



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

**INTERIM REPORT FOR THE
FOURTH QUARTER ENDED
31 DECEMBER 2016**

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TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED 31 DECEMBER 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Corresponding Quarter 31.12.2016 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2015 RM'000	(Unaudited) Current Year Corresponding To Date 31.12.2016 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2015 RM'000
Revenue	1,272,972	1,510,331	5,510,740	5,716,654
Operating profit	24,934	26,617	18,695	169,008
Interest expense	(16,802)	(20,850)	(72,936)	(71,774)
Interest income	2,454	5,164	7,931	15,652
Share of profit of equity-accounted investees	833	41	3,230	2,366
Profit/(Loss) before taxation	11,419	10,972	(43,080)	115,252
Tax expense	(12,074)	(7,930)	(15,954)	(45,350)
(Loss)/Profit for the period	(655)	3,042	(59,034)	69,902
Attributable to:				
Equity holders of the Company	1,353	5,177	(54,943)	74,865
Non-controlling interests	(2,008)	(2,135)	(4,091)	(4,963)
	(655)	3,042	(59,034)	69,902
Earning/(Loss) per share (sen)				
(a) Basic	0.21	0.79	(8.42)	11.47
(b) Fully diluted	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE QUARTER ENDED 31 DECEMBER 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	(Unaudited) Current Year Quarter 31.12.2016 RM'000	(Unaudited) Preceding Year Corresponding Quarter 31.12.2015 RM'000	(Unaudited) Current Year To Date 31.12.2016 RM'000	(Audited) Preceding Year Corresponding Period 31.12.2015 RM'000
(Loss)/Profit for the period	(655)	3,042	(59,034)	69,902
<i>Items that will not be reclassified to profit or loss:</i>				
Revaluation of property, plant and equipment	171,899	-	171,899	-
Defined benefit plan actuarial gains	2,686	-	2,686	-
Total item that will not be classified to profit or loss	174,585	-	174,585	-
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation differences - foreign operations	(3,325)	2,404	(9,712)	(11,266)
Share of other comprehensive income of an equity-accounted associate	1,321	2,631	1,321	2,631
Net change in fair value of cash flow hedges reclassified to profit or loss	(4,137)	(8,003)	(11,107)	6,045
Total items that are or may be reclassified subsequently to profit or loss	(6,141)	(2,968)	(19,498)	(2,590)
Other comprehensive income/(loss) for the period, net of tax	168,444	(2,968)	155,087	(2,590)
Total comprehensive income for the period	167,789	74	96,053	67,312
Total comprehensive income attributable to:				
Equity holders of the Company	170,255	1,733	103,103	74,565
Non-controlling interests	(2,466)	(1,659)	(7,050)	(7,253)
	167,789	74	96,053	67,312

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	(Unaudited) As at 31.12.2016 RM'000	(Audited) As at 31.12.2015 RM'000
ASSETS		
<u>Non-current assets</u>		
Property, plant and equipment	1,863,022	1,704,190
Investment properties	198,766	186,633
Prepaid lease payments	51,343	49,798
Equity-accounted investees	42,891	40,415
Other investments	1	1
Deferred tax assets	61,892	35,722
Hire purchase receivables	452,054	369,507
Intangible assets	14,592	14,592
Long term receivables	162	9,153
	<hr/> 2,684,723	<hr/> 2,410,011
<u>Current assets</u>		
Other investments	3,001	3,416
Hire purchase receivables	82,484	82,470
Receivables, deposits and prepayments	774,832	822,087
Current tax assets	36,068	36,300
Inventories	1,762,761	1,645,195
Derivative financial assets	102	6,045
Cash and cash equivalents	222,542	165,856
	<hr/> 2,881,790	<hr/> 2,761,369
TOTAL ASSETS	<hr/> 5,566,513	<hr/> 5,171,380



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016 (continued)

	(Unaudited)	(Audited)
	As at	As at
	31.12.2016	31.12.2015
	RM'000	RM'000
EQUITY AND LIABILITIES		
<u>Equity</u>		
Share capital	336,000	336,000
Reserves	2,562,520	2,485,524
Treasury shares	(25,278)	(25,274)
Total equity attributable to owners of the Company	2,873,242	2,796,250
Non-controlling interests	(8,952)	(1,602)
Total equity	2,864,290	2,794,648
<u>Non-current liabilities</u>		
Deferred tax liabilities	168,248	143,791
Borrowings	747,604	818,675
Employee benefits	58,300	51,058
	974,152	1,013,524
<u>Current liabilities</u>		
Payables and accruals	652,372	677,594
Borrowings	1,059,731	670,757
Derivative financial liabilities	5,164	-
Taxation	10,804	14,857
	1,728,071	1,363,208
Total liabilities	2,702,223	2,376,732
TOTAL EQUITY AND LIABILITIES	5,566,513	5,171,380
Net assets per share attributable to owners of the Company (RM)	4.40	4.28

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	-----Attributable to owners of the Company-----							Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	-----Non-Distributable-----			-----Distributable-----						
	Share capital RM'000	Treasury shares RM'000	Translation reserve RM'000	Revaluation reserve RM'000	Hedging reserve RM'000	Capitalisation of retained earnings RM'000	Retained earnings RM'000			
At 01.01.2015	336,000	(24,990)	(4,633)	581,650	-	100	1,866,475	2,754,602	5,951	2,760,553
Other comprehensive income for the period, net of tax	-	-	(6,345)	-	6,045	-	-	(300)	(2,290)	(2,590)
Transfer to revaluation surplus on properties	-	-	-	(7,443)	-	-	7,443	-	-	-
Profit for the period	-	-	-	-	-	-	74,865	74,865	(4,963)	69,902
Total comprehensive income for the period	-	-	(6,345)	(7,443)	6,045	-	82,308	74,565	(7,253)	67,312
Purchase of treasury shares	-	(284)	-	-	-	-	-	(284)	-	(284)
Dividend - 2014 final	-	-	-	-	-	-	(19,580)	(19,580)	-	(19,580)
Dividend - 2015 interim	-	-	-	-	-	-	(13,053)	(13,053)	(300)	(13,353)
At 31.12.2015	336,000	(25,274)	(10,978)	574,207	6,045	100	1,916,150	2,796,250	(1,602)	2,794,648
At 01.01.2016	336,000	(25,274)	(10,978)	574,207	6,045	100	1,916,150	2,796,250	(1,602)	2,794,648
Other comprehensive income for the period, net of tax	-	-	(3,873)	-	(11,107)	-	2,848	(12,132)	(4,680)	(16,812)
Revaluation of property, plant and equipment	-	-	-	170,178	-	-	-	170,178	1,721	171,899
Transfer of revaluation surplus on properties	-	-	-	(7,725)	-	-	7,725	-	-	-
Loss for the period	-	-	-	-	-	-	(54,943)	(54,943)	(4,091)	(59,034)
Total comprehensive loss for the period	-	-	(3,873)	162,453	(11,107)	-	(44,370)	103,103	(7,050)	96,053
Purchase of treasury shares	-	(4)	-	-	-	-	-	(4)	-	(4)
Dividend - 2015 final	-	-	-	-	-	-	(19,580)	(19,580)	-	(19,580)
Dividend - 2016 interim	-	-	-	-	-	-	(6,527)	(6,527)	(300)	(6,827)
At 31.12.2016	336,000	(25,278)	(14,851)	736,660	(5,062)	100	1,845,673	2,873,242	(8,952)	2,864,290

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015.



TAN CHONG MOTOR HOLDINGS BERHAD
(Company No: 12969-P)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	CUMULATIVE QUARTER	
	(Unaudited)	(Audited)
	For the 12 months ended 31.12.2016 RM'000	For the 12 months ended 31.12.2015 RM'000
Cash flows from operating activities		
(Loss)/Profit before taxation	(43,080)	115,252
Adjustments for:		
Non-cash and non-operating items	204,525	196,815
Operating profit before working capital changes	161,445	312,067
Changes in working capital		
Inventories	(118,741)	(139,801)
Hire purchase receivables	(90,192)	(13,577)
Receivables, deposits and prepayments	51,520	(308,235)
Payables and accruals	(34,236)	40,248
Cash used in operations	(30,204)	(109,298)
Tax paid	(52,240)	(54,354)
Interest paid	(61,418)	(52,834)
Employee benefits paid	(663)	(988)
Net cash used in operating activities	(144,525)	(217,474)
Cash flows from investing activities		
Acquisition of property, plant and equipment	(115,573)	(119,240)
Acquisition of prepaid lease payments	(1,329)	(167)
Net proceeds from liquid investments with licensed financial institutions	415	123,643
Dividend received from equity-accounted investee	2,075	1,375
Proceeds from disposal of property, plant and equipment	38,133	33,168
Net cash (used in)/from investing activities	(76,279)	38,779



TAN CHONG MOTOR HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016 (continued)

	CUMULATIVE QUARTER	
	(Unaudited) For the 12 months ended 31.12.2016 RM'000	(Audited) For the 12 months ended 31.12.2015 RM'000
Cash flows from financing activities		
Dividends paid to owners of the Company	(26,107)	(32,633)
Dividends paid to non-controlling interests	(300)	(300)
Purchase of own shares	(4)	(284)
Proceeds from/(repayment of) bills payable (net)	20,907	(159,091)
Proceeds from medium term notes, term loans, Cagamas financing and revolving credit (net)	280,265	184,742
Net cash from/(used in) financing activities	274,761	(7,566)
Net increase/(decrease) in cash and cash equivalents	53,957	(186,261)
Effects of exchange rate fluctuations on cash and cash equivalents	2,729	10,595
Cash and cash equivalents at beginning of the period	165,856	341,522
Cash and cash equivalents at end of the period	222,542	165,856
Cash and cash equivalents in the statement of cash flows comprise:		
Cash and bank balances	186,700	145,391
Deposits with licensed banks	35,842	20,465
	222,542	165,856

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015.

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

1. Basis of Preparation

The interim financial statements are unaudited and have been prepared in accordance with the applicable disclosure provisions of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and MFRS 134, *Interim Financial Reporting* in Malaysia. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of Tan Chong Motor Holdings Berhad (“TCMH”) and its subsidiaries, associates and joint venture (“the Group”) as at and for the year ended 31 December 2015.

2. Changes In Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except the adoption of the following Malaysian Financial Reporting Standards (“MFRSs”), Amendments to MFRSs and IC Interpretations:

- MFRS 14, *Regulatory Deferral Accounts*
- Amendments to MFRS 5, *Non-current Assets Held for Sales and Discontinued Operations (Annual Improvements to MFRS Standards 2012 – 2014 Cycle)*
- Amendments to MFRS 7, *Financial Instruments: Disclosures (Annual Improvements to MFRS Standards 2012 – 2014 Cycle)*
- Amendments to MFRS 10, *Consolidated Financial Statements*, MFRS 12, *Disclosure of Interests in Other Entities* and MFRS 128, *Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception*
- Amendments to MFRS 11, *Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosure Initiative*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 138, *Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116, *Property, Plant and Equipment* and MFRS 141, *Agriculture – Agriculture: Bearer Plants*
- Amendments to MFRS 119, *Employee Benefits (Annual Improvements to MFRS Standards 2012 – 2014 Cycle)*
- Amendments to MFRS 127, *Separate Financial Statements – Equity Method in Separate Financial Statements*
- Amendments to MFRS 134, *Interim Financial Reporting (Annual Improvements to MFRS Standards 2012 – 2014 Cycle)*

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

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

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

Effective for annual periods beginning on or after 1 January 2017

- Amendments to MFRS 12, *Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*
- Amendments to MFRS 107, *Statement of Cash Flows – Disclosure Initiative*
- Amendments to MFRS 112, *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses*

Effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of MFRS (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*

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

2. Changes In Accounting Policies (continued)

Effective for annual periods beginning on or after 1 January 2018 (continued)

- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014 – 2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

Effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

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

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material financial impact to the financial statements of the Group except as mentioned below:

MFRS 15, Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, *Construction Contracts*, MFRS 118, *Revenue*, IC Interpretation 13, *Customer Loyalty Programmes*, IC Interpretation 15, *Agreements for Construction of Real Estate*, IC Interpretation 18, *Transfers of Assets from Customers* and IC Interpretation 131, *Revenue - Barter Transactions Involving Advertising Services*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 15.

MFRS 9, Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, *Financial Instruments: Recognition and Measurement* on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 9.

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*.

The Group is currently assessing the financial impact that may arise from the adoption of MFRS 16.

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

3. Audit Qualifications

There were no audit qualifications in the annual financial statements for the year ended 31 December 2015.

4. Seasonal or Cyclical Factors

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

5. Unusual Items

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

6. Material Changes in Estimates

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

7. Debt and Equity Securities

During the quarter under review, the Company repurchased 1,000 units of its issued ordinary shares from the open market at an average price of RM1.88. Total consideration paid for the repurchase including transaction cost was RM1,875 and this was financed by internally generated fund. Cumulative total number of shares repurchased at the end of the quarter was 19,337,000. The shares repurchased are being held as treasury shares.

Under the Group's Asset-Backed Medium Term Notes ("MTN") Programme, the Group has completed the tenth issuance of RM219.75 million nominal value of MTN on 28 December 2016. During the quarter, the Group has redeemed RM52.95 million nominal value of MTN. The outstanding nominal value of MTN comprising Class A, Class B and Class C was RM523.05 million at the end of the financial quarter.

Under the Company's combined aggregate nominal value of RM1.5 billion of Commercial Papers and Medium Term Notes Programmes, the outstanding nominal values of Medium Term Notes was RM750.0 million on 31 December 2016.

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

8. Dividend Paid

No dividends were paid during the quarter ended 31 December 2016.

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

9. Segmental Reporting

For the financial period ended 31 December 2016:

	Vehicles assembly, manufacturing, distribution and after sale services		Financial services		Other operations		Total	
	(Unaudited) 31.12.16 RM'000	(Audited) 31.12.15 RM'000	(Unaudited) 31.12.16 RM'000	(Audited) 31.12.15 RM'000	(Unaudited) 31.12.16 RM'000	(Audited) 31.12.15 RM'000	(Unaudited) 31.12.16 RM'000	(Audited) 31.12.15 RM'000
External revenue	5,433,475	5,646,861	65,880	56,578	11,385	13,215	5,510,740	5,716,654
Inter-segment revenue	412	2,932	1,380	1,490	82,860	74,638	84,652	79,060
Segment EBITDA*	101,449	245,295	23,348	23,511	34,014	38,195	158,811	307,001

*Segment earnings before interest, taxation, depreciation and amortisation

	(Unaudited) 31.12.16 RM'000	(Audited) 31.12.15 RM'000
Reconciliation of reportable segment profit or loss:		
Total EBITDA for reportable segments	158,811	307,001
Depreciation and amortisation	(125,942)	(133,150)
Interest expense	(72,936)	(71,774)
Interest income	7,931	15,652
Share of profit of equity-accounted investees not included in reportable segments	3,230	2,366
Unallocated corporate expenses	(14,174)	(4,843)
Consolidated (loss)/profit before taxation	(43,080)	115,252

10. Valuation of Property, Plant and Equipment

Pursuant to the revaluation model applied for land and buildings, the Group's land and buildings are subsequently measured at revalued amount less accumulated depreciation and any accumulated impairment losses. The revaluation surplus (net of deferred tax) of RM171.9 million has been incorporated into the consolidated financial statements for the year ended 31 December 2016, of which RM170.2 million and RM1.7 million is recognised in the revaluation reserve and non-controlling interests respectively.

The valuation was carried out by independent firms of professional valuers, Rahim & Co Chartered Surveyors Sdn Bhd and Agency for Real Estate Affairs, using open market value with existing use basis.

11. Valuation of Investment Properties

Pursuant to the fair value model applied for investment properties, the fair value gain (net of deferred tax) of RM4.1 million has been incorporated into the current year profit or loss.

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

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

12. Material Subsequent Event

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

13. Changes in Composition of the Group

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

14. Changes in Contingent Liabilities or Contingent Assets

There were no contingent liabilities or contingent assets as at 31 December 2016.

15. Capital Commitments Outstanding Not Provided For In the Interim Financial Report

	31.12.2016	31.12.2015
	RM'000	RM'000
<i>Property, plant and equipment</i>		
Authorised but not contracted for	30,178	72,162
Authorised and contracted for		
In Malaysia	79,851	77,137
Outside Malaysia	1,003	5,798
<i>Lease commitments - overseas</i>		
Authorised and contracted for	126,411	-
TOTAL	<u>237,443</u>	<u>155,097</u>

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

16. Significant Related Party Transactions

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

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
With WTCH Group				
Sales	10,676	7,377	81,391	39,360
Provision of hire purchase and leasing	3,266	15,240	17,692	25,573
With APM Group				
Purchases	30,981	27,973	106,509	111,289
With TCIL Group				
Contract assembly fee receivable	9,295	3,073	45,597	18,121

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

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

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Purchases	625,904	573,971	2,252,516	2,308,154

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

- (c) Significant transactions with Auto Dunia Sdn. Bhd., a company connected to a Director of the Company, namely Dato' Tan Heng Chew by virtue of Section 122A of the Companies Act, 1965, are as follows:

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Purchases	72,909	78,078	614,526	190,096

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

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

1. Analysis Of Performance Of All Operating Segments

The Group's top-line revenue reduced by 3.6% with loss after tax of RM54.9 million compared to profit after tax of RM74.9 million in the previous year which was mainly impacted by foreign exchange rates and weaker Malaysian Ringgit. Reduction in revenue compared to previous year was mainly due to weaker consumers' sentiments resulting in lower total industry volume.

a) Vehicles Assembly, Manufacturing, Distribution & After Sales Service (automotive)

The automotive division recorded lower revenue of RM5,433.5 million (-3.8% YoY) with segment EBITDA of RM101.4 million (-58.6% YoY). The lower revenue was due to weaker consumers' demand. The lower EBITDA was a result of higher imported CKD cost compared to the previous year.

b) Financial Services (hire purchase and insurance)

The financial services division recorded higher revenue of RM65.9 million (+16.4% YoY) with lower EBITDA of RM23.3 million (-0.7% YoY). The increase in revenue was due to higher hire purchase loans being disbursed compared to the previous year. Lower EBITDA compared to previous year was due to additional impairment loss on hire purchase receivables in 2016.

c) Other Operations (investments and properties)

Revenue from other operations was lower at RM11.4 million compared to RM13.2 million in the previous year and EBITDA was at RM34.0 million compared to RM38.2 million in previous year. The reduction in EBITDA was mainly due to lower net revaluation gain from property, plant and equipment and investment properties compared to previous year.

2. Comparison With Preceding Quarter's Results

Quarter on quarter (QoQ): Revenue decreased by 9.0% (from RM1.40 billion to RM1.27 billion). In Q4 2016, profit before tax stood at RM11.4 million compared to loss before tax of RM6.3 million in previous quarter. EBITDA was RM59.6 million (+35.7% QoQ).

a) Vehicles Assembly, Manufacturing, Distribution & After Sales Service (automotive)

For the quarter under review, automotive division recorded RM1,249.1 million in revenue (-9.4% QoQ) and RM34.6 million in segment EBITDA (+29.1% QoQ). Reduction in revenue was due to weaker consumers' demand and competitive trading environment. The improvement in EBITDA was due to sales mix compared to previous quarter and favourable adjustment to cost of purchases.

b) Financial Services (hire purchase and insurance)

The financial services division recorded its revenue at RM21.0 million for Q4 2016 (+30.2% QoQ). EBITDA for Q4 2016 was RM9.6 million (+76.6% QoQ). The increase in revenue and EBITDA was due to higher hire purchase loans being disbursed compared to previous quarter and reversal of impairment for hire purchase receivables during the quarter.

c) Other Operations (investments and properties)

Revenue from other operations for Q4 2016 have decreased to RM2.8 million (-8.7% QoQ). EBITDA improved for Q4 2016 was RM15.5 million compared to preceding quarter of RM11.7 million. This was mainly due to gain from disposal of assets.

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

3. Current Year Prospects

The domestic automotive industry outlook is expected to be subdued in 2017 as new vehicles sales remained weak due to poor consumers' sentiments and the continuing strict financing approval guidelines amidst the current economic condition.

Given the outlook for the domestic automotive industry, the Group continues to maintain its cautious position under this climate. Businesses will remain under constant pressure.

The Group remains committed to our roots in Malaysia while cultivating and branching out to the Indo-China emerging markets such as Cambodia, Laos, Vietnam and Myanmar to reap the future benefits of economic growth in these countries. The Group continues to remain focused on ensuring sustainable financial position going forward.

4. Comparison With Profit Forecast

This is not applicable to the Group.

5. Taxation

	Individual Quarter		Cumulative Quarter	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	RM'000	RM'000	RM'000	RM'000
Current year	12,893	10,947	48,691	59,064
Prior year	39	(12)	(272)	(7,065)
Deferred tax	(858)	(3,005)	(32,465)	(6,649)
	<u>12,074</u>	<u>7,930</u>	<u>15,954</u>	<u>45,350</u>

The effective tax rate of the Group for the current quarter and financial year-to-date is higher than the statutory rate of 24% due to certain expenses disallowed for tax purposes and absence of full group relief.

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

6. Status of Corporate Proposals

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

7. Group Borrowings

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

	31.12.2016
	RM'000
Unsecured :	
- Bills payable	24,391
- Revolving credit	989,925
- Short term loan	45,415
- Medium term notes	747,604
Total borrowings	<u>1,807,335</u>
Comprising :	
Amount repayable within one year	1,059,731
Amount repayable after one year	747,604
	<u>1,807,335</u>

Group borrowings breakdown by currencies:

		31.12.2016
		RM'000
Functional currency	Denominated in	
RM	RM	1,427,410
RM	USD	258,411
VND	VND	77,531
VND	USD	43,983
		<u>1,807,335</u>

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

8. Financial Instruments and Realised And Unrealised Profits

a) Derivatives

As at 31 December 2016, the notional amount, fair value and maturity period of the forward foreign exchange contracts are as follows:

Type of Derivatives	Notional Amount RM'000	Net Fair Value Assets/(Liabilities) RM'000	Maturity
Forward foreign exchange contracts	78,647	(5,062)	Less than 1 year

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

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

b) Realised and Unrealised Profits

The breakdown of retained profits of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive, is as follows:

	(Unaudited) 31.12.2016 RM'000	(Audited) 31.12.2015 RM'000
Total retained profits of Tan Chong Motor Holdings Berhad and its subsidiaries:		
- Realised profit	1,874,384	1,990,685
- Unrealised profit	15,708	22,182
	<u>1,890,092</u>	<u>2,012,867</u>
Total share of retained profits from equity-accounted investees:		
- Realised profit	19,610	18,019
- Unrealised loss	(609)	(323)
	<u>19,001</u>	<u>17,696</u>
Total Group retained profits before consolidation adjustments	1,909,093	2,030,563
Less: Consolidation adjustments	(63,420)	(114,413)
	<u>1,845,673</u>	<u>1,916,150</u>

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), issued by Malaysian Institute of Accountants on 20 December 2010.

9. Changes In Material Litigation

There was no material litigation as at 31 December 2016.

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

10. Dividend

Subject to the approval of the shareholders at the forthcoming Annual General Meeting, the Board recommended a final single tier dividend of 1 sen per share for the year ended 31 December 2016 (2015: single tier 3 sen per share). The net amount payable is RM6.5 million (2015: RM19.6 million).

The final dividend is lower than previous corresponding period in view of the challenging conditions that has affected the Group's performance in 2016.

The entitlement and payment dates for the final dividend will be announced at a later date.

11. Earnings Per Share

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

Weighted average number of ordinary shares	Individual Quarter		Cumulative Quarter	
	2016 ('000)	2015 ('000)	2016 ('000)	2015 ('000)
Issued ordinary shares at beginning of the period	652,664	652,666	652,665	652,761
Effect of shares buyback during the period	-	(1)	(1)	(58)
Weighted average number of ordinary shares	<u>652,664</u>	<u>652,665</u>	<u>652,664</u>	<u>652,703</u>

12. Total comprehensive (loss)/income

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

	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	Current Year Quarter 31.12.2016 RM'000	Preceding Year Corresponding Quarter 31.12.2015 RM'000	Current Year To Date 31.12.2016 RM'000	Preceding Year Corresponding Period 31.12.2015 RM'000
Depreciation and amortisation	(29,567)	(35,614)	(125,942)	(133,150)
(Provision for)/reversal and (write off) of receivables	(262)	51	(12,347)	(4,640)
(Provision for)/reversal and (write off) of inventories	(2,880)	(7,821)	(1,175)	(8,247)
Gain on disposal of properties, plant and equipment	2,945	701	5,693	2,812
Property, plant and equipment written off	(374)	(276)	(600)	(532)
Foreign exchange gain	4,915	1,374	13,294	17,253
(Loss)/Gain on derivatives	(4,137)	(8,003)	(11,107)	6,045
Fair value adjustment on investment properties	4,960	6,751	4,960	6,751
Impairment loss on property, plant and equipment	(2,605)	-	(2,605)	-

BY ORDER OF THE BOARD

HO WAI MING
CHANG PIE HOON
Company Secretaries
Kuala Lumpur
28 February 2017