



CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement for the financial year ended 31st December 2020

Highlights

- Total revenue declined by 5% with full year vehicle unit sales and after-sales volume down 2% and 12% respectively
- Lower net loss due to improved sales in second half of the year and cost saving initiatives
- Impairment charge for goodwill and dealership rights of Penang business

“Trading conditions are expected to remain challenging in the year ahead despite the extension of the sales tax reduction until June 2021. The extension of the Movement Control Order in December 2020 and the impact of the Covid-19 pandemic remain the key risks faced by the business, as uncertainties in the global supply chains and the softening demand in the premium luxury segment persists. The Group will continue its cost saving initiatives and remain committed to its business improvement strategy.”

Eric Chan

Chairman
 25th February 2021

Results

	Year ended 31st December		
	2020 RMm	2019 RMm	Change %
Revenue	1,084.2	1,143.3	-5
Net loss:			
(a) Mercedes-Benz operations	(4.5)	(34.7)	-87
(b) Other losses - impairment loss on intangible assets*	(8.5)	-	100
(c) Other losses - impairment loss on right-of-use assets	-	(27.0)	-100
(d) Dividend income	-	22.5	-100
	(13.0)	(39.2)	-67
Net loss attributable to shareholders	(13.0)	(39.2)	-67
	Sen	Sen	
Loss per share	(13)	(39)	-67
	As at 31.12.2020 RMm	As at 31.12.2019 RMm	
Shareholders' funds	236.1	249.1	-5
	RM	RM	
Net asset per share	2.34	2.47	-5

The results for the financial years ended 31st December 2020 and 31st December 2019 were audited.

*net of tax of RM1.3million

CYCLE & CARRIAGE BINTANG BERHAD
Quarterly Announcement for the financial year ended 31st December 2020

Overview

The Group experienced volatile trading conditions for the year, as a result of softening demand in the premium luxury segment of the automotive industry. This was exacerbated by the implementation of pandemic-related restrictions which led to a reduction in vehicle unit sales and after-sales volumes. The sales tax reduction under the PENJANA scheme in the second half of the year, together with the impact of cost saving initiatives in the organization, had a positive impact on overall financial performance. The Group remains committed to its business improvement strategy.

Performance

The Group's revenue for the year ended 31st December 2020 was RM1.1 billion, 5% lower than the previous year due to softening consumer demand. This was exacerbated by the implementation of the Movement Control Order and other COVID-19-related restrictions, resulting in a reduction in vehicle unit sales and after-sales volumes, by 2% and 12% respectively, compared to 2019. Passenger car sales performance improved in the second half of 2020, with the announcement of a sales tax reduction by the government.

A lower net loss of RM4.5 million was recorded by Mercedes-Benz operations, compared to a net loss of RM34.7 million in the previous year. After accounting for an impairment charge, net of tax, of RM8.5 million for the goodwill and dealership rights with respect to its business in Penang, the Group's overall net loss was RM13.0 million, compared to RM39.2 million in 2019.

The Group's net debt decreased from RM201.8 million at the end of 2019 to RM110.9 million at the end of 2020, due to improved cash collection, with moderate cash outflow from purchase of inventory. Whilst cautiously taking steps to mitigate both operational and financial risks, the Group continues to monitor debt levels and liquidity positions. To regulate costs and preserve cash, a range of initiatives has been implemented, including deferring selected capital expenditure and managing working capital.

The Board has not declared a dividend for the year ended 31st December 2020 (2019: Nil).

Prospects

Trading conditions are expected to remain challenging in the year ahead despite the extension of the sales tax reduction until June 2021. The extension of the Movement Control Order in December 2020 and the impact of the Covid-19 pandemic remain the key risks faced by the business, as uncertainties in the global supply chains and the softening demand in the premium luxury segment persists. The Group will continue its cost saving initiatives and remain committed to its business improvement strategy.

People

These are challenging times, and I would like to extend my appreciation to all colleagues for their continued dedication and hard work, as we manage through the current situation whilst staying focused on the Group's long-term prospects.

Eric Chan

Chairman

25th February 2021

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the financial year ended 31st December 2020

	Note	Unaudited 3 months ended			Audited 12 months ended		
		31.12.2020 RM'000	31.12.2019 RM'000	Variance %	31.12.2020 RM'000	31.12.2019 RM'000	Variance %
<u>Continuing operation</u>							
Revenue	7	319,889	280,776	+13.9	1,084,192	1,143,315	-5.2
Expenses excluding finance cost and tax		(311,001)	(286,708)	+8.5	(1,088,459)	(1,180,996)	-7.8
Other operating income							
- interest income		57	149	-61.7	375	587	-36.1
- others		4,937	3,276	+50.7	13,356	11,861	+12.6
Other losses - impairment loss on intangible assets		(9,842)	-	+100.0	(9,842)	-	+100.0
Other losses - impairment loss on right-of-use assets		-	(27,026)	-100.0	-	(27,026)	-100.0
Operating profit/(loss)		4,040	(29,533)	nm	(378)	(52,259)	-99.3
Finance cost		(1,503)	(4,883)	-69.2	(9,906)	(16,777)	-41.0
Profit/(Loss) before tax		2,537	(34,416)	nm	(10,284)	(69,036)	-85.1
Income tax (expense)/credit	13	(3,642)	938	nm	(2,710)	7,376	nm
Net loss for the financial period/year	19	(1,105)	(33,478)	-96.7	(12,994)	(61,660)	-78.9
<u>Discontinued operation</u>							
Net profit for the financial period/year from discontinued operation		-	11,228	-100.0	-	22,457	-100.0
Net loss and total comprehensive loss attributable to shareholders of the Company		(1,105)	(22,250)	-95.0	(12,994)	(39,203)	-66.9
		Sen	Sen		Sen	Sen	
Basic loss per share attributable from continuing operations attributable to shareholders of the Company	17	(1.10)	(33.23)	-96.7	(12.90)	(61.20)	-78.9

nm - not meaningful

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Comprehensive Income
for the financial year ended 31st December 2020

	Unaudited			Audited			
	3 months ended		Variance	12 months ended			
	31.12.2020	31.12.2019		31.12.2020	31.12.2019		
	RM'000	RM'000	%	RM'000	RM'000	%	
Basic earnings per share attributable from discontinued operations attributable to shareholders of the Company	17	<u>-</u>	<u>11.14</u>	-100.0	<u>-</u>	<u>22.29</u>	-100.0

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2019 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 14.

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CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Financial Position
as at 31st December 2020

	Note	Audited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
Non-current assets			
Intangible assets		-	9,842
Property, plant and equipment		149,244	122,627
Right of use assets		80,184	94,671
Deferred tax assets		20,540	22,094
		<u>249,968</u>	<u>249,234</u>
Current assets			
Inventories		202,290	360,095
Trade and other receivables		88,239	96,300
Tax recoverable		1,198	3,194
Cash and cash equivalents		24,608	38,125
		<u>316,335</u>	<u>497,714</u>
Total assets		<u>566,303</u>	<u>746,948</u>
Non-current liabilities			
Borrowings	15	51,219	62,203
Lease liabilities		40,913	56,376
		<u>92,132</u>	<u>118,579</u>
Current liabilities			
Provision for liabilities and charges		2,540	1,980
Current tax liabilities		29	27
Trade payables and other liabilities		121,411	177,030
Contract liabilities		30,639	19,491
Borrowings	15	80,000	177,746
Lease liabilities		3,463	3,012
		<u>238,082</u>	<u>379,286</u>
Total liabilities		<u>330,214</u>	<u>497,865</u>
Net assets		<u>236,089</u>	<u>249,083</u>
Equity			
Share capital		124,602	124,602
Retained profits		111,487	124,481
Total equity		<u>236,089</u>	<u>249,083</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2019 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 14.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Changes in Equity
for the financial year ended 31st December 2020

	Audited		
	Share	Retained	
	Capital	Profits	Total
	RM'000	RM'000	RM'000
At 1st January 2020	124,602	124,481	249,083
Net loss and total comprehensive loss for the financial year	-	(12,994)	(12,994)
At 31st December 2020	<u>124,602</u>	<u>111,487</u>	<u>236,089</u>
At 1st January 2019	124,602	163,684	288,286
Net loss and total comprehensive loss for the financial year	-	(39,203)	(39,203)
At 31st December 2019	<u>124,602</u>	<u>124,481</u>	<u>249,083</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2019 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 14.

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the financial year ended 31st December 2020

	Audited	
	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Operating activities		
Loss before tax from continuing operations	(10,284)	(69,036)
Profit before tax from discontinued operation	-	22,457
Loss before tax	(10,284)	(46,579)
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	11,367	9,506
- loss/(gain) on disposal	8	(73)
- write-offs	561	2,883
Impairment loss on intangible assets	9,842	-
Impairment loss on right of use assets	-	27,026
Amortisation of right-of-use assets	5,693	5,216
(Write-back)/write-down of inventories, net	(4,800)	8,670
Reversal of impairment loss on trade receivables, net	(869)	(1,441)
Gain on termination of leases	(2,950)	-
Interest income	(375)	(587)
Finance cost:		
- interest expense on borrowings	6,297	12,280
- amortisation of transaction cost on borrowings	266	108
- accretion of lease liabilities	3,343	4,389
Additional provisions for liabilities and charges	560	163
Dividend income from an equity investment - discontinued operation	-	(22,457)
Operating profit/(loss) before changes in working capital	18,659	(896)
Inventories	162,605	(32,855)
Receivables	(1,756)	45,163
Payables	(55,756)	2,552
Contract liabilities	11,148	(5,786)
Net cash flow from operations	134,900	8,178
Interest paid	(9,627)	(16,505)
Interest received	375	587
Income tax refunded, net	842	3,701
Net cash flow from/(used in) operating activities	126,490	(4,039)
Investing activities		
Proceeds from disposal of property, plant and equipment	52	73
Purchase of property, plant and equipment	(39,147)	(35,892)
Purchase of right of use assets	-	(1,256)
Proceeds from disposal of equity investment	-	66,003
Dividend received from an equity investment - discontinued operation	11,228	11,229
Net cash flow (used in)/from investing activities	(27,867)	40,157

CYCLE & CARRIAGE BINTANG BERHAD
Condensed Consolidated Statement of Cash Flows
for the financial year ended 31st December 2020

	Audited	
	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Financing activities		
Drawdown of term loan and revolving credit	100,000	-
Repayment of term loan and revolving credit	(111,250)	-
Drawdown of bankers acceptance	508,731	886,800
Repayment of bankers acceptance	(596,731)	(859,500)
Drawdown of revolving hire-purchase floorplan	4,677	-
Repayment of revolving hire-purchase floorplan	(4,677)	(53,586)
Drawdown of hire purchase payables	2,000	52,344
Repayment of hire purchase payables	(11,682)	(69,776)
Principal elements of lease payment	(3,208)	(1,987)
Net cash flow used in financing activities	<u>(112,140)</u>	<u>(45,705)</u>
Net change in cash and cash equivalents during the financial year	(13,517)	(9,587)
Cash and cash equivalents at		
Beginning of the financial year	<u>38,125</u>	<u>47,712</u>
End of the financial year	<u><u>24,608</u></u>	<u><u>38,125</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2019 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 14.

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CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2020

1 Basis of preparation

- (a) These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting*, International Accounting Standard 34, *Interim Financial Reporting* and all the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). They do not include all the information required for full annual financial statements and should be read in conjunction with the Group's financial statements for the financial year ended 31st December 2019.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 31st December 2019 except for the adoption of the following Amendments to MFRSs:

	Effective Date
Amendments to MFRS 3 - Definition of A Business	1 January 2020
Amendments to MFRS 101 and MFRS 108 - Definition of Material	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 - Interest Rate Benchmark Reform	1 January 2020
The Conceptual Framework for Financial Reporting	1 January 2020

The Group has early adopted the Amendments to MFRS 16 – Leases on Rent Concession for the first time in the 2020 financial statements which resulted in changes of the accounting policies. The adoption of above amendments to MFRS did not have a material impact on the financial statements of the Group.

New MFRSs and Amendments to MFRSs that are applicable to the Group but not yet effective for the Group's current quarter report are:

	Effective Date
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 – Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to MFRS 3 - Reference to the Conceptual Framework	1 January 2022
Annual Improvements to MFRS 9 - Fees in the '10 per cent' test for Derecognition of Financial Liabilities	1 January 2022
Amendments to MFRS 116 - Proceeds before intended use	1 January 2022
Amendments to MFRS 137 Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRS 101 - Classification of Liabilities as Current and Non-Current	1 January 2023
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The adoption of the above MFRS, Annual Improvements and Amendments to MFRSs when they become effective are not expected to have any material impact on the financial statements of the Group.

2 Seasonal or Cyclical Factors

There were no major seasonal or cyclical factors affecting the automotive industry.

3 Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results for the financial year ended 31st December 2020.

4 Individually Significant Item

The Group recognised post-tax impairment loss on intangible assets of RM8.5 million (pre-tax: RM9.8 million) as disclosed in Note 19 for the financial year ended 31st December 2020.

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CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2020

5 Debts and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31st December 2020.

6 Dividends

The Board of Directors does not recommend any dividend for the financial year ended 31st December 2020.

7 Segment Reporting

The activities of the Group are conducted within Malaysia in the following segments:

	Continuing operations Automotive industry RM'000	Discontinued operation Investment RM'000	Group RM'000
3 months ended 31st December 2020			
Revenue	319,889	-	319,889
Profit before tax	2,537	-	2,537
Loss after tax	(1,105)	-	(1,105)
3 months ended 31st December 2019			
Revenue	280,776	-	280,776
(Loss)/Profit before tax	(34,416)	11,228	(23,188)
(Loss)/Profit before tax	(33,478)	11,228	(22,250)
12 months ended 31st December 2020			
Revenue	1,084,192	-	1,084,192
Loss before tax	(10,284)	-	(10,284)
Loss after tax	(12,994)	-	(12,994)
12 months ended 31st December 2019			
Revenue	1,143,315	-	1,143,315
(Loss)/Profit before tax	(69,036)	22,457	(46,579)
(Loss)/Profit before tax	(61,660)	22,457	(39,203)

Breakdown of the Group's timing of revenue recognition is as follows:

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Sale of motor vehicles and spare parts - point in time	303,694	262,423	1,023,431	1,072,684
Servicing of motor vehicles - over time	16,195	18,353	60,761	70,631
	<u>319,889</u>	<u>280,776</u>	<u>1,084,192</u>	<u>1,143,315</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2020

8 Changes in the Composition of the Group

There were no changes in the composition of the Group for the financial year ended 31st December 2020.

9 Significant Related Party Transactions

The significant related party transactions described below were carried out on terms and conditions agreed with the related parties.

	12 months ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
With substantial shareholders and parties related to substantial shareholders:		
Receipt of insurance premium support from Jardine Cycle & Carriage Limited	(688)	(645)
Purchase of computer software/peripherals and copier charges from JOS Malaysia Sdn. Bhd.	-	2,180
Provision of management services by Jardine Cycle & Carriage Limited	458	425
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	-	1,361
Provision of internal audit services by Jardine Matheson & Co., Ltd	314	309
Provision of management services by Cycle & Carriage Industries Pte. Limited	417	-
Sale and servicing of vehicle to a person connected to a director of Jardine Cycle & Carriage Limited	-	(234)

10 Capital Commitments

Capital expenditure of the Group not provided for as at 31st December 2020 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted	15,276
Approved but not contracted	31,025
	<u>46,301</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2020

11 Material Change in Current Quarter Results Compared to Preceding Quarter Results

	Current Quarter 31.12.2020 RM'000	Preceding Quarter 30.09.2020 RM'000	Variance RM'000
Revenue	<u>319,889</u>	409,049	<u>(89,160)</u>
Operating profit	<u>4,040</u>	12,431	<u>(8,391)</u>
Profit before tax	<u>2,537</u>	10,314	<u>(7,777)</u>

The Group recorded a lower profit of RM2.5 million in the fourth quarter as compared to RM10.3 million in the preceding quarter mainly due to an impairment charge of RM9.8 million for the goodwill and dealership rights in respect of its business in Penang, offset by improved operating profit.

12 Variance of Actual Profit from Forecast Profit

The Company did not publish any profit forecast.

13 Taxation

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Income tax (expense)/credit	<u>(3,642)</u>	938	<u>(2,710)</u>	7,376

The average effective tax rate differs from the statutory income tax rate of Malaysia as follows:

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	%	%	%	%
Statutory income tax rate in Malaysia	24	(24)	(24)	(24)
Expenses not deductible for tax purposes	114	32	49	22
Income not subject to tax	-	(12)	-	(12)
Prior year under/(over) provision	6	-	1	(2)
Average effective tax rate	<u>144</u>	<u>(4)</u>	<u>26</u>	<u>(16)</u>

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2020

14 Status of Corporate Proposals

There were no corporate proposals undertaken or announced but not completed at the date of issue of this quarterly report.

15 Group Borrowings

	At 31st December 2020		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Unsecured			
- Bankers' acceptance	-	80,000	80,000
- Term loans	51,219	-	51,219
	<u>51,219</u>	<u>80,000</u>	<u>131,219</u>
	At 31st December 2019		
	Long term RM'000	Short term RM'000	Total borrowings RM'000
Unsecured			
- Bankers' acceptance	-	168,000	168,000
- Term loans	62,203	-	62,203
	<u>62,203</u>	<u>168,000</u>	<u>230,203</u>
Secured			
- Hire-purchase payables	-	9,746	9,746
	<u>-</u>	<u>9,746</u>	<u>9,746</u>
	<u>62,203</u>	<u>177,746</u>	<u>239,949</u>

16 Changes in Material Litigation

There was no material litigation since the date of the last annual report up to the date of issue of this quarterly report.

CYCLE & CARRIAGE BINTANG BERHAD
Notes to the condensed consolidated interim financial statements
for the financial year ended 31st December 2020

17 (Loss)/Earnings per Share

	3 months ended		12 months ended	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
(Loss)/profit attributable to shareholders of the Company (RM'000)				
- Continuing operations	(1,105)	(33,478)	(12,994)	(61,660)
- Discontinued operations	-	11,228	-	22,457
Weighted average number of ordinary shares in issue ('000)	100,745	100,745	100,745	100,745
Loss per share from continuing operations (sen)				
- Basic and Diluted	(1.10)	(33.23)	(12.90)	(61.20)
Earnings per share from discontinued operations (sen)				
- Basic and Diluted	-	11.14	-	22.29

The diluted (loss)/earnings per share of the Group is equal to the basic (loss)/earnings per share as the Group does not have any dilutive ordinary shares in issue.

18 Qualification of Audit Report

The Group's financial statements for the preceding year ended 31st December 2019 were not subject to any qualification by the auditors.

19 Notes to the Statement of Comprehensive Income

	3 months ended	12 months ended
	31.12.2020	31.12.2020
	RM'000	RM'000
Operating profit/(loss) for the financial period is arrived at after charging:		
Depreciation of property, plant and equipment	3,293	11,367
Amortisation of right-of-use assets	1,504	5,693
Write down/(Write back) of inventories, net	1,027	(4,800)
Reversal of impairment on trade receivables, net	(70)	(869)
Impairment loss on intangible assets	9,842	9,842
Gain on termination of leases	(2,950)	(2,950)
Write off of property, plant and equipment	-	561

Other than the above and disclosed in the Condensed Consolidated Statement of Comprehensive Income, there were no gain or loss on disposal of quoted or unquoted investments or properties and gain or loss on derivatives for the financial year ended 31st December 2020.

20 Events after the reporting period

There were no material events between 1st January 2021 and the date of issue of this quarterly report.

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For further information, please contact Corporate Affairs at corporate.affairs@cyclecarriage.com.my

Full text of the Quarterly Announcement for the financial year ended 31st December 2020 can be accessed through the internet at www.bursamalaysia.com.