 27)	Effects of movement in exchange rate	Recognised in other comprehensive income (Note 28)	At 31.12.2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
Property, plant and equipment/ investment properties											
- capital allowances/ right-of-use assets	(16,446)	1,620	-	-	(14,826)	(27,012)	(41,838)	(9,299)	-	-	(51,137)
- revaluation	(163,689)	2,570	-	(15,334)	(176,453)	-	(176,453)	3,308	-	(41,892)	(215,037)
Provisions and contract liabilities	58,430	37,565	-	-	95,995	-	95,995	(6,738)	-	(1,346)	87,911
Unabsorbed capital allowances	6,704	(2,253)	-	-	4,451	-	4,451	2,250	-	-	6,701
Unabsorbed reinvestment allowances	5,858	-	-	-	5,858	-	5,858	282	-	-	6,140
Tax losses carry-forwards	21,183	(22,304)	5,731	-	4,610	-	4,610	2,661	3,010	-	10,281
Lease liabilities	-	-	-	-	-	27,841	27,841	8,839	-	-	36,680
Net (gain)/loss on unrealised foreign exchange	(5,115)	5,791	-	-	676	-	676	(476)	-	-	200
Other items	1,214	(926)	-	-	288	-	288	614	-	-	902
	(91,861)	22,063	5,731	(15,334)	(79,401)	829	(78,572)	1,441	3,010	(43,238)	(117,359)

11. 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 1.1.2018 RM'000	Recognised in profit or loss (Note 27) RM'000	At 31.12.2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	Adjusted 31.12.2018/ 1.1.2019 RM'000	Recognised in profit or loss (Note 27) RM'000	Recognised in other comprehensive income (Note 28) RM'000	At 31.12.2019 RM'000
Company								
Property, plant and equipment								
– capital allowance/ right-of-use assets	27	(18)	9	(103)	(94)	182	-	88
Provisions	7,308	3,955	11,263	-	11,263	(295)	(919)	10,049
Lease liabilities	-	-	-	105	105	(178)	-	(73)
	7,335	3,937	11,272	2	11,274	(291)	(919)	10,064

Unrecognised deferred tax assets

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

	Group 2019 RM'000	Group 2018 RM'000
Unabsorbed capital allowances	58,953	30,965
Tax losses carry-forwards	314,743	315,239
Deductible temporary differences	6,476	4,174
Provisions	17,718	7,878
	397,890	358,256

Group

In accordance with the provision of Finance Act 2018 requirement, the unused tax losses for Malaysian entities are available for utilisation in the next seven (7) years from when it was incurred, for which, any excess at the end of the seventh year, shall be disregarded. 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 it can be utilised.

Included in tax losses carry-forwards is an amount of RM184,690,000 (VND1,031,785,000,000) (2018: RM189,239,000 (VND1,057,200,660,000)) (stated at gross) which will be expiring in financial years 2019 to 2023 for a subsidiary in Vietnam and an amount of RM128,092,000 (2018: RM123,163,000) (stated at gross) which will be expiring in financial year 2026 for subsidiaries in Malaysia.

12. HIRE PURCHASE RECEIVABLES

	Group 2019 RM'000	Group 2018 RM'000
Gross repayments receivables	846,859	1,000,124
Less: Unearned interest receivables	(166,003)	(211,516)
	680,856	788,608
Less: Impairment loss	(33,647)	(40,339)
	647,209	748,269
Current		
Hire purchase receivables	104,199	107,147
Less: Impairment loss	(8,769)	(14,261)
	95,430	92,886
Non-current		
Hire purchase receivables	576,657	681,461
Less: Impairment loss	(24,878)	(26,078)
	551,779	655,383
	647,209	748,269

	Gross repayments receivables 2019 RM'000	Unearned interest receivables 2019 RM'000	Present value of minimum hire purchase receivables 2019 RM'000	Gross repayments receivables 2018 RM'000	Unearned interest receivables 2018 RM'000	Present value of minimum hire purchase receivables 2018 RM'000
Group						
Current						
Less than one year	155,631	(51,432)	104,199	165,491	(58,344)	107,147
Non-current						
Between one and five years	622,778	(111,098)	511,680	670,352	(144,002)	526,350
After five years	68,450	(3,473)	64,977	164,281	(9,170)	155,111
	691,228	(114,571)	576,657	834,633	(153,172)	681,461
	846,859	(166,003)	680,856	1,000,124	(211,516)	788,608

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS

		Group		Company	
	Note	2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Non-current					
Amount due from subsidiaries	a	-	-	395,831	372,021
Less: Impairment loss		-	-	(5,738)	(10,338)
		-	-	390,093	361,683
Current					
Trade receivables	b	430,626	407,337	-	-
Less: Impairment loss		(27,142)	(45,871)	-	-
		403,484	361,466	-	-
Finance lease receivables	c	239	722	-	-
Other receivables	d	105,689	172,219	-	11
Amount due from subsidiaries	e	-	-	3,600	289,016
		509,412	534,407	3,600	289,027
Current					
Deposits		14,534	16,691	68	77
Prepayments	f	51,057	82,886	105	167
		65,591	99,577	173	244

Note a

The non-current amount due from subsidiaries is in respect of advances that are unsecured, not receivable within the next twelve months and subject to interest ranging from 4.68% to 6.05% (2018: 4.43% to 6.05%) per annum.

Note b

Included in trade receivables are amounts due from related parties of RM95,331,000 (2018: RM80,100,000).

Note c

	Group	
	2019	2018
	RM'000	RM'000
Finance lease receivables	254	813
Less: Unearned interest	(15)	(91)
	239	722

13. RECEIVABLES, DEPOSITS AND PREPAYMENTS (continued)

Note c (continued)

	Future minimum lease payments 2019 RM'000	Unearned interest 2019 RM'000	Present value of minimum lease payments 2019 RM'000	Future minimum lease payments 2018 RM'000	Unearned interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000
Group						
Current						
Less than one year	254	(15)	239	813	(91)	722

Note d
Included in other receivables are receivables from statutory relating to indirect taxes of RM54,814,000 (2018: RM72,750,000).

Note e
The current amount due from subsidiaries is in respect of advances that are unsecured, repayable on demand and subject to interest at 4.68% (2018: 4.43%) per annum.

Note f
As at 31 December 2019, there are prepayment made for inventories, property, plant and equipment amounting to RM31,809,000 (2018: RM70,787,000) for the Group.

14. INVENTORIES

	Group	
	2019 RM'000	**2018 RM'000**
Raw materials	18,086	16,294
Unassembled vehicle packs	512,759	464,001
Work-in-progress	29,158	6,802
Manufactured inventories and trading inventories	2,971	2,613
Used vehicles	20,967	10,787
New vehicles	730,967	535,140
Spare parts and others	212,161	203,113
	1,527,069	1,238,750
Recognised in profit or loss:		
Inventories recognised as cost of sales	3,075,356	3,551,654
Write-down to net realisable value	1,847	29,518
Reversal of write-down	4,032	5,098

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

15. CONTRACT ASSETS/(LIABILITIES)

15.1 Contract assets

Group	2019 RM'000	2018 RM'000
Opening balance	16,689	17,671
Addition by obligation performed but not billed during the year	17,663	16,689
Transfer from contract assets recognised at the beginning of the period to receivables	(16,689)	(17,671)
Ending balance	17,663	16,689
Current	17,663	16,689

The contract assets primarily relate to the Group's rights to consideration for work completed on assembly contracts but not yet billed at the reporting date. Typically, the amount will be billed within 30 days and payment is expected within 60 days.

15.2 Contract liabilities

Group	2019 RM'000	2018 RM'000
Opening balance	(59,336)	(43,412)
Revenue recognised that was included in the contract liability balance at the beginning of the period	16,203	7,581
Increase due to cash received, excluding amounts recognised as revenue during the period	(38,102)	(23,505)
Ending balance	(81,235)	(59,336)
Current	(21,565)	(11,333)
Non-current	(59,670)	(48,003)
	(81,235)	(59,336)

The contract liabilities primarily relate to the advance consideration from customers on free services, extended warranties and service contracts. Also, there are upfront fees received from customers to market and promote their products over 5 years.

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value 2019 RM'000	Assets 2019 RM'000	Liabilities 2019 RM'000	Nominal value 2018 RM'000	Assets 2018 RM'000	Liabilities 2018 RM'000
Group						
Derivatives designated as hedging instrument – forward exchange contracts	181,461	4,139	(690)	360,753	295	(1,527)

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 policy not to enter into hedging contracts, which in the aggregate relate to volumes that exceed its expected commercial requirements for imports.

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Cash and bank balances	201,509	350,731	3,457	2,108
Deposits with licensed banks	206,277	171,387	-	-
	407,786	522,118	3,457	2,108

18. SHARE CAPITAL AND RESERVES

	Group and Company			
	Number of shares 2019 '000	Amount 2019 RM'000	Number of shares 2018 '000	Amount 2018 RM'000
Ordinary shares, issued and fully paid				
At 1 January/31 December	672,000	336,000	672,000	336,000

18. SHARE CAPITAL AND RESERVES (continued)

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 via a resolution passed at the Annual General Meeting on 30 May 2019 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 60,000 (2018: 1,000) of its issued shares from the open market at price ranging from RM1.33 to RM1.35 (2018: RM1.77) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,400,000 (2018: 19,340,000). These transactions were financed by internally generated funds.

As at 31 December 2019, the number of outstanding shares in issue after deducting treasury shares held was 652,600,000 (2018: 652,660,000) ordinary shares.

The shares bought back are being held as treasury shares in accordance with Section 127 of the Companies Act 2016. Treasury shares have no rights to vote, dividends and participation in other distribution.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of the Group entities with functional currencies other than RM.

Revaluation reserve

This revaluation reserve relates to revaluation surplus arising from the valuation of land and buildings in property, plant and equipment under revaluation model or immediately prior to its reclassification as investment properties.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

19. BORROWINGS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Non-current				
Medium Term Notes ("MTNs") – unsecured	499,286	498,933	499,286	498,933
	499,286	498,933	499,286	498,933
Current				
Medium Term Notes ("MTNs") – unsecured	-	249,785	-	249,785
Term loans – unsecured	-	9,029	-	-
Bills payable – unsecured	171,886	8,256	-	-
Revolving credit – unsecured	924,968	757,243	-	-
	1,096,854	1,024,313	-	249,785
	1,596,140	1,523,246	499,286	748,718

On 24 November 2014, the Company issued MTNs amounting to RM750 million under MTNs Programme. The MTNs issued are as follows:

Tenure (years)	Interest rate (per annum)	Maturity date	Nominal value RM'000
5	4.5%	22 November 2019	250,000*
7	4.7%	24 November 2021	500,000
			750,000

** Redeemed on maturity date*

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 35.5.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2019

19. BORROWINGS (continued)

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

Group	At 1 January 2018 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31 December 2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 January 2019 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 2019 RM'000
Non-current												
Medium Term Notes ("MTNs") - unsecured	748,147	-	(249,214)	-	498,933	-	498,933	-	-	353	-	499,286
Current												
Medium Term Notes ("MTNs") - unsecured	-	-	249,785	-	249,785	-	249,785	(250,000)	-	215	-	-
Term loans - unsecured	33,018	(23,135)	-	(854)	9,029	-	9,029	(8,928)	-	-	(101)	-
Bills payable - unsecured	57,307	(49,051)	-	-	8,256	-	8,256	163,630	-	-	-	171,886
Revolving credit - unsecured	939,411	(184,297)	-	2,129	757,243	-	757,243	155,592	-	-	12,133	924,968
Lease liability	-	-	-	-	-	116,005	116,005	(21,256)	11,149	-	(490)	105,408
	1,029,736	(256,483)	249,785	1,275	1,024,313	116,005	1,140,318	39,038	11,149	215	11,542	1,202,262
Total liabilities from financing activities	1,777,883	(256,483)	571	1,275	1,523,246	116,005	1,639,251	39,038	11,149	568	11,542	1,701,548

Company	At 1 January 2018 RM'000	Other changes RM'000	At 31 December 2018 RM'000	Adjustment on initial application of MFRS 16 RM'000	At 1 January 2019 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	At 31 December 2019 RM'000
Non-current								
Medium Term Notes ("MTNs") - unsecured	748,147	(249,214)	498,933	-	498,933	-	353	499,286
Current								
Medium Term Notes ("MTNs") - unsecured	-	249,785	249,785	-	249,785	(250,000)	215	-
Lease liability	-	-	-	439	439	(134)	(2)	303
	-	249,785	249,785	439	250,224	(250,134)	213	303
Total liabilities from financing activities	748,147	571	748,718	439	749,157	(250,134)	566	499,589

20. EMPLOYEE BENEFITS

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Recognised liability for employee benefits	81,988	82,306	38,110	37,685

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	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Balance at 1 January	82,306	70,192	37,685	29,705
Included in profit or loss				
Current service cost	9,234	12,062	4,255	7,511
Interest cost	2,406	2,617	-	469
	11,640	14,679	4,255	7,980
Included in other comprehensive income				
Remeasurement:				
Actuarial loss/(gain) arising from:				
- Demographic assumptions	(5,329)	-	(2,025)	-
- Financial assumptions	6,575	-	98	-
- Experience adjustments	(10,889)	-	(1,903)	-
	(9,643)	-	(3,830)	-
Others				
Benefits paid	(2,315)	(2,565)	-	-
Balance at 31 December	81,988	82,306	38,110	37,685

20. EMPLOYEE BENEFITS (continued)

Actuarial assumptions

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

	Group and Company	
	2019	2018
	%	%
Discount rate	4.4	5.0 and 6.0
Future salary growth	5.5	5.5 and 6.5
Withdrawal rate	14.4	-

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
2019				
Discount rate (1% movement)	(5,069)	5,937	(439)	458
Future salary growth (1% movement)	3,666	(3,253)	109	(100)
Withdrawal rate (1% movement)	(2,179)	2,409	(98)	108
2018				
Discount rate (1% movement)	(4,265)	4,999	(91)	90
Future salary growth (1% movement)	4,684	(4,121)	105	(104)

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.

21. PAYABLES AND ACCRUALS

		Group		Company	
	Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Non-current					
Non-trade					
Amount due to subsidiaries	a	-	-	276,769	306,803
Current					
Trade					
Trade payables	b	336,669	421,486	-	-
Current					
Non-trade					
Payables and accruals		404,183	367,968	10,502	17,320
Amount due to subsidiaries	c	-	-	1,313	1,725
		404,183	367,968	11,815	19,045
		740,852	789,454	11,815	19,045
		740,852	789,454	288,584	325,848

Note a
The non-current amount due to subsidiaries is in respect of advances that are unsecured, not repayable within the next twelve months and are subject to interest at 6.05% (2018: 6.05%) per annum.

Note b
Included in trade payables are amount due to related parties of RM4,765,000 (2018: RM6,172,000).

Note c
The current amount due to subsidiaries are unsecured, repayable on demand and interest free in the financial year ended 31 December 2019 (2018: 4.38% to 4.64%).

22. REVENUE

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Revenue from contracts with customers	4,111,217	4,787,542	-	-
Other revenue				
Financial services revenue	61,230	70,664	-	-
Dividend income	-	-	104,400	93,950
Total revenue	4,172,447	4,858,206	104,400	93,950

22. REVENUE (continued)

22.1 Disaggregation of revenue from contracts with customers

Analysis of revenue from contracts with customers disaggregated by primary geographical markets, major products and services 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 31.

	Reportable Segments							
	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
Group	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**	**2019 RM'000**	**2018 RM'000**
Primary geographical markets								
Malaysia	3,163,065	3,847,545	80,857	91,885	17,923	15,178	3,261,845	3,954,608
Vietnam	560,571	654,470	-	-	321	-	560,892	654,470
Other countries	349,710	249,128	-	-	-	-	349,710	249,128
	4,073,346	4,751,143	80,857	91,885	18,244	15,178	4,172,447	4,858,206
Major products/service lines								
Manufacturing, assembly and distribution of passenger and commercial vehicles	3,656,857	4,337,484	-	-	-	-	3,656,857	4,337,484
After-sales services	416,489	413,659	-	-	-	-	416,489	413,659
Hire purchase financing	-	-	61,230	70,664	-	-	61,230	70,664
Insurance agency	-	-	19,627	21,221	-	-	19,627	21,221
Other income	-	-	-	-	18,244	15,178	18,244	15,178
	4,073,346	4,751,143	80,857	91,885	18,244	15,178	4,172,447	4,858,206
Timing and recognition								
At a point in time	3,835,163	4,508,646	19,627	21,221	9,446	8,094	3,864,236	4,537,961
Over time	238,183	242,497	-	-	8,798	7,084	246,981	249,581
Revenue from contracts with customers	4,073,346	4,751,143	19,627	21,221	18,244	15,178	4,111,217	4,787,542
Other revenue	-	-	61,230	70,664	-	-	61,230	70,664
	4,073,346	4,751,143	80,857	91,885	18,244	15,178	4,172,447	4,858,206

22. REVENUE (continued)

22.2 Transaction price allocated to the remaining performance obligation

As at 31 December 2019, the aggregated amount of revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date was RM81,235,000 (2018: RM59,336,000). This amount mainly represents the remaining performance obligations relating to extended warranty services and free maintenance services, where RM21,565,000 (2018: RM11,333,000) is expected to be recognised over the next year, while the remaining amount is expected to be recognised up to 6 years.

23. FINANCE INCOME

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income of financial assets that are not at fair value through profit or loss	10,888	7,453	26,710	29,031
Other finance income	10,335	14,756	-	-
Recognised in profit or loss	21,223	22,209	26,710	29,031

24. FINANCE COSTS

	Group		Company	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest expense of financial liabilities that are not at fair value through profit or loss				
- Term loans	776	746	-	-
- Bills payable	2,568	2,011	-	-
- Revolving credit	36,995	31,452	-	-
- Medium Term Notes	34,116	35,322	34,116	35,321
- Other borrowings	1,336	2,076	13,717	15,391
	75,791	71,607	47,833	50,712
Interest expense on lease liabilities	2,986	-	20	-
Recognised in profit or loss	78,777	71,607	47,853	50,712

25. PROFIT BEFORE TAX

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after crediting:				
Bad debts recovered	-	2	-	-
Dividend income from:				
- Unquoted subsidiaries	-	-	104,150	93,950
- Joint venture	-	-	250	600
Fair value adjustment on investment properties	519	3,826	-	-
Gain on disposal of property, plant and equipment	7,448	6,261	-	18
Interest income	21,223	22,209	26,710	29,031
Net gain on foreign exchange:				
- Unrealised	874	8,723	-	-
- Realised	1,768	12,795	-	-
Rental income on leased assets	1,502	1,637	-	-
Rental income on land and buildings	4,429	3,209	-	-
Reversal of impairment loss on:				
- Hire purchase receivables	6,692	-	-	-
- Trade receivables	18,729	-	-	-
- Amount due from subsidiaries	-	-	4,600	-
Reversal of write-down of inventories	4,032	5,098	-	-

25. PROFIT BEFORE TAX (continued)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit/(Loss) before tax is arrived at after charging:				
Audit fee				
Current year				
- KPMG Malaysia	656	623	61	59
- Overseas affiliates of KPMG Malaysia	143	158	-	-
- Other auditors	169	104	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	380	65	50	65
- Overseas affiliates of KPMG Malaysia	178	258	-	-
- Other auditors	39	13	-	-
Amortisation of prepaid lease payments	-	2,087	-	-
Bad debts written off	11,288	16,563	-	-
Depreciation of property, plant and equipment	137,012	98,267	164	57
Direct operating expenses of investment properties generating rental income	997	459	-	-
Expenses relating to short-term leases and leases of low-value assets (Note a)	4,390	-	-	-
Interest expense	78,777	71,607	47,853	50,712
Inventories written off	4	22	-	-
Write-down of inventories	1,847	29,518	-	-
Impairment loss on:				
- Property, plant and equipment	9,770	11,580	-	-
- Hire purchase receivables	-	15,690	-	-
- Trade receivables	-	21,274	-	-
- Investment in subsidiaries	-	-	-	20,100
- Amount due from subsidiaries	-	-	-	1,077
- Goodwill	-	13,944	-	-
Property, plant and equipment written off	921	1,129	-	-
Rental expense on:				
- Land and buildings	-	33,861	-	165
- Motor vehicles	-	2,504	-	-
Net loss on foreign exchange:				
- Unrealised	5,211	4,399	-	-
- Realised	5,321	3,381	-	-
Non-executive directors:				
- Fee	390	360	390	360
- Allowance and benefits	128	116	125	113

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.

25. PROFIT BEFORE TAX (continued)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging (continued):				
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	45,734	45,968	2,514	2,152
- Expenses related to defined benefit plans	11,640	14,679	4,256	7,980
- Wages, salaries and others	373,430	496,304	7,908	20,732
Warranty claim	2,086	1,483	-	-

26. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Executive directors:				
- Remunerations	23,259	20,305	16,066	13,914
- Other short term benefits	110	345	110	345
- Post-employment benefits	7,899	2,931	7,899	1,472
	31,268	23,581	24,075	15,731
Other key management personnel:				
- Remuneration and other short term employee benefits	13,889	5,136	-	-
- Post-employment benefits	1,023	399	-	-
	14,912	5,535	-	-
	46,180	29,116	24,075	15,731

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.

27. TAX EXPENSE/(INCOME)

	Group		Company	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Recognised in the profit or loss				
Income tax expense				
Income tax expense	69,966	97,537	-	-
(Over)/Under provided in prior years	(890)	575	-	-
	69,076	98,112	-	-
Deferred tax expense				
Reversal of temporary differences	(2,079)	(20,907)	412	(3,937)
Crystalisation of deferred tax liabilities arising from revaluation surplus	(3,308)	(2,570)	-	-
Under/(Over) provided in prior years	3,946	1,414	(121)	-
	(1,441)	(22,063)	291	(3,937)
	67,635	76,049	291	(3,937)
Reconciliation of tax expense				
Profit before tax	114,327	178,586	70,359	17,794
Income tax calculated using Malaysian tax rate of 24% (2018: 24%)	27,438	42,861	16,886	4,271
Effect of tax rates in foreign jurisdictions	2,584	209	-	-
Double deduction	(282)	(301)	-	-
Non-deductible expenses	42,522	39,255	8,586	14,348
Income not subject to tax	(13,277)	(5,634)	(25,060)	(22,556)
Tax incentives	(595)	(1,735)	-	-
Crystalisation of deferred tax liabilities arising from revaluation surplus	(3,308)	(2,570)	-	-
Recognition of deferred tax assets not previously recognised	(1,920)	-	-	-
Different tax rate for fair value in investment properties	(15)	(505)	-	-
Unrecognised deferred tax assets	11,432	2,480	-	-
	64,579	74,060	412	(3,937)
Under/(Over) provided in prior years	3,056	1,989	(121)	-
	67,635	76,049	291	(3,937)

28. OTHER COMPREHENSIVE INCOME/(LOSS)

	2019			2018		
	Before tax RM'000	Tax expense RM'000	Net of tax RM'000	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	9,643	(1,346)	8,297	-	-	-
Revaluation of property, plant and equipment	195,320	(41,892)	153,428	-	-	-
Effect of changes in tax rate on revalued property, plant and equipment	-	-	-	-	(15,334)	(15,334)
	204,963	(43,238)	161,725	-	(15,334)	(15,334)
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	3,044	-	3,044	(2,684)	-	(2,684)
Foreign currency translation differences for an equity-accounted associate	1,823	-	1,823	787	-	787
Cash flow hedge	5,004	-	5,004	(17,760)	-	(17,760)
	9,871	-	9,871	(19,657)	-	(19,657)
	214,834	(43,238)	171,596	(19,657)	(15,334)	(34,991)
Company						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement of defined benefit liability	3,830	(919)	2,911	-	-	-
	3,830	(919)	2,911	-	-	-

29. BASIC EARNINGS PER ORDINARY SHARE

Group

Basic earnings per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2019 was based on the profit attributable to ordinary shareholders of RM43,645,000 (2018: RM105,932,000) and the weighted average number of ordinary shares outstanding during the year of 652,600,000 (2018: 652,660,000).

Weighted average number of ordinary shares

	Group	
	2019	**2018**
	'000	**'000**
Issued ordinary shares at 1 January	652,660	652,661
Effect of treasury shares held	(60)	(1)
Weighted average number of ordinary shares at 31 December	652,600	652,660

30. DIVIDENDS

Dividends recognised in the current year and previous year by the Company are:

	Sen per share	Total RM'000	Date of payment
2019			
Interim 2019 ordinary	2.00	13,053	30 September 2019
Final 2018 ordinary	2.00	13,053	28 June 2019
Total		26,106	
2018			
Interim 2018 ordinary	2.00	13,053	28 September 2018
Final 2017 ordinary	1.00	6,527	21 June 2018
Total		19,580	

Proposed final dividend

After the end of the reporting period, a final single tier dividend of 2 sen per share totaling RM13,053,000 (2018: 2 sen per share totaling RM13,053,000) in respect of the year ended 31 December 2019 was recommended by the Directors. This dividend will be recognised in subsequent financial period upon approval by the shareholders of the Company at the forthcoming Annual General Meeting.

31. OPERATING SEGMENTS

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately. The following summary describes the operations in each of the Group's reportable segments:

- *Vehicles assembly, manufacturing, distribution and after-sales services:* Business in assembly and distribution of passenger and commercial vehicles, automotive workshop services, distribution of automotive spare parts and manufacturing of automotive parts.

- *Financial services:* Business in provision of hire purchase financing, personal loans and insurance agency.

- *Other operations:* Business in property and investment holding activities.

Performance is measured based on segment earnings before interest, taxation, depreciation and amortisation ("EBITDA"), as included in the internal management reports that are reviewed by the Chief Operating Decision Makers ("CODM"). Segment profit 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 2019 and 2018.

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.

31. OPERATING SEGMENTS (continued)

(a) Business segment

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
External revenue	4,073,346	4,751,143	80,857	91,885	18,244	15,178	4,172,447	4,858,206
Inter-segment revenue	2,713	7,882	1,526	53	69,581	71,264	73,820	79,199
Segment EBITDA	300,572	308,492	26,394	23,266	1,187	17,318	328,153	349,076
Depreciation and amortisation	(110,496)	(80,354)	(1,812)	(612)	(24,704)	(19,388)	(137,012)	(100,354)
Finance costs	(54,023)	(49,683)	(654)	(1,289)	(24,100)	(20,635)	(78,777)	(71,607)
Finance income	6,331	2,258	487	793	14,405	19,158	21,223	22,209
Share of profit of equity-accounted investees, net of tax	1,307	1,804	488	(1,553)	529	935	2,324	1,186
Unallocated corporate expenses							(21,584)	(21,924)
Profit before tax							114,327	178,586
Tax expense							(67,635)	(76,049)
Profit for the year							46,692	102,537

(b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
External revenue	3,261,845	3,954,608	560,892	654,470	349,710	249,128	4,172,447	4,858,206
Segment EBITDA	317,720	324,603	(11,747)	12,429	22,180	12,044	328,153	349,076

32. COMMITMENTS

Capital commitments

	Group	
	2019 RM'000	2018 RM'000
Property, plant and equipment:		
Authorised but not contracted for	148,366	110,455
Contracted but not provided for		
In Malaysia	54,764	36,406
Outside Malaysia	133,560	34,358
	336,690	181,219

33. 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 TCM (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 solicitors had, on 5 June 2019, advised that the Supreme Court in Phnom Penh had, vide oral judgment, upheld and concurred with the decision of the Court of Appeal as follows:

(a) the non-existence of the agreement between ETCM (C) and TCMC with Narita; and

(b) Narita is to stop using the Nissan mark in all its business operations and remove the Nissan mark and stop using it in the billboards and advertisements of any kind.

However, the Supreme Court had: -

(i) dismissed the Court of Appeal's decision on the following:

  a) that ETCM (C) and TCMC were to pay damages to Narita of the amount of USD329,207 based on the reason that such decision is unclear; and

  b) Narita should not incur the entire litigation cost based on the reason that this order is not within the provision of the Cambodian legal provisions;

(ii) also considered the Court of Appeal had omitted to decide on the compensation claimed by ETCM (C) and TCMC.

As such, the Supreme Court had made a ruling to return the appeal case to the Court of Appeal to hear and make a new decision based on reasonings of the Supreme Court as above.

Both ETCM (C) and TCMC are awaiting the summon from the Court of Appeal for hearing on the above points dismissed by the Supreme Court.

The management is of the view that the financial impact of this matter is not foreseen to be substantial.

33. CONTINGENCIES (continued)

(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, a sealed copy of a Notice of Application for Injunction dated 12 August 2017 and supporting Affidavit 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 were owing to TCIE outstanding rentals and service bills amounting to RM32,920,575 ("Debt").

TCIE negotiated with the Debtors on the settlement of the Debt on many occasions and after lengthy negotiations, the Debtors and KTB mutually agreed to enter into a Settlement Agreement with TCIE on 4 July 2016 to settle the same by way of (i) repayment of the amount of RM16,920,575 in cash in several instalments; and (ii) transfer of a piece of land held under H.S.(D) 87546, PT No. 7929, Bandar Ampang, Daerah Ulu Langat, Negeri Selangor ("Land") owned by MHSB to TCIE for the settlement of the balance Debt of RM16,000,000 ("Balance Debt") ("Settlement Agreement").

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

Pursuant to the Action, the Plaintiffs sought, amongst others, an injunction to restrain TCIE from proceeding with the repossession and disposal of the vehicles and to restrain TCIE from entering into any dealing in relation to the Land, as well as a declaration that the value of the Land was RM55,600,000 and repayment of the sum of RM22,679,425 to MHSB ("Plantiffs' Claim").

TCIE subsequently 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 9 January 2018, the Plaintiffs filed an appeal with the Court of Appeal against the High Court Striking Out Order ("Plaintiff's Appeal").

The Court of Appeal fixed the final case management on 2 November 2018 and hearing of the Plaintiffs' Appeal on 15 November 2018.

On 15 November 2018, TCIE's solicitors informed that the Court of Appeal, after hearing submissions of both parties, 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"). The Court of Appeal further directed the Plaintiffs' Claim to be re-fixed for case management on 27 November 2018 in the High Court for a full trial.

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"). At the hearing of the Leave Application on 13 May 2019, the Federal Court directed for the grounds of judgment of the Court of Appeal to be obtained and for parties to attend before the Federal Court Registrar to fix the next hearing date.

33. CONTINGENCIES (continued)

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

The hearing of TCIE's Leave Application to the Federal Court was then fixed on 23 July 2019 but was subsequently vacated as there was a re-arrangement of the Federal Court's hearing list.

On 8 July 2019, the Federal Court stated that a hearing date would only be fixed after the grounds of judgment of the Court of Appeal had been obtained.

The next case management was fixed on 17 June 2020, pending the grounds of judgment of the Court of Appeal.

On 27 November 2018, the case management for the Plaintiffs' Claim in the High Court was re-fixed on 13 December 2018.

On 13 December 2018, during the case management before the High Court:-

1. the Plaintiffs withdrew their injunction application with no order as to costs; and

2. the High Court fixed the next case management on 29 January 2019 and the trial dates on September 10, 11, 12 and 13, 2019 being the earliest dates available for trial.

The next case management before the High Court was fixed on 14 March 2019 for compliance of pre-trial directions by the parties.

The Plaintiffs' solicitors then filed an application for discovery on 8 April 2019 and the decision in respect of the said discovery application was delivered on 11 July 2019. The High Court allowed, in part, the Plaintiffs' application for discovery (i.e. which required production of copies of the 3 valuation reports as referred to in the minutes of the meeting between parties 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 with the Court of Appeal against the High Court Discovery Order. The matter was fixed for case management before the Court of Appeal on 4 September 2019, 16 October 2019 and 10 December 2019. The Court of Appeal fixed a further case management on 11 February 2020, pending the delivery of the grounds of judgment and notes of proceedings from the High Court in respect of the High Court Discovery Order.

Subsequently, on 28 January 2020, the High Court delivered the grounds of judgment and notes of proceedings in respect of the High Court Discovery Order.

On 11 February 2020, the hearing of the appeal against the High Court Discovery Order was fixed on 23 July 2020 and the next case management was fixed on 13 July 2020, for parties to file written submissions.

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 ("Stay Application").

33. CONTINGENCIES (continued)

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

On 5 September 2019, the High Court decided the following: -

1. The High Court allowed the Stay Application pending the disposal of TCIE's appeal to the Court of Appeal against the High Court Discovery Order and TCIE's Leave Application to the Federal Court;

2. the trial date initially fixed on 10 September 2019 was vacated; and

3. the trial date was tentatively re-fixed on 27 November 2019 subject to whether TCIE's appeal to the Court of Appeal against the High Court Discovery Order and TCIE's Leave Application to the Federal Court would be fixed by then.

On 13 November 2019, the tentative trial date of 27 November 2019 was vacated. The matter was transferred to a different High Court judge and fixed for case management on 10 December 2019.

The matter was fixed for further case management on 10 December 2019, 9 March 2020 and 15 April 2020, to update the High Court on the status of TCIE's appeal to the Court of Appeal against the High Court Discovery Order and TCIE's Leave Application to the Federal Court.

On 10 April 2020, the Government of Malaysia announced that the Movement Control Order would be extended until 28 April 2020. The civil courts remain closed and the case management on 15 April 2020 was vacated. TCIE's solicitors are currently seeking further directions from the High Court as to the next case management date before the High Court.

The management is of the opinion that TCIE has reasonably good chance of succeeding in the court case in view the action is without any legal basis by the Plantiff.

(c) Malaysian Customs Audit Matter

On 27 May 2020, the Board of Directors has announced to the Bursa Malaysia that a subsidiary of the Company, namely Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), has on 22 May 2020 received bills of demand dated 15 May 2020 from the Royal Malaysian Customs Department ("RMCD") amounting to RM180 million for excise duty in respect of the period from 1 November 2016 to 31 October 2019.

TCMA does not admit to any liability on the bills of demand made by RMCD and has filed an appeal to the Director General of RMCD on this matter. In view of discussions with RMCD that are still ongoing and as allowed under paragraph 92 of MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*, the Company is not in a position to disclose any further information on grounds that it can be prejudicial to the outcome of the discussions.

34. 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.

34. RELATED PARTIES (continued)

Identity of related parties (continued)

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 37.
(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") Groups, companies in which a Director of the Company, Dato' Tan Heng Chew, is deemed to have substantial financial interests, are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
With WTCH Group		
Purchases	(50,722)	(28,370)
Sales	55,461	46,558
Insurance agency, workshop services and administrative services	4,939	5,163
Travel agency and car rental services	(3,211)	(7,546)
Rental income receivable	1,918	778
Rental expense payable	(1,016)	(969)
Contract assembly fee receivable	7,701	9,806
With APM Group		
Purchases	(101,944)	(110,048)
Sales	26,347	28,496
Insurance agency, workshop services and administrative services	2,158	1,053
Rental income receivable	339	304
Rental expense payable	(1,556)	(1,561)
With TCIL Group		
Sales	7,921	3,817
Contract assembly fee receivable	17,931	26,698

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

34. RELATED PARTIES (continued)

Significant related party transactions (continued)

(ii) Significant transactions with Nissan Motor Co., Ltd. Group, which is a substantial shareholder of the Company, are as follows:

	Group	
	2019	**2018**
	RM'000	**RM'000**
Purchases	(1,541,013)	(1,832,116)
Technical assistance fee and royalty	(18,768)	(10,565)

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	
	2019	**2018**
	RM'000	**RM'000**
Purchases	(59,903)	(47,031)
Technical assistance fee	(43)	(314)

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

(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, has 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.

34. RELATED PARTIES (continued)

Significant related party transactions (continued)

(iv) Significant transactions with Auto Dunia Sdn. Bhd. (continued):

	Group	
	2019	**2018**
	RM'000	**RM'000**
Purchases	(461,856)	(544,384)
Sales	24,094	25,346
Insurance agency, workshop services and administrative services	25	38
Rental income receivable	295	295

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

(v) Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:

	Company	
	2019	**2018**
	RM'000	**RM'000**
Subsidiaries		
Dividend income receivable	104,400	93,950
Interest income receivable	26,486	28,893
Management fees payable	(894)	(881)
Rental expense payable	-	(165)
Interest expense payable	(13,717)	(15,391)

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 13 and Note 21.

There are no significant transactions with the key management personnel in the Group other than disclosed in Note 26.

35. FINANCIAL INSTRUMENTS

35.1 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");
  (i) Mandatorily required by MFRS 9;
  (ii) Designated upon initial recognition ("DUIR"); and
(c) Derivatives designated as hedging instruments.

2019	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL-DUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Group					
Other investments	12,166	-	12,166	-	-
Trade and other receivables	*454,359	454,359	-	-	-
Hire purchase receivables	647,209	647,209	-	-	-
Finance lease receivables	239	239	-	-	-
Deposits	14,534	14,534	-	-	-
Derivative financial assets	4,139	-	-	-	4,139
Cash and cash equivalents	407,786	407,786	-	-	-
	1,540,432	1,524,127	12,166	-	4,139
Company					
Other investments	138	-	138	-	-
Amount due from subsidiaries	393,693	393,693	-	-	-
Deposits	68	68	-	-	-
Cash and cash equivalents	3,457	3,457	-	-	-
	397,356	397,218	138	-	-
Financial liabilities					
Group					
Borrowings	(1,596,140)	(1,596,140)	-	-	-
Payables and accruals	(740,852)	(740,852)	-	-	-
Derivative financial liabilities	(690)	-	-	-	(690)
	(2,337,682)	(2,336,992)	-	-	(690)
Company					
Borrowings	(499,286)	(499,286)	-	-	-
Payables and accruals	(288,584)	(288,584)	-	-	-
	(787,870)	(787,870)	-	-	-

* excludes non-financial instruments.

35. FINANCIAL INSTRUMENTS (continued)

35.1 Categories of financial instruments (continued)

2018	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL-DUIR RM'000	Derivatives used for hedging RM'000
Financial assets					
Group					
Other investments	126,869	-	126,868	1	-
Trade and other receivables	*460,935	460,935	-	-	-
Hire purchase receivables	748,269	748,269	-	-	-
Finance lease receivables	722	722	-	-	-
Deposits	16,691	16,691	-	-	-
Derivative financial assets	295	-	-	-	295
Cash and cash equivalents	522,118	522,118	-	-	-
	1,875,899	1,748,735	126,868	1	295
Company					
Other investments	139	-	138	1	-
Amount due from subsidiaries	650,699	650,699	-	-	-
Other receivables	11	11	-	-	-
Deposits	77	77	-	-	-
Cash and cash equivalents	2,108	2,108	-	-	-
	653,034	652,895	138	1	-
Financial liabilities					
Group					
Borrowings	(1,523,246)	(1,523,246)	-	-	-
Payables and accruals	(789,454)	(789,454)	-	-	-
Derivative financial liabilities	(1,527)	-	-	-	(1,527)
	(2,314,227)	(2,312,700)	-	-	(1,527)
Company					
Borrowings	(748,718)	(748,718)	-	-	-
Payables and accruals	(325,848)	(325,848)	-	-	-
	(1,074,566)	(1,074,566)	-	-	-

* excludes non-financial instruments.

35. FINANCIAL INSTRUMENTS (continued)

35.2 Net gains and losses arising from financial instruments

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	10,335	14,756	-	-
Financial assets at amortised cost	86,251	24,592	26,710	29,031
Financial liabilities at amortised cost	(83,148)	(57,868)	(47,833)	(50,712)
Derivatives designated as hedging instruments	5,004	(17,760)	-	-
	18,442	(36,280)	(21,123)	(21,681)

35.3 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

35.4 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.

35. FINANCIAL INSTRUMENTS (continued)

35.4 Credit risk (continued)

Receivables and contract assets (continued)

Risk management objectives, policies and processes for managing the risk (continued)

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.

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 past two 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 will 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 will estimates based on the financing portfolio data including historical non-performing loans delinquency rates and average loss appropriate to the portfolio and forward-looking adjustments.

35. FINANCIAL INSTRUMENTS (continued)

35.4 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
2019			
Current (Not past due)	193,559	(316)	193,243
Past due 1 – 30 days	51,469	(326)	51,143
Past due 31 – 90 days	31,866	(672)	31,194
	276,894	(1,314)	275,580
Credit impaired			
Past due more than 90 days	97,656	(7,450)	90,206
Individually impaired	56,076	(18,378)	37,698
	430,626	(27,142)	403,484
Trade receivables	430,626	(27,142)	403,484
Contract assets	17,663	-	17,663
	448,289	(27,142)	421,147
2018			
Current (Not past due)	225,889	(776)	225,113
Past due 1 – 30 days	45,135	(751)	44,384
Past due 31 – 90 days	34,241	(2,886)	31,355
	305,265	(4,413)	300,852
Credit impaired			
Past due more than 90 days	45,996	(6,557)	39,439
Individually impaired	56,076	(34,901)	21,175
	407,337	(45,871)	361,466
Trade receivables	407,337	(45,871)	361,466
Contract assets	16,689	-	16,689
	424,026	(45,871)	378,155

35. FINANCIAL INSTRUMENTS (continued)

35.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(a) Trade receivables and contract assets (continued)

The movements in the allowance for impairment in respect of trade receivables are shown below:

	Trade receivables		
	Lifetime ECL RM'000	**Credit impaired RM'000**	**Total RM'000**
Balance as at 1 January 2018	4,758	20,632	25,390
Amounts written off	(345)	(448)	(793)
Net remeasurement of loss allowance	-	21,274	21,274
Balance as at 31 December 2018/1 January 2019	4,413	41,458	45,871
Amounts written off	-	-	-
Net remeasurement of loss allowance	(3,099)	(15,630)	(18,729)
Balance as at 31 December 2019	1,314	25,828	27,142

There was no allowance for impairment made on contract assets in year 2019 and 2018.

No trade receivables were written off in the financial year ended 31 December 2019 (2018: RM793,000).

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2019:

- Decrease in the Group's credit impaired balance in Vietnam of RM16,523,000 after the debt offset arrangement agreed by customer which resulted decrease in the Group's impairment allowances in 2019 of RM18,729,000.

35. FINANCIAL INSTRUMENTS (continued)

35.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(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
2019			
Current (Not past due)	322,301	(430)	321,871
Past due 1 – 30 days	172,404	(239)	172,165
Past due 31 – 90 days	143,313	(2,327)	140,986
	638,018	(2,996)	635,022
Credit impaired			
Past due more than 90 days	28,479	(20,309)	8,170
Individually impaired	14,359	(10,342)	4,017
	680,856	(33,647)	647,209
Hire purchase receivables	680,856	(33,647)	647,209
2018			
Current (Not past due)	591,362	(3,020)	588,342
Past due 1 – 30 days	118,105	(1,311)	116,794
Past due 31 – 90 days	42,889	(6,151)	36,738
	752,356	(10,482)	741,874
Credit impaired			
Past due more than 90 days	24,869	(21,479)	3,390
Individually impaired	11,383	(8,378)	3,005
	788,608	(40,339)	748,269
Hire purchase receivables	788,608	(40,339)	748,269

35. FINANCIAL INSTRUMENTS (continued)

35.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(b) Hire purchase receivables (continued)

The movements in the allowance for impairment in respect of hire purchase receivables are shown below:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
Balance as at 1 January 2018	3,816	36,603	40,419
Amounts written off	-	(15,770)	(15,770)
Net remeasurement of loss allowance	6,666	9,024	15,690
Balance as at 31 December 2018/1 January 2019	10,482	29,857	40,339
Net remeasurement of loss allowance	(7,486)	794	(6,692)
Balance as at 31 December 2019	2,996	30,651	33,647

(c) Finance lease receivables

The following table provides information about the exposure to credit risk and ECLs for finance lease receivables as at 31 December 2019.

Group	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
2019			
Current (Not past due)	239	-	239
2018			
Current (Not past due)	722	-	722

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.

35. FINANCIAL INSTRUMENTS (continued)

35.4 Credit risk (continued)

Investments and other financial assets (continued)

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 receivables from statutory relating to indirect taxes.

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 recognised 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.

35. FINANCIAL INSTRUMENTS (continued)

35.4 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	Impairment loss allowance RM'000	Net balance RM'000
2019			
Low credit risk	388,381	-	388,381
Significant increase in credit risk	-	-	-
Credit impaired	11,050	(5,738)	5,312
	399,431	(5,738)	393,693
2018			
Low credit risk	649,942	-	649,942
Significant increase in credit risk	-	-	-
Credit impaired	11,095	(10,338)	757
	661,037	(10,338)	650,699

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

Company	Lifetime ECL 2019 RM'000	Lifetime ECL 2018 RM'000
Balance as at 1 January	10,338	9,261
Net remeasurement of loss allowance	(4,600)	1,077
Balance as at 31 December	5,738	10,338

35.5 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.

35. FINANCIAL INSTRUMENTS (continued)

35.5 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:

Group	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
2019									
Non-derivative financial liabilities									
Bills payable	3.84 – 4.84	171,886	171,886	-	-	171,886	171,886	-	-
Revolving credit	3.20 – 8.07	924,968	924,968	-	-	924,968	924,968	-	-
Medium Term Notes	4.50 – 4.78	499,286	499,286	-	-	539,572	19,573	519,999	-
Payables and accruals	-	740,852	740,852	-	-	740,852	740,852	-	-
Lease liabilities	5.00	105,408	32,654	32,314	40,440	170,735	33,525	43,893	93,317
		2,442,400	2,369,646	32,314	40,440	2,548,013	1,890,804	563,892	93,317
Derivative financial liabilities									
Forward exchange contracts (gross settled):									
Outflow	-	690	690	-	-	73,151	73,151	-	-
Inflow	-	-	-	-	-	(72,461)	(72,461)	-	-
		2,443,090	2,370,336	32,314	40,440	2,548,703	1,891,494	563,892	93,317

35. FINANCIAL INSTRUMENTS (continued)

35.5 Liquidity risk (continued)

Maturity analysis (continued)

Group	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
2018							
Non-derivative financial liabilities							
Term loans	4.01 – 6.20	9,029	9,029	-	9,029	9,029	-
Bills payable	3.85 – 5.07	8,256	8,256	-	8,256	8,256	-
Revolving credit	3.55 – 5.27	757,243	757,243	-	757,243	757,243	-
Medium Term Notes	4.50 – 4.70	748,718	249,785	498,933	828,897	283,764	545,133
Payables and accruals	–	789,454	789,454	-	789,454	789,454	-
		2,312,700	1,813,767	498,933	2,392,879	1,847,746	545,133
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	–	1,527	1,527	-	159,620	159,620	-
Inflow	–	-	-	-	(158,093)	(158,093)	-
		2,314,227	1,815,294	498,933	2,394,406	1,849,273	545,133

35. FINANCIAL INSTRUMENTS (continued)

35.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual interest rate %	Carrying amount RM'000	Not later than 2 years RM'000	More than 2 years but not later than 5 years RM'000	Contractual cash flows RM'000	Not later than 1 year RM'000	More than 1 year but not later than 5 years RM'000
Company							
2019							
Non-derivative financial liabilities							
Medium Term Notes	4.50 – 4.78	499,286	499,286	-	539,572	19,573	519,999
Amount due to subsidiaries							
- Non-current	6.05	276,769	-	276,769	293,514	-	293,514
- Current	–	1,313	1,313	-	1,313	1,313	-
Payables and accruals	–	10,502	10,502	-	10,502	10,502	-
Lease liabilities	5.00	303	303	-	396	99	297
		788,173	511,404	276,769	845,297	31,487	813,810
2018							
Non-derivative financial liabilities							
Medium Term Notes	4.50 – 4.70	748,718	249,785	498,933	828,897	283,764	545,133
Amount due to subsidiaries							
- Non-current	6.05	306,803	-	306,803	325,365	-	325,365
- Current	4.38 – 4.64	1,725	1,725	-	1,725	1,725	-
Payables and accruals	–	17,320	17,320	-	17,320	17,320	-
		1,074,566	268,830	805,736	1,173,307	302,809	870,498

35.6 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.

35.6.1 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").

35. FINANCIAL INSTRUMENTS (continued)

35.6 Market risk (continued)

35.6.1 Currency risk (continued)

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:

	2019		2018	
	Denominated in		Denominated in	
	USD	JPY	USD	JPY
	RM'000	RM'000	RM'000	RM'000
Group				
Receivables	674	901	18,995	2,259
Intra-group balances	241,390	-	283,666	-
Cash and cash equivalents	82,519	174	64,898	43
Payables and accruals	(3,896)	(959)	(223)	(44)
Borrowings	(181,210)	-	(273,728)	-
Derivative financial assets/(liabilities)	3,449	-	(1,231)	(1)
Net exposure	142,926	116	92,377	2,257

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.

	2019		2018	
	Equity	Profit or loss	Equity	Profit or loss
	RM'000	RM'000	RM'000	RM'000
USD	5,431	5,300	3,510	3,557
JPY	4	4	86	86

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.

35. FINANCIAL INSTRUMENTS (continued)

35.6 Market risk (continued)

35.6.2 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.

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	
	2019	**2018**	**2019**	**2018**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Fixed rate instruments				
Financial assets:				
Assets-backed notes	-	-	138	138
Hire purchase receivables	647,209	748,269	-	-
Finance lease receivables	239	722	-	-
Amount due from subsidiaries	-	-	276,600	611,683
Deposits with licensed banks	206,277	171,387	-	-
Financial liabilities:				
Medium Term Notes	(499,286)	(748,718)	(499,286)	(748,718)
Lease liabilities	(105,408)	-	(303)	-
Amount due to subsidiaries	-	-	(276,769)	(306,803)
	249,031	171,660	(499,620)	(443,700)

35. FINANCIAL INSTRUMENTS (continued)

35.6 Market risk (continued)

35.6.2 Interest rate risk (continued)

Exposure to interest rate risk (continued)

	Group		Company	
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
Floating rate instruments				
Financial assets:				
Amount due from subsidiaries	-	-	117,093	39,016
Financial liabilities:				
Term loans	-	(9,029)	-	-
Bills payables	(171,886)	(8,256)	-	-
Revolving credit	(924,968)	(757,243)	-	-
Amount due to subsidiaries	-	-	-	(1,725)
	(1,096,854)	(774,528)	117,093	37,291

(a) *Fair value sensitivity analysis for fixed rate instruments*

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) *Cash flow sensitivity analysis for variable rate instruments*

A change of 100 basis points (bp) interest rate at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remained constant.

35. FINANCIAL INSTRUMENTS (continued)

35.6 Market risk (continued)

35.6.2 Interest rate risk (continued)

(b) Cash flow sensitivity analysis for variable rate instruments (continued)

	Profit or loss		Profit or loss	
	100 bp increase 2019 RM'000	100 bp decrease 2019 RM'000	100 bp increase 2018 RM'000	100 bp decrease 2018 RM'000
Group				
Floating rate instruments	(8,336)	8,336	(5,886)	5,886
Company				
Floating rate instruments	890	(890)	283	(283)

35.6.3 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 manage 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% (2018: 1%) higher/lower, with all other variables held constant, the Group profit or loss would have increased/(decreased) by RM122,000 (2018: RM1,269,000) arising as a result of changes in the fair value of the financial assets classified as fair value through profit or loss.

35.7 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.

35. FINANCIAL INSTRUMENTS (continued)

35.7 Hedging activities (continued)

Cash flow hedge (continued)

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
2019			
Forward exchange contracts	3,449	3,449	3,449
2018			
Forward exchange contracts	(1,232)	(1,232)	(1,232)

During the financial year, a profit of RM5,004,000 (2018: loss of RM17,760,000) 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).

In the financial year ended 31 December 2019, ineffectiveness loss amounting to RM323,000 (2018: gain of RM526,000) was recognised in profit or loss in respect of the hedge.

35.8 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.

35. FINANCIAL INSTRUMENTS (continued)

35.8 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	Carrying
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	value	amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2019										
Group										
Financial assets										
Other investments										
- Liquid Investments with licensed financial institutions	-	12,166	-	12,166	-	-	-	-	12,166	12,166
Hire purchase receivables	-	-	-	-	-	-	647,209	647,209	647,209	647,209
Finance lease receivables	-	-	-	-	-	-	239	239	239	239
Derivative financial assets										
- forward exchange contracts	-	4,139	-	4,139	-	-	-	-	4,139	4,139
	-	16,305	-	16,305	-	-	647,448	647,448	663,753	663,753
Financial liabilities										
Borrowings	-	-	-	-	-	-	(1,596,140)	(1,596,140)	(1,596,140)	(1,596,140)
Derivative financial liabilities										
- forward exchange contracts	-	(690)	-	(690)	-	-	-	-	(690)	(690)
	-	(690)	-	(690)	-	-	(1,596,140)	(1,596,140)	(1,596,830)	(1,596,830)
2018										
Group										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Liquid Investments with licensed financial institutions	-	126,868	-	126,868	-	-	-	-	126,868	126,868
Hire purchase receivables	-	-	-	-	-	-	748,269	748,269	748,269	748,269
Finance lease receivables	-	-	-	-	-	-	722	722	722	722
Derivative financial assets										
- forward exchange contracts	-	295	-	295	-	-	-	-	295	295
	-	127,164	-	127,164	-	-	748,991	748,991	876,155	876,155
Financial liabilities										
Borrowings	-	-	-	-	-	-	(1,523,246)	(1,523,246)	(1,523,246)	(1,523,246)
Derivative financial liabilities										
- forward exchange contracts	-	(1,527)	-	(1,527)	-	-	-	-	(1,527)	(1,527)
	-	(1,527)	-	(1,527)	-	-	(1,523,246)	(1,523,246)	(1,524,773)	(1,524,773)

35. FINANCIAL INSTRUMENTS (continued)

35.8 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 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	RM'000	RM'000
2019										
Company										
Financial assets										
Other investments										
- Asset-backed notes	-	-	-	-	-	-	138	138	138	138
Amount due from subsidiaries	-	-	-	-	-	-	393,693	393,693	393,693	393,693
	-	-	-	-	-	-	393,831	393,831	393,831	393,831
Financial liabilities										
Borrowings	-	-	-	-	-	-	(499,286)	(499,286)	(499,286)	(499,286)
Amount due to subsidiaries	-	-	-	-	-	-	(276,769)	(276,769)	(276,769)	(276,769)
	-	-	-	-	-	-	(776,055)	(776,055)	(776,055)	(776,055)
2018										
Company										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Asset-backed notes	-	-	-	-	-	-	138	138	138	138
Amount due from subsidiaries	-	-	-	-	-	-	650,699	650,699	650,699	650,699
	-	1	-	1	-	-	650,837	650,837	650,838	650,838
Financial liabilities										
Borrowings	-	-	-	-	-	-	(748,718)	(748,718)	(748,718)	(748,718)
Amount due to subsidiaries	-	-	-	-	-	-	(306,803)	(306,803)	(306,803)	(306,803)
	-	-	-	-	-	-	(1,055,521)	(1,055,521)	(1,055,521)	(1,055,521)

35. FINANCIAL INSTRUMENTS (continued)

35.8 Fair value information (continued)

Policy on transfer between levels

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

Level 1 fair value

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

Level 2 fair value

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

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

Non-derivative financial assets/liabilities

Fair value, which is determined for disclosure purposes, 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. 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.

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 (2018: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

Fair values of hire purchase receivables and finance lease receivables have been generally derived using discounted cash flow approach.

35. FINANCIAL INSTRUMENTS (continued)

35.8 Fair value information (continued)

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.

36. 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 2019 and 31 December 2018 were as follows:

		Group	
	Note	**2019 RM'000**	**2018 RM'000**
Total borrowings	20	1,596,140	1,523,246
Lease liabilities		105,408	-
Less: Other investments	10	(12,166)	(126,868)
Cash and cash equivalents	18	(407,786)	(522,118)
Net debt		1,281,596	874,260
Total equity attributable to owners of the Company		3,019,580	2,836,591
Net debt-to-equity ratios		0.42	0.31

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 not breached these covenants.

37. 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 2019 %	Effective ownership interest 2018 %
Incorporated in Malaysia:			
Agensi Pekerjaan Bijak Sdn. Bhd.	Provision of employment agency services	100	100
Auto Components Manufacturers Sdn. Bhd.	Property investment holding	100	100
Autokita Sdn. Bhd.	Insurance agency	100	100
Ceranamas Sdn. Bhd.	Property and investment holding	100	100
Chauffeur Safe Travel Sdn. Bhd.	Travel agency, transportation services and car repair	100	100
Constant Knight (M) Sdn. Bhd.	Property investment holding	100	100
Edaran Tan Chong Motor Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Sabah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Sarawak) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Selatan) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Tengah) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
Edaran Tan Chong Motor (Utara) Sdn. Bhd.	Trading and marketing of motor vehicles	100	100
GoEVCharger Sdn. Bhd.	Operating charging infrastructure and system for electric vehicles	100	100
Hikmat Asli Sdn. Bhd.	Property investment holding	100	100

37. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
	Incorporated in Malaysia:			
	Inspired Motor Sdn. Bhd.	Sales and marketing of motor vehicles and workshop services	70	70
	Julang Lumayan Sdn. Bhd.	Property investment holding	100	100
	Pemasaran Alat Ganti Sdn. Bhd.	Marketing of automotive parts	100	100
	Perwiramas Sdn. Bhd.	Investment holding	100	100
*	Premium Commerce Berhad	Structured entity for asset -backed securitisation	-	-
	Rustcare Sdn. Bhd.	Distribution of automotive accessories	100	100
	Sungei Bintang Sdn. Bhd.	Property investment holding	100	100
	Tan Chong & Sons Motor Company Sdn. Bhd.	Assembly and sale of motor vehicles	100	100
	Tan Chong Agency Sdn. Bhd.	Insurance agency	100	100
	Tan Chong Education Sdn. Bhd.	Investment holding	100	100
	Tan Chong Education Services Sdn. Bhd.	Provision of education services	100	100
	Tan Chong Ekspres Auto Servis Sdn. Bhd.	Automotive workshop services	100	100
	Tan Chong IBS Sdn. Bhd.	Insurance agency	100	100
	Tan Chong Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100
	Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles, spare parts and after sales services for commercial vehicles	100	100

37. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Incorporated in Malaysia:			
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles	70	70
Tan Chong Premier Sdn. Bhd.	Insurance agency	100	100
Tan Chong Trading (Malaysia) Sdn. Berhad	Investment holding and merchandise trading	100	100
Tanahku Holdings Sdn. Bhd.	Property investment holding	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100
TC Capital Premium Sdn. Bhd.	Used car service provider/dealer	100	100
TC Capital Resources Sdn. Bhd.	Hire purchase financing, leasing, money lending and transport agent	100	100
TC Commercial Assets Sdn. Bhd.	Property investment holding	100	100
TC Contact Centre Services Sdn. Bhd.	Telemarketing and provision of incoming tow servicing support and IT helpdesk services	100	100
TC Euro Cars Sdn. Bhd.	Distribution of motor vehicles and leasing of motor vehicles	100	100
TC Facilities Management Sdn. Bhd.	Provision of building facilities management services	100	100
TC Hartanah Sdn. Bhd.	Property investment holding	100	100
TC Heritage Sdn. Bhd.	Investment holding	100	100
TC Industrial Entity Sdn. Bhd.	Investment holding	100	100

37. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
	Incorporated in Malaysia:			
	TC Insurservices Sdn. Bhd.	Insurance agency	100	100
	TC iTech Sdn. Bhd.	Provision of information technology services	100	100
	TC Maju Properties Sdn. Bhd.	Property investment holding	100	100
	TC Management Services Corporation Sdn. Bhd.	Provision of management services	100	100
	TC Manufacturing Holdings Sdn. Bhd.	Investment holding	100	100
	TC Metropolitan Sdn. Bhd.	Property investment holding	100	100
	TC Module Integrator Sdn. Bhd.	Manufacture and sale of automotive parts and modules	100	100
	TC Motors (Sarawak) Sdn. Bhd.	Distribution of commercial and passenger vehicles and after-sales services and spare parts	100	100
	TC Residence Sdn. Bhd.	Property investment holding	100	100
	TC Security Services Sdn. Bhd.	Provision of security services	51	51
*	TC Sri Amar Sdn. Bhd.	Property investment holding	49	49
	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

37. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Incorporated in Malaysia:			
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
Vincus Holdings Sdn. Bhd.	Investment holding	100	100
West Anchorage Sdn. Bhd.	Investment holding	100	100
Agensi Pekerjaan Bijak (Sabah) Sdn. Bhd.	Dormant	100	100
Auto Infiniti Sdn. Bhd.	Dormant	100	100
Auto Trucks & Components Sdn. Bhd.	Dormant	100	100
E-Garage Auto Services Sdn. Bhd.	Dormant	100	100
Fujiyama Car Cooler Sdn. Bhd.	Dormant	100	100
Tan Chong Construction Sdn. Bhd.	Dormant	100	100
Tan Chong Development Sdn. Bhd.	Dormant	100	100
Tan Chong Higher Education Sdn. Bhd.	Dormant	100	100
Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100

37. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
Incorporated in Malaysia:			
Tan Chong Private Education Sdn. Bhd.	Dormant	100	100
Tan Chong Technical Centre Sdn. Bhd. (formerly known as Auto Research and Development Sdn. Bhd.)	Dormant	100	100
TC Aluminium Castings Sdn. Bhd.	Dormant	100	100
TC Automotive Electronics Sdn. Bhd.	Dormant	100	100
TC Brake System Sdn. Bhd.	Dormant	100	100
TC Commercial Insure Agency Sdn. Bhd.	Dormant	100	100
TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100
TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	100	100
TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
TC Plastics Sdn. Bhd.	Dormant	100	100
TC Sunergy Sdn. Bhd.	Dormant	100	100
TC Transmission Sdn. Bhd.	Dormant	100	100
VDC Sdn. Bhd.	Dormant	100	100
Incorporated in Labuan:			
ETCM (C) Pty Ltd	Investment holding and trading of motor vehicles	100	100

37. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
	Incorporated in Labuan:			
	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
	Tan Chong Motorcycles (Labuan) Pte Ltd	Investment holding	100	100
	Tan Chong Trading (Labuan) Pty Ltd	Investment holding	100	100
	TC Express Auto Services and Spare Parts (Labuan) Pty Ltd	Investment holding	100	100
	TC Manufacturing (Labuan) Pte Ltd	Investment holding	100	100
	TC Services Holding Labuan Pte Ltd (Formerly known as TC Overseas Assets (Labuan) Pte Ltd)	Investment holding	100	100
	TC Services Labuan (V) Pte Ltd	Investment holding	100	100
	TCIE (Labuan) Pty Ltd	Investment holding	100	100
	TCMSC (Labuan) Pte Ltd	Investment holding	100	100
∂^	TC Services Labuan (C) Pte Ltd	Dormant	100	-
∂^	TC Services Labuan (L) Pte Ltd	Dormant	100	-
∂^	TC Services Labuan (MM) Pte Ltd	Dormant	100	-

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37. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
	Incorporated in Labuan:			
∂^	TC Manufacturing (V) Pte Ltd	Dormant	100	-
∂^	TC Manufacturing (C) Pte Ltd	Dormant	100	-
∂^	TC Manufacturing (L) Pte Ltd	Dormant	100	-
∂^	TC Manufacturing (MM) Pte Ltd	Dormant	100	-
	Tan Chong Motorcycles (MM) Pte Ltd	Dormant	100	100
	TC Capital Resources (Labuan) Pty Ltd	Dormant	100	100
	TC Assets Labuan (V) Pte Ltd	Dormant	100	100
∂	TC iTech (Labuan) Pte Ltd	Dormant	100	-
	TC Security Services (Labuan) Pte Ltd	Dormant	100	100
	Incorporated in United States of America:			
^β	Tan Chong Warisan Resources Management LLC	Dormant	51	51
	Incorporated in Cambodia:			
#β	TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts, components, accessories and lubricant products	100	100
#β	Tan Chong Motor (Cambodia) Pty. Ltd.	Importation and distribution of motor vehicles	100	100
^β	T C Motor Sales (Cambodia) Pty. Ltd.	Dormant	100	100
	Incorporated in Vietnam:			
#β	TC Motor Vietnam Co. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100

37. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
	Incorporated in Vietnam:			
@β	TCIE Vietnam Pte. Ltd.	Manufacture and assembly of buses, trucks and automobiles	100	100
@**β	Nissan Vietnam Co. Ltd.	Importation and distribution of motor vehicles and spare parts	74	74
#β	TC Motorcycles (Vietnam) Co. Ltd.	Importation and distribution of motorcycles and motorcycle components	100	100
#β	TC Services Vietnam Co., Ltd.	Retail distribution of automobiles, automobile workshop services and trading of spare parts	100	100
#β	TC Systems (Vietnam) Co., Ltd.	Producing software products, providing IT solutions & services and integrating IT systems	100	100
	Incorporated in Laos:			
^β	Tan Chong Motor (Lao) Sole Co., Ltd.	Importation and distribution of motor vehicles and spare parts including providing after sale services	100	100
^β	Tan Chong Motorcycles (Laos) Co., Ltd.	Dormant	100	100
	Incorporated in Myanmar:			
^β	E-Garage Auto Services and Spare Parts (Myanmar) Company Limited	Servicing, maintenance and repairing of all kinds of vehicles and machines, and importer and sales of cars, spare parts and service equipment	90	90
^β	ETCM (Myanmar) Company Limited	Provision of services relating to vehicle distribution	100	100
^β	Tan Chong Motor (Myanmar) Company Limited	Assembly, sales and distribution of motor vehicles, trading of spare parts and automotive workshop services	100	100

37. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2019 %	Effective ownership interest 2018 %
	Incorporated in Myanmar:			
^β	TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	100
	Incorporated in Thailand:			
#*β	TC Express Auto Services and Spare Parts (Thailand) Co., Ltd.	Automotive workshop services and trading of spare parts	49	49
#β	Tan Chong Mekong Regional Co., Ltd.	Regional operating headquarters	100	100
#β	Tan Chong Mekong Trading (Thailand) Co., Ltd.	International procurement centre	100	100

\# Company audited by another firm of Public Accountants.

* Deemed subsidiary by virtue of control in the company.

^ Consolidated using unaudited management financial statements. The 2019 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.

∂ Company incorporated during the year.

@ Company audited by other member firms of KPMG International.

β Company not audited by KPMG PLT.

** Emphasis of Matter paragraph on going concern is included in the auditor's report of Nissan Vietnam Co. Ltd.

38. SIGNIFICANT EVENTS

(i) On 26 July 2019, TC Services Vietnam Co., Ltd, a wholly-owned subsidiary of the Company, had entered into a Memorandum of Understanding ("MOU") with SAIC Motor International Co., Ltd, ("SMIL") to cooperate with each other in Vietnam market on CKD assembly, sales and distribution, as well as on imported CBU sales of certain automobile brand of products to be agreed between the parties with the objective of signing relevant cooperation agreements to formalise the cooperation relationship.

38. SIGNIFICANT EVENTS (continued)

(ii) On 20 August 2019, TC Manufacturing (Labuan) Pte Ltd ("TC Manufacturing Labuan"), a wholly-owned subsidiary of the Company, had entered into a MOU with SAIC GM Wuling Automobile Co., Ltd ("SGMW") to cooperate to study the potential and feasibility of the business opportunity in introducing SGMW commercial vehicle products to Southeast Asia with initial identified countries namely Vietnam, Myanmar, Cambodia and Lao PDR ("Project").

On 3 January 2020, TC Manufacturing Labuan had executed a Supplemental MOU with SGMW to extend the term of the MOU, which had expired on 31 December 2019, for a further period of 6 months from 1 January 2020 to 30 June 2020 and to expand the definition of the Project to include other products of SGMW in addition to the commercial vehicle products.

(iii) Via letter of agreement dated 6 September 2019, ETCM (V) Pte Ltd, a wholly-owned subsidiary of the Company, and Nissan Motor Co., Ltd. have mutually agreed for an extension to the notice of termination of Joint Venture Agreement dated 22 September 2010 ("JV Agreement") from 10 September 2019 to 30 September 2020. As such, the JV Agreement may terminated on 30 September 2020 subject to further negotiation by both parties.

(iv) On 28 November 2019, the following indirect wholly-owned subsidiaries of the Company were incorporated under the Labuan Companies Act 1990; with the principal activity of investment holding:
(a) TC Services Labuan (C) Pte Ltd
(b) TC Services Labuan (L) Pte Ltd
(c) TC Services Labuan (MM) Pte Ltd
(d) TC Manufacturing (C) Pte Ltd
(e) TC Manufacturing (L) Pte Ltd
(f) TC Manufacturing (MM) Pte Ltd
(g) TC Manufacturing (V) Pte Ltd

39. SUBSEQUENT EVENTS

(i) On 11 March 2020, TC Overseas Assets Holdings Labuan Pte Ltd, a direct wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of investment holding.

(ii) On 13 March 2020, Tan Chong Construction (Labuan) Pte Ltd ("TCC (Labuan)"), an indirect wholly-owned subsidiary of the Company which was incorporated on 2 January 2020 in the Labuan Federal Territory, Malaysia, had entered into a Joint Venture Agreement ("JV Agreement") with An Tam Construction and Trading Co., Ltd ("Antaco Vietnam") to regulate the arrangement relating to the management, operations, affairs and the rights and obligations of the parties as members of a joint venture company to be incorporated in Vietnam. The joint venture company will be a 60% subsidiary of TCC (Labuan) with 40% held by Antaco Vietnam.

(iii) On 23 March 2020, TC Overseas Assets Labuan (C) Pte Ltd, an indirect wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act 1990 with the principal activity of investment holding.

39. SUBSEQUENT EVENTS (continued)

(iv) On 18 May 2020, TC Services Vietnam Co., Ltd ("TCSV"), an indirect wholly-owned subsidiary of the Company, had entered into an Overseas Distribution Agreement ("ODA") with SAIC Motor International Co., Ltd ("SMIL") for the appointment of TCSV as the sole and exclusive importer and distributor for the sale of Completely-Built-Up ("CBU") MG brand vehicles ("MG Brand Vehicles") and after-sales spare parts, 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. The term of the ODA shall be for a period of five years commencing from the date of the execution of the ODA by both TCSV and SMIL.

(v) The coronavirus (COVID-19) pandemic was announced by the World Health Organisation ("WHO") on 11 March 2020 given the outbreak of the virus in countries across the world including Malaysia. The COVID-19 pandemic has resulted in disruptions to businesses and various macro-economic impacts.

The Group and the Company consider that the effects related to this outbreak to be a non-adjusting event as it was not a condition that existed as at 31 December 2019, the end of the reporting period. Accordingly, the current conditions arising from this outbreak do not have an impact on the carrying amounts reported for the financial year ended 31 December 2019.

As at the date of the financial statements are authorised for issuance, the COVID-19 situation is still evolving and unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect of COVID-19 at this juncture. The Group and the Company are actively monitoring and managing the Group's and the Company's operations to minimise any impacts that may arise from COVID-19.

(vi) On 29 May 2020, TC Capital Resources Sdn Bhd ("TCCR") and TCCL Sdn Bhd ("TCCL"), both wholly-owned subsidiaries of the Company entered into a Subscription and Shareholders' Agreement ("Agreement") with Warisan TC Holdings Berhad ("WTCH") and MUV Marketplace Sdn Bhd ("MUV"), a wholly-owned subsidiary of WTCH, for TCCR and TCCL to regulate the relationship of the parties as shareholders through equity participation by TCCR and TCCL in MUV. TCCR and TCCL subscribed for a total of 487,500 new ordinary shares representing 15.78% equity stake in MUV for a total cash consideration of RM15,000,375. MUV is engaged primarily in the business of provision of used vehicles auction services and vehicles inspection and certification, and trading of used vehicles ("Business"), which also owns and operates several online platforms to support its Business that includes but not limited to allowing the public to sell, bid and/or purchase used vehicles.

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 78 to 208 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 2019 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

Siew Kah Toong
Director

Kuala Lumpur,
Date: 11 June 2020

STATUTORY DECLARATION

pursuant to Section 251(1)(b) of the Companies Act 2016

I, **Ho Wai Ming**, the Director 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 78 to 208 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 11 June 2020.

Ho Wai Ming
MIA CA 12986

Before me:

INDEPENDENT AUDITORS' REPORT

To The Members of Tan Chong Motors 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 2019 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 78 to 208 (except for pages 80, 81, 84 and 85 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 2019, and of their financial performance and their cash flows for the 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' *Code of Ethics for Professional Accountants* ("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 3(h) – Significant accounting policies: Inventories and Note 14 – 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.

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 basis. 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.

Valuation of Hire Purchase Receivables

Refer to Note 1(d) – Use of estimates and judgements, Note 3(k)(i) – Significant accounting policies: Impairment and Note 12 – 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 against the proceeds from post year-end sales of the repossessed vehicles or to published market price;
- We tested the integrity of the inputs to the collective impairment model which include the historical average delinquency rate, historical average loss and forward-looking adjustments; and
- We compared the collective impairment allowances to externally available industry data.

Accounting Treatment of Customs Audit

Refer to Note 3(t) – Significant accounting policies: Contingent liabilities and Note 33(c) – Contingencies.

The key audit matter

In 2019, the Royal Malaysian Customs Department ("Customs") performed an excise duty audit on the Group. Subsequently, the Group had numerous discussions with Customs on the audit findings. On 22 May 2020, Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA"), a subsidiary of the Group, received bills of demand dated 15 May 2020 from the Customs amounting to RM180 million for excise duty in respect of the period from 1 November 2016 to 31 October 2019.

The key audit matter (continued)

TCMA does not admit to any liability on the bills of demand made by Customs and has filed an appeal to the Director General of Customs.

The above is an area that our audit focuses on because the claimed amount involved is significant and the application of MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets* to determine the liability amount, if any, to be provided is inherently subjective.

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained explanation on the developments and the reasons that had led to the respective possible outcome by management;
- We read the underlying documents, including the correspondences between the Group and the Customs relating to the matter;
- We read the legal opinion from an external legal counsel relating to the matter, with involvement of our tax specialist; and
- We evaluated the appropriateness of the disclosure in the notes to the financial statements in accordance with the accounting standards.

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.

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.

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.

INDEPENDENT AUDITORS' REPORT
To The Members of Tan Chong Motors Holdings Berhad
(Registration No. 197201001333 (12969-P))
(Incorporated in Malaysia)

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

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 37 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

Chua See Guan
Approval Number: 03169/02/2021 J
Chartered Accountant

Petaling Jaya, Selangor
Date: 11 June 2020

TEN LARGEST PROPERTIES
OF THE GROUP
AS AT 31 DECEMBER 2019

No	Location	Description	Land Area (sq. ft.)	Built-up Area (sq. ft.)	Tenure/ Expiry Date	Net Book Value (RM million)	Age of Building (years)	Date of Acquisition	Date of Last Revaluation
1	249 Jalan Segambut, 51200 Kuala Lumpur	Assembly plant, office, vehicle storage yard, warehouse & hostel	2,043,425	931,098	Freehold/ Leasehold 4.7.2065 20.4.2068 14.1.2073 27.1.2074 5.10.2099	506.01	44	1974 to 1999	2019
2	Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor Darul Ehsan	Assembly plant, office, vehicle storage yard & warehouse	6,890,774	961,892	Freehold/ Leasehold 22.3.2094 28.4.2105 27.9.2106 28.4.2112	266.61	13	1996 to 2013	2019
3	Industrial Park in Nyung Inn Village, Bago Township, Bago Region, Myanmar	Assembly plant and office	2,177,787	269,270	Leasehold 17.2.2066	115.20	1	2016	2019
4	Lot U8, U9, U10 and U11, Road No 5B, Expanded Hoa Khanh Industrial Zone, Lien Chieu Dist, Danang City, Vietnam	Assembly plant, office, vehicle storage yard & warehouse	1,393,926	430,869	Leasehold 25.3.2054	86.07	7	2013	2019
5	Lot 3 Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan	Spare parts & service centre, factory, warehouse/ store, offices & showroom	425,619	204,856	Leasehold 5.9.2074	82.00	40	11.9.1981	2019
6	No. 2, Jalan Gerudi 15/4, Section 15, Shah Alam, 40200 Selangor Darul Ehsan	Industrial plant	713,983	417,424	Leasehold 19.2.2066	81.00	51	30.12.2009	2019
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	140,178	Leasehold 25.3.2054	48.23	1	2011	2019
8	Lot 93, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,637	-	Freehold	48.10	-	27.8.2012	2019
9	Lot 92, Seksyen 46, Kuala Lumpur	Used vehicle display and storage yard	50,228	-	Freehold	47.70	-	24.8.2012	2019
10	No 2, Jalan Johor Jaya, 81750 Masai, Johor Darul Takzim	Office, showroom, service, spare parts & training centre	93,830	277,425	Freehold	45.70	5	21.5.2015	2019

Note: The value of 249 Jalan Segambut, 51200 Kuala Lumpur is based on valuation report of 15 lots of land held under lot numbered 1249, 1474, 1475, 3681, 4185, 14282, 25669, 43097, 46354, 49392, 49393, 49968, 49970, 49972 & 57927 and building. The value of Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor, Selangor Darul Ehsan is based on valuation report of 6 lots of land held under lot numbered 45, 15961, 16360, 23975, 23976 & 29120 and building.

ANALYSIS OF SHAREHOLDINGS
as at 29 May 2020

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	304	4.19	4,869	- (1)
100 - 1,000	2,300	31.72	1,981,660	0.29
1,001 - 10,000	3,688	50.87	15,523,034	2.31
10,001 - 100,000	801	11.05	23,158,520	3.45
100,001 - 32,622,499(2)	153	2.11	278,022,653	41.37
32,622,500 and above(3)	4	0.06	333,759,264	49.67
Sub Total	**7,250**	**100.00**	**652,450,000**	**97.09**
Treasury shares			19,550,000	2.91
Total			**672,000,000**	**100.00**

Notes:
(1) *Less than 0.01%.*
(2) *100,001 to less than 5% of issued shares less treasury shares.*
(3) *5% and above of issued shares less treasury shares.*

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

		Direct		Indirect	
No.	Name	No. of Shares Held	%	No. of Shares Held	%
1	Dato' Tan Heng Chew	29,774,062	4.56	289,322,430 (1)	44.34
2	Dato' Ng Mann Cheong	-	-	150,000 (3)	0.02
3	Dato' (Dr.) Khor Swee Wah @ Koh Bee Leng	12,708,590	1.95	306,387,902 (4)	46.96
4	Ho Wai Ming	-	-	20,000 (3)	- (2)
5	Siew Kah Toong	-	-	-	-
6	Lee Min On	-	-	-	-

Notes:
(1) *Deemed interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 8(4) of the Companies Act 2016 ("Act") and interests of spouse and children by virtue of Section 59(11)(c) of the Act.*
(2) *Less than 0.01%.*
(3) *Interest of spouse by virtue of Section 59(11)(c) of the Act.*
(4) *Interests of spouse and children by virtue of Section 59(11)(c) of the Act.*

ANALYSIS OF SHAREHOLDINGS
as at 29 May 2020

SUBSTANTIAL SHAREHOLDERS
(as per Register of Substantial Shareholders)

		Direct		Indirect	
No.	**Name**	**No. of Shares Held**	**%**	**No. of Shares Held**	**%**
1	Tan Chong Consolidated Sdn Bhd	263,828,240	40.44	-	-
2	Employees Provident Fund Board	41,265,600	6.32	-	-
3	Nissan Motor Co., Ltd	37,333,324	5.72	-	-
4	Dato' Tan Heng Chew	29,774,062	4.56	274,781,840 [1]	42.12
5	Tan Eng Soon	-	-	263,828,240 [2]	40.44

Notes:

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

[2] *Deemed interest by virtue of interest in Tan Chong Consolidated Sdn Bhd pursuant to Section 8(4) of the Act.*

THIRTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares Held	%
1	Tan Chong Consolidated Sdn Bhd	217,789,240	33.38
2	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	41,265,600	6.32
3	Tan Chong Consolidated Sdn Bhd	37,371,100	5.73
4	Cartaban Nominees (Asing) Sdn Bhd *Exempt AN for Daiwa Securities Co Ltd Client Acc*	37,333,324	5.72
5	Amanahraya Trustees Berhad *Amanah Saham Bumiputera*	29,000,000	4.44
6	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Heng Chew (PBCL-0G0911)*	19,968,900	3.06
7	Pang Sew Ha @ Phang Sui Har	18,108,058	2.77
8	Tan Boon Pun	12,650,813	1.94
9	Tan Ban Leong	11,031,929	1.69
10	Tan Beng Keong	11,031,929	1.69
11	Tan Han Chuan	10,933,000	1.68
12	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)*	9,087,400	1.39
13	Tan Chong Consolidated Sdn Bhd	8,667,900	1.33

ANALYSIS OF SHAREHOLDINGS
as at 29 May 2020

THIRTY LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Shares Held	%
14	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Ching Ching*	7,621,500	1.17
15	Citigroup Nominees (Asing) Sdn Bhd *Exempt AN for UBS Switzerland AG (Clients Assets)*	7,283,700	1.12
16	Tan Chee Keong	7,252,295	1.11
17	Tan Hoe Pin	7,252,295	1.11
18	Key Development Sdn Berhad	6,334,400	0.97
19	Public Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew (E-KLC)*	4,813,600	0.74
20	Chinchoo Investment Sdn Berhad	4,705,000	0.72
21	Gan Teng Siew Realty Sdn Berhad	4,679,000	0.72
22	Amanahraya Trustees Berhad *Amanah Saham Malaysia 3*	4,602,900	0.71
23	Tan Hoe Pin	4,419,573	0.68
24	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew*	4,358,700	0.67
25	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Khor Swee Wah @ Koh Bee Leng (PBCL-0G0657)*	4,338,600	0.66
26	Lee Lang	4,216,130	0.65
27	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	3,896,442	0.60
28	CIMB Group Nominees (Asing) Sdn Bhd *Exempt AN for DBS Bank Ltd (SFS)*	3,881,000	0.59
29	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Khor Swee Wah @ Koh Bee Leng (PB)*	3,820,690	0.59
30	Tan Chee Keong	3,779,634	0.58
	TOTAL	**551,494,652**	**84.53**

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 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

Attention	: Ms Lim Lay Kiow, Senior Manager
Tel No.	: +603-2783 9299
Fax No.	: +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
11 June 2020

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 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

Untuk Perhatian	: Cik Lim Lay Kiow, Pengurus Kanan
Tel No.	: +603-2783 9299
Fax No.	: +603-2783 9222
Email	: 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
11 June 2020

www.tanchonggroup.com

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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