



WARISAN TC HOLDINGS BERHAD  
(424834-W)



# 2017

annual report

# CONTENTS

<b>2</b>	CORPORATE INFORMATION
<b>3</b>	BUSINESS DIVISIONS
<b>4</b>	CORPORATE STRUCTURE
<b>5</b>	PRESIDENT'S STATEMENT
<b>7</b>	MANAGEMENT DISCUSSION AND ANALYSIS
<b>14</b>	FINANCIAL CHARTS
<b>15</b>	5-YEAR FINANCIAL HIGHLIGHTS
<b>16</b>	PROFILE OF DIRECTORS
<b>19</b>	PROFILE OF KEY SENIOR MANAGEMENT
<b>22</b>	SUSTAINABILITY STATEMENT
<b>29</b>	CORPORATE GOVERNANCE OVERVIEW STATEMENT
<b>37</b>	AUDIT COMMITTEE REPORT
<b>41</b>	RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT
<b>45</b>	ADDITIONAL COMPLIANCE INFORMATION
<b>46</b>	ANALYSIS OF SHAREHOLDINGS
<b>49</b>	GROUP PROPERTIES
<b>50</b>	STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS



## FINANCIAL STATEMENTS

<b>51</b>	DIRECTORS' REPORT
<b>56</b>	INDEPENDENT AUDITORS' REPORT
<b>60</b>	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
<b>62</b>	CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
<b>64</b>	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
<b>65</b>	CONSOLIDATED STATEMENT OF CASH FLOWS
<b>67</b>	STATEMENT OF FINANCIAL POSITION
<b>68</b>	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
<b>69</b>	STATEMENT OF CHANGES IN EQUITY
<b>70</b>	STATEMENT OF CASH FLOWS
<b>72</b>	NOTES TO THE FINANCIAL STATEMENTS
<b>143</b>	STATEMENT BY DIRECTORS
<b>143</b>	STATUTORY DECLARATION
<b>144</b>	NOTICE OF ANNUAL GENERAL MEETING
	FORM OF PROXY
	PERSONAL DATA PROTECTION NOTICE

# CORPORATE INFORMATION

## DIRECTORS

**DATO' TAN HENG CHEW**  
*President*

**TAN KENG MENG**  
*Chief Executive Officer*

**CHIN TEN HOY**  
*Senior Vice-President, Mayflower Group*

**DATUK ABDULLAH BIN ABDUL WAHAB**  
*Senior Independent Non-Executive Director*

**DATO' CHONG KWONG CHIN**  
*Independent Non-Executive Director*

**LEE MIN ON**  
*Independent Non-Executive Director*

## AUDIT COMMITTEE

**Dato' Chong Kwong Chin**  
*Chairman*

**Datuk Abdullah bin Abdul Wahab**

**Lee Min On**

## NOMINATING AND REMUNERATION COMMITTEE

**Datuk Abdullah bin Abdul Wahab**  
*Chairman*

**Dato' Chong Kwong Chin**

**Lee Min On**

## COMPANY SECRETARIES

**Ang Lay Bee**  
**Chang Pie Hoon**

## REGISTERED OFFICE

62-68, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur  
Malaysia  
Telephone : +603 4047 8888  
Facsimile : +603 4047 8636

## CORPORATE OFFICE

No. 15-3, Tingkat 3  
Jalan Ipoh Kecil  
50350 Kuala Lumpur  
Malaysia  
Telephone : +603 4047 9733  
Facsimile : +603 4047 9722  
Email : corporate@warisantc.com  
Website : www.warisantc.com.my

## SHARE REGISTRARS

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  
Telephone : +603 2783 9299  
Facsimile : +603 2783 9222  
Email : is.enquiry@my.tricorglobal.com

## AUDITORS

Mazars PLT  
Wisma Selangor Dredging  
11th Floor, South Block  
142-A, Jalan Ampang  
50450 Kuala Lumpur  
Malaysia

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
(Listed on 15 December 1999)

## BUSINESS DIVISIONS

### TRAVEL & CAR RENTAL



- Inbound tour
- Outbound tour
- Corporate travel
- Airline ticketing
- Car and coach rental
- Chauffeur service

### AUTOMOTIVE



- Light commercial truck
- Heavy commercial truck
- Pick-up truck

### MACHINERY



- Material handling equipment, forklift, factory scrubber and sweeper
- Construction equipment (road, earthwork, quarry and mining)
- Off-road dump truck
- Agricultural tractor, golf & turf equipment
- Engine & generator
- Air compressor

### OTHERS



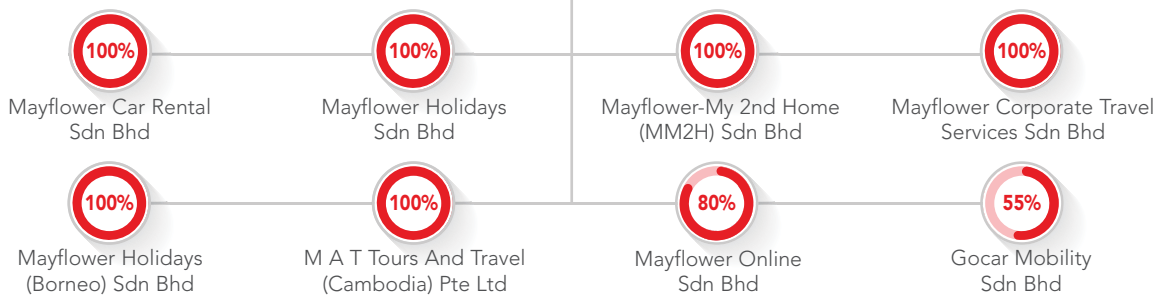
- Used vehicle auction
- IT solution
- Property Investment
- Cosmetics
- Lingerie
- Hair care

# CORPORATE STRUCTURE



WARISAN TC HOLDINGS BERHAD  
(424834-W)

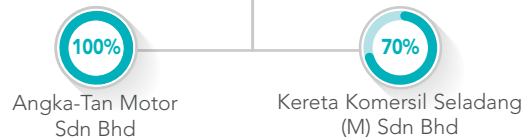
## TRAVEL & CAR RENTAL



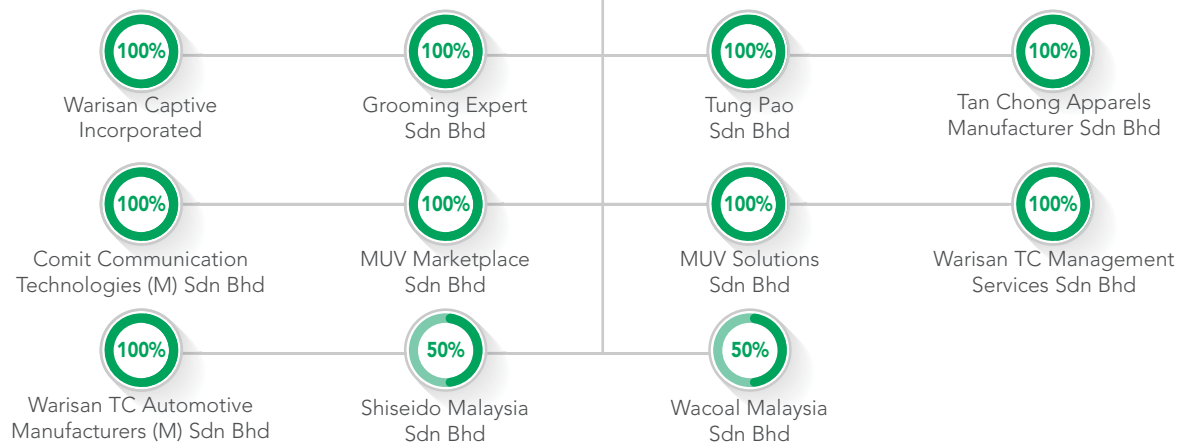
## MACHINERY



## AUTOMOTIVE



## OTHERS



Note: Inactive and dormant companies are excluded from the corporate structure.

## PRESIDENT'S STATEMENT



### Dear Shareholders

On behalf of the Board, I am pleased to present the Annual Report of Warisan TC Holdings Berhad for the financial year ended 31 December 2017.

It has been an encouraging year for the Group as we managed to turn around the Group's performance within a short span of time in spite of the ongoing challenges faced throughout the year such as an uncertain economic outlook, tight credit market, inflation and cautious customer spending. The Group continues to strengthen and improve on its core businesses units and at the same time make bold but important decision to venture into new business opportunities and new market to further enhance and diversify its future earnings. However, the latter new business ventures will require a gestation period and resources before they can contribute positively to the Group's results. Our efforts and resilience towards the various challenges are beginning to bear fruit as proven by the positive results in 2017.

The Group has continued to embrace the importance of technologies and acknowledged the disruptive impact of technologies upon businesses.

With this in mind, Mayflower Online Sdn Bhd ("Mayflower Online") was incorporated in July 2017 to undertake and pursue the business of providing multiple travel products and services via our one-stop electronic and web platform. In November 2017, Mayflower Online officially launched its online platform in Mid Valley, Petaling Jaya with much fanfare.

The Group's joint venture business in Thailand, Mayflower Saha Travel (Thailand) Co. Ltd. (formerly known as Mayflower Saha (Thailand) Co. Ltd.), had obtained its business licences towards the end of 2017 and is expected to contribute positively to our future income.

Despite the expected gestation period from such new business ventures which may have short term adverse impact on our Group's results, we strongly believe that these are the essential steps that are necessary for the sustainability and long-term growth of the Group.

### Financial Performance

Group's revenue increased by 10% to RM490.8 million from RM446.1 million in prior year. In line with the increase in revenue, the Group recorded a profit before tax of RM8.6 million as compared to a loss before tax of RM0.9 million in prior year. The Group's Travel and Car Rental and Machinery divisions augmented by the continuous cost rationalisation measures, have contributed to such favourable results.

The Group recorded profit after tax of RM4.5 million as compared to a loss after tax of RM5.6 million primarily due to the higher revenue generated during the year.

## PRESIDENT'S STATEMENT

cont'd



### Dividends

The Board recommends a final single tier dividend of 3.0 sen per share for the financial year ended 31 December 2017 which will be subjected to shareholders' approval at the forthcoming Annual General Meeting. Combined with the interim single tier dividend of 1.0 sen per share, which was paid in September 2017, the total dividend per share for the year is 4.0 sen.



### Outlook

The forecasted positive outlook from the 2018 National Budget, the expected strengthening of Ringgit against major currencies and the Government's continuous efforts to spend on various infrastructure projects in Malaysia have provided the Group with an opportunity to improve on its result in 2018.

However, we will remain cautious on the uncertainties that could arise from the economic and geopolitical challenges globally. The tight credit market and expected increase in US Fed interest rates which will subsequently result in a corresponding increase on Malaysia's interest rates will continue to pose a major challenge to our business.

Technology adoption, geographical expansion and continuous process improvement will remain our key focus in our stride towards long term business sustainability.

### Appreciation

On behalf of the Board, I wish to record a note of appreciation and thanks to Dato' Seow Thiam Fatt, the former Director of the Company who retired at the last Annual General Meeting of the Company, for his 15 years of invaluable contribution to the Group.

I also wish to extend my appreciation to the loyal shareholders, valued customers, suppliers and financiers for their continuing support to the Group. Last but not least, my heartfelt thanks to all employees and my fellow Board members for their dedication and contributions throughout the year.

**Dato' Tan Heng Chew JP, DJMK**  
President  
3 April 2018

# MANAGEMENT DISCUSSION AND ANALYSIS

## OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

Warisan TC Holdings Berhad ("WTCH") was incorporated in Malaysia on 26 March 1997. The activities of the Group are generally trading in nature, grouped under 4 main divisions as follows:-

Travel & Car Rental	<ul style="list-style-type: none"> <li>Inbound tour</li> <li>Outbound tour</li> <li>Corporate travel</li> <li>Airline ticketing</li> </ul>	<ul style="list-style-type: none"> <li>Car and coach rental</li> <li>Chauffeur service</li> </ul>
Machinery	<ul style="list-style-type: none"> <li>Material handling equipment, forklift, factory scrubber and sweeper</li> <li>Off-road dump truck</li> </ul>	<ul style="list-style-type: none"> <li>Agricultural tractor, golf and turf equipment</li> <li>Engine and generator</li> <li>Air compressor</li> </ul>
Automotive	<ul style="list-style-type: none"> <li>Light commercial truck</li> <li>Heavy commercial truck</li> <li>Pick-up truck</li> </ul>	
Others	<ul style="list-style-type: none"> <li>Used vehicle auction</li> <li>IT solution</li> <li>Property investment</li> </ul>	<ul style="list-style-type: none"> <li>Cosmetics</li> <li>Lingerie</li> <li>Hair care</li> </ul>

The Group's objectives are to deliver consistent growth to our shareholders and stakeholders, adopt a relentless pursuit for excellence via introduction of new innovative business ideas and provide unmatched products and service quality to our valued customers at all time.

The Group's abilities to identify, source and market quality products at competitive pricing, coupled with improving customer satisfaction through our well-trained staff and customer service are among the keys to achieving the Group's objectives.

## GROUP'S FINANCIAL REVIEW

This review will highlight and provide brief insights on the key financial and operating information at Group level. A detailed commentary on operating performance is highlighted under the respective business divisions' reports.

## Key Financial Indicators

	2017 RM'000	2016 RM'000	Change %
Revenue	490,805	446,116	10.00
Cost of sales	356,524	314,202	13.47
Other income	4,198	3,166	32.60
Selling and distribution expenses	47,767	45,478	5.03
Administrative and general expenses	71,307	79,795	(10.64)
Finance Costs	14,305	13,907	2.86
Profit/(Loss) before tax	8,565	(863)	1,092.47
Property, plant and equipment	304,188	308,417	(1.37)
Investment properties	45,400	45,800	(0.87)
Inventories	125,002	132,140	(5.40)
Trade and other receivables	157,775	158,218	(0.28)
Trade and other payables	141,737	144,128	(1.66)
Borrowings	294,038	306,957	(4.21)



# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Financial Highlights and Insights

- The Group's revenue increased by 10% primarily attributable to higher revenue contributions from the Machinery and Automotive divisions which were partially offset by the lower contribution from Travel & Car Rental division and used vehicle auction sub-division.
- In line with the increase in revenue, the Group recorded profit before tax of RM8.6 million as compared to loss before tax of RM0.9 million in 2016.
- Selling and distribution expenses increased by 5.03% in line with the increased in revenue.
- Administrative and general expenses were lower by 10.64% resulting from the continuous cost rationalisation exercise implemented throughout the year.
- Finance costs increased by 2.86% as a result of increase in financing and hire purchase facilities in the car rental sub-division for acquiring of new cars for rental.
- Total assets, liabilities and inventories have decreased in 2017 indicating effective utilisation of resources and efficient credit control measures implemented during the year.

## Liquidity and Capital Resources

Cash and cash equivalents of the Group increased to RM65.7 million during the year as compared to RM51.3 million in 2016, culminating from the following cashflow activities:

	2017 RM'000	2016 RM'000
Net cash generated from/(used in)		
Operating activities	110,548	109,441
Investing activities	(28,231)	(54,734)
Financing activities	(66,987)	(66,666)
Increase/(decrease) in cash	15,330	(11,959)

The movements in cash and cash equivalents are summarised as below:

- Net cash generated from operating activities in 2017 was RM110.5 million as compared to RM109.4 million generated during 2016. The increase of RM1.1 million was primarily attributable to net cash inflows in respect of changes in working capital which was offset against lower proceeds from disposals of cars held for rental.
- Net cash outflows from investing activities decreased to RM28.2 million in 2017 from RM54.7 million in 2016. This was primarily attributable to a reduction in net cash paid for the acquisition of property, plant and equipment and lower amount spent on the acquisition of intangible assets as compared to 2016.

- Financing activities of the Group recorded slightly higher net cash outflows of RM67.0 million compared to RM66.7 million in 2016.

The Group's capital resources comprise primarily cash flows generated from operating activities, cash and cash equivalents and available credit lines. Our net gearing ratio improved to 0.61 times compared with 0.70 times in the previous financial year end. The lower net gearing was primarily due to reduction in net cash outflow from investing activities which was offset against lower proceeds from disposal of cars used for rental.

The Group's prudence approach in managing its capital resources in 2017 has resulted in improved financial standings and we will continue with this proven approach to meet our future operating requirements and capital expenditures.

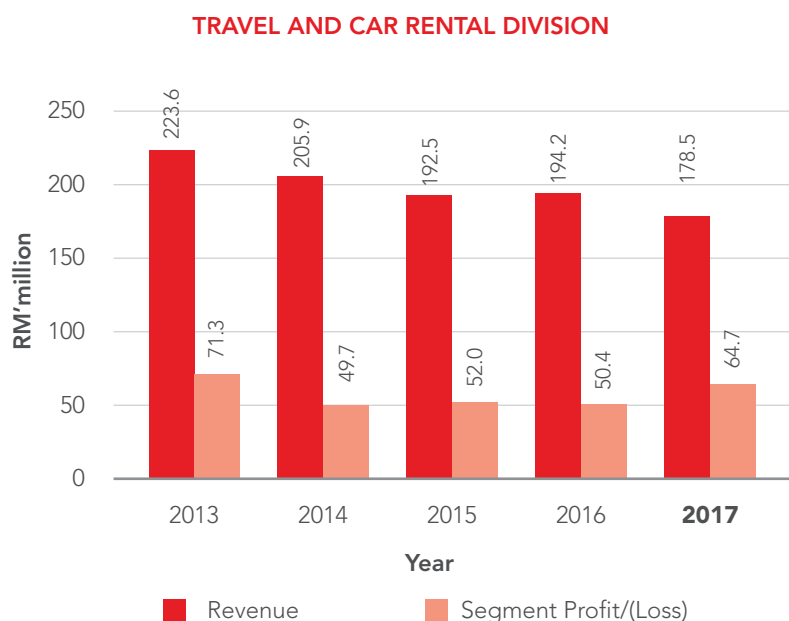


# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## Segment Results and Analysis

### TRAVEL & CAR RENTAL



This division comprises 2 major strategic business units, namely the Travel subdivision (“Mayflower Travel”) and the Car Rental subdivision (“Mayflower Car Rental”).

Mayflower Travel provides a range of travel and tours services including inbound, outbound, corporate incentive tours and air ticketing services, with offices in Kuala Lumpur, Penang, Johor Bahru, Kota Kinabalu, Phnom Penh (Cambodia) and Bangkok (Thailand) as well as online platform to facilitate transactions through internet.

Mayflower Car Rental provides car leasing and rental, coach and chauffeur services. Headquartered in Kuala Lumpur, it operates with branches in Johor Bahru, Penang, Langkawi, Kuantan, Kuching, Kota Kinabalu and Miri. In addition, it also maintains counters at KLIA, KLIA2,

Penang International Airport, Sultan Ahmad Shah Airport and Senai International Airport.

For the financial year ended 31 December 2017, the division recorded lower revenue of RM178.5 million as compared to RM194.2 million in 2016. The increase in revenue recorded by Mayflower Car Rental was offset by decline in the Mayflower Travel division, the latter which continues to face stiff challenges from competitors which resulted in lower margin from travel products coupled with cautious customers’ spending habit which has an indirect impact on the total revenue of this sub-division.

Notwithstanding the lower revenue recorded in 2017, the segment profit has improved to RM64.7 million as compared to RM50.4 million in 2016 primarily due to higher profit from Mayflower Car Rental arising from a

better products mix and the impact of the continuous cost rationalisation measures undertaken by the division.

Mayflower Car Rental’s operating model of maintaining a young fleet to provide better quality vehicles and lower maintenance cost has continued to attract more corporate clients. It has also managed to tap on some of the existing customers from the Group’s other divisions by providing a total comprehensive and competitive package to this group of customers. This has resulted in higher revenue contributed from the corporate sales unit and overall revenue increase in Mayflower Car Rental.

During the year, an additional 736 units (2016: 1,297 units) of new vehicles were purchased and a total of 516 units (2016: 466 units) was disposed of as part of the division’s vehicles replacement policy and to cater for its customers’ demand.

In 2016, Mayflower Car Rental acquired 55% equity interest in Gocar Mobility Sdn Bhd (“GoCar”), a company which provides an on-demand car rental application via users’ smartphone. GoCar business has begun to gain traction since its inception with an addition of 38 new vehicle pick-up spots at various strategic locations in Kuala Lumpur, Petaling Jaya, Shah Alam, KLIA, Cyberjaya and Langkawi.

GoCar revolutionises the traditional car rental mechanism where it enables users to rent cars by the hours as compared to the traditional daily rates utilising its own in-house app. It is targeted towards tech-savvy millennials and is part of the Group’s strategy to embrace the impact of technology which is rapidly changing the way of doing business.

## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

It was a mixed year for Mayflower Travel where it recorded higher revenue from its corporate travel and ticketing but this was partially offset by lower revenue from the inbound and incentive tours business. Some known challenges faced by the travelling industry in Malaysia include stiff competition, saturated market and customers' cautious spending habit which contributed to the less favourable performance of the inbound and incentives segment. The Group has also ventured overseas by setting up its offices in Cambodia and Thailand via its wholly owned subsidiary, M A T Tours and Travel Cambodia Pte Ltd in Phnom Penh, and its 49% joint venture, Mayflower Saha Travel (Thailand) Co. Ltd. (formerly known as Mayflower Saha (Thailand) Co. Ltd.) in Bangkok. In November 2017, our joint venture company in Thailand has obtained its business licence to operate and this is expected to contribute positively to Mayflower Travel's future revenue.

The impact of technology has been substantial to Mayflower Travel's business as well. With travellers getting more sophisticated and tech-savvy with information easily available at a click of the mouse, this evolution has resulted in the mushrooming of online travel portals and airlines and hotels are following suit by offering its own online bookings facilities.

With this in mind, Mayflower Online Sdn Bhd ("Mayflower Online") has been incorporated in July 2017. Mayflower Online provides multiple travel products and services via electronic platform and aims to be a one-stop solution where travellers will be able to book not only their holiday packages and air tickets but also other services to complement their trips such as car rental, concert tickets and entrance tickets to various amusement parks from its website, [www.mayflower.com.my](http://www.mayflower.com.my). Mayflower Online has officially launched its online platform in November 2017 at Mid Valley Megamall, Petaling Jaya.

As with previous years, Mayflower Travel continues to garner many industry accolades in 2017 which includes the following:

• Air China	- 2017 Passenger Sales Achievement Award
• Thai Airways	- Top Performance Agent 2016/2017 Top Sales Agent 2016/2017
• Japan Airlines	- Recognition & Appreciation Award 2017
• Air Asia	- Top Performer Award 2016
• Singapore Airlines	- Top Agency Sales 2016/2017
• Korean Air	- Top Agent Award 2016
• Cathay Pacific	- Top Agent Award 2016
• Xiamen Airlines	- Best BSP Agent 2017
• Emirates	- Outstanding Sales Performance 2016/2017
• Oman Air	- Top Agent Awards
• Chubb Travel Insurance	- Top Supporting Agent 2016

### AUTOMOTIVE

#### AUTOMOTIVE DIVISION



## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

The division's principal activities are in distribution of Foton Chinese vehicles under the brand names of Auman (for heavy commercial vehicles), Bison (for light commercial vehicles) and Savanna (for pickup trucks). It is also involved in the trading of used passenger vehicles which are auctioned via e-bidding platform by our own subsidiary, MUV Marketplace Sdn Bhd ("MUV Marketplace").

The segment revenue of Automotive division has increased to RM50.0 million from RM27.8 million recorded in 2016. The increase in revenue is mainly contributed by the trading of used passenger vehicles where a total of 1,266 units (2016: 207 units) were traded during the year.

However, the segment loss has increased to RM3.4 million as compared to RM1.5 million in previous year. The higher losses were mainly due to stiff competition in the commercial vehicles market which resulted in lower margin.

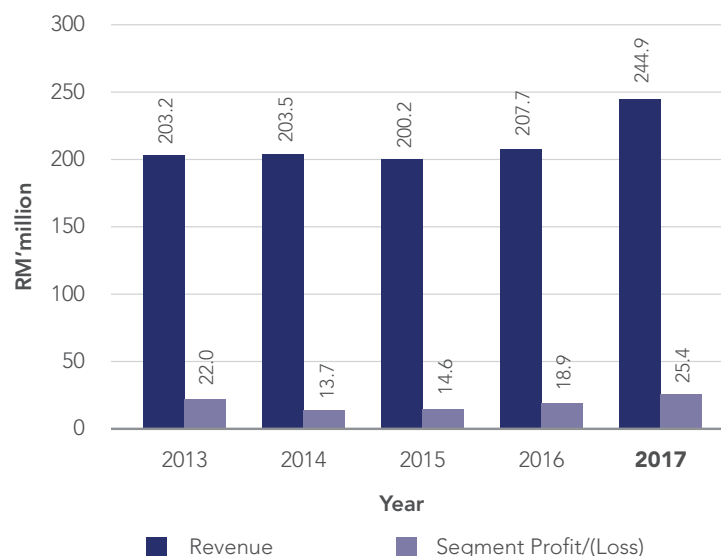
2017 continues to be challenging year for the automotive industry in Malaysia. The total industry volume continued its downtrend where recorded sales was at 576,635 units as compared to 580,085 unit in 2016. The total industry volume for commercial vehicles also recorded lower sales units of 61,956 as compared to 65,491 in the preceding year. Weak consumer sentiments, coupled with tighter lending scrutiny by financial institutions, have contributed to the subdued performance in this industry.

We were not spared from this adverse market condition. Nonetheless, we will continue to widen our sales and marketing coverage by focusing on potential corporate customers, particularly those with corporate fleet requirements to ultimately grow our market share in this segment.



### MACHINERY

#### MACHINERY DIVISION



This division distributes a wide range of equipment and machinery such as Sumitomo excavators, SDLG wheel loaders, Sakai compactors, Terex backhoe loaders, John Deere tractors, Tonly off-road trucks, Unicarriers forklifts, Dulevo sweepers, etc. Headquartered in Shah Alam, it has branches in major cities and towns throughout Malaysia, namely Butterworth, Ipoh, Seremban, Melaka, Kluang, Johor Bahru, Kuantan, Kota Bharu, Kuching, Miri, Bintulu, Lahad Datu, Sibul, Kota Kinabalu and Sandakan.

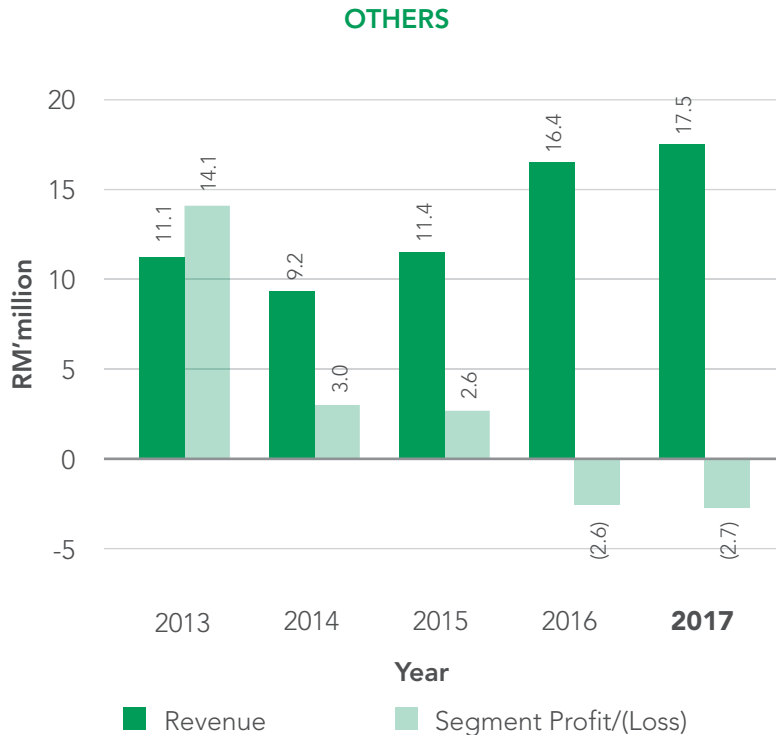
The segment revenue of Machinery division has increased by 17.9% to RM244.9 million as compared to RM207.7 million in 2016. In line with the increase in revenue and the continuous cost rationalisation exercise throughout the year, segment profit increased by 34.4% to RM25.4 million from RM18.9 million in 2016.

Despite a challenging environment faced by the industry such as market uncertainties, volatility of Ringgit, especially during the first half of the year, and the tighter lending scrutiny by financial institutions, the Machinery division was able to improve on its results. Counter measures such as hedging strategies, regular price negotiations and feedback to principal and enhancing efficiency were implemented to maintain our competitive advantage in this segment.

# MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

## OTHERS



Other businesses includes online auction services, captive insurance services, consumer products, assembly of motor vehicles and property investment. Segment revenue increased to RM17.5 million from RM16.4 million. Segment loss increased marginally to RM2.7 million as compared to RM2.6 million in 2016 primarily due to gestation cost of MUV Marketplace Sdn Bhd ("MUV Marketplace").

As with previous years, MUV Marketplace is the main revenue contributor to this division. MUV Marketplace provides e-bidding vehicle service auction and has listed more than 37,000 vehicles for auction since its commencement in 2014.

During the year, MUV Marketplace has set up a hub in Butterworth to cater for its increasing customers' needs in the Northern region of Peninsular Malaysia. It has also embarked on various advertising campaigns on local radios, billboards and social media. Due to the above and the increase in overheads to cater for the growth of this business, it has resulted in higher losses recorded during the year.

Also included in the segment of "Others" is a new revenue stream generated from Warisan TC Automotive Manufacturers (M) Sdn Bhd ("Warisan TC Automotive"), a wholly owned subsidiary of Warisan TC Holdings Berhad, which is involved in the assembly of Mitsubishi

Outlander, a 4WD SUV vehicle, for Mitsubishi Motors Malaysia Sdn Bhd ("Mitsubishi Malaysia"). Warisan TC Automotive and Mitsubishi Malaysia have entered into an agreement where Warisan TC Automotive would assemble the said Mitsubishi Outlander vehicles and distribute them directly to Mitsubishi Malaysia for a contract period of 5 years.

Since its first roll-out in September 2017, Warisan TC Automotive has managed to deliver more than 600 units to Mitsubishi Malaysia generating close to RM3.0 million in revenue to the Group's 2017 results.

The Group's share of profits from its joint venture companies namely, Wacoal Malaysia Sdn Bhd ("Wacoal Malaysia") and Shiseido Malaysia Sdn Bhd ("Shiseido Malaysia") has increased to RM2.8 million in the current year as compared to RM1.6 million in 2016. Their revenues were not consolidated with the Group revenue as joint ventures companies are accounted for using the equity method of accounting. Against the backdrop of a challenging market environment where the impact of rising cost of living and deterioration of purchasing power among Malaysian consumers, both Wacoal Malaysia and Shiseido Malaysia have, nevertheless managed to record better performance for the current year as compared to 2016. Strong branding, proven product quality and customer loyalty have contributed to the positive results of our joint venture companies.



## MANAGEMENT DISCUSSION AND ANALYSIS

cont'd

### Outlook and Prospects

The overall outlook for Malaysia in 2018 looks positive with its gross domestic product ("GDP") growth to be in the range of 5.0% to 5.5% following economic recovery in 2017. The GDP growth in 2018 is projected to be driven by private consumption and investment as well as growth in exports and higher government spending in infrastructure projects such as East Coast Rail Link, High-Speed Rail, Mass Rapid Transit line two (MRT2) and Light Rail Transit Line three (LRT3).

These infrastructure projects are expected to provide opportunities for our Machinery, Automotive and Car Rental divisions where we will be able to capitalise on the contractors and consultants of the infrastructure projects.

However, we will remain cautious of some global external challenges such as the anticipated slowdown in China's economic growth, rising geopolitical tensions in the Middle East, North Asia, rise of protectionism policy among some major developed economies as well as the current US foreign policies which will likely present a risk to the global economy as a whole.

We will continue to identify and invest in new geographical markets and technologies for our long-term business sustainability. Mayflower Travel will be at the forefront to help realise such ambition as we foresee limitation to the saturated market in Malaysia.



### Dividend Policy

The Group does not intend to establish a fixed dividend policy at this point in time due to the Group's nature of relying on identifying and nurturing new business prospects to supplement our existing business. Hence the quantum of our dividend pay-out will be determined by the cashflow requirements and business expansion plan which is decided on yearly basis.

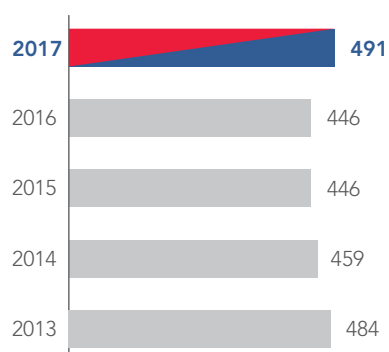
An interim single tier dividend of 1.0 sen for the financial year ended 31 December 2017 was paid on 29 September 2017.

The Board of Directors has recommended a final single tier dividend of 3.0 sen per share for the financial year ended 31 December 2017, subject to shareholders' approval at the forthcoming Annual General Meeting ("AGM").

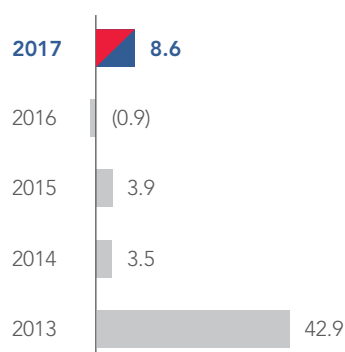
If approved, this would amount to a cumulative total dividend of 4.0 sen per share representing a pay-out ratio of 53.3% from the total profit attributable to the owners of the Company for the financial year ended 31 December 2017.

## FINANCIAL CHARTS

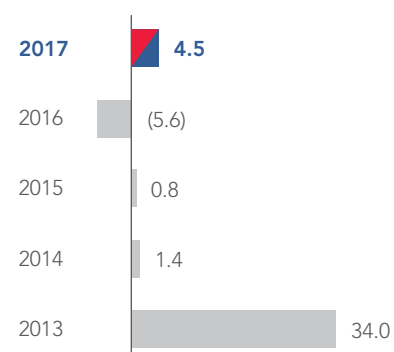
**REVENUE**  
(RM Million)



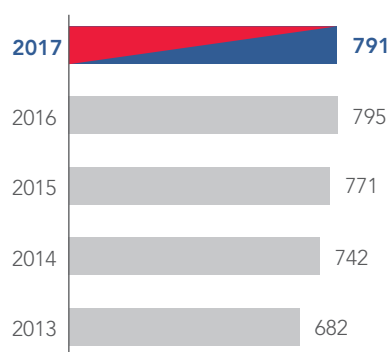
**PROFIT BEFORE TAX**  
(RM Million)



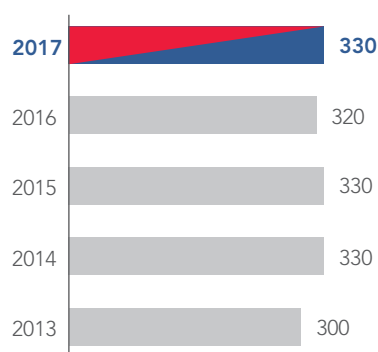
**PROFIT AFTER TAX**  
(RM Million)



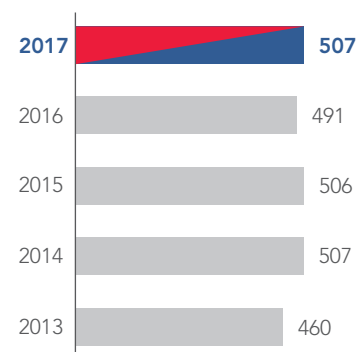
**TOTAL ASSETS**  
(RM Million)



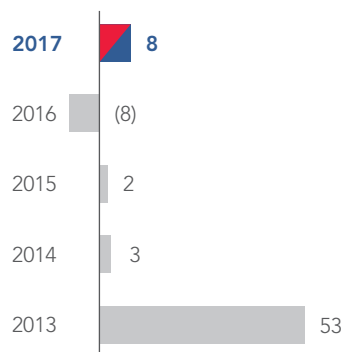
**SHAREHOLDERS' FUND**  
(RM Million)



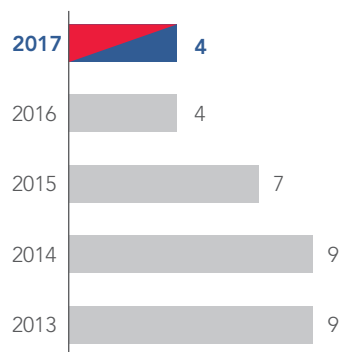
**NET ASSETS PER SHARE**  
(Sen)



**EARNINGS PER SHARE**  
(Sen)



**NET DIVIDEND PER SHARE**  
(Sen)



Note: 2013 numbers have been restated to incorporate the adoptions of new Standards, Amendments and Issue Committee Interpretations of the Malaysian Accounting Standards Board.

## 5-YEAR FINANCIAL HIGHLIGHTS

	2013	2014	2015	2016	2017
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>RESULTS</b>					
Revenue	483,662	459,304	445,943	446,116	<b>490,805</b>
Profit/(Loss) before tax	42,907	3,485	3,938	(863)	<b>8,565</b>
Taxation	(8,904)	(2,078)	(3,143)	(4,778)	<b>(4,045)</b>
Profit/(Loss) after tax	34,003	1,407	795	(5,641)	<b>4,520</b>
Attributable to:					
Shareholders of the Company	34,221	1,784	1,185	(5,037)	<b>4,881</b>
Non-controlling interests	(218)	(377)	(390)	(604)	<b>(361)</b>
<b>FINANCIAL POSITION</b>					
<b>Assets</b>					
Property, plant and equipment	202,159	263,636	274,482	308,417	<b>304,188</b>
Investment property	42,600	44,500	45,800	45,800	<b>45,400</b>
Investment in an associate	-	-	-	148	<b>979</b>
Investments accounted for using the equity method	31,727	32,177	33,473	34,007	<b>35,993</b>
Other investments	10	10	10	10	<b>10</b>
Finance lease receivables	3,471	5,607	2,364	3,793	<b>1,728</b>
Deferred tax assets	734	1,328	1,749	2,522	<b>2,664</b>
Intangible assets	9,131	9,131	9,131	11,584	<b>12,374</b>
Other receivables	-	-	-	561	<b>698</b>
Total non-current assets	289,832	356,389	367,009	406,842	<b>404,034</b>
Currents assets	392,169	385,287	403,783	388,419	<b>387,377</b>
<b>Total Assets</b>	<b>682,001</b>	<b>741,676</b>	<b>770,792</b>	<b>795,261</b>	<b>791,411</b>
<b>Equity</b>					
Share capital	67,200	67,200	67,200	67,200	<b>67,815</b>
Share premium	615	615	615	615	-
Reserves	236,112	266,327	266,111	256,330	<b>266,688</b>
Treasury shares	(4,201)	(4,206)	(4,209)	(4,210)	<b>(4,213)</b>
Total equity attributable to owners of the Company	299,726	329,936	329,717	319,935	<b>330,290</b>
Non-controlling interests	182	(195)	(585)	(1,021)	<b>(1,380)</b>
<b>Total equity</b>	<b>299,908</b>	<b>329,741</b>	<b>329,132</b>	<b>318,914</b>	<b>328,910</b>
Non-current liabilities	62,225	80,413	81,106	91,632	<b>71,829</b>
Current liabilities	319,868	331,522	360,554	384,715	<b>390,672</b>
<b>Total Equity and Liabilities</b>	<b>682,001</b>	<b>741,676</b>	<b>770,792</b>	<b>795,261</b>	<b>791,411</b>
<b>FINANCIAL STATISTICS</b>					
Basic earnings/(loss) per share (sen)	52.55	2.74	1.82	(7.74)	<b>7.50</b>
Dividend per share (net of tax) (sen)	9.0	9.0	7.0	4.0	<b>4.0</b>
Net assets per share (sen)	460	507	506	491	<b>507</b>
Return on shareholders' equity (%)	11.3%	0.4%	0.2%	-1.8%	<b>1.4%</b>
Net debt/Equity (%)	51.9%	57.6%	63.4%	69.9%	<b>60.5%</b>



## PROFILE OF DIRECTORS

### DATO' TAN HENG CHEW JP, DJMK

*President*

**Dato' Tan Heng Chew**, aged 71, a Malaysian, male, was the first director of the Company when it was incorporated on 26 March 1997. He was appointed as the Chairman of the Board on 1 November 1999 and was re-designated as Executive Chairman on 1 January 2011. His corporate title has been changed to President effective 1 January 2015.

Dato' Tan graduated from the University of New South Wales, Australia with a Bachelor of Engineering (Honours) degree and a Masters degree in Engineering from the University of Newcastle, Australia. He joined the Tan Chong Motor Holdings Berhad Group of companies in 1970 and was instrumental in the establishment of its Autoparts Division in the 1970s and early 1980s.

Dato' Tan is also the President of Tan Chong Motor Holdings Berhad and APM Automotive Holdings Berhad.

He is also a major shareholder of the Company. He is the brother of Mr Tan Eng Soon and is also a director and shareholder of Tan Chong Consolidated Sdn Bhd. Mr Tan Eng Soon and Tan Chong Consolidated Sdn Bhd are major shareholders of the Company. Dato' Tan has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

### TAN KENG MENG

*Chief Executive Officer*

**Mr Tan Keng Meng**, aged 59, a Malaysian, male, was appointed to the Board as Executive Director on 11 January 2012. His corporate title was changed to Executive Vice President on 1 January 2015. Mr Tan was subsequently re-designated as Chief Executive Officer on 1 October 2015.

Mr Tan graduated from the University of Malaya with a Bachelor of Engineering degree in 1982. Mr Tan joined TCIM Sdn Bhd ("TCIM"), a wholly-owned subsidiary of the Company on 15 April 2010 and was subsequently appointed as Executive Director of TCIM taking charge of industrial machinery business. He also heads the Automotive Division of the Group since October 2015.

Mr Tan also sits on the Boards of several subsidiaries of Tan Chong Motor Holdings Berhad, namely Edaran Tan Chong Motor Sdn Bhd and Tan Chong Industrial Equipment Sdn Bhd. He has held senior management positions for many years with extensive Malaysian and international experience. Prior to joining the Group, he was the Group CEO/Director of Tasek Corporation Berhad, a public company listed on Bursa Malaysia Securities Berhad. He was previously Managing Director-Asia with Friction Material Pacific Group, a joint-venture company between Honeywell and Pacifica of Australia. Mr Tan has extensive experience in a number of industries covering construction, automotive and automotive component manufacturing.

He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

## PROFILE OF DIRECTORS

cont'd

### CHIN TEN HOY

*Senior Vice-President, Mayflower Group*

**Mr Chin Ten Hoy**, aged 61, a Malaysian, male, was appointed to the Board on 29 November 2016 as an Executive Director and carries a corporate title of Senior Vice-President, Mayflower Group.

Mr Chin holds a MBA in Tourism & Hospitality Management from the Tourism Institute of Australia/Asia e-University and has more than 28 years of experience in the travel and hospitality industry; general management of properties development & acquisition and financial & audit management.

In 2001, Mr Chin joined Mayflower American Express Travel Services Sdn Bhd ("MAE") (now known as Mayflower Corporate Travel Services Sdn Bhd) as General Manager overseeing its corporate travel business in Malaysia. Prior to joining MAE, he served as a Senior General Manager for Mansfield Travel Sdn Bhd, a company under The KAB Group Berhad ("KAB") Group, where he was responsible for the financial and general management of corporate travel and car rental operations. Mr Chin began his career in 1988 with KAB as Internal Auditor and had served in KAB for 13 years holding senior positions in the areas of travel, properties development and management.

Currently, Mr Chin is the Chief Executive Officer of Mayflower Group, taking charge of the entire travel and car rental business operation (locally and overseas).

### DATO' CHONG KWONG CHIN

*JP, DIMP*

*Independent Non-Executive Director*

**Dato' Chong Kwong Chin**, aged 65, a Malaysian, male, was appointed to the Board on 3 March 2008. He is an Independent Non-Executive Director, the Chairman of the Audit Committee and a member of Nominating and Remuneration Committee.

Dato' Chong is a Member of the Malaysian Institute of Accountants, Fellow Member of the Association of Chartered Certified Accountants, Associate Member of the Institute of Chartered Secretaries and Administrators (UK), a Member of the Institute of Certified Public Accountants Singapore, a Member of the Institute of Management (UK) and a Fellow of CPA Australia. Dato' Chong has been in public practice since 1979 when he started his own accounting firm, Eddy KC Chong & Co. The firm merged with Tet O. Chong & Co in 1990 and is now practising under the name of Ismail Chong & Associate. He had retired as senior partner of Moore Stephens and Executive Chairman of Baker Tilly AC on 3 September 2013. Dato' Chong is now the Senior Executive Director of SOGO Group of Companies.

## PROFILE OF DIRECTORS

cont'd

### DATUK ABDULLAH BIN ABDUL WAHAB *KMN, DPSJ, PJN*

*Senior Independent Non-Executive Director*

**Datuk Abdullah bin Abdul Wahab**, aged 67, a Malaysian, male, was appointed to the Board on 3 March 2008 as an Independent Non-Executive Director and was re-designated as Senior Independent Non-Executive Director on 23 January 2013. He is the Chairman of Nominating and Remuneration Committee and a member of the Audit Committee.

Datuk Abdullah graduated from the Universiti Sains Malaysia (USM) with a Bachelor of Social Science (Honours) degree in 1976. He was an Administrative Officer at the School of Pharmacy, USM Penang from 1976 to 1980. He started his career at The Parliament of Malaysia as Assistant Secretary in 1980 and subsequently assumed all aspects of administrative functions at The Parliament. In 1999, he was appointed as Secretary to the Senate, and in 2004, he was elevated as Secretary to The Parliament and Secretary to the Dewan Rakyat. He retired from the civil service in 2006.

### LEE MIN ON

*Independent Non-Executive Director*

**Lee Min On**, aged 58, a Malaysian, male, was appointed to the Board on 29 November 2016. He is an Independent Non-Executive Director and a member of the Audit Committee and Nominating and Remuneration Committee.

Mr Lee is a Chartered Accountant of the Malaysian Institute of Accountants, a Certified Public Accountant of the Malaysian Institute of Certified Public Accountants and a Chartered Fellow Member of The Institute of Internal Auditors, Malaysia ("IIAM").

He started his career with KPMG Malaysia in 1979 and retired as a Partner of the Firm on 31 December 2015. During his tenure with KPMG, he served in the external audit division before moving to helm the Firm's risk consulting practice, providing, inter-alia, board advisory services that encompassed corporate governance assessment, enterprise risk management and risk-based internal audit for both public listed as well as private corporations.

Mr Lee co-wrote the "Corporate Governance Guide: Towards Boardroom Excellence" 1st and 2nd Editions which were published by Bursa Malaysia Securities Berhad ("Bursa"). He also sat on the Task Force which was responsible for developing the "Statement on Risk Management and Internal Control - Guidelines for Directors of Listed Issuers", a document issued by Bursa in 2012. As a strong advocate for good governance and integrity in the market place, Mr Lee regularly speaks at public seminars and conferences, including in-house sessions, sharing his thoughts and insights, particularly on Sustainability, Governance, Risk and Control.

He is also an Independent Non-Executive Director of Tan Chong Motor Holdings Berhad, APM Automotive Holdings Berhad and Kotra Industries Berhad and serves as Audit Committee Chairman of IIAM.

He has abstained from deliberation and voting in respect of transactions between the Group and related parties involving himself.

Save as disclosed above, none of the other Directors has:-

- (i) any family relationship with any Director and/or major shareholder of the Company; and
- (ii) any conflict of interest in any business arrangement involving the Company.

The above Directors have not been convicted of any offence within the past five (5) years other than traffic offences, if any, and have not been imposed any public sanction or penalty by the relevant regulatory bodies during the financial year.

## PROFILE OF KEY SENIOR MANAGEMENT

Key Senior Management of Warisan TC Holdings Berhad (“Warisan”) Group comprises Dato’ Tan Heng Chew - President, Mr Tan Keng Meng - Chief Executive Officer, Mr Chin Ten Hoy - Senior Vice-President, Mayflower Group, whose profiles are included in the Profile of Directors on pages 16 to 18 in the Annual Report 2017, and the following senior management personnel:

### **KONG HON KHIEN**

*Chief Financial Officer*

Mr Kong Hon Khien, aged 49, a Malaysian, male, joined Warisan Group as General Manager in June 2017 and was subsequently appointed as Chief Financial Officer of Warisan TC Holdings Berhad in July 2017.

Mr Kong graduated from Kolej Tunku Abdul Rahman with a Diploma in Commerce (Management Accounting). He is a Chartered Accountant and is an Associate Member of The Chartered Institute of Management Accountants. He is also a Member of the Malaysian Institute of Accountants.

He has more than 26 years of working experience in various industries which includes shipping, manufacturing, transportation, information technology and trading.

### **NICHOLAS TAN CHYE SENG**

*Director, MUV Marketplace*

Mr Nicholas Tan Chye Seng, aged 44, a Malaysian, male, a Director of MUV Marketplace Sdn Bhd (“MUV Marketplace”). Mr Nicholas Tan established an e-auction platform for used vehicles business in September 2015. Today, MUV Marketplace is the pioneer of the online marketplace for used vehicles with the highest gross merchandise value in transactions.

Mr Nicholas Tan graduated with a Bachelor of Science Degree from Boston University School of Management, USA.

He worked at global investment banks in Kuala Lumpur, Singapore and Hong Kong for 10 years.

Mr Nicholas Tan is a Director of APM Automotive Holdings Berhad, a listed company on the Main Market of Bursa Malaysia Securities Berhad.

He is the son of Dato’ Tan Heng Chew, who is a Director and major shareholder of Warisan.

### **PHUA KHIM HIANG**

*General Manager, Mayflower Car Rental Division*

Mr Phua Khim Hiang, aged 45, a Malaysian, male, joined the Warisan Group as Assistant Finance Manager in 2003 and was promoted to Finance Manager in 2004 taking charge of accounting and finance of Mayflower Acme Tours Sdn Bhd (now known as Mayflower Car Rental Sdn Bhd). He was subsequently transferred to the Business Development Division in 2009 responsible for the business expansion of Mayflower Group.

Currently, he is overseeing the regional business activities and business expansion of Mayflower Car Rental business.

Mr Phua is a Chartered Accountant, a Fellow Member of Association of Chartered Certified Accountants and a Member of the Malaysian Institute of Accountants.

He has 22 years of working experience in accounting, finance, travel and car rental.

## PROFILE OF KEY SENIOR MANAGEMENT

cont'd

### CHIN YEN SONG

*General Manager, Mayflower Corporate Travel Division*

Ms Chin Yen Song, aged 44, a Malaysian, female, joined the Warisan Group as Finance Manager in 2003 and was promoted to Deputy General Manager and General Manager in January 2011 and July 2015 respectively. She was tasked to undertake the current role in 2010 to oversee the corporate travel business of Mayflower Corporate Travel Services Sdn Bhd. She is responsible for business development and retention, and to drive customer service excellence.

Ms Chin is a Chartered Accountant, a Fellow Member of Association of Chartered Certified Accountants and a Member of the Malaysian Institute of Accountants.

Prior to joining Warisan Group, Ms Chin worked in Singapore for more than 10 years in telecom and manufacturing companies as Accountant.

### CHALORAJU A/L SUBRAMANIAM

*Senior General Manager, Machinery Division (East Malaysia)*

Mr Chaloraju A/L Subramaniam, aged 57, a Malaysian, male, joined the Warisan Group in 1987 and was promoted to Senior General Manager in 2014. He oversees the business operation of industrial machinery and after-sales services in East Malaysia.

Mr Chaloraju holds a Diploma in Heavy Machinery from the Institut Latihan Perindustrian. He has more than 25 years of experience in heavy machinery products and services management.

### LEE KING SOON

*General Manager, Light Machinery Division*

Mr Lee King Soon, aged 54, a Malaysian, male, joined the Warisan Group in 1997 as Senior Manager-Finance in charge of accounting and finance. He was promoted to Deputy General Manager in 2008 and subsequently as General Manager in 2013. In May 2015, he was transferred to head the sales and marketing of light industrial machinery business.

Mr Lee is a graduate from TAR College with an advance Diploma in Financial Accounting. He is also a Chartered Accountant and a Fellow Member of the Association of Chartered Certified Accountants.

He has more than 30 years of working experience covering audit, accounting, finance, manufacturing, steel construction and light industrial machinery.

### LIM KAAI BOON

*Deputy General Manager, Heavy Machinery Division*

Mr Lim Kaai Boon, aged 59, a Malaysian, male, joined the Warisan Group as Product Manager in March 2010 and was promoted to Senior Manager and Deputy General Manager in July 2013 and January 2014 respectively. Mr Lim is responsible for the heavy machinery business operation in West Malaysia.

Mr Lim graduated with a Bachelor of Science Degree (major in Mechanical Engineering) from Salford University, United Kingdom.

He has more than 25 years experience in construction, quarrying and mining industries including servicing and parts business.

## PROFILE OF KEY SENIOR MANAGEMENT

cont'd

### NG KIAT SENG

*Senior General Manager, Automotive Division*

Mr Ng Kiat Seng, aged 55, a Malaysian, male, joined the Warisan Group in April 2014 as Senior General Manager taking charge of sales and marketing function of automobile business.

Mr Ng completed his Sijil Pelajaran Malaysia and has more than 35 years of experience in automotive industry. Prior to joining Angka-Tan Motor Sdn Bhd, he was the Product Head of the Bus Division of Tan Chong Industrial Equipment Sdn Bhd, a subsidiary of Tan Chong Motor Holdings Berhad.

*Save as disclosed above, none of the key senior management personnel has:-*

- (i) any directorship in public companies and listed companies;*
- (ii) any family relationship with any Director and/or major shareholder of the Company;*
- (iii) any conflict of interest with the Company;*
- (iv) any conviction for offences within the past five (5) years other than traffic offences, if any; and*
- (v) any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.*

## SUSTAINABILITY STATEMENT

In line with the Main Market Listing Requirements on sustainability reporting issued by Bursa Malaysia Securities Berhad ("Bursa"), we are proud to present our inaugural Sustainability Statement together with this Annual Report.

Whilst the Board is primarily responsible for the sustainability performance of the Group, a Risk and Sustainability Committee ("RSC") headed by our Chief Executive Officer has been established to assist the Board in identifying material sustainability matters, managing and monitoring their progress on a regular basis. The main task of the RSC covers the determination of the Economic, Environment and Social ("EES") risks and opportunities within the eco-system of the Group. Among the responsibilities of the RSC include identifying the EES impacts on our Group, implementation of the approved sustainability strategies and action plans to achieve the Group's milestones and goals.

### STAKEHOLDER ENGAGEMENT

Our Group believes that engagement of the various stakeholders is integral in steering us towards our long term sustainability goals. Our business divisions aim to maintain a constant line of communication with their stakeholders, both at formal and informal levels. It is through this practice of open communication that our Group is able to build a trustworthy relationship with our stakeholders which include customers, investors, suppliers, employees, regulatory and statutory bodies, local communities, higher learning institutions and local community/welfare organisations.

Listed below are the issues of concern impacting different shareholders and the various form of engagement which the Group has undertaken:-

Stakeholders	Issue of Concern	Forms of Engagement
Customers	Product quality, support services, inventory supply and pricing	<ul style="list-style-type: none"> <li>o Feedback to principals on quality improvement and quantity forecast</li> <li>o Sales and technical visit to principals</li> <li>o Customer service centre</li> <li>o Customer survey form</li> </ul>
Shareholders	Group financial performance, business strategy and governance	<ul style="list-style-type: none"> <li>o Annual General Meeting</li> <li>o Quarterly and statutory announcements to Bursa</li> </ul>
Suppliers	Product quality, payment schedule, pricing and delivery schedule	<ul style="list-style-type: none"> <li>o Regular updates and briefing on purchasing policy</li> <li>o Supplier evaluation/audit</li> <li>o Meeting and feedback to suppliers</li> </ul>
Employees	Career development, compensation policy, retirement planning, employee welfare, health and safety	<ul style="list-style-type: none"> <li>o Annual performance review</li> <li>o Intranet portal</li> <li>o Training</li> <li>o Meeting/discussion</li> </ul>
Regulatory and Statutory bodies	Statutory compliance, labour practices and environmental guidelines	<ul style="list-style-type: none"> <li>o Active engagement with respective regulating agencies and bodies</li> </ul>
Higher institution, local community and welfare organization	Career opportunity, community welfare	<ul style="list-style-type: none"> <li>o Participate in Higher institution career fairs</li> <li>o Social contribution and community service programmes</li> </ul>

As this is the inaugural report for our Group in Sustainability matters, a training workshop has been conducted and attended by the key personnel of the Group. Subsequent to this, a working committee has been established and regular meetings arranged to identify and brief the respective working committees with regard to the 3 key aspects which have material impact on our long term sustainability objectives, namely Economic, Environmental and Social.

# SUSTAINABILITY STATEMENT

cont'd

## ECONOMIC

The Group considers the quality of our products and services as vital to our success and, where possible, industry's best practices are adopted. We have identified customer satisfaction, productivity and succession planning as the three (3) material indicators that are critical in the economic aspect.

**Customer satisfaction** has been an integral part to our Group's success over the years as satisfied customers will lead to customer loyalty in the long term. Therefore, the following actions were undertaken by the Group during the year:

- customer survey were conducted on regular basis to obtain feedback from our customers on areas of improvement;
- customers' complaints were addressed timely;
- regular trainings were conducted to enhance our sales and service personnel's skills in handling customers queries and requirements; and
- feedback from customers relating to product and services was relayed to our Principals.

**Productivity** and efficiency are critical in today's highly competitive and unpredictable market. Our focus on productivity includes:

- streamlining sales and operations processes to ensure delivery of better value products and faster response time to customers; and
- continuous cost rationalisation process to ensure efficient utilisation of resources and time which in turn enabled us to provide competitive products and services to customers.

**Succession Planning** has always been the key focus of the Group, as the importance of smooth transition for key positions with minimum impact on the operation is critical. With this, the Group has a succession programme in place where internal talents within the Group are identified, developed and groomed to take over the key roles in future. This succession plan is not only limited to the top management but applies to different levels of management within the Group. The progress of the successors is reviewed and assessed by the top management from time to time and proper training and guidance is provided as and when required.

## ENVIRONMENT

Being cognizant of the need to conserve the environment, the Group implemented various environmental and waste management practices in its daily operation which include:

- enhance environmental awareness amongst our employees and suppliers through regular feedback;
- employees were encouraged to practice energy savings and promote recycling in their daily life. Waste segregation dustbins, reducing paper printing, replacing fluorescents lamps with energy efficient LED tubes and inverter technologies electrical appliances in stages were some of the initiatives that have been introduced throughout the year to conserve energy and reduce wastages;
- only authorised waste service centres and waste collectors were engaged to perform waste collection services as they have the responsibility to recycle any of the disposed parts and/or dispose the wastes generated from our operation in an orderly manner;
- we encouraged the use of fully synthetic oil during the regular services to prolong the service interval and resulted in lower volume of used oil being disposed of; and
- grease, oil and silt traps were installed at our workshop to minimise their discharge into the environment.



# SUSTAINABILITY STATEMENT

cont'd

## SOCIAL

### Employee Training, Education and Career Development

We recognize that human capital is the key driver to our business sustainability and performance. Therefore, we continue to invest in developing individual talents within the Group to be equipped with the required skills to handle their daily challenges. The training programmes, both internal and external, focus on employee's leadership competencies, personal effectiveness and building team spirit.

In addition to training and continuous education, we also provide career advancement opportunities for current employees. Experienced speakers were invited to share their experience with the Group on various topics which included the impact of latest technology development on the Group's current and future business. The Young Executive Council ("YEC") was established to mould and motivate young leadership within the Group.

In this front, we have targeted to provide up to 20 hours of job-related training program for each employee. The Table below shows the training hours in 2017:

Year	Total Training Hours	Total Employee	Average training hour per employee
2017	12,933	1,352	9.57

### Diversity & Equal Opportunity

The Group promotes inclusiveness and equal opportunity, regardless of ethnicity, nationality, gender or age of employees. Active communication between the staff and management is encouraged as it promotes better understanding and a conducive working environment.

We view the diversity of our people as a source of strength. We seek to create an environment that allows all our employees to thrive because the diversity of experiences, knowledge and approaches they bring are necessary to drive performance and innovation.

As at end of financial year, the ethnicity and gender of the Group's employees are as follows:

#### Ethnicity

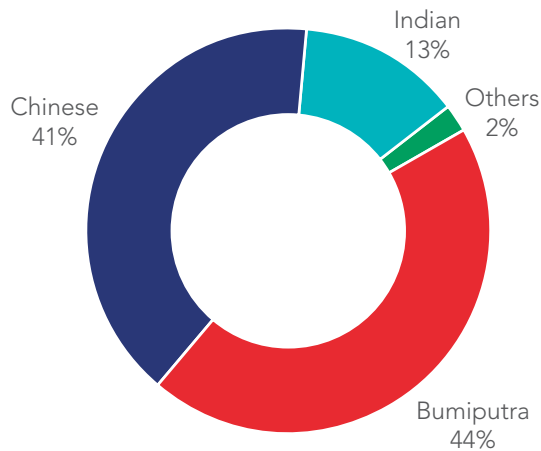
	Bumiputra	Chinese	Indian	Others	Total
Total Employee	601	547	171	33	1,352
Percentage	44%	41%	13%	2%	100%

#### Gender

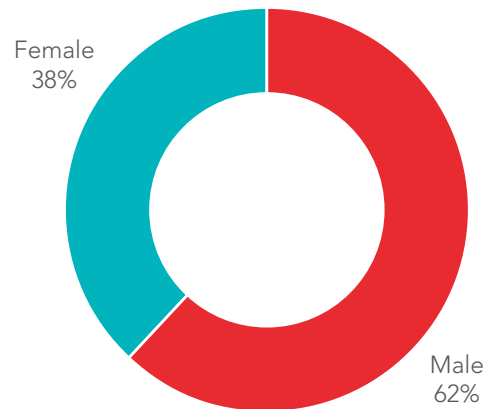
	Male	Female	Total
Total Employee	837	515	1,352
Percentage	62%	38%	100%

## SUSTAINABILITY STATEMENT

cont'd



Ethnicity



Gender

### Communities Activities & Contributions

We acknowledge the importance of assisting the less fortunate and have always ensure that we contribute back to the society as part of our humble efforts which could change the lives of people in need as even a small gesture such as donation would have a large impact on the community. Therefore, the various activities we have carried out during the year include the following:

#### CSR Activity 1: Visits/Support to Old Folk Home

In conjunction with New Year 2017, we organised a 1-day visit to Wan Hing old folks home on 6 January 2017.

Our aim is to bring cheer to these senior citizens as we recognise their contributions towards the society during their younger days. We conducted various activities during this visit which included short introduction, get to know session, singing, photography session and presenting our gift to these old folks. The activities concluded with a dinner with these old folks.



## SUSTAINABILITY STATEMENT

cont'd



### CSR Activity 2: Zoo Negara Volunteer Program

Another CSR activity for the year 2017 took place at ZOO Negara on 15 April 2017. A total of 21 participants from our Machinery Division gathered early in the morning for this volunteer program. The participants were divided into 4 groups and were assigned with different types of food preparation. The teams were individually briefed on the precise and detailed methods on the food preparation. After dedicating 2 hours to prepare and customize the food accordingly to each species of animals, the participants were then required to make their way into the animal feeding cages and set up the food according to their natural habitat. Through this, the Machinery Division learnt the importance of the caring for the environment and Mother Nature.

### CSR Activity 3: Persatuan Penjagaan Kanak-kanak Cacat Klang, Selangor

On 10 June 2017, a group of 15 participants has visited Persatuan Penjagaan Kanak-kanak Cacat Klang, Selangor. This home caters to the young, mentally and physically disabled orphans who are in need of home and care.

We contributed daily groceries and food, which included birthday cakes to celebrate their birthdays. In line with the belief of moving towards a more "CARING" Group, we displayed our passion and affection by organising various activities with the disabled orphans as follows:



## SUSTAINABILITY STATEMENT

cont'd

### CSR Activity 4: Blood Donation

We organized two blood donation sessions in 2017 with the 1st session on 19th of January and 2nd session on 25th of April. Both sessions were carried out at Lot 9 Lobby Area at the University Malaya Medical Centre (UMMC), Petaling Jaya.

We had managed to garner a total 66 blood donors during the 1st session and 53 blood donors for 2nd session.



### Workplace Safety and Health

We view the safety and health impact on every single employee in the Group seriously. We have zero tolerance on safety matters as we understand that any serious injury may cause the employee to lose his/her working capability permanently.

All our subsidiaries have their own Safety and Health Committees to monitor and review the safety and health related matters on a regular basis. The safety officer, who is properly trained and qualified, performs regular inspections at the office and factory and reports on any non-compliance issues as well as accidents to the Safety and Health Committee.

Fire drills are carried out on regular basis to ensure that the Emergency Response team and employees are familiar with their roles during emergency such firefighting skills for trained personnel and vacating the premises in an orderly manner via dedicated route to the assembly bay within acceptable timeframe.

### Unplanned fire drill at Lot 9 TCIM was carried out on 24 August 2017



# SUSTAINABILITY STATEMENT

cont'd



## Compliance with Laws and Regulations

We treat compliance with laws and regulations seriously, therefore, we ensure all our activities comply with laws and regulations at all times.

We also provide training to all the employees who handle the Goods & Services Tax ("GST") matters to ensure we comply with the GST Act 2014. We have an in-house Tax Department to advise our subsidiaries on GST matters. In addition, we have also engaged an external tax consultant firm to review and advise us on GST matters.



## Anti-Fraud and Corruptions

The Company has zero tolerance on fraud and corrupt practices and hence requires our employees to cultivate a culture of honesty, reliability, transparency and accountability throughout the organisation and among our stakeholders.

The Fraud Prevention Policy which was adopted by the Company on 26 February 2013 was applied to all our subsidiaries. The Policy clearly defines corruptions, fraud, compliance channel, Group Compliance Officer, Investigation Officer, Governing Committee, and In-house Investigation Unit.

The said Policy also stipulates the actions that the Group will take to address all matters reported in respect of fraud, corruption and other irregularities as well as mechanisms to report to management and to assist management with all instances of fraud, corruption and other irregularities.

All employees and stakeholders operating within the Policy are entitled to confidentiality and protection against victimization.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Warisan TC Holdings Berhad (“Company”) recognises the importance of adopting high standards of corporate governance in the Company in order to safeguard stakeholders’ interests as well as enhancing shareholders’ value. The Board believes having sound corporate governance practices will improve corporate transparency, accountability, performance and integrity.

As such, the Board embeds in the Group a culture that is aimed at delivering balance between conformance requirements with the need to deliver long-term strategic success through performance, without compromising on personal or corporate ethics and integrity.

This Statement provides an overview of the Company’s application of the Principles and Practices as set out in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“Listing Requirements”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) during the financial year under review. The details on how the Company has applied each Practice as set out in the MCCG during the financial year 2017 are disclosed in the Corporate Governance Report, which is available on the Company’s corporate website at [www.warisantc.com.my](http://www.warisantc.com.my).

## PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD RESPONSIBILITIES

The Board is collectively responsible for the long-term success of the Group and delivery of sustainable value to its stakeholders. In discharging its fiduciary duties and leadership functions, the Board sets the strategic direction for the Group, and ensures effective leadership through oversight of Management and robust monitoring of the activities and performance in the Group.

All members of the Board are aware of their responsibilities to take decisions objectively which promote the success of the Group for the benefits of shareholders and other stakeholders, besides safeguarding their interests. The Company has established a Board Charter which outlines the Board’s roles and responsibilities. This Board Charter is periodically reviewed by the Board to be in line with regulatory changes and to reflect recent changes made to the terms of reference of the Board Committees. The salient features of the Board Charter is publicly available on the Company’s website at [www.warisantc.com.my](http://www.warisantc.com.my).

The key roles and responsibilities of the Board broadly cover formulation of corporate policies and strategies; overseeing and evaluating the conduct of the Group’s businesses; identifying principal risks and ensuring the implementations of appropriate systems to manage those risks; and reviewing and approving key matters such as financial results, investments and divestments, acquisitions and disposals, and major capital expenditure.

To assist in the discharge of its stewardship role, the Board has established Board Committees, namely the Audit Committee; and Nominating and Remuneration Committee (“NRC”), to examine specific issues within their respective terms of reference as approved by the Board and report to the Board with their recommendations. The ultimate responsibility for decision making, however, lies with the Board. The members of both Audit Committee and NRC are all Independent Non-Executive Directors.

In enhancing accountability, the Board has established clear functions reserved for itself and those delegated to Management. There is a formal schedule of matters reserved to the Board for its deliberation and decision to ensure the direction and control of the Company are in its hands. Key matters reserved for the Board include, inter-alia, approval of annual budgets and audited financial statements, quarterly and annual financial statements for announcement, investment and divestiture, as well as monitoring of the Group’s financial and operating performance. Such delineation of roles is clearly set out in the Board Charter.

The positions of the Chairman and the Chief Executive Officer are held by different individuals to ensure an appropriate balance of roles, responsibilities and accountability.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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The Executive Team (as defined in the Board Charter) comprising the President (leader), Chief Executive Officer, Senior Vice President, Chief Financial Officer and other Senior Management Personnel, is responsible to the Board in accordance with their respective roles, positions, functions and responsibilities which include, inter-alia, the achievement of the Group's goals and observance of Management authorities delegated by the Board, developing business plans which are aligned to the Group's requirements for growth, profitability and return on capital to be achieved, ensuring cost effectiveness in business operations, overseeing development of human capital and ensuring members of the Board have the information necessary to discharge their fiduciary duties and other governance responsibilities.

As the leader of the Executive Team, the President, who is supported by the Chief Executive Officer, Senior Vice President, Chief Financial Officer and other Senior Management Personnel, oversees the overall management and strategic development of the Group. The Chief Executive Officer is responsible for managing and supervising the day-to-day business operations in accordance with the Group's strategies, policies and business plans approved by the Board.

The President assumes the position of the Chairman of the Board. As Chairman, he is responsible for ensuring the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure that contributions from Directors are forthcoming on matters being deliberated and that no Board member dominates discussion.

The Independent Non-Executive Directors, which comprise half the Board's size, are responsible for providing insights, unbiased and independent views, advice and judgement to the Board and also ensuring effective checks and balances on Board's decisions. Independent Non-Executive Directors are essential for protecting the interests of shareholders, in particular minority shareholders, and can make significant contributions to the Company's decision making by bringing in the quality of detached impartiality.

The Board also delegates its authorities to management committees, namely Risk and Sustainability Committee and Executive Management Committee (both of which are Management level committees), and comprise appropriate members of Management in order to ensure the operational efficiency and specific matters are being handled effectively.

The Board has formalised a Directors' Code of Ethics setting out the standards of conduct expected from all Directors. The Directors' Code of Ethics is contained in Appendix A of the Board Charter which is published on the Company's website at [www.warisantc.com.my](http://www.warisantc.com.my). To inculcate good ethical conduct, the Group has established a Code of Conduct for employees, which has been communicated to all levels of employees in the Group. The Company also has in place a Special Complaint Policy, which is equivalent to whistle-blowing policy that serves as an avenue for raising concerns related to possible breach of business conduct, non-compliance of laws and regulatory requirements as well as other malpractices.

Directors have unrestricted access to the advice and services of the Company Secretaries to enable them to discharge their duties effectively. The Board is regularly updated and advised by the Company Secretaries who are qualified in accordance with the requirements of the Companies Act, 2016, experienced and competent on statutory and regulatory requirements, and the resultant implications of any changes therein to the Company and Directors in relation to their duties and responsibilities.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

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In discharging their responsibilities effectively, the Directors allocate sufficient time to attend Board and Board Committee meetings to deliberate on matters under their purview. During the year, the Board deliberated on matters relating to business strategies and issues concerning the Group, including business plan, annual Group budget, financial results and significant transactions. All Board and Board Committee members are provided with the requisite notice, agenda and board papers prior to the convening of each meeting, in timely manner to the Board and Board Committee members. For the financial year under review, the Board had convened seven (7) Board meetings and the attendances of the Directors are as follows:

Name	No. of Board Meetings attended	Percentage of Attendance (%)
Dato' Tan Heng Chew	7/7	100
Tan Keng Meng	6/7	86
Chin Ten Hoy	7/7	100
Dato' Chong Kwong Chin	7/7	100
Datuk Abdullah bin Abdul Wahab	7/7	100
Lee Min On	7/7	100

The Board is mindful of the importance for its members to undergo continuous education and training programmes to be apprised of the changes to regulatory requirements and the impact such regulatory requirements have on the Group. Besides circulating the relevant circulars and guidelines on statutory and regulatory requirements from time to time for the Board's reference, the Company Secretaries also explain to the Board at its meeting the implication of the requirements on Directors.

All Directors of the Company have completed the Mandatory Accreditation Programme as required by the Listing Requirements of Bursa Malaysia. During the financial year under review, the trainings attended by the Directors included briefings, seminars, workshops and conferences conducted by the relevant regulatory authorities and professional bodies. Details of the training programmes attended/participated by the Directors are as follows:

Name of Director	Details of Programme
Dato' Tan Heng Chew	<ul style="list-style-type: none"> <li>■ Bursa Malaysia: CG Breakfast Series for Directors - Leading in a Volatile, Uncertain, Complex, Ambiguous (VUCA) World</li> <li>■ Bursa Malaysia: CG Breakfast Series for Directors - Integrating an Innovation Mindset with Effective Governance</li> <li>■ Tan Chong Motor Holdings Berhad ("TCMH"): 2018 Budget Briefing by Mr. Tang Chin Fook, Tax Consultant</li> </ul>
Tan Keng Meng	<ul style="list-style-type: none"> <li>■ Bursatra Sdn Bhd ("Bursatra"): Corporate Disclosure: What Every Director Needs To Know</li> <li>■ Warisan TC Holdings Berhad ("WTCH"): In-house Sustainability Reporting Workshop for Heads of Business Units/Departments</li> <li>■ Bursa Malaysia: Advocacy Sessions to Enhance Quality of Management Discussion &amp; Analysis for Chief Executive Officers and Chief Financial Officers</li> </ul>
Chin Ten Hoy	<ul style="list-style-type: none"> <li>■ Iclif: Mandatory Accreditation Programme</li> <li>■ Bursatra: Corporate Disclosure: What Every Director Needs To Know</li> <li>■ WTCH: In-house Sustainability Reporting Workshop for Heads of Business Units/Departments</li> <li>■ Bursa Malaysia &amp; MINDA: Bursa CG Breakfast Series - "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability"</li> <li>■ Bursa Malaysia: Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</li> <li>■ SPAD: Reimagining Transportation: Sustainable Mobility</li> </ul>



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

Dato' Chong Kwong Chin	<ul style="list-style-type: none"> <li>■ Lembaga Hasil Dalam Negeri &amp; Chartered Tax Institute of Malaysia: National Tax Conference 2017</li> <li>■ Malaysian Institute of Accountants ("MIA"): Accounting for Revenue under MFRS 15</li> <li>■ MIA: An Overview &amp; Analysis of MFRS/IFRS</li> <li>■ MIA: MIA International Accountants Conference 2017</li> </ul>
Datuk Abdullah bin Abdul Wahab	<ul style="list-style-type: none"> <li>■ Kementerian Dalam Negeri Malaysia &amp; Persatuan Perkhidmatan Kawalan Keselamatan Malaysia: Kursus Pengurusan Ahli Lembaga Pengarah and Pemegang Saham Syarikat Kawalan Keselamatan</li> <li>■ Bursa Malaysia &amp; MINDA: Bursa CG Breakfast Series - "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability"</li> <li>■ Bursa Malaysia &amp; MINDA: Bursa Risk Management Programme: "I Am Ready To Manage Risks"</li> <li>■ Iclif: The CG Breakfast Series for Directors: Leading Change @ The Brain</li> </ul>
Lee Min On	<ul style="list-style-type: none"> <li>■ Bursa Malaysia: Sustainability Forum for Directors/CEOs - The Velocity of Global Change &amp; Sustainability - The Business Model</li> <li>■ APM Automotive Holdings Berhad: In-house Sustainability Reporting Workshop (participated as speaker)</li> <li>■ Iclif: Mandatory Accreditation Programme</li> <li>■ WTCH: In-house Sustainability Reporting Workshop for Heads of Business Units/ Departments (participated as speaker)</li> <li>■ Bursa Malaysia: A Director's guide to fraud &amp; corruption risks</li> <li>■ TCMH: Tan Chong Motor Holdings Berhad Sustainability Training for Directors and Head of Department (participated as speaker)</li> <li>■ Tan Chong Education Services Sdn Bhd: Dato' Tan Heng Chew Distinguished Speaker Series - Disruption in the E-World</li> <li>■ Bursa Malaysia: Advocacy Sessions on Corporate Disclosure for Directors and Principal Officers of Listed Issuers</li> <li>■ The Institute of Internal Auditors Malaysia: National Conference 2017 - Audit Committee Leadership Track</li> <li>■ TCMH: 2018 Budget Briefing by Mr. Tang Chin Fook, Tax Consultant</li> </ul>

## II. BOARD COMPOSITION

The Company is led by an experienced Board with diverse background in business and financial experience, and skills which are vital for the continued progress and success of the Group.

The Board currently has six (6) members comprising three (3) Independent Non-Executive Directors and three (3) Executive Directors. This composition of the Board fulfills the requirements as set out under the Listing Requirements of Bursa Malaysia which stipulate that at least two (2) Directors or one-third of the Board, whichever is higher must be independent. The Directors, with their diverse backgrounds and specialisations, collectively bring with them a wide range of experience and expertise in areas such as engineering, finance, accounting and audit, legislative and administration, corporate governance, risk management and internal audit, as well as marketing and operations. The profiles of the members of the Board are provided in the Annual Report.

The NRC is entrusted to assess the adequacy and appropriateness of the Board composition, identify and recommend suitable candidates for Board membership and also to assess annually the performance of the Directors, succession plans and Board diversity including gender, age and ethnicity diversity, training courses for Directors and other qualities of the Board including core-competencies which the Independent Non-Executive Directors should bring to the Board. The Board has the ultimate responsibility of making the final decision on the appointment of new Directors.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

Based on the annual assessment conducted on 5 February 2018, the NRC was satisfied with the existing Board composition and concluded that each Director has the requisite competence and capability to serve on the Board and has sufficiently demonstrated their commitment to the Board in terms of time and participation during the year under review, and has accordingly recommended to the Board the re-election of the retiring Directors at the Company's forthcoming Annual General Meeting ("AGM"). All assessments and evaluations carried by the NRC in discharge of its functions were duly documented.

The Company's Board Charter provides a limit of a cumulative term of nine (9) years on the tenure of an Independent Non-Executive Director. Thereafter, he may be re-designated as a Non-Independent Non-Executive Director. In the event the Board intends to retain the Director after the latter had served a cumulative term of nine (9) years, the Board must justify such decision and seek shareholders' approval at the AGM.

The NRC also assessed the independence of Independent Non-Executive Directors for the financial year 2017 based on criteria set out in Paragraph 1.01 of the Listing Requirements and Practice Note 13 of Bursa Malaysia and concluded that all the Independent Non-Executive Directors have satisfied the independence criteria and each of them is able to provide independent judgement and act in the best interest of the Company.

Following an assessment and recommendation by the NRC, the Board is of the opinion that the independence of the existing Independent Non-Executive Directors remained unimpaired and their judgement over business dealings of the Company have not been influenced by the interest of the other Directors or substantial shareholders.

Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab have each served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years. Following an assessment and recommendation by the NRC, the Board recommended that Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab who have both served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years as at date of this Annual Report, be retained as Independent Non-Executive Directors, subject to shareholders' approval at the forthcoming AGM of the Company based on key justifications as set out under the Explanatory Notes of the Notice of the AGM.

A summary of key activities undertaken by the NRC in discharging its duties during the financial year under review is set out below:

- Reviewed and assessed the independence of Independent Non-Executive Directors;
- Reviewed and recommended the re-election of Directors who are due for retirement by rotation, and continuation in office as Independent Non-Executive Directors for Dato' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab who have served a cumulative term of more than nine (9) years for shareholders' approval at the forthcoming AGM;
- Reviewed the size and composition of the Board based on the required mix of skills, experience, knowledge and diversity;
- Assessed the effectiveness of the Board as a whole, the Board Committee and the contribution of each individual Director;
- Assessed Directors' training needs; and
- Reviewed the terms of reference of the NRC.

The Company has formalised a Board Diversity Policy and such policy is contained in the Board Charter which is published on the Company's website. The Board believes that the evaluation of suitability of candidates should be based on the candidates' competency, character, time availability, integrity and experience in meeting the Company's needs. The Board constantly advocates fair and equal participation and opportunity for all individuals of the right calibre without any specific discrimination as to the age, ethnicity or gender of the candidates concerned. In accordance with the Board Diversity Policy on gender, the Board shall comprise at least a woman Director at any time.

The Board has taken steps to seek out female candidates based on meritocracy with the optimum mix of skills, knowledge and experience to fill Board positions.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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## III. REMUNERATION

On 27 November 2017, the Nominating Committee was renamed as "Nominating and Remuneration Committee" with expanded duties and responsibilities to assist the Board in implementing policies and procedures on matters relating to the remuneration of Board and Senior Management.

In accordance with Practice 6.1 of MCCG, the Board has on 22 February 2018 formalised the Policies and Procedures for the Remuneration of Directors and Senior Management to align with business strategy and long-term objectives of the Group. The remuneration packages for Executive Directors and Senior Management are linked to performance, qualifications, experience and scope of responsibility and geographic location where the personnel is based and are periodically benchmarked to the market/industry surveys conducted by human resource consultants.

As a matter of practice, the Directors concerned abstain from deliberation and voting on their own remuneration at Board Meetings.

Details of the remuneration of Directors of the Company received from the Group and the Company for the financial year ended 31 December 2017 are as follows:

Category	Fees (RM)	Salaries (RM)	Bonus (RM)	Meeting Allowance (RM)	Benefits- in-kind (RM)	Total (RM)
<b>Company:</b>						
<u>Executive Directors</u>						
Dato' Tan Heng Chew	-	1,292,340	418,880	-	26,064	1,737,284
Tan Keng Meng	-	-	-	-	-	-
Chin Ten Hoy	-	-	-	-	-	-
	-	<b>1,292,340</b>	<b>418,880</b>	-	<b>26,064</b>	<b>1,737,284</b>
<u>Non-Executive Directors</u>						
Dato' Chong Kwong Chin	60,720	-	-	21,300	-	82,020
Datuk Abdullah bin Abdul Wahab	60,720	-	-	21,000	-	81,720
Lee Min On	65,780	-	-	21,900	-	87,680
Dato' Seow Thiam Fatt (Retired on 26 May 2017)	25,300	-	-	10,800	-	36,100
	<b>212,520</b>	-	-	<b>75,000</b>	-	<b>287,520</b>
<b>Group:</b>						
<u>Executive Directors</u>						
Dato' Tan Heng Chew	-	1,292,340	418,880	-	26,064	1,737,284
Tan Keng Meng	-	473,312	88,746	-	-	562,058
Chin Ten Hoy	-	475,728	118,932	-	10,350	605,010
	-	<b>2,241,380</b>	<b>626,558</b>	-	<b>36,414</b>	<b>2,904,352</b>

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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Category	Fees (RM)	Salaries (RM)	Bonus (RM)	Meeting Allowance (RM)	Benefits- in-kind (RM)	Total (RM)
<u>Non-Executive Directors</u>						
Dato' Chong Kwong Chin	60,720	-	-	21,300	-	82,020
Datuk Abdullah bin Abdul Wahab	60,720	-	-	21,000	-	81,720
Lee Min On	65,780	-	-	21,900	-	87,680
Dato' Seow Thiam Fatt (Retired on 26 May 2017)	25,300	-	-	10,800	-	36,100
	<b>212,520</b>	<b>-</b>	<b>-</b>	<b>75,000</b>	<b>-</b>	<b>287,520</b>

## PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

In assisting the Board to discharge its duties on financial reporting, the Board has established an Audit Committee, comprising wholly Independent Non-Executive Directors with Dato' Chong Kwong Chin as the Committee Chairman. The members of the Audit Committee collectively are financially literate and are qualified to discharge their duties and responsibilities. They constantly keep abreast of relevant changes to financial reporting standards and issues which have a significant impact on the financial statements through regular updates from the external auditors.

One of the key responsibilities of the Audit Committee in its Terms of Reference ("Audit Committee Charter") is to ensure that the financial statements of the Group and the Company comply with the applicable financial reporting standards in Malaysia and provision of the Companies Act, 2016. The Audit Committee has adopted the Audit Committee Charter that is approved by the Board, the responsibilities of which can be found in the Board Charter which is available on the Company's website. A summary of the activities carried out in 2017 by the Audit Committee is set out in the Audit Committee Report of this Annual Report.

The Board had on 22 February 2018 reviewed and approved the revised Audit Committee Charter to include the requirement for a former key audit partner to observe a cooling-off period of at least two (2) years before being appointed as a member of the Audit Committee.

The Board understands its role in upholding the integrity of financial reporting by the Company. Accordingly, the Audit Committee, which assists the Board in overseeing the financial reporting process of the Company, has adopted a policy for the types of non-audit services permitted to be provided by the external auditors and/or their affiliates, including the need for obtaining the Audit Committee's approval for such services.

### II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Board has overall responsibility for maintaining a sound system of risk management and internal control of the Group that provides reasonable assurance of effective and efficient business operations, compliance with laws and regulations as well as internal procedures and guidelines.

The Board has put in place a structured framework to enable Management to identify, evaluate, control, and monitor the principal business risks faced by the Group. The Board is updated on the Group's internal controls system which encompasses risk management practices and the implementation of internal controls to mitigate the identified business risks on a regular basis. Ongoing reviews are performed throughout the year by the respective business units to identify, evaluate, monitor and manage the significant risks affecting their business and ensure that adequate and effective controls are in place. The risk registers which are maintained by the Group are reviewed and updated by the Risk and Sustainability Committee (a Management Level Committee) at least twice a year.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

cont'd

Details of the Group's Enterprise Risk Management framework, activities carried out for the financial year under review and reporting processes are set out in the Risk Management and Internal Control Statement included in this Annual Report.

In line with the MCGG and the Listing Requirements of Bursa Malaysia, the Board has established an in-house Group Internal Audit Department ("GIA"), which reports directly to the Audit Committee on the adequacy and operating effectiveness of the Group's system of risk management and internal controls. All internal audits carried out are guided by the International Professional Practices Framework of The Institute of Internal Auditors Inc, a globally recognized professional body for internal auditors. The GIA is independent of the activities it audits and its authority, scope and responsibilities are governed by an Internal Audit Charter approved by the Audit Committee. The scope of work covered by the GIA during the financial year under review is set out in the Audit Committee Report included in this Annual Report.

## PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

### I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises the importance of being transparent and accountable to the Company's shareholders and investors.

Shareholders and investors of the Company are provided with accurate and timely dissemination of information via the Annual Reports, circular to shareholders, quarterly financial reports and the various announcements which provide an overview of the Group's financial results, business performance and operations. Shareholders and investors can access for information at the Company's website at [www.warisan.tc.com.my](http://www.warisan.tc.com.my), which includes the Board Charter, corporate information, announcements, financial information, and Annual Reports.

The Company also has a dedicated electronic mail, i.e. [corporate@warisan.tc.com](mailto:corporate@warisan.tc.com) to which stakeholders can direct their queries or concerns.

### II. CONDUCT OF GENERAL MEETINGS

The AGM, which is the principal forum for shareholder dialogue, allows shareholders to review the Group's performance via the Company's Annual Report and pose questions to the Board for clarification.

At the 20th AGM held on 26 May 2017, all the Directors (including the chair of the Board Committees) and Senior Management were present in person to engage directly with the shareholders. During the AGM, the Chairman of the meeting ensured the meeting was conducted in an orderly manner and allowed shareholders or proxies to raise questions or seek clarification on agenda items of the AGM. The Chief Executive Officer presented to the Meeting the Group's financial performance, some key initiatives and business outlook of the year. The Directors and Senior Management responded to all questions raised and provided clarification as required by the shareholders. A summary of key matters discussed at the AGM is available on the Company's website.

All resolutions set out in the notice of AGM are voted by poll in accordance with the Listing Requirements of Bursa Malaysia. The Board had adopted electronic voting method for polling at the last AGM to facilitate greater shareholders' participation, enabling efficiency in the voting process as well as ensuring transparency and accuracy of the voting results.

This Statement is dated 3 April 2018.

## AUDIT COMMITTEE REPORT

The Board of Directors of Warisan TC Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2017.

### COMPOSITION AND MEETINGS

The Audit Committee ("Committee") was established on 1 November 1999. The current composition of the Committee and the attendance of its members at the seven (7) meetings held during the financial year are set out below:

Name	Designation	Attendance
Dato' Chong Kwong Chin <i>Independent Non-Executive Director</i>	Chairman	6/7
Datuk Abdullah bin Abdul Wahab <i>Independent Non-Executive Director</i>	Member	7/7
Lee Min On <i>Independent Non-Executive Director</i>	Member	7/7
Dato' Seow Thiam Fatt (Retired on 26 May 2017) <i>Independent Non-Executive Director</i>	Member	2/7

The Committee meetings are structured through the use of agendas and relevant board papers which are distributed to the Committee members prior to such meetings. This enables Committee members to study the items on the agenda, including relevant materials that support the items, and, where appropriate, provides an opportunity for them to seek additional information or clarification from Management.

The Committee Chairman calls for meetings to be held not less than four (4) times in a year. Any member of the Committee may requisition for a meeting at any time, and the Committee Secretaries, on such requisition, arrange with the Committee Chairman to convene a meeting. Except in the case of an emergency, seven (7) days' notice of meeting is given in writing to all members. The quorum for meeting is a majority of members who are Independent Non-Executive Directors. Meetings are chaired by the Committee Chairman and, in his absence, by an Independent Non-Executive Director from those members who are present. Decision is made by a majority of votes.

The Chief Financial Officer, Head of Internal Audit and the Company Secretaries, who are the Committee Secretaries, normally attend the meetings. Other Board members and employees may attend meetings upon the invitation of the Committee. A representative of the external auditors attends the meeting to consider the final audited financial statements and such other meetings as determined by the Committee.

The Committee Chairman has the right to require those who are in attendance to leave the room when matters to be discussed are likely to be hampered by their presence or confidentiality of matters needed to be preserved.

For the financial year under review, the performance of the Committee was evaluated by way of members' self and peer evaluation, the outcome of which was reviewed by the Nominating and Remuneration Committee. Having considered the recommendation made by the Nominating and Remuneration Committee, the Board is satisfied that the Committee members have discharged their functions, duties and responsibilities in accordance with the Committee's Terms of Reference.

In compliance with the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Malaysia"), the Committee's Terms of Reference have been uploaded onto the Company's website at [www.warisantc.com.my](http://www.warisantc.com.my).

# AUDIT COMMITTEE REPORT

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## SUMMARY OF WORK OF THE AUDIT COMMITTEE

During the financial year under review, the Committee worked closely with Management, internal auditors and external auditors to carry out its functions and duties as required under its Terms of Reference.

In discharging its roles and responsibilities based on its Terms of Reference, the Committee carried out the following works during the financial year under review and up to the date of this Report:

### (1) Financial Reporting

- (a) Reviewed all the four (4) quarter's unaudited financial results of the Group, focusing on key material matters, which included the going concern assumption, and ensured the disclosures thereof were in compliance with the Malaysian Financial Reporting Standards and regulatory requirements before recommending the same to the Board for approval to release the quarterly financial results to Bursa Malaysia and Securities Commission Malaysia ("SC") (except for 2nd and 3rd quarters of 2017 as the requirement of SC has been dropped).
- (b) Reviewed the annual audited financial statements of the Company and of the Group, together with the external auditors, before recommending the same to the Board for approval; and
- (c) Reviewed the impact of any changes in accounting policies and adoption of any new accounting standards, together with significant matters highlighted in the financial statements.

### (2) External and Internal Audit

- (a) Reviewed the external auditors' Audit Plan for the Group, which outlined the external auditors' responsibilities, scope of work for the financial year ended 31 December 2017 and their fees;
- (b) Discussed and reviewed with the external auditors, the results of their examination and the auditors' reports in relation to audit and accounting issues arising from the audit, including auditing standards that were mandated by the Malaysian Institute of Accountants;
- (c) Discussed and reviewed the areas for improvements in the internal control systems of companies in the Group as highlighted by the external auditors, including the steps that need to be taken to address the issues;
- (d) Considered the suitability and independence of the external auditors by assessing, among others, the adequacy of their resources, technical knowledge, experience, skills, independence and objectivity, their audit engagement and the competence of the audit team members assigned to the Group. After having assessed the external auditors in February 2018, the Committee was satisfied that the external auditors were able to meet the audit requirements and statutory obligations of the Company and also their independence and objectivity as external auditors of the Company. The Committee recommended to the Board the re-appointment of Mazars PLT as external auditors of the Company at the forthcoming Annual General Meeting ("AGM"). The Board accepted the Committee's recommendation for Mazars PLT's' re-appointment as the external auditors at the forthcoming AGM in May 2018;
- (e) Held two (2) private sessions with the external auditors without the presence of Executive Directors and Senior Management to discuss the audit findings and any other observations noted by the external auditors during the course of their audit;
- (f) Reviewed and approved the annual internal audit plan to ensure adequacy of scope and coverage of the auditable areas, including staffing requirements and ensured high risk areas are covered on a regular basis;
- (g) Reviewed the scope to ensure the coverage included internal controls on operations, financial, compliance and information technology processes relating to the Group based on the approved annual internal audit plan;

# AUDIT COMMITTEE REPORT

cont'd

- (h) Discussed and reviewed the major findings, areas requiring improvements and key significant internal audit matters raised by internal auditors and Management's response thereto, including follow-up on the status of actions taken by Management to address issues raised in previous internal audits. Management of the respective business units concerned is entrusted to formulate action plans to improve internal control procedures and workflow processes based on the internal auditors' recommendations; and
- (i) Reviewed the independence, performance, competence and effectiveness of the internal audit function.

### (3) Recurrent Related Party Transactions

Reviewed the recurrent related party transactions ("RRPTs") of the Group on a quarterly basis to ensure that the transactions entered into by the Group were within the shareholders' mandate obtained, in relation to the nature and value limits of the transactions, including arm's length terms of trade. In the case of impending related party transactions to be entered into by the Group, the Committee deliberated on the nature of the transactions and ensured proper disclosures were made in line with the Listing Requirements of Bursa Malaysia.

### (4) Other Matters

- (a) Reviewed the Circular to Shareholders in relation to shareholders' mandate on RRPTs and the review procedures of RRPTs, Audit Committee Report and Risk Management and Internal Control Statement for inclusion in this Annual Report to ensure compliance with the relevant regulatory reporting requirements prior to recommending the same to the Board for approval;
- (b) Reviewed the corporate risks score cards of the Group and endorsed the action plans that were being implemented to mitigate the business risks to acceptable levels;
- (c) Reviewed the report on irregularities and serious misconducts issued by the Group Compliance and ensured that remedial action plans were appropriate; and
- (d) Reviewed the Terms of Reference of the Committee, which were subsequently approved by the Board.

## INTERNAL AUDIT FUNCTION AND ACTIVITIES

The Committee is supported by an in-house Group Internal Audit Department ("GIA"), which reports functionally to the Committee and is independent of the activities it audits. The GIA is headed by Mr Khoo Choong Keat, a Certified Internal Auditor and Certified Fraud Examiner, who is assisted by three (3) internal audit personnel. All the internal audit team members are independent of the Group and their objectivity have not been compromised. All internal audits carried out are guided by the International Professional Practices Framework (IPPF) of The Institute of Internal Auditors Inc, a globally recognised professional body for internal auditors.

GIA operates under a charter approved by the Committee that gives the internal audit function a formal mandate to carry out its work as well as unrestricted access to companies within the Group for the purpose of conducting internal audit.

The GIA adopts a risk-based approach in identifying areas to be audited on a prioritised basis that focuses on key activities of major business units within the Group, taking into consideration the key business risks faced by the Group. Internal audit activities are guided by an annual audit plan which is approved by the Committee.

The main objectives of internal audit are to assess the adequacy and operating effectiveness of the internal control and risk management systems, and that the operating units and functions assessed are operating in line with the existing Group's policies and procedures.



# AUDIT COMMITTEE REPORT

cont'd

During the financial year under review, GIA performed internal audits that covered the following areas:

## 1) Car Rental Division

- Branch operations activities covering the fleet movement control and record, car rental agreement, permit management, expenses claims, invoicing and collection;
- Chauffeur operations activities including the booking system and record, vehicle management, service rate and charges, and collection; and
- Year-end stock take activities on vehicle fleet at Headquarter.

## 2) Travel Division

- Procurement audit on MICE Department; and
- Credit control review on Destination Management Department.

## 3) Machinery Division

- Review credit control at forklift rental unit;
- Spare parts inventory management; and
- Year-end stock take activities covering light and heavy machinery unit.

## 4) Automotive Division

- Credit control review;
- Pre-Delivery Inspection operation review covering the accessories and cannibalisation parts control; and
- Ad-hoc stock take audit covering light and heavy commercial vehicles, pick-up trucks and its accessories.

## 5) Consumer Products Division

- Stock inventory management at apparels manufacturing unit; and
- Year-end stock take activities on joint-venture companies, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd.

## 6) Used Vehicle Auction

- Vehicle inspection processes review.

## 7) Captive Insurance

- Mandatory audit that covers compliance with laws and regulations, data integrity, claim processes, level of authority, and risk management process.

## 8) RRPTs

- Review RRPTs to ensure that they are transacted based on arm's length basis.

GIA also carried out follow-up assessments on the status of Management's action plans to ensure prompt resolution of issues and concerns raised in the internal audit reports. The progress of significant issues was tabled to the Committee for review until such matters were satisfactorily resolved.

This Statement is dated 3 April 2018.

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

## Board Responsibility

The Board acknowledges its overall responsibility for the Group's system of risk management and internal control and for reviewing its adequacy and operating effectiveness to safeguard shareholders' investment and the Group's assets. Due to the inherent limitations in any system of risk management and internal control, it should be noted that such a system is designed to manage rather than eliminate the risk of failure to achieve corporate objectives. In pursuing these objectives, it can only provide reasonable, but not absolute, assurance against material misstatement, financial loss or fraud.

## Risk Management Framework and Internal Control System

The Board confirms that there is a continuous process to identify, evaluate and manage the significant risks of the Group in its achievement of objectives and strategies, except for the review of risk management in associate and jointly controlled entities whereby the Group's interest is served through representation on the Board of the associate and joint ventures companies. The Board also affirms that such process has been in place for the financial year under review and up to the date of approval of this Statement for inclusion in the Annual Report. During the financial year, key risks relating to the Group's operations and strategic mission were addressed, evaluated and subsequently tabled and endorsed by the Board, including the actions implemented by Management to mitigate the risks to acceptable levels.

Recognising the importance of risk management, the Board has put in place a structured framework to enable Management to identify, evaluate, control, monitor and report to the Board the principal business risks faced by the Group on an ongoing basis.

The key features of the risk management framework are as follows:

- Establishment of a Risk Management Committee (renamed "Risk and Sustainability Committee ("RSC") effective 27 November 2017), which is headed by an Executive Director and comprises key management personnel from the respective business divisions. The RSC is entrusted with the responsibility to identify and communicate to the Board, through the Audit Committee, the principal business risks that the Group faces, their changes and management action plans to mitigate the risks and to review sustainability matters including economic, environmental and social matters, policies and programmes and overseeing performance in such areas and the extent of any action taken by management to address areas identified for improvement. Minutes of the RSC meetings are presented to the Audit Committee and the Board for notation;

For more information on sustainability, please refer to pages 22 to 28.

- Adoption of the Risk Management Oversight Policies and Procedures which outline the risk management framework for the Group and offer practical guidance to operating personnel on risk management issues; and
- Updates on Corporate Risk Scorecards by the heads of business division. The high and significant risks, based on the framework are subject to regular reviews, in particular, internal controls deployed to address such risks.

The RSC is primarily responsible for the establishment of the risk management framework which includes ensuring that risk management processes are adequate and that appropriate action has been or is being taken to reduce identified business risks to an acceptable level across the Group. The risk management process incorporates procedures to identify business risks that are strategic, operational, financial and compliance in nature. The Group continues to foster a risk-aware culture in all decision making and commits to manage business risks in a proactive and effective manner. This is to enable the Group to respond effectively to changing business and competitive environment which are critical for the Group's sustainability, safeguard assets and enhancement of shareholders' value.

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

The risk management process within the Group consists of two (2) main stages:

Corporate Stage	<ul style="list-style-type: none"> <li>• Development of risk management process</li> <li>• Establishment of risk parameters, covering financial and non-financial metrics, on the likelihood of risk occurrence and the impact thereof in the event of incurrence. The risk parameters essentially articulate the risk appetite of the Group</li> <li>• Adoption of risk management policies and procedures</li> <li>• Identification of major risk components</li> <li>• Assignment of risk custodians</li> <li>• Review of risk assessment summary</li> <li>• Review of risk profile summary</li> <li>• Update of the Group Corporate Risk Scorecard</li> </ul>
Process Stage	<ul style="list-style-type: none"> <li>• Develop and evaluate major risk components</li> <li>• Develop and evaluate major risk profiles</li> <li>• Develop, implement and monitor risk management action plans</li> <li>• On-going management of risk</li> </ul>

The implementation of risk management activities at subsidiaries level are carried out by the working group, comprising heads of subsidiary and selected senior management personnel ("Subsidiary Sub-Risk Committees"), who assists the RSC in managing specific risk areas by taking the appropriate mitigation steps. A Risk Champion is appointed to provide timely risk updates and reports to the RSC and guidance to the Subsidiary Sub-Risk Committees through its appointed Risk Officers to enable a systematic implementation of risk management. The Risk Champion works closely with the Subsidiary Sub-Risk Committees to strengthen the risk management initiatives within the Group.

Subsidiary Sub-Risk Committees identify key business risks as guided by the risk management framework. Reports on identified key risk areas with risk scores based on risk acceptance criteria and remedial measures to address the risks together with progress updates are submitted to the RSC. This process enables the RSC to evaluate the adequacy and operating effectiveness of the risk management process and internal control system.

The RSC conducts at least three (3) meetings annually to review new and existing key risk areas that affect the Group's business operations and the mitigating steps to address them. During the financial year under review, focus was directed towards identifying and evaluating credit risk, foreign currency exposure, liquidity and funding risk, cyber risk, competition risk, human capital risk and risk on regulatory compliance. All matters discussed and decisions made by the RSC are disseminated to the Audit Committee and the Board.

## Risk Management and Internal Control System

Other key elements of the Group's risk management and internal control system are described as follows:

- Defined lines of responsibility, authority limit thresholds, delegation of authority, segregation of duties and information flow;
- The Executive Management Committee reviews high level operating policies as well as monitors the performance and profitability of business divisions;
- Internal policies and procedures have been established in writing for adherence by personnel in the Group;
- Business planning and budgeting process for business units with periodical monitoring of performance so that major variances are followed up and management actions taken;
- The Group's performance is reviewed and deliberated by the Audit Committee and Board on a quarterly basis with financial performance variances presented by Management, including explanations for significant variances from preceding periods;

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

- Justification and approval process for major expenditures to ensure congruence with the Company's strategic objectives; and
- Independent appraisals by internal auditors to ensure ongoing compliance with policies and procedures whilst assessing the adequacy and operating effectiveness of the Group's internal control system that addressed strategic, financial, compliance, and operational risks.

The Board has also formalized a fraud prevention framework which aims to provide broad principles, strategy and policy for the Group to adopt in relation to fraud in order to promote high standard of integrity. This framework establishes comprehensive programs and controls for the Group as well as highlights the roles and responsibilities at every level for preventing and responding to fraud. In augmenting the fraud prevention framework, the Board has adopted a Special Complaints Policy which sets out procedures for employees to raise concern on any questionable practices or improper activities within the Group.

## Internal Audit Function

The Group has established an in-house internal audit function to support the Audit Committee, and by extension, the Board, by providing independent and objective assurance on the adequacy and operating effectiveness of the Group's system of internal control. The internal audit function adopts a risk-based approach that focuses on major business units in the Group for the purpose of identifying areas to be audited on a prioritized basis, vis-à-vis the business risks inherent in the business units concerned. The Group's Internal Audit Plan is tabled annually and approved by the Audit Committee. Action plans are taken by Management to address audit findings and concerns raised in the internal audit reports. The internal audit function also follows up on the status of Management's action plans on the internal audit findings. On a quarterly basis, the internal audit reports are presented and tabled at the Audit Committee meetings. Details of actual work carried out by the internal audit function, together with its scope of coverage, for the financial year under review are set out in the Audit Committee Report included in this Annual Report.

The internal audit team conducting the internal audit assignment is independent of the activities it audits and has no involvement in the operations that are being audited. In assessing the independence of internal auditors, the head of internal audit has confirmed to the Audit Committee that he and his team are free from any relationship or conflicts of interest which could impair their objectivity and independence.

The costs incurred for the internal audit function in respect of the financial year ended 31 December 2017 amounted to approximately RM400,726 (2016: approximately RM336,000).

## Review of the Group's system of risk management and internal control

The Board is of the view that there were no material losses that resulted from a breakdown in the system of internal control. Moreover, the Board has received assurance in writing from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal control system, covering all key controls, including strategic, financial, operational and compliance controls, is operating adequately and effectively, in all material aspects, based on the risk management and internal control framework adopted by the Group. The Board is of the view that the system of risk management and internal control, which is in place for the financial year under review and up to the date of this Statement, is adequate to achieve the Group's business objectives.

# RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

cont'd

## **Review of the Statement by External Auditors**

The external auditors have reviewed this Statement pursuant to the scope set out in Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants, for inclusion in the Annual Report for the year ended 31 December 2017, and reported to the Board that nothing has come to their attention that caused them to believe that the statement intended to be included in the Annual Report, in all material respects, has not been prepared in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or is factually inaccurate.

AAPG 3 does not require the external auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and views by the Board of Directors and Management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

This Statement is dated 3 April 2018.

## ADDITIONAL COMPLIANCE INFORMATION

In compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the following additional information is provided:

**(i) Utilisation of proceeds**

There were no proceeds raised from corporate exercises during the financial year.

**(ii) Audit and non-audit fees**

The amount of audit and non-audit fees incurred for the services rendered by the external auditors of the Company, Mazars PLT or a firm or company affiliated to the external auditors, to the Company and the Group respectively during the financial year ended 31 December 2017 were as follows:

	<b>Group</b>	<b>Company</b>
	<b>2017</b>	<b>2017</b>
	<b>(RM)</b>	<b>(RM)</b>
Statutory audit fees	251,000	26,000
Non-audit fees*	110,438	9,500

Note:

\* The non-audit fees relate primarily to taxation services.

**(iii) Material contracts**

There were no material contracts entered into by the Company and/or its subsidiaries involving Directors and major shareholders, either subsisting at the end of the financial year or entered into since the end of the previous financial year.

## ANALYSIS OF SHAREHOLDINGS

### AS AT 30 MARCH 2018

#### SHARE CAPITAL

Total Number of Issued Shares	: 67,200,000 ordinary shares
Total Issued Share Capital	: RM67,200,000
Class of Shares	: Ordinary Shares
Voting Rights	: 1 vote per ordinary share

#### ANALYSIS BY SIZE OF HOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares Held	%
Less than 100	1,830	38.41	81,170	0.12
100 - 1,000	2,178	45.70	717,042	1.07
1,001 - 10,000	589	12.36	2,039,628	3.03
10,001 - 100,000	120	2.52	3,901,014	5.81
100,001 - 3,255,094 (less than 5% of issued shares)	46	0.97	31,039,637	46.19
3,255,095 (5% of issued shares) and above	2	0.04	27,322,009	40.66
<b>Sub-Total</b>	<b>4,765</b>	<b>100.00</b>	<b>65,100,500</b>	<b>96.88</b>
<b>Treasury shares</b>			2,099,500	3.12
<b>Total</b>	<b>4,765</b>	<b>100.00</b>	<b>67,200,000</b>	<b>100.00</b>

#### DIRECTORS' SHAREHOLDINGS (as per Register of Directors' Shareholdings)

Name	Direct No. of Shares Held	% <sup>(1)</sup>	Indirect No. of Shares Held	% <sup>(1)</sup>
1. Dato' Tan Heng Chew	4,304,033	6.61	30,639,928	47.07 <sup>(2)</sup>
2. Tan Keng Meng	100	- <sup>(3)</sup>	-	-
3. Chin Ten Hoy	-	-	-	-
4. Datuk Abdullah bin Abdul Wahab	-	-	-	-
5. Dato' Chong Kwong Chin	-	-	-	-
6. Lee Min On	-	-	-	-

#### Notes:

(1) Percentage is based on total number of issued shares less treasury shares.

(2) 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 ("the Act") and interest of spouse by virtue of Section 59(11)(c) of the Act.

(3) Less than 0.01%.

# ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018  
cont'd

## SUBSTANTIAL SHAREHOLDERS (as per Register of Substantial Shareholders)

Name	Direct No. of Shares Held	% <sup>(1)</sup>	Indirect No. of Shares Held	% <sup>(1)</sup>
1. Tan Chong Consolidated Sdn Bhd	23,446,509	36.02	-	-
2. Dato' Tan Heng Chew	4,304,033	6.61	27,844,509	42.77 <sup>(2)</sup>
3. Wealthmark Holdings Sdn Bhd	4,398,000	6.76	-	-
4. Tan Eng Soon	-	-	23,446,509	36.02 <sup>(3)</sup>

Notes:

(1) Percentage is based on total number of issued shares less treasury shares.

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

(3) Deemed interest by virtue of interest in TCC pursuant to Section 8(4) of the Act.



# ANALYSIS OF SHAREHOLDINGS

AS AT 30 MARCH 2018

cont'd

## THIRTY LARGEST SHAREHOLDERS

	Name	No. of Shares Held	%*
1.	TAN CHONG CONSOLIDATED SDN BHD	21,004,909	32.27
2.	CITIGROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR UBS SWITZERLAND AG (CLIENTS ASSETS)</i>	6,317,100	9.70
3.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB BANK FOR TAN HENG CHEW (MM1063)</i>	2,897,000	4.45
4.	TAN CHONG CONSOLIDATED SDN BHD	2,371,600	3.64
5.	WEALTHMARK HOLDINGS SDN BHD	2,222,100	3.41
6.	PANG SEW HA @ PHANG SUI HAR	1,738,095	2.67
7.	CIMSEC NOMINEES (TEMPATAN) SDN BHD <i>CIMB FOR KHOR SWEE WAH @ KOH BEE LENG (PB)</i>	1,385,169	2.13
8.	WEALTHMARK HOLDINGS SDN BHD	1,222,000	1.88
9.	TAN BOON PUN	1,210,500	1.86
10.	KEY DEVELOPMENT SDN BERHAD	1,130,000	1.74
11.	DB (MALAYSIA) NOMINEE (TEMPATAN) SENDIRIAN BERHAD <i>EXEMPT AN FOR EFG BANK AG (A/C CLIENT-R)</i>	1,100,000	1.69
12.	TAN BAN LEONG	1,055,307	1.62
13.	TAN BENG KEONG	1,055,307	1.62
14.	WEALTHMARK HOLDINGS SDN BHD	953,900	1.47
15.	WONG YU @ WONG WING YU	891,500	1.37
16.	KENANGA NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN HENG CHEW</i>	727,400	1.12
17.	GAN TENG SIEW REALTY SDN BERHAD	692,500	1.06
18.	TAN CHEE KEONG	682,960	1.05
19.	TAN HOE PIN	682,960	1.05
20.	LEE LANG	682,784	1.05
21.	WONG YU @ WONG WING YU	654,600	1.01
22.	CHINCHOO INVESTMENT SDN BERHAD	583,700	0.90
23.	PUBLIC NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TAN HENG CHEW (E-KLC)</i>	561,300	0.86
24.	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD <i>PLEDGED SECURITIES ACCOUNT FOR TEO KWEE HOCK</i>	532,300	0.82
25.	CIMB GROUP NOMINEES (ASING) SDN BHD <i>EXEMPT AN FOR DBS BANK LTD (SFS)</i>	503,100	0.77
26.	TAN HOE PIN	442,405	0.68
27.	TAN CHEE KEONG	372,347	0.57
28.	KEY DEVELOPMENT SDN BERHAD	358,900	0.55
29.	ASSOCIATED ABRASIVES SDN BHD	331,600	0.51
30.	RENGO MALAY ESTATE SENDIRIAN BERHAD	330,000	0.51
	<b>TOTAL</b>	<b>54,693,343</b>	<b>84.03</b>

Note :

\* Percentage is based on total number of issued shares less treasury shares.

## GROUP PROPERTIES

### AS AT 31 DECEMBER 2017

Location	Description	Land Area (sq feet)	Built-up Area (sq feet)	Tenure/ Expire Date	Net Book Value (RM million)	Age of Building (years)	Date of Acquisition	Year of Revaluation
18, Jalan Segambut Pusat 51200 Kuala Lumpur	Office & vehicle store yard	17,574	18,160	Leasehold 16.6.2067	7.2	41	1.10.1977	2017
Lot 9, Jalan Delima 1/1 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop & vehicle storage yard	98,349	53,766	Freehold	20.9	25	20.12.1990	2017
43, Jalan IMJ 3 Taman Industry Malim Jaya 75050 Malacca	Office and workshop	11,087	3,700	Leasehold 18.11.2095	1.0	21	12.12.1996	2017
19, Jalan Bertam 8 Taman Daya 81100 Johor Bahru Johor	Office and workshop	8,456	7,553	Freehold	1.6	25	20.5.2000	2017
Lot 1A, Jalan Kemajuan Seksyen 13 46200 Petaling Jaya Selangor	Office and warehouse	94,596	33,900	Leasehold 10.6.2074	45.4	43	10.9.2004	2017
Lot 29, Jalan Delima 1/3 Subang Hi Tech Industrial Park 40000 Shah Alam Selangor	Showroom, office, workshop & vehicle storage yard	125,871	40,808	Freehold	24.2	25	2.3.2004	2017
Lot 22, Ground Floor Wisma Sabah Jalan Tun Fuad Stephen 88000 Kota Kinabalu Sabah	Office lot	-	595	Leasehold 31.12.2071	0.6	40	23.10.2002	2017
No 3, Jalan Perusahaan Perkhidmatan Pengkalan Taman Pengkalan Maju 34700 Simpang, Taiping Perak	Office building annexed with factory	72,646	57,464	Freehold	5.0	17	5.4.2007	2017
No 1, Jalan Metro Pudu Fraser Business Park Off Jalan Yew 55100 Kuala Lumpur	Commercial shop office	2,902	16,296	Freehold	10.5	10	6.6.2008	2017
610 Jalan Nilai 3/15 Kawasan Perindustrian Nilai 3 71800 Nilai, Negeri Sembilan	Industrial building	3,003	3,003	Freehold	0.4	18	20.7.2004	2017
18 VSIP II Street 2 Vietnam Singapore Industrial Park II (VSIP II) Binh Duong Industry Service Urban Complex How Dau Mot Town Bihn Duong Province Vietnam	Industrial land & building	135,108	9,890	Leasehold 30.11.2055	4.8	7	2.12.2009	2017
41, Jalan IMJ 3 Taman Industry Malim Jaya 75250 Malacca	Office and workshop	5,597	5,200	Leasehold 18.11.2095	0.7	21	22.12.2014	2017
No 3, Jalan IM 3/16, Bandar Indera Mahkota 25200 Kuantan, Pahang	Office and workshop	18,406	12,870	Leasehold 11.6.2062	2.1	9	28.10.2016	Not applicable

## STATEMENT ON DIRECTORS' RESPONSIBILITY FOR PREPARING THE ANNUAL AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The Directors are required by the Companies Act 2016 to prepare financial statements for each financial year which give a true and fair view of the financial position of the Group and Company and their financial performance and cash flows for the financial year.

In preparing the financial statements for the year ended 31 December 2017, the Directors have:

1. adopted the appropriate accounting policies, which are consistently applied; and
2. made judgments and estimates that are reasonable and prudent; and
3. ensured that the applicable approved accounting standards in Malaysia and requirements of the Companies Act 2016 are complied with.

The Directors have the responsibility for ensuring that the Company and the Group keep proper and adequate accounting records which disclose with reasonable accuracy the financial position of the Company and the Group and to ensure that the financial statements comply with the requirements of the Companies Act 2016. The Directors have the general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

## DIRECTORS' REPORT

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

#### PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of the subsidiaries, associate and jointly controlled entities are indicated in Notes 5, 6 and 7 to the financial statements, respectively.

There have been no significant changes in the nature of these activities during the financial year.

#### RESULTS

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
Profit for the year	4,520	2,895
Attributable to:		
Owners of the Company	4,881	2,895
Non-controlling interests	(361)	-
	4,520	2,895

#### DIVIDENDS

Since the end of the previous financial year, the Company has paid the following dividends:

	<b>RM'000</b>
A final single tier dividend of 2.0 sen, in respect of the financial year ended 31 December 2016, on 23 June 2017	1,302
An interim single tier dividend of 1.0 sen, in respect of the financial year ended 31 December 2017, on 29 September 2017	651
	1,953

At the forthcoming Annual General Meeting ("AGM"), the directors proposed the payment of a final single tier dividend of 3.0 sen in respect of the financial year ended 31 December 2017 amounting to a dividend payable of approximately RM1.95 million. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

#### RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year except as disclosed in the financial statements.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

### SHARE OPTIONS

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

### TREASURY SHARES

At the AGM held on 26 May 2017, the shareholders approved the Company's plan to purchase its own shares. During the financial year, the Company purchased 1,100 of its ordinary shares from the open market at an average price of RM2.21 per share.

The purchase transactions were financed by internally generated funds. The shares purchased are held as treasury shares.

As at 31 December 2017, the Company held 2,099,500 shares as treasury shares out of its total issued and paid-up share capital.

### SUBSIDIARIES

Details of the subsidiaries are set out in note 5 to the financial statements.

### DIRECTORS

The directors in office since the date of the last report are:

Dato' Tan Heng Chew  
Tan Keng Meng  
Dato' Chong Kwong Chin  
Datuk Abdullah bin Abdul Wahab  
Chin Ten Hoy  
Lee Min On  
Dato' Seow Thiam Fatt (Retired on 26 May 2017)

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### LIST OF DIRECTORS OF SUBSIDIARIES

Pursuant to Section 253 of the Companies Act 2016, the list of directors of the subsidiaries (excluding directors who are also directors of the Company) in office since the date of last report are as follows:

Ang Lay Bee	Kong Hon Khien
Ang Yue Lai	Lee Kim Hay @ Tong Ah See
Chaloraju A/L Subramaniam	Lee Kin Hong
Chang Pie Hoon	Lee King Soon
Cheah Kwan Cheong	Nicholas Tan Chye Seng
Chin Teck Fei	Ng Kiat Seng
Chin Yen Song	Ngai Kah Seng
Christopher Tan Kok Leong	Ong Hua Ann
Dato' Cheah Sam Kip	Sai Chang Choon
Dato' Dr. Lim Weng Khuan	Tan Tze Jen
Dato' Hardev Singh A/L Pritam Singh	Wong King Yoon
Datuk Saharudin bin Muhamad Toha	Yap Kiam Beng
Goh Kar Hua	Yeap Ling Weng
Ho Wai Ming	Yong Chau Chin
Kim Sang	

### DIRECTORS' INTERESTS IN SHARES

According to the register of directors' shareholdings required to be kept, the directors' interests in shares in the Company and its related corporations during the financial year were as follows:

The Company	Number of ordinary shares			
	At 1.1.2017	Addition	Disposal	At 31.12.2017
Dato' Tan Heng Chew				
- direct interest	4,278,633	-	-	4,278,633
- indirect interest <sup>^</sup>	27,844,509	-	-	27,844,509
- indirect interest <sup>#</sup>	2,795,419	-	-	2,795,419
Tan Keng Meng				
- direct interest	100	-	-	100

<sup>^</sup> Indirect interest by virtue of interests in Tan Chong Consolidated Sdn Bhd and Wealthmark Holdings Sdn Bhd pursuant to Section 8 of the Companies Act 2016 (the "Act").

<sup>#</sup> Include disclosure of interest held by spouse pursuant to Section 59(11)(c) of the Act.

By virtue of his interests in shares in the Company, Dato' Tan Heng Chew, is deemed to have an interest in shares in all the subsidiaries to the extent that the Company has an interest.

None of the other directors holding office as at 31 December 2017 has any interest in the ordinary shares of the Company and its related corporations during the financial year.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### DIRECTORS' BENEFITS

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the 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.

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the directors as shown in Note 32 to the financial statements) 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 except for any benefits which may be deemed to have arisen from transactions disclosed in Note 31(c) to the financial statements.

The directors of the Company, subsidiaries and jointly controlled entities were insured against certain liability under a Directors' and Officers' liability insurance policy maintained as a group basis for up to a maximum of RM20,000,000 in aggregate. During the financial year, the total amount of insurance premium paid for the directors of the Company, subsidiaries and jointly controlled entities was RM26,600.

Other benefits and remuneration of the directors are set out in Note 32 to the financial statements.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps:

- (i) to ascertain that appropriate action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and adequate allowance had been made for doubtful debts; and
- (ii) to ensure that any current assets other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

- (i) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values 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.

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

- (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
- (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company or its subsidiaries 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 affect the ability of the Company or its subsidiaries to meet their obligations as and when they fall due.

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the respective financial statements misleading.

# DIRECTORS' REPORT

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### OTHER STATUTORY INFORMATION (continued)

In the opinion of the directors:

- (i) the results of the operations of the Group and of the Company for the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (ii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

### AUDITORS

Auditors' remuneration is set out in Note 24 to the financial statements.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

### APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

**TAN KENG MENG**

Director

**CHIN TEN HOY**

Director

Kuala Lumpur

Date: 3 April 2018



# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WARISAN TC HOLDINGS BERHAD

(Incorporated in Malaysia)

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the financial statements of Warisan TC Holdings Berhad, which comprise the statements of financial position as at 31 December 2017 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 financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 60 to 142.

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 2017, and of their financial performance and their cash flows for the financial 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 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 financial year. These matters were addressed in the context of our audit of the financial statements of the Group as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### (a) Inventories Valuation

##### *The risk:*

As at 31 December 2017, the carrying amount of the Group's inventories is RM125,002,000.

The inventories include machineries, equipment, motor vehicles held for trade and manufactured apparels and are subject to change in consumer demands and trends, increasing the level of judgment involved in estimating the inventory write downs. Judgement is required to assess the appropriate level of write downs for items which may ultimately be obsolete or sold below cost as a result of a reduction in consumer demand. Such judgements include management's expectations for future sales and inventory liquidation plans.

Refer to the significant accounting judgements and estimates and disclosure of inventories in Notes 2(d)(iii) and 12 to the financial statements.

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF WARISAN TC HOLDINGS BERHAD (Incorporated in Malaysia) cont'd

*Our response:*

We focused on the valuation of year end inventories, including challenging management's judgements regarding write downs. We assessed the write down of inventories by comparing the historical stock performance and the amount recognised by the Group. Our procedures included assessing the adequacy of, and movements in, inventory write downs by testing sample of items written down to determine whether there was an appropriate basis of valuation. We have also attended the Group's stock take procedures to identify inventories that are slow-moving, damaged and obsolete.

(b) Impairment of Receivables

*The risk:*

As at 31 December 2017, the carrying amount of the Group's trade and other receivables is RM158,473,000. The collectability of these receivables is assessed on an ongoing basis, and it requires management to make significant judgement in the assessment of realisation of these receivables based on their creditworthiness and past collection history.

Refer to the significant accounting judgements and estimates and disclosure of receivables in Notes 2(d)(iv) and 13 to the financial statements.

*Our response:*

We have conducted detailed discussion with management on their policy in reviewing the impairment losses on receivables. For those outstanding balances which are past due but not impaired, we have performed test of details such as collections received after year-end and for uncollected amount we challenged management's assessment on the recoverability. We have also performed review on the customers' aging profile by checking the accuracy of aged buckets.

(c) Valuation of Owner-Occupied Properties and Investment Properties

*The risk:*

As at 31 December 2017, the carrying amounts of the Group's owner-occupied properties and investment property are RM78,971,000 and RM45,400,000, respectively.

The Group adopts fair value model for its owner-occupied properties and investment property. The fair value of the properties was based on valuations or update on previous valuations carried out by independent professional valuers, which was determined by reference to the selling prices of recent transactions or asking prices of similar properties of nearby location and where necessary, adjusting for tenure, locations, development concept and size. Determination of fair value involves significant judgment in estimating the inputs used that are other than quoted prices.

Refer to the significant accounting judgements and estimates and disclosures of valuation of owner-occupied properties and investment property in Notes 2(d)(ii), 3 and 4 to the financial statements.

*Our response:*

We have considered and assessed the independent professional valuers' competence, reputation or relevant experience, objectivity and independence. We discussed and obtained an understanding of the methodology adopted by the independent valuers in estimating the fair value of the properties. We have assessed the reasonableness of key assumptions and inputs used, including, where applicable, selling prices of recent transactions, asking prices of similar properties of nearby location, any adjustments for tenure, location, development concept and size. We have performed site visits on major properties.

We do not have any key audit matters in connection with the audit of the separate financial statements of the Company to be communicated in this report.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF WARISAN TC HOLDINGS BERHAD

(Incorporated in Malaysia)  
cont'd

### *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 other information 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 other information and, in doing so, consider whether the other information 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 this other information, 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 Group's and the Company's ability 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.

### *Auditor's 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 Group's and the Company's internal control.
- 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 WARISAN TC HOLDINGS BERHAD

(Incorporated in Malaysia)  
cont'd

- 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 Group's or the Company's ability 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 achieves fair presentation.
- 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 financial 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 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 5 to the financial statements.

#### Other Matters

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.

**MAZARS PLT**  
LLP0010622-LCA  
AF 001954  
Chartered Accountants

**CHONG FAH YOW**  
03004/07/2018 J  
Chartered Accountant

Kuala Lumpur

Date: 3 April 2018

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000 (Restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	304,188	308,417
Investment property	4	45,400	45,800
Investment in an associate	6	979	148
Investment in jointly controlled entities	7	35,993	34,007
Intangible assets	8	12,374	11,584
Deferred tax assets	9	2,664	2,522
Finance lease receivables	10	1,728	3,793
Other investments	11	10	10
Other receivables	13	698	561
<b>TOTAL NON-CURRENT ASSETS</b>		404,034	406,842
<b>CURRENT ASSETS</b>			
Inventories	12	125,002	132,140
Trade and other receivables	13	157,775	158,218
Derivative financial assets	14	10	204
Current tax assets		10,538	13,801
Short term deposits	15	7,266	13,945
Fixed deposits	16	42,989	29,203
Cash and bank balances		43,797	40,908
<b>TOTAL CURRENT ASSETS</b>		387,377	388,419
<b>TOTAL ASSETS</b>		791,411	795,261

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2017  
cont'd

	Note	2017 RM'000	2016 RM'000 (Restated)
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	67,815	67,200
Share premium	18	-	615
Treasury shares	19	(4,213)	(4,210)
Merger reserve	18	(41,614)	(41,614)
Translation reserve	18	3,266	5,053
Hedging reserve	18	(387)	(38)
Revaluation reserve	18	54,888	45,464
Retained earnings		250,535	247,465
		<hr/>	<hr/>
Total equity attributable to owners of the Company		330,290	319,935
Non-controlling interests		(1,380)	(1,021)
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		328,910	318,914
<b>NON-CURRENT LIABILITIES</b>			
Loans and borrowings	20	47,617	66,850
Retirement benefit obligations	21	6,534	5,717
Deferred tax liabilities	9	17,678	19,065
		<hr/>	<hr/>
<b>TOTAL NON-CURRENT LIABILITIES</b>		71,829	91,632
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	141,737	144,128
Loans and borrowings	20	246,421	240,107
Current tax liabilities		1,995	226
Derivative financial liabilities	14	519	254
		<hr/>	<hr/>
<b>TOTAL CURRENT LIABILITIES</b>		390,672	384,715
		<hr/>	<hr/>
<b>TOTAL LIABILITIES</b>		462,501	476,347
		<hr/>	<hr/>
<b>TOTAL EQUITY AND LIABILITIES</b>		791,411	795,261
		<hr/>	<hr/>

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	23	490,805	446,116
Cost of sales		(356,524)	(314,202)
Gross profit		134,281	131,914
Other income		4,198	3,166
Selling and distribution expenses		(47,767)	(45,478)
Administrative and general expenses		(71,307)	(79,795)
Profit from operations	24	19,405	9,807
Finance income		1,280	1,593
Finance costs	25	(14,305)	(13,907)
Net finance costs		(13,025)	(12,314)
Fair value loss on investment property		(400)	-
Share of loss of equity accounted associate, net of tax		(183)	-
Share of profit of equity accounted jointly controlled entities, net of tax	7	2,768	1,644
Profit/(Loss) before tax		8,565	(863)
Tax expense	26	(4,045)	(4,778)
Profit/(Loss) for the year		4,520	(5,641)
<b>Profit/(Loss) attributable to:</b>			
Owners of the Company		4,881	(5,037)
Non-controlling interests		(361)	(604)
Profit/(Loss) for the year		4,520	(5,641)
Basic earnings/(loss) per share (sen)	27	7.50	(7.74)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

	Note	2017 RM'000	2016 RM'000
Profit/(Loss) for the year		4,520	(5,641)
<b>Other comprehensive income/(loss), net of tax:</b>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Change in fair value of cash flow hedge		(349)	(121)
Foreign currency translation differences for foreign operations		(1,787)	715
		(2,136)	594
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of retirement benefit obligations		(165)	(1,178)
Revaluation of property, plant and equipment		9,738	-
Share of (loss)/gain of equity accounted joint ventures		(7)	72
Other comprehensive income/(loss) for the year, net of tax	28	7,430	(512)
Total comprehensive income/(loss) for the year		11,950	(6,153)
<b>Total comprehensive income/(loss) attributable to:</b>			
Owners of the Company		12,311	(5,549)
Non-controlling interests		(361)	(604)
Total comprehensive income/(loss) for the year		11,950	(6,153)

The accompanying notes form an integral part of the financial statements



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

Note	Attributable to owners of the Company										Non-controlling interests	Total equity
	Non-distributable							Distributable				
	Share capital	Share premium	Treasury shares	Merger reserve	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2016		67,200	615	(4,209)	(41,614)	4,338	83	45,778	257,526	329,717	(585)	329,132
Investment by minority shareholders		-	-	-	-	-	-	-	-	-	168	168
Foreign currency translation differences for foreign operations		-	-	-	-	715	-	-	-	715	-	715
Remeasurement of retirement benefit obligations		-	-	-	-	-	-	-	(1,178)	(1,178)	-	(1,178)
Change in fair value of cash flow hedge		-	-	-	-	-	(121)	-	-	(121)	-	(121)
Share of gain in equity accounted joint ventures		-	-	-	-	-	-	-	72	72	-	72
Total other comprehensive loss for the year		-	-	-	-	715	(121)	-	(1,106)	(512)	-	(512)
Loss for the year		-	-	-	-	-	-	-	(5,037)	(5,037)	(604)	(5,641)
Total comprehensive loss for the year		-	-	-	-	715	(121)	-	(6,143)	(5,549)	(604)	(6,153)
Purchase of treasury shares	19	-	-	(1)	-	-	-	-	-	(1)	-	(1)
Dividends to owners of the Company	29	-	-	-	-	-	-	-	(4,232)	(4,232)	-	(4,232)
Portion of revaluation reserve transferred through depreciation		-	-	-	-	-	-	(314)	314	-	-	-
At 31 December 2016		67,200	615	(4,210)	(41,614)	5,053	(38)	45,464	247,465	319,935	(1,021)	318,914
At 1 January 2017		67,200	615	(4,210)	(41,614)	5,053	(38)	45,464	247,465	319,935	(1,021)	318,914
Adjustment pursuant to the Companies Act 2016		615	(615)	-	-	-	-	-	-	-	-	-
Investment by minority shareholders		-	-	-	-	-	-	-	-	-	2	2
Foreign currency translation differences for foreign operations		-	-	-	-	(1,787)	-	-	-	(1,787)	-	(1,787)
Remeasurement of retirement benefit obligations		-	-	-	-	-	-	-	(165)	(165)	-	(165)
Change in fair value of cash flow hedge		-	-	-	-	-	(349)	-	-	(349)	-	(349)
Revaluation of property, plant and equipment		-	-	-	-	-	-	9,738	-	9,738	-	9,738
Share of loss in equity accounted joint ventures		-	-	-	-	-	-	-	(7)	(7)	-	(7)
Total other comprehensive income for the year		-	-	-	-	(1,787)	(349)	9,738	(172)	7,430	-	7,430
Profit for the year		-	-	-	-	-	-	-	4,881	4,881	(361)	4,520
Total comprehensive income for the year		-	-	-	-	(1,787)	(349)	9,738	4,709	12,311	(361)	11,950
Purchase of treasury shares	19	-	-	(3)	-	-	-	-	-	(3)	-	(3)
Dividends to owners of the Company	29	-	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation		-	-	-	-	-	-	(314)	314	-	-	-
At 31 December 2017		67,815	-	(4,213)	(41,614)	3,266	(387)	54,888	250,535	330,290	(1,380)	328,910

The accompanying notes form an integral part of the financial statements

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000 (Restated)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before tax		8,565	(863)
Adjustments for:			
Amortisation of intangible assets	24	543	84
Bad debts written off		73	24
Depreciation of property, plant and equipment	24	58,999	50,881
Dividend income from other unquoted investment		-	(14)
Fair value loss on investment property	24	400	-
Gain on disposal of assets held for rental		(5,707)	(6,731)
Gain on disposal of property, plant and equipment, net		(313)	(322)
Impairment loss on property, plant and equipment	24	61	-
Interest expense		14,305	13,907
Interest income		(1,280)	(1,593)
Inventories written down, net of write back		2,300	2,107
Net (reversal of)/allowance for doubtful debts		(600)	1,912
Property, plant and equipment written off	24	581	1,551
Retirement benefits expense	24	893	795
Share of loss of equity accounted associate, net of tax		183	-
Share of profit of equity accounted investments, net of tax	7	(2,768)	(1,644)
Unrealised gain on foreign exchange, net of tax		(370)	(316)
Operating profit before working capital changes		75,865	59,778
Changes in inventories		13,239	10,902
Changes in payables		(2,391)	27,550
Changes in receivables		2,898	(6,811)
Cash generated from operations		89,611	91,419
Interest received		867	972
Proceeds from disposal of assets held for rental		21,948	25,359
Retirement benefits paid	21	(295)	(454)
Tax paid, net of refunds		(1,583)	(7,855)
Net cash generated from operating activities		110,548	109,441

# CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

	Note	2017 RM'000	2016 RM'000 (Restated)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Acquisition of intangible assets	8	(1,333)	(2,292)
Acquisition of property, plant and equipment	38	(31,061)	(56,851)
Acquisition of subsidiary, net of cash acquired		-	(27)
Dividend received from jointly controlled entities	7	780	1,232
Dividend received from other investment		-	14
Interest received		413	621
Investment in non-controlling interests		(1,014)	(148)
Proceeds from disposal of property, plant and equipment		658	1,314
Withdrawal/(Placement) of fixed deposits		2,216	(5,534)
Withdrawal of short term deposits		1,110	6,937
Net cash used in investing activities		(28,231)	(54,734)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown of bankers' acceptances		89,905	131,293
Repayment of bankers' acceptances		(98,003)	(144,632)
Drawdown of revolving credits		1,804,000	1,762,000
Repayment of revolving credits		(1,801,000)	(1,747,000)
Dividends paid	29	(1,953)	(4,232)
Interest paid		(14,305)	(13,907)
Repayment of bank term loans		(16,395)	(17,296)
Repayment of hire purchase financing		(29,233)	(32,891)
Treasury shares acquired	19	(3)	(1)
Net cash used in financing activities		(66,987)	(66,666)
NET CHANGES IN CASH AND CASH EQUIVALENTS		15,330	(11,959)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD		51,318	62,458
EFFECT OF EXCHANGE RATE FLUCTUATION ON CASH AND CASH EQUIVALENTS		(950)	819
CASH AND CASH EQUIVALENTS CARRIED FORWARD	39	65,698	51,318

The accompanying notes form an integral part of the financial statements

## STATEMENT OF FINANCIAL POSITION

### AS AT 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000 (Restated)
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	3	6	21
Investments in subsidiaries	5	155,857	155,634
Investments in jointly controlled entities	7	24,568	24,568
Deferred tax assets	9	209	91
<b>TOTAL NON-CURRENT ASSETS</b>		180,640	180,314
<b>CURRENT ASSETS</b>			
Trade and other receivables	13	3,870	8,209
Short term deposits	15	192	186
Fixed deposits	16	151	147
Cash and bank balances		5,392	4,607
<b>TOTAL CURRENT ASSETS</b>		9,605	13,149
<b>TOTAL ASSETS</b>		190,245	193,463
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	17	67,200	67,200
Treasury shares	19	(4,213)	(4,210)
Retained earnings		117,194	116,246
<b>TOTAL EQUITY</b>		180,181	179,236
<b>NON-CURRENT LIABILITIES</b>			
Retirement benefit obligations	21	926	848
Other payable	22	5,189	3,600
<b>TOTAL NON-CURRENT LIABILITIES</b>		6,115	4,448
<b>CURRENT LIABILITIES</b>			
Trade and other payables	22	3,945	9,779
Current tax liability		4	-
<b>TOTAL CURRENT LIABILITIES</b>		3,949	9,779
<b>TOTAL LIABILITIES</b>		10,064	14,227
<b>TOTAL EQUITY AND LIABILITIES</b>		190,245	193,463

The accompanying notes form an integral part of the financial statements

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000
Revenue	23	11,569	12,502
Administrative and general expenses		(8,588)	(9,821)
Profit from operations	24	2,981	2,681
Finance income		79	33
Finance costs	25	(281)	(114)
Net finance costs		(202)	(81)
Profit before tax		2,779	2,600
Tax income	26	116	-
<b>Profit for the year</b>		<b>2,895</b>	<b>2,600</b>
<b>Other comprehensive income, net of tax</b>			
<i>Item that will not be reclassified subsequently to profit or loss:</i>			
Remeasurement of retirement benefit obligations	28	6	(203)
<b>Total comprehensive income for the year</b>		<b>2,901</b>	<b>2,397</b>

The accompanying notes form an integral part of the financial statements

## STATEMENT OF CHANGES IN EQUITY

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	←----- Non-distributable -----→		Distributable	Total RM'000
		Share capital RM'000	Treasury shares RM'000	Retained earnings RM'000	
At 1 January 2016		67,200	(4,209)	118,081	181,072
Total other comprehensive loss for the year		-	-	(203)	(203)
Profit for the year		-	-	2,600	2,600
Total comprehensive income for the year		-	-	2,397	2,397
Purchase of treasury shares	19	-	(1)	-	(1)
Dividends to owners of the Company	29	-	-	(4,232)	(4,232)
At 31 December 2016		67,200	(4,210)	116,246	179,236
At 1 January 2017		67,200	(4,210)	116,246	179,236
Total other comprehensive income for the year		-	-	6	6
Profit for the year		-	-	2,895	2,895
Total comprehensive income for the year		-	-	2,901	2,901
Purchase of treasury shares	19	-	(3)	-	(3)
Dividends to owners of the Company	29	-	-	(1,953)	(1,953)
At 31 December 2017		67,200	(4,213)	117,194	180,181

The accompanying notes form an integral part of the financial statements

## STATEMENT OF CASH FLOWS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 RM'000	2016 RM'000 (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,779	2,600
Adjustments for:			
Depreciation of property, plant and equipment	24	15	26
Dividend income		(11,569)	(12,502)
Impairment loss on investment in subsidiaries	24	5,677	7,027
Interest income		(79)	(33)
Interest expense		281	114
Retirement benefits expense	24	86	151
Operating loss before working capital changes		(2,810)	(2,617)
Changes in receivables		4,339	2,430
Changes in payables		(4,366)	(224)
Net cash used in operations activities		(2,837)	(411)
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from jointly controlled entities	7	780	1,232
Dividends received from subsidiaries		10,789	11,270
Interest received		79	33
Placement of fixed deposits		(4)	(4)
Placement of short term deposits		(6)	(6)
Subscription of additional shares in subsidiaries	5	(5,900)	(3,600)
Net cash generated from investing activities		5,738	8,925

## STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

	Note	2017 RM'000	2016 RM'000 (Restated)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	29	(1,953)	(4,232)
Interest paid		(160)	(114)
Loan from subsidiaries		2,500	2,410
Repayment made to subsidiaries		(2,500)	(2,410)
Treasury shares acquired	19	(3)	(1)
Net cash used in financing activities		(2,116)	(4,347)
NET CHANGES IN CASH AND BANK BALANCES			
		785	4,167
CASH AND BANK BALANCES BROUGHT FORWARD			
		4,607	440
CASH AND BANK BALANCES CARRIED FORWARD			
		5,392	4,607

The accompanying notes form an integral part of the financial statements



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

### 1. GENERAL INFORMATION

Warisan TC Holdings Berhad (the "Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the principal place of business and registered office of the Company are set out in page 2.

The consolidated financial statements of the Company as at and for the financial year ended 31 December 2017 comprise the Company and its subsidiaries (collectively referred to as the "Group") and the Group's interest in an associate and jointly controlled entities.

The Company is principally engaged in investment holding. There is no significant change in the Company's principal activity during the financial year. The principal activities of the subsidiaries, associate and jointly controlled entities are indicated in Notes 5, 6 and 7 to the financial statements, respectively.

### 2. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

The measurement bases applied in the preparation of the financial statements include historical cost, recoverable value, realisable value and fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique.

A fair value measurement of a non-financial asset 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.

Fair value measurements are categorised as follows:

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

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company. All amounts in the financial statements are rounded to the nearest thousand, unless otherwise stated.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (b) Application of new or revised standards

In current year, the Group and the Company have applied a number of new and/or revised standards, amendments and/or Issues Committee ("IC") interpretations that became effective mandatorily for the financial periods beginning on or after 1 January 2017.

The adoption of the new and/or revised standards, amendments and/or IC interpretations did not have significant impact on the financial statements of the Group and of the Company.

##### (c) Standards issued that are not yet effective

The Group and the Company have not applied the following new and/or revised standards, amendments and IC interpretations that have been issued by the MASB but are not yet effective.

	<b>Effective Date</b>	
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standards 2014 - 2016 Cycle	1 January 2018
Amendments to MFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to MFRS 4	Applying MFRS 9 <i>Financial Instruments</i> with MFRS 4 <i>Insurance Contracts</i>	1 January 2018
Amendments to MFRS 15	Clarifications to MFRS 15	1 January 2018
Amendments to MFRS 140	Transfers of Investment Property	1 January 2018
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 9	Prepayment Features with Negative Compensation	1 January 2019
Amendment to MFRS 119	Plan Amendment, Curtailment or Settlement	1 January 2019
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures	1 January 2019
IC Interpretation 23	Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

Except as otherwise indicated below, the adoption of the above new standards, IC interpretation and amendments are not expected to have significant impact on the financial statements of the Group and of the Company.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (c) Standards issued that are not yet effective (continued)

#### *MFRS 9, Financial Instruments*

MFRS 9 addresses the classification, recognition, derecognition, measurement and impairment of financial assets and financial liabilities, as well as general hedge accounting. It replaces MFRS 139. MFRS 9 requires financial assets to be classified into two measurement categories, i.e. at fair value and at amortised cost. The determination is made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument. For financial liabilities, the standard retains most of the MFRS 139 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to changes in an entity's own credit risk is recorded in other comprehensive income, unless this creates an accounting mismatch. MFRS 9 contains a new impairment model based on expected losses (as opposed to 'incurred loss' model under MFRS 139), i.e. a loss event needs not occur before an impairment loss is recognised, which will result in earlier recognition of losses.

The Group has reviewed the effects of adopting MFRS 9. The Group does not expect any material impact on the classification and measurements of its financial assets and financial liabilities. On the impairment assessment based on expected loss model, the Group expects an increase in the Group's allowance for impairment of approximately 0.2% of receivables.

#### *MFRS 15, Revenue from Contracts with Customers*

MFRS 15 introduces a new model for revenue recognition arising from contracts with customers. MFRS 15 will replace MFRS 111 *Construction Contracts*, MFRS 118 *Revenue*, IC Interpretation 13 *Customer Loyalty Programmes*, IC Interpretation 15 *Agreements for the Construction of Real Estate*, IC Interpretation 18 *Transfers of Assets from Customers* and IC Interpretation 31 *Revenue - Barter Transactions Involving Advertising Services*. The application of MFRS 15 may result in difference in timing of revenue recognition as compared with current accounting policies.

The Group has performed assessment of the effects of adopting MFRS 15. MFRS 15 requires the services which the Group promises to render as part of a bundled package with the sale of machineries/vehicles to be considered distinct and thus accounted for as a separate performance obligation. As a result, total consideration received from such package will be allocated to the machineries/vehicles and services based on relative stand-alone selling prices. This will result in an allocation and deferred recognition of the service revenue. A contract liability will be recognised in respect of the future services to be rendered by the Group.

The Group intends to adopt the standard using the full retrospective approach, requiring the restatement of comparative period presented in the financial statements. The Group estimates a contract liability and a reduction in retained earnings of approximately RM200,000 to its consolidated financial statements.

#### *MFRS 16, Leases*

Currently under MFRS 117 *Leases*, leases are classified either as finance leases or operating leases. A lessee recognises on its statement of financial position assets and liabilities arising from finance leases but not operating leases. MFRS 16 eliminates the distinction between finance and operating leases for lessees. All leases will be brought onto its statement of financial position, and recording of certain leases as off-balance sheet leases will no longer be allowed except for some limited exemptions. For a lessee that has material operating leases, the application of MFRS 16 may result in significant increase in assets and liabilities reported on its statement of financial position as compared with MFRS 117.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (c) Standards issued that are not yet effective (continued)

*MFRS 16, Leases (continued)*

MFRS 16 will replace 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 impact to the financial statements upon adopting MFRS 16, and will adopt MFRS 16 on the mandatory effective date.

#### (d) Significant accounting judgements and estimates

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the reporting date, and reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

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

##### Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial periods are discussed below:

##### (i) *Depreciation of property, plant and equipment*

Property, plant and equipment are depreciated on a straight-line basis to write off their costs to their residual values over their estimated useful lives. Management estimates these useful lives to be 50 to 55 years for buildings and within 2 to 10 years for other property, plant and equipment.

Changes in the expected level of usage, physical wear and tear and technological development could impact the economic useful lives and residual values of these assets, and therefore future depreciation charges could be revised.

The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2017 are disclosed in Note 3 to the financial statements.

##### (ii) *Estimation of the fair value of land and buildings*

The Group determines the fair values of its land and buildings based on a valuation carried out by an independent firm of professional valuers on an open market value basis.

The fair values of land and buildings under the fair value method are disclosed in Notes 3 and 4 to the financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Significant accounting judgements and estimates (continued)

##### (iii) Allowance for stock obsolescence and inventories write down

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices less the estimated costs necessary to make the sale.

Inventories are reviewed on a regular basis and the Group will make a provision for obsolete inventories based primarily on historical trends and management's estimates of expected and future product demand and related pricing.

Demand levels, technological advances and pricing competition could change from time to time. If such factors result in an adverse effect on the Group products, the Group might be required to reduce the value of its inventories and additional allowances for slow moving inventories may be required.

The carrying amount of the Group's inventories as at 31 December 2017 is disclosed in Note 12 to the financial statements.

##### (iv) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the creditworthiness and the past collection history of each customer/debtor.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics.

The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2017 are disclosed in Note 13 to the financial statements.

##### (v) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated.

Estimating value in use requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 8 to the financial statements.

##### (vi) Impairment of other non-financial assets

The Group and the Company determine whether other non-financial assets are impaired by evaluating the extent to which the recoverable amount of an asset is less than its carrying amount. This evaluation is subject to factors such as market performance, economic situation, etc.

Recoverable amount is measured at the higher of the fair value less cost to sell for that asset and its value in use. The value in use is the net present value of the projected future cash flows derived from that asset discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set of assumptions to reflect its income and cash flows. Judgment has been used to determine the discount rate for the cash flows and the future growth of the business.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Significant accounting judgements and estimates (continued)

##### (vii) *Income taxes*

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

##### (viii) *Deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant 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 together with future tax planning strategies.

##### (ix) *Defined benefit plan*

The Group and the Company determine the present value of the defined benefit obligation and the fair value of any plan asset based on calculations provided by independent actuaries triennially using the relevant assumptions as disclosed in Note 21 to the financial statements. Where expectations differ from the original estimate, the differences will impact the carrying amount of the post employment benefits obligations.

#### (e) Property, plant and equipment

##### (i) *Measurement basis*

Property, plant and equipment are stated at cost/valuation less accumulated depreciation and impairment losses, if any.

The Group changed its accounting policy with respect to the measurement of land and buildings from the cost model to the revaluation model. As at 31 December 2017, the carrying amounts of the Group's properties were revalued by independent professional qualified valuer. Valuation will be performed with sufficient regularity to ensure that the carrying amounts do not differ materially from the fair values of the land and buildings at the reporting date.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group or the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised in profit or loss when incurred.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (e) Property, plant and equipment (continued)

##### (i) Measurement basis (continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Surplus arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is recognised in profit or loss. When revalued assets are sold, the amounts included in the revaluation surplus reserve are transferred to retained earnings.

Property, plant and equipment held for rental purposes which have ceased to be used are transferred to inventories at lower of carrying value and net realisable value, and become held for sale.

##### (ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, after deducting the estimated residual value. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Freehold land is not amortised. Leasehold land is depreciated on a straight-line basis over the remaining period of the lease. Buildings erected on leasehold land are depreciated over the shorter of the remaining lease term and their useful lives.

The estimated useful lives of the other assets are as follows:

Buildings	50 to 55 years
Plant, machinery and equipment	2 to 7 years
Machinery and equipment for hire	3 to 5 years
Furniture, fixtures, fittings & office equipment	3 to 7 years
Renovation	3 to 4 years
Coaches, motor vehicles for hire and other motor vehicles	4 to 10 years
Cars for hire	4 to 5 years

The depreciation methods, useful lives and residual values are reviewed and adjusted if appropriate, at each reporting date.

#### (f) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods and services or for administrative purposes, or sale in the ordinary course of business.

Investment properties are measured initially at cost, including transaction costs. The cost of investment properties includes expenditure that is directly attributable to the acquisition of the asset.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (f) Investment properties (continued)

Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

##### (g) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of all its subsidiaries and entities controlled by the Company made up to the end of the financial year.

The Company controls an investee if and only if the Company has all the following:

- (i) power over the investee;
- (ii) exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) the ability to use its power over the investee to affect the amount of the investor's returns.

Potential voting rights are considered when assessing control only if the rights are substantive.

The Company reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

All intra-group balances, transactions, income and expenses are eliminated in full on consolidation and the consolidated financial statements reflect external transactions only.

The Group attributes the profit or loss and each component of other comprehensive income to the owners of the Company and to the non-controlling interests. The Group also attributes total comprehensive income to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

##### *Accounting for business combinations*

Except for those subsidiaries specifically identified in Note 5 to the financial statements which are consolidated on the merger method of accounting, all subsidiaries are consolidated on the acquisition method of accounting from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Under the acquisition method of accounting, the consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred, the liabilities incurred, and the equity interests issued by the acquirer.



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (g) Basis of consolidation (continued)

#### *Accounting for business combinations*

The Group accounts for acquisition related costs as expenses in the periods in which the costs are incurred and the services are received.

For each business combination, the Group measures at the acquisition date, components of non-controlling interests in the acquiree that are present ownership interest and entitle their holders to proportionate share of the entity's net assets in the event of liquidation at either: (i) fair value; or (ii) the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable assets.

In respect of subsidiaries consolidated under the merger method of accounting, the Group has chosen to adopt the provisions of MFRS 3, Business Combinations prospectively, as permitted under the transitional provisions of MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards*. Accordingly, the effects of the merger method of accounting under Malaysian Accounting Standard No. 2 have been retained.

Goodwill arising on the acquisition of subsidiaries is presented separately in the statement of financial position. The goodwill is accounted for in accordance with the accounting policy set out in Note 2(k) to the financial statements.

#### *Changes of Interests in Subsidiaries*

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interest holders. Any gain or loss arising from equity transactions is recognised directly in equity.

#### *Loss of control*

When the Group loses control of a subsidiary:

- (i) It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income relating to the former subsidiary.
- (ii) It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.
- (iii) It recognises any investment retained in the former subsidiary at its fair value when control is lost and subsequently accounts for it and for any amounts owed by or to the former subsidiary in accordance with relevant MFRSs. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (h) Investments in subsidiaries

A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible, are considered when assessing whether the Company has the power to govern the financial and operating policies of another entity.

In the Company's separate financial statements, investments in subsidiaries are measured at cost less impairment losses, if any. Impairment losses are charged to profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the subsidiary disposed of is recognised in profit or loss.

#### (i) Investments in an associate and jointly controlled entities

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has significant influence.

Jointly controlled entities are entities with contractually agreed sharing of control between the parties, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control, and the parties have rights to the net assets of the arrangement.

Investments in associates or jointly controlled entities are accounted for in consolidated financial statements using the equity method of accounting. Under the equity method, the investments in associates or jointly controlled entities are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or jointly controlled entities.

The Group's share of net profit or loss and changes recognised directly in other comprehensive income of the associates or jointly controlled entities are recognised in consolidated statement of profit or loss and other comprehensive income.

An investment in an associate or a jointly controlled entity is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control over the associate or jointly controlled entity.

Goodwill relating to an associate or a jointly controlled entity is included in the carrying value of the investment and it is not tested for impairment separately. Instead, the entire carrying amount of the investment is tested for impairment.

Discount on acquisition is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's or jointly controlled entity's profit or loss in the period in which the investment is acquired.

Unrealised gains or losses on transactions between the Group and its associate or jointly controlled entities are eliminated to the extent of the Group's interest in the associate or jointly controlled entities.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (i) Investments in an associate and jointly controlled entities (continued)

Equity accounting is discontinued when the carrying amount of the investment in an associate or jointly controlled entity diminishes by virtue of losses to zero, unless the Group has legal or constructive obligations or made payments on behalf of the associate or jointly controlled entity.

The results and reserves of associates or jointly controlled entities are accounted for in consolidated financial statements based on financial statements made up to the end of the financial year and prepared using accounting policies that conform to those used by the Group for like transactions in similar circumstances.

When the Group ceases to have significant influence over an associate or joint control over a jointly controlled entity, any retained interest in the former associate or jointly controlled entity is recognised at fair value on the date when significant influence or joint control is lost. Any gain or loss arising from the loss of significant influence or joint control over an associate or jointly controlled entity is recognised in profit or loss.

When changes in the Group's interests in an associate that do not result in a loss of significant influence, the retained interests in the associate are not remeasured. Any gain or loss arising from the changes in the Group's interests in the associate is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and jointly controlled entities are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the associates or jointly controlled entities disposed of is recognised in profit or loss.

### (j) Non-controlling interests

Non-controlling interests at the reporting date, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in 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 consolidated statement of comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and the 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.

### (k) Intangible assets

#### (i) Goodwill on consolidation

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity accounted investees, 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 investee.

The Group measures 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 fair value amount of the identifiable assets acquired and liabilities assumed.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (k) Intangible assets (continued)

###### (i) Goodwill on consolidation (continued)

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

The consideration transferred does not include amounts related to settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to acquisition, 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.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For acquisitions before 1 January 2011, the Company elected not to restate those business combinations that occurred prior to 1 January 2011 (the date of transition to MFRSs), where goodwill recognised under FRS framework in Malaysia had been carried forward as at the date of transition.

Goodwill is not amortised but is tested for impairment annually and whenever there is an indication that it may be impaired.

###### (ii) Other intangible assets

Intangible assets, other than goodwill, that are acquired by the Group, which have finite useful lives are measured at cost less any accumulated amortisation and any accumulated impairment losses. The amortisation period and amortisation method are reviewed at the reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying amount may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset of one entity and financial liability or equity of another entity.

#### (i) Initial recognition and measurement

A financial instrument is recognised in the financial statements when, and only when, the Group or the Company become a party to the contractual provisions of the instrument.

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

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

##### Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments ("HTM"), available-for-sale financial assets ("AFS") or loans and receivables, as appropriate. Management determines the classification of the financial assets upon initial recognition depends on the nature and purpose of the financial assets. The Group does not hold HTM. The Company does not hold FVTPL, HTM and AFS.

A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace. A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

#### (a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market, and cash and bank balances are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment loss. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process. Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months or normal operating cycle after the reporting date which are classified as non-current.

#### (b) Financial assets at fair value through profit or loss

FVTPL category comprises financial assets that are held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a derivative that is a designated and effective hedging instrument) or financial assets that are specifically designated into this category upon initial recognition.

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

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (l) Financial instruments (continued)

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

###### Financial assets (continued)

##### (b) Financial assets at fair value through profit or loss (continued)

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

Financial assets at FVTPL could be presented as current or non-current. Financial assets that are held primarily for trading purposes are presented as current whereas financial assets that are not held primarily for trading purposes are presented as current or non-current based on the settlement date.

##### (c) Available-for-sale financial assets

AFS category comprises investment in equity and debt securities instruments that are not held for trading.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost. Other financial assets categorised as AFS are subsequently measured at their fair values with the gain or loss recognised in other comprehensive income as item that may be subsequently reclassified to profit or loss, except for impairment losses, foreign exchange gains and losses arising from monetary items and gains and losses of hedged items attributable to hedge risks of fair value hedges which are recognised in profit or loss.

On derecognition, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity into profit or loss. Interest calculated for a debt instrument using the effective interest method is recognised in profit or loss.

All financial assets, except for those measured at FVTPL, are subject to review for impairment.

###### Financial liabilities

Financial liabilities are classified as either financial liabilities at FVTPL or financial liabilities at amortised cost.

Financial liabilities at FVTPL comprise financial liabilities that are held for trading, derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities that are specifically designated into this category upon initial recognition. These financial liabilities are subsequently measured at their fair values with the gain or loss recognised in profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

In the ordinary course of business, the Company does not designate any financial liabilities at FVTPL. All financial liabilities are measured at amortised cost.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (l) Financial instruments (continued)

#### (iii) *Derivative financial instruments and hedge accounting*

The Group uses derivative financial instruments such as forward currency contracts to manage its exposure to foreign currency risk. The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The Group has chosen to adopt the cash flow hedge.

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with 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, as items that might be subsequently reclassified to profit or loss, and the ineffective portion is recognised in profit or loss.

Subsequently, the cumulative gain or loss recognised in other comprehensive income is reclassified from equity to profit or loss in the same period or periods during which the hedged forecast cash flows affect profit or loss. If the hedge 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 classified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument is expired or is 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 the forecast transaction is no longer expected to occur, any related cumulative gain or loss recognised in other comprehensive income on the hedging instrument is reclassified from equity into profit or loss.

#### (iv) *Derecognition of financial assets and liabilities*

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expired or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (m) Leases

###### (i) As lessee

Finance lease, which transfers to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant periodic rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. 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.

Finance leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Leases, where the Group does not assume substantially all the risks and rewards of ownership are classified as operating leases and the leased assets are not recognised on the statement of financial position. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

###### (ii) As lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees.

Amounts due from lessees under finance leases are recognised as receivables as the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return of the Group's net investment outstanding in respect of the leases.

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

##### (n) Hire purchases

Hire purchase assets are capitalised at the inception of the hire purchase at the purchase price of the assets. Any initial direct costs are also added to the amount capitalised. Hire purchase payments are apportioned between the finance charges and reduction of the hire purchase liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss.

Hire purchase assets are depreciated over the estimated useful lives of the assets.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (o) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on either the specific identification basis or weighted average basis, depending on the nature of the inventories. Cost comprises the landed cost of goods purchased, other costs incurred in bringing the inventories to their present location and condition, and in the case of finished goods and work-in-progress, includes an appropriate proportion of factory overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

#### (p) Government grants

Government grants are recognised initially at their fair value in the statement of financial position as deferred income where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants that compensate the Group for expenses incurred are recognised as income over the periods necessary to match the grants on a systematic basis to the costs that they are intended to compensate.

#### (q) Equity instruments

Equity instruments are initially recognised at the proceeds received or receivable; and are not remeasured subsequently.

##### (i) Shares

Ordinary shares are classified as equity.

##### (ii) Transaction costs

The transaction costs of an equity transaction (e.g. issue of shares) are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

##### (iii) Distributions

Distributions to holders of an equity instrument will be debited directly to equity. The liability to pay a dividend will be recognised when the dividend is appropriately authorised and is no longer at the discretion of the issuer.

Liability to distribute non-cash assets as a dividend to the holders is measured at the fair value of the assets to be distributed. At the end of each reporting period and at the date of settlement, the Group reviews and adjusts the carrying amount of the dividend payable, with any changes in the carrying amount of the dividend payable recognised in equity as adjustments to the amount of the distribution. On settlement of the dividend payable, the Group recognises the difference, if any, between the carrying amounts of the assets distributed and the carrying amount of the dividend payable in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (q) Equity instruments

##### (iv) Treasury shares

When shares of the Company that have been recognised as equity is repurchased, the amount of the consideration paid, included directly attributable costs, is recognised as a deduction from equity. Repurchased shares that are not subsequently cancelled are classified as treasury shares and are presented as a deduction from total equity.

When 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.

#### (r) Foreign currencies

##### (i) Transactions and balances in foreign currencies

Transactions in currencies other than the functional currency are translated to the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary items denominated in foreign currencies at the reporting date are translated at foreign exchange rates ruling at that date. Non-monetary items which are measured in terms of historical costs denominated in foreign currencies are translated at foreign exchange rates ruling at the date of the transaction. Non-monetary items which are measured at fair values denominated in foreign currencies are translated at the foreign exchange rates ruling at the date when the fair values were determined.

Exchange differences arising on the settlement of monetary items and the translation of monetary items are included in the profit or loss for the period. When a gain or loss on a non-monetary item is recognised directly in other comprehensive income, any corresponding exchange gain or loss is recognised directly in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any corresponding exchange gain or loss is recognised in profit or loss.

##### (ii) Translation of foreign operations

For consolidation purposes, all assets and liabilities of foreign operations that have a functional currency other than RM (including goodwill and fair value adjustments arising from the acquisition of the foreign operations) are translated at the exchange rates ruling at the reporting date. Income and expense items are translated at exchange rates approximating those ruling on transactions dates. All exchange differences arising from the translation of the financial statements of foreign operations are taken directly to other comprehensive income as items that may be subsequently reclassified to the profit or loss.

On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in profit or loss.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned or likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### (s) Impairment of financial assets

All financial assets (except for financial assets categorised as FVTPL) are assessed at each reporting date whether there is 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, are not recognised. For an investment in an equity instrument, a significant or prolonged decline in the fair value below its cost is an objective evidence of impairment. If any such objective evidence exists, then the impairment loss of the financial asset is estimated.

#### (i) *Assets carried at amortised cost*

An impairment loss in respect of loans and receivables and HTM is recognised in profit or loss and is 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 is reduced through the use of an allowance account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal shall be recognised in profit or loss.

#### (ii) *Financial assets carried at cost*

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses shall not be reversed.

#### (iii) *Available-for-sale financial assets*

An impairment loss in respect of AFS is recognised in profit or loss and is measured as the difference between the asset's acquisition cost (net of any principal repayment and amortisation) and the asset's current fair value, less any impairment loss previously recognised. Where a decline in the fair value of an AFS has been recognised in other comprehensive income, the cumulative loss in other comprehensive income is reclassified from equity and recognised to profit or loss.

Impairment losses recognised in profit or loss for investment in an equity instrument is not reversed through profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (t) Impairment of non-financial assets

At the end of each reporting period, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

##### (i) Goodwill

Goodwill is reviewed for impairment annually, or more frequently if events of changes in circumstances indicate that the carrying amount may be impaired. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units that are expected to benefit from synergies of the business combination. An impairment loss is recognised in profit or loss when the carrying amount of the cash-generating unit, including the goodwill, exceeds the recoverable amount of the cash-generating unit. Recoverable amount of the cash-generating unit is the higher of the cash-generating unit's fair value less cost to sell and its value in use. 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 risk specific to the asset or cash-generating unit.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the cash-generating unit and then to the other assets of the cash-generating unit proportionately on the basis of the carrying amount of each asset in the cash-generating unit on a pro rata basis. Impairment loss recognised on goodwill is not reversed in the event of an increase in recoverable amount in subsequent periods.

##### (ii) Property, plant and equipment, investments in subsidiaries, an associate and jointly controlled entities

Property, plant and equipment, investments in subsidiaries, an associate and jointly controlled entities are assessed at each reporting date to determine whether there is any indication of impairment. If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit or loss.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

#### u) Revenue and other income

Revenue is recognised when it is probable that economic benefits will flow to the Group or the Company and when the revenue can be measured reliably. Depending on the principal activities of the subsidiaries, income not derived from the ordinary activities of the entity is classified as other income.

Amounts collected on behalf of third parties such as sales taxes, goods and services taxes and value added taxes are not economic benefits which flow to the entity. They are excluded from revenue. In an agency relationship, the gross inflows of economic benefits include amounts collected on behalf of the principal are not revenue. Instead, revenue is the amount of commission and the net differential.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### u) Revenue and other income (continued)

The bases for revenue and other income recognition are as follows:

(i) *Sales of goods*

Revenue from sales of goods is measured at the fair value of the consideration received or receivable, net of returns and discounts and is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the customers.

(ii) *Services*

Revenue from services rendered is recognised on an accrual basis as and when the services are rendered. Commission income (net differential) from principal-agent relationship is recognised on net basis as revenue.

(iii) *Car rental income*

Car rental income is recognised on a time proportion basis over the lease term.

(iv) *Finance lease income*

Income from finance lease transactions is recognised based on the sum-of-digits method. Where an account becomes non-performing, interest income is suspended until it is realised on a cash basis. An account is classified as non-performing where repayments are in arrears for more than six months.

(v) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest rate applicable.

(vi) *Rental income*

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

(vii) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

(viii) *Premium income*

Insurance premium income is recognised on the date of the assumption of risks.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (v) Employee benefits

###### (i) Short-term employee benefits

Wages, salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

###### (ii) Post-employment benefits

###### (a) Defined contribution plan

The Group and the Company pay monthly contributions to the Employees Provident Fund ("EPF") which is a defined contribution plan.

The legal or constructive obligation of the Group or the Company is limited to the amount that it agrees to contribute to the EPF. Contributions to the EPF are charged to profit or loss in the period to which they relate.

###### (b) Defined benefit plan

The Group's and the Company's net obligations in respect of their defined benefit plans are calculated by estimating the discounted present value of future benefit that employees have earned in return for their services in the current and prior periods.

The discount rate is the market yield at the reporting date on high quality corporate bonds. The calculation is performed by an independent firm of actuaries using the projected unit credit method once in 3 years in advance.

Remeasurements of the net defined benefit liability comprise actuarial gains and losses, and are recognised immediately in other comprehensive income. The Group and the Company determine the net interest expense or income on the net 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 net defined benefit liability taking into account any changes in the net 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 and 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 and losses on the settlement of a defined benefit plan when the settlement occurs.

###### (iii) Termination benefits

Termination benefits are expensed at the earlier of when the Group or the Company can no longer withdraw the offer of those benefits and when the Group or the Company recognised costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (w) 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.

#### (x) Taxation

The income tax expense in profit or loss represents the aggregate amount of current tax and deferred tax.

Current tax is the expected income tax payable or receivable on the taxable income or loss for the year, estimated using the tax rates enacted or substantially enacted by the end of the reporting period.

On the statement of financial position, a deferred tax liability is recognised for taxable temporary differences while a deferred tax asset is only recognised for deductible temporary differences and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax losses can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted by the end of the reporting period that are expected to apply to the period when the asset is realised or when the liability is settled.

Current tax and deferred tax are charged or credited directly to other comprehensive income if the tax relates to items that are credited or charged, whether in the same or a different period, directly to other comprehensive income.

#### (y) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, time deposits and other short term, highly liquid deposits that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

#### (z) Segmental reporting

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (z) Segmental reporting (continued)

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Board of Directors. Segment total asset is used to measure the return on assets of each segment.

Segment capital expenditure is the total cost incurred during the financial year to acquire property, plant and equipment, and intangible assets other than goodwill.

The Group does not use geographical segment as its main operations are in Malaysia.

##### (aa) Provision for outstanding claims

Allowance is made for estimated costs of all insurance claims, less reinsurance recoveries, in respect of claims notices but not settled at the reporting date. Allowance is also made for the costs of claims incurred but not reported at reporting date, estimated on the basis of the actual market claims experience.

##### (ab) Unearned premium reserves

Unearned premium reserves ("UPR") represent the portion of insurance premium income not yet earned at the reporting date. UPR is computed using the time apportionment method. The 1/12th method is used for all classes of Malaysian general policies business.

##### (ac) Contingent liabilities and contingent assets

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

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by uncertain future events beyond the control of the Group or the Company. The Group and the Company do not recognise a contingent asset but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (ad) Provisions

Provisions are made when the Group or the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation and when a reliable estimate of the amount can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligations.

##### (ae) Goods and Services Tax ("GST")

Revenue, expenses and assets are recognised net of GST, unless the GST is not recoverable from the tax authority. The amount of GST not recoverable from the tax authority is recognised as an expense or as part of cost of acquisition of an asset. Receivables and payables relate to such revenue, expenses or acquisitions of assets are presented in the statement of financial position inclusive of GST recoverable or GST payable.

GST recoverable from or payable to tax authority may be presented on net basis should such amounts are related to GST levied by the same tax authority and the taxable entity has a legally enforceable right to set off such amounts.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 3. PROPERTY, PLANT AND EQUIPMENT

Group	←----- at valuation ----->			←----- at cost ----->							Total RM'000
	Freehold land	Leasehold land	Buildings	Plant, machinery and equipment	Machinery and equipment for hire	Furniture, fixtures, and office equipment	Renovation	Coaches, motor vehicles for hire and other motor vehicles	Cars for hire		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Cost/Valuation											
At 1 January 2016	38,240	9,161	22,539	3,301	53,309	22,915	6,440	41,717	216,173	413,795	
Additions	-	-	-	185	19,527	2,122	2,580	8,480	74,015	106,909	
Disposals	-	-	-	-	(14,326)	(534)	(597)	(5,364)	(38,490)	(59,311)	
Write-offs	-	-	-	(3)	-	(1,191)	(1,093)	(161)	(1,728)	(4,176)	
Transfer to inventory	-	-	-	-	-	-	-	-	(3,222)	(3,222)	
Effects of movements in exchange rates	-	139	54	-	-	9	-	-	-	202	
At 31 December 2016/ 1 January 2017	38,240	9,300	22,593	3,483	58,510	23,321	7,330	44,672	246,748	454,197	
Additions	-	1,281	896	119	13,028	2,008	1,117	10,191	41,286	69,926	
Disposals	-	-	-	-	(9,679)	(200)	-	(4,681)	(37,051)	(51,611)	
Write-offs	-	-	-	-	-	(293)	-	(166)	(1,124)	(1,583)	
Reclassification	-	258	(258)	-	-	-	-	-	-	-	
Transfer to inventory	-	-	-	-	-	-	-	(1,647)	(13,726)	(15,373)	
Revaluation	7,115	1,818	2,014	-	-	-	-	-	-	10,947	
Less: Elimination of accumulated depreciation	-	(508)	(1,711)	-	-	-	-	-	-	(2,219)	
Effects of movements in exchange rates	-	(358)	(84)	-	-	(5)	-	(22)	-	(469)	
At 31 December 2017	45,355	11,791	23,450	3,602	61,859	24,831	8,447	48,347	236,133	463,815	

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	←----- at valuation -----→				←----- at cost -----→						Total
	Freehold land	Leasehold land	Buildings	Plant, machinery and equipment	Machinery and equipment for hire	Furniture, fixtures and office equipment	Renovation	Coaches, motor vehicles for hire and other motor vehicles	Cars for hire		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
Accumulated depreciation											
At 1 January 2016	-	108	1,184	2,697	24,775	18,661	3,999	16,389	70,714	138,527	
Charge for the year	-	217	646	406	9,416	1,715	965	5,052	32,464	50,881	
Disposals	-	-	-	-	(10,398)	(430)	(547)	(3,478)	(24,838)	(39,691)	
Write-offs	-	-	-	(1)	-	(1,049)	(741)	(61)	(773)	(2,625)	
Transfer to inventory	-	-	-	-	-	-	-	-	(2,098)	(2,098)	
At 31 December 2016/ 1 January 2017	-	325	1,830	3,102	23,793	18,897	3,676	17,902	75,469	144,994	
Charge for the year	-	217	633	262	10,533	1,916	1,127	5,544	38,767	58,999	
Disposals	-	-	-	-	(6,813)	(178)	-	(3,317)	(24,717)	(35,025)	
Write-offs	-	-	-	-	-	(282)	-	(93)	(627)	(1,002)	
Reclassification	-	10	(10)	-	-	-	-	-	-	-	
Transfer to inventory	-	-	-	-	-	-	-	(698)	(6,269)	(6,967)	
Revaluation	-	(508)	(1,711)	-	-	-	-	-	-	(2,219)	
At 31 December 2017	-	44	742	3,364	27,513	20,353	4,803	19,338	82,623	158,780	
Impairment loss											
At 1 January 2016/ 31 December 2016/ 1 January 2017	-	-	786	-	-	-	-	-	-	786	
Charge for the year	-	-	53	-	-	7	1	-	-	61	
At 31 December 2017	-	-	839	-	-	7	1	-	-	847	
Net carrying amounts											
At 31 December 2016	38,240	8,975	19,977	381	34,717	4,424	3,654	26,770	171,279	308,417	
At 31 December 2017	45,355	11,747	21,869	238	34,346	4,471	3,643	29,009	153,510	304,188	

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

#### Furniture, fixtures, fittings and office equipment

	Company	
	2017	2016
	RM'000	RM'000
Cost		
At 1 January/31 December	414	414
Accumulated depreciation		
At 1 January	393	367
Charge for the year	15	26
At 31 December	408	393
Net carrying amount		
At 31 December	6	21
	<b>Net carrying amount</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
The Group's buildings are situated as follows:		
On leasehold land	4,000	3,137
On freehold land	17,290	16,380
In a multi-storey office complex with strata title	579	460
	21,869	19,977

As at 31 December 2017, the net carrying amount of cars for hire under hire purchase arrangements is RM93,457,000 (2016: RM63,487,000).

#### *Property, plant and equipment under revaluation model*

The Group's land and buildings under property, plant and equipment were revalued on 31 December 2017. The fair values of the land and buildings as at 31 December 2017 were based on valuations carried out during the financial year by Rahim & Co International Sdn Bhd, a firm of independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. Fair values of land and buildings have been generally derived using the sales comparison and depreciated replacement cost approach and therefore are categorised as Level 2 in the fair value hierarchy. 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.

There is no transfer between levels of fair value hierarchy during the year.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 3. PROPERTY, PLANT AND EQUIPMENT (continued)

Had the revalued property, plant equipment 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 as at 31 December 2017 and 2016 would be as follows:

<b>2017</b>	<b>Freehold land</b>	<b>Leasehold land</b>	<b>Buildings</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cost				
At 1 January 2017	15,612	2,864	15,410	33,886
Additions	-	1,281	896	2,177
At 31 December 2017	15,612	4,145	16,306	36,063
Accumulated depreciation				
At 1 January 2017	-	608	3,884	4,492
Charge for the year	-	155	359	514
At 31 December 2017	-	763	4,243	5,006
Net carrying amount				
At 31 December 2017	15,612	3,382	12,063	31,057
<b>2016</b>				
Cost				
At 1 January 2016/31 December 2016	15,612	2,864	15,410	33,886
Accumulated depreciation				
At 1 January 2016	-	576	3,553	4,129
Charge for the year	-	32	331	363
At 31 December 2016	-	608	3,884	4,492
Net carrying amount				
At 31 December 2016	15,612	2,256	11,526	29,394

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 4. INVESTMENT PROPERTY

	Group	
	2017 RM'000	2016 RM'000
At fair value:		
At 1 January	45,800	45,800
Fair value loss for the year	(400)	-
	45,400	45,800
Investment property comprises:		
Leasehold land	42,400	42,800
Buildings	3,000	3,000
	45,400	45,800

Investment property comprises a commercial property that is leased to related parties. Each of the leases contains an initial lease period of 2 to 3 (2016: 2) years. Subsequent renewals are negotiated with lessee and on an average renewal periods of 2 years. No contingent rents are charged.

The following are recognised in profit or loss in respect of the investment property:

	Group	
	2017 RM'000	2016 RM'000
Rental income	664	668
Direct operating expenses	114	153

The Group measures its investment property at fair value and any change in fair value is recognised in the profit or loss. The fair value of the investment property as at 31 December 2017 is based on a valuation carried out on 4 October 2017 by Rahim & Co International Sdn Bhd, a firm of independent professional valuers who have appropriate professional qualifications and recent experience in the relevant location and assets being valued. The fair value of the investment property was determined using comparison method and therefore is categorised as Level 2 in the fair value hierarchy.

The comparison method entails critical analyses of recent evidence of values of comparable properties in the neighbourhood and making adjustments for differences.

There is no transfer between levels of fair value hierarchy during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 5. INVESTMENT IN SUBSIDIARIES

	Company	
	2017 RM'000	2016 RM'000
Unquoted shares, at cost		
At 1 January	206,965	203,365
Addition	5,900	3,600
At 31 December	212,865	206,965
Less: Accumulated impairment loss	(57,008)	(51,331)
	155,857	155,634

The subsidiaries are as follows:

Name of subsidiary	Effective ownership and voting interest		Country of incorporation	Principal activities
	2017 %	2016 %		
Mayflower Car Rental Sdn Bhd +	100	100	Malaysia	Rental of cars and coaches and trading and marketing of motor vehicles
Mayflower Corporate Travel Services Sdn Bhd	100	100	Malaysia	Operation of inbound, outbound tours and provision of air-ticketing services
Mayflower Holidays Sdn Bhd	100	100	Malaysia	Operation of inbound, outbound tours and provision of air-ticketing services
Mayflower Holidays (Borneo) Sdn Bhd	100	100	Malaysia	Operation of inbound and outbound tours, rental of cars and coaches as well as air-ticketing services
MUV Marketplace Sdn Bhd +	100	100	Malaysia	Provision of used vehicles auction services, vehicles inspection and certification
TCIM Sdn Bhd +	100	100	Malaysia	Distribution, sale and rental of material handling equipment, agriculture tractors, engine, construction equipment and parts as well as provision of after sales services

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 5. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Effective ownership and voting interest		Country of incorporation	Principal activities
	2017	2016		
	%	%		
Jentrakel Sdn Bhd +	100	100	Malaysia	Rental and sale of industrial machinery and equipment
Angka-Tan Motor Sdn Bhd +	100	100	Malaysia	Assembly, distribution and sale of commercial and passenger vehicles
Kereta Komersil Seladang (M) Sdn Bhd	70	70	Malaysia	Manufacturing, assembly and sale of commercial and passenger vehicles
Tan Chong Apparels Manufacturer Sdn Bhd +	100	100	Malaysia	Manufacture of apparels
Tung Pao Sdn Bhd +	100	100	Malaysia	Distribution and sale of consumer products
Warisan Captive Incorporated	100	100	Labuan Malaysia	Captive insurance
Grooming Expert Sdn Bhd +	100	100	Malaysia	Hairdressing salons and beauty parlours
Warisan TC Automotive Manufacturers (M) Sdn Bhd	100	100	Malaysia	Manufacture and assembly of passenger and commercial vehicles
Mayflower-My 2nd Home (MM2H) Sdn Bhd	100	100	Malaysia	Provision of migration services
Warisan TC Management Services Sdn Bhd	100	100	Malaysia	Provision of management services
HairBiz College of Hairdressing Professionals Sdn Bhd +	100	100	Malaysia	Property investment holding
Comit Communication Technologies (M) Sdn Bhd +	100	100	Malaysia	Property investment holding
Belize Holdings Sdn Bhd +	100	100	Malaysia	Investment holding
Mayflower (Labuan) Pte Ltd	100	100	Labuan Malaysia	Investment holding



# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 5. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Effective ownership and voting interest		Country of incorporation	Principal activities
	2017 %	2016 %		
MAT (Labuan) Pte Ltd	100	100	Labuan Malaysia	Investment holding
Warisan Automotif Holdings Sdn Bhd	100	100	Malaysia	Dormant
ATM (Labuan) Pte Ltd	100	100	Labuan Malaysia	Dormant
Mayflower ITravel Sdn Bhd	100	100	Malaysia	Dormant
TCIM (Labuan) Pte Ltd	100	100	Labuan Malaysia	Dormant
WTC Automotif (M) Sdn Bhd	100	100	Malaysia	Dormant
Tan Chong Apparels Sdn Bhd +	100	100	Malaysia	Inactive
TCIM Esasia Sdn Bhd	70	70	Malaysia	Inactive
Excess Line Sdn Bhd	100	100	Malaysia	Inactive
Gocar Mobility Sdn Bhd	55	55	Malaysia	Car rental using mobile application
MUV Solutions Sdn Bhd	100	100	Malaysia	Research, development and commercialisation of software, provision of technology, maintenance and its related services
TC Machinery Vietnam Pte Ltd *	100	100	Vietnam	Inactive
M A T Tours And Travel (Cambodia) Pte Ltd *	100	100	Cambodia	Operation of inbound, outbound tours and provision of air ticketing services
Mayflower Online Sdn Bhd	80	-	Malaysia	Provision of multiple travel products and services via electronic platform

+ Subsidiaries which are consolidated on the merger method of accounting

\* Not audited by Mazars PLT

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 5. INVESTMENT IN SUBSIDIARIES (continued)

On 5 July 2017, Mayflower Holidays Sdn Bhd entered into an agreement relating to Mayflower Online Sdn Bhd with Agile Quick Services Sdn Bhd to undertake and pursue the business of providing multiple travel products and services via electronic platform including the managing of online business of sales of travel products and services for Mayflower Holidays Sdn Bhd. Mayflower Online Sdn Bhd has increased its initial share capital from RM2,000 to RM10,000. By subscribing 8,000 ordinary shares, for cash, at a price of RM1.00 per share, the Company has 80% equity interest in Mayflower Online Sdn Bhd.

#### 6. INVESTMENT IN AN ASSOCIATE

	Group	
	2017 RM'000	2016 RM'000
Unquoted shares, at equity method	979	148

The associate company, which is incorporated in Thailand, is as follows:

Name	Effective ownership and voting interest		Principal activities
	2017 %	2016 %	
Mayflower Saha Travel (Thailand) Co. Ltd. * (formerly known as Mayflower Saha (Thailand) Co. Ltd.)	49	49	Provision of air ticketing services, as well as inbound and outbound tours

\* Not audited by Mazars PLT

#### 7. INVESTMENT IN JOINTLY CONTROLLED ENTITIES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Unquoted shares, at cost	17,356	17,356	24,568	24,568
Share of post-acquisition reserve	18,637	16,651	-	-
	35,993	34,007	24,568	24,568

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 7. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (continued)

The jointly controlled entities, all incorporated in Malaysia, are as follows:

Name	Effective ownership and voting interest		Principal activities
	2017	2016	
	%	%	
Wacoal Malaysia Sdn Bhd ("Wacoal")	50	50	Distribution and sale of ladies undergarments
Shiseido Malaysia Sdn Bhd ("Shiseido") *	50	50	Distribution and sale of cosmetics and consumer products

\* Not audited by Mazars PLT

	Group	
	2017	2016
	RM'000	RM'000
<i>Reconciliation of net assets to carrying amount</i>		
Group's share of net assets	43,194	41,215
Elimination of unrealised profits	(7,201)	(7,208)
Carrying amount in the consolidated statement of financial position	35,993	34,007
Group's share of profit, net of tax	2,768	1,644
<i>Other information</i>		
Cash dividend received by the Group	780	1,232

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 7. INVESTMENT IN JOINTLY CONTROLLED ENTITIES (continued)

Summarised financial information of the jointly controlled entities is as follows:

	Wacoal		Shiseido	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<i>Statements of financial position</i>				
Current assets	31,610	29,677	70,915	65,148
Cash and bank balances	2,887	2,294	20,804	20,817
Non-current assets	6,425	6,875	17,656	15,852
Current liabilities	7,386	7,345	32,172	27,202
Non-current liabilities	154	135	507	440
<hr/>				
<i>Statements of profit or loss and other comprehensive income</i>				
Revenue	45,352	41,282	119,139	108,715
Profit before tax	3,434	3,179	4,119	1,286
Other comprehensive (loss)/income	-	(1)	(18)	119
Total comprehensive income	2,543	2,406	2,974	999
Depreciation of property, plant and equipment	1,230	1,181	2,671	2,656
Interest income	177	334	337	475
Tax expense	891	772	1,126	405
<hr/>				

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 8. INTANGIBLE ASSETS

#### Group

2017	Goodwill RM'000	License RM'000	Software and applications RM'000	Total RM'000
Cost				
At 1 January 2017	8,676	700	2,292	11,668
Purchase of software and application	-	-	1,333	1,333
At 31 December 2017	8,676	700	3,625	13,001
Accumulated amortisation				
At 1 January 2017	-	-	84	84
Charge for the year	-	-	543	543
At 31 December 2017	-	-	627	627
Net carrying amount				
At 31 December 2017	8,676	700	2,998	12,374
<b>2016</b>				
Cost				
At 1 January 2016	8,431	700	-	9,131
Goodwill on acquisition of a subsidiary	245	-	-	245
Purchase of software and application	-	-	2,292	2,292
At 31 December 2016	8,676	700	2,292	11,668
Accumulated amortisation				
Charge for the year/At 31 December 2016	-	-	84	84
Net carrying amount				
At 31 December 2016	8,676	700	2,208	11,584

#### Impairment testing of 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 above goodwill acquired has been allocated to the cash-generating units ("CGUs") namely Mayflower Corporate Travel Services Sdn Bhd and Gocar Mobility Sdn Bhd.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 8. INTANGIBLE ASSETS (continued)

##### Impairment testing of goodwill (continued)

##### *Recoverable amount based on value-in-use*

The recoverable amounts of the abovementioned CGUs are determined based on value-in-use calculations using cash flow projections covering five years. The growth rates used for the five-year cash flow projections are in the range of 3% to 5% (2016: 5%) per annum and the terminal value growth rates used are in the range of 3% to 5% (2016: 3%).

The value-in-use was determined by discounting the future pre-tax cash flows generated from the continuing use of the units. The pre-tax discount rates used are in the range of 7.2% to 9.2% (2016: 7.2% to 9.2%).

The values assigned to the key assumptions represent management's assessment of future trends in the mentioned industry and are based on both external sources and internal sources.

##### *Sensitivity to changes in assumptions*

In assessing the value-in-use, management is of the view that no foreseeable changes in any of the above key assumptions would cause the carrying value of the CGUs to materially exceed their recoverable amount.

#### 9. DEFERRED TAX ASSETS/(LIABILITIES)

The components of the Group's and of the Company's deferred tax assets/(liabilities) are as follows:

	Assets		Liabilities		Total	
	2017	2016	2017	2016	2017	2016
<u>Group</u>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment	-	-	(18,676)	(19,981)	(18,676)	(19,981)
Investment property	-	-	(615)	(635)	(615)	(635)
Retirement benefit obligations	329	528	-	-	329	528
Tax loss carry forward	167	167	-	-	167	167
Other items	3,781	3,378	-	-	3,781	3,378
Deferred tax assets/(liabilities)	4,277	4,073	(19,291)	(20,616)	(15,014)	(16,543)
Offsetting	(1,613)	(1,551)	1,613	1,551	-	-
Net deferred tax assets/(liabilities)	2,664	2,522	(17,678)	(19,065)	(15,014)	(16,543)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Company	Assets		Liabilities		Total	
	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Retirement benefit obligations	89	91	-	-	89	91
Other items	120	-	-	-	120	-
Deferred tax asset	209	91	-	-	209	91

Deferred tax assets on certain deductible temporary differences have not been recognised as the management believes that it is not probable that sufficient taxable profit in the foreseeable future will be available to allow all or part of the deferred tax assets to be utilised. The deductible temporary differences, the deferred tax benefits of which have not been recognised in the financial statements, are as follows:

	Group	
	2017	2016
	RM'000	RM'000
Unutilised tax losses	36,424	28,667
Unabsorbed capital allowances	9,806	7,906
Other temporary differences	3,391	3,749
Difference between net carrying amount and tax written down value of property, plant and equipment	(5,600)	(2,486)
	44,021	37,836

Movements of deferred taxes are as follows:

	At 1 January	Recognised in profit or loss	Recognised in other comprehensive income	At 31 December
	RM'000	(Note 26) RM'000	(Note 28) RM'000	RM'000
<b>2017</b>				
<u>Group</u>				
Property, plant and equipment	(19,981)	2,514	(1,209)	(18,676)
Investment property	(635)	20	-	(615)
Retirement benefit obligations	528	(253)	54	329
Tax loss carry forward	167	-	-	167
Other items	3,378	291	112	3,781
Deferred tax liabilities	(16,543)	2,572	(1,043)	(15,014)

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
cont'd

### 9. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

	At 1 January RM'000	Recognised in profit or loss (Note 26) RM'000	Recognised in other comprehensive income (Note 28) RM'000	At 31 December RM'000
<b>2017</b>				
<u>Company</u>				
Retirement benefit obligations	91	-	(2)	89
Other items	-	120	-	120
Deferred tax asset	91	120	(2)	209
<b>2016</b>				
<u>Group</u>				
Property, plant and equipment	(20,470)	489	-	(19,981)
Investment property	(635)	-	-	(635)
Retirement benefit obligations	549	(395)	374	528
Tax loss carry forward	436	(269)	-	167
Other items	4,059	(694)	13	3,378
Deferred tax liabilities	(16,061)	(869)	387	(16,543)
<u>Company</u>				
Retirement benefit obligations	27	-	64	91
Deferred tax asset	27	-	64	91



# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 10. FINANCE LEASE RECEIVABLES

	Group	
	2017	2016
	RM'000	RM'000
Finance lease instalments receivable:		
- not later than one year	2,233	3,864
- later than one year but not later than five years	1,840	4,552
	4,073	8,416
Unexpired term charges	(240)	(1,389)
	3,833	7,027
Outstanding principal	(2,105)	(3,234)
	1,728	3,793
Outstanding principal receivable later than one year but not later than five years	1,728	3,793

The effective interest rates of the finance leases range from 4.0% to 5.0% (2016: 3.0% to 5.0%) per annum depending on the amount financed and the tenure of the lease.

### 11. OTHER INVESTMENTS

	Group	
	2017	2016
	RM'000	RM'000
Classified as available-for-sale financial assets		
Unquoted shares, at cost	10	10
	10	10

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 12. INVENTORIES

Group	2017			2016		
	At cost RM'000	At net realisable value RM'000	Total RM'000	At cost RM'000	At net realisable value RM'000	Total RM'000
Raw materials	518	-	518	692	-	692
Work-in-progress	57	-	57	63	-	63
Equipment and machinery	46,440	13,069	59,509	54,604	12,812	67,416
Trading inventories	2,623	-	2,623	1,919	-	1,919
Spare parts and workshop inventories	14,962	4,285	19,247	15,033	5,334	20,367
Commercial and passenger vehicles	34,477	-	34,477	27,803	458	28,261
CKD kits and accessories	8,571	-	8,571	5,641	7,781	13,422
	107,648	17,354	125,002	105,755	26,385	132,140

Commercial and passenger vehicles include cars held for sale, previously held for rental, amounting to RM8,406,000 (2016: RM1,124,000).

### 13. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
Gross trade receivables	131,047	132,123	-	-
Finance lease receivables (see Note 10)	2,105	3,234	-	-
Allowance for doubtful debts	(5,372)	(5,972)	-	-
	127,780	129,385	-	-
Other receivables	10,766	9,793	-	-
GST recoverable	6,084	6,586	-	-
Sales tax refund	676	1,327	-	-
Sundry deposits	3,686	2,992	18	18
Prepayments	8,255	7,687	19	20
Subsidiaries	-	-	3,774	8,114
Jointly controlled entities	2	-	2	-
Related parties	526	448	57	57
	157,775	158,218	3,870	8,209

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 13. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Non-current</b>				
Sales tax refund	-	561	-	-
Other receivables	698	-	-	-
	<u>698</u>	<u>561</u>	<u>-</u>	<u>-</u>

Customers are generally granted credit periods of between 30 to 60 (2016: 30 to 60) days. For major established customers, the credit terms may be extended to 120 days based on the discretion of the management.

The amounts owing by subsidiaries and jointly controlled entities are unsecured, non-trade receivables which are interest free and receivable on demand.

Gross trade receivables include amounts owing by related parties amounting to RM9,018,000 (2016: RM4,975,000) which are trade in nature, unsecured, interest free and have a normal credit period of 60 to 120 (2016: 60 to 120) days. The amounts owing by related parties in which a director of the Company has substantial interest are non-trade in nature, unsecured, interest free and receivable on demand.

The other receivables included under non-current assets are unsecured, interest bearing at 6.5% per annum and are not expected to be recalled within the next 12 months.

### 14. DERIVATIVE FINANCIAL ASSETS/(LIABILITIES)

Forward foreign currency contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuation in foreign currency rates. All forward exchange contracts have maturities of less than one year after the end of the reporting period. Where necessary, the forward exchange contracts are rolled over at maturity.

	2017			2016		
	Nominal value RM'000	Assets RM'000	Liabilities RM'000	Nominal value RM'000	Assets RM'000	Liabilities RM'000
<b>Group</b>						
Derivatives used for hedging						
- Forward exchange contracts	27,940	10	(519)	22,055	204	(254)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 15. SHORT TERM DEPOSITS

The short term deposits represent investments in short term funds which are managed and invested into fixed income securities and money market instruments by fund management companies. The short term funds are readily convertible to cash.

#### 16. FIXED DEPOSITS

Fixed deposits are placed with licensed banks with effective interest rates ranging from 0.7% to 5.3% (2016: 0.3% to 3.58%) per annum. All deposits had maturity periods of less than one year.

#### 17. SHARE CAPITAL

	2017		2016	
	Number of shares		Number of shares	
	'000	RM'000	'000	RM'000
Issued and fully paid				
Ordinary share				
<u>Group</u>				
At 1 January	67,200	67,200	67,200	67,200
Adjustment pursuant to the Companies Act 2016				
- Share premium	-	615	-	-
At 31 December	67,200	67,815	67,200	67,200
<u>Company</u>				
At 1 January/31 December	67,200	67,200	67,200	67,200

The Minister of Domestic Trade, Co-operatives and Consumerism has appointed 31 January 2017 as the date on which the Companies Act 2016 ("CA 2016") comes into operation. CA 2016 replaces the Companies Act 1965 upon its effective date.

Pursuant to CA 2016:

- The concept of authorised share capital is abolished.
- All shares issued before or upon the commencement of CA 2016 shall have no par or nominal value.
- Upon commencement of CA 2016, any amount standing to the credit of the Company's share premium account shall become part of the Company's share capital.

There is no impact on the number of shares in issue as a result of this transition.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 18. RESERVES

#### *Share premium*

Share premium represents the excess of issue price over the par value of shares issued under the Companies Act 1965.

Upon commencement of CA 2016, all amount standing to the credit of the share premium account becomes part of the share capital account.

#### *Merger reserve*

Merger reserve arose from those subsidiaries identified in Note 5 which are consolidated on the merger method of accounting.

#### *Translation reserve*

Translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations to the Group's reporting currency.

#### *Hedging reserve*

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

#### *Revaluation reserve*

- (i) Revaluation reserve relates to the revaluation of property, plant and equipment immediately prior to its reclassification as investment property; and
- (ii) The revaluation reserve is used to record changes in fair value of land and buildings measured under the revaluation model.

### 19. TREASURY SHARES

	Group and Company			
	Number of shares		At cost	
	2017 '000	2016 '000	2017 RM'000	2016 RM'000
At 1 January	2,098	2,098	4,210	4,209
Addition	1	-	3	1
At 31 December	2,099	2,098	4,213	4,210

The treasury shares have no rights to voting, dividends or participation in other distribution.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
cont'd

### 20. LOANS AND BORROWINGS

	Group	
	2017	2016
	RM'000	RM'000
<b>Non-current</b>		
Bank term loans (unsecured)	10,750	29,913
Hire purchase payables	36,867	36,937
	47,617	66,850
<b>Current</b>		
Bank term loans (unsecured)	12,370	9,602
Hire purchase payables	35,960	26,258
Bankers' acceptances (unsecured)	30,819	38,917
Revolving credits (unsecured)	166,000	163,000
Bank overdrafts (unsecured)	1,272	2,330
	246,421	240,107
	294,038	306,957

Hire purchase payables are payable as follows:

	Future minimum hire purchase payables 2017	Future finance charges 2017	Present value of minimum hire purchase payables 2017	Future minimum hire purchase payables 2016	Future finance charges 2016	Present value of minimum hire purchase payables 2016
<b>Group</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Hire purchase payables:						
Less than one year	39,164	(3,204)	35,960	29,464	(3,206)	26,258
Between one and five years	38,470	(1,603)	36,867	39,321	(2,384)	36,937
	77,634	(4,807)	72,827	68,785	(5,590)	63,195

The bank term loans bear effective interest rates ranging from 4.33% to 5.2% (2016: 4.44% to 5.2% ) per annum.

The hire purchase payables bear flat interest rates ranging from 2.56% to 4.95% (2016: 2.6% to 4.8%) per annum.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 20. LOANS AND BORROWINGS (continued)

The bankers' acceptances are unsecured and bear effective interest rates ranging from 3.52% to 4.25% (2016: 3.6% to 4.71%) per annum.

Revolving credits are unsecured and bear effective interest rates ranging from 3.8% to 5.08% (2016: 3.75% to 4.55%) per annum.

Bank overdraft is unsecured and bears effective interest rates at 7.10% (2016: 7.31% to 7.46%) per annum.

Changes in loans and borrowings arising from financing activities pertain to drawdowns and repayments made in the statements of cash flows.

### 21. RETIREMENT BENEFIT OBLIGATIONS

The Group and Company operate an unfunded defined benefit plan for employees whose entitlements are calculated by reference to their length of service and earnings. Provision for retirement benefits is calculated based on the predetermined rate of basic salaries and length of service of the employees.

The defined benefit plan exposes the Group and Company to actuarial risks such as longevity risk and interest rate risk.

The movements during the financial year and the amounts recognised in the statement of financial position are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<u>Present value of unfunded obligations</u>				
At 1 January	5,717	3,824	848	430
<i>Included in profit or loss</i>				
Current service cost	580	575	36	126
Interest costs	313	220	50	25
	893	795	86	151
<i>Included in other comprehensive income</i>				
Actuarial loss/(gain)	219	1,552	(8)	267
<i>Others</i>				
Benefits paid	(295)	(454)	-	-
At 31 December	6,534	5,717	926	848

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
cont'd

### 21. RETIREMENT BENEFIT OBLIGATIONS (continued)

The principal actuarial assumptions used in respect of the retirement benefit obligations were as follows:

	<b>Group and Company</b>	
	<b>2017</b>	<b>2016</b>
Discount rate	5.0 to 6.0%	5.0 to 6.0%
Expected rate of salary increases	5.5 to 6.5%	5.5 to 6.5%
Price inflation	2.5%	2.5%

Reasonably possible change at the reporting date to one of the relevant actuarial assumption, holding other assumptions constant, would have affected the retirement benefit obligations by the amounts shown below:

	<b>2017</b>		<b>2016</b>	
	<b>Increase</b>	<b>Decrease</b>	<b>Increase</b>	<b>Decrease</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b><u>Group</u></b>				
Discount rate (1% movement)	(457)	529	(430)	496
Salary increase rate (1% movement)	467	(417)	387	(344)
<hr/>				
<b><u>Company</u></b>				
Discount rate (1% movement)	(4)	4	(12)	12

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.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 22. TRADE AND OTHER PAYABLES

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Current</b>				
Trade payables	41,312	54,140	-	-
Other payables	17,933	17,975	546	473
GST payables	401	66	-	-
Deposits received	17,152	17,345	-	-
Deferred interest income	134	-	-	-
Accruals	28,367	29,005	261	259
Subsidiaries - non-trade	-	-	243	5,452
Related parties - non-trade	36,438	25,597	2,895	3,595
	141,737	144,128	3,945	9,779
<b>Non-current</b>				
Subsidiaries - non-trade	-	-	5,189	3,600

The normal credit periods granted by trade suppliers range from 30 to 120 (2016: 30 to 120) days.

The amounts owing to subsidiaries comprise non trade payables which are unsecured, interest free and repayable on demand, except for an amount of RM5,189,000 (2016: RM3,600,000) not repayable within the next 12 months and which is subject to interest fixed at 4.75% (2016: 4.75%) per annum.

The related parties are companies in which a director of the Company has substantial interest. The amounts owing to the related parties are unsecured, interest free and repayable on demand.

### 23. REVENUE

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Sales of goods	260,244	202,411	-	-
Sale proceeds from disposals of assets held for rental	21,948	25,359	-	-
Services rendered including car hire income	185,286	196,405	-	-
Finance lease income	236	1,139	-	-
Operating lease income				
- Machineries	19,288	17,085	-	-
- Investment property	664	668	-	-
Insurance premium income	3,139	3,049	-	-
Dividends from subsidiaries	-	-	10,789	11,270
Dividends from jointly controlled entities	-	-	780	1,232
	490,805	446,116	11,569	12,502

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 24. PROFIT FROM OPERATIONS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>Profit from operations is stated after charging:</i>				
Allowance for doubtful debts	970	2,349	-	-
Amortisation of intangible assets	543	84	-	-
Auditors' remuneration				
- Mazars PLT	251	229	26	25
- Other auditors	20	20	-	-
Non-audit fees				
- Mazars PLT and affiliates	110	106	10	10
- Other auditors	13	14	-	-
Bad debts written off	73	24	-	-
Inventories recognised as cost of sales	235,719	201,770	-	-
Depreciation of property, plant and equipment	58,999	50,881	15	26
Impairment loss on investment in subsidiaries	-	-	5,677	7,027
Inventories written off/down	2,300	2,524	-	-
Impairment loss on property, plant and equipment	61	-	-	-
Loss on disposal of property, plant and equipment	50	67	-	-
Property, plant and equipment written off	581	1,551	-	-
Rental expenses				
- land and buildings	4,167	4,715	-	-
- equipment	-	465	-	-
Retirement benefit expense	893	795	86	151
Realised loss on foreign exchange, net	-	169	-	-
Fair value loss on investment property	400	-	-	-
<hr/>				
<i>and crediting:</i>				
Reversal of allowance for doubtful debts	1,570	437	-	-
Gain on disposal of property, plant and equipment	363	389	-	-
Gain on disposals of assets held for rental	5,707	6,731	-	-
Unrealised gain on foreign exchange, net	370	316	-	-
Realised gain on foreign exchange, net	1	-	-	-
Dividend income from other unquoted investment	-	14	-	-
Inventories written back	-	417	-	-
Interest income				
- fixed deposits	1,012	1,219	42	27
- short term deposits	268	374	6	6
- subsidiaries	-	-	31	-

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 25. FINANCE COSTS

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Finance costs incurred on:				
Bank term loans	1,611	4,107	-	-
Bankers' acceptances	1,154	1,798	-	-
Revolving credits	6,941	4,945	-	-
Hire purchase	4,447	2,929	-	-
Others	152	128	281	114
	14,305	13,907	281	114

## 26. TAX EXPENSE/(INCOME)

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Current tax expenses				
- Current year	5,224	3,860	4	-
- Under provision in prior year	1,393	49	-	-
Total current tax recognised in profit or loss	6,617	3,909	4	-
Deferred tax expenses				
- Origination and reversal of temporary differences	(330)	934	(15)	-
- Over provision in prior year	(2,242)	(65)	(105)	-
Total deferred tax recognised in profit or loss	(2,572)	869	(120)	-
Total income tax expenses/(income)	4,045	4,778	(116)	-

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 26. TAX EXPENSE/(INCOME) (continued)

The reconciliations between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
Accounting profit/(loss)	8,565	(863)	2,779	2,600
Tax at applicable Malaysian tax rate of 24% (2016: 24%)	2,056	(207)	667	624
Non-deductible expenses	5,256	6,566	2,100	2,383
Non-taxable income	(3,454)	(3,669)	(2,778)	(3,007)
Changes in unrecognised deferred tax assets	1,484	2,259	-	-
Effect of different tax rates in foreign subsidiaries	(448)	(155)	-	-
Overprovision in prior years	(849)	(16)	(105)	-
Tax expense/(income) for the year	4,045	4,778	(116)	-

### 27. EARNINGS PER SHARE

The basic earnings per share has been calculated by dividing the Group's profit/(loss) for the year attributable to shareholders of the Group by the weighted average number of shares in issue:

	Group	
	2017	2016
Profit/(Loss) attributable to shareholders of the Company (RM'000)	4,881	(5,037)
Weighted average number of ordinary shares ('000)		
At 1 January	65,103	65,103
Effect of treasury shares purchased	(2)	-
At 31 December	65,101	65,103
Basic earnings/(loss) per share (sen)	7.50	(7.74)

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 28. OTHER COMPREHENSIVE INCOME

	2017			2016		
	Before tax RM'000	Tax effect RM'000	Net of tax RM'000	Before tax RM'000	Tax effect RM'000	Net of tax RM'000
<b>Group</b>						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Net change in fair value of cash flow hedge	(459)	110	(349)	(159)	38	(121)
Foreign exchange differences from translation	(1,787)	-	(1,787)	715	-	715
	(2,246)	110	(2,136)	556	38	594
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of retirement benefit obligation	(219)	54	(165)	(1,552)	374	(1,178)
Revaluation of property, plant and equipment	10,947	(1,209)	9,738	-	-	-
Share of gain of equity accounted investment	(9)	2	(7)	97	(25)	72
	10,719	(1,153)	9,566	(1,455)	349	(1,106)
	8,473	(1,043)	7,430	(899)	387	(512)
<b>Company</b>						
<i>Items that will not be classified subsequently to profit or loss</i>						
Remeasurement of retirement benefit obligation	8	(2)	6	(267)	64	(203)

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 29. DIVIDENDS

	Group and Company	
	2017	2016
	RM'000	RM'000
<i>In respect of the financial year ended 31 December 2017:</i>		
Interim single tier dividend of 1.0 sen paid on 29 September 2017	651	-
<i>In respect of the financial year ended 31 December 2016:</i>		
Final single tier dividend of 2.0 sen paid on 23 June 2017	1,302	-
Interim single tier dividend of 2.0 sen paid on 30 September 2016	-	1,302
<i>In respect of the financial year ended 31 December 2015:</i>		
Final single tier dividend of 4.5 sen paid on 24 June 2016	-	2,930
	1,953	4,232

At the forthcoming AGM, the directors proposed the payment of a final single tier dividend of 3.0 sen under the single tier tax system in respect of the financial year ended 31 December 2017 amounting to a dividend payable of approximately RM1.95 million. The financial statements for the current year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 December 2018.

#### 30. EMPLOYEE INFORMATION

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
Employee costs	79,055	73,503	1,807	1,693
<i>Included in the employee costs are:</i>				
Employees provident fund contributions	8,209	7,270	273	245
Retirement benefit obligations	893	795	86	151

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group or the Company if the Group or the Company has the ability, directly or indirectly, to 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 or common significant influence. Related parties could be individuals or other entities.

The Group and the Company have related party relationships with their direct and indirect subsidiaries, an associate, jointly controlled entities, and companies in which a director of the Company has substantial interest.

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

Other than disclosed elsewhere in the notes to the financial statements, significant related party transactions during the financial year were as follows:

(a) Transactions with subsidiaries

	<b>Company</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Management fee expense	480	551
Interest expenses	281	114
	<hr/>	<hr/>

(b) Transactions with jointly controlled entities

	<b>Group</b>	
	<b>2017</b>	<b>2016</b>
	<b>RM'000</b>	<b>RM'000</b>
Sales	497	820
Travel agency, car rental and workshop services	580	1,653
	<hr/>	<hr/>
Purchases of products	17	66
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 31. RELATED PARTY DISCLOSURES (continued)

- (c) Transactions with Tan Chong Motor Holdings Berhad ("TCMH") and APM Automotive Holdings Berhad ("APM") groups, companies in which a director of the Company namely Dato' Tan Heng Chew is deemed to have substantial interests:

	Group		Company	
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
<i>With TCMH group</i>				
Sales	10,202	19,208	-	-
Travel agency, car rental and workshop services	7,597	6,883	-	-
Rental income	1,317	1,282	-	-
Purchase of trucks	286	1,359	-	-
Purchase of spare parts	2,319	1,435	-	-
Workshop services	3,173	2,319	-	-
Rental expenses	1,162	1,109	-	-
Purchases of property, plant and equipment	33,307	66,850	-	-
Purchase of machinery	517	-	-	-
Insurance agency services	6,017	4,963	31	32
Administrative and IT services	4,352	7,491	-	-
Assembly services and royalty fee	3,284	1,840	-	-
Inspection services	-	89	-	-
Hire purchase financing and leasing	-	22,778	-	-
Hire purchase interest	1,753	2,562	-	-
<i>With APM group</i>				
Sales	205	3	-	-
Travel agency, car rental and workshop services	2,145	2,016	-	-
Rental income	1,107	1,169	-	-
Purchase of spare parts	10	56	-	-
Workshop services	-	-	-	-
Rental expenses	464	248	-	-
Purchase of property, plant and equipment	277	-	-	-
Purchase of IT and software	286	-	-	-

Information regarding outstanding balances arising from related party transactions at reporting date is disclosed in the respective notes to the financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 32. COMPENSATION OF KEY MANAGEMENT PERSONNEL

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. Key management personnel comprises the directors (whether executive or otherwise) of the Company and certain senior management personnel of the Group.

Compensation paid to key management personnel during the year comprises:

	Group		Company	
	2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<i>Non-executive Directors:</i>				
- Fees	213	182	213	182
- Allowances	75	62	75	62
	288	244	288	244
<i>Executive Directors:</i>				
- Remuneration	2,501	2,295	1,438	1,288
- other short term employee benefits (including estimated monetary value of benefits-in-kind)	36	21	26	-
- Employees provident fund	367	327	273	245
- Post-employment benefits	-	342	-	-
	2,904	2,985	1,737	1,533
<i>Other key management personnel:</i>				
- Remuneration	3,124	2,266	-	-
- Other short term employee benefits (including estimated monetary value of benefits-in-kind)	53	56	-	-
- Employees provident fund	341	272	-	-
	3,518	2,594	-	-
Total	6,710	5,823	2,025	1,777

The compensations paid to the Executive Directors were in respect of their contract of service or employment with the Group and the Company.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
cont'd

### 33. COMMITMENTS

	Group	
	2017 RM'000	2016 RM'000
<u>Capital expenditure commitments</u>		
<i>Property, plant and equipment</i>		
Approved and contracted capital expenditure not provided for in the financial statements	6,209	15,179
Approved but not contracted capital expenditure not provided for in the financial statements	1,066	11,546

#### Operating lease commitments

##### (a) The Group as lessor

The Group has entered into lease arrangements on vehicles and machineries to earn rental income. These leases have remaining non-cancellable lease terms of between 1 and 5 years.

The future minimum lease rental receivables under non-cancellable operating leases are as follows:

	2017 RM'000	2016 RM'000
Not later than one year	45,780	53,714
Later than one year but not later than five years	38,355	41,976
	84,135	95,690

##### (b) The Group as lessee

The Group leases office premises from various parties under non-cancellable operating leases for its operations. The leases have tenures of between 1 and 5 years, with an option to renew after expiry. Any increase in lease payments is negotiated and normally reflects market rentals.

The future minimum lease rental payments under the above non-cancellable operating leases are as follows:

	2017 RM'000	2016 RM'000
Not later than one year	2,394	2,715
Later than one year but not later than five years	929	2,492
	3,323	5,207

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 34. FINANCIAL INSTRUMENTS

### (a) Classification of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

- (i) Loans and receivables ("L&R");
- (ii) Available-for-sale financial assets ("AFS");
- (iii) Other financial liabilities measured at amortised cost ("OL"); and
- (iv) Financial instruments at fair value through profit or loss ("FVTPL").

	Carrying Amount RM'000	L&R RM'000	AFS RM'000	OL RM'000	FVTPL RM'000
2017					
<i>Financial assets:</i>					
<u>Group</u>					
Other investments	10	-	10	-	-
Finance lease receivables	1,728	1,728	-	-	-
Trade and other receivables *	143,458	143,458	-	-	-
Derivative financial assets	10	-	-	-	10
Short term deposits	7,266	7,266	-	-	-
Fixed deposits	42,989	42,989	-	-	-
Cash and bank balances	43,797	43,797	-	-	-
	239,258	239,238	10	-	10
<u>Company</u>					
Trade and other receivables *	3,851	3,851	-	-	-
Short term deposits	192	192	-	-	-
Fixed deposits	151	151	-	-	-
Cash and bank balances	5,392	5,392	-	-	-
	9,586	9,586	-	-	-

\* Trade and other receivables exclude prepayments, GST recoverable and sales tax refund

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017  
cont'd

### 34. FINANCIAL INSTRUMENTS (continued)

#### (a) Classification of financial instruments (continued)

	Carrying Amount RM'000	L&R RM'000	AFS RM'000	OL RM'000	FVTPL RM'000
<i>Financial liabilities:</i>					
<u>Group</u>					
Loans and borrowings	294,038	-	-	294,038	-
Trade and other payables **	141,202	-	-	141,202	-
Derivative financial liabilities	519	-	-	-	519
	435,759	-	-	435,240	519
<u>Company</u>					
Trade and other payables **	9,134	-	-	9,134	-

\*\* Trade and other payables exclude GST payables and deferred interest income

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 34. FINANCIAL INSTRUMENTS (continued)

### (a) Classification of financial instruments (continued)

	Carrying Amount RM'000	L&R RM'000	AFS RM'000	OL RM'000	FVTPL RM'000
2016					
<i>Financial assets:</i>					
<u>Group</u>					
Other investments	10	-	10	-	-
Finance lease receivables	3,793	3,793	-	-	-
Trade and other receivables *	142,618	142,618	-	-	-
Derivative financial assets	204	-	-	-	204
Short term deposits	13,945	13,945	-	-	-
Fixed deposits	29,203	29,203	-	-	-
Cash and bank balances	40,908	40,908	-	-	-
	230,681	230,467	10	-	204
<u>Company</u>					
Trade and other receivables *	8,189	8,189	-	-	-
Short term deposits	186	186	-	-	-
Fixed deposits	147	147	-	-	-
Cash and bank balances	4,607	4,607	-	-	-
	13,129	13,129	-	-	-
<i>Financial liabilities:</i>					
<u>Group</u>					
Loans and borrowings	306,957	-	-	306,957	-
Trade and other payables **	144,062	-	-	144,062	-
Derivative financial liabilities	254	-	-	-	254
	451,273	-	-	451,019	254
<u>Company</u>					
Trade and other payables **	13,379	-	-	13,379	-

\* Trade and other receivables exclude prepayments, GST recoverable and sales tax refund

\*\* Trade and other payables exclude GST payable

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 34. FINANCIAL INSTRUMENTS (continued)

##### (b) Fair value of financial instruments

The carrying amounts of the Group's and the Company's finance lease receivables, trade and other receivables, short term deposits, fixed deposits, cash and bank balances, current loans and borrowings and trade and other payables approximate fair values due to the relatively short term nature of these financial instruments. It was not practicable to estimate the fair value of the Group's investment in unquoted shares due to the lack of comparable quoted market prices and the inability to estimate fair value without incurring excessive costs.

The carrying amount of the Group's non-current other receivables and the Company's non-current amount owing to subsidiaries approximate or are at fair value due to the interest charged at market rate.

The fair values of other financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

Level 2 - fair value of financial instruments

	Carrying amount RM'000	Fair value RM'000
2017		
<u>Group</u>		
<i>Financial asset:</i>		
Derivative financial assets	10	10
<hr/>		
<i>Financial liability:</i>		
Derivative financial liabilities	(519)	(519)
<hr/>		
2016		
<u>Group</u>		
<i>Financial asset:</i>		
Derivative financial assets	204	204
<hr/>		
<i>Financial liability:</i>		
Derivative financial liabilities	(254)	(254)
<hr/>		

The fair values of forward exchange contracts are estimated by discounting the differences between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate.

There is no transfer between levels of fair value hierarchy during the year.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

## 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company have exposure to credit, liquidity, interest rate and foreign currency risks from their use of financial instruments:

### (a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counter party default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables, and finance lease receivables. For other financial assets (including investment in securities, cash and bank balances and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counter parties.

As at the end of the reporting year, the maximum exposure to credit risk arising from these financial assets is represented by the carrying amounts in the statement of financial position.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms is subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis resulting in the Group's exposure to bad debts insignificant. Any receivables having significant balances past due, which are deemed to have higher credit risk, are monitored individually.

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

At reporting date, the Group and the Company did not have any significant exposure to any individual customer or counter party or any major concentration of credit risk related to any financial asset.

#### Aging analysis of trade receivables

The aging analysis of the Group's trade receivables, including finance lease receivables, is as follows:

<u>Group</u>	<b>Gross</b>	<b>Individual</b>	<b>Net</b>
	<b>RM'000</b>	<b>impairment</b>	<b>RM'000</b>
		<b>RM'000</b>	<b>RM'000</b>
2017			
Not past due	51,174	-	51,174
Past due 1 to 30 days	25,599	-	25,599
Past due 31 to 120 days	22,902	(7)	22,895
Past due more than 120 days	35,205	(5,365)	29,840
	<hr/> 134,880	<hr/> (5,372)	<hr/> 129,508
2016			
Not past due	50,830	-	50,830
Past due 1 to 30 days	27,472	-	27,472
Past due 31 to 120 days	30,083	-	30,083
Past due more than 120 days	30,765	(5,972)	24,793
	<hr/> 139,150	<hr/> (5,972)	<hr/> 133,178

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### (a) Credit risk (continued)

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

	Group	
	2017	2016
	RM'000	RM'000
At 1 January	5,972	4,271
Provision	970	2,349
Reversal	(1,570)	(437)
Write off	-	(211)
	5,372	5,972
At 31 December	5,372	5,972

##### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables, loans and borrowings.

The Group and the Company maintain a level of cash and bank balances and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet their liabilities when they fall due.

##### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations:

2017	Within one year	One to five years	Total
	RM'000	RM'000	RM'000
<u>Group</u>			
Trade and other payables	141,202	-	141,202
Loans and borrowings	250,509	49,499	300,008
Derivative financial liabilities	519	-	519
	392,230	49,499	441,729



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

#### (b) Liquidity risk (continued)

	Within one year	One to five years	Total
	RM'000	RM'000	RM'000
2017			
<u>Company</u>			
Trade and other payables	4,191	5,435	9,626
2016			
<u>Group</u>			
Trade and other payables	144,062	-	144,062
Loans and borrowings	248,050	71,515	319,565
Derivative financial liabilities	254	-	254
	392,366	71,515	463,881
<u>Company</u>			
Trade and other payables	9,950	3,757	13,707

#### (c) Interest rate risk

The Group is exposed to interest rate risk which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates.

Exposure to interest rate risk related primarily to the Group's interest-bearing borrowings, short term deposits and fixed deposits.

The Group's policy is to borrow using a mix of fixed and floating rates. The objective is to reduce the impact of a rise in interest rates and to enable savings to be enjoyed if interest rates fall.

Surplus funds are placed with licensed financial institutions to earn interest income based on prevailing market rates. The Group manages its interest rate risk by placing such funds on short tenures of 12 months or less.

#### Sensitivity analysis for interest rate risk

A sensitivity analysis has been performed on the outstanding floating rate bank overdrafts, term loans, bankers' acceptances and revolving credits of the Group as at the reporting date. An increase or decrease of 50 basis points in interest rates at the reporting date would decrease or increase post-tax profit/loss by RM6,000 (2016: RM26,000), with all other variables remaining constant.

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

#### 35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

##### (d) Foreign currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the functional currency of the Group. The major currencies giving rise to this risk are primarily United States Dollar ("USD"), Chinese Renminbi ("CNY"), Japanese Yen ("JPY"), Euro ("EUR"), and Vietnamese Dong ("VND"). Other currencies that contribute to this risk are Singaporean Dollar, Indonesian Rupiah, Pound Sterling, New Zealand Dollar, Australian Dollar, Hong Kong Dollar, Indian Rupee, Thailand Baht, South-Korean Won and Brunei Dollar.

The Group hedges part of its foreign currency denominated trade receivables and trade payables. At any point in time the Group also hedges part of its estimated foreign currency exposure in respect of forecast sales and purchases over the following six months. The Group uses forward exchange contracts to hedge its foreign currency risk. All forward exchange contracts have maturities of less than one year after the end of the reporting year. Where necessary, the forward exchange contracts are rolled over at maturity.

The Group's exposure to foreign currency risk, based on carrying amounts as at the reporting date was:

<u>Group</u>	<b>Denominated in</b>				
<i>In RM'000</i>	<b>USD</b>	<b>CNY</b>	<b>JPY</b>	<b>EUR</b>	<b>Others</b>
2017					
Trade receivables	-	901	-	110	48
Trade payables	(525)	-	(252)	-	-
Cash and bank balances	5,832	680	225	1	190
Net exposure	5,307	1,581	(27)	111	238
2016					
Trade receivables	133	25	29	56	-
Trade payables	-	-	-	(9)	(3)
Cash and bank balances	3,187	427	157	17	180
Net exposure	3,320	452	186	64	177

##### Sensitivity analysis for foreign currency risk

A sensitivity analysis has been performed on the outstanding foreign currency receivables and payables of the Group as at reporting date.

A 10 percent strengthening or weakening of the above mentioned foreign currencies against Ringgit Malaysia at the reporting date would decrease or increase post-tax profit/loss by RM548,000 (2016: RM319,000) with all other variables remaining constant.

# NOTES TO THE FINANCIAL STATEMENTS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 36. CAPITAL MANAGEMENT

The Group's and the Company's objectives when managing capital is to maintain a strong capital base and safeguard the Group's and the Company's ability to continue as a going concern, so as to maintain investors', creditors' and market's confidence and to sustain future development of the business. The Group and the Company actively and regularly review and manage their capital structure to ensure optimal capital structure and shareholders returns.

The gearing ratios at 31 December are as follows:

	Group	
	2017 RM'000	2016 RM'000
Loans and borrowings (Notes 20)	294,038	306,957
Less : Short term deposits	(7,266)	(13,945)
Fixed deposits	(42,989)	(29,203)
Cash and bank balances	(43,797)	(40,908)
Net debt	199,986	222,901
Total equity attributable to owners of the Company	330,290	319,935
Gearing ratio	61%	70%

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 37. SEGMENTAL ANALYSIS

	Machinery		Travel and car rental		Automotive		Others		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Segment profit/(loss)	25,385	18,898	64,726	50,386	(3,416)	(1,545)	(2,688)	(2,573)	84,007	65,166
<i>Included in the measure of segment profit are:</i>										
Revenue from external customers	244,866	207,700	178,481	194,221	49,953	27,781	17,505	16,414	490,805	446,116
Inter-segment revenue	-	-	1,348	1,135	-	-	-	-	1,348	1,135
Inventories written back	-	-	-	-	-	-	-	417	-	417
Inventories written off/down	(1,745)	(884)	-	-	(406)	(1,056)	(149)	(584)	(2,300)	(2,524)
Impairment of property, plant and equipment	(53)	-	-	-	-	-	(8)	-	(61)	-
Fair value loss on investment property	-	-	-	-	-	-	(400)	-	(400)	-
Share of loss of associate	-	-	-	-	-	-	(183)	-	(183)	-
Share of profit of jointly controlled entities	-	-	-	-	-	-	2,768	1,644	2,768	1,644
<i>Not included in the measure of segment profit but provided to Chief Executive Officer:</i>										
Depreciation and amortisation	(12,587)	(11,632)	(44,754)	(37,659)	(419)	(742)	(1,636)	(773)	(59,396)	(50,806)
Finance costs	(4,672)	(5,221)	(8,243)	(7,038)	(1,381)	(1,648)	(9)	-	(14,305)	(13,907)
Finance income	465	567	237	377	7	8	522	608	1,231	1,560
Tax (expense)/income	(1,504)	(450)	(2,108)	(4,183)	(49)	(306)	(384)	161	(4,045)	(4,778)
Segment assets	264,035	267,549	324,526	325,428	48,623	59,140	107,326	100,920	744,510	753,037
<i>Included in the measure of segment assets are:</i>										
Additions to non-current assets other than financial instruments and deferred tax assets	16,468	20,358	52,133	82,824	44	253	2,588	5,673	71,233	109,108

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 37. SEGMENTAL ANALYSIS (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items:

	2017 RM'000	2016 RM'000
Profit or loss		
Total profit or loss for reportable segments	84,007	65,166
Depreciation and amortisation	(59,542)	(50,965)
Finance costs	(14,305)	(13,907)
Finance income	1,280	1,593
Non-reportable segment expenses	(2,875)	(2,750)
Consolidated profit/(loss) before tax	8,565	(863)

	External revenue RM'000	Depreciation and amortisation RM'000	Finance costs RM'000	Finance income RM'000	Segment assets RM'000	Additions to non-current assets RM'000
2017						
Total reportable segments	490,805	(59,396)	(14,305)	1,231	744,510	71,233
Other non-reportable segments	-	(146)	-	49	9,929	26
Share of assets from equity accounted investments	-	-	-	-	36,972	-
Consolidated total	490,805	(59,542)	(14,305)	1,280	791,411	71,259
2016						
Total reportable segments	446,116	(50,806)	(13,907)	1,560	753,037	109,108
Other non-reportable segments	-	(159)	-	33	8,069	93
Share of assets from equity accounted investments	-	-	-	-	34,155	-
Consolidated total	446,116	(50,965)	(13,907)	1,593	795,261	109,201

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 38. ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT

	Group	
	2017	2016
	RM'000	RM'000
Aggregate cost of property, plant and equipment acquired (see Note 3)	69,926	106,909
Finance via hire purchase	(38,865)	(50,058)
	<hr/>	<hr/>
Net cash paid for acquisition of property, plant and equipment	31,061	56,851
	<hr/>	<hr/>

### 39. CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the followings:

	Group	
	2017	2016
	RM'000	RM'000
Short term deposits	7,266	13,945
Fixed deposits	42,989	29,203
Cash and bank balances	43,797	40,908
Bank overdrafts	(1,272)	(2,330)
	<hr/>	<hr/>
	92,780	81,726
Less: Surplus funds placed in short term deposits	(7,266)	(8,376)
Surplus funds placed in fixed deposits	(19,816)	(22,032)
	<hr/>	<hr/>
	65,698	51,318
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

cont'd

### 40. CHANGE IN COMPARATIVE FIGURES

The following comparative figures for the financial year ended 31 December 2016 have been reclassified to conform with current year's presentation.

	As previously stated	Reclassifications	As restated
	RM'000	RM'000	RM'000
<u>Consolidated Statement of Financial Position</u>			
Short term deposits	-	13,945	13,945
Fixed deposits	-	29,203	29,203
Cash and bank balances	84,056	(43,148)	40,908
<u>Consolidated Statement of Cash flows</u>			
<i>Cash flows from operating activities</i>			
Interest received	-	972	972
<i>Cash flows from investing activities</i>			
Interest received	1,593	(972)	621
Placement of fixed deposits	-	(5,534)	(5,534)
Withdrawal of short term deposits	-	6,937	6,937
<i>Cash and cash equivalents brought forward</i>	94,269	(31,811)	62,458
<u>Statement of Financial Position</u>			
Short term deposits	-	186	186
Fixed deposits	-	147	147
Cash and bank balances	4,940	(333)	4,607
<u>Statement of Cash Flows</u>			
<i>Cash flows from investing activities</i>			
Placement of fixed deposits	-	(4)	(4)
Placement of short term deposits	-	(6)	(6)
<i>Cash flows from financing activities</i>			
Loan from subsidiaries	-	2,410	2,410
Repayment made to subsidiaries	-	(2,410)	(2,410)
<i>Cash and cash equivalents brought forward</i>	763	(323)	440

### 41. AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorised for issue on 3 April 2018 by the Board of Directors.

## STATEMENT BY DIRECTORS

### PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Keng Meng and Chin Ten Hoy, being two of the directors of Warisan TC Holdings Berhad, do hereby state that, in the opinion of the directors, the financial statements set out on pages 60 to 142 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

**TAN KENG MENG**

Director

Kuala Lumpur

Date: 3 April 2018

**CHIN TEN HOY**

Director

## STATUTORY DECLARATION

### PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Kong Hon Khien, being the person primarily responsible for the financial management of Warisan TC Holdings Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the financial statements for the year ended 31 December 2017 as set out on pages 60 to 142 are correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly )  
 declared by the above named )  
 Kong Hon Khien )  
 at Kuala Lumpur )  
 in the Federal Territory )  
 on this 3 April 2018 )

**KONG HON KHIEH**

Chartered Accountant

MIA Membership No.: CA28614

Before me,

**TAN KIM CHOOI**

No. W661

Commissioner for Oaths  
 (Pesuruhjaya Sumpah)

Kuala Lumpur



## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-First Annual General Meeting of WARISAN TC HOLDINGS BERHAD will be held at The Grand Ballroom, Level 9, Sunway Putra Hotel, 100, Jalan Putra, 50350 Kuala Lumpur, Malaysia on Friday, 25 May 2018 at 10:30 a.m. to transact the following businesses:

### Ordinary Business

1. To receive the Audited Financial Statements for the financial year ended 31 December 2017 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 3 sen per share for the financial year ended 31 December 2017. **Ordinary Resolution 1**
3. To re-elect the following Directors who retire by rotation and being eligible, have offered themselves for re-election, in accordance with Article 96 of the Company's Articles of Association, as Directors of the Company:
  - (i) Dato' Tan Heng Chew **Ordinary Resolution 2**
  - (ii) Datuk Abdullah Bin Abdul Wahab **Ordinary Resolution 3**
4. To re-appoint Mazars PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorize the Directors to fix their remuneration. **Ordinary Resolution 4**

### As Special Business

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

5. **DIRECTORS' FEES**

"THAT approval be and is hereby given for the Company to pay Directors' fees of up to an amount of RM295,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 26 May 2018 until the next Annual General Meeting of the Company." **Ordinary Resolution 5**
6. **DIRECTORS' BENEFITS**

"THAT approval be and is hereby given for the Company to pay Directors' benefits of up to an amount of RM100,000 in aggregate to the Independent Non-Executive Directors of the Company during the course of the period from 26 May 2018 until the next Annual General Meeting of the Company." **Ordinary Resolution 6**
7. **CONTINUING IN OFFICE AS INDEPENDENT NON-EXECUTIVE DIRECTORS**
  - 7.1 "THAT approval be and is hereby given for Dato' Chong Kwong Chin who has served as an Independent Non-Executive Director of the Company 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**
  - 7.2 "THAT approval be and is hereby given for Datuk Abdullah bin Abdul Wahab who has served as an Independent Non-Executive Director of the Company 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 8**

## NOTICE OF ANNUAL GENERAL MEETING

cont'd

### 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 ten per centum (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**

## NOTICE OF ANNUAL GENERAL MEETING

cont'd

### 9. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH TAN CHONG MOTOR HOLDINGS BERHAD 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 ("WTCH Group") to enter into all arrangements and/or transactions with Tan Chong Motor Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group ("Related Parties") including those as set out in Paragraph 3.3.1.1 of the Company's Circular to Shareholders dated 27 April 2018 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**

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## 10. PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS WITH APM AUTOMOTIVE HOLDINGS BERHAD 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 ("WTCH Group") to enter into all arrangements and/or transactions with APM Automotive Holdings Berhad and its subsidiaries involving the interest of Directors, major shareholders or persons connected with Directors and/or major shareholders of the WTCH Group ("Related Parties") including those as set out in Paragraph 3.3.1.2 of the Company's Circular to Shareholders dated 27 April 2018 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 occur 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 ALTERATION AND AMENDMENT OF THE CONSTITUTION OF THE COMPANY

"THAT approval be and is hereby given for the Company to alter and amend the existing Constitution of the Company by the deletion of its memorandum of association in its entirety and the adoption of a new Constitution as set out in Appendix II to the Circular to Shareholders dated 27 April 2018 which shall take effect on the date of the passing of this special resolution AND THAT the Directors and/or Company Secretaries of the Company be and are hereby authorized to assent to any conditions, modifications and/or amendments as may be required by any relevant authorities and to do all acts and things and take all such steps as may be considered necessary in relation to or in connection with the notification and lodgment of the Constitution of the Company as altered and amended."

**Special Resolution**

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

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS HEREBY GIVEN THAT subject to the approval of the shareholders at the Twenty-First Annual General Meeting of Warisan TC Holdings Berhad, a final single tier dividend of 3 sen per share for the financial year ended 31 December 2017 will be paid on 22 June 2018. The entitlement date shall be 1 June 2018.

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

- (1) shares transferred into the depositor's securities account before 4:00 p.m. on 1 June 2018 in respect of ordinary transfers; and
- (2) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

By Order of the Board

**ANG LAY BEE** (MAICSA 0825641)

**CHANG PIE HOON** (MAICSA 7000388)

Company Secretaries

Kuala Lumpur

27 April 2018

## NOTES:

1. A depositor whose name appears in Record of Depositors of the Company as at 16 May 2018 ("Record of Depositors") shall be regarded as a member entitled to attend, 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 ordinary 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 ordinary 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 ordinary shareholdings or the number of ordinary shares to be represented by each proxy.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

6. Any beneficial owner who holds ordinary 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 of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary 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. Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy must be deposited at the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia (Tel. +603-2783 9299) or 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 forty-eight hours before the time appointed for the meeting.
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 Annual General Meeting will be put to vote by poll.

## EXPLANATORY NOTES ON ORDINARY/SPECIAL BUSINESS

### (1) Item 1 of the Agenda – Audited Financial Statements for financial year ended 2017

The Audited Financial Statements are laid for discussion only under Item 1 of the Agenda as they do not require shareholders' approval in accordance with Section 340(1)(a) of the Companies Act, 2016. Hence, this item will not be put for voting.

### (2) Ordinary Resolutions 5 and 6 – Directors' Fees and Benefits

In accordance with Section 230(1) of the Companies Act, 2016, the fees of the directors and any benefits payable to the directors of public company or a listed company and its subsidiaries, shall be approved at a general meeting.

The Company pays Directors' fees and benefits to the Independent Non-Executive Directors ("INEDs"). The Executive Directors do not receive any 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 Board recommends that shareholders approve a maximum aggregate amount of RM295,000 for the payment of Directors' fees to the INEDs of the Company during the course of the period from 26 May 2018 until the next Annual General Meeting of the Company.

The Board also recommends that shareholders approve a maximum aggregate amount of RM100,000 for the payment of benefits which mainly consist of meeting allowance (i.e as Chairman of the Meeting : RM1,500 per meeting and as Board/Board Committee members : RM1,200 per meeting) to the INEDs of the Company during the course of the period from 26 May 2018 until the next Annual General Meeting of the Company.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

### (3) Ordinary Resolutions 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 the 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' Chong Kwong Chin and Datuk Abdullah bin Abdul Wahab who have served as INEDs for a cumulative term of more than nine (9) years to continue to be designated as INEDs of the Company based on the following key justifications:

- (i) they fulfil the criteria under the definition on Independent Director as stated in the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, therefore, are able to bring independent and objective judgement to the Board;
- (ii) their relevant experience and expertise in accounting, audit, entrepreneurial skill, legislative and administrative aspects would enable them to provide the Board and Board Committees, as the case may be, with pertinent expertise, skills, contributions and competence;
- (iii) they possess greater insight and knowledge of the businesses, operations and business strategies of the Group which enable them to contribute actively and effectively during deliberations at Board Committees and Board meetings;
- (iv) they are able to raise their independence views and devote sufficient time and exercise due care as Independent Directors of the Company and carry out their duties diligently in the interest of the Company and shareholders; and
- (v) from their perfect attendance record at Board and Board Committee 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

The proposed 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 will continue to be in force until the conclusion of the next Annual General Meeting of the Company, or at the expiration of the period within which the next Annual General Meeting 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 27 April 2018 despatched together with the Company's 2017 Annual Report.

### (5) Ordinary Resolutions 10 and 11 – Proposed Shareholders' Mandate for Recurrent Related Party Transactions

The proposed Ordinary Resolutions 10 and 11, 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 Ordinary Resolutions 10 and 11 are set out in the Circular to Shareholders dated 27 April 2018 despatched together with the Company's 2017 Annual Report.

# NOTICE OF ANNUAL GENERAL MEETING

cont'd

## (6) Special Resolution - Proposed Alteration and Amendment of the Constitution of the Company

The proposed Special Resolution, if passed, will alter and amend the Company's Constitution so that the provisions of the new Constitution will be consistent with the provisions of the Companies Act, 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. As the Constitution of the Company will no longer comprise the memorandum of association and the articles of association, the existing memorandum of association will be deleted in its entirety. Provisions previously found in the memorandum of association of the Company with modifications are proposed to be incorporated in the new Constitution, in which the existing articles of association with or without modifications have been retained to the extent permitted or not prohibited by the Act and the Listing Requirements.

The proposed new Constitution of the Company is set out in Appendix II to the Circular to Shareholders dated 27 April 2018 despatched together with the Company's 2017 Annual Report.

A soft copy of the Proposed Alteration and Amendment of the Constitution showing the tracked changes made to the existing articles of association have been uploaded on the Company's website at [www.warisantc.com.my](http://www.warisantc.com.my) for reference.

Further information on the proposed Special Resolution is also set out in the Circular to Shareholders.

## PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 21st 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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# FORM OF PROXY

CDS Account No.

I/We \_\_\_\_\_ (name of shareholder, in capital letters)  
 NRIC No./Company No. \_\_\_\_\_ (new) \_\_\_\_\_ (old)  
 of \_\_\_\_\_  
 \_\_\_\_\_ (full address)  
 telephone no. \_\_\_\_\_ being a member(s) of WARISAN TC 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 Twenty-First 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 Friday, 25 May 2018 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' Tan Heng Chew		
Ordinary Resolution 3	Re-election of Datuk Abdullah bin Abdul Wahab		
Ordinary Resolution 4	Re-appointment of Mazars PLT as Auditors		
Ordinary Resolution 5	Directors' Fees		
Ordinary Resolution 6	Directors' Benefits		
Ordinary Resolution 7	Continuing in office as Independent Non-Executive Director for Dato' Chong Kwong Chin		
Ordinary Resolution 8	Continuing in office as Independent Non-Executive Director for Datuk Abdullah bin Abdul Wahab		
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 Tan Chong Motor Holdings Berhad and its subsidiaries		
Ordinary Resolution 11	Proposed Shareholders' Mandate for Recurrent Related Party Transactions with APM Automotive Holdings Berhad and its subsidiaries		
Special Resolution	Proposed Alteration and Amendment of the Constitution of the Company		

(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 discretion.)

\_\_\_\_\_  
Signature/Common Seal

Number of shares held: \_\_\_\_\_

Date: \_\_\_\_\_

For appointment of two proxies, percentage of shareholdings to be represented by the proxies:		
	<u>No. of shares</u>	<u>Percentage</u>
Proxy 1	_____	_____%
Proxy 2	_____	_____%

**Notes:**

1. A depositor whose name appears in Record of Depositors of the Company as at 16 May 2018 ("Record of Depositors") shall be regarded as a member entitled to attend, 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 without limitation. 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 ordinary 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 ordinary 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 ordinary shareholdings or the number of ordinary shares to be represented by each proxy.
6. Any beneficial owner who holds ordinary 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 of the beneficial owner. If there shall be three (3) or more persons appointed to act as proxies for the same beneficial owner of ordinary 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. Where the Form of Proxy is executed by a corporation, it must be executed under seal or under the hand of an officer or attorney duly authorised.
8. The Form of Proxy must 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: +603-2783 9299) or alternatively, the 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 forty-eight hours before the time appointed for the meeting.
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 Annual General Meeting will be put to vote by poll.

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**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD (11324-H)  
Registrar for WARISAN TC HOLDINGS BERHAD (424834-W)**

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 Privacy**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the 21st Annual General Meeting of the Company ("AGM") and/or any adjournment thereof, a member of the Company (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.

## PERSONAL DATA PROTECTION NOTICE

This Personal Data Protection Notice ("Notice") is issued to all shareholders (including substantial shareholders) ("Shareholders") of WARISAN TC HOLDINGS BERHAD ("Company", "WTCH", "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](http://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 WTCH, 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 WTCH, bank account number, CDS account number and any other personal data required, may be processed by WTCH and its related companies ("WTCH 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 WTCH'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 our Shareholders' information; and
- (f) Dealings with all matters in connection with your shareholding in the WTCH; 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 WTCH 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 WTCH 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

cont'd

Your written requests or queries pertaining to your personal data should be addressed to:

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

Attention : Ms Lim Lay Kiow, Senior Manager  
Tel No. : +603-2783 9299  
Fax No. : +603-2783 9222  
Email : [lay.kiow.lim@my.tricorglobal.com](mailto: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 WTCH 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 : Warisan TC Holdings Berhad  
27 April 2018

## NOTIS PERLINDUNGAN DATA PERIBADI

Notis Perlindungan Data Peribadi ini ("Notis") dikeluarkan kepada semua pemegang saham (termasuk pemegang-pemegang saham utama)("Pemegang Saham") WARISAN TC HOLDINGS BERHAD ("Syarikat", "WTCH" 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](http://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 WTCH, 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 WTCH, nombor akaun bank, nombor akaun Sistem Depositori Pusat (CDS) anda dan data peribadi lain yang dikehendaki, yang mungkin diproses oleh WTCH dan syarikat-syarikat yang berkaitan dengannya ("Kumpulan WTCH") 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 WTCH, 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 WTCH; 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 WTCH (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 WTCH. 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 mana-mana Tujuan tersebut.

Kami akan memastikan semua data peribadi anda disimpan dengan selamat. Anda bertanggungjawab untuk memastikan bahawa data peribadi yang anda berikan kepada kami adalah tepat, lengkap, tidak mengelirukan dan dikemaskini.

Adalah dimaklumkan bahawa anda mempunyai hak untuk meminta akses dan membetulkan data peribadi anda atau menghadkan pemprosesan data peribadi anda.

# NOTIS PERLINDUNGAN DATA PERIBADI

Bersambungan

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

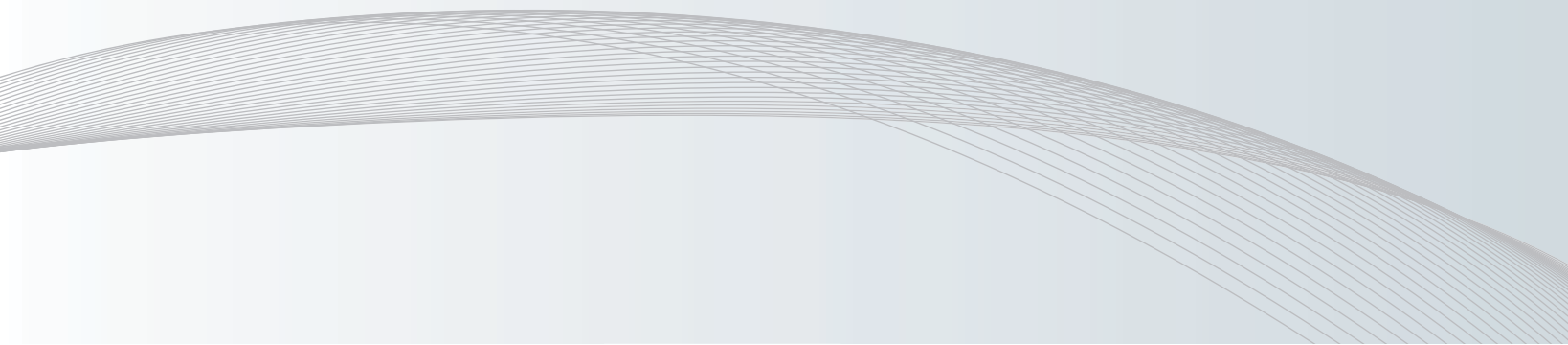
Tricor Investor & Issuing House Services Sdn Bhd  
Unit 32-01, Level 32, Tower A  
Vertical Business Suite  
Avenue 3, Bangsar South  
No. 8, Jalan Kerinchi  
59200 Kuala Lumpur  
Malaysia

Untuk Perhatian : Ms Lim Lay Kiow, Pengurus Kanan  
No. Tel : +603-2783 9299  
No. Fax : +603-2783 9222  
Emel : [lay.kiow.lim@my.tricorglobal.com](mailto: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 yang dilantik untuk menghadiri apa-apa mesyuarat agung WTCH 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 : Warisan TC Holdings Berhad  
27 April 2018



**WARISAN TC HOLDINGS BERHAD**(424834-W)

62-68, Jalan Sultan Azlan Shah  
51200 Kuala Lumpur  
Malaysia

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Facsimile : +603 4047 8636  
Email : corporate@warisantc.com