FINANCIAL STATEMENTS

DIRECTORS' REPORT
for the year ended 31 December 2018

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2018.

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 38 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	105,932	21,731
Non-controlling interests	(3,395)	-
	102,537	21,731

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 2017 as reported in the Directors' Report of that year:

- a final single tier dividend of 1 sen per share totalling RM6,527,000 declared on 24 May 2018 and paid on 21 June 2018; and

(ii) In respect of the financial year ended 31 December 2018:

- an interim single tier dividend of 2 sen per share totalling RM13,053,000 declared on 14 August 2018 and paid on 28 September 2018.

A final single tier dividend recommended by the Directors in respect of the financial year ended 31 December 2018 is 2 sen per share totalling RM13,053,000.

DIRECTORS' REPORT
for the year ended 31 December 2018

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' Khor Swee Wah @ Koh Bee Leng
Ho Wai Ming
Lee Min On

All these Directors are also directors 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 (Appointed on 2 May 2018)
Chang Pie Hoon
Cheng Ee Sen
Cheng Mun Kean
Cheong Kim Seong
Cheong Yoke Yean
Chia Tuang Mooi
Chin Ten Hoy
Chin Yoon Leng (Appointed on 8 January 2019)
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
Dato' Dr. Yew Chong Hooi
Dato' Hardev Singh a/l Pritam Singh (Appointed on 26 April 2018)
Dato' Law Hong Soon (Appointed on 23 January 2019)
Dato' Syed Alwi bin Tun Syed Nasir (Resigned on 31 July 2018)
Dato' Tan Eng Hwa
Dato' Tan Seng Sung
Dato' Than Tai Hing
Dato' Yew Hock Tat
Datuk Abdullah bin Abdul Wahab
Datuk Muhammad Hatta bin Ab Aziz (Resigned on 27 March 2018)
Datuk Saharudin bin Muhamad Toha
Datuk Tan Kok Liang
Datuk Yaacob bin Wan Ibrahim

DIRECTORS' REPORT
for the year ended 31 December 2018

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Foo Check Tuann (Appointed on 17 December 2018)
Fung Chee Sheng
Gan Chin Hui (Appointed on 17 December 2018)
Gan Chin Yow (Resigned on 30 June 2018)
Gan Tat Khye (Appointed on 23 March 2019)
Gil Lumakin Pajuyo (Appointed on 19 March 2018)
Hout Kimmeng
Ke Bee Kian (Appointed on 13 November 2018)
Khoo Cheng Pah
Khoo Kiat Beng
Koh Lay Hoon
Kol. (B) Ho Wah Juan
Kong Foo Weng
Kong Hon Khien (Appointed on 26 November 2018)
Kong Kim Loong @ Robert Kong (Appointed on 31 January 2019)
Kuan Kim Luen
Lee Jiunn Shyan
Lee Kim Hay @ Tong Ah See
Leong Moh Jyee
Leong Song Seng
Lew Jiun Shang (Appointed on 8 June 2018)
Liew Kong Fatt
Lim Chee Khoon
Ling Kok Onn
Ling Koon Kiong
Loh Thim Choy
Loke Kwong Cheong
Lor Yat Hoong (Resigned on 23 March 2019)
Loy Swee Im
Mohd Yusop bin Saidin
Ng Eyan Kim (Resigned on 3 May 2018)
Ng Koon Wah (Resigned on 27 June 2018)
Ng Mei Ching (Appointed on 14 March 2019)
Ng Wei Pin (Appointed on 12 February 2019)
Nguyen Dinh Thuan
Nicholas Tan Chye Seng
Ong Siew Luan
Ong Teck Seong
Say Teck Ming
Song Choon Beng
Tan Bee Hwa (Resigned on 18 December 2018)
Tan Cheng Fu (Appointed on 23 March 2019)
Tan Keng Meng
Tan Poh Guan (Appointed on 4 December 2018)
Tan Seng Huat
Tan Siew Hong (Appointed on 31 July 2018, resigned on 14 March 2019)
Tan Soon Huat
Tan Su Kui @ Tan Su Leong
Tan Teow Chang
Tang Chin Fook (Appointed on 13 November 2018)
Tay Chai Li
Teh Kim Hwa (Resigned on 14 March 2019)
Teong Seng Kiang
Terence Lau Han Seong
Tham Wah Choy
Thambirajah A. Marimuthu

DIRECTORS' REPORT
for the year ended 31 December 2018

LIST OF DIRECTORS OF SUBSIDIARIES (continued)

Tse Pei Chen (Appointed on 8 October 2018)
U Khin Maung Lwin
Vincent Wijnen
Wan Chun Shong
Wong Chin Ngai (Appointed on 23 March 2019)
Wong King Yoon
Wong Li Yin (Appointed on 17 December 2018)
Wong Seap Hong
Wong Sheng Taur (Resigned on 10 July 2018)
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
Yeoh Hee Huat
Yeoh Kim Leong
Yong Chau Chin (Appointed on 2 May 2018)

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 1.1.2018	**Bought**	**Disposed/ Transferred**	**At 31.12.2018**
Interests in the Company				
Direct interests:				
Dato' Tan Heng Chew	26,985,362	778,600	-	27,763,962
Dato' Khor Swee Wah @ Koh Bee Leng	11,010,090	1,300,500	-	12,310,590
Indirect/Deemed interests:				
Dato' Tan Heng Chew	287,621,930	1,300,500	-	288,922,430 (1)
Dato' Khor Swee Wah @ Koh Bee Leng	303,597,202	778,600	-	304,375,802 (2)
Dato' Ng Mann Cheong	150,000	-	-	150,000 (3)
Ho Wai Ming	10,000	5,000	-	15,000 (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.

DIRECTORS' REPORT
for the year ended 31 December 2018

DIRECTORS' INTERESTS IN SHARES (continued)

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 38 to the financial statements.

Save for the above, the other Directors holding office at 31 December 2018 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 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, and the relevant related party transactions as disclosed in Note 35 to the financial statements.

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

ISSUE OF SHARES AND DEBENTURES

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

SHARE BUY-BACK

Details of share buy-back are disclosed in Note 18 to the financial statements.

INDEMNITY AND INSURANCE COSTS

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and the officers of the Group and of the Company are RM20,000,000 and RM31,810 respectively.

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.

OTHER STATUTORY INFORMATION (continued)

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

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

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

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

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

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

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

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

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

In the opinion of the Directors, the financial performance of the Group and of the Company for the financial year ended 31 December 2018 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 39 to the financial statements.

SUBSEQUENT EVENTS

Subsequent events are disclosed in Note 40 to the financial statements.

AUDITORS

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

The auditors' remuneration is disclosed in Note 26 to the financial statements.

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

Dato' Khor Swee Wah @ Koh Bee Leng
Director

Siew Kah Toong
Director

Kuala Lumpur,
Date: 29 March 2019

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Assets					
Property, plant and equipment	4	1,773,114	1,825,620	343	82
Investment properties	5	207,376	202,000	-	-
Prepaid lease payments	6	43,436	45,609	-	-
Intangible assets	7	759	14,592	-	-
Investments in subsidiaries	8	-	-	1,688,183	1,708,283
Equity-accounted investees	9	57,914	45,797	26,896	13,652
Other investments	10	1	1	139	139
Deferred tax assets	11	96,075	67,098	11,272	7,335
Hire purchase receivables	12	655,383	745,066	-	-
Finance lease receivables	13	-	585	-	-
Receivables	14	-	-	361,683	647,551
Total non-current assets		2,834,058	2,946,368	2,088,516	2,377,042
Other investments	10	126,868	144,157	-	-
Inventories	15	1,238,750	1,165,974	-	-
Contract assets	22	16,689	-	-	-
Current tax assets		9,057	38,882	-	-
Hire purchase receivables	12	92,886	93,925	-	-
Receivables	14	534,407	538,379	289,027	14,367
Deposits and prepayments	14	99,577	133,577	244	154
Derivative financial assets	16	295	16,375	-	-
Cash and cash equivalents	17	522,118	318,005	2,108	1,755
Total current assets		2,640,647	2,449,274	291,379	16,276
Total assets		5,474,705	5,395,642	2,379,895	2,393,318

STATEMENTS OF FINANCIAL POSITION
as at 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Equity					
Share capital		336,000	336,000	336,000	336,000
Reserves		2,525,874	2,485,161	956,927	954,776
Treasury shares		(25,283)	(25,282)	(25,283)	(25,282)
Total equity attributable to owners of the Company		2,836,591	2,795,879	1,267,644	1,265,494
Non-controlling interests		(17,733)	(14,511)	-	-
Total equity	18	2,818,858	2,781,368	1,267,644	1,265,494
Liabilities					
Borrowings	19	498,933	748,147	498,933	748,147
Employee benefits	20	82,306	70,192	37,685	29,705
Deferred tax liabilities	11	175,476	162,172	-	-
Payables and accruals	21	-	-	306,803	336,620
Contract liabilities	22	48,003	-	-	-
Deferred revenue		-	5,593	-	-
Total non-current liabilities		804,718	986,104	843,421	1,114,472
Borrowings	19	1,024,313	1,029,736	249,785	-
Derivative financial liabilities	16	1,527	373	-	-
Taxation		24,502	11,376	-	286
Contract liabilities	22	11,333	-	-	-
Deferred revenue		-	60	-	-
Payables and accruals	21	789,454	586,625	19,045	13,066
Total current liabilities		1,851,129	1,628,170	268,830	13,352
Total liabilities		2,655,847	2,614,274	1,112,251	1,127,824
Total equity and liabilities		5,474,705	5,395,642	2,379,895	2,393,318

The notes on pages 100 to 211 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018 (in USD equivalent)

	31.12.2018 USD'000	31.12.2017 USD'000
Assets		
Property, plant and equipment	428,444	442,575
Investment properties	50,109	48,970
Prepaid lease payments	10,496	11,057
Intangible assets	183	3,537
Equity-accounted investees	13,994	11,102
Other investments	-	-
Deferred tax assets	23,215	16,266
Hire purchase receivables	158,362	180,622
Finance lease receivables	-	142
Total non-current assets	684,803	714,271
Other investments	30,656	34,947
Inventories	299,323	282,660
Contract assets	4,033	-
Current tax assets	2,188	9,426
Hire purchase receivables	22,444	22,770
Receivables	129,131	130,516
Deposits and prepayments	24,061	32,382
Derivative financial assets	71	3,970
Cash and cash equivalents	126,161	77,092
Total current assets	638,068	593,763
Total assets	1,322,871	1,308,034

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 RM4.139 = USD1.00

(2017 - RM4.125= USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2018 (in USD equivalent)

	31.12.2018 USD'000	31.12.2017 USD'000
Equity		
Share capital	81,189	81,455
Reserves	610,336	602,463
Treasury shares	(6,109)	(6,129)
Total equity attributable to owners of the Company	685,416	677,789
Non-controlling interests	(4,285)	(3,518)
Total equity	681,131	674,271
Liabilities		
Borrowings	120,559	181,369
Employee benefits	19,888	17,016
Deferred tax liabilities	42,401	39,314
Contract liabilities	11,599	-
Deferred revenue	-	1,356
Total non-current liabilities	194,447	239,055
Borrowings	247,508	249,633
Derivative financial liabilities	369	90
Taxation	5,921	2,758
Contract liabilities	2,738	-
Deferred revenue	-	15
Payables and accruals	190,757	142,212
Total current liabilities	447,293	394,708
Total liabilities	641,740	633,763
Total equity and liabilities	1,322,871	1,308,034

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The audited figures are converted into USD equivalent using the exchange rate of RM4.139 = USD1.00

(2017 - RM4.125= 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 2018

		Group		Company	
	Note	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Revenue	23	4,858,206	4,341,228	93,950	49,750
Cost of sales		(3,865,768)	(3,630,446)	-	-
Gross profit		992,438	710,782	93,950	49,750
Other income		98,077	73,648	18	-
Distribution expenses		(277,464)	(334,064)	-	-
Administrative expenses		(461,472)	(377,027)	(33,316)	(18,708)
Net loss on impairment of financial instruments		(36,964)	(18,792)	(1,077)	-
Other expenses		(87,817)	(73,256)	(20,100)	(23)
Results from operating activities		226,798	(18,709)	39,475	31,019
Finance income	24	22,209	14,224	29,031	34,032
Finance costs	25	(71,607)	(71,708)	(50,712)	(52,166)
Net finance cost		(49,398)	(57,484)	(21,681)	(18,134)
Share of profit of equity - accounted investees, net of tax		1,186	3,382	-	-
Profit/(Loss) before tax	26	178,586	(72,811)	17,794	12,885
Tax (expense)/income	28	(76,049)	(23,578)	3,937	1,280
Profit/(Loss) for the year		102,537	(96,389)	21,731	14,165

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 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)	-	-	-
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operations		(2,684)	5,696	-	-
Foreign currency translation differences for an equity-accounted associate		787	(226)	-	-
Cash flow hedge		(17,760)	21,355	-	-
		(19,657)	26,825	-	-
Other comprehensive (loss)/income for the year, net of tax	29	(34,991)	26,825	-	-
Total comprehensive income/(loss) for the year		67,546	(69,564)	21,731	14,165
Profit/(Loss) attributable to:					
Owners of the Company		105,932	(88,597)	21,731	14,165
Non-controlling interests		(3,395)	(7,792)	-	-
Profit/(Loss) for the year		102,537	(96,389)	21,731	14,165
Total comprehensive income/(loss) attributable to:					
Owners of the Company		70,468	(64,305)	21,731	14,165
Non-controlling interests		(2,922)	(5,259)	-	-
Total comprehensive income/(loss) for the year		67,546	(69,564)	21,731	14,165
Basic earnings/(loss) per ordinary share (sen)	30	16.23	(13.57)		

The notes on pages 100 to 211 are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018 (in USD equivalent)

	2018 USD'000	2017 USD'000
Revenue	1,173,905	1,052,419
Cost of sales	(934,099)	(880,108)
Gross profit	239,806	172,311
Other income	23,699	17,854
Distribution expenses	(67,045)	(80,985)
Administrative expenses	(111,507)	(91,400)
Net loss on impairment of financial instruments	(8,932)	(4,556)
Other expenses	(21,219)	(17,759)
Results from operating activities	54,802	(4,535)
Finance income	5,366	3,448
Finance costs	(17,303)	(17,384)
Net finance cost	(11,937)	(13,936)
Share of profit of equity-accounted investees, net of tax	287	820
Profit/(Loss) before tax	43,152	(17,651)
Tax expense	(18,376)	(5,716)
Profit/(Loss) for the year	24,776	(23,367)

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 RM4.139 = USD1.00

(2017 - RM4.125= 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 2018 (in USD equivalent)

	2018 USD'000	2017 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)	-
	(3,705)	-
Items that are or may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(649)	1,381
Foreign currency translation differences for an equity-accounted associate	190	(55)
Cash flow hedge	(4,291)	5,177
	(4,750)	6,503
Other comprehensive (loss)/income for the year, net of tax	(8,455)	6,503
Total comprehensive income/(loss) for the year	16,321	(16,864)
Profit/(Loss) attributable to:		
Owners of the Company	25,596	(21,478)
Non-controlling interests	(820)	(1,889)
Profit/(Loss) for the year	24,776	(23,367)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	17,027	(15,589)
Non-controlling interests	(706)	(1,275)
Total comprehensive income/(loss) for the year	16,321	(16,864)
Basic earnings/(loss) per ordinary share (sen)	3.92	(3.29)

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(2017 - RM4.125= USD1.00) being the exchange rate ruling at the date of statements of financial position.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

		Attributable to owners of the Company									
		Non-distributable					*Distributable*				
Group	**Note**	**Share capital**	**Treasury shares**	**Translation reserve**	**Revaluation reserve**	**Hedging reserve**	**Capitalisation of retained earnings**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
		RM'000	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**	**RM'000**
At 1 January 2017		336,000	(25,278)	(14,851)	736,660	(5,062)	100	1,845,673	2,873,242	(8,952)	2,864,290
Transfer of revaluation surplus on properties		-	-	-	(9,944)	-	-	9,944	-	-	-
Foreign currency translation differences for foreign operations		-	-	3,163	-	-	-	-	3,163	2,533	5,696
Foreign currency translation difference for an equity-accounted associate		-	-	(226)	-	-	-	-	(226)	-	(226)
Cash flow hedge		-	-	-	-	21,355	-	-	21,355	-	21,355
Total other comprehensive income/(loss) for the year		-	-	2,937	(9,944)	21,355	-	9,944	24,292	2,533	26,825
Loss for the year		-	-	-	-	-	-	(88,597)	(88,597)	(7,792)	(96,389)
Total comprehensive income/(loss) for the year		-	-	2,937	(9,944)	21,355	-	(78,653)	(64,305)	(5,259)	(69,564)
Purchase of treasury shares		-	(4)	-	-	-	-	-	(4)	-	(4)
Dividends											
- 2016 final	31	-	-	-	-	-	-	(6,527)	(6,527)	-	(6,527)
- 2017 interim	31	-	-	-	-	-	-	(6,527)	(6,527)	(300)	(6,827)
Total transactions with owners of the Company		-	(4)	-	-	-	-	(13,054)	(13,058)	(300)	(13,358)
At 31 December 2017/ 1 January 2018		336,000	(25,282)	(11,914)	726,716	16,293	100	1,753,966	2,795,879	(14,511)	2,781,368

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

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, as previously reported		336,000	(25,282)	(11,914)	726,716	16,293	100	1,753,966	2,795,879	(14,511)	2,781,368
Adjustment on adoption of MFRS 9 (net of tax)	2(a)(i)	-	-	-	-	-	-	(3,445)	(3,445)	-	(3,445)
Adjustment on adoption of MFRS 15 (net of tax)	2(b)	-	-	-	-	-	-	(6,730)	(6,730)	-	(6,730)
Adjusted balance 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	31	-	-	-	-	-	-	(6,527)	(6,527)	-	(6,527)
- 2018 interim	31	-	-	-	-	-	-	(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		336,000	(25,283)	(14,284)	701,438	(1,467)	100	1,840,087	2,836,591	(17,733)	2,818,858

The notes on pages 100 to 211 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Note	Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	Total equity RM'000
		← Attributable to owners of the Company →			
		Non-distributable		*Distributable*	
Company					
At 1 January 2017		336,000	(25,278)	953,665	1,264,387
Profit and total comprehensive income for the year		-	-	14,165	14,165
Purchase of treasury shares		-	(4)	-	(4)
Dividends					
- 2016 final	31	-	-	(6,527)	(6,527)
- 2017 interim	31	-	-	(6,527)	(6,527)
Total transactions with owners of the Company		-	(4)	(13,054)	(13,058)
At 31 December 2017/1 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	31	-	-	(6,527)	(6,527)
- 2018 interim	31	-	-	(13,053)	(13,053)
Total transactions with owners of the Company		-	(1)	(19,580)	(19,581)
At 31 December 2018		336,000	(25,283)	956,927	1,267,644
		Note 18	Note 18		

The notes on pages 100 to 211 are an integral part of these financial statements.

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash flows from operating activities					
Profit/(Loss) before tax		178,586	(72,811)	17,794	12,885
Adjustments for:					
Amortisation of prepaid lease payments	6	2,087	2,094	-	-
Depreciation of property, plant and equipment	4	98,267	112,266	57	133
Dividend income		-	-	(93,950)	(49,750)
(Gain)/Loss on disposal of property, plant and equipment	26	(6,261)	(5,003)	(18)	23
(Gain)/Loss on unrealised foreign exchange - net	26	(4,324)	36,337	-	-
Finance costs	25	71,607	71,708	50,712	52,166
Finance income	24	(22,209)	(14,224)	(29,031)	(34,032)
Inventories written off	26	22	117	-	-
Write-down of inventories	15	29,518	5,624	-	-
Impairment loss on:	26				
Hire purchase receivables		15,690	11,780	-	-
Property, plant and equipment		11,580	-	-	-
Trade receivables		21,274	7,012	-	-
Investment in subsidiary		-	-	20,100	-
Amount due from subsidiaries		-	-	1,077	-
Goodwill	7	13,944	-	-	-
Reversal of impairment loss on:	26				
Hire purchase receivables		-	(25)	-	-
Trade receivables		-	(3,234)	-	-
Reversal of write-down of inventories	15	(5,098)	(2,121)	-	-
Property, plant and equipment written off		1,129	1,028	-	-
Retirement benefits charged	20	14,679	12,986	7,980	6,418
Fair value changes on investment properties	5	(3,826)	(985)	-	-
Share of profit of equity-accounted investees		(1,186)	(3,382)	-	-
Fair value adjustment to derivatives		(526)	291	-	-
Operating profit/(loss) before changes in working capital		414,953	159,458	(25,279)	(12,157)
Changes in working capital:					
Inventories		(111,932)	580,114	-	-
Hire purchase receivables		74,899	(316,208)	-	-
Finance lease receivables		375	(637)	-	-
Receivables		(22,953)	138,478	(11)	369
Deposits and prepayment		34,000	(20,407)	(90)	(10)
Payables and accruals		218,273	(105,266)	1,142	522
Contract assets		982	-	-	-
Contract liabilities		21,516	-	-	-

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2018

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Cash generated from/(used in) operations		630,113	435,532	(24,238)	(11,276)
Tax paid		(57,218)	(43,263)	-	-
Tax refund		2,057	7,569	-	-
Interest paid		(68,210)	(67,578)	(47,315)	(51,623)
Interest received		22,209	14,224	29,031	34,032
Employee benefits paid		(2,565)	(1,094)	-	-
Net cash from/(used in) operating activities		526,386	345,390	(42,522)	(28,867)
Cash flows from investing activities					
Acquisition of property, plant and equipment	4	(71,939)	(110,782)	(371)	(7)
Acquisition of prepaid lease payments	6	(1,066)	(955)	-	-
Repayment from subsidiaries		-	-	(17,950)	123,664
Net proceeds from disposal/(acquisitions) of other investments		17,289	(141,156)	-	-
Acquisition of share in equity-accounted investees	39(ii)	(13,244)	-	(13,244)	-
Subscription to subsidiaries' share capital		-	-	-	(100,000)
Acquisition of subsidiary company	39(iii)	(200)	-	-	-
Dividends received from:					
- Unquoted subsidiaries		-	-	93,350	19,500
- Joint ventures		600	250	600	250
- Associates		2,500	-	-	-
Proceeds from disposal of property, plant and equipment		18,958	21,104	71	61
Net cash (used in)/from investing activities		(47,102)	(231,539)	62,456	43,468
Cash flows from financing activities					
Dividends paid to owners of the Company	31	(19,580)	(13,054)	(19,580)	(13,054)
Dividends paid to non-controlling interests		(300)	(300)	-	-
Purchase of own shares		(1)	(4)	(1)	(4)
Net (repayment of)/proceeds from bills payable		(49,051)	32,916	-	-
Net repayment of term loans		(23,135)	(7,684)	-	-
Net repayment of revolving credit		(184,297)	(26,838)	-	-
Net cash used in financing activities		(276,364)	(14,964)	(19,581)	(13,058)
Net increase in cash and cash equivalents		202,920	98,887	353	1,543
Effects of exchange rate fluctuations on cash and cash equivalents		1,193	(8,442)	-	-
Cash and cash equivalents at 1 January		318,005	227,560	1,755	212
Cash and cash equivalents at 31 December		522,118	318,005	2,108	1,755

STATEMENTS OF CASH FLOWS
for the year ended 31 December 2018

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	**2018**	**2017**	**2018**	**2017**
		RM'000	**RM'000**	**RM'000**	**RM'000**
Cash and bank balances	17	350,731	261,044	2,108	1,755
Deposits with licensed banks	17	171,387	56,961	-	-
		522,118	318,005	2,108	1,755

The notes on pages 100 to 211 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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 2018 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 2018 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 38 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 29 March 2019.

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 2019

- MFRS 16, *Leases*
- Amendments to MFRS 9, *Financial Instruments – Prepayment Features with Negative Compensation*
- Amendments to MFRS 119, *Employee Benefits – Plan Amendment, Curtailment or Settlement*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures – Long-term Interests In Associates and Joint Ventures*
- Amendments to MFRS 3, *Business Combinations (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 11, *Joint Arrangements (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 112, *Income Taxes (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- Amendments to MFRS 123, *Borrowing Costs (Annual Improvements to MFRS Standards 2015 – 2017 Cycle)*
- IC Interpretation 23, *Uncertainty over Income Tax Treatments*

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*

1. BASIS OF PREPARATION (continued)

(a) Statement of compliance (continued)

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2021

- MFRS 17, *Insurance Contracts*

MFRSs, interpretations and amendments effective for annual periods beginning on or 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 the 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* that is effective for annual periods beginning on or after 1 January 2021 as it is not applicable to the Group and the Company.

The initial application of the applicable accounting standards, interpretations and 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 except for the application of MFRS 16 as discussed below:

MFRS 16, *Leases*

MFRS 16 replaces the guidance in MFRS 117, *Leases*, IC Interpretation 4, *Determining whether an Arrangement contains a Lease*, IC Interpretation 115, *Operating Leases – Incentives* and IC Interpretation 127, *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

MFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard which continues to be classified as finance or operating lease.

At 1 January 2019, the Group is expected to recognise lease liabilities of RM58,205,000 with a corresponding additional right-of-use assets of RM55,091,000, recognising the difference in retained earnings.

No significant impact is expected on the Group's finance leases.

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

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 using the 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 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 14 – measurement of expected credit loss allowances for hire purchase and trade receivables*

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

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

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

- *Note 15 – valuation of inventories*

  The calculation of inventory provisions 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 provisions 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 attrition 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 9, *Financial Instruments* and MFRS 15, *Revenue from Contracts with Customers* on their financial statements. The Group and the Company applied the requirements of these accounting standards using the cumulative effect method with transitional exemptions as allowed by the standards. As a result, the comparatives are not restated.

(a) MFRS 9, *Financial Instruments*

MFRS 9 replaces the provisions of MFRS 139, *Financial Instruments: Recognition and Measurement* that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

(i) Transition - Accounting for financial instruments

In the adoption of MFRS 9, the following transitional exemptions as permitted by the standard have been adopted:

(1) The Group and the Company have not restated comparative for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of MFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of MFRS 9, but rather those of MFRS 139.

(2) The following assessments have been made on the facts and circumstances that existed at the date of initial application:

- the determination of the business model within which a financial asset is held; and
- the designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.

(3) If an investment in a debt security had low credit risk as at the date of initial application of MFRS 9, the Group has assumed that the credit risk on the asset has not increased significantly since its initial recognition.

(4) Loss allowance for receivables (other than trade receivables) is recognised at an amount equal to lifetime expected credit losses until the receivable is derecognised.

The following table summarises the impact, net of tax, of transition to MFRS 9 on the opening balance of retained earnings.

Group	**Impact of adopting MFRS 9 on opening balance RM'000**
Retained earnings	
Recognition of expected credit losses under MFRS 9	(4,533)
Related tax effect	1,088
Impact at 1 January 2018	(3,445)

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) MFRS 9, *Financial Instruments (continued)*

(ii) Classification and measurement of financial assets and financial liabilities

MFRS 9 contains three classification categories of financial assets i.e. measured at amortised cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The classification is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. MFRS 9 eliminates the previous MFRS 139 categories of held to maturity, loans and receivables and available for sale. Under MFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the new standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

The adoption of MFRS 9 has not had a significant effect on the Group's accounting policies related to financial liabilities and derivative financial instruments (for derivatives that are used as hedging instruments).

The following table and the accompanying notes explain the original measurement categories under MFRS 139 and the new measurement categories under MFRS 9 for each class of the Company's financial assets and financial liabilities as at 1 January 2018. The effect of adopting MFRS 9 on the carrying amount of financial assets at 1 January 2018 relates solely to the new impairment requirements.

Group				1 January 2018	
	Note	Original classification under MFRS 139	New classification under MFRS 9	Original carrying amount under MFRS 139 RM'000	New carrying amount under MFRS 9 RM'000
Financial assets					
Other investments		Held for trading	Mandatorily at FVTPL	144,157	144,157
Other investments		Designated upon initial recognition	Mandatorily at FVTPL	1	1
Trade and other receivables	(aa)	Loans and receivables	Amortised costs	537,867	533,467
Hire purchase receivables	(bb)	Loans and receivables	Amortised costs	838,991	838,858
Finance lease receivables		Loans and receivables	Amortised costs	1,097	1,097
Deposits		Loans and receivables	Amortised costs	14,214	14,214
Derivative financial assets		Fair value – hedging instrument	Fair value – hedging instrument	16,375	16,375
Cash and cash equivalents		Loans and receivables	Amortised costs	318,005	318,005
Total financial assets				**1,870,707**	**1,866,174**
Financial liabilities					
Borrowings		Other financial liabilities	Amortised costs	1,777,883	1,777,883
Derivative financial liabilities		Fair value – hedging instrument	Fair value – hedging instrument	373	373
Payables and accruals		Other financial liabilities	Amortised costs	586,625	586,625
Total financial liabilities				**2,364,881**	**2,364,881**

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) MFRS 9, *Financial Instruments (continued)*

(ii) Classification and measurement of financial assets and financial liabilities (continued)

(aa) Trade and other receivables that were classified as loans and receivables under MFRS 139 are now classified at amortised cost. An increase of RM4,400,000 in the allowance for impairment over these receivables was recognised in opening retained earnings of the Group at 1 January 2018 on transition to MFRS 9.

(bb) Hire purchase receivables that were classified as loans and receivables under MFRS 139 are now classified at amortised cost. An increase of RM133,000 in the allowance for impairment over these receivables was recognised in opening retained earnings of the Group at 1 January 2018 on transition to MFRS 9.

Company			**1 January 2018**	
	Original classification under MFRS 139	**New classification under MFRS 9**	**Original carrying amount under MFRS 139 RM'000**	**New carrying amount under MFRS 9 RM'000**
Financial assets				
Other investments	Loans and receivables	Mandatorily at FVTPL	139	139
Trade and other receivables	Loans and receivables	Amortised costs	661,918	661,918
Deposits	Loans and receivables	Amortised costs	77	77
Cash and cash equivalents	Loans and receivables	Amortised costs	1,755	1,755
Total financial assets			**663,889**	**663,889**
Financial liabilities				
Borrowings	Other financial liabilities	Amortised costs	748,147	748,147
Payables and accruals	Other financial liabilities	Amortised costs	349,686	349,686
Total financial liabilities			**1,097,833**	**1,097,833**

(iii) Impairment of financial assets

MFRS 9 replaces the 'incurred loss' model in MFRS 139 with an 'expected credit loss' ("ECL") model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments. The Company applies the simplified approach to measuring the expected credit losses which uses a lifetime expected loss allowance for all contract assets and trade receivables. This resulted in an increase of the loss allowance as disclosed in Note 2(a)(ii) above.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) MFRS 9, *Financial Instruments (continued)*

(iv) Hedge accounting

MFRS 9 also incorporates new hedge accounting rules that intend to align hedge accounting with risk management practices. MFRS 9 does not cover guidance on macro hedge accounting as it will be addressed as a separate accounting standard project. MFRS 9 includes an accounting policy choice to continue to apply the hedge accounting requirements of MFRS 139. Accordingly, the Company has elected to continue with the existing hedge accounting provisions of MFRS 139.

(b) MFRS 15, *Revenue from Contracts with Customers*

MFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue* and the related interpretations. Under MFRS 15, revenue is recognised when a customer obtains control of the goods and services. Determining the timing of the transfer of control – at a point in time or over time requires judgement.

Transition - Accounting for revenue

The Group has adopted MFRS 15 using the cumulative effect method (without practical expedients), with effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). Accordingly, the information presented for 2017 has not been restated – i.e. it is presented, as previously reported, under MFRS 118 and related interpretations. Additionally, the disclosure requirements under MFRS 15 has not generally been applied to comparative information.

The following table summarises the impact, net of tax, of transition to MFRS 15 on retained earnings at 1 January 2018.

Group

	Note	Impact of adopting MFRS 15 on opening balance RM'000
Retained earnings		
Extended warranty services	(i)	(10,758)
Free maintenance services	(ii)	(1,054)
Recognition of revenue overtime	(iv)	2,957
Related tax effect		2,125
Impact at 1 January 2018		**(6,730)**

The following tables summarise the impact of adopting MFRS 15 on the Group's statement of financial position as at 31 December 2018 and its statement of profit or loss and other comprehensive income ("OCI") for the year then ended for line items affected. There was no material impact on the Group's statements of cash flows for the year ended 31 December 2018.

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) MFRS 15, *Revenue from Contracts with Customers (continued)*

Impact on the statements of financial position as at 31 December 2018

Group

Line items affected	Note	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Deferred tax assets	(i), (ii), (iv)	96,075	216	96,291
Inventories	(iv)	1,238,750	14,314	1,253,064
Contract assets	(iv)	16,689	(16,689)	-
Retained earnings	(i), (ii), (iv)	1,840,087	11,126	1,851,213
Contract liabilities	(i), (ii), (iv)	59,336	(59,336)	-
Deferred revenue	(v)	-	5,526	5,526
Payable and accruals	(i), (ii), (iv)	789,454	40,525	829,979

Impact on the statements of profit or loss and OCI for the year ended 31 December 2018

Group

Line items affected	Note	As reported RM'000	Adjustments RM'000	Amounts without adoption of MFRS 15 RM'000
Revenue	(i), (ii), (iii),(iv)	4,858,206	51,834	4,910,040
Operating profit	(i), (ii)	226,798	2,055	228,853
Profit before taxation	(i), (ii), (iv)	178,586	2,055	180,641
Tax expense	(i), (ii), (iv)	(76,049)	(493)	(76,542)
Profit for the year	(i), (ii), (iv)	102,537	1,562	104,099
Total comprehensive income for the year	(i), (ii), (iv)	67,546	1,562	69,108

(i) Under MFRS 118, the Group accounted for the extended warranty as part of the liability provision when the sales of products took place. Such warranties were accounted for in accordance with MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets*. Under MFRS 15, if a customer has the option to purchase the warranty, it will need to be accounted for as a separate performance obligation. Accordingly, the service-type warranty will be treated as deferred revenue until the performance obligation is satisfied.

(ii) Under MFRS 118, the Group recognised revenue for both the sales of products and services when the risks and rewards of the ownership of the goods were transferred to buyer. Under MFRS 15, the Company is required to identify each promise to deliver a good or a service in a contract to a customer. A promise constitutes a performance obligation if the promised good or service is distinct. Based on the management's assessment, the free maintenance services of the vehicles sold constitutes a separate obligation and the revenue recognition should be deferred until the performance obligation is satisfied.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) MFRS 15, *Revenue from Contracts with Customers (continued)*

(iii) Previously, the Group recognised revenue from contracts with customers on the basis of fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Upon the adoption of MFRS 15, the Group recognises revenue from contracts with customers that require customer-related costs that had previously been treated as selling and distribution expenses to be allocated as a deduction of revenue.

(iv) Previously, under MFRS 118, the Group recognised revenue from vehicle assembly services as and when the significant risks and rewards of ownership of the assembled vehicles were transferred to customers. On the adoption of MFRS 15, revenue from such services is recognised over time as the Group's performance creates or enhances the asset that is controlled by the customer.

(v) Previously, under MFRS 118, the upfront fees received from customer were recognised as deferred revenue. On the adoption of MFRS 15, the amount has been reclassified as contract liabilities.

There is no impact of transition to MFRS 15 on retained earnings at 1 January 2018 for the Company.

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 9 and MFRS 15 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(ii) Business combinations (continued)

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

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

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

(iii) Acquisitions of non-controlling interests

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

(iv) Loss of control

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Basis of consolidation (continued)

(v) Associates (continued)

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

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

(vi) Joint arrangements

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

Joint arrangements are classified and accounted for as follows:

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

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

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency

(i) Foreign currency transactions

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

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

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

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

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

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company have elected not to restate the comparatives.

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(i) Recognition and initial measurement (continued)

Policy applicable from 1 January 2018

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

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

Policy applicable before 1 January 2018

Financial instrument was recognised initially, at its fair value plus or minus, in the case of a financial instrument not at fair value through profit or loss, transaction costs that were directly attributable to the acquisition or issue of the financial instrument.

An embedded derivative was recognised separately from the host contract and accounted for as a derivative if, and only if, it was not closely related to the economic characteristics and risks of the host contract and the host contract was not recognised as fair value through profit or loss. The host contract, in the event an embedded derivative was recognised separately, was accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets - Policy applicable from 1 January 2018

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)).

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial assets - Policy applicable from 1 January 2018 (continued)

(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.

(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)).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

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

Financial assets - Policy applicable before 1 January 2018

In the previous financial year, financial assets of the Group and the Company were classified and measured under MFRS 139, *Financial Instruments: Recognition and Measurement* as follows:

(a) Financial assets at fair value through profit or loss

Fair value through profit or loss category comprised financial assets that were held for trading, including derivatives (except for a derivative that was a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination or financial assets that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments whose fair values could not be reliably measured were measured at cost.

Other financial assets categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

(b) Held-to-maturity

Held-to-maturity investments category comprised debt instruments that were quoted in an active market and the Group or the Company had the positive intention and ability to hold them to maturity.

Financial assets categorised as held-to-maturity investments were subsequently measured at amortised cost using the effective interest method.

(c) Loans and receivables

Loans and receivables category comprised debt instruments that were not quoted in an active market, trade and other receivables and cash and cash equivalents.

Financial assets categorised as loans and receivables were subsequently measured at amortised cost using the effective interest method.

All financial assets, except for those measured at fair value through profit or loss were subject to impairment assessment (see Note 3(k)(i)).

Financial liabilities - Policy applicable from 1 January 2018

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 - Policy applicable from 1 January 2018 (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.

Financial liabilities - Policy applicable before 1 January 2018

In the previous financial year, finance liabilities of the Group and the Company were subsequently measured at amortised cost other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprised financial liabilities that were derivatives or financial liabilities that were specifically designated into this category upon initial recognition.

Derivatives that were linked to and must be settled by delivery of unquoted equity instruments that did not have a quoted price in an active market for identical instruments whose fair values otherwise could not be reliably measured were measured at cost.

Financial liabilities categorised as fair value through profit or loss were subsequently measured at their fair values with the gain or loss recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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

Policy applicable from 1 January 2018

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)

Policy applicable from 1 January 2018 (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.

Policy applicable before 1 January 2018

In the previous financial year, cost of hedging was expensed 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 or 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 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) Leased assets

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leased assets (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 held under a leasehold interest 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 are measured initially at cost and subsequently 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.

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 the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment property (continued)

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

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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

Unless specifically disclosed below, the Group and the Company generally applied the following accounting policies retrospectively. Nevertheless, as permitted by MFRS 9, *Financial Instruments*, the Group and the Company elected not to restate the comparatives.

(i) Financial assets – Policy applicable from 1 January 2018

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 and contract assets are always measured at an amount equal to lifetime expected credit loss.

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

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

The Group assess whether the credit risk on an exposure has increased significantly on an individual or collective basis. The Group first assess whether objective evidence of impairment exists for financial assets which are individually significant. If the Group determine 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment (continued)

(i) Financial assets – Policy applicable from 1 January 2018 (continued)

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

Financial assets – Policy applicable before 1 January 2018

All financial assets (except for financial assets categorised as fair value through profit or loss, investments in subsidiaries and associates) were assessed at each reporting date whether there are any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset. Losses expected as a result of future events, no matter how likely, were not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost was an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset was estimated.

An impairment loss in respect of loans and receivables and held-to-maturity investments was recognised in profit or loss and was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate. The carrying amount of the asset was reduced through the use of an allowance account.

An impairment loss in respect of unquoted equity instrument that was carried at cost was recognised in profit or loss and was measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset.

Impairment losses recognised in profit or loss for an investment in an equity instrument classified as available-for-sale was not reversed through profit or loss.

If, in a subsequent period, the fair value of a debt instrument increases and the increase could be objectively related to an event occurring after impairment loss was recognised in profit or loss, the impairment loss was reversed, to the extent that the asset's carrying amount did not exceed what the carrying amount would have been had the impairment not been recognised at the date the impairment was reversed. The amount of the reversal was recognised in profit or loss.

(ii) Other assets

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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.

Warranties

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income

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

Under MFRS 15 - Policy applicable from 1 January 2018

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

Manufacturing and assembly of passenger and commercial vehicles

i) Point in time recognition

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

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

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

ii) Over time recognition

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

Under MFRS 15 - Policy applicable from 1 January 2018 (continued)

Distribution and sale of vehicles and parts

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

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

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

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

After-sales services

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Revenue and other income (continued)

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

Under MFRS 118 - Policy applicable before 1 January 2018

(i) Goods sold

Revenue from sale of goods in the course of ordinary activities is measured at fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of the revenue as the sales are recognised.

(ii) Services

Revenue from services rendered is recognised in profit or loss as and when the services are performed.

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

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

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

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

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

(i) Dividend income

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

(ii) Rental income

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

(iii) Interest income

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

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Borrowing costs

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

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

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

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

(q) Income tax

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

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

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

Where investment properties are carried at fair value in accordance with the accounting policies set out in Note 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Earnings per ordinary share

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

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

(s) Operating segments

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

(t) Contingent liabilities

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

(u) Fair value measurements

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

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

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

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

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

4. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	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	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Cost/Valuation										
At 1 January 2017	445,972	476,437	569,520	497,273	131,214	162,425	94,334	3,442	35,959	2,416,576
Additions	10,753	11,232	5,234	12,912	4,766	25,966	6,253	-	33,666	110,782
Disposals	-	-	-	(1,078)	(1,154)	(36,043)	(914)	-	-	(39,189)
Reclassifications	-	-	12,099	460	300	-	129	-	(12,988)	-
Transfers	* 19,947	* (2,950)	* (19,620)	-	-	-	-	-	-	(2,623)
Write-off	-	-	-	(1,029)	(955)	(171)	(423)	-	-	(2,578)
Effects of movement in exchange rates	-	(120)	(5,435)	(10,819)	(480)	(1,324)	(1,454)	(88)	(2,759)	(22,479)
At 31 December 2017/ 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	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	10,753	11,232	17,333	497,719	133,691	150,853	97,925	3,354	53,878	976,738
- at valuation	465,919	473,367	544,465	-	-	-	-	-	-	1,483,751
At 31 December 2017	476,672	484,599	561,798	497,719	133,691	150,853	97,925	3,354	53,878	2,460,489
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

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

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Freehold land RM'000	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	Renovation RM'000	Rough road RM'000	Under construction RM'000	Total RM'000
Depreciation and impairment loss										
At 1 January 2017										
Accumulated depreciation	-	-	-	317,681	89,974	85,564	47,613	444	-	541,276
Accumulated impairment loss	472	2,112	4,490	5,127	33	-	44	-	-	12,278
	472	2,112	4,490	322,808	90,007	85,564	47,657	444	-	553,554
Depreciation for the year	-	10,136	15,687	38,584	12,783	25,041	9,999	36	-	112,266
Disposals	-	-	-	(470)	(816)	(21,432)	(370)	-	-	(23,088)
Transfers	-	* (46)	* (328)	-	-	-	-	-	-	(374)
Write-off	-	-	-	(359)	(823)	(162)	(206)	-	-	(1,550)
Effects of movement in exchange rates	-	(7)	(616)	(3,956)	(395)	(319)	(637)	(9)	-	(5,939)
At 31 December 2017/ 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										
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
Carrying amounts										
At 1 January 2017	445,500	474,325	565,030	174,465	41,207	76,861	46,677	2,998	35,959	1,863,022
At 31 December 2017/ 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

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

4.1 Impairment loss

During the financial year ended 31 December 2018, the Group has recognised an impairment loss of RM11,580,000 in respect of idle technical facilities.

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Furniture, fixtures, fittings and office equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost			
At 1 January 2017	201	1,513	1,714
Additions	7	-	7
Disposals	-	(162)	(162)
At 31 December 2017/1 January 2018	208	1,351	1,559
Additions	12	359	371
Disposals	-	(167)	(167)
At 31 December 2018	220	1,543	1,763
Depreciation			
At 1 January 2017	193	1,229	1,422
Depreciation for the year	6	127	133
Disposals	-	(78)	(78)
At 31 December 2017/1 January 2018	199	1,278	1,477
Depreciation for the year	5	52	57
Disposals	-	(114)	(114)
At 31 December 2018	204	1,216	1,420
Carrying amounts			
At 1 January 2017	8	284	292
At 31 December 2017/1 January 2018	9	73	82
At 31 December 2018	16	327	343

Property, plant and equipment under revaluation model

The Group's properties were last revalued on 31 December 2016 by independent professional qualified valuer using comparison and depreciated replacement cost approach.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT (continued)

Property, plant and equipment under revaluation model (continued)

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 RM'000	Buildings RM'000	Total RM'000
Group				
2018				
Cost	156,866	142,475	436,858	736,199
Accumulated depreciation	-	(23,092)	(107,108)	(130,200)
Accumulated impairment loss	(472)	(2,112)	(4,490)	(7,074)
	156,394	117,271	325,260	598,925
2017				
Cost	159,716	142,454	436,795	738,965
Accumulated depreciation	-	(30,030)	(113,730)	(143,760)
Accumulated impairment loss	(472)	(2,112)	(4,490)	(7,074)
	159,244	110,312	318,575	588,131

Fair value information

	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
Group				
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
2017				
Freehold land	-	-	465,447	465,447
Long term leasehold land	-	-	471,255	471,255
Buildings	-	-	539,975	539,975
	-	-	1,476,677	1,476,677

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

4. PROPERTY, PLANT AND EQUIPMENT (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 RM36 to RM574 (2017: RM36 to RM574) whereas property in Vietnam was at RM33 (2017: RM33) per square foot.

Titles

The titles to certain properties with a total cost of RM32,888,000 (2017: RM36,388,000) have yet to be issued by the relevant authorities.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

5. INVESTMENT PROPERTIES

	Freehold land	Long term leasehold land	Buildings	Total
	RM'000	RM'000	RM'000	RM'000
Group				
At 1 January 2017	156,501	11,395	30,870	198,766
Transfer	* (19,947)	* 2,904	* 19,292	2,249
Change in fair value recognised in profit or loss	200	276	509	985
At 31 December 2017/1 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	143,330	16,105	47,941	207,376

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

Fair value information

Fair value of investment properties are categorised as follows:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
Group				
2018				
Freehold land	-	-	143,330	143,330
Long term leasehold land	-	-	16,105	16,105
Buildings	-	-	47,941	47,941
	-	-	207,376	207,376
2017				
Freehold land	-	-	136,754	136,754
Long term leasehold land	-	-	14,575	14,575
Buildings	-	-	50,671	50,671
	-	-	202,000	202,000

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 (2017: RM15 to RM1,595).

6. PREPAID LEASE PAYMENTS

	Group	
	2018	**2017**
	RM'000	**RM'000**
Leasehold land		
Cost		
At 1 January	55,741	60,318
Additions	1,066	955
Effects of movement in exchange rates	(1,378)	(5,532)
At 31 December	55,429	55,741

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

6. PREPAID LEASE PAYMENTS (continued)

	Group	
	2018	**2017**
	RM'000	**RM'000**
Amortisation		
At 1 January	10,132	8,975
Amortisation for the year	2,087	2,094
Effects of movement in exchange rates	(226)	(937)
At 31 December	11,993	10,132
Carrying amount		
At 1 January	45,609	51,343
At 31 December	43,436	45,609

7. INTANGIBLE ASSETS

Group	**Note**	**Goodwill**
		RM'000
Cost		
At 1 January 2017/31 December 2017/1 January 2018		14,592
Acquisition through business combination	39	111
At 31 December 2018		14,703
Impairment loss		
At 1 January 2017/31 December 2017/1 January 2018		
Accumulated impairment loss		-
Impairment loss	7.1	13,944
At 31 December 2018		
Accumulated impairment loss		13,944
		13,944
Carrying amounts		
At 1 January 2017/31 December 2017/1 January 2018		14,592
At 31 December 2018		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	
	2018	2017
	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	-
	14,703	14,592
Less: Impairment loss	(13,944)	-
	759	14,592

(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.

8. INVESTMENTS IN SUBSIDIARIES

		Company	
		2018	2017
		RM'000	RM'000
Investments at cost		1,728,921	1,728,921
Less: Impairment loss	(i)	(40,738)	(20,638)
		1,688,183	1,708,283

NOTES TO THE FINANCIAL STATEMENTS
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8. INVESTMENTS IN SUBSIDIARIES (continued)

Details of the subsidiaries are in Note 38.

Although the Group owns less than half of the ownership interest in TC Express Auto Services and Spare Parts (Thailand) Co. Ltd. and TC Sri Amar Sdn. Bhd. with less than half of the voting power of these entities, 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.

(i) Event and circumstances that led to the recognition of the impairment loss.

During the financial year, the Company has recognised an additional impairment loss of RM20.10 million in relation to its investments in subsidiaries namely TC Euro Cars Sdn. Bhd., TC Education Sdn. Bhd. and TC Facilities Management Sdn. Bhd. due to the continuing losses by the subsidiaries. The impairment loss is included in other expenses in the profit or loss.

Non-controlling interests in subsidiaries

The Group's subsidiaries that have material non-controlling interests ("NCI") are as follows:

(i) Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA")
(ii) Nissan Vietnam Co. Ltd. ("NVL")
(iii) TC Express Auto Services and Spare Parts (Thailand) Co. Ltd. ("TCEAS Thai")

	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000	Other individually immaterial subsidiaries RM'000	Total RM'000
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)
2017					
NCI percentage of ownership interest and voting interest	30%	26%	51%		
Carrying amount of NCI	20,872	(25,568)	(6,898)	(2,917)	(14,511)
Total comprehensive (loss)/income allocated to NCI	(4,146)	(502)	518	(1,129)	(5,259)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

8. INVESTMENTS IN SUBSIDIARIES (continued)

Summarised financial information before intra-group elimination

	TCMA RM'000	NVL RM'000	TCEAS (Thai) RM'000
2018			
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	-	-
2017			
As at 31 December			
Non-current assets	79,242	27,782	1,193
Current assets	75,990	8,505	1,440
Non-current liabilities	(7,371)	-	-
Current liabilities	(78,287)	(134,626)	(16,158)
Net assets/(liabilities)	69,574	(98,339)	(13,525)
Year ended 31 December			
Revenue	104,744	308,770	1,715
(Loss)/profit for the year	(12,373)	(11,566)	962
Total comprehensive (loss)/income	(13,820)	(1,931)	1,016
Cash flows from operating activities	315	3,324	1,165
Cash flows used in investing activities	(2,809)	(3,221)	(39)
Cash flows (used in)/from financing activities	(1,000)	12,071	(991)
Net (decrease)/increase in cash and cash equivalents	(3,494)	12,174	135
Dividend paid to NCI	300	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

9. EQUITY-ACCOUNTED INVESTEES

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Interests in associates	a	55,236	43,049	25,490	12,246
Interest in joint venture	b	2,678	2,748	1,406	1,406
		57,914	45,797	26,896	13,652

(a) Interests in associates

	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Unquoted shares, at cost:				
In Malaysia	20,585	7,341	13,244	-
Outside Malaysia	12,247	12,247	12,246	12,246
Share of post-acquisition reserve	22,404	23,461	-	-
	55,236	43,049	25,490	12,246

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 2018 %	Effective ownership interest and voting interest 2017 %
Comit Communication Technologies Sdn. Bhd. ("CCT")	Malaysia	Property investment holding	24.50	-
TC Capital (Thailand) Co. Ltd. ("TCCT")	Thailand	Provision of equipment leasing	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 tie rods 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.

	CCT RM'000	TCCT RM'000	KEV RM'000	THK RM'000
Group				
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)

(a) Interests in associates (continued)

	TCCT RM'000	KEV RM'000	THK RM'000
Group			
Summarised financial information			
As at 31 December 2017			
Non-current assets	7,969	10,411	31,723
Current assets	65,876	12,759	55,104
Non-current liabilities	-	-	(4,262)
Current liabilities	(14,496)	(64)	(31,075)
Net assets	59,349	23,106	51,490
Year ended 31 December 2017			
Profit for the year	1,268	4,559	6,084
Other comprehensive loss	(497)	-	-
Total comprehensive income	771	4,559	6,084
Included in the total comprehensive income is:			
Revenue	1,469	1,050	109,609

	TCCT RM'000	KEV RM'000	THK RM'000	Total RM'000
Reconciliation of net assets to carrying amount as at 31 December 2017				
Group's share of net assets	26,974	5,777	10,298	43,049
Group's share of results for the year ended 31 December 2017				
Group's share of profit for the year	576	1,140	1,217	2,933
Group's share of other comprehensive loss	(226)	-	-	(226)
Group's share of total comprehensive income	350	1,140	1,217	2,707

(b) Interest in joint venture

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Unquoted shares in Malaysia, at cost	500	500	1,406	1,406
Share of post-acquisition reserve	2,178	2,248	-	-
	2,678	2,748	1,406	1,406

9. EQUITY-ACCOUNTED INVESTEES (continued)

(b) Interest in joint venture (continued)

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	
	2018	**2017**
Percentage of ownership and voting interest	50%	50%

	Group	
	2018	**2017**
	RM'000	**RM'000**
Summarised financial information		
As at 31 December		
Non-current assets	812	154
Current assets (including cash and cash equivalents)	6,764	6,938
Non-current liabilities	(124)	(112)
Current liabilities	(2,097)	(1,485)
Cash and cash equivalents	438	1,483
Year ended 31 December		
Profit and total comprehensive income	1,060	898
Included in the total comprehensive income are:		
Revenue	11,170	9,974
Depreciation and amortisation	91	43
Interest income	-	48
Income tax (income)/expense	(252)	278
Reconciliation of net assets to carrying amount as at 31 December		
Group's share of net assets	2,678	2,748
Group's share of results for year ended 31 December		
Group's share of profit and total comprehensive income	530	449
Other information		
Dividend received by the Group	600	250

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

10. OTHER INVESTMENTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Fair value through profit or loss financial asset:					
Option	a	1	1	1	1
Asset-backed notes	b	-	-	138	-
Loan and receivables financial asset:					
Asset-backed notes	b	-	-	-	2,200
Less: Impairment of asset-backed notes		-	-	-	(2,062)
		1	1	139	139
Current					
Fair value through profit or loss financial asset:					
Liquid investments in quoted unit trusts with licensed financial institutions		126,868	144,157	-	-
		126,869	144,158	139	139
Representing items:					
At cost/amortised cost		-	-	-	138
At fair value		126,869	144,158	139	1
		126,869	144,158	139	139
Market value of liquid investments in quoted unit trusts with licensed financial institutions		126,868	144,157	-	-

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 is available for a period of ten (10) years from the date of the Subscription Option Agreement.

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

10. OTHER INVESTMENTS (continued)

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

	Notes RM'000	Date of maturity	Coupon rate
2018			
Class C	2,200	December 2029	5.00%
2017			
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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Group						
Deferred tax assets						
Property, plant and equipment/ investment properties - capital allowances	-	-	(13,783)	(14,969)	(13,783)	(14,969)
Provisions and contract liabilities/ deferred income	94,665	53,420	-	-	94,665	53,420
Unabsorbed capital allowances	4,451	6,682	-	-	4,451	6,682
Unabsorbed reinvestment allowance	5,858	5,858	-	-	5,858	5,858
Tax losses carry-forwards	4,596	14,893	-	-	4,596	14,893
Other items	288	1,214	-	-	288	1,214
Net tax assets/(liabilities)	109,858	82,067	(13,783)	(14,969)	96,075	67,098

NOTES TO THE FINANCIAL STATEMENTS
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11. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Recognised deferred tax assets/(liabilities) (continued)

	Assets		Liabilities		Net	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Group						
Deferred tax liabilities						
Property, plant and equipment/ investment properties						
- capital allowances	-	-	(1,043)	(1,477)	(1,043)	(1,477)
- revaluation	-	-	(176,453)	(163,689)	(176,453)	(163,689)
Provisions	1,330	1,797	-	-	1,330	1,797
Unabsorbed capital allowances	-	22	-	-	-	22
Tax losses carry-forwards	14	6,290	-	-	14	6,290
Net gain/(loss) on unrealised foreign exchange	676	-	-	(5,115)	676	(5,115)
Net tax assets/(liabilities)	2,020	8,109	(177,496)	(170,281)	(175,476)	(162,172)
Company						
Deferred tax assets						
Property, plant and equipment – capital allowances	9	27	-	-	9	27
Provisions	11,263	7,308	-	-	11,263	7,308
Net tax assets	11,272	7,335	-	-	11,272	7,335

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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

Recognised deferred tax assets/(liabilities) (continued)

Group movement in temporary differences for deferred tax assets during the year:

	At 1.1.2017	Recognised in profit or loss (Note 28)	Effects of movement in exchange rate	Recognised in other comprehensive income (Note 29)	At 31.12.2017/ 1.1.2018	Adjustment on adoption of MFRS 9 and MFRS 15	Adjusted 31.12.2017/ 1.1.2018	Recognised in profit or loss (Note 28)	Effects of movement in exchange rate	Recognised in other comprehensive income (Note 29)	At 31.12.2018
	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	(7,583)	(7,386)	-	-	(14,969)	-	(14,969)	1,186	-	-	(13,783)
Provisions and contract liabilities/ deferred income	40,132	13,288	-	-	53,420	3,213	56,633	38,032	-	-	94,665
Unabsorbed capital allowances	5,015	1,667	-	-	6,682	-	6,682	(2,231)	-	-	4,451
Unabsorbed reinvestment allowances	4,241	1,617	-	-	5,858	-	5,858	-	-	-	5,858
Tax losses carry-forwards	20,620	(7,135)	1,408	-	14,893	-	14,893	(16,028)	5,731	-	4,596
Other items	336	878	-	-	1,214	-	1,214	(926)	-	-	288
	62,761	2,929	1,408	-	67,098	3,213	70,311	20,033	5,731	-	96,075

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

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

Recognised deferred tax assets/(liabilities) (continued)

Group movement in temporary differences for deferred tax liabilities during the year:

	At 1.1.2017 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in other comprehensive income (Note 29) RM'000	At 31.12.2017/ 1.1.2018 RM'000	Recognised in profit or loss (Note 28) RM'000	Recognised in other comprehensive income (Note 29) RM'000	At 31.12.2018 RM'000
Group							
Property, plant and equipment/investment properties							
- capital allowances	(9,879)	8,402	-	(1,477)	434	-	(1,043)
- revaluation	(166,334)	2,645	-	(163,689)	2,570	(15,334)	(176,453)
Provisions	7,210	(5,413)	-	1,797	(467)	-	1,330
Unabsorbed capital allowances	-	22	-	22	(22)	-	-
Tax losses carry-forwards	53	6,237	-	6,290	(6,276)	-	14
Net (loss)/gain on unrealised foreign exchange	(167)	(4,948)	-	(5,115)	5,791	-	676
	(169,117)	6,945	-	(162,172)	2,030	(15,334)	(175,476)

Company movement in temporary differences for deferred tax assets during the year:

	At 1.1.2017 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2017/ 1.1.2018 RM'000	Recognised in profit or loss (Note 28) RM'000	At 31.12.2018 RM'000
Company					
Property, plant and equipment - capital allowance	18	9	27	(18)	9
Provisions	5,751	1,557	7,308	3,955	11,263
	5,769	1,566	7,335	3,937	11,272

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Unabsorbed capital allowances	30,965	35,956
Tax losses carry-forwards	315,239	309,514
Deductible temporary differences	4,174	2,351
Provisions	7,878	101
	358,256	347,922
Deferred tax assets not recognised at 24% (2017: 24%)	85,981	83,501

Group

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 RM189,239,000 (VND1,057,200,660,000) (2017: RM205,217,000 (VND1,118,124,255,000)) (stated at gross) which will be expiring in financial years 2019 to 2023 for a subsidiary in Vietnam.

Prior to year of assessment ("YA") 2019, tax losses arising from a YA is allowed to be carried forward for utilisation indefinitely. Pursuant to the amendment to the Income Tax Act 1967, with effect from YA 2019, tax losses arising from a YA is only allowed to be carried forward for a maximum of seven (7) consecutive years. Any amount not utilised by the seventh (7th) YA shall be disregarded.

As a transitional provision, any accumulated tax losses as at YA 2018 is allowed to be carried forward for utilisation up to seven (7) consecutive years (i.e. until YA 2025). The unutilised amount as at YA 2025 shall be disregarded.

The remaining unabsorbed capital allowances, provisions and other deductible temporary differences do not expire under current Malaysian tax legislation.

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12. HIRE PURCHASE RECEIVABLES

	Group 2018 RM'000	Group 2017 RM'000
Gross repayments receivables	1,000,124	1,137,151
Less: Unearned interest receivables	(211,516)	(257,874)
	788,608	879,277
Less: Impairment loss	(40,339)	(40,286)
	748,269	838,991
Current		
Hire purchase receivables	107,147	107,265
Less: Impairment loss	(14,261)	(13,340)
	92,886	93,925
Non-current		
Hire purchase receivables	681,461	772,012
Less: Impairment loss	(26,078)	(26,946)
	655,383	745,066
	748,269	838,991

	Gross repayments receivables 2018 RM'000	Unearned interest receivables 2018 RM'000	Present value of minimum hire purchase receivables 2018 RM'000	Gross repayments receivables 2017 RM'000	Unearned interest receivables 2017 RM'000	Present value of minimum hire purchase receivables 2017 RM'000
Group						
Current						
Less than one year	165,491	(58,344)	107,147	171,542	(64,277)	107,265
Non-current						
Between one and five years	670,352	(144,002)	526,350	690,796	(174,196)	516,600
After five years	164,281	(9,170)	155,111	274,813	(19,401)	255,412
	834,633	(153,172)	681,461	965,609	(193,597)	772,012
	1,000,124	(211,516)	788,608	1,137,151	(257,874)	879,277

13. FINANCE LEASE RECEIVABLES

	Note	Group 2018 RM'000	Group 2017 RM'000
Finance lease receivables		813	1,280
Less: Unearned interest		(91)	(183)
		722	1,097
Current			
Finance lease receivables	14	722	512
Non-current			
Finance lease receivables		-	585
		722	1,097

	Future minimum lease payments 2018 RM'000	Unearned interest 2018 RM'000	Present value of minimum lease payments 2018 RM'000	Future minimum lease payments 2017 RM'000	Unearned interest 2017 RM'000	Present value of minimum lease payments 2017 RM'000
Group						
Current						
Less than one year	813	(91)	722	605	(93)	512
Non-current						
Between one and five years	-	-	-	675	(90)	585
	813	(91)	722	1,280	(183)	1,097

Finance lease receivables less than one year are classified under current assets as receivables.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

14. RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2018 RM'000	Group 2017 RM'000	Company 2018 RM'000	Company 2017 RM'000
Non-current					
Amount due from subsidiaries	a	-	-	372,021	656,812
Less: Impairment loss		-	-	(10,338)	(9,261)
		-	-	361,683	647,551
Current					
Trade receivables	b	407,337	384,403	-	-
Less: Impairment loss		(45,871)	(20,990)	-	-
		361,466	363,413	-	-
Finance lease receivables	13	722	512	-	-
Other receivables		172,219	174,454	11	-
Amount due from subsidiaries	c	-	-	289,016	14,367
		534,407	538,379	289,027	14,367
Current					
Deposits		16,691	14,214	77	77
Prepayments	d	82,886	119,363	167	77
		99,577	133,577	244	154

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 4.43% to 6.05% (2017: 4.60% to 6.05%) per annum.

Note b
Included in trade receivables are amounts due from related parties of RM80,100,000 (2017: RM47,611,000).

Note c
The current amount due from subsidiaries is in respect of advances that are unsecured, repayable on demand and subject to interest at 4.43% (2017: 4.43%) per annum.

Note d
As at 31 December 2018, there is a prepayment made on inventories of RM69,531,000 (2017: RM88,392,000).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

15. INVENTORIES

	Group	
	2018	**2017**
	RM'000	**RM'000**
Raw materials	16,294	20,967
Unassembled vehicle packs	464,001	443,605
Work-in-progress	6,802	18,281
Manufactured inventories and trading inventories	2,613	13,280
Used vehicles	10,787	13,142
New vehicles	535,140	491,580
Spare parts and others	203,113	165,119
	1,238,750	1,165,974
Recognised in profit or loss:		
Inventories recognised as cost of sales	3,551,654	3,334,591
Write-down to net realisable value	29,518	5,624
Reversal of write-down	5,098	2,121

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

16. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

	Nominal value 2018 RM'000	**Assets 2018 RM'000**	**Liabilities 2018 RM'000**	**Nominal value 2017 RM'000**	**Assets 2017 RM'000**	**Liabilities 2017 RM'000**
Group						
Derivatives designated as hedging instrument – forward exchange contracts	360,753	295	(1,527)	351,308	16,375	(373)

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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

17. CASH AND CASH EQUIVALENTS

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	350,731	261,044	2,108	1,755
Deposits with licensed banks	171,387	56,961	-	-
	522,118	318,005	2,108	1,755

18. SHARE CAPITAL AND RESERVES

	Group and Company			
	Number of shares	Amount	Number of shares	Amount
	2018	2018	2017	2017
	'000	RM'000	'000	RM'000
Ordinary shares, issued and fully paid				
At 1 January/ 31 December	672,000	336,000	672,000	336,000

Ordinary shares

All of the shares issued have no par value.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Treasury shares

The shareholders of the Company via a resolution passed at the Annual General Meeting on 24 May 2018 approved the Company's plan to purchase its own shares.

During the year, the Company bought back 1,000 (2017: 2,000) of its issued shares from the open market at price at RM1.77 (2017: RM1.51 to RM1.86) per ordinary share. The cumulative total number of shares bought back at the end of the year was 19,340,000 (2017: 19,339,000). These transactions were financed by internally generated funds.

As at 31 December 2018, the number of outstanding shares in issue after deducting treasury shares held was 652,660,000 (2017: 652,661,000) 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.

18. SHARE CAPITAL AND RESERVES (continued)

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	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Non-current				
Medium Term Notes ("MTNs") – unsecured	498,933	748,147	498,933	748,147
	498,933	748,147	498,933	748,147
Current				
Medium Term Notes ("MTNs") – unsecured	249,785	-	249,785	-
Term loans – unsecured	9,029	33,018	-	-
Bills payable – unsecured	8,256	57,307	-	-
Revolving credit – unsecured	757,243	939,411	-	-
	1,024,313	1,029,736	249,785	-
	1,523,246	1,777,883	748,718	748,147

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

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 36.5.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

19. BORROWINGS (continued)

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

	Group					Company		
	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	At 1 January 2018 RM'000	Other changes RM'000	At 31 December 2018 RM'000
Non-current								
Medium Term Notes ("MTNs") - unsecured	748,147	-	(249,214)	-	498,933	748,147	(249,214)	498,933
Current								
Medium Term Notes ("MTNs") - unsecured	-	-	249,785	-	249,785	-	249,785	249,785
Term loans - unsecured	33,018	(23,135)	-	(854)	9,029	-	-	-
Bills payable - unsecured	57,307	(49,051)	-	-	8,256	-	-	-
Revolving credit - unsecured	939,411	(184,297)	-	2,129	757,243	-	-	-
	1,029,736	(256,483)	249,785	1,275	1,024,313	-	249,785	249,785
Total liabilities from financing activities	1,777,883	(256,483)	571	1,275	1,523,246	748,147	571	748,718

	Group					Company		
	At 1 January 2017 RM'000	Net changes from financing cash flows RM'000	Other changes RM'000	Foreign exchange movement RM'000	At 31 December 2017 RM'000	At 1 January 2017 RM'000	Other changes RM'000	At 31 December 2017 RM'000
Medium Term Notes ("MTNs") - unsecured	747,604	-	543	-	748,147	747,604	543	748,147
Current								
Term loans - unsecured	45,415	(7,684)	-	(4,713)	33,018	-	-	-
Bills payable - unsecured	24,391	32,916	-	-	57,307	-	-	-
Revolving credit - unsecured	989,925	(26,838)	-	(23,676)	939,411	-	-	-
	1,059,731	(1,606)	-	(28,389)	1,029,736	-	-	-
Total liabilities from financing activities	1,807,335	(1,606)	543	(28,389)	1,777,883	747,604	543	748,147

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

20. EMPLOYEE BENEFITS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Recognised liability for employee benefits	82,306	70,192	37,685	29,705

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 basis 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	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Balance at 1 January	70,192	58,300	29,705	23,287
Included in profit or loss				
Current service cost	12,062	10,230	7,511	6,418
Interest cost	2,617	2,756	469	-
	14,679	12,986	7,980	6,418
Others				
Benefits paid	(2,565)	(1,094)	-	-
Balance at 31 December	82,306	70,192	37,685	29,705

Actuarial assumptions

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

	Group and Company	
	2018	**2017**
	%	**%**
Discount rate	5.0 and 6.0	5.0 and 6.0
Future salary growth	5.5 and 6.5	5.5 and 6.5

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

20. EMPLOYEE BENEFITS (continued)

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	Group		Company	
	Increase	Decrease	Increase	Decrease
	RM'000	RM'000	RM'000	RM'000
2018				
Discount rate (1% movement)	(4,265)	4,999	(91)	90
Future salary growth (1% movement)	4,684	(4,121)	105	(104)
2017				
Discount rate (1% movement)	(3,934)	4,616	(164)	177
Future salary growth (1% movement)	4,238	(3,773)	437	(422)

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

	Note	Group		Company	
		2018	2017	2018	2017
		RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Amount due to subsidiaries	a	-	-	306,803	336,620
Current					
Trade					
Trade payables	b	421,486	238,836	-	-
Non-trade					
Payables and accruals		367,968	347,789	17,320	8,007
Amount due to subsidiaries	c	-	-	1,725	5,059
		367,968	347,789	19,045	13,066
		789,454	586,625	19,045	13,066
		789,454	586,625	325,848	349,686

21. PAYABLES AND ACCRUALS (continued)

Note a
The non-current amount due to subsidiaries is in respect of advances that are unsecured, not repayable within the next twelve months and are subject to interest at 6.05% (2017: 6.05%) per annum.

Note b
Included in trade payables are amount due to related parties of RM6,172,000 (2017: RM4,928,000).

Note c
The current amount due to subsidiaries is in respect of advances that are unsecured, repayable on demand and are subject to interest ranging from 4.38% to 4.64% (2017: 4.43%) per annum.

22. CONTRACT ASSETS/(LIABILITIES)

22.1 Contract assets

	2018 RM'000	2017 RM'000
Group		
Opening balance	-	-
Transition effect of adoption of MFRS 15	17,671	-
Addition by obligation performed but not billed during the year	16,689	-
Transfer from contract assets recognised at the beginning of the period to receivables	(17,671)	-
Ending balance	16,689	-
Current	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.

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22. CONTRACT ASSETS/(LIABILITIES) (continued)

22.2 Contract liabilities

	2018 RM'000	2017 RM'000
Group		
Opening balance	-	-
Transition effect of adoption of MFRS 15	(43,412)	-
Revenue recognised that was included in the contract liability balance at the beginning of the period	7,581	-
Increase due to cash received, excluding amounts recognised as revenue during the period	(23,505)	-
Ending balance	(59,336)	-
Current	(11,333)	-
Non-current	(48,003)	-
	(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.

23. REVENUE

The effects of initially applying MFRS 15 on the Group's revenue from contracts with customers are disclosed in Note 2(b). Due to the transition method chosen in applying MFRS 15, comparative information has not been restated to reflect the new requirements.

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Revenue from contracts with customers	4,858,206	4,341,228	-	-
Other revenue				
Dividend income	-	-	93,950	49,750
Total revenue	4,858,206	4,341,228	93,950	49,750

23. REVENUE (continued)

23.1 Disaggregation of revenue from contracts with customers

Analyses 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 32.

	Reportable Segments							
	Vehicles assembly, manufacturing, distribution and after-sales services		**Financial services**		**Other operations**		**Total**	
	2018 RM'000	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**	**2018 RM'000**	**2017 RM'000**
Group								
Primary geographical markets								
Malaysia	3,847,545	3,519,045	91,885	75,937	15,178	7,635	3,954,608	3,602,617
Vietnam	654,470	577,511	-	-	-	-	654,470	577,511
Other countries	249,128	161,100	-	-	-	-	249,128	161,100
	4,751,143	4,257,656	91,885	75,937	15,178	7,635	4,858,206	4,341,228
Major products/service lines								
Manufacturing, assembly and distribution of passenger and commercial vehicles	4,337,484	3,861,592	-	-	-	-	4,337,484	3,861,592
After-sales services	413,659	396,064	-	-	-	-	413,659	396,064
Hire purchase financing	-	-	70,664	56,307	-	-	70,664	56,307
Insurance agency	-	-	21,221	19,630	-	-	21,221	19,630
Other income	-	-	-	-	15,178	7,635	15,178	7,635
	4,751,143	4,257,656	91,885	75,937	15,178	7,635	4,858,206	4,341,228
Timing and recognition								
At a point in time	4,508,646	4,257,656	21,221	19,630	8,094	7,635	4,537,961	4,284,921
Over time	242,497	-	-	-	7,084	-	249,581	-
Revenue from contracts with customers	4,751,143	4,257,656	21,221	19,630	15,178	7,635	4,787,542	4,284,921
Other revenue	-	-	70,664	56,307	-	-	70,664	56,307
Total revenue	4,751,143	4,257,656	91,885	75,937	15,178	7,635	4,858,206	4,341,228

23.2 Transaction price allocated to the remaining performance obligation

As at 31 December 2018, the aggregated amount of revenue from performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date is RM59,336,444. This amount mainly represents the remaining performance obligations relating to extended warranty services and free maintenance services, where 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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

24. FINANCE INCOME

	Group		Company	
	2018	**2017**	**2018**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Interest income of financial assets that are not at fair value through profit or loss	7,453	2,647	29,031	34,032
Other finance income	14,756	11,577	-	-
Recognised in profit or loss	22,209	14,224	29,031	34,032

25. FINANCE COSTS

	Group		Company	
	2018	**2017**	**2018**	**2017**
	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	746	1,024	-	-
- Bills payable	2,011	2,601	-	-
- Revolving credit	31,452	32,685	-	-
- Medium Term Notes	35,322	35,293	35,321	35,293
- Other borrowings	2,076	105	15,391	16,873
Recognised in profit or loss	71,607	71,708	50,712	52,166

26. PROFIT/(LOSS) BEFORE TAX

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after crediting:				
Bad debts recovered	2	395	-	-
Dividend income from:				
- Unquoted subsidiaries	-	-	93,950	49,500
- Associates	-	-	-	-
- Joint venture	-	-	600	250
Fair value adjustment on investment properties	3,826	985	-	-
Gain on disposal of property, plant and equipment	6,261	5,003	18	-
Interest income	22,209	14,224	29,031	34,032
Net gain on foreign exchange:				
- Unrealised	8,723	1,779	-	-
- Realised	12,795	15,878	-	-
Rental income on leased assets	1,637	1,605	-	-
Rental income on land and buildings	3,209	3,075	-	-
Reversal of impairment loss on:				
- Hire purchase receivables	-	25	-	-
- Trade receivables	-	3,234	-	-
Reversal of write-down of inventories	5,098	2,121	-	-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

26. PROFIT/(LOSS) BEFORE TAX (continued)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Profit/(Loss) before tax is arrived at after charging:				
Audit fee				
Current year				
- KPMG Malaysia	623	600	59	57
- Overseas affiliates of KPMG Malaysia	158	131	-	-
- Other auditors	104	101	-	-
Non-audit fee				
Current year				
- KPMG Malaysia	65	50	65	15
- Overseas affiliates of KPMG Malaysia	258	178	-	-
- Other auditors	13	88	-	-
Amortisation of prepaid lease payments	2,087	2,094	-	-
Bad debts written off	16,563	1,026	-	-
Depreciation of property, plant and equipment	98,267	112,266	57	133
Direct operating expenses of investment properties generating rental income	459	470	-	-
Loss on disposal of property, plant and equipment	-	-	-	23
Interest expense	71,607	71,708	50,712	52,166
Inventories written off	22	117	-	-
Write-down of inventories	29,518	5,624	-	-
Impairment loss on:				
- Property, plant and equipment	11,580	-	-	-
- Hire purchase receivables	15,690	11,780	-	-
- Trade receivables	21,274	7,012	-	-
- Investment in subsidiaries	-	-	20,100	-
- Amount due from subsidiaries	-	-	1,077	-
- Goodwill	13,944	-	-	-
Net loss on foreign exchange:				
- Unrealised	4,399	38,116	-	-
- Realised	3,381	876	-	-
Non-executive directors:				
- Fee	360	435	360	435
- Allowance and benefits	116	197	113	194

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

26. PROFIT/(LOSS) BEFORE TAX (continued)

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Profit/(Loss) before tax is arrived at after charging (continued):				
Personnel expenses (including key management personnel):				
- Contributions to Employees Provident Fund	45,968	45,706	2,152	1,032
- Expenses related to defined benefit plans	14,679	12,986	7,980	6,418
- Wages, salaries and others	496,304	426,092	20,732	7,377
Property, plant and equipment written off	1,129	1,028	-	-
Rental expense on:				
- Land and buildings	33,861	34,937	165	222
- Motor vehicles	2,504	3,698	-	-
Warranty claim	1,483	1,458	-	-

27. KEY MANAGEMENT PERSONNEL COMPENSATIONS

The key management personnel compensations are as follows:

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Executive directors:				
- Remunerations	20,305	17,985	13,914	6,835
- Other short term benefits	345	1,606	345	1,574
- Post-employment benefits	2,931	2,617	1,472	1,314
	23,581	22,208	15,731	9,723
Other key management personnel:				
- Remuneration and other short term employee benefits	5,136	4,608	-	-
- Post-employment benefits	399	47	-	-
	5,535	4,655	-	-
	29,116	26,863	15,731	9,723

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 basis salary earned less the statutory pension funds for each completed year of service upon the retirement age of 60 or such other age as stipulated in their respective service contracts as well as retirement benefits as a factor of the last drawn monthly salary for each completed year of service upon retirement or termination of service, if so provided in the terms of the relevant service contract.

NOTES TO THE FINANCIAL STATEMENTS
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28. TAX EXPENSE/(INCOME)

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Recognised in the profit or loss				
Income tax expense				
Income tax expense	97,537	43,734	-	-
Under/(Over) provided in prior years	575	(10,282)	-	286
	98,112	33,452	-	286
Deferred tax expense				
Reversal of temporary differences	(20,907)	(13,460)	(3,937)	(1,566)
Crystalisation of deferred tax liabilities arising from revaluation surplus	(2,570)	(2,645)	-	-
Under provided in prior years	1,414	6,231	-	-
	(22,063)	(9,874)	(3,937)	(1,566)
	76,049	23,578	(3,937)	(1,280)
Reconciliation of tax expense				
Profit/(Loss) before tax	178,586	(72,811)	17,794	12,885
Income tax calculated using Malaysian tax rate of 24% (2017: 24%)	42,861	(17,475)	4,271	3,092
Effect of tax rates in foreign jurisdictions	209	3,321	-	-
Double deduction	(301)	-	-	-
Non-deductible expenses	39,255	35,321	14,348	7,286
Income not subject to tax	(5,634)	(1,596)	(22,556)	(11,944)
Tax incentives	(1,735)	-	-	-
Crystalisation of deferred tax liabilities arising from revaluation surplus	(2,570)	(2,645)	-	-
Different tax rate for fair value in investment properties	(505)	(38)	-	-
Unrecognised deferred tax assets	2,480	10,741	-	-
	74,060	27,629	(3,937)	(1,566)
Under/(Over) provided in prior years	1,989	(4,051)	-	286
	76,049	23,578	(3,937)	(1,280)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

29. OTHER COMPREHENSIVE (LOSS)/INCOME

	2018			2017		
	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
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)	(15,334)	-	-	-
Items that are or may be reclassified subsequently to profit or loss						
Foreign currency translation differences for foreign operations	(2,684)	-	(2,684)	5,696	-	5,696
Foreign currency translation differences for an equity-accounted associate	787	-	787	(226)	-	(226)
Cash flow hedge	(17,760)	-	(17,760)	21,355	-	21,355
	(19,657)	-	(19,657)	26,825	-	26,825
	(19,657)	(15,334)	(34,991)	26,825	-	26,825

30. BASIC EARNINGS/(LOSS) PER ORDINARY SHARE

Group

Basic earnings/(loss) per ordinary share

The calculation of basic earnings per ordinary share as at 31 December 2018 was based on the profit attributable to ordinary shareholders of RM105,932,000 (2017: Loss attributable to ordinary shareholders RM88,597,000) and the weighted average number of ordinary shares outstanding during the year of 652,660,000 (2017: 652,662,000).

Weighted average number of ordinary shares

	Group	
	2018	2017
	'000	'000
Issued ordinary shares at 1 January	652,661	652,663
Effect of treasury shares held	(1)	(1)
Weighted average number of ordinary shares at 31 December	652,660	652,662

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

31. DIVIDENDS

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

	Sen per share	Total RM'000	Date of payment
2018			
Interim 2018 ordinary	2.00	13,053	28 September 2018
Final 2017 ordinary	1.00	6,527	21 June 2018
Total		19,580	
2017			
Interim 2017 ordinary	1.00	6,527	29 September 2017
Final 2016 ordinary	1.00	6,527	21 June 2017
Total		13,054	

Proposed final dividend

After the end of the reporting period, a final single tier dividend of 2 sen per share totaling RM13,053,000 (2017: 1 sen per share totaling RM6,527,000) in respect of the year ended 31 December 2018 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.

32. 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 2018 and 2017.

32. OPERATING SEGMENTS (continued)

Segment assets and liabilities

Segment assets and liabilities information are neither included in the internal management reports nor provided regularly to the management. Hence, no disclosures are made on segment assets and liabilities.

(a) Business segment

	Vehicles assembly, manufacturing, distribution and after-sales services		Financial services		Other operations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	4,751,143	4,257,656	91,885	75,937	15,178	7,635	4,858,206	4,341,228
Inter-segment revenue	7,882	301	53	1,386	71,264	76,385	79,199	78,072
Segment EBITDA/(LBITDA)	308,492	96,156	23,266	20,910	17,318	(2,819)	349,076	114,247
Depreciation and amortisation	(80,354)	(88,659)	(612)	(752)	(19,388)	(24,949)	(100,354)	(114,360)
Finance costs	(49,683)	(50,577)	(1,289)	(1,317)	(20,635)	(19,814)	(71,607)	(71,708)
Finance income	2,258	715	793	105	19,158	13,404	22,209	14,224
Share of profit of equity-accounted investees, net of tax	1,804	1,643	(1,553)	579	935	1,160	1,186	3,382
Unallocated corporate expenses							(21,924)	(18,596)
Profit/(Loss) before tax							178,586	(72,811)
Tax expense							(76,049)	(23,578)
Profit/(Loss) for the year							102,537	(96,389)

(b) Geographical segment

	Malaysia		Vietnam		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	3,954,608	3,602,617	654,470	577,511	249,128	161,100	4,858,206	4,341,228
Segment EBITDA/(LBITDA)	324,603	151,812	12,429	(36,121)	12,044	(1,444)	349,076	114,247

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

33. COMMITMENTS

(a) Capital commitments

	Group	
	2018	**2017**
	RM'000	**RM'000**
Property, plant and equipment:		
Authorised but not contracted for	110,455	33,962
Contracted but not provided for		
In Malaysia	36,406	30,059
Outside Malaysia	34,358	8,002
	181,219	72,023

(b) Non-cancellable operating lease

	Group	
	2018	**2017**
	RM'000	**RM'000**
Commitments for minimum lease payments in relation to non-cancellable operating lease are payable as follows:		
Not later than 1 year	1,699	1,669
More than 1 year but not later than 5 years	6,796	6,676
More than 5 years	100,093	104,804
	108,588	113,149

The non-cancellable operating lease consists of a land lease for 50 years extendable by two terms of ten years each in Bago Region, Myanmar.

34. 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 the 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 which 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. Subsequently, Narita, Mr. Long Narith and Ms. Pich Sokhom have filed an appeal with Court of Appeal against the decision made in November 2017.

34. CONTINGENCIES (continued)

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

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 have filed an appeal against COA's Award at the Supreme Court.

ETCM (C) and TCMC are now awaiting for the Supreme Court to fix the hearing date.

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

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

On 15 August 2017, TCIE 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 had 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 had negotiated with the Debtors on the settlement of the Debt on many occasions and after lengthy negotiations, the Debtors and KTB had 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 had failed to make timely repayments of the Debt in accordance with the Settlement Agreement. Hence, TCIE had exercised its contractual rights to repossess the vehicles leased to the Debtors.

Pursuant to the action, the Plaintiffs are claiming that an injunction to restrain TCIE from entering into any dealing in relation to the Land and a declaration pertaining to the value of the Land of MHSB is RM55,600,000 and repayment of the sum of RM22,679,425.

On 4 January 2018, the High Court has allowed TCIE's application to strike out the Plaintiffs' claim and dismissed the Plaintiffs' injunction application with costs of RM5,000.

On 9 January 2018, the Plaintiffs filed an appeal with the Court of Appeal against the judgment of the High Court ("Plaintiff's Appeal").

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for the year ended 31 December 2018

34. CONTINGENCIES (continued)

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

During the final case management on 15 November 2018, the Court of Appeal, after hearing submissions of both parties, allowed the Plaintiff's Appeal with no order as to costs and set aside the High Court Striking Out Order on 4 January 2018. The Court of Appeal further directed the case to be re-fixed for case management on 27 November 2018 in the High Court for a full trial.

On 13 December 2018, the Plaintiffs had withdrawn the Injunction Application with no order as to courts at the High Court of Malaya at Kuala Lumpur ("High Court"). The High Court has fixed the trial dates on 10 September 2019 to 13 September 2019, being the earliest dates available for trial. The High Court has further fixed that the next case management on 29 January 2019.

Hearing of case management for TCIE's leave application to appeal to the Federal Court was initially fixed on 20 March 2019 but has been vacated and re-fixed on 13 May 2019.

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 Plaintiff.

35. RELATED PARTIES

Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly and entity that provides key management personnel services to the Group. The key management personnel include all the Directors of the Group, and certain members of senior management of the Group.

Controlling related party relationships are as follows:

(i) The subsidiaries as disclosed in Note 38.
(ii) The substantial shareholders of the Company.

35. RELATED PARTIES (continued)

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	
	2018	2017
	RM'000	RM'000
With WTCH Group		
Purchases	(28,370)	(11,225)
Sales	46,558	28,783
Provision of hire purchase and leasing	1	3,836
Insurance agency, workshop services and administrative services	5,163	4,393
Travel agency and car rental services	(7,546)	(5,605)
Rental income receivable	778	1,065
Rental expense payable	(969)	(730)
Contract assembly fee receivable	9,806	3,088
With APM Group		
Purchases	(110,048)	(74,434)
Sales	28,496	8,751
Insurance agency, workshop services and administrative services	622	768
Rental income receivable	304	38
Rental expense payable	(1,561)	(1,353)
With TCIL Group		
Sales	3,817	3,740
Contract assembly fee receivable	26,698	19,073

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

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

	Group	
	2018	2017
	RM'000	RM'000
Purchases	(1,832,116)	(1,255,345)
Technical assistance fee and royalty	(10,565)	(17,001)

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

NOTES TO THE FINANCIAL STATEMENTS
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35. RELATED PARTIES (continued)

Significant related party transactions (continued)

(iii) Significant transactions with Renault s.a.s. Group, which is a substantial shareholder of Nissan Motor Co., Ltd., are as follows:

	Group	
	2018	**2017**
	RM'000	**RM'000**
Purchases	(47,031)	(37,891)
Technical assistance fee	(314)	(159)

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 a Director of the subsidiary of the Company, namely Datuk Yaacob bin Wan Ibrahim, 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.

	Group	
	2018	**2017**
	RM'000	**RM'000**
Purchases	(544,384)	(529,318)
Sales	25,346	14,054
Insurance agency, workshop services and administrative services	38	2
Rental income receivable	295	295

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

35. RELATED PARTIES (continued)

Significant related party transactions (continued)

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

	Company	
	2018	**2017**
	RM'000	**RM'000**
Subsidiaries		
Dividend income receivable	93,950	49,500
Interest income receivable	28,893	33,916
Management fees payable	(881)	(920)
Rental expense payable	(165)	(222)
Interest expense payable	(15,391)	(16,873)

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 14 and Note 21.

There are no significant transactions with the key management personnel in the Group other than disclosed in Note 27.

36. FINANCIAL INSTRUMENTS

36.1 Categories of financial instruments

The effects of initially applying MFRS 9 on the Group's financial statements are disclosed in Note 2(a). Due to the transition method chosen, comparative information has not been restated to reflect the new requirements.

The table below provides an analysis of financial instruments as at 31 December 2018 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.

NOTES TO THE FINANCIAL STATEMENTS
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36. FINANCIAL INSTRUMENTS (continued)

36.1 Categories of financial instruments (continued)

	Carrying amount RM'000	AC RM'000	Mandatorily at FVTPL RM'000	FVTPL-DUIR RM'000	Derivatives used for hedging RM'000
2018					
Financial assets					
Group					
Other investments	126,869	-	126,868	1	-
Trade and other receivables	533,685	533,685	-	-	-
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	-	-	-
	1,948,649	1,821,485	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)	-	-	-

36. FINANCIAL INSTRUMENTS (continued)

36.1 Categories of financial instruments (continued)

The table below provides an analysis of financial instruments as at 31 December 2017 categorised as follows:

(a) Loans and receivables ("L&R");
(b) Fair value through profit or loss ("FVTPL"):
- Held for trading ("HFT"); or
- Designated upon initial recognition ("DUIR");
(c) Financial liabilities measured at amortised cost ("FL"); and
(d) Derivatives designated as hedging instrument.

	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000	FVTPL-DUIR RM'000	Derivatives used for hedging RM'000
2017					
Financial assets					
Group					
Other investments	144,158	-	144,157	1	-
Trade and other receivables	537,867	537,867	-	-	-
Hire purchase receivables	838,991	838,991	-	-	-
Finance lease receivables	1,097	1,097	-	-	-
Deposits	14,214	14,214	-	-	-
Derivative financial assets	16,375	-	-	-	16,375
Cash and cash equivalents	318,005	318,005	-	-	-
	1,870,707	1,710,174	144,157	1	16,375
Company					
Other investments	139	138	-	1	-
Amount due from subsidiaries	661,918	661,918	-	-	-
Deposits	77	77	-	-	-
Cash and cash equivalents	1,755	1,755	-	-	-
	663,889	663,888	-	1	-

36. FINANCIAL INSTRUMENTS (continued)

36.1 Categories of financial instruments (continued)

	Carrying amount RM'000	L&R/(FL) RM'000	FVTPL-HFT RM'000	FVTPL-DUIR RM'000	Derivatives used for hedging RM'000
2017					
Financial liabilities					
Group					
Borrowings	(1,777,883)	(1,777,883)	-	-	-
Payables and accruals	(586,625)	(586,625)	-	-	-
Derivative financial liabilities	(373)	-	-	-	(373)
	(2,364,881)	(2,364,508)	-	-	(373)
Company					
Borrowings	(748,147)	(748,147)	-	-	-
Payables and accruals	(349,686)	(349,686)	-	-	-
	(1,097,833)	(1,097,833)	-	-	-

36.2 Net gains and losses arising from financial instruments

	Group		Company	
	2018 RM'000	2017 RM'000	2018 RM'000	2017 RM'000
Net gains/(losses) on:				
Financial assets at fair value through profit or loss:				
- Mandatorily required by MFRS 9	14,756	-	-	-
- Held for trading	-	11,577	-	-
Financial liabilities at fair value through profit or loss:				
- Mandatorily required by MFRS 9	-	-	-	-
Financial assets at amortised cost	24,592	-	29,031	-
Financial liabilities at amortised cost	(57,868)	(93,043)	(50,712)	(52,166)
Loans and receivables	-	42,790	-	34,032
Derivatives designated as hedging instruments	(17,760)	21,355	-	-
	(36,280)	(17,321)	(21,681)	(18,134)

36. FINANCIAL INSTRUMENTS (continued)

36.3 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

36.4 Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries.

Receivables and contract assets

Risk management objectives, policies and processes for managing the risk

Credit risk in relation to the Group's core business activities are managed by the respective operating units where credit policies that are specific to their respective industries are in place.

New vehicles sales are mainly financed by finance companies, with the remainder financed by TC Capital Resources Sdn. Bhd. ("TCCR") and as such, the Group's collection risk rests mainly with these finance companies. The Group also extends credit to used car dealers, spare part dealers and selected corporate purchasers. Bank guarantees are required on a selective basis to secure the line of credit from the Group. For used car dealers, spare part dealers and selected corporate purchasers, the Group has an informal credit policy in place and the exposure is monitored on an ongoing basis. In respect of hire purchase business financed via TCCR, credit evaluations are performed on all customers requiring financing from the Group and the Group has ownership claims over the vehicles under financing.

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 realisable values. 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

36. FINANCIAL INSTRUMENTS (continued)

36.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

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.

(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 as at 31 December 2018 which are grouped together as they are expected to have similar risk nature.

	2018		
	Gross carrying amount RM'000	**Loss allowance RM'000**	**Net balance RM'000**
Group			
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	67,171	(6,557)	60,614
Individually impaired	34,901	(34,901)	-
	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

36. FINANCIAL INSTRUMENTS (continued)

36.4 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 during the year are shown below:

	Trade receivables		
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
2018			
Balance as at 1 January as per MFRS 139			20,990
Adjustments on initial application of MFRS 9			4,400
Balance as at 1 January as per MFRS 9	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	4,413	41,458	45,871

There was no allowance for impairment made on contract assets during the year.

As at 31 December 2018, RM793,000 of trade receivables were written off but they are still subject to credit recovery activity.

The following significant changes in the gross carrying amounts of trade receivables contributed to the changes in the impairment loss allowance during 2018:

- Increase in the Group's credit impaired balance in Vietnam of RM18,084,000, resulted in an increase on the Group's impairment allowances in 2018 of RM21,274,000.

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36. FINANCIAL INSTRUMENTS (continued)

36.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(a) Trade receivables and contract assets (continued)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of trade receivables as at 31 December 2017 was as follows:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
Group				
2017				
Not past due	206,615	(716)	(256)	205,643
Past due 1 – 30 days	51,388	-	(76)	51,312
Past due 31 – 90 days	28,959	(347)	(26)	28,586
Past due more than 90 days	97,441	(19,148)	(421)	77,872
	384,403	(20,211)	(779)	363,413

The movements in the allowance for impairment losses of trade receivables during the financial year were:

	2017 RM'000
Group	
At 1 January	17,266
Impairment loss recognised	7,012
Impairment loss reversed	(3,234)
Impairment loss written off	(54)
At 31 December	20,990

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that are facing significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

36. FINANCIAL INSTRUMENTS (continued)

36.4 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 as at 31 December 2018.

	2018		
	Gross carrying amount	**Loss allowance**	**Net balance**
	RM'000	**RM'000**	**RM'000**
Group			
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

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

	Lifetime ECL	**Credit impaired**	**Total**
	RM'000	**RM'000**	**RM'000**
Balance as at 1 January as per MFRS 139			40,286
Adjustments on initial application of MFRS 9			133
Balance as at 1 January as per MFRS 9	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	10,482	29,857	40,339

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36. FINANCIAL INSTRUMENTS (continued)

36.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(b) Hire purchase receivables (continued)

As at 31 December 2018, RM15,770,000 of hire purchase receivables were written off but they are still subject to credit recovery activity.

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of hire purchase receivables as at 31 December 2017 was as follows:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2017				
Group				
Not past due	690,413	(17)	(635)	689,761
Past due 1 – 30 days	105,491	(20)	(982)	104,489
Past due 31 – 90 days	39,910	(352)	(2,066)	37,492
Past due more than 90 days	43,463	(18,301)	(17,913)	7,249
	879,277	(18,690)	(21,596)	838,991

The movements in the allowance for impairment losses of hire purchase receivables during the financial year were:

	2017 RM'000
Group	
At 1 January	28,531
Impairment loss recognised	11,780
Impairment loss reversed	(25)
At 31 December	40,286

Hire purchase receivables that were individually determined to be impaired at the reporting date relate to debtors that were in significant financial difficulties and have defaulted on payments.

36. FINANCIAL INSTRUMENTS (continued)

36.4 Credit risk (continued)

Receivables and contract assets (continued)

Recognition and measurement of impairment loss (continued)

(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 2018.

	2018		
	Gross carrying amount RM'000	Loss allowance RM'000	Net balance RM'000
Group			
Current (Not past due)	722	-	722
Past due 1 – 30 days	-	-	-
Past due 31 – 90 days	-	-	-
	722	-	722
Credit impaired			
Past due more than 90 days	-	-	-
Individually impaired	-	-	-
	-	-	-
Finance lease receivables	722	-	722

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The ageing of finance lease receivables as at 31 December 2017 was as follows:

	Gross RM'000	Individual impairment RM'000	Collective impairment RM'000	Net RM'000
2017				
Group				
Not past due	1,097	-	-	1,097
Past due 1 – 30 days	-	-	-	-
Past due 31 - 90 days	-	-	-	-
Past due more than 90 days	-	-	-	-
	1,097	-	-	1,097

Finance lease receivables that are individually determined to be impaired at the reporting date relate to debtors that were facing significant financial difficulties. At the end of the reporting period, there was no indication that the finance lease receivables are not recoverable.

36. FINANCIAL INSTRUMENTS (continued)

36.4 Credit risk (continued)

Receivables and contract assets (continued)

Investments and other financial assets

Transactions involving derivative financial instruments were entered into with licensed banks only. The Group also placed a significant portion of its excess funds in money market funds and short term deposits with licensed financial institutions.

The maximum exposure to credit risk is represented by the carrying amounts in the statement of financial position.

As at the end of the reporting period, there was no indication that the investments and other financial assets are not recoverable.

These financial institutions have low credit risk. In addition, some of the bank balances are insured by government agencies. Consequently, the Group and the Company are of the view that the loss allowance is not material and hence, it is not provided for.

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.

36. FINANCIAL INSTRUMENTS (continued)

36.4 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 as at 31 December 2018:

	Gross carrying amount RM'000	Impairment loss allowance RM'000	Net balance RM'000
Company			
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 during the year is as follows:

	2018 Lifetime ECL RM'000
Company	
Balance as at 1 January per MFRS 139	9,261
Adjustment on initial application of MFRS 9	-
Balance as at 1 January per MFRS 9	9,261
Amount written off	-
Net remeasurement of loss allowance	1,077
Balance as at 31 December	10,338

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36. FINANCIAL INSTRUMENTS (continued)

36.4 Credit risk (continued)

Inter-company loans and advances (continued)

Recognition and measurement of impairment loss (continued)

Comparative information under MFRS 139, Financial Instruments: Recognition and Measurement

The movements in the allowance for impairment losses of inter-company loans and advances during the financial year were:

	2017 RM'000
Company	
At 1 January	9,261
Impairment loss recognised	-
Impairment loss reversed	-
Impairment loss written off	-
At 31 December	9,261

36.5 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.

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36. FINANCIAL INSTRUMENTS (continued)

36.5 Liquidity risk (continued)

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Contractual interest rate	Carrying amount	Not later than 2 years	More than 2 years but not later than 5 years	Contractual cash flows	Not later than 1 year	More than 1 year but not later than 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
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

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36. FINANCIAL INSTRUMENTS (continued)

36.5 Liquidity risk (continued)

Maturity analysis (continued)

	Contractual interest rate	Carrying amount	Not later than 2 years	More than 2 years but not later than 5 years	Contractual cash flows	Not later than 1 year	More than 1 year but not later than 5 years
	%	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2017							
Non-derivative financial liabilities							
Term loans	1.10-5.45	33,018	33,018	-	33,018	33,018	-
Bills payable	3.51-4.72	57,307	57,307	-	57,307	57,307	-
Revolving credit	2.92-7.20	939,411	939,411	-	939,411	939,411	-
Medium Term Notes	4.50-4.70	748,147	249,552	498,595	866,503	34,940	831,563
Payables and accruals	-	586,625	586,625	-	586,625	586,625	-
		2,364,508	1,865,913	498,595	2,482,864	1,651,301	831,563
Derivative financial liabilities							
Forward exchange contracts (gross settled):							
Outflow	-	373	373	-	51,138	51,138	-
Inflow	-	-	-	-	(50,765)	(50,765)	-
		2,364,881	1,866,286	498,595	2,483,237	1,651,674	831,563

36. FINANCIAL INSTRUMENTS (continued)

36.5 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							
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

	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							
2017							
Non-derivative financial liabilities							
Medium Term Notes	4.50 – 4.70	748,147	249,552	498,595	866,503	34,940	831,563
Amount due to subsidiaries							
- Non-current	6.05	336,620	-	336,620	356,986	-	356,986
- Current	4.43	5,059	5,059	-	5,059	5,059	-
Payables and accruals	-	8,007	8,007	-	8,293	8,293	-
		1,097,833	262,618	835,215	1,236,841	48,292	1,188,549

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36. FINANCIAL INSTRUMENTS (continued)

36.6 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.

36.6.1 Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in currencies other than the respective functional currencies of the Group entities. The currencies giving rise to this risk are primarily U.S. Dollar ("USD") and Japanese Yen ("JPY").

Risk management objectives, policies and processes for managing the risk

The Group hedges its foreign currency denominated trade payables and overseas subsidiaries loan repayments. Derivative financial instruments like forward exchange contracts are used to reduce exposure to fluctuations in foreign exchange rates. The Group avoids using leverage derivatives for hedging purposes and also does not hedge for speculative purposes. Most of the forward exchange contracts have maturities of less than one year after the end of the reporting period.

Exposure to foreign currency risk

The Group's exposure to foreign currency (a currency which is other than the functional currencies of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2018		2017	
	Denominated in		Denominated in	
	USD	JPY	USD	JPY
	RM'000	RM'000	RM'000	RM'000
Group				
Receivables	18,995	2,259	1,817	1,327
Intra-group balances	283,666	-	128,580	-
Cash and cash equivalents	64,898	43	46,666	118
Payables and accruals	(223)	(44)	(26,870)	(202)
Borrowings	(273,728)	-	(160,769)	-
Derivative financial (liabilities)/assets	(1,231)	1	16,017	(15)
Net exposure	92,377	2,259	5,441	1,228

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36. FINANCIAL INSTRUMENTS (continued)

36.6 Market risk (continued)

36.6.1 Currency risk (continued)

Currency risk sensitivity analysis

A simulated 5% strengthening in the USD/JPY against MYR at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. The analysis assumes that all other variables in particular interest rates and market conditions remained constant and ignores any impact of forecasted sales and purchases.

	2018		2017	
	Equity	Profit or loss	Equity	Profit or loss
	RM'000	RM'000	RM'000	RM'000
USD	3,510	3,557	207	(402)
JPY	86	86	47	47

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.

36.6.2 Interest rate risk

The Group's exposure to interest rate risk arises from interest-bearing borrowings and the placement of excess funds in interest-earning deposits. 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 term loans from certain commercial banks which are fixed with tenure ranging from 36 to 84 months.

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 40% and 60% of its exposure to changes in interest rates on borrowings is on a fixed rate basis.

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36. FINANCIAL INSTRUMENTS (continued)

36.6 Market risk (continued)

36.6.2 Interest rate risk (continued)

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets:				
Assets-backed notes	-	-	138	138
Hire purchase receivables	748,269	838,991	-	-
Finance lease receivables	722	1,097	-	-
Amount due from subsidiaries	-	-	611,683	647,551
Deposits with licensed banks	171,387	56,961	-	-
Financial liabilities:				
Medium Term Notes	(748,718)	(748,147)	(748,718)	(748,147)
Amount due to subsidiaries	-	-	(306,803)	(336,620)
	171,660	148,902	(443,700)	(437,078)
Floating rate instruments				
Financial assets:				
Amount due from subsidiaries	-	-	39,016	14,367
Financial liabilities:				
Term loans	(9,029)	(33,018)	-	-
Bills payables	(8,256)	(57,307)	-	-
Revolving credit	(757,243)	(939,411)	-	-
Amount due to subsidiaries	-	-	(1,725)	(5,059)
	(774,528)	(1,029,736)	37,291	9,308

(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.

36. FINANCIAL INSTRUMENTS (continued)

36.6 Market risk (continued)

36.6.2 Interest rate risk (continued)

(b) Cash flow sensitivity analysis for variable rate instruments

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

	Profit or loss		**Profit or loss**	
	100 bp increase	**100 bp decrease**	**100 bp increase**	**100 bp decrease**
	2018	**2018**	**2017**	**2017**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Group				
Floating rate instruments	(5,886)	5,886	(7,826)	7,826
Company				
Floating rate instruments	283	(283)	71	(71)

36.6.3 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% (2017: 1%) higher/lower, with all other variables held constant, the Group profit or loss would have increased/(decreased) by RM1,269,000 (2017: RM1,442,000) arising as a result of changes in the fair value of the financial assets classified as fair value through profit or loss.

36. FINANCIAL INSTRUMENTS (continued)

36.7 Hedging activities

Cash flow hedge

The Group entered into forward foreign currency exchange contracts to hedge the cash flow risk in relation to the foreign currency exposure, which are designated as cash flow hedges.

The following table indicates the periods in which the cash flows associated with the forward exchange contracts are expected to occur and affect profit or loss:

	Carrying amount RM'000	Expected cash flows RM'000	Under 1 year RM'000
Group			
2018			
Forward exchange contracts	(1,232)	(1,232)	(1,232)
2017			
Forward exchange contracts	16,002	16,002	16,002

During the financial year, a loss of RM17,760,000 (2017: gain of RM16,293,000) 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).

Ineffectiveness gain amounting to RM526,000 (2017: loss of RM291,000) was recognised in profit or loss during the financial year in respect of the hedge.

36.8 Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair values due to the relatively short term nature of these financial instruments.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

36. FINANCIAL INSTRUMENTS (continued)

36.8 Fair value information (continued)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value					
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Total fair value	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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)

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2018

36. FINANCIAL INSTRUMENTS (continued)

36.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
2017										
Group										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Liquid investments with licensed financial institutions	-	144,157	-	144,157	-	-	-	-	144,157	144,157
Hire purchase receivables	-	-	-	-	-	-	838,991	838,991	838,991	838,991
Finance lease receivables	-	-	-	-	-	-	1,097	1,097	1,097	1,097
Derivative financial assets - forward exchange contracts	-	16,375	-	16,375	-	-	-	-	16,375	16,375
	-	160,533	-	160,533	-	-	840,088	840,088	1,000,621	1,000,621
Financial liabilities										
Borrowings	-	-	-	-	-	-	(1,777,883)	(1,777,883)	(1,777,883)	(1,777,883)
Derivative financial liabilities - forward exchange contracts	-	(373)	-	(373)	-	-	-	-	(373)	(373)
	-	(373)	-	(373)	-	-	(1,777,883)	(1,777,883)	(1,778,256)	(1,778,256)

36. FINANCIAL INSTRUMENTS (continued)

36.8 Fair value information (continued)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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	-	-	-	-	-	-	308,528	308,528	308,528	308,528
	-	-	-	-	-	-	1,057,246	1,057,246	1,057,246	1,057,246
2017										
Company										
Financial assets										
Other investments										
- Options	-	1	-	1	-	-	-	-	1	1
- Asset-backed notes	-	-	-	-	-	-	138	138	138	138
Amount due from subsidiaries	-	-	-	-	-	-	661,918	661,918	661,918	661,918
	-	1	-	1	-	-	662,056	662,056	662,057	662,057
Financial liabilities										
Borrowings	-	-	-	-	-	-	(748,147)	(748,147)	(748,147)	(748,147)
Amount due to subsidiaries	-	-	-	-	-	-	(341,679)	(341,679)	(341,679)	(341,679)
	-	-	-	-	-	-	(1,089,826)	(1,089,826)	(1,089,826)	(1,089,826)

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

36. FINANCIAL INSTRUMENTS (continued)

36.8 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 (2017: 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.

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.

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37. 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 2018 and 31 December 2017 were as follows:

		Group	
	Note	2018	2017
		RM'000	RM'000
Total borrowings	19	1,523,246	1,777,883
Less: Other investments	10	(126,868)	(144,157)
Cash and cash equivalents	17	(522,118)	(318,005)
Net debt		874,260	1,315,721
Total equity attributable to owners of the Company		2,836,591	2,795,879
Net debt-to-equity ratios		0.31	0.47

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.

38. 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 2018 %	Effective ownership interest 2017 %
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
Constant Knight (M) Sdn. Bhd.	Property investment holding	100	100

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38. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Incorporated in Malaysia:			
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. (formerly known as First Energy Networks Sdn. Bhd.)	Operating charging infrastructure and system for electric vehicles	100	100
Hikmat Asli Sdn. Bhd.	Property investment holding	100	100
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

38. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Incorporated in Malaysia:			
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 Industrial Equipment (Sabah) Sdn. Bhd.	Distribution of passenger and commercial vehicles, heavy equipment and machinery	100	100
Tan Chong IBS Sdn. Bhd.	Insurance agency	100	100
Tan Chong Industrial Equipment Sdn. Bhd.	Distribution of commercial vehicles and spare parts	100	100
Tan Chong Premier Sdn. Bhd.	Insurance agency	100	100
Tan Chong Motor Assemblies Sdn. Bhd.	Assembly of motor vehicles and trading of parts	70	70
Tan Chong Trading (Malaysia) Sdn. Berhad	Investment holding and merchandise trading	100	100
Tanahku Holdings Sdn. Bhd.	Property investment holding and car park operator and provision of car parking facilities management	100	100
TC Auto Tooling Sdn. Bhd.	Production of car alarm system and other security systems, autoparts and accessories	100	100
TC Capital Resources Sdn. Bhd.	Hire purchase financing, leasing, money lending and transport agent	100	100
TC Contact Centre Services Sdn. Bhd.	Telemarketing and provision of incoming tow servicing support and IT helpdesk services	100	100
TC Commercial Assets Sdn. Bhd.	Property investment holding	100	100
TC Euro Cars Sdn. Bhd.	Distribution 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

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38. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
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 service 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 Group Sdn. Bhd.	Investment holding	100	100
TC Trucks After Sales Sdn. Bhd.	Distribution and sales of auto parts and provision of after-sales services for commercial vehicles	100	100
TC Trucks Sales Sdn. Bhd.	Distribution and sales of commercial vehicles	100	100
TC Utama Sdn. Bhd.	Property investment holding	100	100
TCCL Sdn. Bhd.	Insurance agency	100	100
TCM Stamping Products Sdn. Bhd.	Manufacture and sale of fuel tanks and press metal parts	100	100
TMC Services Sdn. Bhd.	Provision of financial and fund management services	100	100

38. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Incorporated in Malaysia:			
Truckquip Sdn. Bhd.	Distribution of automotive spare parts and construction of vehicle bodies	100	100
VDC Sdn. Bhd.	Installation of accessories and fittings for motor vehicles	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 Research and Development Sdn. Bhd.	Dormant	100	100
Auto Trucks & Components Sdn. Bhd.	Dormant	100	100
Chaffeur Safe Travel Sdn. Bhd.	Dormant	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 Private Education Sdn. Bhd.	Dormant	100	100
Tan Chong Motorcycles (Malaysia) Sdn. Bhd.	Dormant	100	100
TC Aluminium Castings Sdn. Bhd.	Dormant	100	100
TC Automotive Electronics Sdn. Bhd.	Dormant	100	100
TC Commercial Insure Agency Sdn. Bhd.	Dormant	100	100
TC Brake System Sdn. Bhd.	Dormant	100	100
TC Capital Premium Sdn. Bhd.	Dormant	100	100

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38. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Incorporated in Malaysia:			
TC Engines Manufacturing Sdn. Bhd.	Dormant	100	100
TC Industrial Entity Sdn. Bhd.	Dormant	100	100
TC Industrial Lands (Serendah) Sdn. Bhd.	Dormant	100	100
TC Manufacturing Company (Sabah) Sdn. Bhd.	Dormant	100	100
TC Sunergy Sdn Bhd	Dormant	100	100
TC Plastics Sdn. Bhd.	Dormant	100	100
TC Transmission Sdn. Bhd.	Dormant	100	100
Incorporated in Labuan:			
ETCM (C) Pty Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (Labuan) Pty Ltd	Investment holding	100	100
ETCM (L) Pty Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (MM) Pte Ltd	Investment holding and trading of motor vehicles	100	100
ETCM (V) Pte Ltd	Investment holding	100	100
Tan Chong Motorcycles (Labuan) Pte Ltd	Investment holding	100	100
Tan Chong Trading (Labuan) Pty Ltd	Investment holding	100	100
TC Express Auto Services and Spare Parts (Labuan) Pty Ltd	Investment holding	100	100
TC Manufacturing (Labuan) Pte Ltd	Investment holding	100	100
TC Overseas Assets (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

38. SUBSIDIARIES (continued)

	Name	Principal activities	Effective ownership interest 2018 %	2017 %
	Incorporated in Labuan:			
	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 Security Services (Labuan) Pte Ltd	Dormant	100	-
	Incorporated in United States of America:			
∂ ^	Tan Chong Warisan Resources Management LLC	Dormant	51	-
	Incorporated in Cambodia:			
# β	TC Express Auto Services and Spare Parts (Cambodia) Pty. Ltd.	Automobile workshop services and trading of spare parts	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
@ 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

NOTES TO THE FINANCIAL STATEMENTS
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38. SUBSIDIARIES (continued)

Name	Principal activities	Effective ownership interest 2018 %	Effective ownership interest 2017 %
Incorporated in Laos:			
^ β Tan Chong Motor (Lao) Sole Co., Ltd.	Importation and distribution of motor vehicles	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 of, repairing of all kinds of vehicles and machines	90	90
^ β ETCM (Myanmar) Company Limited	Provision of services relating to vehicle distribution	100	100
^ β Tan Chong Motor (Myanmar) Company Limited	Assembly, sales and distribution of motor vehicles, trading of spare parts and automotive workshop services	100	100
^ β TC Express Auto Services & Spare Parts (Myanmar) Company Limited	Dormant	100	100
Incorporated in Thailand:			
#*β TC Express Auto Services and Spare Parts (Thailand) Co., Ltd.	Automotive workshop services and trading of spare parts	49	49
# β Tan Chong Mekong Regional Co., Ltd.	Regional operating headquarters	100	100
# β Tan Chong Mekong Trading (Thailand) Co., Ltd.	International procurement centre	100	100

Company audited by another firm of Public Accountants.

* Deemed subsidiary by virtue of control in the company.

^ Consolidated using unaudited management financial statements. The 2018 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.

39. SIGNIFICANT EVENTS

(i) On 10 August 2018, a new 51% owned subsidiary named Tan Chong Warisan Resources Management LLC was incorporated under the Limited Liability Company Law of New York. Its principal activities are to develop and source for business opportunities in USA and Canada, to source for new and innovative products, technologies and/or services which can be commercially developed or commercialised and any other business related thereto.

(ii) On 24 September 2018, the Company entered into a Subscription and Shareholders' Agreement ("Agreement") with Warisan TC Holdings Berhad ("WTCH") and Comit Communication Technologies (M) Sdn Bhd ("Comit"), a subsidiary of WTCH, to regulate the relationship of the parties as shareholders through equity participation by the Company in Comit. On 27 September 2018, the Company subscribed for 10,822,185 new ordinary shares representing 24.5% equity stake in Comit for a total cash consideration of RM13,244,190. Comit is principally engaged in property investment holding.

(iii) On 15 November 2018, TC Capital Resources Sdn. Bhd. ("TCCR"), a wholly-owned subsidiary of the Company entered into a conditional Share Sale Agreement ("SSA") with Ms Yap Swee Hoon and Encik Abdul Rahman Bin Mohamed ("Vendors" or Registered Owners) for the acquisition of 200,000 ordinary shares in Chauffeur Safe Travel Sdn. Bhd. ("CST") representing 100% of the equity interest in CST for a total cash consideration of RM200,000 ("Proposed Acquisition"). The beneficial owner of CST was Dato' Khor Swee Wah @ Koh Bee Leng, a director and shareholder of the Company. The Proposed Acquisition was conditional upon CST obtaining approval from the Commissioner of Tourism of the Ministry of Tourism and Culture Malaysia ("MOTAC") for the change of the shareholders and directors of CST ("Changes") no later than three (3) months from the date of the SSA or such other period to be mutually agreed between TCCR and the Vendors. CST is dormant but is activating its business in travel agency and transportation services.

On 19 December 2018, CST obtained the approval from MOTAC for the Changes and accordingly, the Proposed Acquisition became unconditional and was completed on 26 December 2018.

(iv) On 9 December 2018, ETCM (V) Pte Ltd ("ETCMV"), a wholly-owned subsidiary of the Company, had received from Nissan Motor Co., Ltd. ("NML") a notice of termination of the Joint Venture Agreement dated 22 September 2010 ("JV Agreement") between ETCMV and NML pursuant to which ETCMV and NML have respective shareholdings of 74% and 26% in the joint venture company, Nissan Vietnam Co., Ltd ("NVL"). NVL was originally established by Kjaer Group A/S and NML on 10 November 2008 in Vietnam to undertake the importation and distribution of Nissan vehicles and parts in Vietnam. The JV Agreement will terminate on 10 September 2019.

(v) On 20 December 2018, TC Security Services (Labuan) Pte Ltd, a wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act, 1990. Its principal activity is investment holding.

40. SUBSEQUENT EVENTS

(i) TC Motorcycles (Vietnam) Co. Ltd. ("TC Motorcycles Vietnam"), an indirect wholly-owned subsidiary of the Company had on 1 December 2014 entered into a Distributorship Agreement with Kawasaki Heavy Industries, Ltd. ("KHI") in which TC Motorcycles Vietnam was appointed an exclusive distributor to sell completely built-up Kawasaki brand sports type motorcycles (excluding mopeds and scooters) and spare parts and accessories in Vietnam for a period of three (3) years subject to renewal.

On 25 February 2019, TC Motorcycles Vietnam entered into an Amendment Agreement with KHI for further extension of the said Distributorship Agreement up to 31 March 2019. The Distributorship Agreement will not be renewed thereafter.

(ii) On 6 March 2019, TC iTech (Labuan) Pte Ltd, a wholly-owned subsidiary of the Company was incorporated under the Labuan Companies Act, 1990. Its principal activity is investment holding.

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 86 to 211 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of 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 2018 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' Khor Swee Wah @ Koh Bee Leng
Director

Siew Kah Toong
Director

Kuala Lumpur,
Date: 29 March 2019

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 86 to 211 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 in Kuala Lumpur in the Federal Territory on 29 March 2019.

Ho Wai Ming
MIA CA 12986

Before me:

INDEPENDENT AUDITORS' REPORT

to the Members of Tan Chong Motor Holdings Berhad
(Company No. 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 2018 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 86 to 211 (except for pages 88, 89, 92 and 93 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 2018, 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 15 – Inventories.

The key audit matter

The Group holds significant levels of inventories including the new vehicles and unassembled vehicle packs ("the inventories"). The cost of the inventories may be affected by the adverse movement of Ringgit Malaysia as the purchases are primarily denominated in U.S. Dollar ("USD") and Japanese Yen ("JPY"). The ability of the Group to sell the inventories in the future may be adversely affected by many factors including changes in consumers' preferences, competitors' activities including pricing and the introduction of new car models. As a result, there is a risk that certain models may be sold below the carrying value and may need to be written down to their net realisable value ("NRV"). It is a significant area for our audit as establishing the valuation of the inventories requires management to make estimates and judgements in determining the appropriateness of write down of the inventories to NRV.

INDEPENDENT AUDITORS' REPORT

to the Members of Tan Chong Motor Holdings Berhad
(Company No. 12969-P) (Incorporated in Malaysia)

How the matter was addressed in our audit

We performed the following audit procedures, among others:

- We obtained an understanding of the assessment performed by the management to arrive at the net realisable value of inventories;
- We tested the cost of inventories by model;
- We compared the inventory levels to recent sales trend; and
- We compared the cost of inventories against the expected selling price less cost to sell by model 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.

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.

INDEPENDENT AUDITORS' REPORT

to the Members of Tan Chong Motor Holdings Berhad
(Company No. 12969-P) (Incorporated in Malaysia)

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.

INDEPENDENT AUDITORS' REPORT

to the Members of Tan Chong Motor Holdings Berhad
(Company No. 12969-P) (Incorporated in Malaysia)

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

- 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.

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 38 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: 29 March 2019

TEN LARGEST PROPERTIES OF THE GROUP
as at 31 December 2018

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	488.14	43	1974 to 1999	2016
2	Lot P.T. 15014, Mukim Serendah, Daerah Hulu Selangor, 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	234.68	12	1996 to 2013	2016
3	Lot 3, Jalan Perusahaan Satu, 68100 Batu Caves, Selangor Darul Ehsan	Spare parts & service centre, factory, warehouse/store, offices & showroom	425,619	143,018	Leasehold 5.9.2074	73.74	39	11.9.1981	2016
4	No. 1, Jalan Sesiku 15/2, Section 15, 40000 Shah Alam, Selangor Darul Ehsan	Industrial plant	713,983	408,912	Leasehold 19.2.2066	67.10	50	30.12.2009	2016
5	Lot 93, Seksyen 46, Kuala Lumpur	Used vehicle display & storage yard	50,637	-	Freehold	48.10	-	27.8.2012	2018
6	Lot 92, Seksyen 46, Kuala Lumpur	Used vehicle display & storage yard	50,228	-	Freehold	47.70	-	24.8.2012	2018
7	No. 2, Jalan Johor Jaya, 81100 Johor Bahru, Johor Darul Takzim	Office, showroom, service, spare parts & training centre	93,830	277,425	Freehold	44.39	4	21.5.2015	2016
8	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	377,792	Leasehold 25.3.2054	42.51	6	2013	2016
9	39, Jalan Pelukis U1/46, Section U1, Temasya Industrial Park, 40150 Shah Alam, Selangor Darul Ehsan	Showroom, service & spare parts centre	60,063	160,393	Freehold	33.76	4	12.8.2015	2016
10	Lot 9, Jalan Kemajuan, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan	Office, showroom, service, spare parts & training centre	78,801	86,451	Leasehold 6.9.2065	33.64	36	2.5.2006	2016

Note: The value of 249, Jalan Segambut, 51200 Kuala Lumpur is based on valuation report of 15 lots of land held under Lot Nos. 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 Nos. 45, 15961, 16360, 23975, 23976 & 29120 and building.

ANALYSIS OF SHAREHOLDINGS
as at 29 March 2019

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	290	3.92	4,685	- (1)
100 - 1,000	2,379	32.18	2,072,393	0.31
1,001 - 10,000	3,771	51.00	15,849,074	2.36
10,001 - 100,000	803	10.86	23,815,546	3.54
100,001 - 32,632,999[2]	147	1.99	279,071,838	41.53
32,633,000 and above[3]	4	0.05	331,846,464	49.38
Sub Total	**7,394**	**100.00**	**652,660,000**	**97.12**
Treasury shares			19,340,000	2.88
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	27,783,962	4.26	288,964,430 (1)	44.28
2	Dato' Ng Mann Cheong	-	-	150,000 (3)	0.02
3	Dato' Khor Swee Wah @ Koh Bee Leng	12,352,590	1.89	304,395,802 (4)	46.64
4	Ho Wai Ming	-	-	15,000 (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 March 2019

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	40.42	-	-
2	Employees Provident Fund Board	39,352,800	6.03	-	-
3	Nissan Motor Co., Ltd	37,333,324	5.72	-	-
4	Dato' Tan Heng Chew	27,783,962	4.26	274,781,840 (1)	42.10
5	Tan Eng Soon	-	-	263,828,240 (2)	40.42

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	33.37
2	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board*	39,352,800	6.03
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*	30,000,000	4.60
6	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Heng Chew (MM1063)*	20,305,100	3.11
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	CIMB Group Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Wealthmark Holdings Sdn Bhd (50003 PZDM)*	9,087,400	1.39
12	Tan Chong Consolidated Sdn Bhd	8,667,900	1.33
13	Tan Han Chuan	8,564,600	1.31
14	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB for Khor Swee Wah @ Koh Bee Leng (PB)*	7,999,290	1.22
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

ANALYSIS OF SHAREHOLDINGS
as at 29 March 2019

THIRTY LARGEST SHAREHOLDERS (continued)

No.	Name	No. of Shares Held	%
18	Lee Lang	7,076,130	1.08
19	Key Development Sdn Berhad	6,334,400	0.97
20	Maybank Securities Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Ching Ching*	5,320,600	0.82
21	Chinchoo Investment Sdn Berhad	4,705,000	0.72
22	Gan Teng Siew Realty Sdn Berhad	4,679,000	0.72
23	Amanahraya Trustees Berhad *Amanah Saham Malaysia 3*	4,602,900	0.71
24	Tan Hoe Pin	4,419,573	0.68
25	Kenanga Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Tan Heng Chew*	3,809,500	0.58
26	Tan Chee Keong	3,779,634	0.58
27	Amanahraya Trustees Berhad *Public Islamic Select Treasures Fund*	3,612,800	0.55
28	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	3,566,600	0.55
29	CIMB Group Nominees (Asing) Sdn Bhd *Exempt AN for DBS Bank Ltd (SFS)*	3,501,000	0.54
30	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt AN for UOB Kay Hian Pte Ltd (A/C Clients)*	3,480,564	0.53
	TOTAL	**549,969,474**	**84.27**

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 47th Annual General Meeting ("AGM") of TAN CHONG MOTOR HOLDINGS BERHAD will be held at The Grand Ballroom, Level 9, Sunway Putra Hotel, 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Thursday, 30 May 2019 at 10.30 a.m. to transact the following businesses:

AGENDA

Ordinary Business

1. To lay the Audited Financial Statements for the financial year ended 31 December 2018 together with the Reports of the Directors and Auditors thereon. **(Please refer to Explanatory Note 1)**

2. To declare a final single tier dividend of 2 sen per share for the financial year ended 31 December 2018. **Ordinary Resolution 1**

3. To re-elect the following Directors who retire by rotation and being eligible, offer themselves for re-election in accordance with Article 103 of the Company's Constitution, as Directors of the Company:

   (i) Dato' Ng Mann Cheong **Ordinary Resolution 2**
   (ii) Mr Lee Min On **Ordinary Resolution 3**

4. To approve the payment of Directors' fees of up to RM500,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 31 May 2019 until the next Annual General Meeting of the Company. **Ordinary Resolution 4**

5. To approve Directors' benefits of up to RM294,600 in aggregate to the Independent Non-Executive Directors of the Company and up to RM5,400 in aggregate to the Independent Non-Executive Directors of TC Capital Resources Sdn Bhd, a subsidiary of the Company, during the course of the period from 31 May 2019 until the next Annual General Meeting of the Company. **Ordinary Resolution 5**

6. To re-appoint KPMG PLT as Auditors of the Company for the financial year ending 31 December 2019 and to authorise the Directors to fix their remuneration. **Ordinary Resolution 6**

Special Business

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

7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**

   (i) "THAT approval be and is hereby given for Dato' Ng Mann Cheong who has served as an Independent Non-Executive Director for a cumulative term of more than nine (9) years, to continue to be designated as an Independent Non-Executive Director of the Company." **Ordinary Resolution 7**

   (ii) "THAT approval be and is hereby given for Mr Siew Kah Toong whose cumulative term as an Independent Non-Executive Director shall exceed nine (9) years on 1 July 2019, to continue to be designated as an Independent Non-Executive Director of the Company." **Ordinary Resolution 8**

NOTICE OF ANNUAL GENERAL MEETING

8. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and the approvals of all relevant governmental and/or regulatory authorities (if any), the Company be and is hereby authorised to purchase such amount of ordinary shares in the Company ("Proposed Share Buy-Back") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that:

(i) the aggregate number of shares purchased and/or held pursuant to this Resolution does not exceed 10% of the total number of issued shares of the Company at any point in time of the purchase; and

(ii) the Directors shall resolve at their discretion pursuant to Section 127 of the Act whether to cancel the shares so purchased, to retain the shares so purchased as treasury shares or to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares or in any other manner as may be permitted and prescribed by the Act, rules, regulations, guidelines, requirements and/or orders pursuant to the Act and/or the rules, regulations, guidelines, requirements and/or orders of Bursa Securities and any other relevant authorities for the time being in force.

THAT an amount not exceeding the Company's retained profits be allocated by the Company for the Proposed Share Buy-Back.

THAT the authority conferred by this Resolution will be effective immediately upon the passing of this Resolution and shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time the said authority will lapse unless by an ordinary resolution passed at a general meeting of the Company, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first but not so as to prejudice the completion of the purchase(s) by the Company before the aforesaid expiry date and in any event, in accordance with the provisions of the guidelines issued by Bursa Securities and/or any other relevant governmental and/or regulatory authorities (if any).

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Share Buy-Back as may be agreed or allowed by any relevant governmental and/or regulatory authorities." **Ordinary Resolution 9**

9. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH WARISAN TC HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.1 of the Company's Circular to Shareholders dated 30 April 2019 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 10**

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD AND ITS SUBSIDIARIES AND JOINT VENTURES**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.2 of the Company's Circular to Shareholders dated 30 April 2019 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

NOTICE OF ANNUAL GENERAL MEETING

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 11**

11. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG INTERNATIONAL LIMITED AND ITS SUBSIDIARIES**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Tan Chong International Limited and its subsidiaries involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.1.3 of the Company's Circular to Shareholders dated 30 April 2019 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 12**

NOTICE OF ANNUAL GENERAL MEETING

12. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH AUTO DUNIA SDN BHD**

"THAT subject to the Companies Act 2016 ("Act"), the Constitution of the Company and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given to the Company and its subsidiaries ("TCMH Group") to enter into all arrangements and/or transactions with Auto Dunia Sdn Bhd involving the interests of Directors, major shareholders or persons connected with Directors and/or major shareholders of the TCMH Group ("Related Parties") including those as set out in Paragraph 3.2.2 of the Company's Circular to Shareholders dated 30 April 2019 provided that such arrangements and/or transactions are recurrent transactions of a revenue or trading nature which are necessary for the day-to-day operations and are carried out in the ordinary course of business on normal commercial terms which are not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders ("Shareholders' Mandate").

THAT such approval shall continue to be in force until:

(i) the conclusion of the next Annual General Meeting ("AGM") of the Company at which time such approval will lapse, unless by an ordinary resolution passed at a general meeting of the Company, the authority of the Shareholders' Mandate is renewed; or

(ii) the expiration of the period within which the next AGM of the Company is required by law to be held; or

(iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

THAT the Directors of the Company be authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Shareholders' Mandate." **Ordinary Resolution 13**

13. To transact any other business of the Company of which due notice shall have been received.

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN that subject to the approval of the shareholders at the 47th Annual General Meeting of Tan Chong Motor Holdings Berhad, a final single tier dividend of 2 sen per share for the financial year ended 31 December 2018 will be paid on 28 June 2019 to shareholders whose names appear in the Register of Members on 7 June 2019.

A depositor shall qualify for the entitlement to the dividend only in respect of:

(1) shares transferred into the depositor's securities account before 4.30 p.m. on 7 June 2019 in respect of ordinary transfers;
(2) shares deposited into the depositor's securities account before 12.30 p.m. on 3 June 2019 in respect of shares exempted from mandatory deposit; and
(3) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

NOTICE OF ANNUAL GENERAL MEETING

By Order of the Board

HO WAI MING (MIA 12986)
WONG POH CHUN (MAICSA 7013841)
Company Secretaries

Kuala Lumpur
30 April 2019

NOTES:

1. *A depositor whose name appears in the Record of Depositors of the Company as at 21 May 2019 ("Record of Depositors") shall be regarded as a member entitled to attend, participate, speak and vote at the meeting.*
2. *A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.*
3. *Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.*
4. *Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:*
   - *(i) the securities account number;*
   - *(ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and*
   - *(iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.*
6. *Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. no. +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for the meeting or any adjournment thereof.*
8. *If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised.*
9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.*

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

1. **Item 1 of the Agenda - Audited Financial Statements for financial year ended 31 December 2018**

The laying of the Audited Financial Statements under Item 1 of the Agenda in accordance with Section 340(1)(a) of the Companies Act 2016 is for the purposes of presenting the Audited Financial Statements to the shareholders and does not require approval of the shareholders.

2. **Ordinary Resolution 4 and 5 - Directors' Fees and Benefits**

The Company pays Directors' fees and benefits and TC Capital Resources Sdn Bhd, a subsidiary of the Company pays benefits to the Independent Non-Executive Directors. The Executive Directors do not receive fees and benefits as Directors but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders.

The current benefits payable to the Independent Non-Executive Directors of the Company include meeting allowance, petrol allowance and provision of driver, notably:

(a)	Meeting allowance	
	- As Chairman of the meeting	@ RM1,500 per meeting
	- As Board/Board Committee members	@ RM1,200 per meeting
(b)	Petrol allowance	@ RM800 per month each
(c)	Company driver	@ RM5,000 per month (average) each

The Board recommends that shareholders approve a maximum aggregate amount of RM500,000 for the payment of Directors' fees to the Independent Non-Executive Directors of the Company during the course of the period from 31 May 2019 until the next AGM of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM300,000 for the payment of benefits to the Independent Non-Executive Directors of the Company (i.e. RM294,600) and its subsidiary, TC Capital Resources Sdn Bhd (i.e. RM5,400) during the course of the period from 31 May 2019 until the next AGM of the Company.

3. **Ordinary Resolution 7 and 8 - Continuing in Office as Independent Non-Executive Directors**

Pursuant to the Malaysian Code on Corporate Governance, it is recommended that approval of shareholders be sought in the event that the Company intends to retain an independent director who has served in that capacity for more than nine (9) years.

Following an assessment and recommendation by the Nominating and Remuneration Committee, the Board recommended that Dato' Ng Mann Cheong who has served as an Independent Non-Executive Director ("INED") of the Company for a cumulative term of more than nine (9) years and Mr Siew Kah Toong whose cumulative term as an Independent Non-Executive Director shall exceed nine (9) years on 1 July 2019 to continue to be designated as INEDs of the Company based on the following key justifications:

(a) They fulfill the independence criteria set out in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and, therefore, are able to bring independent and objective judgment both as Board members and in their roles as Board Committee members, and they have discharged their duties diligently;

(b) Dato' Ng's relevant experience and expertise in legal and regulatory requirements and Mr Siew's relevant experience and expertise in auditing, financial reporting and corporate advisory as well as their respective diverse business environments enable them to provide invaluable contribution to the Board and Board Committees;

(c) Their long service with the Company enhances their knowledge and understanding of the business operations of the Group which enables them to contribute actively and effectively during deliberations at Board and Board Committees' meetings; and

(d) From their perfect attendance record at Board and Board Committees' meetings, it is demonstrable of their commitment towards the Company's needs.

4. **Ordinary Resolution 9 - Proposed Renewal of Authority for the Company to Purchase Its Own Shares**

Ordinary Resolution 9, if passed, will empower the Directors of the Company to purchase and/or hold up to 10% of the total number of issued shares of the Company at any point in time of the purchase ("Proposed Share Buy-Back") by utilising the funds allocated which shall not exceed the retained profits of the Company. This authority shall continue to be in force until the conclusion of the next AGM of the Company, or at the expiration of the period within which the next AGM of the Company is required by law to be held, or revoked or varied by an ordinary resolution passed by the shareholders in a general meeting, whichever occurs first.

Further information on the Proposed Share Buy-Back is set out in the Circular to Shareholders dated 30 April 2019 ("Circular"), despatched together with the Company's 2018 Annual Report.

NOTICE OF ANNUAL GENERAL MEETING

5. **Ordinary Resolutions 10, 11, 12 and 13 - Proposed Shareholders' Mandate for Recurrent Related Party Transactions**

   Ordinary Resolutions 10, 11, 12 and 13, if passed, will enable the Company and/or its subsidiaries to enter into recurrent transactions involving the interest of related parties, which are of a revenue or trading nature and necessary for the Group's day-to-day operations, subject to the transactions being carried out in the ordinary course of business and on terms not to the detriment of the minority shareholders of the Company.

   Further information on these proposed Ordinary Resolutions are set out in the Circular despatched together with the Company's 2018 Annual Report.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 47th Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, the member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

TAN CHONG MOTOR HOLDINGS BERHAD (12969-P)
(Incorporated in Malaysia)

FORM OF PROXY

CDS Account No.

I/We ______________________________ *(name of shareholder, in capital letters)*

NRIC no./Company no. ______________________ *(new)* ______________________ *(old)*

of ____

______________________________ *(full address)* ______________ *(tel. no.)* being a

member of TAN CHONG MOTOR HOLDINGS BERHAD, hereby appoint ______________________

(name of proxy as per NRIC, in capital letters) NRIC no. ______________ *(new)* ______________ *(old)*

and/or ______________________________ *(name of proxy as per NRIC, in capital letters)*

NRIC no. ______________________ *(new)* ______________________ *(old)* or failing him/her,

*the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the 47th Annual General Meeting of the Company to be held at The Grand Ballroom, Level 9, Sunway Putra Hotel, 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Thursday, 30 May 2019 at 10.30 a.m., and at any adjournment thereof, as indicated below:

		For	Against
Ordinary Resolution 1	Final single tier dividend		
Ordinary Resolution 2	Re-election of Dato' Ng Mann Cheong as Director		
Ordinary Resolution 3	Re-election of Mr Lee Min On as Director		
Ordinary Resolution 4	Directors' fees		
Ordinary Resolution 5	Directors' benefits		
Ordinary Resolution 6	Re-appointment of KPMG PLT as Auditors		
Ordinary Resolution 7	Continuing in office of Dato' Ng Mann Cheong as Independent Non-Executive Director		
Ordinary Resolution 8	Continuing in office of Mr Siew Kah Toong as Independent Non-Executive Director		
Ordinary Resolution 9	Proposed renewal of authority for the Company to purchase its own shares		
Ordinary Resolution 10	Proposed Shareholders' Mandate for recurrent related party transactions with Warisan TC Holdings Berhad and its subsidiaries and jointly-controlled entities		
Ordinary Resolution 11	Proposed Shareholders' Mandate for recurrent related party transactions with APM Automotive Holdings Berhad and its subsidiaries and joint ventures		
Ordinary Resolution 12	Proposed Shareholders' Mandate for recurrent related party transactions with Tan Chong International Limited and its subsidiaries		
Ordinary Resolution 13	Proposed Shareholders' Mandate for recurrent related party transactions with Auto Dunia Sdn Bhd		

* *To delete if not applicable.*

(Please indicate with an "X" in the spaces provided how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his/her discretion)

____
Signature/Common Seal

Number of shares held : ______________

Date : ______________

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:

	No. of Shares	Percentage
Proxy 1		%
Proxy 2		%
Total		100%

Notes:

1. *A depositor whose name appears in the Record of Depositors of the Company as at 21 May 2019 ("Record of Depositors") shall be regarded as a member entitled to attend, participate, speak and vote at the meeting.*
2. *A member, other than a member who is also an Authorised Nominee (as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA")) or an Exempt Authorised Nominee who is exempted from compliance with the provisions of Section 25A(1) of SICDA, shall be entitled to appoint not more than two (2) proxies to attend and vote for him at the meeting. A proxy need not be a member of the Company and a member may appoint any person to be his proxy. A proxy appointed to attend and vote at a meeting of the Company shall have the same right as the member to speak at the meeting.*
3. *Subject to Note 6 below, where a member is a Depositor who is also an Authorised Nominee, the Authorised Nominee may appoint not more than two (2) proxies in respect of each securities account the Authorised Nominee holds with shares in the Company standing to the credit of such securities account as reflected in the Record of Depositors.*
4. *Subject to Note 6 below, where a member is a Depositor who is also an Exempt Authorised Nominee which holds shares in the Company for multiple beneficial owners in one securities account ("omnibus account") as reflected in the Record of Depositors, there is no limit to the number of proxies which the Exempt Authorised Nominee may appoint in respect of each omnibus account it holds.*
5. *Each appointment of proxy by a member including an Authorised Nominee or an Exempt Authorised Nominee shall be by a separate instrument of proxy which shall specify:*
   - *(i) the securities account number;*
   - *(ii) the name of the beneficial owner for whom the Authorised Nominee or Exempt Authorised Nominee is acting; and*
   - *(iii) where two (2) proxies are appointed, the proportion of shareholdings or the number of shares to be represented by each proxy.*
6. *Any beneficial owner who holds shares in the Company through more than one (1) securities account and/or through more than one (1) omnibus account, shall be entitled to instruct the Authorised Nominee and/or Exempt Authorised Nominee for such securities accounts and/or omnibus accounts to appoint not more than two (2) persons to act as proxies for the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of shares in the Company held through more than one (1) securities account and/or through more than one (1) omnibus account, all the instruments of proxy shall be deemed invalid and shall be rejected.*
7. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. no. +603-2783 9299), or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for the meeting, or any adjournment thereof.*
8. *If the appointer is a corporation, the instrument appointing a proxy must be executed under seal or under the hand of an officer or attorney duly authorised.*
9. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the resolutions set out in the Notice of AGM will be put to vote by poll.*
10. *Personal Data Privacy*

    By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 47th Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, the member (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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Tricor Investor & Issuing House Services Sdn Bhd (11324-H)
Registrar for **TAN CHONG MOTOR HOLDINGS BERHAD** (12969-P)

Unit 32-01, Level 32, Tower A, Vertical Business Suite
Avenue 3, Bangsar South, No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Malaysia

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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 (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
30 April 2019

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 15hb 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 15hb 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.

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Setiap permintaan bertulis atau pertanyaan berkenaan data peribadi anda perlu disampaikan ke alamat di bawah:

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Tel No.	: +603-2783 9299
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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
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