ANNUAL REPORT 2024

TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 693

COMPANY OVERVIEW

Tan Chong International Limited (Stock Code 693), listed on the Stock Exchange of Hong Kong Limited in 1998, is a major motor distribution, transportation, property and trading group.

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RESULTS

2024 was defined by persistent global economic headwinds marked by geopolitical conflicts, shifting consumer preferences in automotive markets, and continued financial market volatility. Despite these challenges, the Group demonstrated resilience through strategic adaptability and diversified business interests.

In this context, the Group reported revenue of HK$12.7 billion for the year, marking a modest 8% decrease from the HK$13.8 billion recorded in 2023. This decrease in revenue was largely attributable to the challenging conditions faced by the automotive division, driven by an unprecedented transformation reshaping the global automotive industry. The sector experienced extraordinary flux as established market dynamics were disrupted by the entry of new manufacturers, evolving regulatory frameworks, and volatile consumer preferences. This perfect storm of industry-wide challenges created a difficult operating environment for automotive companies across international markets.

Nevertheless, the Group delivered a notable profit after tax of HK$609.5 million for the year, representing a significant 60% increase compared to HK$380.6 million in 2023. This remarkable increase stemmed from several targeted initiatives across the Group's business portfolio.

A key driver of this growth was the strategic transformation of the Group's property, Wilby Central. Following a multi-year programme of enhancements to meet regulatory requirements, the property was successfully reclassified from residential to serviced apartment status, resulting in a significant valuation gain. Complementing this, ongoing renovation works at Wilby Bukit Timah - another of the Group's apartment properties for leasing - further enhanced portfolio value by adding new dual key units. These initiatives underscore the Group's proactive approach to maximising asset performance, even amid challenging market conditions.

Another important contributor was ZERO, the Group's vehicle transportation and logistics division in Japan, which reported a robust 71% improvement in net profit year-on-year. Improved operational efficiency and strategic acquisitions that expanded market reach significantly boosted performance in this division.

These strategic initiatives, coupled with effective cost control measures and enhanced operational efficiency implemented across the Group - including a significant reduction in distribution costs within the automotive division - collectively strengthened financial performance. As a result, EBITDA increased by 13.2% to HK$1.8 billion from HK$1.6 billion. Profit from operations grew strongly by 27.1% to HK$1,090.3 million, compared to HK$857.9 million in 2023, with the operating profit margin improving to 8.6% from 6.2%.

The Group's net gearing ratio, which is computed by dividing the net debt with the total equity, was 48.3% as at 31 December 2024, compared to 48.6% in the previous year. The net debt recorded was HK$5,872.1 million, as compared to HK$5,945.7 million as of 31 December 2023. Net debt is comprised of borrowings of HK$7,762.2 million and unsecured overdrafts of HK$352.8 million, less cash and bank balances of HK$2,242.9 million.

ROCE (Return on capital employed), which is computed by dividing earnings before interest and taxes (EBIT) with total equity plus non-current liabilities, increased to 6.7% as compared to 5.3% in 2023.

Net Asset Per Share as of 31 December 2024 was HK$6.04, a decrease from the HK$6.08 recorded at the end of December 2023.

As at the end of 2024, the Group's employee strength was 4,912, as compared to 5,510 in 2023. This 11% decrease from the previous year was mainly due to the discontinuation of the Group's Subaru manufacturing plant in Thailand at the end of 2024, and ongoing business rationalisation efforts aimed at maintaining competitiveness.

The year also saw key developments across the Group's operations, reflecting continued progress on strategic priorities. Following the closure of its automotive manufacturing plant in Thailand at the end of 2024, the Group has been actively pursuing asset optimisation through potential disposal or a long-term lease arrangement. Negotiations with credible counterparties are at an advanced stage, and the Group remains focused on finalising a transaction that maximises value. A formal announcement will be made upon conclusion.

Reference is made to the interim results announcement of the Company dated 29 August 2024 in relation to, among other things, the possibility of a separate listing of ETHOZ Group ("Potential Separate Listing"). The Group is currently undertaking preparatory work in respect of the Potential Separate Listing. Subject to obtaining of all requisite approvals and the final determination of the board of ETHOZ, it is anticipated that the Potential Separate Listing will be completed in the second half of 2025. Shareholders and investors of the Company are therefore cautioned that the Potential Separate Listing may or may not proceed. The Company will comply with the relevant Listing Rules requirements and make further announcement(s) in relation to the Potential Separate Listing as and when appropriate in accordance with the Listing Rules.

As the Group looks ahead, it remains committed not only to financial and operational growth but also to sustainable and responsible business practices. It continues to monitor and adopt climate-friendly measures across its key markets. Beyond meeting local regulations on environmental standards and emissions, the Group actively engages in regional initiatives aimed at driving sustainable practices.

SIGNIFICANT INVESTMENTS

As at 31 December 2024, the Group had investments in listed and unlisted equity securities amounting to HK$1.6 billion designated at fair value through other comprehensive income. The majority of these investments are equity securities listed on the Tokyo Stock Exchange. These were accumulated over the years as strategic investments. Fair value loss of HK$29 million was recognised in other comprehensive income during the year ended 31 December 2024. The loss was primarily due to share price changes of its listed investments, which were marked to market and was therefore unrealised. Such unrealised fair value loss on its investments was not reclassified to the Group's consolidated statement of profit or loss.

FINANCE

For the year 2024, total dividend payment will amount to HK$150.998 million as compared to HK$150.998 million paid for financial year 2023. With a proposed final dividend of HK$0.055 per share, and a paid interim dividend of HK$0.02 per share, the total dividend per share for financial year 2024 will be HK$0.075, similar to that of the HK$0.075 dividend per share for 2023.

The consolidated net asset value per share decreased year-on-year to HK$6.04 from HK$6.08 in 2023.

SINGAPORE

In Singapore, total industry volume ("TIV") expanded by 37% year-on-year in 2024 on the back of a recovery in the supply of Certificate of Entitlements ("COE"). TIV for passenger cars expanded by 42%, while that for commercial vehicles expanded by 14%.

Nissan

Nissan was able to expand its total sales by 27% year-on-year, with expansion seen for both its passenger and commercial vehicles. Nissan continues to enjoy strong demand for its electrified line-up and was able to retain its position as one of the top-10 selling passenger car brands in Singapore. Even more notable was the strong performance of its commercial vehicles, which led to Nissan emerging as the best-selling light commercial vehicle brand in Singapore.

Looking ahead to 2025, TIV is expected to continue expanding as the supply of COE continues to pick up. However, the recent influx of new brands into Singapore is likely to see more intense competition.

As such, while the Group is cautiously optimistic that Nissan sales will benefit from the expected continued expansion of the TIV, it is also mindful of the headwinds going into 2025.

Subaru

In 2024, the Group's Subaru operations tripled in sales, achieving nearly 203% growth over 2023, compared to a 42% rise in TIV.

The Subaru Forester e-Boxer, featuring the brand's proprietary 4th Generation EyeSight safety technology and an efficient hybrid powertrain, was well-received by customers seeking fuel-efficient models.

With a potentially larger COE quota in 2025 and the launch of a strong hybrid model boasting class-leading fuel efficiency of over 1,000km on a single tank, the Group is positive about further growth.

ETHOZ Group

ETHOZ Group's total revenue rose 2% to HK$882.3 million in 2024 from the corresponding period in 2023, primarily due to increases in vehicle rental income, interest income, and solar income.

Throughout the second half of 2024, interest costs fell gradually, especially after the Federal Reserve's announcement of interest rate cuts. Meanwhile, operating expenses increased in conjunction with the expansion of business activities.

ETHOZ Group is confident in the long-term prospects of its key businesses and markets in the region, remaining committed to sustainable growth in Singapore and the region while strategically leveraging upcoming opportunities.

CHINA

In Hong Kong, the Group's Subaru operations launched its first electric vehicle ("EV"), the Subaru Solterra, in the first quarter of 2024. The launch was a huge success and was well-received by the market due to its advanced safety features and electrification. Additionally, the Group reintroduced the legendary WRX Sedan and WRX Wagon in the third quarter of 2024, which had been highly anticipated for their class-leading driving dynamics and strong following.

The Group posted a 10% increase in sales volume in 2024 compared to 2023, outperforming the TIV growth of 6%. The Group is cautiously optimistic about its prospects in Hong Kong for 2025, as it plans to introduce a new strong hybrid model to complement its EV offering.

In China, the Group experienced a 49% decline in Subaru sales compared to 2023 due to challenging market conditions and extreme competition. Nevertheless, the Group maintains its position as the number one Subaru dealer group in Southern China where it operates, continuing to lead in market share notwithstanding the industry headwinds.

TAIWAN AND PHILIPPINES

In Taiwan, the Group saw a 48% decline in sales volume in 2024 compared to 2023, primarily due to intensifying competition from newly introduced brands and products in the market, against a 4% contraction in TIV. The Group is confident of recovery in its Taiwan operations in 2025 with the planned introduction of a new strong hybrid model.

In the Philippines, the preferential tax regime on electrified models has impacted the Group's performance, resulting in a 48% decrease in sales volume year-on-year. However, with the planned introduction of Subaru hybrid models in the Philippines, the Group is optimistic about its prospects in 2025.

MALAYSIA, THAILAND, VIETNAM AND CAMBODIA

With the discontinuation of the Group's Subaru assembly business at the end of 2024, the Group has shifted its marketing and brand positioning strategy in Malaysia, Thailand, Vietnam, and Cambodia to Complete Build Up (CBU) models from Japan. Utilising various trade agreements, the Group is able to introduce Japan-made products to these markets in a faster and more cost-efficient manner.

In Malaysia, with the introduction of multiple new brands in the market, Subaru operations posted a 29% drop in sales volume compared to the previous year. While the market remains challenging, the Group expects a recovery in 2025, encouraged by the market's acceptance of its new marketing initiatives and the reliability of Subaru products.

In Thailand, despite the government's continued heavy support toward EVs and the introduction of multiple new brands in the market, Thailand's TIV dropped by 17% compared to 2023. The Group's Thai operations posted a decline of 60% in sales volume against 2023. The Group remains confident in Thailand's long-term business prospects as it maintains a committed retail network of dealers.

The Vietnamese government's introduction of a registration tax support for locally-assembled vehicles in 2024 impacted the Group's operations in Vietnam, where it saw a 30% decline in sales volume compared to 2023. With the cessation of such support at the end of 2024, the Group is optimistic about its prospects in Vietnamese market. Its enhanced marketing efforts to reposition the Subaru brand are also showing promising returns with a growing population of Subaru owners, contributing toward positive word of mouth on product quality and reliability.

In Cambodia, with the weakening market and worsening economic situation, the Group posted a 31% decline in sales volume against the previous year. With recovering sentiments and stable market conditions, the Group remains positive about its business outlook for 2025.

JAPAN

ZERO, the Group's vehicle transportation and logistics division that is listed on the Second Section of the Tokyo Stock Exchange, recorded a 2% increase in revenue to HK$7.5 billion for 2024. ZERO's net profit for the year increased by 71%, as compared to the previous year. The depreciation of the Japanese Yen against the Group's reporting currency in HK$ negatively impacted the revenue and net profit contributed by ZERO. The Japanese Yen weakened by 7% against the HK$ year-on-year.

In terms of ZERO's revenue and net profit recorded in its operating currency of Japanese Yen, its revenue and net profit rose by 10% and 85% respectively. The increase in ZERO's revenue was mainly driven by higher handling volume, an upward revision of fees for its vehicle transportation business, and the consolidation of So-ing Co., Ltd., which was acquired in November 2023. So-ing Co., Ltd mainly deals in auto auction site operations.

The increase in net profit was attributable to higher income from increased revenue, despite facing higher costs due to compliance with crew working hour regulations, rising recruitment and labor cost, and higher vehicle maintenance costs.

ZERO anticipates its revenue from used vehicle exports to stabilise, considering exchange rate trends and local demand. It also expects operating income to improve due to the promotion of efficiency improvement in the vehicle transportation business, as well as the impact of the rate revision.

HIRE PURCHASE AND FINANCING BUSINESS

The Group provides commercial loans and acts as lessor, under hire purchase and finance lease contracts.

a. Hire purchase and finance lease

Hire purchase contracts and finance leases are mainly for solar panels, forklifts, farming equipment and office automation, with operations in Singapore, China, and Malaysia.

As of 31 December 2024, net receivables from hire purchase and finance lease amounted to HK$2.36 billion or 44% of total loans and advances with 12%, 86%, and 2% attributable to Singapore, China, and Malaysia respectively, and accounted for by 8,057 customers. These customers are made up of 93%, 4%, and 3% of small and medium enterprises ("SMEs"), Sole Proprietors/Limited Partnerships, and non-profit or statutory-related organisations respectively.

The ageing analysis of hire purchase and finance lease receivables is as follows: (i) balance with maturity of less than one year is HK$1.07 billion; (ii) balance with maturity between one year and five years is HK$1.28 billion; (iii) balance with maturity between five years and seven years is HK$11 million.

b. Commercial loans

Commercial loans, which are only extended to 372 customers in Singapore, make up 56% of total loans and advances amounting to HK$2.96 billion as of 31 December 2024. These customers are made up of 69% and 31% of SMEs and Sole Proprietors/Limited Partnerships respectively.

The three main types of commercial loans, namely secured commercial loans, ESG loans under the Enterprise Financing Scheme granted by Enterprise Singapore ("ESG"), and unsecured loans make up 95%, 1%, and 4% of the total commercial loans portfolio respectively.

Secured commercial loans are mostly secured by good quality properties in Singapore. Risk is mitigated by low loan-to-value ratio of not more than 80% which provides a strong margin of safety in the event of write-off.

ESG loans aim to support the growth of SME sectors in Singapore with a risk-sharing ratio of up to 90% to be borne by ESG.

Unsecured loans are very selectively offered to high quality clients with strong ability to repay.

The ageing analysis of commercial loan receivables is as follows: (i) balance with maturity of less than one year is HK$2.06 billion; (ii) balance with maturity between one year and five years is HK$0.9 billion.

As at 31 December 2024, total loans and advances outstanding from customers before impairment amounted to HK$5.37 billion. The top five customers account for 14% of total loans and advances before impairment, which are all commercial loans secured by properties.

Major terms of loans granted

For the year ended 31 December 2024, the hire purchase and lease period under the hire purchase and finance lease business range from 1 to 8 years with related interests charged at 2.5% p.a. to 14% p.a. accordingly.

Commercial loans are offered over a tenure of 1 to 3 years, with interest rates ranging from 6% p.a. to 11% p.a. respectively.

Risk management policies

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk.

The Group is exposed to credit risks if any of the following occurs:

a. Change of business model during loan tenure;
b. Sudden headwind specific to the industry, such as a lack of supply of materials and labour;
c. Poor management of cash flow during a difficult and uncertain business climate;
d. Aggressive expansion plans leading to financial instability; and
e. Failure in a greenfield investment.

The main ambits of its credit risk framework include: (A) Credit Approval and (B) Credit Monitoring (Existing Live Contracts).

(A) Credit Approval

Prior to onboarding a new customer, the Group performs screening checks such as Know Your Client, Anti- Money Laundering, and Countering the Financing of Terrorism, before a credit proposal is submitted to the Credit Risk Department for review.

The credit approval team for the Group, which is based at the headquarters in Singapore, adopts a holistic approach to assessing credit risk of the loan.

It considers a combination of quantitative and qualitative factors as provided in the table below. These factors are benchmarked against industry norms and reviewed by a competent team with over two decades of industry experience.

Quantitative Factors	Qualitative Factors
• Balance sheet evaluation • Profit & loss evaluation • Financial ratios evaluation • Cash conversion cycle evaluation • Bank statement evaluation • New and existing projects cash flow • Loan-to-value of collateral	• Business model/modus operandi • Management team/owners profile and risk appetite • Track records via its operating history • Market positioning of borrower • Major customers and suppliers • Outlook of the industry or sector it is operating in

For its commercial loans business in particular, the Group obtains credit enhancements in the form of corporate guarantees/personal guarantees/vendor buyback guarantees and/or properties securities.

The Credit Risk Policy formalises limits for single obligor/group obligor and the industry which is reviewed monthly.

(B) Credit Monitoring (Existing Live Contracts)

The Group reviews its portfolio on a regular basis to ensure that it is serviced promptly, with no deterioration in asset quality.

The Credit Control Department is responsible for following up with customers on the following:

a. Daily - each Credit Control Officer has to perform at least 55 calls, which are logged into the system and reviewed by the supervisor in charge.
b. Daily review of Direct Debit Authorisation rejections, when the Credit Control Officer will call the customer to arrange for the next deduction.
c. Monthly review of collection ratio reports and aging meetings with senior management.
d. Site visits where appropriate.
e. Issuance of reminders and demand letters where required to repossess the property/ies.

Loan impairment policies and impairment assessments

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower;
- A breach of contract such as a default or being more than 90 days past due;
- The restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; and
- It is probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Amount outstanding from loans and advances are assessed for impairment regularly by reviewing the non-performing amounts. Non-performing customers are identified, discussed, and followed up during the monthly ageing meetings. Management includes the non-performing amounts as part of the IFRS 9 provision requirements.

As at 31 December 2024, impairment loss allowance of HK$47.6 million (31 December 2023: HK$39.4 million) has been made for loans and advances. Bad debt written off was 0.3% for the whole year of 2024.

PROSPECTS

Looking ahead, the Group expects increased uncertainty driven by major global political transitions, bringing new policies that may significantly reshape international trade, regulatory frameworks, and market dynamics. These new challenges, layered upon existing geopolitical tensions, create a volatile business environment that demands exceptional agility.

However, having successfully navigated through numerous economic cycles over decades of operation, the Group faces these challenges from a position of experience and resilience. Its longevity demonstrates an ability to adapt amid changing circumstances while maintaining core values and business fundamentals – qualities that will serve well in navigating the uncertain waters ahead.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Tan Chong International Limited (the "Company") is committed to the observance of good corporate governance to protect the interests and rights of shareholders and the financial performance of the Company and its subsidiaries (collectively the "Group"). The Board has adopted the principles and code provisions of the Corporate Governance Code set out in part 2 of the Appendix C1 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") that form part of the disclosure requirements under the Listing Rules. Throughout the year under review, the Company has complied with most of the code provisions set out in the Corporate Governance Code. Where applicable various self-regulatory and monitoring measures were adopted for effective corporate governance practice.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted and implemented the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix C3 of the Listing Rules on dealing in securities. This has been made known to all the directors of the Company and each director has confirmed in writing that he or she has observed the Model Code for year 2024. The Group has its own in-house mechanism to guide its directors and relevant employees regarding dealing in the Company's securities including reminders on the law regarding insider trading.

BOARD OF DIRECTORS

As at the date of this report, the Board consists of five executive directors, one non-executive director and five independent non-executive directors. As the independent non-executive directors made up at least one-third of the Board, the current Board size is considered appropriate with regard to nature and scope of the Group's operations. The Board members bring with them a wealth of knowledge, expertise and experience to contribute valuable direction and insight to the Group. The relationships among the members of the Board are disclosed under Directors Profile on page 18.

The Board, which meets at least four times a year, manages the business and affairs of the Group, approves the Group's corporate and strategic direction, appoints directors and key personnel, approves annual budgets and major funding and investment proposals, and reviews the financial performance of the Group.

For effective management, certain functions have been delegated to various board committees, each of which has its own written terms of reference and whose actions are reported to and monitored by the Board.

The Company has internal guidelines in regard to matters that require Board approval. Material transactions that need Board approval are as follows:

a. approval of interim results announcement;
b. approval of annual results and accounts;
c. declaration of interim dividends and proposal of final dividends;
d. convening of shareholders' meeting;
e. approval of corporate strategy;
f. authorization of merger and acquisition transactions; and
g. authorization of major transactions.

Each member of the Board namely Mr. Tan Eng Soon, Mr. Glenn Tan Chun Hong, Mr. Tan Kheng Leong, Mdm. Sng Chiew Huat, Ms. Gillian Tan Tsui Lyn, Mr. Joseph Ong Yong Loke, Mr. Ng Kim Tuck, Mr. Azman Bin Badrillah, Mr. Prechaya Ebrahim, Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun, participated in continuous professional development through webinars covering topics such as Environmental, Social and Governance ("ESG"), corporate governance, updates on business, regulatory and accounting matters and/or reading relevant materials, to ensure that their contribution to the Board remains informed and relevant. All directors have provided to the Company their records of training received during year 2024 which include webinars and/or reading materials relevant to the Company's business or to the directors' duties and responsibilities.

BOARD INDEPENDENCE EVALUATION AND INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has established a Board Independence Evaluation Mechanism in 2022 which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard the interests of shareholders of the Company.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board Independence Evaluation Report will be presented to the Board which will collectively discuss the results and the action plan for improvement, if appropriate.

During the year ended 2024, all Directors has completed the board evaluation in the form of a questionnaire individually. The report was presented to the Board and the evaluation results were satisfactory.

During the year ended 2024, the Board discussed and reviewed the implementation and effectiveness of the Board Independence Evaluation Mechanism and the results were satisfactory.

The Company has received annual confirmation from each of the independent non-executive directors concerning their independence.

BOARD MEETING

The Board meets at approximately quarterly intervals. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Participation by means of telephone or video conference at board meetings are allowed under the Company's Bye-laws. The number of board meetings held in 2024 as well as the attendance of each Board member at those meetings and meetings of the various Board committees are disclosed below:

	Board of Directors Meeting		Remuneration Committee Meeting		Nomination Committee Meeting		Audit Committee Meeting		Independent Non-Executive Directors Meeting		Annual General Meeting
	Position	No. attended/ held	Position	No. attended/ held	Position	No. attended/ held	Position	No. attended/ held	Position	No. attended/ held	No. attended/ held
Executive Director											
Mr. Tan Eng Soon	C	4/4	-	-	M	2/2	-	-	C	1/1	1/1
Mr. Glenn Tan Chun Hong	M	4/4	-	-	-	-	-	-	-	-	1/1
Mr. Tan Kheng Leong	M	4/4	-	-	-	-	-	-	-	-	1/1
Mdm. Sng Chiew Huat	M	4/4	-	-	-	-	-	-	-	-	1/1
Ms. Gillian Tan Tsui Lyn[1]	M	4/4	-	-	-	-	-	-	-	-	1/1
Non-executive Director											
Mr. Joseph Ong Yong Loke	M	4/4	-	-	-	-	-	-	-	-	1/1
Independent Non-executive Director											
Mr. Ng Kim Tuck	M	4/4	-	-	-	-	C	3/3	M	1/1	1/1
Mr. Azman Bin Badrillah	M	4/4	M	1/1	-	-	-	-	M	1/1	1/1
Mr. Prechaya Ebrahim	M	4/4	-	-	M	2/2	-	-	M	1/1	1/1
Mr. Teo Ek Kee	M	4/4	C	1/1	-	-	M	3/3	M	1/1	1/1
Mr. Charles Tseng Chia Chun	M	4/4	-	-	C	2/2	M	3/3	M	1/1	1/1

Denotes:
C-Chairman, M-Member
No.attended/held-Number of meetings attended/held during the financial year from 1 January 2024 to 31 December 2024.
[1] Ms. Gillian Tan Tsui Lyn was redesignated from a non-executive director to an executive director of the Company with effect from 12 April 2024.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Tan Eng Soon ("Mr. Tan") currently holds the offices of chairman of the Board ("Chairman") and Chief Executive Officer. Mr. Tan had been instrumental in listing the Group. He has in-depth professional knowledge of, and extensive experience in the automobile industry and full cognizance of the workings of the business operations of the Group. In view of this, the Board would like him to continue with some executive functions. The balance of power and authority is ensured by the participation and input of the other Board members who are highly qualified and experienced professionals. The roles of the respective executive directors and senior management who are in charge of different disciplinary functions complement the role of the Chairman and Chief Executive Officer. The Board believes that this structure is conducive to strong and consistent leadership enabling the Group to make and implement decisions promptly and efficiently.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

There is no service contract between the Company and the directors (including non-executive directors) and they have no fixed term of service but are subject to retirement by rotation and re-election at the Company's Annual General Meeting in accordance with the Company's Bye-laws.

REMUNERATION COMMITTEE ("RC")

The RC currently comprises two independent non-executive directors, namely, Mr. Teo Ek Kee (chairman of the RC) and Mr. Azman Bin Badrillah.

The members of the RC with delegated responsibility from the Board, have the duties according to the following terms of reference:

a. to review and determine the employment terms and remuneration packages of the executive directors and senior management staff;
b. to decide on annual incentives and bonuses to be paid to the said key executives in (a) in regard to the Group's performance and individual's contribution;
c. to approve employment contracts and other related contracts entered into with key executives; and
d. to determine the terms of any compensation package for early termination of the contract of key executives.

The remuneration of the directors will be determined by the Board with reference to job responsibility, prevailing market conditions and the Company's operating performance and profitability.

NOMINATION COMMITTEE ("NC")

The NC currently comprises two independent non-executive directors and an executive director of the Company. Mr. Charles Tseng Chia Chun, an independent non-executive director is the chairman of NC. The other members are Mr. Tan Eng Soon, chairman of the Board and Mr. Prechaya Ebrahim, an independent non-executive director of the Company.

The NC carried out its duties under the following terms of reference:

a. to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, assist the Board in maintaining a board skill matrix, and make recommendations on the proposed changes to the Board to complement the Company's corporate strategy;
b. to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
c. to assess the independence of independent non-executive directors;
d. to make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive;
e. to support the Company's regular evaluation of the Board's performance, establish a mechanism for formal assessment and to perform periodic assessment on the effectiveness of the Board; and
f. to review the Board Diversity Policy adopted by the Board on a regular basis, make recommendations to the Board on measurable objectives for achieving diversity of the Board and monitor the progress on achieving the objectives

The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. A Board Diversity Policy was adopted by the Company on 30 August 2013, pursuant to which the NC is responsible for monitoring the implementation of the Board Diversity Policy, reviewing the Board Diversity Policy and making recommendations for revision to the Board for consideration and approval when necessary.

Selection of candidates will be based on a range of diversity criteria, including but not limited to expertise, skills, knowledge, experience, cultural and educational background, independence, age and gender. All Board appointments will be based on merits, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

In the last quarter of 2022, the Board set a measurable objective of at least 15% - 20% of members of the Board shall be represented by women by 2025. The women representation on the Board is 18% as at the date of this report. The NC and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The NC will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

GENDER DIVERSITY

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management:

	Female	Male
Board (as at the date of this report)	18% (2)	82% (9)
As at 31 December 2024:		
Senior Management	33% (1)	67% (2)
Other employees	24% (1,193)	76% (3,716)
Overall workforce	24% (1,194)	76% (3,718)

The women representations on the Board and the Group's workforce are 18% and 24% respectively. The Board considers the current gender diversity of the Group is satisfactory.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the corporate governance duties under the following terms of reference:

a. to develop and review the Company's policies and practices on corporate governance and make recommendations on changes and updating;
b. to review and monitor the training and continuous professional development of directors and senior management;
c. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
d. to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors; and
e. to review the Company's compliance with the code and disclosure in the Corporate Governance Report.

AUDIT COMMITTEE ("AC")

The AC comprises three board members, namely Mr. Ng Kim Tuck (chairman of the AC), Mr. Teo Ek Kee and Mr. Charles Tseng Chia Chun, all of whom are independent non-executive directors.

The members of the AC have years of experience in business management, accounting, and finance services. The Board is of the view that the members of the AC have sufficient accounting and financial management expertise and experience to discharge the AC functions.

The AC convened three meetings during 2024 for reviewing (1) the Company's annual results and annual report for the year ended 31 December 2023, (2) interim results and interim report for the six months ended 30 June 2024 and (3) external auditors' plans. The AC met up with the external auditors at least twice a year. Details of members and their attendance records are provided in the above table.

During 2024, the AC carried out its functions under the following terms of reference:

a. to review the audit plans of the internal auditors of the Company and ensure the adequacy of the Company's system of accounting controls and co-operation of the Company's management with the external and internal auditors;
b. to review the interim and annual financial statements and the auditors' report on the annual financial statements of the Company before submission to the Board;
c. to review effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management through reviews conducted by the internal auditors;
d. to ensure the duty is discharged by directors in relation to the responsibility of directors to conduct an annual review of the adequacy of resources, qualifications and experience of staff for the issuer's accounting and financial reporting function, and training programmes and budget;
e. to meet with the external auditors, other committees, and management in separate executive sessions regarding matters that these parties believe should be discussed privately with the AC;
f. to review the cost effectiveness and the independence and objectivity of the external auditors; and
g. to recommend to the Board the compensation of the external auditors, and review the scope and results of the audit.

The AC has the power to conduct or authorize investigations into any matters within the AC's scope of responsibility.

EXTERNAL AUDITORS AND AUDITORS REMUNERATION

The external auditors' reporting responsibilities on the financial statements are stated in the Company's Annual Report.

The external auditors' remuneration (excluding out of pocket and miscellaneous expenses) for audit services and non-audit services for year 2024 is HK$12,293,000 and HK$925,000 respectively.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive and/or inside information announcements and other disclosures required under the Listing Rules and other regulatory requirements.

The senior management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial information and position of the Company.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the Group's risk management and internal control systems and reviewing their effectiveness. Annual review is conducted on the internal controls of the Company and its subsidiaries, including financial, operational and compliance control and risk management functions.

The Group's system of internal controls includes the setting up of a management structure with authority limits, and is designed to help the Group achieve its business objectives, protects its assets against unauthorised use or disposition, ensures the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensures compliance with relevant laws and regulations. The risk management and internal control systems are designed to provide reasonable, and not absolute assurance, against material misstatement or loss and manages rather than eliminates risks of failure to achieve the Company's business objectives, safeguard assets, ensure the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The Company's internal auditors continually review the effectiveness of the Company's risk management and internal control systems, including financial, operational and compliance controls according to their audit plans. Any material non-compliance or failures in internal controls together with recommendations for improvements were reported to the Audit Committee accordingly.

The Group makes every effort to comply with the requirements of the Securities and Futures Ordinance ("SFO") and the Listing Rules. It discloses every applicable inside information to the public as soon as reasonably practicable. Such information is kept strictly confidential until it is disclosed to the public. It is committed to ensure that all information to the public are presented in a clear and balanced way. It also ensures that information contained in announcements or circulars are not false or misleading as to a material fact, or false or misleading through the omission of a material fact.

The Board confirms that, in the absence of any evidence to the contrary, the risk management and internal control systems maintained by the Group and that were in place throughout the financial year and up to the date of this report, are adequate and effective and has been reviewed on an ongoing basis.

SHAREHOLDERS' COMMUNICATION POLICY

The Company has in place a Shareholders' Communication Policy. The policy aims at promoting effective communication with Shareholders and other stakeholders, encouraging Shareholders to engage actively with the Company and enabling Shareholders to exercise their rights as Shareholders effectively. The Board reviewed the implementation and effectiveness of the Shareholders' Communication Policy and the results were satisfactory.

COMMUNICATION WITH SHAREHOLDERS

The Board is obliged to provide regular, effective and fair communication with shareholders. Information is conveyed to the shareholders on a timely basis. The Company's Annual Report is sent to all shareholders and/or its nominees and accessible on the Company's website.

Shareholders' views on matters that affect the Company are welcomed by the Board at shareholders' meetings. Shareholders are notified of shareholders' meetings through notices published in the newspapers and reports or circulars sent to them. Each item of special business in the notice of the meeting is accompanied, where appropriate, by an explanation for the proposed resolution. The chairmen of the AC, NC and RC are normally available at the meeting to answer those questions in regard to the work of these committees. The external auditors are also present to assist the directors to respond any relevant queries from the shareholders.

To safeguard the interests and rights of shareholders, a separate resolution is proposed for each substantially separate issue at shareholders' meetings, including the election of individual directors.

All resolutions put forward at shareholders' meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each shareholders' meeting.

DIVIDEND POLICY

The Company has adopted a dividend policy (the "Dividend Policy") for providing shareholders of the Company with regular dividends. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the Dividend Policy, dividends may be proposed and/or declared by the Board during a financial year and any final dividend for a financial year will be subject to the shareholders' approval.

PUTTING FORWARD ENQUIRIES TO THE BOARD

For putting forward any enquiries to the Board of the Company, shareholders may send their enquiries or requests to the following:

Address: Unit 3001, 30/F Shui On Centre,
6-8 Harbour Road, Wan Chai, Hong Kong
(For the attention of the Company Secretary)
Fax: +852 27875099
Email: tcilhk@tanchong.com.hk

For the avoidance of doubt, shareholders must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from the registered office of the Company, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

Shareholders may call the Company at +852 28244473 for any assistance.

Note: The Company will not normally deal with verbal or anonymous enquiries.

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

Pursuant to Sections 79 and 80 of the Companies Act 1981 of Bermuda, the Company shall, on the requisition in writing of such number of shareholders as is hereinafter specified, at the expense of the requisitionists:

1. give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and

2. circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

The number of shareholders necessary for a requisition specified above shall be:

a. either any number of shareholders representing not less than one-twentieth of the total voting rights of all the shareholders having at the date of the requisition a right to vote at the meeting to which the requisition relates; or

b. not less than one hundred shareholders.

The requisition signed by all the requisitionists may consist of several documents in like form, each signed by one or more of the requisitionists; and it must be deposited at the registered office with a sum reasonably sufficient to meet the Company's relevant expenses, not less than six weeks before the meeting in case of a requisition requiring notice of a resolution or not less than one week before the meeting in the case of any other requisition. Provided that if an annual general meeting is called for a date six weeks or less after the requisition has been deposited, the requisition though not deposited within the time required shall be deemed to have been properly deposited for the purposes thereof.

CONVENING A SPECIAL GENERAL MEETING BY SHAREHOLDERS

The Board may whenever it thinks fit call special general meetings, and shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Companies Act 1981 of Bermuda.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

1.1 About Our Business

The Environmental, Social and Governance ("ESG") Report presents an overview of the initiative and performance of Tan Chong International Limited ("TCIL" or the "Company") and its subsidiaries (collectively referred to as the "Group"), showcasing its commitment to sustainability. The Group primarily engages in distributing and retailing renowned automotive brands, including Nissan in Singapore, and Subaru across the Southeast Asia region. In Japan, the Group also operates in logistics, focusing primarily on the transportation of motor vehicles. The Group's engagement in the Southeast Asia region extends to Singapore, Malaysia, Taiwan, the People's Republic of China (the "PRC"), the Philippines, Cambodia, Hong Kong, Vietnam, and Thailand.

1.2 Scope of This Report

This report specifies the Group's ESG approach and performance from 1 January 2024 to 31 December 2024 ("reporting period"). The ESG report is released by the Group for public review together with the annual report.

The scope of this report remains consistent with previous reporting years. It primarily focuses on the Group's motor vehicle business operations in Singapore and Thailand, along with its transportation business in Japan, which made significant contributions to the Group's revenue in 2024. The Group's primary business operations, regional headquarters and core automotive distribution control centre are based in Singapore. In Japan, the Group's listed subsidiary, ZERO Co., Ltd. ("ZERO") provides nationwide vehicle logistics services, handling new vehicles from Japanese automakers and used vehicles sourced from local auction platforms and dealers. Additionally, ZERO provides a range of vehicle-related services, including transfer, storage, and yard management, leveraging its extensive nationwide network with its largest fleet of trailers in Japan.

Japan	Singapore	Thailand
Logistic & Transportation	Distribution & Retailing	Subaru Vehicle Assembly
		Distribution & Retailing

1.3 Reporting Reference

This report has been prepared in accordance with the mandatory disclosure requirements and the "comply or explain" provisions set out in the Appendix C2 — Environmental, Social and Governance Reporting Code (the "ESG Code") to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

The following principles have been adopted in the preparation of this report:

Materiality	The material environmental and social issues were reviewed, identified, and prioritised periodically with inputs from the stakeholders and the management, which are disclosed in this ESG Report.
Quantitative	The data records disclosed in this report come from the internal records and documentation. Indicators are disclosed in quantitative terms whenever possible, with relevant standards, methodologies, assumptions, and conversion factors that have also been stated in this report.
Balance	The report presents content and data objectively, ensuring a transparent disclosure of the Group's progress and challenges in ESG.
Consistency	The Group consistently applies a standardised measurement methodology to enable meaningful comparisons of ESG data over time, whenever feasible.

2. ESG GOVERNANCE

The Board has responsibilities for overseeing the Group's ESG strategy and reporting. An ESG Committee working group has been established to assist the Board in evaluating, prioritising, and managing material ESG issues. Additionally, the ESG Committee working group plays a key role in supporting the Board by formulating the overall ESG strategy and assessing the progress and outcomes of ESG-related objectives.

The ESG Committee working group consists of key members of the management team and is supported at operational level. They are responsible for planning and formulating the Group's approach, initiatives, and strategies, including the processes for evaluating, prioritising and managing ESG-related issues and risks. The working group collaborates closely with a diverse range of stakeholders, including customers, suppliers, dealers, local communities, media, and government bodies, to gain insight into their concerns and expectations. The ESG Committee working group also introduces various ESG policies while enhancing and reinforcing policies and guidelines.

3. STAKEHOLDER ENGAGEMENT AND MATERIALITY ASSESSMENT

In adherence to the ESG Code, the ESG Committee working group has maintained open and regular communication with internal departmental personnel and external stakeholders, including customers, suppliers, dealers, local communities, media, and government bodies to identify sustainability issues relevant and significant to the Group's business and operations. The ESG Committee working group referenced the previous years' list of material ESG issues and compared it against insights gathered from interviews and surveys. Based on this analysis, a prioritised list of ESG focus areas were developed, reviewed and approved by the ESG Committee working group. Below are the material ESG focus areas identified:

Environmental	Use of Resources
	Emissions
	Environment Compliance
Social	Employment and Labour Standard
	Development and Training
	Occupational Health and Safety
	Operating Practices
	Anti-Corruption
	Community Investment

4. ENVIRONMENT

The Group's business operations primarily focus on customer services related to the sales, distribution, and transportation of motor vehicles. While its direct environmental impact is minimal, the Group is committed to incorporating sustainable practices and responsible resource management across its operations. Its overarching approach and policies emphasise sustainable operations, efficient resource utilisation, and proactive monitoring of Greenhouse Gas ("GHG") emissions. Although the Group has not identified climate change as a material ESG issue, it acknowledges its corporate responsibility to support local governments in achieving net-zero goals. The Group remains dedicated to complying with all applicable environmental laws and regulations set by local authorities.

In Singapore, electrified passenger vehicles already made up 100% of total Nissan passenger vehicles sales under the Group since 2023, making Nissan one of the top selling electrified brands in the country. The efforts have positioned Nissan well ahead of the government's green plan that restrict the sales of new passenger vehicles in Singapore to only electrified models (i.e., full battery electric vehicles and hybrids) by 2030.

Subaru had also successfully transitioned its Crosstrek and Forester model lines to fully hybrid powertrains in 2024 and targeted to expand this market in 2025 with stronger performing hybrid model. The new hybrid system improves both driving performance and fuel efficiency without compromising Subaru's unique Symmetrical All-Wheel Drive powertrain.

4.1 Use of Resources

Recognising the scarcity of global resources, the Group is devoted to sustainable business operational practices. To promote responsible resource management, group-wide policies were implemented for promoting and ensuring the efficient use of resources, with a strong emphasis on recycling and material reuse across its subsidiaries.

4.1.1 Energy

The Group's main energy consumption comes from the use of light diesel oil for vehicle transportation operations under ZERO in Japan. As a central hub for Japan's vehicle transportation network, ZERO handles over 3 million vehicles and used cars annually. To reduce greenhouse gas ("GHG") emissions and decrease reliance on light diesel oil, ZERO is proactively taking steps to improve vehicle fuel efficiency and accelerate the adoption of new technologies. This includes exploring and adaptation of alternate fuel solutions, such as Electrofuel ("e-Fuel"), replacing its transportation fleet with electrified automated vehicles, and introducing EV trucks. These efforts align with the Group's commitment to enhancing fuel efficiency and lowering emissions.

Table 1. Energy consumption

The energy conversion factors used as noted in Table 1 are sourced from U.S. Energy Information Administration ("EIA"): a) 1 litre of gasoline is equivalent to 9.5 kWh, b) 1 litre of light diesel oil is equivalent to 0.264172 of a gallon and c) 1 gallon of diesel oil is equivalent to 40.7 kWh.

Energy consumption	Unit	2023	2024	(Equivalent in kWh'000)	
				2023	2024
Total Energy consumption	kWh			**277,126**	**270,410**
– Electricity	kWh	19,212,458	20,445,280	19,231	20,445
– Light Diesel Oil	Litre	22,901,468	22,589,548	246,232	242,878
– Gasoline	Litre	1,227,680	745,975	11,663	7,087
Energy intensity	kWh / m²	594.03	572.76		

*The Group's initiatives to reduce 5% of energy consumption by 2030 on target baseline in 2021. The energy consumption increased by 2.37% in 2024 as compared with 2021.

**The summer of 2024 in Japan was one of the hottest recorded, resulting in an increased use of electricity to regulate working environment for safety and productivity. The amount of cargo carried by carriers is proportional to the amount of light diesel fuel used. The decrease in light diesel fuel in 2024 is due to the softer cargo volume compared to 2023. Gasoline is mainly used in company vehicles. Reduction in the number and use of company vehicles, encouraging ride sharing and other fuel saving policies saw gasoline consumption by almost 40%.

4.1.2 Water

The Group's water resources are primarily sourced and supplied by local water authorities and had not experienced irregularities in water supply nor quality in 2024. Business management team places a strong emphasis on water conservation, recognising its essential role in maintaining a healthy society and environment. Given the increasing global concerns over water scarcity and declining water quality, the Group is committed to enhancing its conservation efforts through innovative solutions and sustainable practices. To optimise water usage, the Group will continue to explore and review better water-efficient washing solutions, including advanced water recycling technologies and rainwater harvesting systems to reduce dependence on freshwater sources.

The Group is also studying the feasibility on integration of sustainable water management practices across its operations, ensuring that efficiency is maintained while minimising environmental impact. Employee engagement is key to this initiative, with planned training programs aimed at raising awareness and promoting responsible water usage among staffs. Through these measures, the Group strives to strengthen its commitment to sustainability and resource efficiency, aligning with broader environmental and corporate responsibility goals.

Table 2. Water consumption

Water consumption	Unit	2023	2024
Total water consumption	M³	113,069	88,787
Water intensity	M³ / m²	0.24	0.19

*The Group's initiatives to reduce 8% of water usage by 2030 on target baseline in 2021. Water consumption decreased by 21.31% in 2024 as compared with 2021. The extraordinary change is mainly due to a one-off adjustment to production volume in Thailand.

4.1.3 Packaging Material

The primary packaging requirement arises from the logistics operations, specifically for the packing and shipping of Completely Knocked Down ("CKD") vehicle parts and components to overseas assembly plants. To enhance sustainability and efficiency, the respective company has implemented a recycling system, actively incorporating recyclable materials while continuously reviewing packaging specifications to reduce excess packaging and optimise space utilisation during transit. These efforts had translated into a reduction in use of packing material consumption in 2024.

Table 3. Packaging material consumption

Packaging material consumption	Unit	2023	2024
Total packaging material consumption	Tonnes	670	402
Cardboard	Tonnes	575	321
Other materials	Tonnes	55	0
Expanded Polystyrene ("EPS")	Tonnes	40	81

*The Group's initiatives to reduce 5% of packaging materials usage by 2030 on target baseline in 2021. Packaging material consumption decreased by 9.26% in 2024 as compared with 2021. The extraordinary change is mainly due to a one-off adjustment to production volume in Thailand, which resulted in the reduction in use of cardboard. Other materials, such as wood, were used for special orders of parts and components by the assembly plant in Thailand. However, no such orders have been placed in 2024, resulting in a reduction of these materials to zero. The increased use of EPS was implemented to enhance the protection of automotive parts shipped from Japan to Thailand, improving packaging quality.

**The primary packaging consumption in ZERO's business operations is concentrated in Complete Knock Down ("CKD") business at the Ashikaga Parts Logistics Centre in Japan.

4.2 Emissions

Recognising that transportation operations are the primary source of emissions, the Group is committed to minimising its environmental footprint as part of its corporate and social responsibility. To achieve carbon neutrality and reduce CO^2 emissions and carbon offsetting, the Group is proactively accelerating a multifaceted strategy that goes beyond traditional measures. These measures include: 1) promote the introduction and replacement of electrified and automated vehicles through the development of new equipment; 2) provide training and promote eco-driving for crew members; 3) enhance transportation efficiency and loading rates through implementation of Digital Transformation (DX); 4) introduce new equipment, including electric vehicles (EV) trucks. The Group's CO^2 emissions fluctuate yearly due to fleet size, transport volume, and operational needs. To drive sustainability, the Group targets a 1% annual reduction in emissions, focusing on fuel efficiency rather than total volume.

4.2.1 Waste Management

Waste management encompasses the entire process of collection, processing, and recycling, ensuring responsible resource consumption and sustainable waste handling. Currently, the business operation unit heads ("BUH") oversees these activities, implementing structured procedures in compliance with local laws and regulations. This includes monitoring waste streams to identify reduction opportunities, optimising disposal methods to enhance efficiency, and actively exploring recycling and reuse initiatives to minimise environmental impact.

4.2.1.1 Hazardous Waste

Hazardous waste in the automotive industry primarily includes used batteries, tires, waste oils and lubricants, as well as paints, sealants, and solvents. The Group is committed to ensuring the safe handling, storage, and disposal of hazardous waste in complete compliance with local regulations. The existing policies ensure proper classification and secure storage of hazardous materials in designated areas before disposal. To prevent leakage or corrosion, hazardous materials are contained in acid- and solvent-resistant containers. Additionally, clear standard operating procedures (SOPs) and work instructions are implemented to guide staff in safe waste handling. The disposal process is carried out exclusively through certified and qualified waste disposal companies to minimise environmental impact and ensure regulatory compliance.

Table 4. Hazardous waste disposal

Hazardous waste disposal	Unit	2023	2024
Liquid hazardous waste	Litre	673,727	243,564
Solid hazardous waste	Kg	655,763	213,654

*The Group is currently reviewing its hazardous waste measurement framework and establishing baseline targets to enhance waste management and sustainability efforts. The extraordinary change is mainly due to a one-off adjustment to production volume in Thailand.

4.2.1.2 Non-Hazardous Waste

Non-hazardous waste refers to unwanted materials that pose no risk to human health or the environment. Under the Group's non-hazardous waste policy, only waste generated from business operations is classified, with further categorisation, which include: 1) cardboard, 2) newspapers and magazines, 3) confidential documents, 4) mixed and shredded paper, and 5) general paper waste, among others. To minimise non-hazardous waste and promote responsible resource consumption, we actively advocate for the 3Rs—reduce, reuse, and recycle. To ensure compliance with local laws and regulations, the Group's BUH works closely with government-certified suppliers for proper waste disposal.

Table 5. Non-hazardous waste disposal

Non-hazardous waste disposal	Unit	2023	2024
Non-hazardous waste	Tonnes	1,425	1,264

*The Group's initiatives to reduce 3% of non-hazardous waste by 2030 on target baseline in 2021. The non-hazardous waste decreased by 13.37% in 2024 as compared with 2021. The extraordinary change is mainly due to a one-off adjustment to production volume in Thailand.

4.2.1.3 Wastewater Management

The Group is devoted to sustainable wastewater management, ensuring compliance with local environmental regulations while minimising its impact. Oil interceptors in workshops capture contaminants from vehicle washing, preventing pollution. Water treatment facilities are mandatory to remove harmful substances before discharge, and qualified disposal companies handle sludge safely. To improve efficiency, the Group promotes water recycling, enforces a "wipe clean instead of wash clean" approach, and conducts regular system maintenance. These efforts support clean water conservation, enhance operational sustainability, and reduce the environmental footprint.

4.2.1.4 Air Emission

As the Group primarily engages in vehicle sales, distribution, and transportation, its operations have a minimal environmental impact compared to heavy industries, in terms of air pollution or require extensive resource consumption. Nevertheless, to mitigate air pollution, the Group remains committed to reducing emissions and noise through regular vehicle maintenance and efficient operation. Based on the Group's ESG assessment, air emissions were not deemed material in this reporting period, and as such, there is no relevant data on air emissions to disclose in this report.

4.2.1.5 Green House Gas ("GHG") Emissions

The Group's primary sources of GHG emissions stem from fuel usage and electricity consumption. To enhance energy efficiency and lower emissions, targeted measures has been implemented for both fuel and electricity usage. The objective to reduce GHG emissions is realised through optimising transportation performance through digitalisation, improving loading efficiency, adopting EV and promoting biomass fuel handling within its supply chain.

Table 6. GHG emissions

The emission factors used as noted in Table 6 are sourced from U.S. EIA: a) 1 litre of light diesel oil has an emission of 2.58; b) 1 litre of gasoline has an emission factor of 2.32 and c) Electricity, the CO^2 emission factor used is 0.377 kg / kWh.

GHG emissions	Unit	2023	2024
Total GHG emissions	Tonnes CO^2e	69,164	64,358
Scope 1 Direct emissions	Tonnes CO^2e	61,934	60,254
Scope 2 Indirect emissions	Tonnes CO^2e	7,230	4,104
GHG emission intensity	Tonnes CO^2e / m^2	0.14	0.13

*The Group's initiatives to reduce 3% of GHG emissions by 2030 on target baseline in 2021. The GHG emissions decreased by 2.51% in 2024 as compared with 2021.

** Scope 1 emissions are direct GHG emissions that occur from sources that are controlled or owned by an organisation (e.g., vehicles).

*** Scope 2 emissions refer to indirect GHG emissions resulting from the purchase of electricity, steam, heat, or cooling.

4.3 Environment Compliance

To the best of the Group's knowledge, no incidents of non-compliance with environmental laws and regulations were reported regionally during the reporting period.

5. SOCIAL

5.1 Employment and Labour Standard

The Group upholds equal opportunities, fairness, and respect in all employment policies. Recruitment, training, career development, compensation, promotion, termination, and other employment practices are conducted without discrimination based on gender, age, marital status, religion, race, nationality, disability, or any legally protected status. In accordance with local laws, employees are entitled to paid holidays, including statutory holidays, annual leave, maternity leave, paternity leave, compassionate leave, and sick leave. Maintaining a safe and healthy work environment is a key priority for the Group.

In 2024, the Group implemented safety initiatives and protocols, including Safety Awareness Day, safety training programs, and regular workplace audits, to ensure compliance and protect employees. The Group also provides well-being programs, such as health screenings, to support employees' physical health. These efforts aim to establish a secure and supportive workplace for all employees. The Group respects the basic human rights of individuals and does not tolerate the use of children or forced labour in any of its business operations and facilities. During recruitment, the age of the applicants is verified with identification documents to ensure that no underage labour is employed, and any case of non-compliance will be investigated immediately. To the best of the Group's knowledge during the reporting period, there were no reported incidents of non-compliance with laws and regulations relating to employment practices and labour standards such as child labour or forced labour.

Table 7. Employee Statistics

Employee figures by categories		Number of employees as of 31 Dec 2023	Number of employees as of 31 Dec 2024	Turnover rate in 2023	Turnover rate in 2024
Total employee		9,919	9,817	18.4%	21.6%
By gender	- Male	8,599	8,427	14.1%	20.6%
	- Female	1,320	1,390	23.2%	27.7%
By employment type	- Full time	3,999	3,788	16.8%	24.2%
	- Part time	5,920	6,029	19.5%	19.9%
By age group	- Under 30	603	596	32.0%	51.9%
	- 30 - 50	2,477	2,298	15.4%	28.6%
	- Over 50	6,839	6,923	18.3%	16.4%
By geographical region	- Singapore	794	897	35.3%	28.2%
	- Thailand	657	287	28.3%	88.5%
	- Japan	8,468	8,633	16.1%	17.3%

*Part-time employees are mainly dispatched workers from transportation business operations. The extraordinary change in Thailand's turnover rate is mainly due to a one-off adjustment to production volume.

5.2 Development and Training

The Group encourages continuous learning and invests in the development of professional, technical, and leadership skills among its employees. Comprehensive training programs, both in-house and external, are provided at all levels to enhance competencies and equip employees to effectively navigate the challenges of a rapidly evolving business landscape. Furthermore, employees who demonstrate exceptional performance and dedication may be sponsored to attend relevant courses, conferences, or seminars organised by accredited institutions or professional organisations, supporting their ongoing professional growth and development. Employees are required to undergo training in key areas of the Group's business, encompassing both technical expertise and soft skills, to strengthen their capabilities. The Group views continuous learning as essential to empowering employees to excel in their roles, meet organisational objectives, and adapt effectively to evolving business demands.

Table 8. Employee training statistics

Employee training		Percentage of staff who received training in 2023	Percentage of staff who received training in 2024	Average training hours completed per employee 2023	Average training hours completed per employee 2024
By gender	- Male	30%	30%	8.21	8.00
	- Female	32%	27%	4.52	4.04
By employment category	- Management	37%	38%	3.49	2.95
	- Non-management	29%	29%	8.23	7.97

*The reduction in the average training hours completed per employee within the management and non-management categories is largely due to the recruitment of experienced managerial staff.

5.3 Occupational Health and Safety

The Group is dedicated to ensuring the safety and well-being of all employees. In Singapore, safety circulars are distributed through the intranet to emphasise the importance of workplace safety. These circulars cover a comprehensive range of topics, including the prevention of heat-related injuries, the implementation of toolbox meetings, and the identification of workplace hazards.

In Thailand, the Group provides all necessary safety equipment and uniforms to employees. Indoor air quality is also constantly monitored to ensure a safe environment for the workers, with specialists conducting regular inspections. Air circulation systems are fitted with high-quality filters that are replaced monthly, and a full-time nurse is stationed at the on-site medical centre. A safety reporting system is in place, allowing staff to report safety incidents or provide suggestions to the safety committee, which includes representatives from various departments. The safety committee also conducts regular audits and inspections, including assessments of workplace conditions such as illumination levels, noise levels, chemical exposure, air exhaust systems, etc. Monthly safety patrols are carried out to inspect the premises, identify potential hazards, and work with area supervisors to address issues and prevent accidents. Drinking water quality tests are conducted every two months to ensure purified water is supplied through all dispensers. The safety committee also organises health and safety awareness initiatives such as 'Safety Week" and various training programs. These include basic safety orientation for contractors, safe riding campaign for motorcyclists, safe driving campaigns for long distance travellers, forklift and tow truck safety training, emergency response training for chemical spills, fire evacuation drills, and training in Cardiopulmonary Resuscitation ("CPR") and use the Automated External Defibrillator ("AED").

In 2024, the Group launched a Safety Awareness Day Campaign across all countries of operation to promote workplace safety and reinforce adherence to safety protocols. Safety quizzes were conducted during the event to engage employees and educate them on key safety practices. Additionally, safety posters were displayed throughout the workplace to raise awareness and remind employees of their responsibility to maintain a safe working environment, reflecting the Group's commitment to fostering a culture of workplace safety.

To the best of the Group's knowledge during the reporting period, there were no reported incidents of non-compliance with laws and regulations relating to occupational health and safety.

Table 9. Occupational health and safety statistics

Occupational health and safety	Unit	2023	2024
Number of work-related fatalities	Number	0	0
Fatality rate	%	0%	0%
Number of lost days due to work injuries	Days	1,085	497

*The number and rate of work-related fatalities in 2022 was [0]

**In 2024, it may seem there is a decrease in work injuries by 54% as compared to the previous year. In 2024, the total number of lost days due to work injuries was 497, while our headcount comprised 9,817 employees. This translates to an average of approximately 0.051 days lost days per employee. This calculation demonstrates that, on average, each employee experienced only a fraction of a lost day due to work injuries throughout the year.

***The Group remains committed to continuously improving our occupational health and safety measures to prevent and minimise the occurrence(s) of workplace accidents.

5.4 Operating Practices

5.4.1 Supply Chain Management

The Group's business operations do not involve the purchase of raw materials. Instead, the Group's suppliers focus on post-manufacturing activities, primarily supporting the Group's transportation and vehicle distribution operations. To ensure resource efficiency and regulatory compliance, the Group's Supply Chain Management ("SCM") system implements stringent controls and maintains a comprehensive record-keeping framework, ensuring all suppliers adhere to contractual agreements.

The SCM system ensures fair contracting processes and encourages suppliers to minimise any negative social and environmental impacts of their operations. Effective information flow is essential to the overall performance of the SCM system. To enhance productivity and operational efficiency across the supply chain, BUH maintains regular communication with suppliers. Transparency within the supply chain strengthens and sustains long-term relationships, benefiting all stakeholders.

The Group has determined that practices for identifying and managing ESG risks in the supply chain, as well as measures to promote green procurement, are not directly relevant to its business operations. As a result, these aspects are considered immaterial.

Table 10. Number of suppliers by geographical region

Geographical region	Unit	2023	2024
Singapore	Number	317	322
Thailand	Number	403	474
Japan	Number	221	234

5.4.2 Product Responsibility

The Group remains dedicated to delivering high-quality products and services that offer value for money, while upholding responsible business practices. As part of ESG commitment, customer satisfaction and safety were emphasised through open communication with manufacturers, dealers, and suppliers, ensuring that customer feedback is integrated into the supply chain for continuous reviews and improvement. Robust processes are in place to address technical issues or recalls that may impact vehicle performance or passenger safety, with guidance from manufacturers to implement timely and effective solutions.

In Japan, ZERO's customer service centres have been awarded the "G-Mark," a certification granted by the Japan Truck Association to transportation companies that demonstrate excellence in safety. Meanwhile, in Thailand, the assembly plant has achieved ISO 9001 certification, recognising its commitment to quality assurance.

Advertising and labelling of products and services are not directly relevant to the Group's business operations and are therefore considered immaterial.

5.4.2.1 Service-related Complaints

The Group is committed to excellent customer service and maintaining strong customer relationships. Our Customer Success Policy ensures efficient handling of complaints, with oversight by the customer service management team. If an immediate resolution is not possible, further investigation is conducted, and customers are kept informed of any delays and expected resolution timeframes. If dissatisfied, customers can escalate complaints to senior management for prompt attention. In the event of an accident, the Customer Relations Department works closely with CS and Sales to investigate the cause, formulate a response policy, and consult on resolutions, ensuring a swift and appropriate resolution. During the reporting period, the Group received only a small number of complaints, all of which were resolved in accordance with this policy.

Table 11. Number and percentage of products and service-related complaints received.

		Number of vehicles transported/ Product sold/ Services rendered		Number of complaints received		% of complaints received	
	Unit	2023	2024	2023	2024	2023	2024
Singapore	Number	16,127	14,971	131	51	0.812%	0.341%
Thailand	Number	46,395	41,112	73	80	0.157%	0.195%
Japan	Number	3,717,498	3,730,122	2,919	3,228	0.079%	0.087%

*For ZERO Japan, complaints refer to scratches or damages to transporting vehicles by ZERO or its subcontractors and/or may be due to any unknown causes. The reduction in the number of complaints received in Singapore attributed to improve urgency in engaging customers' concerns and feedback, hence reducing the number of complaints.

5.4.2.2 Personal Data

In Singapore, the Data Protection Team, led by the Data Protection Officer (DPO), collaborates with the Data Protection Committee—comprising representatives from relevant departments—to ensure business units comply with the Personal Data Protection Act of Singapore.

For Thailand, prior to the implementation of the Personal Data Protection Act on 1 June 2022, the Group collaborated with local legal experts to review business operations involving personal data and conducted employee training to enhance understanding of privacy laws. Legal advisors assisted in establishing appropriate data protection practices and policies, which took effect on 1 June 2022. To ensure ongoing compliance with the Personal Data Protection Act of Thailand, the Group conducts periodic reviews and gathers feedback to refine and improve these practices.

Personal information in Japan is managed comprehensively through the establishment of a privacy policy. A principal corporate officer has been appointed to oversee information security management, develop a structured security framework, and implement appropriate measures to safeguard the confidentiality, integrity, and availability of the Group's information assets.

To the best of the Group's knowledge, no incidents of non-compliance with personal data laws were reported during the reporting period.

5.4.2.3 Intellectual Property Rights Management

The Group is committed to upholding and protecting intellectual property rights in full compliance with applicable laws. In collaboration with specialist legal professionals, the Group ensures the effective management of its trademark portfolio and the implementation of robust intellectual property protection strategies. These professionals provide regular updates on intellectual property regulations, oversee trademark filings, maintain registered trademarks, and develop strategies to safeguard the Group's intellectual property assets.

5.4.2.4 Product Recall Practice

When the Group receives a recall announcement from a manufacturer, the relevant business units initiate an internal recall process in accordance with the manufacturer's standard guidelines. All safety-related vehicle recalls issued by manufacturers are reported to the appropriate local authorities.

Table 12. Product recalls in 2024 due to safety and/or health reasons

Recall Period	Reason for Recall	Countermeasure	No. of Affected Vehicles	Number of Total Product Sold or Shipped	% of Affected Vehicles
Aug-24	Deficiency in the control program	Reprogramming of Control Module	SG (1216)	64,045	1.86%

*To the best of the Group's knowledge, no incidents of non-compliance with laws and regulations related to product responsibility were reported during the reporting period.

5.5 Anti-Corruption and Internal Control Systems

The Group's Anti-Corruption Policy, adopted by the Company pursuant to the Board resolution passed in 2022, strictly prohibits any form of fraud or bribery. The Group is committed to the prevention, deterrence, detection, reporting, and investigation of all instances of fraud and corruption. Bribery and corruption, in any form, will not be tolerated. The Group is dedicated to upholding its core values of business integrity, honesty, fairness, impartiality, and transparency in all business dealings. This Policy shall be reviewed periodically to ensure its continued effectiveness. The next update and training to directors is planned for 2025.

The Policy establishes the fundamental standards of conduct applicable to all directors, officers, and employees of the Company and its wholly owned subsidiaries (collectively referred to as "employees"). It provides guidance on the acceptance of advantage and management of conflict of interest in the conduct of the Company's business. The Group also encourages and expects its business partners, including suppliers, contractors, and clients to adhere to the principles outlined in the Policy.

All employees are required to comply with all applicable local laws and regulations when conducting the business of the Company and its wholly owned subsidiaries. This obligation extends to compliance with the laws and regulations of other jurisdictions when conducting business activities in those regions. Any failure to adhere to this Policy or to applicable anti-corruption laws and regulations may result in disciplinary action deemed appropriate by the Company and, where applicable, criminal prosecution against the parties involved.

Employees who become aware of any actual or suspected breach of this Policy must promptly report such incidents through the reporting channels and procedures outlined in the Group's Whistleblowing Policy.

Table 13. Anti-corruption

	2023	2024
Convicted cases of corruption reported to the ESG Committee working group (cases)	0	0

The Group's Whistle Blowing Policy, adopted by the Company pursuant to the Board resolution passed in 2022, provides a framework for employees to raise concerns regarding potential acts of fraud, dishonesty, or misconduct. Such concerns can be reported to the Company's internal audit team, which is responsible for reviewing the reported issues, conducting appropriate investigations, and presenting the findings to the Company's Audit Committee. The Group is committed to safeguarding the confidentiality and anonymity of employees who raise concerns. All individuals are protected from retaliation, except in cases where there is evidence of malicious reporting.

The Group's Code of Conduct outlines the standards for employees to act with integrity in all activities and serves as a preventive measure against corruption within the Group. The rules aim to facilitate the early detection and resolution of improper actions, while also strengthening compliance management. This is achieved through a system that enables employees of the Company and its consolidated subsidiaries to report or consult on violations of laws and regulations.

Table 14. Code of Conduct

	2023	2024
Breaches of the Code of Conduct reported to the ESG Committee working group (cases)	0	0

To the best of the Group's knowledge, no legal cases related to corrupt practices were reported against the Group or its employees during the reporting period.

5.6 Community

Corporate Social Responsibility ("CSR") initiatives at TCIL are dedicated to fostering meaningful partnerships and investing in communities with purpose to create a lasting impact. Driven by our core principles of dedication, compassion, and the advancement of safe, inclusive, and natural environments, our 2024 initiatives focused on empowering future generations, advocating for conservation causes, and promoting environmental education.

In Thailand, the Group is committed to cultivating a skilled and innovative future workforce for the mobility industry through investments in specialised education. In 2024, the Group donated two boxer engines to a tertiary institution to enhance technical training, thereby strengthening the next generation's competencies and contributing to the advancement of the industry ecosystem.

2 Subaru Boxer Engines were donated to the following institution of higher technical learning:

LIST OF TERTIARY INSTITUTION	
Kanchanaphisek Technical College Mahanakorn	2

As part of its commitment to environmental sustainability and community development, Thailand initiated a canal cleaning project aimed at flood prevention and enhancing the well-being of the local community. The project focuses on removing debris and improving water flow in the canals, serving as a proactive measure to mitigate flood risks during the rainy season.

In Japan, ZERO actively participates in initiatives that support local communities in building a sustainable city. ZERO remains committed to conducting clean-up activities around its head office and offices nationwide, as well as engaging in environmental conservation and community contribution efforts to create safe and peaceful living environments for the elderly and children.

Our CSR initiatives are designed to create a positive impact on both the environment and the community while fostering meaningful employee engagement. By actively involving employees in these programs, the Group cultivates a culture of volunteerism and social responsibility, reinforcing corporate values and enhancing workplace morale.

Employees participate in the planning and execution of CSR activities, strengthening teamwork and personal commitment to social causes. For instance, during the Singapore Motor Show initiative, several employees volunteered to accompany senior citizens, ensuring their comfort and enjoyment. This hands-on engagement allows employees to witness the direct impact of their efforts, deepening their connection to the Group's sustainability and community-driven goals.

Moving forward, the Group remains committed to supporting initiatives that align with its ESG objectives, driving long-term positive change for both society and the environment.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Mr. Tan Eng Soon[@]

DEPUTY CHAIRMAN AND MANAGING DIRECTOR
Mr. Glenn Tan Chun Hong

DEPUTY CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR
Mr. Charles Tseng Chia Chun

EXECUTIVE DIRECTORS
Mr. Tan Kheng Leong
Ms. Gillian Tan Tsui Lyn

EXECUTIVE DIRECTOR - FINANCE
Mdm. Sng Chiew Huat

NON - EXECUTIVE DIRECTOR
Mr. Joseph Ong Yong Loke

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ng Kim Tuck[*]
Mr. Azman Bin Badrillah[#]
Mr. Prechaya Ebrahim[@]
Mr. Teo Ek Kee[*#]
Mr. Charles Tseng Chia Chun[*@]

[*] Audit Committee Members
[#] Remuneration Committee Members
[@] Nomination Committee Members

JOINT SECRETARIES
Ms. Teo Siok Ghee
Ms. Liew Daphnie Pingyen

AUDITORS
KPMG
Certified Public Accountants
Public Interest Entity Auditor
registered in accordance with the
Financial Reporting Council Ordinance
8/F, Prince's Building 10 Chater Road
Central, Hong Kong

REGISTERED OFFICE
Clarendon House
2 Church Street,
Hamilton HM 11, Bermuda

PRINCIPAL PLACES OF BUSINESS

HONG KONG
Unit 3001, 30th Floor,
Shui On Centre,
6-8 Harbour Road, Wanchai Hong Kong

SINGAPORE
Tan Chong Motor Centre
911 Bukit Timah Road Singapore 589622

BERMUDA RESIDENT REPRESENTATIVE
Codan Services Limited

PRINCIPAL BANKERS
Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE
Conyers Corporate Services (Bermuda) Limited
Clarendon House, 2 Church Street,
Hamilton HM11, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

STOCK CODE
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DIRECTORS AND SENIOR MANAGEMENT PROFILE

CHAIRMAN

Mr. Tan Eng Soon

Aged 76, is the Chairman of the Company, a member of the Nomination Committee of the Company and is a director of certain subsidiaries of the Group. He is also a director of ZERO Company Limited, a listed company on the Tokyo Stock Exchange. Mr. Tan was the director of Tan Chong Motor Holdings Berhad ("TCMH") and APM Automotive Holdings Berhad ("APM"), listed companies on Bursa Malaysia. He ceased to act as the director of TCMH and APM on 30 June 2012 and 22 May 2013 respectively. Mr. Tan joined TCMH after qualifying as an Engineer from the University of New South Wales, Australia, in 1971. He is the father of Mr. Glenn Tan Chun Hong and Ms. Gillian Tan Tsui Lyn, both executive Directors, and the cousin of Mr. Tan Kheng Leong, an executive Director of the Company.

DEPUTY CHAIRMAN AND MANAGING DIRECTOR

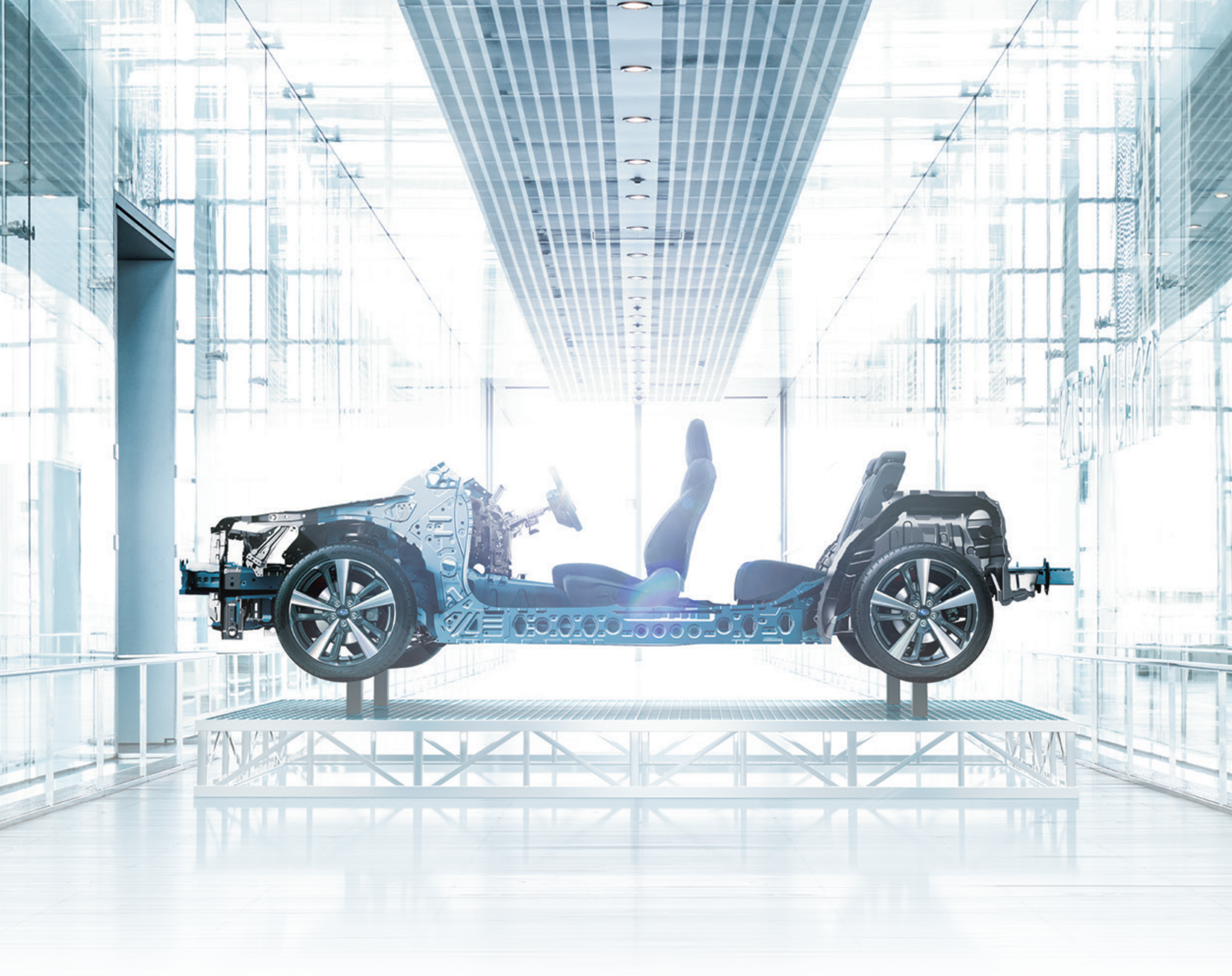
Mr. Glenn Tan Chun Hong

Aged 47, is the Deputy Chairman and Managing Director of the Company, and is a director of certain subsidiaries of the Group. He joined the Group in September 2001. He is a director of ZERO Company Limited, a listed company on the Tokyo Stock Exchange effective from 26 September 2014. Mr. Glenn Tan graduated from Santa Clara University, USA with a Bachelor of Science in Commerce, Management, in 1998. He is the son of Mr. Tan Eng Soon, the Chairman of the Group, the brother of Ms. Gillian Tan Tsui Lyn, an executive Director, and the nephew of Mr. Tan Kheng Leong, an executive Director of the Company.

DEPUTY CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Charles Tseng Chia Chun

Aged 73, was appointed as an Independent Non-executive Director of the Company on 10 January 2022. Mr. Tseng currently serves as the Deputy Chairman, the Chairman of the Nomination Committee, and a member of the Audit Committee of the Company. Mr. Tseng is the chairman of Qra Sdn. Bhd., an omnichannel grocery business in Malaysia. Mr. Tseng was formerly chairman of Asia Pacific for Korn Ferry International, the global organisational consultancy. He joined Korn Ferry in 2000 as President of Asia Pacific and was later appointed as the chairman of Asia Pacific in 2018 until his retirement in November 2020. Prior to joining Korn Ferry in 2000, Mr. Tseng was Managing Partner, East Asia for Egon Zehnder, a global search firm. Before that, Mr. Tseng was Group General Manager of Cold Storage in Malaysia, a leading food and retail company in Southeast Asia. Mr. Tseng began his career with Ford Motor Company as a manufacturing engineer in Australia and subsequently held other manufacturing and marketing positions with Ford in Asia. Mr. Tseng was an independent non-executive director of AEON Co. (M) Berhad ("AEON"), a public company incorporated in Malaysia and listed on Bursa Malaysia, from 2013 until June 2020. He also served as the chairman of nomination committee and a member of audit committee of AEON. Mr. Tseng has served on the China Advisory Boards of Eli Lilly (a pharmaceutical company) and Faurecia (a global automotive parts manufacturer) and was chairman of the Wharton Asia Executive Board. Mr. Tseng has an M.B.A from The Wharton School, University of Pennsylvania, U.S.A., and a first-class honors' degree in engineering from the University of Melbourne in Australia.



EXECUTIVE DIRECTORS

Mr. Tan Kheng Leong (Tan Hoy Shoi)

Aged 82, is the Deputy Managing Director of the Nissan motor operations in Singapore and a director of several subsidiaries of the Group. Mr. Tan joined TCMH soon after completing his education in 1962. Over the past 50 years, Mr. Tan has worked in all areas of the Group's motor and industrial business. He is the cousin of Mr. Tan Eng Soon, the Chairman and executive Director and the uncle of Mr. Glenn Tan Chun Hong and Ms. Gillian Tan Tsui Lyn, executive Directors of the Company.

Mdm. Sng Chiew Huat

Aged 77, is the Finance Director of the Company. Mdm. Sng, who joined the Group in 1977, completed her degree in Accountancy from the University of Singapore in 1970. She commenced her working career in the same year with Chartered Industries Pte Ltd where she rose to the position of Deputy Chief Accountant before leaving to become the Chief Accountant of Singapore Ceramics Limited in 1974. Mdm. Sng obtained a Master of Business Administration degree from the Oklahoma City University in 1993. She is a Life Member of the Institute of Singapore Chartered Accountants and a Fellow of CPA Australia (FCPA).

Ms. Gillian Tan Tsui Lyn

Aged 45, was appointed as a Non-executive Director of the Company in February 2023 and re-designated as an executive Director of the Company in April 2024. Ms. Gillian Tan leads the Group's Corporate Affairs Department, where she is responsible for cultivating stakeholder relationships, supervising and directing corporate communications and media relations. She is the Founder-Director of television production company, Munkysuperstar Pictures Pte Ltd and online television channel Clicknetwork in Singapore and has over 20 years of experience in spanning broadcast television, online video and advertising. Ms. Gillian Tan began her career in San Francisco in 2000, working for global advertising agency TBWA Worldwide and the US Federal Reserve. Ms. Gillian Tan graduated with honors from Santa Clara University, U.S.A. with Bachelor of Arts in Communication in 2000. She is the daughter of Mr. Tan Eng Soon, the Chairman and executive Director, the sister of Mr. Glenn Tan Chun Hong, the Deputy Chairman and the Managing Director and the niece of Mr. Tan Kheng Leong, an executive Director.

NON-EXECUTIVE DIRECTOR

Mr. Joseph Ong Yong Loke

Aged 76, was re-designated from an Executive Director to a Non-Executive Director on 30 March 2016. He served as the Deputy Chairman of the Company until 12 April 2024 and was the Managing Director of the Company at its listing in 1998 until 30 March 2016. He joined the Group in 1981 and has served in a number of senior capacities in Singapore before his posting to Hong Kong in 1992. Mr. Ong is a Non-Executive Chairman and Lead Independent Director of Mooreast Holdings Limited, a listed company on the Singapore Exchange Limited. Mr. Ong, a Chartered Surveyor, graduated with a BSc. (Building Economics) from the University of Reading in the United Kingdom in 1971. His previous work experience includes appointments with the Singapore Ministry of Defence and Straits Steamship Co Limited from 1976 to 1980.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kim Tuck

Aged 70, was appointed as a Non-executive Director of the Company in June 2011 and re-designated as an Independent Non-executive Director of the Company in July 2012. Mr. Ng currently serves as the the Chairman of the Audit Committee of the Company. Mr. Ng is a Council Member of the Malaysian Institute of Certified Public Accountants ("MICPA") and was previously a Council Member of the Malaysian Institute of Accountants ("MIA") and a Member of the Malaysian Institute of Taxation. He also serves on various committees and working groups of the MICPA. Mr. Ng joined KPMG Malaysia in 1974 and was admitted as a partner of the firm in 1985. He had been the partner-in-charge of KPMG Malaysia's Audit Division, Finance as well as Risk Management and Ethics and Independence. He was also formerly the Chairman of KPMG Malaysia's Audit and Accounting Committee and retired from the firm in December 2010. After his retirement from KPMG Malaysia, Mr. Ng serves as the Senior Audit Advisor to BDO Malaysia until his retirement in April 2023.

Mr. Azman Bin Badrillah

Aged 77, was appointed as a Non-executive Director on 1 April 2015 and re-designated as an Independent Non-executive Director of the Company on 14 September 2015. Mr. Azman currently serves as a member of the Remuneration Committee of the Company. He graduated from the University of Malaya in 1970 with a Bachelor of Economics degree. He joined Bank of America ("BOA") in Malaysia in 1971. In 1974, he was assigned to BOA's Asia Division and underwent training at its World Banking Division in San Francisco, USA. Upon his return to Malaysia in 1975, he worked at the BOA's Credit Department for another 3 years before relocation to its South & East Asia Division, Area Credit Administration, Hong Kong. In 1981, he returned back to Malaysia to take up position at BOA in Kuala Lumpur. His last position with BOA was the officer responsible for its Marketing & Strategic Planning Department. He resigned from BOA in 1982. Mr. Azman joined TCMH group in 1983 as an executive director of its auto parts industry division. He was responsible for the overall performance of one of its key product groups. In April 1994, he was appointed as a director to the board of directors of TCMH. He resigned as a director of TCMH in July 2010. He was a director of APM since its listing in 1999. He resigned as a director of APM on 1 June 2013.

Mr. Prechaya Ebrahim

Aged 63, was appointed as an Independent Non-executive Director of the Company on 12 June 2015 and currently serves as a member of the Nomination Committee of the Company. Mr. Prechaya is currently a consultant at LS Horizon Limited, a law firm in Thailand. Prior this, he was a partner of the firm until June 2020. His areas of expertise include commercial litigation, dispute resolution, labor and employment law and employment benefits. Prior to joining LS Horizon Limited, Mr. Prechaya worked for Boonchoo International & Associates starting in 1983 and became partner of the firm in 1987. He joined Baker & McKenzie in 1991 and became a local partner in 1997. Mr. Prechaya has represented multi-national and local corporate clients in large-scale commercial litigation and in various areas including labor construction, banking and finance, intellectual property, and involving international transactions. In addition, he has been very active in the area of employment litigation and in arbitration matters. Mr. Prechaya has advised various foreign and local banks as well as large manufacturing companies in Thailand with respect to labor and employment matters. Mr. Prechaya was conferred a Bachelor of Laws (Honors) degree from Chulalongkorn University in 1983.

Mr. Teo Ek Kee

Aged 72, was appointed as an Independent Non-executive Director of the Company on 1 June 2016. Mr. Teo currently serves as the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company. He is currently an associate director of equity sales at Lim & Tan Securities Private Limited, a brokerage firm in Singapore. Mr. Teo has more than 20 years experience in the financial services industry and has been involved mainly in equity sales to both corporate and individual clients. Mr. Teo also has vast experience and expertise in human resource management. Prior to joining Lim & Tan Securities Private Limited in 1993, Mr. Teo was at DBS Bank Limited in its consumer banking department since 1977. His last appointment held with DBS Bank Limited was an Assistant Vice President in the human resource department. Mr. Teo joined the Government of Singapore Investment Corporation in 1987 as a director of its administration and personnel department. He was then responsible for all the administration and human resource functions of this company. Mr. Teo was conferred a Bachelor of Business Administration (Second Class Upper Honours) degree from University of Singapore in 1977.

SENIOR MANAGEMENT

Ms. Teo Siok Ghee

Aged 72, is the Head of Management Affairs of the Group. Ms. Teo was also appointed as a Joint Company Secretary of the Company in August 2011. She joined the Group in 1981. Ms. Teo holds a Bachelor of Commerce (major in Accountancy) from Nanyang University and a Life Member of the Institute of Singapore Chartered Accountants.

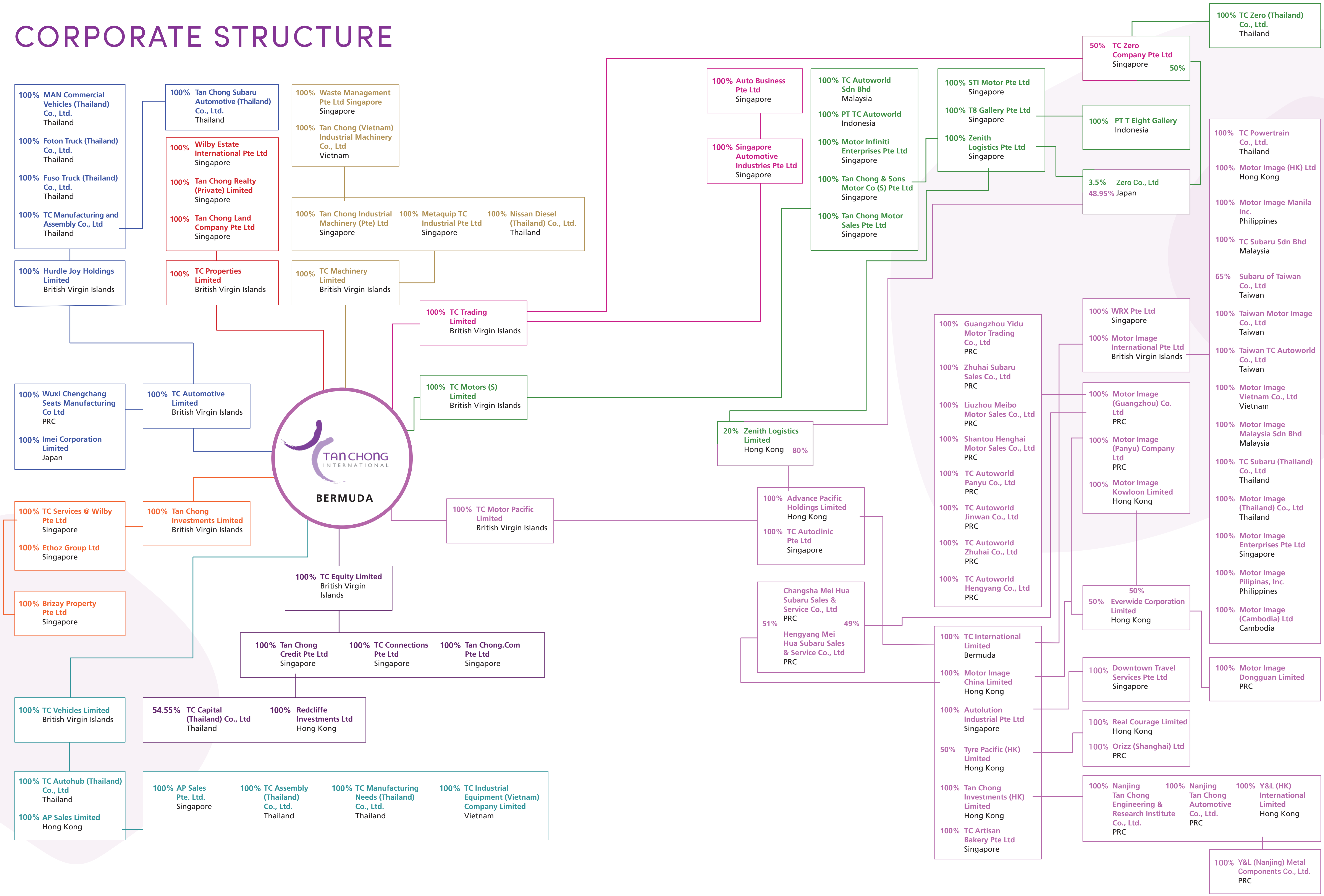
Mr. Goh Leng Kwang

Aged 74, is the Head of Corporate Affairs of the Group operations. He joined the Group in 1982 and is a director of several subsidiary companies within the Group. He graduated in 1976 from Singapore University with a degree in Bachelor of Accountancy.

Mr. Lee Chow Yoke Samuel

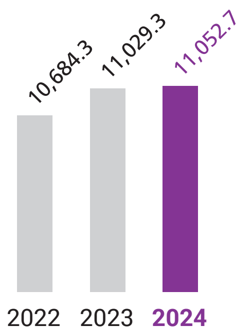
Aged 59, is the Head of the Property Development and Seat Manufacturing division of the Group. Mr. Samuel Lee joined the Group in 1997. He holds a Bachelor of Civil & Structural Engineering (Hons) degree from the University of Sheffield, England.

CORPORATE STRUCTURE

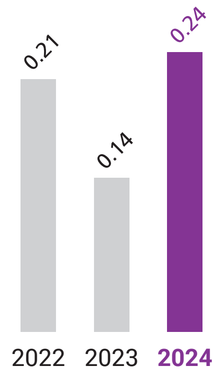


FINANCIAL HIGHLIGHTS

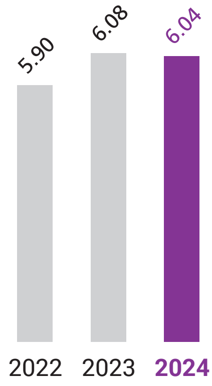
SHAREHOLDERS' FUND
(HK$ Millions)



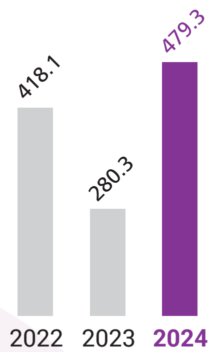
EARNINGS PER SHARE
(HK$)



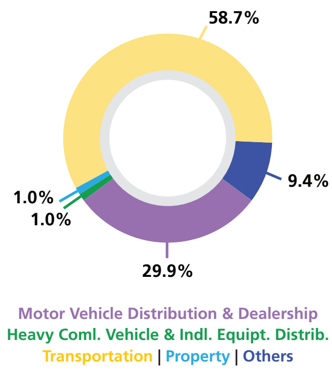
NET ASSET VALUE PER SHARE
(HK$)



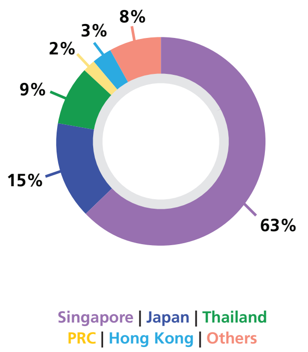
PROFIT ATTRIBUTABLE TO SHAREHOLDERS
(HK$ Millions)



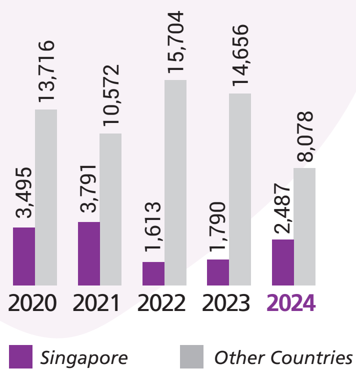
REVENUE BY BUSINESS TYPE



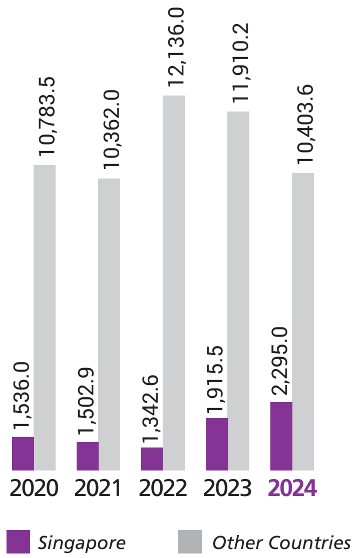
SPECIFIED NON-CURRENT ASSETS BY LOCATION



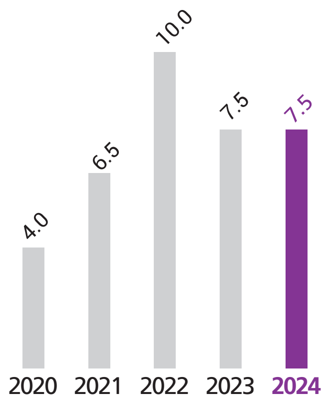
UNITS SOLD



REVENUE
(HK$ Millions)



DIVIDENDS
(HK Cents)



The directors have pleasure in submitting their annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2024.

Principal activities and business review

The principal activity of Tan Chong International Limited (the "Company") is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 16 to the financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, can be found in the Management Discussion and Analysis set out on pages 2 to 5 of this Annual Report. That discussion forms part of this directors' report.

The analysis of the types of businesses and geographical areas of the operations of the Company and its subsidiaries (collectively, the "Group") during the financial year are set out in note 36 to the financial statements.

Financial statements

The profit of the Group for the year ended 31 December 2024 and the financial position of the Company and of the Group as at that date are set out in the financial statements on pages 38 to 132.

Major customers and suppliers

The percentages of sales and purchases of inventories from sales of goods and rendering of services attributable to the Group's major customers and suppliers respectively during the financial year are as follows:

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	5%	
Five largest customers in aggregate	15%	
The largest supplier		9%
Five largest suppliers in aggregate		27%

At no time during the year have the directors, their associates or any shareholders of the Company (which to the knowledge of the directors owns more than 5% of the number of issued shares of the Company) had any interest in these major customers and suppliers.

Recommended dividend

An interim dividend of HK$2.0 cents (2023: HK$3.0 cents) per share was paid on 26 September 2024. The directors now recommend the payment of a final dividend of HK$5.5 cents (2023: HK$4.5 cents) per share in respect of the year ended 31 December 2024.

Share capital

Details of share capital of the Company are set out in note 31(d) to the financial statements. There were no movements during the year.

Directors

The directors during the financial year and up to date of this report were:

Executive directors

Tan Eng Soon	(Chairman)
Glenn Tan Chun Hong	(Deputy Chairman and Managing Director)
Tan Kheng Leong	
Sng Chiew Huat	(Finance Director)
Gillian Tan Tsui Lyn	(Re-designated from non-executive director to executive director on 12 April 2024)

Non-executive director

Joseph Ong Yong Loke	(Resigned as Deputy Chairman on 12 April 2024)

Independent non-executive directors

Ng Kim Tuck	
Azman Bin Badrillah	
Prechaya Ebrahim	
Teo Ek Kee	
Charles Tseng Chia Chun	(Appointed as Deputy Chairman on 12 April 2024)

In accordance with Bye-law 84(1) of the Company's Bye-laws, Madam Sng Chiew Huat, Mr. Joseph Ong Yong Loke, Mr. Ng Kim Tuck and Mr. Prechaya Ebrahim, will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, Madam Sng Chiew Huat, Mr. Ng Kim Tuck and Mr. Prechaya Ebrahim offer themselves for re-election. Mr. Joseph Ong Yong Loke will not offer himself for re-election.

Directors' service contracts

No director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

Connected transactions

During the year, the Group conducted the following continuing connected transactions as defined under Chapter 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(i) TCMH Agreements

The Group and Tan Chong Motor Holdings Berhad ("TCMH") and its subsidiaries (the "TCMH Group") entered into three agreements on 8 December 2022 (the "TCMH Agreements") in relation to the sale and purchase of motor parts and accessories between the Group and the TCMH Group during the three year period from 1 January 2023 to 31 December 2025.

The prices and terms of the transactions under the TCMH Agreements in respect of the sale and purchase of motor parts and accessories were agreed between the Group and each of the relevant counterparties by way of sales contracts or on an order-by-order basis by way of purchase orders, and are based on arms' length terms taking into account the value and volume of orders and similar products available from independent third parties in the market.

The Company estimates that the proposed annual cap for the transactions under the TCMH Agreements for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK$40,060,000 annually.

Tan Chong Consolidated Sdn. Bhd. ("TCC") is interested in more than 30% of the equity interests in TCMH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each member of the TCMH Group is a connected person of the Company and the transactions contemplated under the TCMH Agreements constitute continuing connected transactions of the Company under the Listing Rules.

Connected transactions (continued)

(i) TCMH Agreements (continued)

For the year ended 31 December 2024, the aggregate annual transaction amount under the TCMH Agreements amounted to HK$12,132,000 which was within the annual cap of HK$40,060,000.

Details of the TCMH Agreements were disclosed in the announcement of the Company dated 8 December 2022.

(ii) APM Agreements

TC Subaru Sdn. Bhd. ("TC Subaru"), a wholly-owned subsidiary of the Company and the five subsidiaries of APM Automotive Holdings Berhad ("APM"), being APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., APM Coil Spring Sdn. Bhd., APM Automotive Modules Sdn. Bhd. and Auto Parts Manufacturers Co. Sdn. Bhd. (collectively, the "APM Subsidiaries") entered into five agreements (the "APM Agreements") respectively on 8 December 2022 for the purchase of certain spare parts from the APM Subsidiaries by TC Subaru during the three year period from 1 January 2023 to 31 December 2025.

The prices and terms of the transactions under the APM Agreements were agreed between TC Subaru and each of the APM Subsidiaries based on arm's length negotiation. Periodic quotations that are valid for 6 months will be provided by each of the APM Subsidiaries to TC Subaru, taking into account the value and volume of orders and similar comparable parts available in the market from independent third parties.

Based on (i) projections in anticipation of spare part replacement orders by TC Subaru's dealers and (ii) the terms of the APM Agreements, the Company estimates that the annual cap for the transactions under the APM Agreements for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK$690,000, HK$860,000 and HK$820,000 respectively.

Each of the APM Subsidiaries is a subsidiary of APM, and TCC is interested in more than 30% of the equity interests in APM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each of the APM Subsidiaries is a connected person of the Company and the transactions under the APM Agreements constitute continuing connected transactions of the Company under the Listing Rules.

For the year ended 31 December 2024, the aggregate annual transaction amount under the APM Agreements amounted to HK$523,000 which was within the annual cap of HK$860,000.

Details of the APM Agreements were disclosed in the announcement of the Company dated 8 December 2022.

(iii) APM2 Agreements

The Group and APM and its subsidiaries (the "APM Group") entered into two agreements on 8 December 2022 (the "APM2 Agreements") in relation to the sale and rental of vehicles, material handling equipment, and forklift by the Group to the APM Group during the three year period from 1 January 2023 to 31 December 2025.

The prices and terms of the transactions under the APM2 Agreements were agreed between the Group and the APM Group by way of sales or rental contracts and are based on arms' length terms taking into account the value and volume of orders and similar products charged to independent third parties in the market.

Based on (i) projections in anticipation of sales or rental orders to be received under the APM2 Agreements and (ii) the terms of the APM2 Agreements, the Company estimates that the proposed annual cap for the transactions under the APM2 Agreements for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK$150,000 annually.

TCC is interested in more than 30% of the equity interests in APM. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, each member of the APM Group is a connected person of the Company and the transactions under the APM2 Agreements constitute continuing connected transactions of the Company under the Listing Rules.

For the year ended 31 December 2024, the aggregate annual transaction amount under the APM2 Agreements amounted to HK$102,000 which was within the annual cap of HK$150,000.

Details of the APM2 Agreements were disclosed in the announcement of the Company dated 8 December 2022.

Connected transactions (continued)

(iv) TCIMSB Agreement

Nanjing Tan Chong Automotive Co., Ltd ("NJTC"), a wholly owned subsidiary of the Company, and TCIM Sdn. Bhd. ("TCIMSB") entered into an agreement on 8 December 2022 (the "TCIMSB Agreement") in relation to sale of motor parts and accessories by NJTC to TCIMSB during the three year period from 1 January 2023 to 31 December 2025.

The prices and terms of the transactions under the TCIMSB Agreement were agreed between NJTC and TCIMSB on an order-by-order basis by way of purchase order, and are based on arm's length terms taking into account the value and volume of orders and similar products charged to independent third parties in the market.

Based on (i) projections in anticipation of purchase orders to be received by NJTC under the TCIMSB Agreement and (ii) the terms of the TCIMSB Agreement, the Company estimates that the proposed annual cap for the transactions under the TCIMSB Agreement for each of the three years ending 31 December 2023, 2024 and 2025 will not exceed HK$1,310,000 annually.

TCIMSB is a subsidiary of Warisan TC Holdings Berhad ("WTCH"), and TCC is interested in more than 30% of the equity interests in WTCH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, TCIMSB is a connected person of the Company and the transactions under the TCIMSB Agreement constitute continuing connected transactions of the Company under the Listing Rules.

For the year ended 31 December 2024, the aggregate annual transaction amount under the TCIMSB Agreement amounted to HK$528,000 which was within the annual cap of HK$1,310,000.

Details of the TCIMSB Agreement were disclosed in the announcement of the Company dated 8 December 2022.

Listing Rules Implications

Given that the transactions under each of the TCMH Agreements, the APM Agreements, the APM2 Agreements and the TCIMSB Agreement (the "Transactions") were all entered into by the Group with parties connected or otherwise associated with one another, the Transactions were aggregated pursuant to Rule 14A.81 of the Listing Rules. As the highest percentage ratios defined under Rule 14.07 of the Listing Rules in relation to the Transactions on an annual basis is more than 0.1% but less than 5%, the Transactions constitute continuing connected transactions of the Company subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and the independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The aggregated annual cap for the Transactions for the years ended 31 December 2024 and 2025 were set at HK$42,380,000 and HK$42,340,000 respectively.

For the year ended 31 December 2024, the aggregate annual transaction amount under the Transactions amounted to HK$13,285,000 which was within the annual cap of HK$42,380,000.

The Company has complied with the disclosure requirements, where applicable, in accordance with the Listing Rules.

The continuing connected transactions mentioned above have been reviewed by the independent non-executive directors of the Company who have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter of Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors have issued an unqualified letter containing their responsibilities and conclusions in respect of the abovementioned continuing connected transactions as disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules.

Listing Rules Implications (continued)

Save as disclosed above, there was no connected transaction or contract of significance to which the Company, or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2024 or at any time during the year ended 31 December 2024.

A summary of the material related party transactions undertaken by the Group during the year is set out in note 35 to the financial statements.

Stock compensation program

On 26 November 2015, a subsidiary set up an independent trust fund by Mizuho Trust & Banking Co., Ltd (the "trustee") for adoption of a performance-based stock compensation program (the "2015 Program"). The Program was set up for the purpose of motivating the corporate officers in the subsidiary to achieve higher corporate performance from middle to long term perspectives of corporate management. Under the 2015 Program, points are granted by considering the employee's positions and performance in accordance with the Rules on Distributions of Board Benefit of the subsidiary. Each point granted can be converted into one share when the employees leave their positions. The maximum points to be awarded for the five years period ended 30 June 2020 is 500,000. The 2015 Program was extended to another five years by the subsidiary on 30 June 2020 without change in the maximum points to be awarded. The trust fund shall not have a definite expiration date and continue as long as the 2015 Program exists. Maximum amount of money to be contributed is Japanese Yen ("JPY") 500,000,000 (equivalent to HK$25,730,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

3,000 (2023: 3,000) points were awarded to the employees of the Group during the year ended 31 December 2024.

During the year ended 31 December 2024, the Group recognised a total expense of HK$214,000 (2023: HK$265,000) as the equity-settled share-based payments in relation to the points awarded under the 2015 Program.

On 1 October 2022, a new performance-based stock compensation program (the "2022 Program") was introduced under the same trustee. This is a performance-based scheme whereby on 12 December 2022, shares of the listed subsidiary are acquired by the trustee using the funds contributed by the subsidiary. Under the 2022 Program, the shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled employees in view of their positions, with restriction of transfer. Incidentally, the shares of the subsidiary shall be distributed to the entitled employees as a general rule when they leave their positions. For directors of the subsidiary, 75% of the points granted can be converted into shares (one point per one share) and 25% of the points can be converted into cash based on prevailing market rate. For employees other than directors of the subsidiary, each point granted can be converted into one share of the subsidiary at distribution. The maximum number of points to be awarded for the three years period ending 30 June 2025 is 252,000 (84,000 per each fiscal year). Transfer of points is restricted until the eligible recipient is retired. The trust fund shall not have a definite expiration date and continue as long as the 2022 Program exists. Maximum amount of cash to be contributed is JPY 292,824,000 (equivalent to HK$15,069,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

34,000 (2023: 36,200) points for equity-settled portion and 8,000 (2023: 8,800) points for cash-settled portion were granted to the employees of the Group during the year ended 31 December 2024.

During the year ended 31 December 2024, the Group recognised a net expense of HK$2,680,000 (2023: HK$2,055,000) for the equity settled share-based payment and HK$1,657,000 (2023: HK$533,000) was recorded for the cash settled share based payments in relation to the 2022 Program.

The 2015 Program introduced in 2015 is still in force for certain employees.

Further details of the schemes are set out in note 32 to the financial statements.

Indemnity of directors

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout this year.

Directors' interests and short positions in shares

The directors who held office at 31 December 2024 had the following interests in the issued share capital of the Company at that date as recorded in the register of directors' interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

	Ordinary shares of HK$0.50 each						
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)	Joint interests (Note 3)	Joint interests (Note 4)	Total number of shares held	Percentage of total issued shares
Executive Directors:							
Tan Eng Soon	183,903,000	–	348,544,700	54,489,972	–	586,937,672	29.15%
Tan Kheng Leong	2,205,000	210,000	–	–	–	2,415,000	0.12%
Sng Chiew Huat	900,000	–	–	–	–	900,000	0.04%
Glenn Tan Chun Hong	99,000	–	–	–	–	99,000	0.0049%
Gillian Tan Tsui Lyn	–	–	–	–	4,490,000	4,490,000	0.22%
Non-Executive Director:							
Joseph Ong Yong Loke	684,000	795,000	940,536	–	–	2,419,536	0.12%
Independent Non-Executive Director:							
Teo Ek Kee	–	300,000	–	–	–	300,000	0.01%

Notes:

(1) These shares are beneficially owned by the spouses of Tan Kheng Leong, Joseph Ong Yong Loke and Teo Ek Kee, respectively, and hence they are deemed interested in these shares.

(2) These shares are beneficially owned by corporations controlled by Tan Eng Soon and Joseph Ong Yong Loke, respectively.

(3) These shares are owned by Tan Eng Soon jointly with another persons.

(4) These shares are held by Tan Eng Soon jointly with Gillian Tan Tsui Lyn.

Save as disclosed above, none of the directors or chief executives, or any of their spouses or children under eighteen years of age, had any beneficial or non-beneficial interests or short positions in shares of the Company or any of its subsidiaries or associate (within the meaning of the SFO) as at 31 December 2024, and there was no right granted to or exercised by any directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, during the year to subscribe for shares, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Substantial interests in the share capital of the Company

The Company has been notified of the following interests (other than a director of the Company) in the Company's issued shares as at 31 December 2024 amounting to 5% (2023: 5%) or more of the ordinary shares in issue:

Name	Long/short positions	Note	Ordinary shares held	Percentage of total issued shares
Tan Chong Consolidated Sdn. Bhd.	Long	(1)	705,819,720	35.05%
Promenade Group Private Limited	Long	(2)	212,067,000	10.53%
Time Strategy Group Private Limited	Long	(3)	104,497,700	5.19%
Tan Heng Chew	Long	(4)	100,692,856	5.00%
Khor Swee Wah	Long	(4)	100,692,856	5.00%
Wang Shu Erh	Long	(4)	100,692,856	5.00%

Notes:

(1) The share capital of Tan Chong Consolidated Sdn. Bhd. is held by Tan Eng Soon as to approximately 22.85% and Tan Kheng Leong as to approximately 15.38%. The remaining shareholding is held by certain members of the Tan family who are not directors of the Company.

(2) Tan Eng Soon is the sole shareholder of Promenade Group Private Limited.

(3) Tan Eng Soon is the controlling shareholder of Time Strategy Group Private Limited.

(4) Based on the disclosure of interests filed, Tan Heng Chew has personal, corporate and family interests of 50,981,686 shares, 37,848,000 and 11,863,170 shares respectively, making a total interest of 100,692,856 shares. Khor Swee Wah and Wang Shu Erh, being spouses of Tan Heng Chew, are deemed to be interested in all the shares held by Tan Heng Chew.

Save as disclosed above, no persons, other than a director of the Company whose interests are set out above, had registered interests in the share capital of the Company that was required to be recorded in the register under section 336 of the SFO.

Emolument policy

The emolument policy of the employees of the Group is based on their merit, qualification and experience, having regard to their individual performance and the Group's operating results.

The emolument policy of the directors and senior management is decided by the Remuneration Committee ("RC"), taking into account the Group's performance and individual contribution. Details of the functions of the RC are mentioned in the Corporate Governance Report.

Details of remuneration paid to members of senior management fell within the following bands:

	Number of individuals
HK$1,500,001 - HK$2,000,000	1
HK$2,000,001 - HK$2,500,000	1
HK$2,500,001 - HK$3,000,000	–
HK$3,000,001 - HK$3,500,000	1
HK$3,500,001 - HK$4,000,000	–

Sufficiency of public float

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company as at the date of this annual report, the Company has maintained the prescribed public float of at least 25% of the total issued share capital of the Company as required by the Listing Rules.

DIRECTORS' REPORT (continued)

Directors' interests in contracts

Save as disclosed in Connected Transactions above, no transaction, arrangement or contract of significance to which the Company, any of its subsidiaries or fellow subsidiaries was a party, and in which a director of the Company had a material interest, subsisted at the end of the year or at any time during the year.

Pre-emptive rights

There is no provision for pre-emptive rights under the Company's Bye-laws or the laws of Bermuda.

Purchase, sale or redemption of the Company's listed securities

There was no purchase, sale or redemption of the Company's shares by the Company or any of its subsidiaries during the year.

Borrowings

Particulars of borrowings of the Company and the Group as at 31 December 2024 are set out in note 25 to the financial statements.

Financial summary

A summary of the results of the Group and of the Group's assets and liabilities for the last five financial years is set out on page 133 of the annual report.

Properties

Particulars of the Group's properties are shown on pages 135 to 138 of the annual report.

Retirement schemes

Details of retirement schemes to which the Group contributes are set out in note 27 to the financial statements.

Confirmation of independence

The Company has received from each of the independent non-executive directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers all the independent non-executive directors to be independent.

For and on behalf of the Board

Tan Eng Soon
Chairman
Hong Kong,
28 March 2025

KPMG

INDEPENDENT AUDITOR'S REPORT

to the shareholders of Tan Chong International Limited
(Incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Tan Chong International Limited ("the Company") and its subsidiaries ("the Group") set out on pages 38 to 132, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in Bermuda, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters (continued)

<table>
<tr><td colspan="2">Assessing the net realisable value of inventories</td></tr>
<tr><td colspan="2">Refer to notes 2(b) and 19 to the consolidated financial statements and the accounting policies in note 1(p).</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>At 31 December 2024, the Group held inventories which comprised several different motor car brands and models in 10 different geographical markets with an aggregate carrying amount of HK$2,193 million.

Changes in economic sentiment or consumer preferences and the introduction of newer models with the latest design and technologies by motor car manufacturers to these different markets could result in inventories on hand no longer being sought after or being sold at a discount below their cost.

Estimating future demand and related selling prices of motor cars is inherently subjective and uncertain because it involves management estimating the extent of markdown of selling prices necessary to sell older or slow-moving models in the period subsequent to the reporting date.

We identified the assessment of the net realisable value of inventories as a key audit matter because of the significance of inventories to the consolidated financial statements and because of the significant judgements made by management in assessing net realisable value, which increases the risk of error or potential management bias, particularly given the number of motor car models involved and the diversity of geographical markets in which these motor cars are sold.</td><td>Our audit procedures to assess the net realisable value of inventories included the following:

• understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of inventories;

• assessing whether the inventory provision at the end of the reporting period was determined on a basis consistent with the Group's inventory provisioning policy by recalculating the inventory provisions based on expected selling prices;

• assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing brackets by comparing individual items in the inventory ageing report with underlying documentation, including purchase invoices and goods received notes;

• evaluating the Group's inventory provision balance for slow moving items as categorised in the inventory ageing report by comparison with management's sales forecasts with reference to historical sales;

• enquiring of management about any planned launch of new motor car models by the motor car manufacturers and plans for the Group to markdown the selling prices of older and slow-moving motor car models; and

• comparing, on a sample basis, the carrying value of inventories with sales prices and costs to sell subsequent to the end of the reporting period.</td></tr>
</table>

Key audit matters (continued)

<table>
<tr><th colspan="2">Assessing the expected credit loss allowance for trade debtors and loans and advances</th></tr>
<tr><td colspan="2">Refer to notes 2(a), 22, 23 and 33(b) to the consolidated financial statements and the accounting policies in notes 1(n) and 1(x)(i).</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>At 31 December 2024, the Group's trade debtors and loans and advances (collectively, "Receivables") amounted to HK$948 million and HK$5,321 million, respectively, after making allowances for expected credit losses ("ECLs") of HK$15 million and HK$48 million respectively.

The Group's ECL allowances for trade debtors are based on management's estimate of lifetime ECL, which is estimated by taking into account the credit loss experience, adjusted for both current and forecast general economic conditions where applicable at the reporting date, which involves a significant degree of management judgement.

The Group's ECL allowances for loans and advances are based on 12-month or lifetime ECLs, depending on whether the credit risk of the loan and advance has increased significantly since initial recognition. The ECL allowances for loans and advances are estimated by taking into account the probability of default, loss given default, exposure at default and adjustments for forward-looking information where applicable, all of which involve a significant degree of management judgement.

We identified assessing the ECL allowances for trade debtors as well as loans and advances as a key audit matter because of the significance of the balances to the consolidated financial statements and that the assessment of ECL allowances is inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.</td><td>Our audit procedures to assess the ECL allowance for the Receivables included the following:

• understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls over credit approval, monitoring of repayments and estimation of ECL allowances according to the Group's policy;

• evaluating the Group's ECL policy with reference to the requirements of the applicable accounting standard;

• assessing, on a sample basis, whether items in the ageing report of trade debtors were classified within the appropriate ageing brackets by comparing individual items in the report with underlying documentation, including sales invoices;

• assessing the reasonableness of management's estimates of the ECL allowances for trade debtors by examining the information used by management to derive such estimates, including testing the accuracy of the historical credit loss data;

• assessing the appropriateness of management's assessment of whether the credit risk of loans and advances has, or has not, increased significantly since initial recognition and whether any of the balance is credit-impaired by inspecting overdue information;

• assessing, on a sample basis, the accuracy of input data used for management's estimate of the ECL allowances for loans and advances, including evaluating the probability of default with reference to the historical default rate; the loss given default by ascertaining the value of the collaterals; the exposure at default by inspecting the underlying agreements and other relevant documents; and

• assessing the reasonableness of the credit risk related disclosures in the consolidated financial statements with reference to the requirements of the applicable accounting standards.</td></tr>
</table>

Information other than the consolidated financial statements and auditor’s report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements 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 consolidated financial statements

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group’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 to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group’s financial reporting process.

Auditor’s responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs 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 consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, 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 internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

Auditor's responsibilities for the audit of the consolidated financial statements (continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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.

The engagement partner on the audit resulting in this independent auditor's report is Wong Kong Tat.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
28 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Revenue	3	12,698,567	13,825,660
Cost of sales		(10,181,403)	(11,124,068)
Gross profit		2,517,164	2,701,592
Other net income	4	721,265	307,951
Distribution costs		(1,015,604)	(1,189,271)
Administrative expenses		(1,029,476)	(966,863)
Other operating (expenses)/income	5	(103,047)	4,475
Profit from operations		1,090,302	857,884
Financing costs	6	(209,339)	(217,472)
Share of profit of an associate		5,767	5,436
Profit before taxation	7	886,730	645,848
Income tax expense	10(a)	(277,243)	(265,268)
Profit for the year		609,487	380,580
Attributable to:			
Equity shareholders of the Company		479,285	280,330
Non-controlling interests		130,202	100,250
Profit for the year		609,487	380,580
Earnings per share	11		
Basic and diluted (cents)		23.81	13.92

The notes on pages 46 to 132 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 31(c).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Profit for the year		609,487	380,580
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss			
Remeasurement of net defined benefit retirement obligations	27(a)(v)	18,823	13,009
Equity investments designated at fair value through other comprehensive income - net movement in fair value reserves (non-recycling) during the year		(29,290)	270,439
		(10,467)	283,448
Items that may be or are reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of:			
- subsidiaries outside Hong Kong		(494,756)	(53,893)
- an associate outside Hong Kong		(1,067)	(504)
Reclassification of translation reserve upon disposal of subsidiaries		271	–
		(495,552)	(54,397)
Other comprehensive income for the year		(506,019)	229,051
Total comprehensive income for the year		103,468	609,631
Attributable to:			
Equity shareholders of the Company		67,625	555,158
Non-controlling interests		35,843	54,473
Total comprehensive income for the year		103,468	609,631

The notes on pages 46 to 132 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Non-current assets			
Investment properties	12	4,505,162	4,000,037
Property, plant and equipment	13	5,509,974	5,605,648
Intangible assets	14	158,941	99,086
Goodwill	15	69,342	115,066
Interest in an associate	17	69,521	75,821
Investments designated as at fair value through other comprehensive income	18	1,648,105	1,680,554
Loans and advances	23	2,188,682	1,996,333
Receivables, deposits and prepayments		159,001	137,877
Deferred tax assets	10(c)	92,096	88,991
		14,400,824	13,799,413
Current assets			
Inventories	19(a)	2,192,689	2,276,780
Trade debtors	22	948,390	1,062,325
Loans and advances	23	3,132,532	3,457,749
Other debtors, deposits and prepayments		762,817	830,829
Amounts due from related companies	29	67	64
Cash and bank balances	24(a)	2,242,933	1,909,287
		9,279,428	9,537,034

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Current liabilities			
Unsecured bank overdrafts	25	352,832	453,187
Borrowings	25	4,825,116	4,617,498
Trade creditors	28	844,416	983,840
Other creditors and accruals	21	1,378,307	1,167,160
Amounts due to related companies	29	91	11,002
Lease liabilities	26	197,056	172,668
Current taxation		108,078	114,178
Provisions	30	7,970	14,639
		7,713,866	7,534,172
Net current assets		1,565,562	2,002,862
Total assets less current liabilities		15,966,386	15,802,275
Non-current liabilities			
Borrowings	25	2,937,054	2,784,273
Lease liabilities	26	475,790	386,672
Defined benefit plan obligations	27	50,341	56,642
Deferred tax liabilities	10(c)	281,276	272,325
Provisions	30	53,221	63,402
		3,797,682	3,563,314
NET ASSETS		12,168,704	12,238,961
CAPITAL AND RESERVES			
Share capital	31(d)	1,006,655	1,006,655
Reserves		10,046,017	10,022,630
Total equity attributable to equity shareholders of the Company		11,052,672	11,029,285
Non-controlling interests		1,116,032	1,209,676
TOTAL EQUITY		12,168,704	12,238,961

Approved and authorised for issue by the board of directors on 28 March 2025.

Tan Eng Soon
Chairman

Sng Chiew Huat
Finance Director

The notes on pages 46 to 132 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company					Attributable to equity shareholders of the Company						
	Share capital $'000	Share premium (note 31(a)(i)) $'000	Capital reserve (note 31(a)(ii)) $'000	Stock compensation reserve (note 31(a)(iii)) $'000	Translation reserve (note 31(a)(iv)) $'000	Contributed surplus (note 31(b)(ii)) $'000	Fair value reserve (non-recycling) (note 31(a)(v)) $'000	Property revaluation reserve (note 31(a)(vi)) $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2023	1,006,655	550,547	9,549	12,257	449,862	377,690	904,238	1,821	7,371,671	10,684,290	1,202,290	11,886,580
Changes in equity for 2023:												
Profit for the year	–	–	–	–	–	–	–	–	280,330	280,330	100,250	380,580
Other comprehensive income	–	–	–	–	(208)	–	268,116	–	6,920	274,828	(45,777)	229,051
Total comprehensive income for the year	–	–	–	–	(208)	–	268,116	–	287,250	555,158	54,473	609,631
Equity-settled share based transactions	–	–	–	1,234	–	–	–	–	–	1,234	1,086	2,320
Dividends declared and approved during the year (note 31(c))	–	–	–	–	–	–	–	–	(211,397)	(211,397)	–	(211,397)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(48,173)	(48,173)
Realised loss on disposal of equity investments designated at fair value through other comprehensive income ("FVOCI")	–	–	–	–	–	–	749	–	(749)	–	–	–
Balance at 31 December 2023	1,006,655	550,547	9,549	13,491	449,654	377,690	1,173,103	1,821	7,446,775	11,029,285	1,209,676	12,238,961
Balance at 1 January 2024	1,006,655	550,547	9,549	13,491	449,654	377,690	1,173,103	1,821	7,446,775	11,029,285	1,209,676	12,238,961
Changes in equity for 2024:												
Profit for the year	–	–	–	–	–	–	–	–	479,285	479,285	130,202	609,487
Other comprehensive income	–	–	–	–	(391,789)	–	(29,743)	–	9,872	(411,660)	(94,359)	(506,019)
Total comprehensive income for the year	–	–	–	–	(391,789)	–	(29,743)	–	489,157	67,625	35,843	103,468
Equity-settled share based transactions	–	–	–	1,518	–	–	–	–	–	1,518	1,376	2,894
Dividends declared and approved during the year (note 31(c))	–	–	–	–	–	–	–	–	(130,865)	(130,865)	–	(130,865)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	(39,155)	(39,155)
Disposal of a non-wholly owned subsidiary	–	–	–	–	–	–	–	–	–	–	(6,599)	(6,599)
Amounts transferred from non-controlling interests to retained earnings due to step acquisitions	–	–	–	(45)	(6,743)	–	(205)	–	92,102	85,109	(85,109)	–
Realised gain on disposal of equity investments designated at fair value through other comprehensive income ("FVOCI")	–	–	–	–	–	–	(46)	–	46	–	–	–
Balance at 31 December 2024	1,006,655	550,547	9,549	14,964	51,122	377,690	1,143,109	1,821	7,897,215	11,052,672	1,116,032	12,168,704

The notes on pages 46 to 132 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Operating activities			
Profit from operations		1,090,302	857,884
Adjustments for:			
Depreciation	7	692,127	718,665
Amortisation for intangible assets	7	17,478	15,738
Gain on disposal of property, plant and equipment	4	(13,775)	(26,351)
Valuation gain on investment properties, net	4	(629,521)	(150,776)
Bank and other interest income	4	(25,280)	(24,452)
Dividend income	4	(54,944)	(49,956)
Loss on disposal of a subsidiary	4	5,484	–
Provision for loss due to fire		26,245	–
Provision/(reversal) of write-down of inventories (net)	19(b)	66,005	(2,708)
Reversal of impairment losses on trade debtors	5	(4,262)	(2,938)
Provision/(reversal) of impairment loss on loans and advances	5	26,483	(19,578)
Impairment loss of the right-of-use assets	4	36,775	–
Loss on sale of equity securities listed outside Hong Kong		5	–
Share based payment expenses	8	4,551	2,853
Net foreign exchange gain		(15,636)	(19,607)
Loss on disposal of intangible assets	4	2,496	565
Operating profit before changes in working capital		1,224,533	1,299,339
Increase in inventories		(85,123)	(721,736)
(Increase)/decrease in trade debtors		(6,071)	269,374
Increase in loans and advances		(95,834)	(798,304)
Increase in other debtors, deposits and prepayments		(1,391)	(94,689)
(Increase)/decrease in amounts due from related companies		(5)	225
Decrease in trade creditors		(35,695)	(103,277)
Increase/(decrease) in other creditors and accruals		253,954	(236,079)
(Decrease)/increase in amounts due to related companies		(11,123)	4,741
Increase in net defined benefit retirement obligations		18,232	16,664
Cash generated from/(used in) operations		1,261,477	(363,742)
Interest paid		(194,716)	(201,670)
Taxes paid		(279,244)	(314,950)
Net cash generated from/(used in) operating activities		787,517	(880,362)

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2024
(Expressed in Hong Kong dollars)

	Note	2024 $'000	2023 $'000
Cash flows from investing activities			
Payment for the purchase of property, plant and equipment		(622,492)	(629,331)
Payment for the purchase of investment properties		(50,740)	(27,987)
Payment for purchase of unlisted equity securities		(5,956)	–
Payment for the additions to intangible assets		(37,752)	(30,933)
Increase in non-current receivables, deposits and prepayments		(33,300)	(46,767)
(Increase)/decrease in fixed deposits at banks with maturity over three months		(14,845)	357
Proceeds from disposal of property, plant and equipment		98,962	123,380
Proceeds from disposal of a subsidiary		4,685	–
Proceeds from sales of equity securities listed outside Hong Kong		4,191	–
Proceeds from sales of unlisted equity securities		–	1,117
Dividends received from an associate		11,000	11,000
Dividends received from equity securities listed outside Hong Kong		54,944	49,956
Net cash outflow from acquisition of subsidiaries under business combinations	20	–	(86,139)
Interest received		25,280	24,452
Net cash used in investing activities		(566,023)	(610,895)
Cash flows from financing activities			
Repayment of borrowings	24(b)	(4,436,033)	(4,228,048)
Proceeds from new borrowings	24(b)	5,071,067	5,349,912
Dividends paid to shareholders		(130,865)	(211,397)
Dividends paid to non-controlling shareholders of subsidiaries		(39,155)	(48,173)
Interest element of lease rentals paid	24(b)	(14,623)	(15,802)
Capital element of lease rentals paid	24(b)	(226,906)	(243,897)
Net cash generated from financing activities		223,485	602,595
Net increase/(decrease) in cash and cash equivalents		444,979	(888,662)
Cash and cash equivalents at 1 January	24(a)	1,432,835	2,317,486
Effect of foreign exchange rate changes		(23,476)	4,011
Cash and cash equivalents at 31 December	24(a)	1,854,338	1,432,835

The notes on pages 46 to 132 form part of these financial statements.

General information

Tan Chong International Limited (the "Company") is a company incorporated in Bermuda with limited liability. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The Company was listed on The Stock Exchange of Hong Kong Limited ("HKSE") on 7 July 1998.

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in an associate. The consolidated financial statements were authorised for issue by the directors on 28 March 2025.

1 Material accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board ("IASB"). Although not required under the Bye-laws of the Company, these financial statements comply with the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements are presented in Hong Kong dollars, rounded to the nearest thousand, because the Company is listed in Hong Kong.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except as otherwise explained in the accounting policies set out below.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

1 Material accounting policies (continued)

(c) Changes in accounting policies

(i) New and amended IFRSs

The Group has applied the following amendments to IFRSs issued by IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements – Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")
- Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosures – Supplier finance arrangements*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRSs are discussed below:

Amendments to IAS 1, *Presentation of financial statements* (the 2020 and 2022 amendments, collectively the "IAS 1 amendments")

The IAS 1 amendments impact the classification of a liability as current or non-current, and have been applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

Amendments to IFRS 16, *Leases – Lease liability in a sale and leaseback*

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: disclosures – Supplier finance arrangements*

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group has not entered into any supplier finance arrangements.

1 Material accounting policies (continued)

(d) Basis of consolidation

(i) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

Investments in subsidiaries are consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(l)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 1(d)(ii)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (see note 1(x)(ii)).

1 Material accounting policies (continued)

(d) Basis of consolidation (continued)

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(x)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(l)).

(e) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 1(x)(ii)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

1 Material accounting policies (continued)

(f) Translation of foreign currencies

(i) Individual companies

Transactions in foreign currencies during the year are translated into the respective entity's functional currency at the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was determined.

(ii) On consolidation

The results of subsidiaries and associates outside Hong Kong are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of subsidiaries and associates outside Hong Kong, the cumulative amount of the exchange differences relating to that subsidiaries and associates outside Hong Kong is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(g) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 1(k)) to earn rental income and/or for capital appreciation. Investment properties are stated at their fair value. It is the Group's policy to undertake valuations at intervals of not more than three years by independent professional valuers on an open market value basis. In the intervening years, investment properties are valued by appropriate qualified persons within the Group on an annual basis. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 1(w)(ii)(a).

(h) Business combination

Business combinations are accounted for using the acquisition method. The consideration transferred (except those segregated from business combinations) is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the sellers of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business acquisition is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

1 Material accounting policies (continued)

(i) Property, plant and equipment

Land and buildings other than investment properties are carried at cost or at the 1984 revalued amount, less accumulated depreciation and impairment losses (see note 1(x)(ii)).

The surplus which arose on the 1984 valuation was taken to the capital reserve and may only be transferred to retained profits as and when the relevant property is disposed of.

Freehold land is not amortised.

All other property, plant and equipment is carried at cost less accumulated depreciation and impairment losses (see note 1(x)(ii)) and is depreciated on a straight-line basis to write off the cost, less estimated residual value, if any, of these assets over their estimated useful lives or at the following annual rates:

- Buildings situated on freehold land — 2% - 4%
- Leasehold land where the Group is the registered owner of the property interest is depreciated over the unexpired term of the lease.
- The Group's interests in buildings situated on leasehold land where the Group is not the registered owner of the property interest are depreciated over the shorter of the unexpired term of the lease and the building's estimated useful lives, being no more than 50 years after the date of completion.
- Other property, plant and equipment leased for own use are depreciated over the unexpired term of the leases.
- Plant, machinery and equipment
  - engine, construction equipment and forklifts for hire — 20% on cost less residual value
  - other plant, machinery and equipment — 6⅔% - 50%
- Furniture, fixtures, fittings and office equipment — 5% - 50%
- Motor vehicles — 10% - 50%

The useful life and the amount of residual value of an asset are reviewed annually and adjusted if appropriate.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss on the date of retirement or disposal.

Construction in progress

Construction in progress represents buildings under construction and is stated at cost less impairment losses (see note 1(x)(ii)). Cost comprises direct costs of construction as well as borrowing costs and professional fees incurred during the periods of construction and installation.

The asset concerned is transferred to the relevant category within property, plant and equipment when substantially all the activities necessary to prepare the asset for its intended use are completed, at which time it commences to be depreciated in accordance with the Group's depreciation policies.

1 Material accounting policies (continued)

(j) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group with a finite estimated useful life are stated in the consolidated statement of financial position at cost less accumulated amortisation and impairment losses (see note 1(x)(ii)).

Amortisation of intangible assets is charged to profit or loss on a straight-line basis over the assets' estimated useful lives as follows:

-	Customer relationships	10 years – 16 years
-	Computer software	5 years
-	Others	5 years

Both the period and method of amortisation are reviewed annually.

Intangible assets (i.e. backlog) are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(i) and 1(x)(ii)), except for the right-of-use assets that meet the definition of investment property that are carried at fair value in accordance with note 1(g).

1 Material accounting policies (continued)

(k) Leased assets (continued)

(i) As a lessee (continued)

The initial fair value of refundable rental deposits is accounted for separately from the right-of-use assets and measured at amortised cost. Any difference between the initial fair value and the nominal value of the deposits is accounted for as additional lease payments made and is included in the cost of right-of-use assets.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(w)(ii)(a).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 1(k)(i), then the Group classifies the sub-lease as an operating lease.

(l) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries and an associate, are set out below.

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss.

1 Material accounting policies (continued)

(l) Other investments in equity securities (continued)

Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment measured through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(w)(ii)(b).

(m) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

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

(n) Trade and other receivables and loans and advances

(i) Recognition and initial measurement

Trade and other receivables and loans and advances are initially recognised when they are originated. All other financial assets are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is receivables without a significant financing component) is initially measured at fair value plus, for an item not at FVPL, transaction costs that are directly attributable to its acquisition or issue. A receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

On initial recognition, trade and other receivables and loans and advances are classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

1 Material accounting policies (continued)

(n) Trade and other receivables and loans and advances (continued)

(ii) Classification and subsequent measurement (continued)

Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, "principal" is defined as the fair value of the financial asset, on initial recognition. "Interest" is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

1 Material accounting policies (continued)

(n) Trade and other receivables and loans and advances (continued)

(ii) Classification and subsequent measurement (continued)

Subsequent measurement and gains and losses

Trade and other receivables and loans and advances are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see note 1(x)(i)). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(iii) Derecognition

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
- substantially all of the risks and rewards of ownership of the financial asset are transferred; or
- the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its consolidated statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

(o) Income tax

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

Current tax comprises the estimated tax payable or receivable on the taxable income, or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

- temporary differences related to investment in subsidiaries, an associate and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

- taxable temporary differences arising on the initial recognition of goodwill; and

- those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

1 Material accounting policies (continued)

(o) *Income tax (continued)*

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Where investment properties are carried at their fair value in accordance with note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the properties over time, rather than through sale. In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(p) *Inventories*

Inventories are carried at the lower of cost and net realisable value.

Cost of motor vehicles is determined primarily on an actual cost basis while cost of inventories other than motor vehicles is accounted for on an average cost basis. Cost comprises the purchase price including import duties (where applicable), costs of conversion and other directly attributable costs of acquisition in bringing the inventories to their present location and condition.

Net realisable value is determined by reference to the sales proceeds of items sold in the ordinary course of business after the end of the reporting period or to management estimates based on prevailing market conditions.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(q) *Contract liabilities*

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(n)).

(r) *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, call deposits and deposits with maturity of less than three months when placed. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement. Cash and cash equivalents are assessed for ECL in accordance with the policy set out in note 1(x)(i).

1 Material accounting policies (continued)

(s) Trade and other creditors

Trade and other creditors are initially recognised at fair value. Subsequent to initial recognition, trade and other creditors are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(t) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(m)).

(u) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where 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 outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) Warranties

A provision for warranties is recognised when the underlying motor vehicles are sold. The provision is based on historical warranty claim experience and a weighting of all possible outcomes against their associated probabilities.

(w) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

The Group is the principal for its revenue transactions and recognise revenue on a gross basis, including the sale of motor vehicles that are sourced externally. In determining whether the Group acts as a principal or as an agent, it considers whether it obtains control of the vehicles before they are transferred to the customers. Control refers to the Group's ability to direct the use of and obtain substantially all of the remaining benefits from the vehicles.

(i) Revenue from contracts with customers

Revenue is recognised when control over a product or service is transferred to the customers at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties such as value added tax or other sales taxes.

1 Material accounting policies (continued)

(w) Revenue and other income (continued)

(i) Revenue from contracts with customers (continued)

Further details of the Group's revenue and other income recognition policies are as follows:

(a) Sale of motor vehicles

Revenue is recognised when the customer takes possession of and accepts the motor vehicles, and the issuance of registration. Payment terms and conditions vary by customers and are based on the billing schedule established in the contracts with customers, but the Group generally provides credit terms to customers with seven days to six months from the date of billing.

The Group offers warranties for its motor vehicles and the related provision is recognised in accordance with the policy set out in note 1(v).

(b) Service fees and other income

Revenue from rendering of services, management services fee, agency commission and handling fees and warranty income are recognised when the related services are provided.

(ii) Revenue from other sources and other income

(a) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(b) Dividend

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

(c) Interest income

Interest income is recognised as it accrues using the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1 (x)(i)).

(d) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

1 Material accounting policies (continued)

(x) Expected credit losses ("ECL") and impairment

(i) ECLs from financial instruments

The Group recognises ECL allowances on financial assets measured at amortised cost (including cash and cash equivalents, trade and other debtors, loans and advances and amounts due from related companies).

Financial assets measured at fair value, which are equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets including trade and other debtors, loans and advances excluding lease receivables and amounts due from related companies: effective interest rate determined at initial recognition;
- variable-rate financial assets: current effective interest rate; and
- lease receivables: discount rate used in the measurement of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are the portion of lifetime ECLs that result from default events that are possible within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade debtors are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience.

For loans and advances and all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Financial instruments for which 12-month ECL recognised are referred to "Stage 1 financial instruments". Financial instruments allocated to Stage 1 have not undergone a significant increase in credit risk since initial recognition and are not credit-impaired on initial recognition.

Financial instruments for which lifetime ECLs are recognised but that are not credit-impaired are referred to as "Stage 2 financial instruments". Financial instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk since initial recognition but are not credit-impaired.

1 Material accounting policies (continued)

(x) Expected credit losses ("ECL") and impairment (continued)

(i) ECLs from financial instruments (continued)

Measurement of ECLs (continued)

Financial instruments for which lifetime ECLs are recognised and that are credit-impaired are referred to as "Stage 3 financial instruments".

Significant increases in credit risk

At each reporting date, the Group assesses whether the credit risk of a financial instrument (other than trade debtors) has increased significantly since initial recognition.

When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. The Group considers a significant increase in credit risk occurs when an asset is more than 30 days past due.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or

- the financial asset is 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL allowance is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 1(w)(ii)(c) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;

- a breach of contract, such as a default or being more than 90 days past due;

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or

- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation.

1 Material accounting policies (continued)

(x) Expected credit losses ("ECL") and impairment (continued)

(i) ECLs from financial instruments (continued)

Write-off policy

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

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets;
- interest in an associate;
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually, whether or not there is any indication of impairment.

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and 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 risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

- Recognition of impairment losses

  An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount, except for land and buildings which were revalued in 1984.

1 Material accounting policies (continued)

(x) Expected credit losses ("ECL") and impairment (continued)

(ii) Impairment of other non-current assets (continued)

- Recognition of impairment losses (continued)

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable). When an impairment loss arises on the land and buildings which were revalued in 1984, it will first be charged against the attributable balance relating to the properties included in the capital reserve and any excess will be charged to profit or loss.

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(x)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

(y) Employee benefits

(i) Short-term employee benefits and contributions to defined benefit retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined benefit plan obligations

The Group has the following defined benefit plans:

- Long service payments under the Hong Kong Employment Ordinance
- Fukuoka Prefecture and Saga Prefecture Truck Employees' Pension Fund (kouseinennkin)

1 Material accounting policies (continued)

(y) Employee benefits (continued)

(ii) Defined benefit plan obligations (continued)

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods; that benefit is discounted to determine the present value. The calculation of defined benefit obligation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expense (income) on the net defined benefit liability (asset) are recognised in profit or loss and allocated by function as part of "cost of sales", "distribution costs" or "administrative expenses". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period to the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

When the benefits of a plan are changed, or when a plan is curtailed, current service cost for the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in profit or loss at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised.

Remeasurements arising from defined benefit plans are recognised in other comprehensive income and reflected immediately in retained earnings. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

(iii) Share-based payments

The fair value of the points granted under the stock compensation program ("Program") to employees of a subsidiary is recognised as an employee cost with a corresponding increase in stock compensation reserve within equity. The fair value is measured at grant date using the Black-Scholes model, taking into account the terms and conditions upon which the points were granted. Where the employees are rewarded with points based on their performance, they are entitled to convert each point into one share of the subsidiary. The total estimated fair value of the points is spread over the estimated conversion period.

The difference arising from transfer for conversion of points to shares of the subsidiary is debited/credited to stock compensation reserve. At the end of the reporting period, the Group revises its estimates of the number of shares that are expected to be ultimately converted. The impact of the revision of the estimates, if any, is recognised in profit or loss with a corresponding adjustment to the stock compensation reserve.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

1 Material accounting policies (continued)

(aa) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(ab) Related parties

(1) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(2) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (1).

(vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 Material accounting estimates and judgements

(a) Impairment of trade debtors and loans and advances

Debtors are reviewed periodically to assess for impairment. The Group estimates loss allowances for expected credit losses based on historical loss experience, loss given default and the current and forecast economic conditions for debtors with similar credit risk ageing of the receivables and customer credit worthiness. If the financial conditions of customers were to deteriorate, actual write off would be higher than expected. The methodology and assumptions used are reviewed regularly to reduce any difference between the loss estimates and actual amounts.

(b) Allowances for obsolescence of inventories

The Group determines the allowances for obsolescence of inventories based on current market conditions and historical experience of selling goods of similar nature. Due to changes in customers' preferences, actual saleability of goods may be different from estimation and profit or loss in future accounting periods could be affected by differences in this estimation.

(c) Valuation of investment properties

As described in note 12, investment properties are stated at fair value based on the valuation performed by an independent firm of surveyors or a director of the Company. In determining the fair value, a method of valuation is used which involves certain estimates including adjustment on the quality of the buildings against comparable properties.

(d) Impairment of property, plant and equipment

If circumstances indicate that carrying value of property, plant and equipment and interest in leasehold land may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognised in accordance with IAS 36, *Impairment of assets*. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling prices and the value in use. It is difficult to estimate precisely selling prices because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

(e) Business acquisitions

For the business acquisitions undertaken by the Group, the Group allocates the costs of the acquisition to the assets acquired and the liabilities assumed based on their estimated fair value on the date of acquisition. This process is commonly referred to as the purchase price allocation. As part of the purchase price allocation, the Group is required to determine the fair value of any identifiable assets acquired. The determination of the fair value of the assets acquired involves certain judgement and estimates.

The fair values of the identifiable assets were determined by the Group with inputs from the independent valuers using the direct market comparison method and direct capitalisation method. These inputs involving judgements and estimation can include, but are not limited to, determining appropriate market rent and capitalisation rate.

A change in the amount allocated to identifiable assets would have an offsetting effect on the amount of goodwill recognised from the acquisition and would change the amount of amortisation expense recognised related to those identifiable assets.

3 Revenue

Revenue represents the sales value of goods sold, services provided to customers, rental income, interest income on loans and advances, management service fees, agency commission and handling fees and warranty income, net of goods and services taxes where applicable, is analysed as follows:

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows.

	2024 $'000	2023 $'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or services lines		
- Sale of goods	3,776,124	5,033,458
- Rendering of services	7,907,065	7,831,027
- Management service fees	1,000	1,000
- Agency commission and handling fees	41,839	35,310
- Warranty income	2,525	785
Revenue from other sources:		
- Gross rental from investment properties that are fixed	135,159	129,052
- Interest income on loans and advances	446,293	451,764
- Rental income for motor vehicles held for leasing	388,562	343,264
	12,698,567	13,825,660

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in note 36(b).

The Group's customer base is diversified and the Group does not have any customer in 2023 and 2024 with whom transactions have exceeded 10% of the Group's revenue.

Further details regarding the Group's principal activities and segment information are disclosed in note 36.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is $30,821,000 (2023: $36,624,000). This amount represents revenue expected to be recognised in the future from warranty services which should be distinct as a separate performance obligation in warranty service contracts or stated in a separate service contract entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed.

4 Other net income

	2024 $'000	2023 $'000
Bank and other interest income on financial assets measured at amortised cost	25,280	24,452
Dividend income from equity securities listed outside Hong Kong	54,944	49,956
Gain on disposal of property, plant and equipment	13,775	26,351
Loss on disposal of intangible assets	(2,496)	(565)
Loss on disposal of a subsidiary	(5,484)	-
Valuation gain on investment properties, net	629,521	150,776
Impairment loss of the right-of-use assets	(36,775)	-
Proceeds from sales of scrap materials	1,158	4,062
Marketing subsidies	14,050	7,594
Government grants	2,219	4,438
Others	25,073	40,887
	721,265	307,951

5 Other operating (expenses)/income

	2024 $'000	2023 $'000
Bank charges	(10,143)	(9,242)
Reversal of impairment losses on trade debtors (note 22)	4,262	2,938
(Provision)/reversal of impairment losses on loans and advances (note 23)	(26,483)	19,578
Tooling and development compensation (note (i))	(34,601)	–
Others	(36,082)	(8,799)
	(103,047)	4,475

Note (i) The compensation is paid or payable to suppliers in relation to the phasing out of one of the Group's business lines.

6 Financing costs

	2024 $'000	2023 $'000
Interest expense		
- on borrowings and bank overdrafts	194,716	201,670
- on lease liabilities	14,623	15,802
	209,339	217,472

7 Profit before taxation

Profit before taxation is arrived at after charging/(crediting):

	2024 $'000	2023 $'000
Cost of goods sold	2,909,260	3,946,844
Depreciation		
- owned property, plant and equipment	398,757	391,662
- right-of-use assets	293,370	327,003
Amortisation of intangible assets	17,478	15,738
Auditors' remuneration		
- audit services	12,293	11,898
- tax services	840	570
- others	85	125
Provision for warranties	20,897	42,325
Net foreign exchange loss	5,179	22,883
Rentals receivable from investment properties less direct outgoings of $40,262,000 (2023: $38,404,000)	(94,897)	(90,648)

8 Personnel expenses

	2024 $'000	2023 $'000
Wages and salaries	784,660	703,170
Retirement benefit costs	84,815	81,288
Share based payment expenses (note 32)	4,551	2,853
Others	90,774	96,427
	964,800	883,738

The Group makes contributions to defined benefit plans and defined contribution retirement plans pursuant to the rules and regulations applicable to the Group in the countries where the Group operates. The Group's obligation for the payment of retirement benefits are set out in note 27.

9 Directors' and senior executives' remuneration

(a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
2024					
Executive directors					
Tan Eng Soon	518	19,274	–	36	19,828
Glenn Tan Chun Hong	414	4,124	–	81	4,619
Tan Kheng Leong	311	3,465	–	36	3,812
Sng Chiew Huat	311	5,603	–	36	5,950
Gillian Tan Tsui Lyn (note(i))	165	929	–	61	1,155
Non-executive director					
Joseph Ong Yong Loke	1,595	186	–	–	1,781
Independent non-executive directors					
Ng Kim Tuck	332	–	–	–	332
Azman Bin Badrillah	253	–	–	–	253
Prechaya Ebrahim	216	–	–	–	216
Teo Ek Kee	332	–	–	–	332
Charles Tseng Chia Chun	343	–	–	–	343
	4,790	33,581	–	250	38,621

9 Directors' and senior executives' remuneration (continued)

(a) Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows: (continued)

	Directors' fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement scheme contributions	Total
	$'000	$'000	$'000	$'000	$'000
2023					
Executive directors					
Tan Eng Soon	1,955	19,283	–	45	21,283
Glenn Tan Chun Hong	860	5,502	–	102	6,464
Tan Kheng Leong	345	3,467	–	45	3,857
Sng Chiew Huat	715	5,605	–	45	6,365
Non-executive directors					
Joseph Ong Yong Loke	1,631	189	–	–	1,820
Gillian Tan Tsui Lyn (note (i))	–	–	–	–	–
Independent non-executive directors					
Ng Kim Tuck	391	–	–	–	391
Azman Bin Badrillah	335	–	–	–	335
Prechaya Ebrahim	255	–	–	–	255
Teo Ek Kee	391	–	–	–	391
Charles Tseng Chia Chun	358	–	–	–	358
	7,236	34,046	–	237	41,519

Note (i) Gillian Tan Tsui Lyn was appointed as non-executive director on 27 February 2023 and re-designated to executive director on 12 April 2024.

(b) Of the five individuals with the highest emoluments, two (2023: four) are directors whose emoluments are disclosed in note 9(a) above. The emoluments in respect of the other three (2023: one) individuals are as follows:

	2024	2023
	$'000	$'000
Salaries and other emoluments	19,095	4,562

9 Directors' and senior executives' remuneration (continued)

(b) Of the five individuals with the highest emoluments, two (2023: four) are directors whose emoluments are disclosed in note 9(a) above. The emoluments in respect of the other three (2023: one) individuals are as follows: (continued)

The emoluments of the three (2023: one) individual with the highest emoluments is within the following band:

	2024 Number of individuals	2023 Number of individuals
$4,500,001 - $5,000,000	–	1
$5,000,001 - $5,500,000	1	–
$6,000,001 - $6,500,000	1	–
$7,000,001 - $7,500,000	1	–

10 Taxation

(a) Taxation in the consolidated statement of profit or loss represents:

	2024 $'000	2023 $'000
Current tax expense		
Provision for the year	286,833	278,128
Over-provision in respect of prior years	(6,079)	(4,482)
	280,754	273,646
Deferred tax expense		
Origination and reversal of temporary differences	(3,511)	(8,378)
Total income tax expense in the consolidated statement of profit or loss	277,243	265,268

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group did not generate assessable profit in Hong Kong during the current and prior years.

The statutory corporate income tax rate for the Group's operations in Singapore, Japan and Taiwan is 17% (2023: 17%), 31% (2023: 31%) and 20% (2023: 20%) respectively.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

Starting from 1 January 2024, the Group is liable to Pillar Two income taxes in relation to its operations in certain jurisdictions. (see note 10(d)).

10 Taxation (continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

	2024 $'000	2023 $'000
Profit before taxation	886,730	645,848
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	196,995	166,874
Adjustments resulting from:		
Tax effect of non-deductible expenses	87,907	12,890
Tax effect of non-taxable income	(156,155)	(52,251)
Tax effect of tax losses not recognised	124,675	95,041
Tax effect of utilisation of previously unrecognised tax losses or deductible temporary differences	(14,313)	(8,901)
Withholding tax on dividend income from subsidiaries (note)	44,213	56,097
Over-provision in respect of prior years	(6,079)	(4,482)
Actual tax expense	277,243	265,268

Note: Withholding tax on dividend income is charged at the appropriate withholding tax rates applicable to the relevant jurisdictions.

(c) Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities of the Group at 31 December 2024 are attributable to the items detailed in the table below:

	2024			2023		
	Assets $'000	Liabilities $'000	Net $'000	Assets $'000	Liabilities $'000	Net $'000
Property, plant and equipment	97	(185,032)	(184,935)	12,404	(220,395)	(207,991)
Right-of-use assets	–	(19,535)	(19,535)	–	–	–
Investment properties	–	(28,005)	(28,005)	–	(24,277)	(24,277)
Investments designated as at fair value through other comprehensive income	–	(6,982)	(6,982)	–	(7,458)	(7,458)
Inventories	1,742	–	1,742	1,697	–	1,697
Trade debtors	4,198	–	4,198	24,460	–	24,460
Loans and advances	4,182	(21,126)	(16,944)	–	(30,266)	(30,266)
Creditors and accruals	54,789	(3,937)	50,852	38,615	–	38,615
Provisions	7,417	–	7,417	8,113	–	8,113
Intangible assets	–	(31,524)	(31,524)	–	(3,018)	(3,018)
Lease liabilities	18,431	–	18,431	–	–	–
Tax losses carried-forward	16,105	–	16,105	16,791	–	16,791
Deferred tax assets/(liabilities)	106,961	(296,141)	(189,180)	102,080	(285,414)	(183,334)
Set-off within legal tax units and jurisdictions	(14,865)	14,865	–	(13,089)	13,089	–
Net deferred tax assets/(liabilities)	92,096	(281,276)	(189,180)	88,991	(272,325)	(183,334)

10 Taxation (continued)

(c) *Deferred tax assets and liabilities (continued)*

In accordance with the accounting policy set out in note 1(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses and other deductible temporary differences of $3,067,714,000 (2023: $3,068,000,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Among these tax losses, $2,175,991,000 (2023: $2,213,175,000) will expire within 3 to 10 years after the end of the reporting period. The remaining tax losses do not expire under current tax legislations.

At 31 December 2024, temporary differences relating to the undistributed profits of subsidiaries amounted to $2,377,808,000 (2023: $2,651,875,000). Deferred tax liabilities of $363,701,000 (2023: $419,398,000) have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and the directors are of the opinion that profits will not be distributed in the foreseeable future.

(d) *Pillar Two income taxes*

In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. Certain jurisdictions in which the Group operates have implemented Pillar Two income tax legislation based on this framework, and those Pillar Two income tax laws became effective on 1 January 2024. However, the Group has assessed that there is no material top-up tax exposure for the year ended 31 December 2024.

The Group has applied the temporary mandatory exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes and accounted for the tax as current tax when incurred.

Other jurisdictions in which the Group operates are in the process of implementing their Pillar Two income tax legislation. Therefore, it is possible that the Group may be subject to additional Pillar Two income taxes in those jurisdictions. Based on the current assessment and quantification, the Group considers that if the new tax laws had been applied in 2024, the exposure would not be material.

(e) *Movement in net deferred tax liabilities of the Group during the year:*

	Balance at 1 January 2023	Additions through step acquisition of IKEDA (Note 20(b))	Exchange adjustment	Recognised in other comprehensive income	Recognised in profit or loss	Balance at 31 December 2023
	$'000	$'000	$'000	$'000	$'000	$'000
Property, plant and equipment	(175,830)	–	830	–	(32,991)	(207,991)
Investment properties	(25,945)	–	3,381	–	(1,713)	(24,277)
Investments designated as at fair value through other comprehensive income	(6,380)	–	–	(1,483)	405	(7,458)
Inventories	1,992	–	(52)	–	(243)	1,697
Trade debtors	21,760	–	266	–	2,434	24,460
Loans and advances	(40,645)	–	(855)	–	11,234	(30,266)
Creditors and accruals	39,265	–	(7,299)	189	6,460	38,615
Provisions	7,430	–	37	–	646	8,113
Intangible assets	(5,690)	(18,043)	111	–	20,604	(3,018)
Tax losses carried-forward	15,249	–	–	–	1,542	16,791
	(168,794)	(18,043)	(3,581)	(1,294)	8,378	(183,334)

10 Taxation (continued)

(e) Movement in net deferred tax liabilities of the Group during the year: (continued)

	Balance at 1 January 2024 $'000	Additions through acquisition of So-ing (Note 20(a)) $'000	Exchange adjustment $'000	Recognised in other comprehensive income $'000	Recognised in profit or loss $'000	Balance at 31 December 2024 $'000
Property, plant and equipment	(207,991)	–	11,429	–	11,627	(184,935)
Right-of-use assets	–	–	–	–	(19,535)	(19,535)
Investment properties	(24,277)	–	1,875	–	(5,603)	(28,005)
Investments designated as at fair value through other comprehensive income	(7,458)	–	–	(276)	752	(6,982)
Inventories	1,697	–	(66)	–	111	1,742
Trade debtors	24,460	–	(950)	–	(19,312)	4,198
Loans and advances	(30,266)	–	1,031	–	12,291	(16,944)
Creditors and accruals	38,615	–	(3,340)	175	15,402	50,852
Provisions	8,113	–	(525)	–	(171)	7,417
Intangible assets	(3,018)	(18,754)	44	–	(9,796)	(31,524)
Lease liabilities	–	–	–	–	18,431	18,431
Tax losses carried-forward	16,791	–	–	–	(686)	16,105
	(183,334)	(18,754)	9,498	(101)	3,511	(189,180)

11 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $479,285,000 (2023: $280,330,000) and the number of 2,013,309,000 ordinary shares (2023: 2,013,309,000) in issue during the year.

Diluted earnings per share for the years ended 31 December 2024 and 2023 is the same as basic earnings per share as there were no dilutive securities outstanding during the years presented.

12 Investment properties

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Total $'000
At 1 January 2023	3,405,767	361,591	3,767,358
Additions	27,987	–	27,987
Additions through acquisition of So-ing (note 20(a))	1,873	–	1,873
Fair value adjustments	169,220	(18,444)	150,776
Exchange adjustments	49,172	2,871	52,043
At 31 December 2023	3,654,019	346,018	4,000,037
At 1 January 2024	3,654,019	346,018	4,000,037
Additions	50,740	–	50,740
Fair value adjustments	629,706	(185)	629,521
Exchange adjustments	(169,328)	(5,808)	(175,136)
At 31 December 2024	4,165,137	340,025	4,505,162

(a) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

12 Investment properties (continued)

(a) *Fair value measurement of properties (continued)*

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
- Freehold land and buildings				
- Singapore	3,872,717	–	–	3,872,717
- Japan	292,420	–	–	292,420
	4,165,137	–	–	4,165,137
- Leasehold land and buildings				
- Hong Kong	175,584	–	–	175,584
- Singapore	164,441	–	–	164,441
	340,025	–	–	340,025
	4,505,162	–	–	4,505,162

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
- Freehold land and buildings				
- Singapore	3,360,403	–	–	3,360,403
- Japan	293,616	–	–	293,616
	3,654,019	–	–	3,654,019
- Leasehold land and buildings				
- Hong Kong	207,903	–	–	207,903
- Singapore	138,115	–	–	138,115
	346,018	–	–	346,018
	4,000,037	–	–	4,000,037

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (continued)

(a) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

During the year ended 31 December 2024, there were no transfers between levels (2023: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2024. The valuations were carried out by independent firm of surveyors, Midzuki Real Estate Appraisal Firm Co., Ltd., Landscope Surveyors Limited and CBRE Pte Ltd.

Midzuki Real Estate Appraisal Firm Co., Ltd., which has among its staff members of certified real estate appraisers in Japan, carried out valuation for the Group's investment properties in Japan by using the discounted cash flow approach.

Landscope Surveyors Limited, which was licensed in Hong Kong, carried out valuations for investment properties in Hong Kong by using the market comparison approach.

CBRE Pte Ltd., which has its valuation professionals are certified by international accreditation bodies and Singapore registration authorities, carried out valuations for investment properties in Singapore by using the market comparison approach and income capitalisation method.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
- Freehold land and buildings			
- Singapore	Market comparison approach	Discount/premium on quality of the buildings	-24% to 22% (2023: -15% to 25%)
- Japan	Discounted cash flow approach	Discount rate	4.2% (2023: 4.2%)
- Leasehold land and buildings			
- Hong Kong	Market comparison approach	Discount/premium on quality of the buildings	-3% to 16% (2023: -28% to 37%)
- Singapore	Market comparison approach	Discount/premium on quality of the buildings	-17% to 20% (2023: -34% to 22%)

The fair values of investment properties located in Singapore and Hong Kong are determined by the market comparison approach by reference to recent sales prices of comparable properties, adjusted for a premium or a discount specific to the quality of the Group's investment properties compared to recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

The fair value of investment properties located in Japan is determined by the discounted cash flow approach (an approach within the income approach) based on the expected market rental growth and occupancy rate of the respective properties.

12 Investment properties (continued)

(a) Fair value measurement of properties (continued)

(ii) Information about Level 3 fair value measurements (continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

	2024 $'000	2023 $'000
Freehold land and buildings - Singapore		
At 1 January	3,360,403	3,103,629
Additions	50,475	25,955
Exchange adjustments	(138,716)	68,261
Fair value adjustments	600,555	162,558
At 31 December	3,872,717	3,360,403
Freehold land and buildings - Japan		
At 1 January	293,616	302,138
Additions	265	2,032
Additions through acquisition of So-ing (note 20(a))	–	1,873
Exchange adjustments	(30,612)	(19,089)
Fair value adjustments	29,151	6,662
At 31 December	292,420	293,616
Leasehold land and buildings - Hong Kong		
At 1 January	207,903	222,258
Fair value adjustments	(32,319)	(14,355)
31 December	175,584	207,903
Leasehold land and buildings - Singapore		
At 1 January	138,115	139,333
Exchange adjustments	(5,808)	2,871
Fair value adjustments	32,134	(4,089)
At 31 December	164,441	138,115

12 Investment properties (continued)

(b) An analysis of the valuation of freehold and leasehold land and buildings is as follows:

	Freehold land and buildings		Leasehold land and buildings	
	2024	2023	2024	2023
	$'000	$'000	$'000	$'000
In Hong Kong with remaining lease term of:				
- Medium-term lease	–	–	175,584	207,903
Outside Hong Kong				
- Freehold	4,165,137	3,654,019	–	–
with remaining lease term of:				
- Long lease	–	–	164,441	138,115
	4,165,137	3,654,019	340,025	346,018

(c) The Group leases out investment property under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024	2023
	$'000	$'000
Within 1 year	10,375	9,313
After 1 year but within 2 years	3,359	5,048
After 2 year but within 3 years	206	186
	13,940	14,547

13 Property, plant and equipment

(a) Reconciliation of carrying amount

	Freehold land	*Interest in leasehold land*	*Buildings*	*Plant, machinery and equipment*	*Furniture, fixtures, fittings and office equipment*	*Motor vehicles*	*Construction in progress*	*Other properties leased for own use*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cost or valuation:									
At 1 January 2024	1,109,215	184,498	2,943,411	752,578	536,925	2,009,702	89,902	1,111,425	8,737,656
Exchange adjustments	(63,007)	(6,944)	(112,222)	(19,905)	(22,509)	(128,504)	(2,966)	(86,228)	(442,285)
Additions	1,029	–	25,181	25,216	38,587	481,147	51,526	403,442	1,026,128
Disposals	(1,029)	–	(52,614)	(27,866)	(14,334)	(129,913)	(1,100)	(61,655)	(288,511)
Disposal of a subsidiary	–	–	–	(27,028)	(1,564)	(1,030)	–	(16,002)	(45,624)
Transfer from/(to) construction in progress	–	–	8,307	19,060	16,394	34,341	(78,102)	–	–
At 31 December 2024	1,046,208	177,554	2,812,063	722,055	553,499	2,265,743	59,260	1,350,982	8,987,364
Representing:									
Cost	821,670	177,554	2,750,865	722,055	553,499	2,265,743	59,260	1,350,982	8,701,628
Valuation – 1984	224,538	–	61,198	–	–	–	–	–	285,736
	1,046,208	177,554	2,812,063	722,055	553,499	2,265,743	59,260	1,350,982	8,987,364
Accumulated amortisation and depreciation and impairment losses:									
At 1 January 2024	–	131,897	1,117,271	326,967	454,083	505,515	–	596,275	3,132,008
Exchange adjustments	–	(4,420)	(44,969)	(10,698)	(18,138)	(40,495)	–	(47,866)	(166,586)
Charge for the year	–	1,001	102,739	42,876	29,845	302,709	–	212,957	692,127
Impairment	–	–	–	–	–	–	–	36,775	36,775
Disposal of a subsidiary	–	–	–	(21,943)	(1,563)	(914)	–	(16,002)	(40,422)
Written back on disposals	–	–	(19,171)	(19,982)	(13,077)	(75,058)	–	(49,224)	(176,512)
At 31 December 2024	–	128,478	1,155,870	317,220	451,150	691,757	–	732,915	3,477,390
Net book value:									
At 31 December 2024	1,046,208	49,076	1,656,193	404,835	102,349	1,573,986	59,260	618,067	5,509,974

13 Property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

	Freehold land	*Interest in leasehold land*	*Buildings*	*Plant, machinery and equipment*	*Furniture, fixtures, fittings and office equipment*	*Motor vehicles*	*Construction in progress*	*Other properties leased for own use*	*Total*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
Cost or valuation:									
At 1 January 2023	1,078,640	182,536	2,841,857	809,825	506,886	1,962,612	27,747	1,161,168	8,571,271
Exchange adjustments	(6,182)	1,962	12,594	(1,478)	(604)	(25,068)	246	(42,721)	(61,251)
Additions	–	–	80,101	46,474	20,288	386,140	103,469	130,255	766,727
Acquisition of So-ing (note 20(a))	36,757	–	9,980	50	12	14,387	–	–	61,186
Disposals	–	–	(3,060)	(103,362)	(8,056)	(346,890)	–	(138,909)	(600,277)
Transfer from/(to) construction in progress	–	–	1,939	1,069	18,399	18,521	(41,560)	1,632	–
At 31 December 2023	1,109,215	184,498	2,943,411	752,578	536,925	2,009,702	89,902	1,111,425	8,737,656
Representing:									
Cost	876,026	184,498	2,879,855	752,578	536,925	2,009,702	89,902	1,111,425	8,440,911
Valuation – 1984	233,189	–	63,556	–	–	–	–	–	296,745
	1,109,215	184,498	2,943,411	752,578	536,925	2,009,702	89,902	1,111,425	8,737,656
Accumulated amortisation and depreciation and impairment losses:									
At 1 January 2023	–	124,246	1,016,221	376,549	432,526	484,542	–	504,929	2,939,013
Exchange adjustments	–	1,824	852	(2,451)	(454)	(14,900)	–	(20,496)	(35,625)
Charge for the year	–	5,827	101,616	48,848	29,206	289,886	–	243,282	718,665
Written back on disposals	–	–	(1,418)	(95,979)	(7,195)	(254,013)	–	(131,440)	(490,045)
At 31 December 2023	–	131,897	1,117,271	326,967	454,083	505,515	–	596,275	3,132,008
Net book value:									
At 31 December 2023	1,109,215	52,601	1,826,140	425,611	82,842	1,504,187	89,902	515,150	5,605,648

13 Property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

(i) Certain land and buildings were revalued by the directors based on independent professional valuations in 1984. These properties are carried at the respective revalued amounts totalling Singapore Dollar ("SGD") 50,061,000 (equivalent to $285,736,000 (2023: $296,745,000)) as their deemed cost, as the amount of the adjustments relating to prior periods could not be reasonably determined when IFRSs were first adopted for the purpose of preparing financial statements prior to the initial public offering of the Company. The requirements of IAS 16, *Property, plant and equipment* with respect to assets carried at amounts other than cost less accumulated depreciation are therefore not applicable.

(ii) The Group rents out certain motor vehicles, trucks and forklifts (included in plant, machinery and equipment). The rental period typically runs for an initial period within one year, with an option to renew upon expiry at which time all terms are renegotiated. None of the rental agreements includes variable lease payments.

The cost of motor vehicles and machineries of the Group held for rental amounted to a total of $1,378,771,000 (2023: $1,043,681,000), the related accumulated depreciation and depreciation charges for the year amounted to a total of $271,427,000 (2023: $95,488,000) and $193,267,000 (2023: $186,344,000).

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are $336,448,000 within one year (2023: $354,453,000 within one year). Where practicable, the Group obtains residual value guarantees from the lessee to reduce the residual asset risk.

(b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Note	2024 $'000	2023 $'000
Leasehold land and buildings held for own use, carried at depreciated cost in Hong Kong, with remaining lease term of:	(i)		
- Short-term lease		9,625	10,178
Leasehold land and building held for own use, carried at depreciated cost outside Hong Kong, with remaining lease term of:	(i)		
- Medium-term lease		1,136,913	1,266,007
- Short-term lease		46,571	46,822
		1,193,109	1,323,007
Other properties leased for own use, carried at depreciated cost	(ii)	618,067	515,150
Motor vehicles, carried at depreciated cost	(iii)	15,992	36,629
		1,827,168	1,874,786

13 Property, plant and equipment (continued)

(b) Right-of-use assets (continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 $'000	2023 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Leasehold land and buildings	70,163	72,965
Other properties leased for own use	212,957	243,282
Plant, machinery and equipment	–	12
Motor vehicles	10,250	10,744
	293,370	327,003
Interest on lease liabilities (note 6)	14,623	15,802
Expense relating to short-term leases	9,546	12,702
Impairment loss of the right-of-use assets	36,775	–

During the year, additions to right-of-use assets were $416,206,000 (2023: $177,455,000). This amount included additions of leasehold properties of $12,569,000 (2023: $40,059,000) and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 24(c) and 26, respectively.

(i) Leasehold land and buildings

The Group holds several buildings for its distribution and dealership business. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on ratable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of one to nineteen years.

(iii) Motor vehicles

The Group leases motor vehicles under leases expiring from one to three years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments. There are no lease of plant, machinery and equipment as of 31 December 2024.

14 Intangible assets

	Customer relationships $'000	Backlog $'000	Computer software $'000	Others $'000	Total $'000
Cost:					
At 1 January 2024	101,911	9,948	77,307	55	189,221
Exchange adjustments	(12,756)	(1,003)	(8,952)	(6)	(22,717)
Additions	–	–	37,752	–	37,752
Transfer from goodwill (note 20(a))	55,158	–	–	–	55,158
Disposals	–	–	(4,025)	–	(4,025)
At 31 December 2024	144,313	8,945	102,082	49	255,389
Accumulated amortisation:					
At 1 January 2024	56,178	–	33,930	27	90,135
Exchange adjustments	(6,014)	–	(3,620)	(2)	(9,636)
Charge for the year	10,196	–	7,279	3	17,478
Written back on disposals	–	–	(1,529)	–	(1,529)
At 31 December 2024	60,360	–	36,060	28	96,448
Net book value:					
At 31 December 2024	83,953	8,945	66,022	21	158,941
Cost:					
At 1 January 2023	57,830	10,622	71,481	58	139,991
Exchange adjustments	(8,986)	(674)	(4,580)	(3)	(14,243)
Additions	–	–	30,933	–	30,933
Transfer from goodwill (note 20(b))	53,067	–	–	–	53,067
Acquisition of So-ing (note 20(a))	–	–	10	–	10
Disposals	–	–	(20,537)	–	(20,537)
At 31 December 2023	101,911	9,948	77,307	55	189,221
Accumulated amortisation:					
At 1 January 2023	49,155	–	51,561	25	100,741
Exchange adjustments	(3,163)	–	(3,207)	(2)	(6,372)
Charge for the year	10,186	–	5,548	4	15,738
Written back on disposals	–	–	(19,972)	–	(19,972)
At 31 December 2023	56,178	–	33,930	27	90,135
Net book value:					
At 31 December 2023	45,733	9,948	43,377	28	99,086

The amortisation charge for the year is included in “distribution costs” in the consolidated statement of profit or loss.

The intangible asset with indefinite useful life is allocated to the Group’s transportation activities based in Japan. No impairment loss was recognised during the year (2023: $Nil).

15 Goodwill

	Total $'000
Cost:	
At 1 January 2024	115,066
Transfer to intangible assets (note 20(a))	(36,404)
Exchange adjustments	(9,320)
At 31 December 2024	69,342
Carrying amount:	
At 31 December 2024	69,342
Cost:	
At 1 January 2023	79,498
Addition through acquisition of So-ing (note 20(a))	67,122
Transfer to intangible assets (note 20(b))	(35,024)
Exchange adjustments	3,470
At 31 December 2023	115,066
Carrying amount:	
At 31 December 2023	115,066

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generating units ("CGUs") identified according to country of operation and operating segment as follows:

	2024 $'000	2023 $'000
Transportation activities - Japan	59,612	104,961
Other unit without significant goodwill	9,730	10,105
	69,342	115,066

Impairment assessment has been performed on the CGUs and no impairment loss is considered necessary at 31 December 2024 (2023: $Nil).

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Interest in subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2024 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid-up capital	Percentage of equity indirectly held through subsidiaries	Principal activities
Tan Chong & Sons Motor Company (Singapore) Private Limited	Singapore	Ordinary shares of SGD100,000,000 Redeemable preference shares of SGD100,000,000	100%	Treasury management for group entities
Tan Chong Motor Sales Pte Ltd.	Singapore	SGD10,000,000	100%	Distribution of motor vehicles
Singapore Automotive Industries Private Limited	Singapore	SGD2,000,000	100%	Distribution of auto spare parts
Tan Chong Industrial Machinery (Pte) Ltd.	Singapore	Ordinary shares of SGD4,000,000 Redeemable preference shares of SGD25,000,000	100%	Distribution of heavy commercial vehicles and industrial equipment, rental of machinery and provision of workshop services
Motor Image Enterprises Pte Ltd.	Singapore	SGD50,000	100%	Distribution of motor vehicles
Tan Chong Credit Private Ltd.	Singapore	Ordinary shares of SGD34,100,000 Redeemable preference shares of SGD25,000,000	100%	Hire purchase financing and insurance agency
Tan Chong Realty (Private) Limited	Singapore	Ordinary shares of SGD32,900,000 Redeemable preference shares of SGD50,000,000	100%	Property investment
Brizay Property Pte Ltd.	Singapore	SGD2	100%	Property investment
Ethoz Group Ltd. ("Ethoz Group")	Singapore	SGD1,280,000	100%	Sale, leasing and financing of motor vehicles, leasing of equipment, commercial loans and provision of motor vehicles repair services
Ethoz Protect Pte Ltd	Singapore	SGD100,000	100%	Motor vehicles repair and maintenance services

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Interest in subsidiaries (continued)

Name	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid-up capital	Percentage of equity indirectly held through subsidiaries	Principal activities
Ethoz Capital Ltd	Singapore	SGD50,000,000	100%	Financing of commercial loans, leasing and financing of motor vehicles
Ethoz Auto Leasing Ltd	Singapore	SGD50,000,000	100%	Sale and leasing of motor vehicles
Ethoz Solar Ltd	Singapore	SGD1,000,000	100%	Generation and sales of electricity by other sources (e.g. solar power)
Advance Pacific Holdings Limited	Hong Kong	$8,500,000	100%	Investment holding
Motor Image (HK) Limited	Hong Kong	$8,000,000	100%	Distribution of motor vehicles
Motor Image (Guangzhou) Co., Ltd. #	PRC	Registered and paid- up capital of HKD120,000,000	100%	Distribution of motor vehicles
Ethoz Capital (China) Ltd #	PRC	RMB 500,000,000	100%	Financing leasing services
Motor Image Pilipinas, Inc.	Republic of the Philippines	Peso 137,625,000	100%	Distribution of motor vehicles
Taiwan Motor Image Co., Ltd.	Taiwan	NTD 5,000,000	100%	Distribution of motor vehicles
Subaru of Taiwan Co., Ltd.	Taiwan	NTD 53,000,000	65%	Distribution of motor vehicles and related products
Nissan Diesel (Thailand) Company Limited	Thailand	Ordinary shares of Baht 1,646,456,000 Redeemable preference shares of Baht 250,000,000	100%	Trading of spare parts and provision of workshop services
Fuso Truck (Thailand) Co., Ltd.	Thailand	Baht 100,000,000	100%	Distribution of heavy commercial vehicles and related products and provision of workshop services
TC Subaru (Thailand) Co., Ltd.	Thailand	Baht 103,755,000	100%	Distribution of motor vehicles

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Interest in subsidiaries (continued)

Name	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid-up capital	Percentage of equity indirectly held through subsidiaries	Principal activities
Tan Chong Subaru Automotive (Thailand) Co., Ltd.	Thailand	Baht 5,000,000,000	100%	Manufacturing/ assembling of vehicles
TC Manufacturing and Assembly (Thailand) Co., Ltd.	Thailand	Baht 1,503,300,000	100%	Assembling of vehicle parts
TC Subaru Sdn. Bhd.	Malaysia	MYR 3,000,000	100%	Distribution of motor vehicle and provision of workshop services
Ethoz Equip Capital Berhad	Malaysia	MYR 50,000,000	100%	Rental and leasing of equipment
Motor Image Vietnam Co., Ltd.	Vietnam	VND 8,901,000,000	100%	Distribution of motor vehicles
Zero Co., Ltd. ("Zero")	Japan	JPY 3,390,798,450	52.45%	Investment holding, used-car trading and provision of vehicle transportation and maintenance services
Zero Plus Kanto Co., Ltd.	Japan	JPY 15,000,000	52.45%	Provision of vehicle transportation services
Kyuso Co., Ltd.	Japan	JPY 60,000,000	52.45%	Provision of cargo logistics services
Japan Relief Co., Ltd.	Japan	JPY 83,124,775	52.45%	Provision of human resources services
Zero Plus BHS Co., Ltd.	Japan	JPY 10,000,000	52.45%	Provision of vehicle transportation services
Zero Plus IKEDA Co., Ltd. ("Zero Plus IKEDA")	Japan	JPY 10,000,000	52.45%	Provision of vehicle transportation services
So-ing Co., Ltd ("So-ing") (Note)	Japan	JPY 25,000,000	52.45%	Provision of vehicle transportation service and auction site operation business

Note: So-ing was acquired by the Group during the year ended 31 December 2023, further details of which are set out in note 20(a) to these financial statements.

Registered under the laws of the PRC as a foreign investment enterprise

16 Interest in subsidiaries (continued)

The following table lists out the information relating to Zero, the only subsidiary of the Group which has a material NCI. The summarised consolidated financial information of Zero presented below represents the amounts before any inter-company elimination.

	2024 HK$'000	2023 HK$'000
NCI percentage	47.55%	46.80%
Current assets	1,846,265	1,667,112
Non-current assets	1,956,693	1,882,726
Current liabilities	1,270,740	1,234,691
Non-current liabilities	389,406	284,671
Net assets	2,142,812	2,030,476
Carrying amount of NCI	1,016,188	946,725
Revenue	7,477,592	7,383,870
Profit for the year	348,670	203,723
Total comprehensive income	160,892	100,157
Profit allocated to NCI	166,704	96,574
Dividend paid to NCI	(24,999)	(21,999)
Cash flows from operating activities	654,160	450,756
Cash flows from investing activities	(178,926)	(237,813)
Cash flows from financing activities	(282,412)	(13,571)

17 Interest in an associate

	2024 $'000	2023 $'000
Share of net assets	69,521	75,821

Details of the associate are as follows:

Name	Place of incorporation	Percentage of equity held by the Group	Principal activities
Tyre Pacific (HK) Limited	Hong Kong	50%	Distribution of tyres

The above associate is an unlisted corporate entity that quoted market price is not available and is accounted for using the equity method in the consolidated financial statements.

17 Interest in an associate (continued)

Summarised financial information of the associate that is not individually material is as follows:

	2024 $'000	2023 $'000
Aggregate carrying amount of individually immaterial associate in the consolidated financial statements	69,521	75,821
Aggregate amounts of the Group's share of the associate's		
- Profit from existing operations	5,767	5,436
- Other comprehensive income	(1,067)	(504)
- Total comprehensive income	4,700	4,932
- Dividend received from the associate	(11,000)	(11,000)

18 Investments designated as at fair value through other comprehensive income

	2024 $'000	2023 $'000
Listed equity securities outside Hong Kong	1,641,277	1,679,357
Unlisted equity securities	6,828	1,197
	1,648,105	1,680,554

The Group designated its investments in equity securities at fair value through other comprehensive income under IFRS 9 as listed below. This designation was chosen as the investments are held for strategic purposes.

	Fair value at 31 December		Dividend income recognised	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Investments in Subaru Corporation (Note)	1,599,283	1,630,437	53,390	48,340
Others	48,822	50,117	1,554	1,616
	1,648,105	1,680,554	54,944	49,956

Note: Fair value loss of $31,154,000 (2023: fair value gain of $265,552,000) was recognised in other comprehensive income during the year ended 31 December 2024.

Subaru Corporation is mainly operating in two businesses, the Automotive business and the Aerospace business. In the area of Automotive, it is in the business of manufacture, repair and sales of passenger cars and their components. In the area of Aerospace, it is in the business of manufacture, repair and sales of airplanes, aerospace-related machinery and their components. The number of shares and percentage held of this investment are 11,408,000 shares and 1.5% of Subaru Corporation's issued shares respectively. The investment cost is JPY7.5 billion. This investment represents 7% of the Groups' total assets.

During the year ended 31 December 2024, equity securities listed outside Hong Kong, with carrying amount of $4,196,000, were disposed, and the respective fair value reserve of $46,000 was released to retained profits accordingly.

19 Inventories

(a) Inventories in the consolidated statement of financial position comprise:

	2024 $'000	2023 $'000
Raw materials	28,758	122,845
Work-in-progress	3,135	138,409
Spare parts and others	286,472	325,586
Finished goods	1,806,128	1,600,346
Goods in transit	68,196	89,594
	2,192,689	2,276,780

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 $'000	2023 $'000
Carrying amount of inventories sold	2,843,255	3,949,552
Provision/(reversal) of write-down of inventories, net	66,005	(2,708)
	2,909,260	3,946,844

20 Business combinations

(a) Acquisition of So-ing

On 1 November 2023, Zero, a subsidiary of the Company, entered into a sale and purchase agreement with a third party (the "So-ing Vendor"), pursuant to which Zero agreed to purchase and the So-ing Vendor agreed to sell, 100% equity interest in So-ing at a consideration of Japanese Yen ("JPY") 2,856 million (equivalent to $148.6 million) settled in cash. The acquisition was completed on 1 November 2023. So-ing was incorporated in Japan and is principally engaged in provision of driven vehicle transportation services and auction site operation business.

Upon the completion of the acquisition, Zero holds 100% equity interests and obtains control of So-ing.

The acquisition was made as part of the Group's strategy to expand the driven vehicle delivery business of Zero.

20 Business combinations (continued)

(a) Acquisition of So-ing (continued)

The fair value of assets acquired and liabilities assumed at the acquisition date were as follows:

	Note	1 November 2023 $'000
Current assets		80,115
Property, plant and equipment	13	61,186
Investment properties	12	1,873
Intangible assets	14	55,168
Unlisted equity securities	18,33	104
Other non-current assets		2,506
Borrowings	24(b)	(25,769)
Current liabilities		(38,534)
Deferred tax liabilities	10	(18,754)
Fair value of net assets acquired		117,895
Goodwill on acquisition	15	30,718
Total consideration, satisfied in cash paid		148,613
Less: cash and cash equivalents acquired		(62,474)
Net cash outflow		86,139

The Group incurred transaction costs of approximately JPY89 million (equivalent to $5.0 million) for this acquisition. These costs have been expensed and included in "Administrative expenses" in the consolidated statement of profit or loss.

So-ing contributed revenue of JPY277 million (equivalent to $15.0 million) and profit of JPY31 million (equivalent to $1.7 million) to the Group for the period from 1 November 2023 to 31 December 2023. If the acquisition had occurred on 1 January 2023, the Group's revenue and profit for the year ended 31 December 2023 would have increased by JPY1,386 million (equivalent to $77.3 million) and JPY157 million (equivalent to $8.8 million) respectively.

At 31 December 2023, the allocation of the cost of acquisition of the above businesses to identifiable assets and liabilities was pending the completion of appraisal of certain intangible assets acquired. The appraisal was completed during the year ended 31 December 2024. Intangible assets of $55.2 million and related deferred tax liabilities of $18.8 million have been identified and transferred out from the goodwill arising from the acquisition.

(b) Acquisition of IKEDA (formerly known as IKEDA Co., Ltd)

On 31 May 2022, Zero, a subsidiary of the Company, entered into a sale and purchase agreement with a third party (the "IKEDA Vendor"), pursuant to which Zero agreed to purchase and IKEDA Vendor agreed to sell, 100% equity interest in IKEDA at a consideration of JPY1,000 million (equivalent to $61.4 million) settled in cash. The acquisition was completed on 31 May 2022. IKEDA was incorporated in Japan and is principally engaged in provision of driven vehicle transportation services.

Upon the completion of the acquisition, Zero holds 100% equity interests and obtains control of IKEDA.

20 Business combinations (continued)

(b) Acquisition of IKEDA (formerly known as IKEDA Co., Ltd) (continued)

The acquisition was made as part of the Group's strategy to expand the driven vehicle delivery business of Zero.

The fair value of assets acquired and liabilities assumed at the acquisition date were as follows:

	Note	31 May 2022 $'000
Current assets		25,625
Property, plant and equipment	13	68
Other non-current assets		867
Intangible assets	14	53,067
Current liabilities		(12,693)
Deferred tax liabilities	10	(18,043)
Fair value of net assets acquired		48,891
Goodwill on acquisition	15	12,529
Total consideration, satisfied in cash paid		61,420
Less: cash and cash equivalents acquired		(12,659)
Net cash outflow		48,761

The Group incurred transaction costs of approximately JPY12 million (equivalent to $0.8 million) for this acquisition. These costs have been expensed and included in "Administrative expenses" in the consolidated statement of profit or loss.

IKEDA contributed revenue of JPY705 million (equivalent to $39.9 million) and profit of JPY112 million (equivalent to $6.3 million) to the Group for the period from 1 June 2022 to 31 December 2022. If the acquisition had occurred on 1 January 2022, the Group's revenue and profit for the year ended 31 December 2022 would have increased by JPY435 million (equivalent to $27.9 million) and JPY39 million (equivalent to $2.5 million) respectively.

At 31 December 2022, the allocation of the cost of acquisition of the above businesses to identifiable assets and liabilities was pending the completion of appraisal of certain intangible assets acquired. The appraisal was completed during the year ended 31 December 2023. Intangible assets of $53.1 million and related deferred tax liabilities of $18.0 million have been identified and transferred out from the goodwill arising from the acquisition.

21 Other creditors and accruals

At 31 December 2024, deferred revenue of performance in warranty services of $30,821,000 (2023: $36,624,000) is classified as contract liabilities. When the Group receives a consideration before the warranty services are completed, this will give rise to contract liabilities at the start of a contract, until the revenue is recognised on these warranty services when the performance obligation has been fulfilled.

21 Other creditors and accruals (continued)

Movements in contract liabilities

	2024 $'000	2023 $'000
Balance at 1 January	36,624	35,947
Decrease in contract liabilities as a result of recognising revenue from rendering of services during the year that was included in the contract liabilities at the beginning of the year	(28,918)	(21,512)
Increase in contract liabilities as a result of receiving consideration during the year in respect of warranty services not completed as at 31 December	24,376	21,434
Exchange adjustments	(1,261)	755
Balance at 31 December	30,821	36,624

The amount of consideration received in advance of completion of warranty services expected to be recognised as income after more than one year is $11,175,000 (2023: $15,617,000).

22 Trade debtors

	2024 $'000	2023 $'000
Trade debtors	962,927	1,114,596
Less: Loss allowances	(14,537)	(52,271)
	948,390	1,062,325

All of the trade debtors are expected to be recovered within one year.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors, based on invoice date and net of loss allowances, is as follows:

	2024 $'000	2023 $'000
0 - 30 days	741,504	721,891
31 - 90 days	189,297	319,816
Over 90 days	17,589	20,618
	948,390	1,062,325

The Group allows credit periods ranging from seven days to six months. Further details on the Group's credit policy are set out in note 33(b).

Impairment of trade debtors

Impairment losses in respect of trade debtors are recognised with a corresponding adjustment to their carrying amount through a loss allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(x)(i)).

22 Trade debtors (continued)

Impairment of trade debtors (continued)

As at 31 December 2024, loss allowance has been made for trade debtors of $14,537,000 (2023: $52,271,000). The movements in the loss allowance during the year are as follows:

	2024 $'000	2023 $'000
At 1 January	52,271	58,939
Exchange adjustments	(1,218)	(580)
Disposal of a subsidiary	(1,179)	–
Impairment losses reversed, net	(4,262)	(2,938)
Uncollectible amounts written off	(31,075)	(3,150)
At 31 December	14,537	52,271

23 Loans and advances

	2024			
	Loan receivables $'000	Finance lease receivables $'000	Hire purchase debtors and instalments receivable $'000	Total $'000
Balance due				
- within one year	2,072,992	1,034,993	54,485	3,162,470
- between one and five years	896,289	1,235,274	63,729	2,195,292
- after more than five years	–	5,402	5,683	11,085
	2,969,281	2,275,669	123,897	5,368,847
Less: Loss allowance	(12,970)	(30,588)	(4,075)	(47,633)
	2,956,311	2,245,081	119,822	5,321,214
Balance due				
- within one year	2,056,832	1,021,649	54,051	3,132,532
- between one year and five years	899,479	1,218,112	60,089	2,177,680
- after more than five years	–	5,320	5,682	11,002
	2,956,311	2,245,081	119,822	5,321,214

23 Loans and advances (continued)

	2023			
	Loan receivables $'000	Finance lease receivables $'000	Hire purchase debtors and instalments receivable $'000	Total $'000
Balance due				
- within one year	2,405,090	982,204	87,938	3,475,232
- between one and five years	746,695	1,179,363	87,463	2,013,521
- after more than five years	–	3,429	1,317	4,746
	3,151,785	2,164,996	176,718	5,493,499
Less: Loss allowance	(6,714)	(28,056)	(4,647)	(39,417)
	3,145,071	2,136,940	172,071	5,454,082
Balance due				
- within one year	2,400,009	970,207	87,533	3,457,749
- between one year and five years	745,062	1,163,357	83,223	1,991,642
- after more than five years	–	3,376	1,315	4,691
	3,145,071	2,136,940	172,071	5,454,082

Impairment of loans and advances

Impairment losses in respect of loan receivables, finance lease receivables and hire purchase debtors and instalments receivable are recognised with a corresponding adjustment to their carrying amount through a loss allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loan receivables, finance lease receivables and hire purchase debtors directly (see note 1(x)(i)).

As at 31 December 2024, loss allowance has been made for loan receivables, finance lease receivables and hire purchase debtors and instalments receivable of $47,633,000 (2023: $39,417,000). The movements in the loss allowance during the year are as follows:

	2024			
	Loan receivables $'000	Finance lease receivables $'000	Hire purchase debtors and instalments receivable $'000	Total $'000
At 1 January	6,714	28,056	4,647	39,417
Exchange adjustments	(392)	(1,131)	(49)	(1,572)
Impairment losses recognised/(reversed), net	10,458	16,392	(367)	26,483
Uncollectible amounts written off	(3,810)	(12,729)	(156)	(16,695)
At 31 December	12,970	30,588	4,075	47,633

23 Loans and advances (continued)

Impairment of loans and advances (continued)

	2023			
	Loan receivables $'000	Finance lease receivables $'000	Hire purchase debtors and instalments receivable $'000	Total $'000
At 1 January	22,724	42,357	11,303	76,384
Exchange adjustments	224	(720)	93	(403)
Impairment losses reversed, net	(9,948)	(2,912)	(6,718)	(19,578)
Uncollectible amounts written off	(6,286)	(10,669)	(31)	(16,986)
At 31 December	6,714	28,056	4,647	39,417

24 Cash and bank balances

(a) Cash and bank balances comprise:

	2024 $'000	2023 $'000
Bank deposits	683,462	593,424
Cash at bank	1,558,315	1,314,604
Cash in hand	1,156	1,259
Cash and bank balances in the consolidated statement of financial position	2,242,933	1,909,287
Less: Bank deposits with more than three months to maturity when placed	(35,763)	(23,265)
Unsecured bank overdrafts (note 25)	(352,832)	(453,187)
Cash and cash equivalents in the consolidated cash flow statement	1,854,338	1,432,835

The Group's effective interest rate for bank deposits ranged from 1.75% to 4.62% (2023: 1.75% to 5.40%) per annum. The terms of such deposits placed range from fourteen days to six months.

Bank overdrafts bear interest at rates ranging from 0.53% to 0.56% (2023: 0.16% to 0.38%) per annum.

24 Cash and bank balances (continued)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Borrowings $'000 (note 25)	Lease liabilities $'000 (note 26)	Total $'000
At 1 January 2024	7,401,771	559,340	7,961,111
Changes from financing cash flows:			
Proceeds from new borrowings	5,071,067	–	5,071,067
Repayment of borrowings	(4,436,033)	–	(4,436,033)
Capital element of lease rentals paid	–	(226,906)	(226,906)
Interest element of lease rentals paid	–	(14,623)	(14,623)
Total changes from financing cash flows	635,034	(241,529)	393,505
Exchange adjustments	(270,879)	(41,333)	(312,212)
Other changes:			
Disposal of subsidiaries	(3,756)	–	(3,756)
Increase in lease liabilities from entering into new leases during the year	–	408,557	408,557
Interest expenses on lease liabilities (note 6)	–	14,623	14,623
Decrease in lease liabilities during the year	–	(26,812)	(26,812)
Total other changes	(3,756)	396,368	392,612
At 31 December 2024	7,762,170	672,846	8,435,016

24 Cash and bank balances (continued)

(b) Reconciliation of liabilities arising from financing activities (continued)

	Borrowings $'000 (note 25)	Lease liabilities $'000 (note 26)	Total $'000
At 1 January 2023	6,125,931	702,270	6,828,201
Changes from financing cash flows:			
Proceeds from new borrowings	5,349,912	–	5,349,912
Repayment of borrowings	(4,228,048)	–	(4,228,048)
Capital element of lease rentals paid	–	(243,897)	(243,897)
Interest element of lease rentals paid	–	(15,802)	(15,802)
Total changes from financing cash flows	1,121,864	(259,699)	862,165
Exchange adjustments	128,207	(23,226)	104,981
Other changes:			
Additions through acquisition of So-ing (note 20(a))	25,769	–	25,769
Increase in lease liabilities from entering into new leases during the year	–	137,396	137,396
Interest expenses on lease liabilities (note 6)	–	15,802	15,802
Decrease in lease liabilities during the year	–	(13,203)	(13,203)
Total other changes	25,769	139,995	165,764
At 31 December 2023	7,401,771	559,340	7,961,111

(c) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024 $'000	2023 $'000
Within operating cash flows	9,546	12,702
Within investing cash flows	12,569	40,059
Within financing cash flows	241,529	259,699
	263,644	312,460

24 Cash and bank balances (continued)

(c) Total cash outflow for leases (continued)

These amounts relate to the following:

	2024 $'000	2023 $'000
Lease rentals paid	251,075	272,401
Purchase of leasehold property	12,569	40,059
	263,644	312,460

25 Borrowings and bank overdrafts

At 31 December 2024, the borrowings and bank overdrafts were payable as follows:

	2024 $'000	2023 $'000
Within one year		
- bank overdrafts (note 24(a))	352,832	453,187
- bank loans	4,806,444	4,506,889
- amount due to Enterprise Singapore (note)	18,672	110,609
	4,825,116	4,617,498
	5,177,948	5,070,685
After one year but within two years		
- bank loans	2,099,999	1,404,359
- amount due to Enterprise Singapore (note)	5,080	27,730
	2,105,079	1,432,089
After two years but within five years		
- bank loans	828,459	1,352,184
- amount due to Enterprise Singapore (note)	3,516	–
	831,975	1,352,184
	2,937,054	2,784,273
	8,115,002	7,854,958

25 Borrowings and bank overdrafts (continued)

At 31 December 2024, the borrowings and overdrafts were secured as follows:

	2024 $'000	2023 $'000
Unsecured bank overdrafts	352,832	453,187
Unsecured Borrowings	7,734,902	7,263,432
Amount due to Enterprise Singapore (note)		
- Unsecured	27,268	138,339
	8,115,002	7,854,958

Note: Amount due to Enterprise Singapore represents unsecured advances under the Enterprise Finance Scheme ("EFS") and Local Enterprise Finance Scheme ("LEFS") to finance EFS and LEFS borrowers respectively. The interest rates and repayment periods vary in accordance with the type, purpose and security of the facilities granted under the scheme.

At 31 December 2024, the above borrowings bear interest at floating rates ranging from 0.53% to 5.87% (2023: 0.16% to 5.70%) per annum.

At 31 December 2024, the banking facilities of the Group were secured by mortgage over land and buildings with an aggregate carrying value of $32,036,000 (2023: $36,391,000). Such banking facilities amounted to $22,363,000 (2023: $2,763,000). As at 31 December 2024 and 2023, the facilities were not utilised.

At 31 December 2024, a subsidiary of the Group has bank borrowing amounting to THB1,753,800,000 (equivalent to $397,573,000) (2023: THB2,268,000,000 (equivalent to $518,084,000)) with the following financial covenants applied to the subsidiary:

- the tangible net worth of certain subsidiaries shall not at any time be less than SGD100,000,000 (equivalent to $570,780,000) (2023: the tangible net worth of certain subsidiaries shall not at any time be less than SGD100,000,000 (equivalent to $592,770,000)).

At 31 December 2024, other subsidiaries of the Group have bank borrowings amounting to SGD830,840,000 (equivalent to $4,742,237,000) (2023: SGD774,782,000 (equivalent to $4,592,662,000)) and are subject to the fulfilment of covenants relating to certain of the subsidiaries' financial position ratios, as are commonly found in lending arrangements with financial institutions.

If the relevant subsidiaries were to breach the covenants, the outstanding bank borrowings would become payable on demand. The Group did not identify any difficulties complying with the covenants. As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached (2023: $ Nil).

26 Lease liabilities

At 31 December 2024, the lease liabilities were repayable as follows:

	2024 $'000	2023 $'000
Within 1 year	197,056	172,668
After 1 year but within 2 years	178,594	92,157
After 2 years but within 5 years	169,344	148,351
After 5 years	127,852	146,164
	475,790	386,672
	672,846	559,340

27 Post-employment benefits

(a) Defined benefit retirement plans

The Group, through Zero makes contributions to defined benefit retirement plans registered in Japan, which cover 78% (2023: 85%) of Zero's employees. The plans are administered by trustees, the majority of which are independent, with their assets held separately from those of the Group. The trustees are required by the Trust Deed to act in the best interest of the plan participants and are responsible for setting investment policies of the plans.

Under the plans, a retired employee is entitled to a lump sum payment and annual pension payment based on their years of service and positions.

The plans are funded by contributions from the Group in accordance with independent actuaries' recommendations based on annual actuarial valuations. The latest independent actuarial valuations of the plans were at 30 June 2024 and were prepared by qualified staff of Mizuho Trust & Banking Co., Ltd and Daiichi Life Insurance Company. The actuarial valuations indicated that the Group's obligations under these defined benefit retirement plans were 79% (2023: 80%) covered by the plan assets held by the trustees.

The plans expose the Group to actuarial risks, such as interest rate risk, investment risk and longevity risk. Information about the plans is aggregated and disclosed below:

(i) The amounts recognised in the consolidated statement of financial position are as follows:

	2024 $'000	2023 $'000
Present value of defined benefit obligations	(239,734)	(285,634)
Fair value of plan assets	189,393	228,992
	(50,341)	(56,642)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay approximately $14,326,000 in contributions to defined benefit retirement plans in 2025.

27 Post-employment benefits (continued)

(a) Defined benefit retirement plans (continued)

(ii) Plan assets consist of the following:

	2024 $'000	2023 $'000
Equity securities	82,641	78,808
Government bonds	71,819	66,302
Others	34,933	83,882
	189,393	228,992

All of the equity securities and government bonds have quoted prices in active markets. The government bonds have a credit rating of A.

At the end of each reporting period, an Asset-Liability Matching study is performed by the trustees to analyse the outcome of the strategic investment policies. The investment portfolio targets a mix of 5% - 65% (2023: 5% - 65%) in equity securities across a range of industries, 5% - 70% (2023: 5% - 70%) in government bonds and remaining in other investments. Interest rate risk is managed with the objective of reducing the risk by investing in government bonds.

(iii) Movements in the present value of the defined benefit obligations

	2024 $'000	2023 $'000
At 1 January	285,634	304,311
Benefits paid by the plans	(26,703)	(18,387)
Current service cost	19,073	19,977
Interest cost	2,627	1,973
Remeasurement of present value	(12,706)	(2,933)
Exchange adjustments	(28,191)	(19,307)
At 31 December	239,734	285,634

The weighted average duration of the defined benefit obligation is 8.2 years (2023: 8.7 years).

(iv) Movements in plan assets

	2024 $'000	2023 $'000
At 1 January	228,992	247,734
Group's contributions paid to the plan	14,277	15,063
Benefits paid by the plans	(18,028)	(12,818)
Interest income	3,972	2,210
Return on plan assets, excluding interest income	14,513	19,061
Exchange adjustments	(54,333)	(42,258)
At 31 December	189,393	228,992

27 Post-employment benefits (continued)

(a) Defined benefit retirement plans (continued)

(v) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2024 $'000	2023 $'000
Current service cost	19,073	19,977
Net interest on net defined benefit liability	(1,345)	(237)
Total amounts recognised in profit or loss	17,728	19,740
Return on plan assets, excluding interest income (after tax adjustment)	(9,965)	(13,149)
Remeasurement of present value of the defined benefit obligation (after tax adjustment)	(8,858)	140
Total amounts recognised in other comprehensive income	(18,823)	(13,009)
Total defined benefit costs	(1,095)	6,731

The current service cost and the net interest on net defined benefit liability are recognised in the following line items in the consolidated statement of profit or loss:

	2024 $'000	2023 $'000
Cost of sales	7,136	7,941
Administrative expenses	10,592	11,799
	17,728	19,740

(vi) Significant actuarial assumption (expressed as weighted averages) and sensitivity analysis are as follows:

	2024	2023
Discount rate	1.20%	0.70%

The below analysis shows how the defined benefit obligation would have (decreased)/increased as a result of 0.5 percent point change in the significant actuarial assumption:

	Increase by 0.5 percent point		Decrease by 0.5 percent point	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Discount rate	(10,183)	(11,690)	10,183	11,690

27 Post-employment benefits (continued)

(b) Defined contribution retirement plans

The Group operates a MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately.

In addition, the Group also operates certain defined contribution retirement plans in accordance with applicable requirements and laws of the countries in which the Group has operations.

28 Trade creditors

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	2024 $'000	2023 $'000
0 - 30 days	581,726	561,909
31 - 90 days	121,246	202,528
91 - 180 days	42,118	104,462
Over 180 days	99,326	114,941
	844,416	983,840

29 Amounts due from/to related companies

The amounts due from/to related companies are unsecured, interest-free and recoverable/repayable on demand. The related companies are the companies disclosed in note 35(b).

30 Provisions

	2024 $'000	2023 $'000
Provisions for warranties	61,191	78,041
Current	7,970	14,639
Non-current	53,221	63,402
	61,191	78,041

30 Provisions (continued)

Provisions for warranties

	2024 $'000	2023 $'000
At 1 January	78,041	77,911
Provision made (note 7)	20,897	42,325
Provision utilised	(30,330)	(41,303)
Disposal of a subsidiary	(4,136)	-
Exchange adjustment	(3,281)	(892)
At 31 December	61,191	78,041

Provisions for warranties relate mainly to motor vehicles sold and are calculated based on estimates made with reference to historical warranty claim experience associated with similar products.

31 Capital, reserves and dividends

(a) The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(i) Share premium

The application of the share premium account is governed by sections 150 and 157 of the Company's Bye-Laws and Companies Act 1981 of Bermuda.

(ii) Capital reserve

The capital reserve mainly comprises a revaluation surplus arising on revaluation of land and buildings, other than investment properties, in 1984 and shares repurchased for stock compensation program of the subsidiary.

(iii) Stock compensation reserve

The stock compensation reserve comprises the fair value of points granted in the stock compensation program to employees.

(iv) Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries and an associate outside Hong Kong.

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 1(l)). During the year ended 31 December 2024, fair value reserve of $46,000 was transferred to retained profits upon the disposal of equity investment designated at FVOCI.

(vi) Property revaluation reserve

The property revaluation reserve comprises the difference between the carrying amount and the fair value of the properties at the date of change in use.

During the year ended 31 December 2024 and 2023, there were no transfer of property revaluation reserve to retained profits.

31 Capital, reserves and dividends (continued)

(b) The Company

(i) Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	Share capital $'000	Share premium $'000	Contributed surplus $'000	Retained profits $'000	Total $'000
Balance at 1 January 2023	1,006,655	550,547	623,313	172,467	2,352,982
Changes in equity in 2023:					
Total comprehensive income for the year	–	–	–	212,577	212,577
Dividends to equity shareholders	–	–	–	(211,397)	(211,397)
Balance at 31 December 2023 and 1 January 2024	1,006,655	550,547	623,313	173,647	2,354,162
Changes in equity in 2024:					
Total comprehensive income for the year	–	–	–	134,617	134,617
Dividends to equity shareholders	–	–	–	(130,865)	(130,865)
Balance at 31 December 2024	1,006,655	550,547	623,313	177,399	2,357,914

(ii) Contributed surplus

The excess of the value of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange was credited to the contributed surplus. Under the Companies Act 1981 of Bermuda, the contributed surplus is available for distribution to shareholders, except if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment, be unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

The Company's reserves available for distribution to equity shareholders at 31 December 2024 are as follows:

	2024 $'000	2023 $'000
Contributed surplus	623,313	623,313
Retained profits	177,399	173,647
	800,712	796,960

31 Capital, reserves and dividends (continued)

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2024 $'000	2023 $'000
Interim dividend paid of HK$2 cents per ordinary share (2023: HK$3 cents per ordinary share)	40,266	60,399
Final dividend proposed after the end of the reporting period of HK$5.5 cents per ordinary share (2023: HK$4.5 cents per ordinary share)	110,732	90,599
	150,998	150,998

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 $'000	2023 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK$4.5 cents per ordinary share (2023: HK$7.5 cents per ordinary share)	90,599	150,998

(d) Share capital

	2024 $'000	2023 $'000
Authorised:		
3,000,000,000 ordinary shares of $0.50 each	1,500,000	1,500,000
Issued and fully paid:		
2,013,309,000 ordinary shares of $0.50 each, at beginning and end of the year	1,006,655	1,006,655

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital, being consolidated total equity, to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

(Expressed in Hong Kong dollars unless otherwise indicated)

31 Capital, reserves and dividends (continued)

(e) Capital management (continued)

The Group monitors capital with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligations. The Group's gearing ratio, being the Group's total debt, which includes borrowings and lease liabilities, over its total equity, was 69% (2023: 65%) at 31 December 2024.

32 Share based transactions

(a) Share based transactions – 2015 Program

The Group has a stock compensation program (the "2015 Program") which was adopted on 26 November 2015. The 2015 Program is operated through a trustee which is independent of the Group. This is a performance-based scheme whereby on 18 December 2015, shares of a listed subsidiary are acquired by the trustee using funds contributed by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled directors and executive officers of the subsidiaries in view of their positions, performance and length of services; and to each of the entitled corporate auditors in view of their length of services only. Incidentally, the shares of the subsidiary shall be distributed to the entitled employees as a general rule when they leave their positions. Each point granted can be converted into one share of the subsidiary at distribution. No vesting condition is required after the points are granted.

The maximum number of points which may be awarded to selected participants under the 2015 Program shall not exceed 500,000. The trust fund shall not have a definite expiration date and continue as long as the 2015 Program exists. Maximum amount of money to be contributed by the subsidiary is JPY500,000,000 (equivalent to $25,730,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

The first grant date is 26 November 2015, in the years after, point is granted to the eligible recipient annually on 1 July. However, if the eligible recipient retires during the fiscal year, the point will be granted on the date of retirement in proportion.

A total of 3,000 (2023: 3,000) points were granted to selected participants during the year ended 31 December 2024.

(i) The terms and conditions of the grants are as follows:

	Number of points
Points granted to employees:	
On 26 November 2015	71,420
On 1 July 2016	60,000
On 1 July 2017	57,500
On 1 July 2018	63,000
On 1 July 2019	81,200
On 1 July 2020	81,200
On 1 July 2021	49,200
On 1 July 2022	6,000
On 1 July 2023	3,000
On 1 July 2024	3,000

(Expressed in Hong Kong dollars unless otherwise indicated)

32 Share based transactions (continued)

(a) Share based transactions – 2015 Program (continued)

(ii) The movements of number of points granted are as follows:

	2024 Number of points	2023 Number of points
Outstanding at the beginning of the year	277,000	276,000
Forfeited during the year	–	(2,000)
Exercised during the year	(95,000)	–
Granted during the year	3,000	3,000
Outstanding at the end of the year	185,000	277,000
Exercisable at the end of the year	185,000	277,000

(iii) Fair value of points and assumptions

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

	1 July 2024	1 July 2023
Fair value of points and assumptions		
Fair value at measurement date	JPY1,636	JPY1,139
Share price	JPY1,854	JPY1,334
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	24.5%	27.8%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	3.0 year	4.0 year
Expected dividends	4.2%	4.0%
Risk-free interest rate (based on the yield of Japanese government bonds)	0.39%	-0.02%

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 July 2023 and 1 July 2024 were JPY1,334 (equivalent to $74) and JPY1,854 (equivalent to $92) per share respectively.

During the year ended 31 December 2024, the Group recognised a net expense of $214,000 (2023: $265,000) as equity settled share based payments in relation to the 2015 Program.

(Expressed in Hong Kong dollars unless otherwise indicated)

32 Share based transactions (continued)

(b) Share based transactions – 2022 Program

The Group has a stock compensation program which was adopted on 1 October 2022 (the "2022 program"). The 2022 Program is operated through a trustee which is independent of the Group. This is a performance-based scheme whereby on 12 December 2022, shares of a listed subsidiary are acquired by the trustee using funds contributed by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled directors and executive officers of the subsidiaries in view of their positions, with restriction of transfer. Incidentally, the shares of the subsidiary shall be distributed to the entitled recipients as a general rule when they leave their positions. For directors, 75% of the points granted can be converted into shares (one point per one share) and 25% of the points can be converted into cash based on prevailing market rate. For employees other than directors, each point granted can be converted into one share of the subsidiary at distribution. Transfer of points is restricted until the eligible recipient is retired.

The maximum number of points which may be awarded to selected participants under the 2022 Program shall not exceed 252,000 (84,000 per each fiscal year). The trust fund shall not have a definite expiration date and continue as long as the 2022 Program exists. Maximum amount of money to be contributed by the subsidiary is JPY292,824,000 (equivalent to $15,069,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

The first grant date is 1 October 2022, in the years after, point is granted to the eligible recipient annually on 1 October. However, if the eligible recipient retires within 6 months of the benefit date, no share will be granted, in otherwise, the points will be granted on the date of retirement in proportion if they retire later than 6 months of the benefit date.

A total of 34,000 (2023: 36,200) points for equity-settled portion and 8,000 (2023: 8,800) points for cash-settled portion were granted to selected participants during the year ended 31 December 2024.

(i) The terms and conditions of the grants are as follows:

	Equity-settled portion Number of points	Cash-settled portion Number of points
On 1 October 2022	35,000	8,500
On 1 October 2023	36,200	8,800
On 1 October 2024	34,000	8,000

(ii) The movements of number of points granted are as follows:

	2024		2023	
	Equity-settled portion Number of points	Cash-settled portion Number of points	Equity-settled portion Number of points	Cash-settled portion Number of points
Outstanding at the beginning of the year	–	17,300	–	8,500
Exercised during the year	(34,000)	(6,000)	(36,200)	–
Granted during the year	34,000	8,000	36,200	8,800
Outstanding at the end of the year	–	19,300	–	17,300
Exercisable at the end of the year	–	19,300	–	17,300

(Expressed in Hong Kong dollars unless otherwise indicated)

32 Share based transactions (continued)

(b) Share based transactions – 2022 Program (continued)

(iii) Fair value of points and assumptions

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

	1 October 2024	1 October 2023
Fair value of points and assumptions		
Fair value at measurement date	JPY1,948	JPY1,312
Share price	JPY2,415	JPY1,539
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	27.4%	26.8%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	5.1 years	4.0 years
Expected dividends	4.2%	4.0%
Risk-free interest rate (based on the yield of Japanese government bonds)	0.49%	0.22%

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 October 2023 and 1 October 2024 were JPY1,539 (equivalent to $85) and JPY2,415 (equivalent to $120) per share respectively.

During the year ended 31 December 2024, the Group recognised a net expense of $2,680,000 (2023: $2,055,000) for the equity settled share based payment and $1,657,000 (2023: $533,000) was recorded for the cash settled share based payments in relation to the 2022 Program.

33 Financial risk management and fair values of financial instruments

Exposure to interest rate, credit, currency and liquidity risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk.

Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately $66,950,000 (2023: $64,578,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period. The analysis is performed on the same basis as 2023.

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade debtors, loan receivables, finance lease receivables and hire purchase debtors and instalments receivable. The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are banks and financial institutions with a high credit rating, for which the directors of the Company consider to have low credit risk.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Credit risk management

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies. Management reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

These policies are delegated to and disseminated under the guidance and control of the Chief Executive Officer. A delegated credit approval authority limit structure, approved by the Board of Directors, is as follows:

- The credit evaluation team, Chief Operating Officer and Chief Executive Officer assess, review and make decisions on credit risks of the Group within the authority limits imposed by the Board of Directors;
- The credit evaluation team independently assess the creditworthiness and risk profile of the obligors;
- Daily monitoring of accounts is handled by the credit evaluation team; and
- The internal audit function provides independent assurance to senior management concerning compliance with credit processes, policies and adequacy of internal controls.

Trade debtors

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and also by the country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers or in a particular country.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within seven days to six months from the date of billing. The Group does not obtain collateral from customers.

The Group measures loss allowances for trade debtors at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Trade debtors (continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31 December 2024:

	2024			
	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
	%	$'000	$'000	$'000
Current (not past due)	0.00%	859,400	–	859,400
1 - 30 days past due	0.57%	58,337	335	58,002
31 - 90 days past due	3.23%	20,238	653	19,585
More than 90 days past due	54.30%	24,952	13,549	11,403
		962,927	14,537	948,390

	2023			
	Expected loss rate	Gross carrying amount	Loss allowance	Net carrying amount
	%	$'000	$'000	$'000
Current (not past due)	0.15%	918,845	1,365	917,480
1 - 30 days past due	0.38%	100,640	385	100,255
31 - 90 days past due	1.32%	31,921	421	31,500
More than 90 days past due	79.28%	63,190	50,100	13,090
		1,114,596	52,271	1,062,325

Expected loss rates are based on historical credit loss rates of the receivables.

Loans and advances

The Group classifies loans and advances into three stages, depending on whether credit risk on that financial instrument has increased significantly since initial recognition and whether the asset is credit-impaired as at the reporting date. Explanation of the terms "Stage 1", "Stage 2" and "Stage 3" is included in note 1(x)(i).

Parameters for measuring ECLs

Depending on whether there is a significant increase in credit risk and whether a financial asset is credit-impaired, the Group recognises an ECL allowance based on 12-month ECLs or lifetime ECLs. The relevant parameters of ECL measurement include probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD").

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Loans and advances (continued)

Parameters for measuring ECLs (continued)

The parameters are defined as follows:

- 12-month PD and lifetime PD represent the expected point-in-time probability of a default over the next 12 months from the reporting date and the remaining lifetime of the financial instruments, respectively, based on conditions existing at the reporting date and future economic conditions that affect credit risk. The PD is derived using historical default rates adjusted for forward-looking information, where applicable;

- LGD is the magnitude of the expected loss if there is a default. The Group estimates LGD parameters based on the availability and value of collateral or other credit support. LGD is expressed as a percentage of exposure the Group might lose in the event the borrower defaults; and

- EAD represents the expected exposure in the event of a default. The Group derives the EAD from the current exposure to the counterparty.

The following tables set out information about the exposure of loans and advances measured at amortised costs.

	31 December 2024			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Loans and advances	4,617,134	254,772	496,941	5,368,847
Less: Loss allowance	(5,744)	(902)	(40,987)	(47,633)
	4,611,390	253,870	455,954	5,321,214

	31 December 2023			
	Stage 1	Stage 2	Stage 3	Total
	$'000	$'000	$'000	$'000
Loans and advances	5,118,668	223,847	150,984	5,493,499
Less: Loss allowance	(7,176)	(2,709)	(29,532)	(39,417)
	5,111,492	221,138	121,452	5,454,082

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Loans and advances (continued)

Analysed by movements in loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance.

	2024			
Loans and advances	**Stage 1 $'000**	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
At 1 January	7,176	2,709	29,532	39,417
Transfer between stages	2,783	70	(2,853)	–
Remeasurement, net	(3,507)	(1,567)	29,232	24,158
Originated financial assets	3,885	70	3,090	7,045
Derecognised financial assets	(1,208)	(117)	(3,395)	(4,720)
Uncollectible amounts written off	(3,261)	(187)	(13,247)	(16,695)
Exchange adjustments	(124)	(76)	(1,372)	(1,572)
At 31 December	5,744	902	40,987	47,633

	2023			
Loans and advances	**Stage 1 $'000**	**Stage 2 $'000**	**Stage 3 $'000**	**Total $'000**
At 1 January	25,655	5,800	44,929	76,384
Transfer between stages	5,488	(2,525)	(2,963)	–
Remeasurement, net	(23,102)	(741)	12,224	(11,619)
Originated financial assets	5,384	1,932	602	7,918
Derecognised financial assets	(1,094)	(1,325)	(13,458)	(15,877)
Uncollectible amounts written off	(5,623)	(580)	(10,783)	(16,986)
Exchange adjustments	468	148	(1,019)	(403)
At 31 December	7,176	2,709	29,532	39,417

In 2024, the changes in gross carrying amounts of loans and advances that have a significant impact on the Group's loss allowance were mainly derived from

i $24,501,000 impairment charges for the year due mainly to the Group's portfolio expansion in the PRC; and

ii $16,695,000 write off concluded after court proceedings in PRC.

The contractual amount outstanding on loans and advances that are written off during the year ended 31 December 2024 and that are still subject to enforcement activity is $16,553,000 (2023: $17,190,000).

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Loans and advances (continued)

Collaterals

The loans and advances are generally collateralised by property, equipment and/or guarantees provided by Enterprise Singapore, a statutory board under the Ministry of Trade and Industry of the Government of Singapore or buyback guarantees from suppliers.

The Group holds collaterals against certain of its credit exposures. The following table sets out the principal types of collateral held against different types of loans and advances.

	Percentage of exposure that is subject to collateral requirements 2024	Percentage of exposure that is subject to collateral requirements 2023	*Principal type of collateral held*
Loans and advances			
Loan receivables	96%	98%	Properties, Guarantee
Finance lease receivables	100%	100%	Properties, Equipment, Guarantee
Hire purchase debtors and instalments receivables	100%	100%	Equipment

The table below sets out the fair value of collateral and gross carrying amount of collateralised loans and advances balance covered by collateral.

	31 December 2024	
	Fair value of collateral	Gross carrying amount of collateralised loans and advances balance covered by collateral
Loans and advances	$'000	$'000
Stage 1 and 2	4,827,914	4,696,224
Stage 3	673,281	496,941

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Loans and advances (continued)

Collaterals (continued)

Loans and advances	31 December 2023 Fair value of collateral $'000	31 December 2023 Gross carrying amount of collateralised loans and advances balance covered by collateral $'000
Stage 1 and 2	6,239,527	3,701,457
Stage 3	181,743	118,910

Concentrations of credit risk

The Group monitors concentrations of credit risk by scale of customers and by geographic location. An analysis of concentrations of credit risk from loans and advances is shown below.

	31 December 2024			31 December 2023		
	Loan receivables % of total	Finance lease receivables % of total	Hire purchase debtors and instalments receivables % of total	Loan receivables % of total	Finance lease receivables % of total	Hire purchase debtors and instalments receivables % of total
Multinational corporation	0%	0%	0%	4%	4%	3%
Small medium enterprise	69%	95%	70%	70%	91%	65%
Sole proprietor/Limited partnership	31%	2%	30%	26%	2%	32%
Non-profit organization and statutory related	0%	3%	0%	0%	3%	0%
	100%	100%	100%	100%	100%	100%

33 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Loans and advances (continued)

Concentrations of credit risk (continued)

	31 December 2024			31 December 2023		
	Loan receivables	Finance lease receivables	Hire purchase debtors and instalments receivables	Loan receivables	Finance lease receivables	Hire purchase debtors and instalments receivables
	% of total	% of total	% of total	% of total	% of total	% of total
Singapore	100%	8%	76%	100%	12%	96%
China	0%	91%	0%	0%	87%	0%
Malaysia	0%	1%	16%	0%	1%	4%
Thailand	0%	0%	8%	0%	0%	0%
	100%	100%	100%	100%	100%	100%

(c) Currency risk

The Group is exposed to currency risk primarily through investments, bank borrowings and other monetary assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate, which is the SGD, JPY, United States Dollar ("USD") and Renminbi ("RMB").

The following tables detail the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong Dollars. Differences resulting from the translation of the financial statements of subsidiaries and an associate outside Hong Kong into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Hong Kong dollars)							
	2024				2023			
	SGD	JPY	USD	RMB	SGD	JPY	USD	RMB
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Investments designated as at fair value through other comprehensive income	–	1,599,283	–	–	–	1,633,784	–	–
Trade debtors	244	23,879	872	39,975	–	26,274	674	32,767
Cash and cash equivalents	381	62,153	14,459	456,123	434	81,775	11,376	467,821
Trade creditors	(627)	(23,131)	(8,724)	(36,820)	–	(1,947)	(278)	(37,233)
Other debtors	–	–	–	2,683	–	1,367	–	4,914
Other creditors	(59)	(112)	(36)	(9,494)	(25)	(295)	(135)	(13,427)
Borrowings	(220,892)	–	(69,858)	–	(241,518)	(21,506)	(70,312)	–
	(220,953)	1,662,072	(63,287)	452,467	(241,109)	1,719,452	(58,675)	454,842

The Group's operating subsidiaries regularly monitor their foreign exchange exposure and may hedge their position depending on the size of the exposure and the future outlook of the particular currency unit. There were no material forward exchange contracts outstanding as at 31 December 2024 (2023: Nil).

33 Financial risk management and fair values of financial instruments (continued)

(c) Currency risk (continued)

Sensitivity analysis

The following table indicates the instantaneous change on the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2024		2023	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000
JPY	10%	138,828	10%	143,639
	(10)%	(138,828)	(10)%	(143,639)
USD	10%	(4,738)	10%	(4,387)
	(10)%	4,738	(10)%	4,387
RMB	10%	42,842	10%	43,140
	(10)%	(42,842)	(10)%	(43,140)
SGD	10%	(22,095)	10%	(23,829)
	(10)%	22,095	(10)%	23,829

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of subsidiaries and an associate outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2023.

(d) Liquidity management

Individual operating entities within the group are responsible for their own cash management, including the short term investment of cash surpluses, and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority.

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

33 Financial risk management and fair values of financial instruments (continued)

(d) Liquidity management (continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the group's non-derivative financial liabilities and derivative financial liabilities, which are based on:

- contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the date the group is contractually required to pay, or if the counterparty has the choice of when the amount should be paid (irrespective of the fulfilment of covenants), the earliest date the group can be required to pay; and

- expected undiscounted cash flows provided to the group's key management personnel and the date the group is expected to pay, shown as adjustments to the contractual undiscounted cash flows if the timing and/or amount to the cash flows are expected to be different from the contractual undiscounted cash flows.

2024

	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Bank overdrafts	352,832	–	–	–	352,832	352,832
Borrowings	5,166,765	2,237,766	868,894	–	8,273,425	7,762,170
Trade creditors	844,416	–	–	–	844,416	844,416
Other creditors and accruals	1,378,307	–	–	–	1,378,307	1,378,307
Amounts due to related companies	91	–	–	–	91	91
Lease liabilities	211,158	191,928	191,788	165,700	760,574	672,846
	7,953,569	2,429,694	1,060,682	165,700	11,609,645	11,010,662

2023

	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Bank overdrafts	453,187	–	–	–	453,187	453,187
Borrowings	4,985,578	1,579,563	1,420,161	–	7,985,302	7,401,771
Trade creditors	983,840	–	–	–	983,840	983,840
Other creditors and accruals	1,167,160	–	–	–	1,167,160	1,167,160
Amounts due to related companies	11,002	–	–	–	11,002	11,002
Lease liabilities	186,631	104,675	174,696	186,071	652,073	559,340
	7,787,398	1,684,238	1,594,857	186,071	11,252,564	10,576,300

33 Financial risk management and fair values of financial instruments (continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets designated as at fair value through other comprehensive income (see note 18).

Listed investments held as financial assets designated as at fair value through other comprehensive income have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

The Group's unquoted investments are all held for strategic purposes. Their performance is assessed at regular time interval, where applicable, against performance of similar entities, together with an assessment of their relevance to the Group's strategic plans.

At 31 December 2024, it is estimated that an increase/decrease of 20% (2023: 20%) in the relevant stock price, with all other variables held constant, would have increased/decreased the Group's fair value reserve as follows:

	2024		2023	
		Effect on fair value reserve $'000		Effect on fair value reserve $'000
Change in the relevant equity price risk variable:				
Increase	20%	328,255	20%	335,871
Decrease	(20)%	(328,255)	(20)%	(335,871)

The sensitivity analysis has been determined assuming that the changes in the stock prices had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that all other variables remain constant. The analysis has been performed on the same basis for 2023.

(f) Fair value

(i) Financial instruments carried at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

33 Financial risk management and fair values of financial instruments (continued)

(f) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2024	Fair value measurement as at 31 December 2024 categorised into			Fair value at 31 December 2023	Fair value measurement as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Recurring fair value measurements								
Assets								
Equity securities designated as at fair value through other comprehensive income								
- Listed outside Hong Kong	1,641,277	1,641,277	–	–	1,679,357	1,679,357	–	–
- Unlisted	6,828	–	–	6,828	1,197	–	–	1,197
	1,648,105	1,641,277	–	6,828	1,680,554	1,679,357	–	1,197

During the years ended 31 December 2024 and 2023, there were no transfers among Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined by adjusted net asset value approach. The fair value measurement is positively correlated to the share of net assets of the unlisted equity securities. As at 31 December 2024, it is estimated that with all other variables held constant, an increase/decrease in share of net assets of the unlisted equity securities by 10% would have increased/decreased the Group's consolidated statement of profit or loss and other comprehensive income by $683,000 (2023: $120,000).

33 Financial risk management and fair values of financial instruments (continued)

(f) Fair value (continued)

(iii) Information about Level 3 fair value measurements (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2024 $'000	2023 $'000
Unlisted equity securities:		
At 1 January	1,197	3,016
Additions during the year	5,956	–
Acquisition of So-ing (note 20(a))	–	104
Disposals during the year	–	(1,117)
Net unrealised losses recognised in other comprehensive income during the year	–	(749)
Exchange adjustments	(325)	(57)
At 31 December	6,828	1,197

34 Commitments

Capital commitments outstanding not provided for in the financial statements were as follows:

	2024 $'000	2023 $'000
Authorised and contracted for	28,543	17,771

35 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group has entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel represent amounts paid to the Company's directors and is disclosed in note 9.

35 Material related party transactions (continued)

(b) Transactions with related companies

	Note	2024 $'000	2023 $'000
Transactions with Tan Chong Motor Holdings Berhad ("TCMH") Group:	(i)		
- Sales of goods and services		30	39
- Receiving assembly services		–	25,324
- Purchase of inventories		12,102	16,820
Transactions with APM Automotive Holdings Berhad ("APM") Group:	(ii)		
- Purchase of inventories		523	379
- Sales of goods and services		62	67
- Rental income		40	40
Transactions with Warisan TC Holdings Berhad ("WTCH") Group:	(iii)		
- Sales of goods		528	263

Notes:

(i) Transactions with TCMH Group

- Sales of goods and services and purchase of inventories

  Tan Chong Consolidated Sdn. Bhd. ("TCC"), a substantial shareholder of the Company, is also a substantial shareholder of Tan Chong Motor Holdings Berhad ("TCMH") Group. Various subsidiaries of the Group have been conducting sales and purchases of motor parts and accessories with TCMH Group.

- Receiving assembly services

  On 24 August 2021, a subsidiary of the Group entered into an assembly agreement with Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA", being a subsidiary of TCMH), pursuant to which TCMA was appointed as the subsidiary's assembler to assemble vehicles for the period from 24 August 2021 to 30 June 2023. The principal business of TCMA is the assembly of motor vehicles and engines.

(ii) Transactions with APM Group

- Sales of goods and services and purchase of inventories

  On 8 December 2022, a subsidiary of the Group entered into five parts purchase agreements with subsidiaries of APM, being APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., APM Automotive Modules Sdn. Bhd., APM Coil Spring Sdn. Bhd. and Auto Parts Manufacturers Co. Sdn. Bhd. (collectively, the "Five APM Subsidiaries") for the purchase of certain spare parts from the Five APM Subsidiaries for the period from 1 January 2023 to 31 December 2025.

  On 8 December 2022, a subsidiary of the Group entered into an agreement with APM Springs (Vietnam) Company Ltd, a subsidiary of APM in relation to the sales and rental of vehicles, material handling equipment, forklift, parts and accessories for the period from 1 January 2023 to 31 December 2025.

  On 8 December 2022, a subsidiary of the Group entered into an agreement with APM Auto Components (Thailand) Co., Ltd., a subsidiary of APM in relation to the rental forklift for the period from 1 January 2023 to 31 December 2025.

35 Material related party transactions (continued)

(b) Transactions with related companies (continued)

(iii) Transactions with WTCH Group

- Sales of goods and services and purchase of inventories

  TCC is a substantial shareholder of Warisan TC Holdings Berhad ("WTCH"). On 8 December 2022, a subsidiary of the Group entered into an agreement with TCIM Sdn. Bhd. ("TCIMSB", being a subsidiary of WTCH) in relation to the sales of motor parts and accessories for the period from 1 January 2023 to 31 December 2025.

All the above transactions have been entered into in the ordinary and usual course of business of the Group and either on normal commercial terms or on terms no less favourable than those available to or from independent third parties.

Amounts due from/to related parties are recorded in the consolidated statement of financial position and disclosed in note 29.

(c) Transaction with an associate

Management service fees received from an associate of the Group during the year ended 31 December 2024 amounted to $1,000,000 (2023: $1,000,000).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (b) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transactions" of the Report of the directors.

36 Segment reporting

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geographical areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the reportable segments as set out in note (b). No operating segments have been aggregated to form the reportable segments.

(a) Business lines

(i) Motor vehicle distribution and dealership business

The Group is the distributor for Nissan vehicles in Singapore and distributor or dealer for Subaru vehicles in Singapore, Guangdong Province of the PRC, Hong Kong, Taiwan, Thailand and certain other Southeast Asia countries. The Group distributes various models of Nissan and Subaru passenger cars and Nissan light commercial vehicles.

(ii) Heavy commercial vehicle and industrial equipment distribution business

The Group is the distributor for various brands of forklift trucks. The Group markets and distributes a wide range of heavy commercial vehicles and industrial equipment.

(iii) Property rentals and development

The Group has a number of property interests and is engaged in the development of various investment properties for sale or rental income. At present, the Group's activities in this segment are mainly carried out in Singapore and Hong Kong.

(iv) Transportation

The Group mainly carries out vehicle logistics services to vehicle manufacturers in Japan. The Group also provides human resource management service in relation to transportation business and general cargo business in Japan.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Expressed in Hong Kong dollars unless otherwise indicated)

36 Segment reporting (continued)

(a) Business lines (continued)

(v) Other operations

Other operations mainly include investment holding, auto leasing, capital and equipment financing, hire purchase financing, provision of workshop services and the manufacturing of vehicle seats.

(b) Segment results

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measures used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including bank and other interest income. The share of profit from an associate is not included in the segment EBITDA.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2024 is set out below.

	Motor vehicle distribution and dealership business		Heavy commercial vehicle, industrial equipment distribution and dealership business		Property rentals and development		Transportation		Other operations		Consolidated	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Disaggregated by timing of revenue recognition												
Point in time	3,477,891	4,651,155	59,785	62,895	–	–	–	–	280,287	354,718	3,817,963	5,068,768
Over time	322,250	357,217	63,700	80,232	128,337	112,684	7,453,319	7,326,223	912,998	880,536	8,880,604	8,756,892
Revenue from external customers:												
- Singapore	1,333,399	931,633	45,319	65,708	126,805	111,605	–	–	789,500	806,529	2,295,023	1,915,475
- PRC	134,780	300,459	–	–	–	–	–	–	386,676	404,295	521,456	704,754
- Thailand	253,378	593,401	48,756	47,652	–	–	–	–	7,345	16,213	309,479	657,266
- Japan	–	–	–	–	–	–	7,453,319	7,326,223	–	–	7,453,319	7,326,223
- Taiwan	840,429	1,503,248	–	–	–	–	–	–	–	–	840,429	1,503,248
- Others	1,238,155	1,679,631	29,410	29,767	1,532	1,079	–	–	9,764	8,217	1,278,861	1,718,694
	3,800,141	5,008,372	123,485	143,127	128,337	112,684	7,453,319	7,326,223	1,193,285	1,235,254	12,698,567	13,825,660
EBITDA:												
- Singapore	23,998	26,877	15,289	17,718	698,721	214,247	–	–	390,768	465,801	1,128,776	724,643
- PRC	(5,061)	(5,938)	–	–	–	–	–	–	50,280	85,731	45,219	79,793
- Thailand	(153,066)	(17,932)	(15,839)	(12,304)	–	–	–	–	800	971	(168,105)	(29,265)
- Japan	–	–	–	–	–	–	755,324	576,628	(2,317)	(2,736)	753,007	573,892
- Taiwan	131,471	281,515	–	–	–	–	–	–	–	–	131,471	281,515
- Others	(112,791)	(73,599)	8,904	5,936	10,827	33,890	–	–	(22,681)	(28,970)	(115,741)	(62,743)
	(115,449)	210,923	8,354	11,350	709,548	248,137	755,324	576,628	416,850	520,797	1,774,627	1,567,835
Share of profit of an associate:	–	–	–	–	–	–	–	–	5,767	5,436	5,767	5,436

36 Segment reporting (continued)

(c) Reconciliation of reportable segment profit or loss

	2024 $'000	2023 $'000
Total segment EBITDA	1,774,627	1,567,835
Depreciation and amortisation	(709,605)	(734,403)
Interest income	25,280	24,452
Finance costs	(209,339)	(217,472)
Share of profit of an associate	5,767	5,436
Consolidated profit before taxation	886,730	645,848

(d) Geographic information

The following table sets out information about the geographical location of the Group's investment properties, property, plant and equipment and interest in an associate ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties, property, plant and equipment and the location of operations, in the case of interest in an associate.

	Singapore		Hong Kong		PRC		Thailand		Japan		Others		Consolidated	
	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000	2024 $'000	2023 $'000
Specified non-current assets	6,358,341	5,655,954	304,208	365,690	225,731	407,743	862,530	913,225	1,487,543	1,448,723	846,304	890,171	10,084,657	9,681,506

37 Company-level statement of financial position

	2024 $'000	2023 $'000
Non-current assets		
Property, plant and equipment	–	47
Investments in subsidiaries	2,342,961	2,342,961
	2,342,961	2,343,008
Current assets		
Amounts due from subsidiaries	357,325	357,436
Other debtors, deposits and prepayments	129	366
Cash and cash equivalents	19,327	22,754
	376,781	380,556
Current liabilities		
Other creditors and accruals	24,715	28,480
Amounts due to subsidiaries	337,113	340,922
	361,828	369,402
Net current assets	14,953	11,154
NET ASSETS	2,357,914	2,354,162
CAPITAL AND RESERVES		
Share capital	1,006,655	1,006,655
Reserves	1,351,259	1,347,507
TOTAL EQUITY	2,357,914	2,354,162

Approved and authorised for issue by the board of directors on 28 March 2025.

Tan Eng Soon
Chairman

Sng Chiew Huat
Finance Director

(Expressed in Hong Kong dollars unless otherwise indicated)

38 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 21, *The effects of changes in foreign exchange rates – Lack of exchangeability*	1 January 2025
Amendments to IFRS 9, *Financial instruments* and IFRS 7, *Financial instruments: disclosures – Amendments to the classification and measurement of financial instruments*	1 January 2026
Annual improvements to IFRS Accounting Standards – Volume 11	1 January 2026
IFRS 18, *Presentation and disclosure in financial statements*	1 January 2027
IFRS 19, *Subsidiaries without public accountability: disclosures*	1 January 2027

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements except for IFRS 18, where the presentation of the Group's consolidated financial statements is expected to change.

FINANCIAL SUMMARY

(Expressed in Hong Kong dollars)

	Note	2020 $'000	2021 $'000	2022 $'000	2023 $'000	2024 $'000
Results						
Revenue		12,319,495	11,864,957	13,478,667	13,825,660	12,698,567
Profit from operations		274,112	646,229	839,225	857,884	1,090,302
Financing costs		(80,179)	(58,036)	(105,424)	(217,472)	(209,339)
Share of profits of associates		73,241	69,896	42,014	5,436	5,767
Profit before taxation		267,174	658,089	775,815	645,848	886,730
Income tax expense		(182,003)	(204,213)	(265,151)	(265,268)	(277,243)
Profit for the year		85,171	453,876	510,664	380,580	609,487
Attributable to:						
Equity shareholders of the Company		9,507	378,098	418,073	280,330	479,285
Non-controlling interests		75,664	75,778	92,591	100,250	130,202
Profit for the year		85,171	453,876	510,664	380,580	609,487
Assets and liabilities						
Investment properties and other property plant and equipment		8,793,182	8,876,690	9,399,616	9,605,685	10,015,136
Intangible assets		77,117	53,469	39,250	99,086	158,941
Goodwill		45,772	31,769	79,498	115,066	69,342
Interests in associates		868,010	896,967	81,890	75,821	69,521
Other non-current assets		375,656	1,981,612	3,480,965	3,903,755	4,087,884
Net current assets		3,646,128	2,036,342	1,506,331	2,002,862	1,565,562
Total assets less current liabilities		13,805,865	13,876,849	14,587,550	15,802,275	15,966,386
Non-current liabilities		(1,624,740)	(1,793,003)	(2,700,970)	(3,563,314)	(3,797,682)
Total equity		12,181,125	12,083,846	11,886,580	12,238,961	12,168,704
Earnings per share	(i)					
- basic		$0.005	$0.19	$0.208	$0.139	$0.238
- diluted		$0.005	$0.19	$0.208	$0.139	$0.238

Note:

(i) The amount of diluted earnings per share is the same as the basic earnings per share as there were no dilutive securities outstanding during the years presented.

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GROUP PROPERTIES

Location	Description	Land area (sq. feet)	Tenure	Expiry date
30/F Shui On Centre 6-8 Harbour Road Wanchai Hong Kong	Offices (own use and investment)	13,770	Leasehold	20 May 2060
911 and 913 Bukit Timah Road Tan Chong Motor Centre Singapore 589622/3	Showroom, workshop and office (own use)	198,606	Freehold	–
700 Woodlands Road Singapore 738664	Workshop and office (own use)	233,188	Freehold	–
8 Kung Chong Road Singapore 159145	Workshop and office (own use)	23,990	Leasehold	15 December 2058
25 Leng Kee Road Singapore 159097	Showroom, workshop and office (own use)	23,998	Leasehold	10 April 2059
15 Queen Street Tan Chong Tower Singapore 188537	Office, restaurant and apartments for rental (investment)	22,193	Freehold	–
210 New Upper Changi Road #01-703 Singapore 460210	Showroom and office (investment)	4,058	Leasehold	1 July 2078
23 Jalan Buroh Singapore 619479	Showroom, workshop, office and warehouse (own use)	161,631	Leasehold	1 October 2027
The Wilby Residence 25, 27, 29, 31 and 33 Wilby Road Singapore 276300 - 276304	Condominiums for rental (investment)	200,991	Freehold	–
19 Lorong 8, Toa Payoh Singapore 319255	Showroom, workshop and office (own use)	58,715	Leasehold	28 February 2053
19 Ubi Road 4 Singapore 408623	Showroom, workshop and office (own use)	58,349	Leasehold	1 October 2030
1 Sixth Lok Yang Road Singapore 628099	Workshop, warehouse and office (own use)	223,907	Leasehold	15 April 2036
10 Kung Chong Road Singapore 159145	Workshop and office (own use)	23,990	Leasehold	15 December 2053
804, 806, 812, 814, 816 & 818 Upper Bukit Timah Road Singapore 678142/43/46/48/49/50	Shophouses (investment)	8,522	Leasehold	15 April 2874

GROUP PROPERTIES (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date
30 Bukit Batok Crescent Singapore 658075	Workshop and office (own use)	37,059	Leasehold	12 March 2057
22 Tampines St 92 Singapore 528876	Workshop and office (own use)	71,250	Leasehold	1 August 2051
18 Pandan Road Singapore 609270	Workshop (own use)	88,187	Leasehold	30 June 2041
59 Moo 1, Rangsit-Pathumthani Road, Banklang, Muang District, Pathumthani Province, Thailand	Showroom, workshop, office and warehouse (own use)	557,754	Freehold	–
118 Moo 5, T. Bangsamak A, Bangpakong Chachoengsao 24180 Thailand	Showroom, workshop and office (own use)	31,579	Freehold	–
12/17 Moo 2, Seri Thai Road Khlong Kum Sub-District Bueng Kum District Bangkok 10240, Thailand	Showroom, workshop and office (own use)	94,722	Freehold	–
59/3 Moo 10, Nongkrod Muang District, Nakhon Sawan Thailand 60240	Showroom, workshop, office and warehouse (own use)	58,620	Freehold	–
388, Moo 5 Chiangmai-Lampang Road Yangnueng, Sarapee District Chiangmai, Thailand 50140	Showroom, workshop, office and warehouse (own use)	66,936	Freehold	–
122/1-2, Soi Chalongkrung 31 Lumplatiew, Lardkrabang Bangkok 10520 Thailand	Production plant (own use)	1,130,211	Freehold	–
17/1 Liab Klong Lum Kor Phai Road Lumplatiew, Lardkrabang Bangkok 10520 Thailand	Vehicle yard (own use)	1,083,747	Freehold	–
Jalan Sultan Iskandar Muda No 24 Jakarta 12240 Indonesia	Showroom, workshop and office (own use)	36,737	Leasehold	16 November 2041
Jalan Raden Patah Komplek Sumber Jaya B9 - B10 Indonesia	Shophouse (own use)	1,615	Leasehold	21 November 2035
Lembar K-8-4 Kotak F-G/1 Teluk Tering Komplek Bangun Sukses Showroom Sei Panas, Kota Batam Indonesia	Showroom, workshop and office (own use)	24,262	Leasehold	1 April 2028

GROUP PROPERTIES (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date
Jalan Bypass Ngurah Rai No 643 Desa Pemogan Denpasar, Bali Indonesia	Showroom, workshop and office (own use)	21,043	Leasehold	4 March 2043
Qinyang Town Nam Huan Road 10 Jiangyin Jiangsu Province China	Office, factory and warehouse (own use)	48,753	Leasehold	20 November 2048
639 Jiang Jun Avenue Jiangning District Nanjing China	Factory, office and warehouse (own use)	583,995	Leasehold	30 April 2062
West of Xi Wai Huan Yangliu Town Lianhe Sub-district, Zhengxiang District Hengyang Hunan Province, China	Showroom and workshop (own use)	6,226	Leasehold	16 May 2052
No. 10, Jalan 51A/223 46100 Petaling Jaya Selangor Darul Ehsan Malaysia	Showroom, workshop and office (own use)	43,575	Leasehold	19 January 2062
No. 33, Lane 250, Xinhu 2nd Road, Neihu District, Taipei City, Taiwan	Showroom, workshop and office (own use)	23,290	Freehold	–
No. 38-2, Dong Yuan Road, Zhongli District. Taoyuan City, Taiwan	Showroom, workshop, office and warehouse (own use)	143,622	Freehold	–
187 Edsa North Greenhills San Juan Metro Manila 1503 Philippines	Showroom, workshop, office and warehouse (own use)	18,891	Freehold	–
212 Vietnam-Singapore Industrial Park, Thuan An District Binh Duong Province Vietnam	Workshop and office (own use)	30,145	Leasehold	11 February 2046
Kawasaki-shi, Kanagawa, Japan	Vehicle distribution center (own use)/ Delivery center (investment)	147,112	Freehold	–
Fukuoka-shi, Fukuoka, Japan	Vehicle distribution center (own use)	89,079	Freehold	–

GROUP PROPERTIES (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date
Kasuya-gun, Fukuoka, Japan	Auction venue (own use)/Vehicle yard (investment)	272,853	Freehold	–
Tagazyo-shi, Miyagi, Japan	Vehicle distribution center (own use)	139,055	Freehold	–
Miyako-gun, Fukuoka, Japan	Delivery center (investment)	92,982	Freehold	–
Kitakyusyu-shi, Fukuoka, Japan	Delivery center (investment)	87,767	Freehold	–
Yokosuka-shi, Kanagawa, Japan	Vehicle maintenance shop (own use)	53,254	Freehold	–
Nagoya-shi, Aichi, Japan	Vehicle distribution center (own use)	244,023	Freehold	–
Miyako-gun, Fukuoka, Japan	Vehicle yard (own use & investment)	208,590	Freehold	–
Koza-gun, Kanagawa, Japan	Vehicle maintenance shop (own use)	35,595	Freehold	–
Miyako-gun, Fukuoka, Japan	Vehicle maintenance shop (own use)	142,336	Freehold	–
Kagoshima-shi, Kagoshima, Japan	Vehicle distribution center (own use)	79,074	Freehold	–
Tomakomai-shi, Hokkaido, Japan	Vehicle distribution center (own use)	142,279	Freehold	–
Kitakyusyu-shi, Fukuoka, Japan	Delivery center (investment)	47,391	Freehold	–
Mooka-shi, Tochigi, Japan	Vehicle maintenance shop (own use)	54,167	Freehold	–
Oyama-shi, Tochigi, Japan	Vehicle distribution center (own use)	21,360	Freehold	–
Sendai-shi, Miyagi, Japan	Vehicle distribution center (own use)	3,662	Freehold	–