2017
Annual Report

CYCLE & CARRIAGE

Cycle & Carriage Bintang Berhad

Company No. 7378-D

Corporate Profile

Listed on Bursa Malaysia Securities Berhad ("BMSB"), Cycle & Carriage Bintang Berhad ("CCB" or "the Group") has the largest dealer network of Mercedes-Benz motor vehicles in Malaysia. Operating 13 outlets across the country, it provides high quality retail and after-sales services. CCB is a member of the Jardine Cycle & Carriage Group.

A long-term shareholder of market-leading businesses, Jardine Cycle & Carriage ("JC&C") is a leading Singapore-listed company and a member of the Jardine Matheson Group. JC&C has a strategic interest in Astra International, an Indonesian conglomerate and the largest independent automotive group in Southeast Asia. JC&C also has a strong regional automotive presence through Direct Motor Interests operating in Singapore, Malaysia and Myanmar under the Cycle & Carriage banner, as well as through Tunas Ridean in Indonesia and Truong Hai Auto Corporation in Vietnam. Further diversifying its businesses are Other Strategic Interests in Siam City Cement, Refrigeration Electrical Engineering Corporation and Vinamilk, market leaders in which JC&C gains exposure to key Southeast Asian economies by supporting the long-term growth of these companies. Together with its subsidiaries and associates, JC&C employs over 250,000 people across Indonesia, Singapore, Malaysia, Myanmar, Thailand and Vietnam.

Contents

Financial Calendar

Financial Year Ended 31 December 2017	
Announcement of results:	
– first quarter	21 April 2017
– second quarter	21 July 2017
– third quarter	6 November 2017
– fourth quarter	28 February 2018
Issue of Annual Report	23 March 2018
2018 Annual General Meeting ("AGM")	23 April 2018

Financial Year Ended 31 December 2018	
Proposed dates for announcement of results:	
– first quarter	23 April 2018
– second quarter	23 July 2018
– third quarter	2 November 2018
– fourth quarter	28 February 2019

Financial Highlights

- Net loss with vehicle sales 10% lower
- Revenue down 4%
- An unprecedented flood in Penang
- No dividend recommended

RESULTS

	Financial year ended 31 December		
	2017	2016	Change
	RM'000	RM'000	%
		Restated+	
Revenue	**1,420,119**	1,486,345	(4)
Net (loss)/profit:			
(a) Mercedes-Benz operations	**(23,699)**	27,182	*nm*
(b) Dividend income	**11,229**	11,229	–
	(12,470)	38,411	*nm*
Net (loss)/profit attributable to shareholders	**(12,470)**	38,411	*nm*

	sen	sen	%
(Loss)/earnings per share	**(12.38)**	38.13	*nm*

	As at 31 December		
	2017	2016	
	RM'000	RM'000	%
		Restated+	
Shareholders' funds	**270,988**	288,495	(6)

	RM	RM	%
Net asset per share	**2.69**	2.86	(6)

+ *The accounts have been restated due to excess sales support payments for the years 2013 to 2016 as set out in Note 30 to the Statutory Financial Statements.*

nm – not meaningful

Corporate Information

As at 23 March 2018

Board of Directors

Haslam Preeston	Chairman
(Alternate: Chan Tze Choong Eric)	
Rossana Annizah binti Ahmad Rashid	Deputy Chairman
Tan Sri Dato' Sulaiman bin Sujak	
Teng Wei Ann Adrian	
Tang Saw Hua	
Datuk Syed Zaid bin Syed Jaffar Albar	

Audit Committee

Tang Saw Hua	Chairperson
Tan Sri Dato' Sulaiman bin Sujak	
Teng Wei Ann Adrian	

Remuneration Committee

Haslam Preeston	Chairman
Tan Sri Dato' Sulaiman bin Sujak	
Tang Saw Hua	

Nominating Committee

Tan Sri Dato' Sulaiman bin Sujak	Chairman
Haslam Preeston	
Tang Saw Hua	

Secretaries

Yeap Kok Leong
Lim Hooi Mooi
Ong Wai Leng

Auditors

PricewaterhouseCoopers PLT
Chartered Accountants

Registrar

Tricor Investor & Issuing House Services Sdn. Bhd.
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone : 03-2783 9299
Facsimile : 03-2783 9222

Registered Office

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Telephone : 03-2783 9191
Facsimile : 03-2783 9111

Administration and Polling Agent

Boardroom Corporate Services (KL) Sdn. Bhd.
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Contact Person : Cheryl Leong
Telephone : 03-7720 1022
Facsimile : 03-7720 1111

Website

www.cyclecarriage.com.my

Chairman's Statement

Overview

The Group had a challenging year as intense competition led to significant reductions in unit sales and earnings. Following a review of the Group's strategic positioning, there is a renewed focus on enhancing profitability and investing in the network to improve the customer experience.

Performance

The Group's revenue for the year ended 31 December 2017 decreased by 4% to RM1.4 billion. An overall net loss of RM12.5 million was recorded after accounting for dividend income of RM11.2 million from the investment in Mercedes-Benz Malaysia ("MBM"), compared to an overall net profit of RM38.4 million in 2016.

Mercedes-Benz trading operations faced intense competition during the year and produced a loss of RM23.7 million for 2017, compared to a profit of RM27.2 million in 2016. Unit sales were 10% lower and margins were reduced. Demand for key models was also lower, with a shift in the model mix from S-Class to the lower margin C, GLA and GLC-Classes, while demand for the new E-Class CKD was below expectations. The decline in earnings was further exacerbated by losses suffered by the Group as a result of an unprecedented flood in Penang, which are subject to compensation claims from the Group's insurers. Operating expenses also increased. The Group's after-sales division continued to perform well as it benefited from increased throughput.

The Group's net debt increased to RM216.3 million at the end of December 2017, compared to RM100.4 million at the end of 2016, mainly due to higher working capital requirements and land purchased for the development of a new showroom in Kuala Lumpur.

No interim dividend was declared during the year (2016: Nil) and, in view of the prevailing trading conditions and investment in developing the business, the Board is not recommending a final dividend (2016: 5 sen per share) for the financial year ended 31 December 2017.

People

I would like to thank the management team and our staff, for their dedication and hard work during a very difficult period. I also wish to thank our customers, shareholders and business partners for their continued support.

Prospects

Trading conditions are likely to remain challenging in the year ahead as the current uncertain economic environment is expected to continue. Steps are being taken to enhance profitability over the medium term, with a commitment to required investment in people, systems and sites.

Haslam Preeston
Chairman
28 February 2018

Penyata Pengerusi

Tinjauan Menyeluruh
Kumpulan telah mengharungi tahun yang mencabar dengan persaingan yang sengit sehingga mengakibatkan pengurangan unit jualan dan pendapatan. Berikutan pertimbangan tentang kedudukan strategik Kumpulan, fokus baharu untuk meningkatkan keuntungan dan pelaburan dalam rangkaian untuk mempertingkatkan pengalaman pelanggan.

Prestasi
Perolehan Kumpulan bagi tahun berakhir 31 Disember 2017 menurun sebanyak 4% kepada RM1.4 bilion. Secara keseluruhan kerugian bersih sebanyak RM12.5 juta selepas mengambilkira pendapatan dividend sebanyak RM11.2 juta daripada pelaburan dalam Mercedes-Benz Malaysia (“MBM”), berbanding keuntungan bersih keseluruhan berjumlah RM38.4 juta pada tahun 2016.

Operasi perdagangan Mercedes-Benz berhadapan dengan persaingan sengit pada tahun ini dan mengalami kerugian sebanyak RM23.7 juta bagi 2017, berbanding keuntungan RM27.2 juta pada 2016. Jualan unit 10% lebih rendah dan margin juga telah berkurang. Permintaan terhadap model utama juga lebih rendah, dengan peralihan dalam campuran model daripada S-Class kepada C, GLA dan GLC-Class yang mempunyai margin yang lebih rendah. Sementara itu, permintaan terhadap CKD E-Class juga lebih rendah daripada jangkaan. Penurunan pendapatan dijejaskan lagi oleh kerugian yang dialami oleh Kumpulan akibat kejadian banjir di Pulau Pinang yang julung kali berlaku, tertakluk kepada tuntutan pampasan daripada penginsuran Kumpulan. Perbelanjaan operasi juga telah meningkat. Bahagian selepas jualan Kumpulan terus menampilkan keputusan yang baik, selepas mendapat manfaat daripada bilangan kereta diservis yang semakin meningkat.

Hutang bersih Kumpulan meningkat kepada RM216.3 juta pada akhir Disember 2017, berbanding RM100.4 juta pada akhir 2016, disebabkan terutamanya oleh keperluan modal kerja yang lebih tinggi dan tanah yang dibeli untuk pembangunaan bagi bilik pameran baharu di Kuala Lumpur.

Tiada dividen interim yang diisytiharkan pada tahun ini (2016:Tiada) dan memandangkan keadaan perdagangan semasa dan pelaburan untuk membangunkan perniagaan, Lembaga Pengarah tidak mengesyorkan dividen akhir (2016: 5 sen sesaham) bagi tahun kewangan berakhir 31 Disember 2017.

Penghargaan
Saya ingin mengucapkan terima kasih kepada pasukan pengurusan dan kakitangan atas dedikasi dan kegigihan yang ditampilkan dalam tempoh yang sangat sukar ini. Saya juga ingin mengucapkan terima kasih kepada para pelanggan, pemegang saham dan rakan perniagaan atas sokongan mereka yang berterusan.

Prospek
Keadaan perdagangan dijangka kekal mencabar pada tahun akan datang kerana keadaan ekonomi yang tidak menentu sekarang, dijangka akan berterusan. Pelbagai langkah sedang diambil untuk mempertingkatkan keuntungan dalam tempoh sederhana dengan komitmen pelaburan dalam modal insan, sistem dan tapak yang diperlukan.

Haslam Preeston
Pengerusi
28 Februari 2018

Management Discussion and Analysis

Company profile
CCB is listed on Bursa Malaysia and is principally involved in the retailing and after-sales servicing of Mercedes-Benz passenger cars and commercial vehicles. It has the largest Mercedes-Benz passenger car dealer network in Malaysia with the largest network coverage in Malaysia, comprising eight 3S (sales, spare parts and after-sales services), two 2S (spare parts and after-sales services) and two 1S (sales) outlets. The Group's flagship body and paint repair centre at Batu Caves is among the highest ranking Centre of Competence for collision repairs globally, having achieved a perfect score in the recent re-certification audit by Daimler AG.

Objectives and strategies
The Group aims to become the partner of choice by delivering a superior proposition to both customers and its principal, MBM. We intend to achieve this by focusing on delivering a customer-centric experience. The Group will also continue to embark on its refurbishment and expansion plans to support MBM's network development. These initiatives are aimed at enhancing the Group's financial position and performance moving forward.

Highlights

- In support of MBM's network development, the Group opened Cheras 3S outlet in Q1 2017. This new facility enables the Group to expand its after-sales services to customers in the southern Klang Valley region.

- The Group completed the RM59.8 million acquisition of a 4,240 sq metre site at Sungai Besi, Kuala Lumpur. Earmarked for a 3S outlet, the site is important due to its strategic location in proximity to the Bandar Malaysia development. It is also prominently positioned along the main road and visible from the highway.

- The Group's commitment to provide the highest level of after-sales service quality was recognised by MBM in 2017. The Group achieved the top and third spots for the National Service Excellence Awards.

- To enhance the commercial vehicles customer experience, the Group completed a new commercial vehicle 3S outlet in Gopeng, Perak in January 2018. The Group has since relocated its commercial vehicle business from the Ipoh 3S outlet to the new Gopeng facility. It is strategically located on the main road between the entry from the North-South Expressway of Simpang Pulai and Gopeng, with high visibility.

2017 Performance
The Malaysian automotive market remained subdued in 2017, despite the recovery in the economy. For the second consecutive year, the total industry volume ("TIV") decreased, albeit at a lower 0.6% as compared to the previous year. The TIV reduced to approximately 576,600 units from approximately 580,000 units in 2016. This was primarily due to a decrease in commercial vehicles, as sales of passenger cars in 2017 were largely unchanged at approximately 514,700 units. Despite aggressive promotions and marketing campaigns by automotive dealers, consumers remained cautious. Sales of Mercedes-Benz passenger cars grew by 2% to approximately 12,000 units, enabling the marque to maintain its leadership position in the luxury market.

The Group's revenue declined by 4% to RM1.4 billion during the financial year due to the lower number of vehicle units sold, partly offset by stronger performance in the after-sales division. A total of approximately 4,400 Mercedes-Benz passenger cars and commercial vehicles were sold, 10% lower than the previous year. The Group's after-sales division continued to grow steadily with approximately 72,000 vehicles serviced, a 16% increase in throughput from 2016.

Key operational indicators

	2017	2016	2015
Vehicles sold (units)	4,400	4,900	4,600
Throughput (units)	72,000	62,000	52,000
Gross profit margin (%)	6.8%	8.8%	9.2%
No. of employees	794	740	629

Gross profit decreased by 26% to RM96.0 million in 2017 while the gross profit margin declined from 8.8% to 6.8%. The lower gross profit margin was due primarily to a change in sales mix in favour of lower priced and lower margin vehicles as well as higher discount due to increased competitive intensity. In 2017, the Group sold 56% fewer S-Class vehicles at reduced margin as the model reached the end of its product life cycle since it was launched in 2014. The decline in earnings was further exacerbated by losses suffered by the Group as a result of an unprecedented flood in Penang, which are subject to compensation claims from the Group's insurers. The decline in earnings was partly offset by the positive response from the locally-assembled E350e plug-in hybrid which benefited from government incentives for locally-assembled hybrid cars and was introduced to the market in October 2017.

Other operating income at RM22.8 million which was little changed from the previous year, comprised the dividend income of RM11.2 million received from MBM, insurance agency commissions, rental income and interest income.

Selling and distribution costs increased by 25% to RM100.7 million mainly due to higher staff costs, repair and maintenance costs, marketing and promotion expenses, and higher bad debts provision. Administrative expenses increased by 40% to RM28.8 million. This was mainly due to an increase in staff costs as well as professional fees.

The Group recorded an operating loss of RM10.6 million, compared to an operating profit of RM53.0 million in the previous year.

Finance cost comprising interest expense on borrowing was 53% higher at RM6.4 million as a result of higher borrowings due to the acquisition of the Sungai Besi site and higher working capital requirements.

The Group recorded a loss after tax of RM23.7 million as compared to a profit after tax of RM27.2 million from its trading operations. The loss after tax attributable to shareholders was RM12.5 million, after accounting for dividend income received from MBM, compared to a profit after tax of RM38.4 million in the previous year.

Financial Position and Liquidity

Property, plant and equipment increased by RM63.7 million to RM158.6 million at the end of 2017, mainly due to the acquisition of the Sungai Besi site. Trade and other receivables increased by 23% to RM92.6 million as more vehicles were sold towards the end of the year while inventories increased marginally.

The Group's net borrowings increased by RM115.9 million to RM216.3 million as at the end of 2017, largely due to the acquisition of the Sungai Besi site and higher working capital requirements. The Group's gearing ratio increased from 35% at the end of the previous year to 80% as at the end of 2017. During the year, the Group has secured financing facilities of RM180.0 million to support its planned refurbishment and expansion plans. Overall, the Group's funding arrangements are designed to maintain an appropriate balance between equity and debt, both short and long term, to give flexibility to grow the business.

Outlook

Notwithstanding that the Malaysian economy is forecast to grow by 5% to 5.5%, the outlook for the vehicle market in 2018 is expected to remain subdued. The Malaysian Automotive Association projects TIV to grow by 2% to approximately 590,000 units in 2018 as rising cost of living remains a key concern for consumers. High household debt levels and the continuation of strict lending guidelines for hire purchase loans by financial institutions will also reduce the number of car buyers.

Board of Directors

Haslam Preeston
Chairman
Mr. Preeston, male, aged 41, an Australian, joined the Board on 21 February 2014 as a Non-Independent Non-Executive Director and, with effect from 19 April 2016, was appointed as Chairman of the Board, Chairman of the Remuneration Committee and a member of the Nominating Committee. He is the Regional Managing Director of Jardine Cycle & Carriage Limited, and is responsible for overseeing the Group's motor operations in Singapore, Malaysia, Myanmar and Indonesia (excluding those held by Astra). He is also a Commissioner of PT Tunas Ridean Tbk. Following an early career in the British army, he joined Jardine Matheson in 2001 where he undertook various roles in Jardine Wines & Spirits, Jardine Motors, Jardine Matheson Limited and Hongkong Land, in which time he was based in Beijing, Macau, Hong Kong and Indonesia. He currently sits on the Board of the British Chamber of Commerce in Singapore and was its Chairman in Indonesia from 2011 to 2014. Mr. Preeston has a Bachelor of Arts (War Studies) from King's College London, University of London and a Master of Arts (Chinese Studies) from the School of Oriental and African Studies, University of London.

Rossana Annizah binti Ahmad Rashid
Deputy Chairman
Ms. Rossana, female, aged 52, a Malaysian, joined the Board on 19 April 2016 as Non-Independent Non-Executive Director. She was appointed as Deputy Chairman on the same date. She is currently the Country Chairman of Jardine Matheson Group of Companies in Malaysia. Ms. Rossana is an Independent Non-Executive Director of IHH Healthcare Berhad ("IHH"). She serves on the boards and certain Board Committees of IHH subsidiaries, namely Parkway Pantai Limited and Acibadem Saglik Yatirimlari Holding A.S. Group. She is also a Non-Executive Director of Parkway Trust Management Limited ("PTM"), an indirect wholly-owned subsidiary of IHH. PTM manages Parkway Life Real Estate Investment Trust which is listed on the Singapore Exchange Securities Trading Limited. She concurrently serves as a member of the Investment Panel and the Investment Panel Risk Committee of Malaysia's Employees Provident Fund. She is currently also a Director of Asas Klasik Sdn. Bhd., edotco Group Sdn. Bhd. and Celcom Axiata Berhad. Prior to her current roles, Ms. Rossana was a career professional holding leadership positions in the telecommunication and banking sectors. She previously served in various senior management roles with TIME dotCom Berhad, Maxis Berhad, and RHB Bank Berhad, after beginning her banking career with Citibank Malaysia. With a combined 30 years of experience, Ms. Rossana has broad experience in business strategy, identifying sustainable monetisation models, understanding customers and competition, as well as the need for reviewing monetisation models focusing on both revenue management and cost management. Ms. Rossana graduated in Bachelor of Arts in Banking and Finance from Canberra College of Advanced Education, Australia (now known as University of Canberra).

Tan Sri Dato' Sulaiman bin Sujak
Tan Sri Dato' Sulaiman, male, aged 84, a Malaysian, joined the Board as an Independent Non-Executive Director on 24 February 2003. He was appointed as Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee on 26 April 2008, and was appointed as Senior Independent Non-Executive Director on 21 April 2017. He has been with HSBC Bank Malaysia Berhad since 1989 and was an Executive Director and Advisor from January 1994 to March 2004. He was a Non-Executive and Independent Director of HSBC Bank Malaysia Berhad until April 2014. A graduate of Royal Air Force College, Cranwell, England, Tan Sri Dato' Sulaiman served both the Royal Air Force and the Royal Malaysian Air Force and was the first Malaysian Air Force Chief. He was an Advisor (now known as Assistant Governor) of Bank Negara Malaysia and was the Commercial Director of Kumpulan Guthrie Berhad. He was also the Deputy Chairman of Malaysian Airline System Berhad for 24 years.

Tan Sri Dato' Sulaiman will not be seeking re-election and will retire upon the conclusion of the forthcoming Annual General Meeting.

Teng Wei Ann Adrian
Mr. Adrian Teng, male, aged 46, a Singaporean, joined the Board on 19 April 2016 as a Non-Independent Non-Executive Director and a member of the Audit Committee. Mr. Teng was appointed Group Finance Director of Jardine Cycle & Carriage Limited on 1 April 2016. He is also a board director of Siam City Cement Company and a commissioner of Astra International. He joined Jardine Matheson in 2010 in Hong Kong as Group Treasurer. He was previously from Alvarez & Marsal, where he had been a Senior Director in the Financial Industry Advisory Services Division in London. Prior to that, he worked with ABN AMRO and Citibank in London, Shanghai, Tokyo and New York. Mr. Teng holds a Master of Science in Public Policy and Management from the School of Oriental and African Studies, University of London, UK, a Master of Business Administration from University of Illinois at Urbana-Champaign, USA, and a Bachelor of Science, summa cum laude from Creighton University, USA. He is a member of the Association of Corporate Treasurers, UK and Association for Financial Professionals, USA.

Tang Saw Hua
Ms. Tang, female, aged 58, a Malaysian, joined the Board on 17 February 2017 as an Independent Non-Executive Director. She is the Chairperson of the Audit Committee and a member of Nominating Committee and Remuneration Committee. Ms. Tang is a member of both the Malaysian Institute of Certified Public Accountants and the Malaysian Institute of Accountants. Ms. Tang's last executive position held was as the Group CFO of Destination Resorts and Hotels Sdn. Bhd., a wholly owned subsidiary of Khazanah Nasional Berhad. Prior to that she was the Head of Finance Division in Edaran Otomobil Nasional Berhad from 1993 to 2007 and General Manager of Finance Division of Proton Edar Sdn. Bhd. from 2009 to 2010. She was also the Group Financial Controller of the Oil and Gas Division in UMW Holdings Bhd. and the Senior General Manager of Integrated Petroleum Services Sdn. Bhd.

Datuk Syed Zaid bin Syed Jaffar Albar
Datuk Syed Zaid, male, aged 63, a Malaysian, joined the Board on 9 March 2018 as an Independent Non-Executive Director. Graduated from the United Kingdom as a barrister, he was admitted as an advocate and solicitor of the High Court of Malaya in 1980. He has over 37 years experience in active legal practice and he is the Managing Partner of a law firm in Kuala Lumpur. He is currently a Director of Malaysian Pacific Industries Berhad, Yinson Holdings Berhad, Encorp Berhad and Motorsports Association of Malaysia, and is also a member of the Appeals Committee of Bursa Malaysia Berhad.

Chan Tze Choong Eric
Mr. Chan, male, aged 48, a Singaporean, is an alternate Director to Mr. Preeston since 24 July 2014. He is the Managing Director – Cycle & Carriage Singapore, and is responsible for JC&C's motor operations in Singapore. He has been with Cycle & Carriage Industries since 1995 and has held various positions. Prior to his current appointment, he was the Chief Operating Officer of Cycle & Carriage Industries, which is engaged in the retail and after-sales service of Mercedes-Benz vehicles. He has spent the last 24 years in the field of sales and marketing. He graduated from the National University of Singapore with a Bachelor degree in Arts and Social Science, majoring in Economics and Sociology and has completed the Accelerated Development Programme at the London Business School.

CHIEF EXECUTIVE OFFICER ("CEO")

Wilfrid Foo Tsu-Jin
Mr. Wilfrid Foo, male, aged 40, a Singaporean, joined CCB as CEO in May 2017. Prior to his current appointment, Mr. Foo was a Business Executive Officer at a multinational FMCG company where he had previously held senior roles in brand management, marketing, sales, account management, global change projects, and was based in Singapore, Switzerland, China and Malaysia. He has an Executive Masters of Business Administration from Rutgers State University of New Jersey and a Bachelor of Business degree from Monash University, Melbourne. He does not hold any interest in CCB.

None of the Directors and CEO have any family relationships with any Directors and/or substantial shareholders; any conflict of interest with the Company and any convictions for offences within the past 5 years other than traffic offences.

Corporate Governance Overview Statement

The Board of Directors ("the Board") fully supports the recommendations of the Malaysian Code on Corporate Governance 2017 ("Code") which sets out the broad principles, intended outcomes, guidance and recommendations for good corporate governance and best practices for listed companies.

The Board is committed to applying the recommendations of the Code to ensure that good corporate governance is practised throughout the Group to effectively discharge its responsibilities to protect and enhance shareholders' value. The Group's corporate governance practices are continually reviewed and where there might be departures from the principles set out in the Code, efforts will be made to review these practices with a view to compliance.

The Company has in place a Board Charter that sets out, among others, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationships of the Board with the Company's Management and shareholders. The Board Charter can be accessed on the Company's website at **www.cyclecarriage.com.my**.

This statement sets out generally the Group's compliance with the recommendations in the Code for the financial year ended 31 December 2017, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each practice set out in the Code during the financial year ended 31 December 2017, please refer to the Corporate Governance Report on **www.cyclecarriage.com.my**.

A. DIRECTORS

The Board of Directors

The Board has overall responsibility for the strategic direction of the Group. The Board meets regularly to review corporate strategies, operations and performance of business units within the Group. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

Having regard to their responsibilities and obligations, the Board will direct and supervise the management of the business and affairs of the Group including:

(i) ensuring that the Group's goals are clearly established and that a strategic plan which promotes sustainability is in place to achieve them;

(ii) establishing policies for strengthening the performance of the Group including ensuring that Management is proactively seeking to build the business;

(iii) adopting performance measures to monitor implementation and performance of the strategies, policies, plans and legal and fiduciary obligations that affect the business;

(iv) overseeing the conduct of the Group's business to evaluate whether the business is being properly managed;

(v) ensuring that the Group has an appropriate business risk management process, including an adequate control environment which covers the internal control systems and management information systems;

(vi) ensuring that there is in place an appropriate succession plan for members of the Board and Senior Management; and

(vii) ensuring that there is in place an appropriate investor relations and communications policy which encourages shareholders' participation at general meetings and promotes effective communication and proactive engagements with shareholders.

The Jardine Group adopts an annual staff planning process. In the context of the Company, the discussion takes place at JC&C Group level, in consultation with JC&C Regional Director – Human Resources ("HR"). The CEO and Regional Director – HR will evaluate the bench-strength of core and/or mission-critical positions and identify and review the flight risk and development opportunities of the Company's key management staff during the annual assessment process. Such process is done in tandem with the business strategy and imperatives over a midterm period, with tactical plans reviewed annually for relevance.

Meetings

During the financial year ended 31 December 2017, four Board meetings were held. The record of attendance of the Board members is set out below:

Directors	Designation	Attendance
Haslam Preeston	Chairman and Non-Independent Non-Executive Director	4/4
Rossana Annizah binti Ahmad Rashid	Deputy Chairman and Non-Independent Non-Executive Director	3/4
Tan Sri Dato' Sulaiman bin Sujak	Senior Independent Non-Executive Director	4/4
Teng Wei Ann Adrian	Non-Independent Non-Executive Director	3/4
Tang Saw Hua*	Independent Non-Executive Director	4/4
Vimala Menon**	Independent Non-Executive Director	2/2

* Tang Saw Hua was appointed as an Independent Non-Executive Director on 17 February 2017.

** Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

Board Committees
The Board has delegated specific responsibilities to three Board Committees, namely the Audit, Remuneration and Nominating Committees. These Committees have the authority to deal with particular issues and report to the Board with their recommendations, if any. The ultimate responsibility for the final decision on the recommendations lies with the entire Board.

Board Balance
As at 31 December 2017, the Board had five members, comprising two Independent Non-Executive Directors and three Non-Independent Non-Executive Directors. Together, the Directors bring a wide range of business and financial experiences relevant to the direction and objectives of the Group. A brief description of each Director's profile is presented in pages 8 to 9 of the Annual Report.

A clear division of responsibility between the Chairman and the CEO exists to ensure a balance of power and authority. Formal position descriptions for the Chairman and the CEO outlining their respective roles and responsibilities are set out in the Board Charter. In the event that the Group does not have a CEO, the Chief Operating Officer or such other person appointed by the Board shall have overall charge of the Group to the extent determined by the Board. The division of responsibilities between the Chairman and the CEO is reviewed annually by the Nominating Committee.

The composition of the Board is further balanced by the presence of Independent Non-Executive Directors. Although all Directors have equal responsibility for the Group's business directions and operations, the role of these Independent Non-Executive Directors is particularly important in ensuring that the strategies proposed by the Management are fully discussed and evaluated, having considered the long term interests of all interested parties, including shareholders, employees, customers, suppliers and the community as a whole.

Practice 4.1 of the Code states that at least half of the Board should comprise Independent Directors. During the financial year ended 31 December 2017, less than half of the Board was made up of Independent Directors. On 9 March 2018, a new Independent Director, Datuk Syed Zaid bin Syed Jaffar Albar, joined the Board taking the proportion of Independent Directors to meet the best practice advocated under Practice 4.1. The Board will continue to monitor and review the Board size and composition as may be needed.

Practice 4.2 of the Code states that the tenure of an Independent Director should not exceed a cumulative term of nine years. Upon completion of the nine years, an Independent Director may continue to serve on the Board as a Non-Independent Director. If the Board intends to retain an Independent Director beyond nine years, annual shareholders' approval will be sought for the retention.

Tan Sri Dato' Sulaiman bin Sujak has served on the Board for more than nine years and as the Chairman of the Nominating Committee has abstained from any deliberations or voting pertaining to his own independence at the Nominating Committee and Board levels. Tan Sri Dato' Sulaiman bin Sujak will not be seeking re-election and will retire upon the conclusion of the forthcoming AGM of the Company. Ms. Tang Saw Hua, who is the current Chair of the Audit Committee, will be appointed as the new Senior Independent Director in place of Tan Sri Dato' Sulaiman bin Sujak. Datuk Syed Zaid bin Syed Jaffar Albar will be appointed as the new Chair of the Nominating Committee as well as a member of the Audit Committee and the Remuneration Committee in place of Tan Sri Dato' Sulaiman bin Sujak.

Supply of Information
The Management is duty bound to furnish the Board with all material information for the Board to discharge its responsibilities. In order for the Board to function effectively, matters for the Board's consideration are presented to all the Directors with sufficient time to enable the Directors to examine the issues and to obtain further explanation where necessary.
As a general rule, Board papers are circulated for the Directors' review at least five days prior to any scheduled Board meeting. The Board papers include, among others, the following:
- Minutes of previous Board meeting
- Minutes of meetings of Committees of the Board
- Directors' Circular Resolutions
- Monthly performance report of the Group
- Operational matters
- Financial matters
- Funding requirements
- Business strategy matters
- Project papers
- Schedule of Board and Committee meetings

There is a schedule of matters reserved specifically for the Board's decision, including the approval of corporate plans and budgets, acquisition and disposal of major assets, major investments, changes to the Management and control structure of the Group and issues in respect of key policies, procedures and authority limits.

Corporate Governance Overview Statement

The Board has also approved a procedure for Directors, whether as a full Board or in their individual capacities, to take independent advice, where necessary, at the Group's expense in furtherance of their duties.

CCB has appointed three qualified named secretaries for the Company and its subsidiaries. All secretaries are members of Malaysian Institute of Chartered Secretaries and Administrators ("MAICSA") and they play a supportive role by ensuring adherence to the Board policies and procedures from time to time.

All Directors have access to the advice and services of the Company Secretary.

The roles and responsibilities of the Company Secretary are as follows:

(i) advise the Board and the Management on corporate governance issues;

(ii) ensure compliance of listing and related statutory obligations under Companies Act 1965, which was repealed on 31 January 2017 and Companies Act, 2016 ("the Act"), which came into effect on 31 January 2017, respectively, BMSB Main Market Listing Requirements and Capital Market and Services Act 2007;

(iii) ensure that Board procedures follow the applicable rules and regulations and that such procedures for the conduct of the affairs of the Board are complied with;

(iv) attend the Board, Board Committee and general meetings, and ensure the proper recording of minutes;

(v) ensure proper upkeep of statutory registers and records of the Company; and

(vi) assist the Chairman in the preparation for and conduct of meetings.

Practice 7.2 of the Code states that the Company should disclose on a named basis the top five Senior Management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000. The Board is in a view that such disclosure will give rise to recruitment and talent retention issues. Aggregate remuneration for key Senior Management personnel for the financial year ended 31 December 2017 is available in the Statutory Financial Statements in page 81 of the Annual Report.

Appointments to the Board

The Code endorses, as good practice, a formal procedure for appointments to the Board, with a Nominating Committee making recommendations to the Board. The Code, however, states that this procedure may be performed by the Board as a whole, although, as a matter of best practice, it recommends that this responsibility be delegated to a committee.

The Board has adopted the best practice and the Nominating Committee has been given the responsibility to evaluate candidates and recommend new appointments to the Board.

The Board takes note of Practice 4.5 of the Code pertaining to the need to establish a policy formalising the approach to boardroom diversity and to set targets and measures for the adoption of the said recommendation.

While the Board does not have an established policy (or targets or measures), it gives consideration to each candidate's gender, ethnicity, age and nationality, in addition to each candidate's skills, experience and core competencies, as well as what each quality brings to the Board in deciding Board membership. The Board is committed to diversity and has an equal opportunity policy where there are no barriers by reason of a candidate's gender, ethnicity, age and nationality. As at 31 December 2017, the Board had two female Directors making 40% of the Board.

The Nominating Committee reviews each proposal for the appointment of a new member to the Board. The candidate will be assessed for his or her suitability and potential contribution to the Board, taking into account the existing competencies, knowledge and experience of the other Board members. After considering factors such as the candidate's professional qualifications, business experience and capabilities, suitable candidates will be nominated to the Board for approval. Practice 4.6 of the Code recommends that the Board does not rely only on recommendations from existing board members, management or major shareholders. The Board is encouraged to utilise independent sources to identify suitable qualified candidates.

A summary of the activities of the Nominating Committee in the discharge of its duties for the financial year ended 31 December 2017 are set out in the Statement of Nominating Committee in pages 23 to 24 of the Annual Report.

Policy on External Appointments
The Group recognises that its Directors may be invited to become Directors of other companies and that exposure to other organisations can broaden the experience and knowledge of its Directors which will benefit the Group. Directors are therefore at liberty to accept other board appointments so long as such appointments are not in conflict with the business of the Group and do not adversely affect the Directors' performance as a member of the Board. All such appointments must first be discussed with the Chairman of the Board before being accepted.

In addition, the Directors are required to disclose and update their directorships and shareholdings in other companies as and when necessary. The Board confirms that all Directors do not exceed five directorships in listed issuers in Malaysia.

Directors' Training
As an integral part of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation programme for new Board members to familiarise themselves with the CCB's businesses, their roles and responsibilities. From time to time, Directors also receive further training on developments which may have a bearing on their duties and contribution to the Board, from professional bodies, regulatory institutions and corporations.

In their effort to keep abreast with the changes in the industry, legislation and regulations affecting the Company, the Directors have in the course of the financial year ended 31 December 2017 attended various programmes covering areas such as financial reporting, economy, governance and strategic planning which included the following:
- Acibadem Altunizade Hospital Operation Tour
- Addressing Key Challenges of Future: A Built Environment Perspective
- Annual Direct Motor Interests Conference
- Briefing on Clinical Governance
- Cambodia Country Briefing
- Company Law 2016
- Corporate Governance Breakfast Series with Directors: "Board Excellence: How to Engage and Enthuse Beyond Compliance with Sustainability"
- Corporate Governance Breakfast Series with Directors: Integrating an Innovation Mindset with Effective Governance
- Corporate Governance Breakfast Series with Directors: "Leading Change @ The Brain"
- Defining Luxury in Singapore
- Direct Motor Interests Regional Strategy Workshop
- Drivers of Growth in Asia: Urbanisation
- EPF Investment Seminar 2017
- Employer Value Proposition (EVP) Workshop
- FINTECH seminar on "The Future of Initial Coin Offerings"
- Growing Affluence in Asia: Lux in flux
- Implications on IHH Healthcare Berhad following the implementation of the Act
- Innovate Jardines Motor Challenge: Best Practice Workshop
- Jardines Employer Brand Workshop
- Khazanah Megatrends Forum 2017 "Cerebrum x Algorithm"
- Kia Distributors' Convention
- Malaysian Code on Corporate Governance
- Mandatory Accreditation Programme
- Marketing 360 Series: Rethinking E-commerce Marketing & Strategies
- Mercedes-Benz Product Forum
- Mindfulness for Better Decisions
- Orchestrating Winning Performance
- PPL Quality Summit "Creating New Frontiers, Together As One"
- Product Forum 2017 for Mercedes-Benz Passenger Car, Stuttgart, Germany
- Seminar on Committee of Future Economy Recommendations
- Singapore Perspectives: What If?
- SID-SMU Directorship Program (Module 5): Strategic Corporate Social Responsibility and Investor Relations
- SMU-SID Executive Diploma in Directorship (Module 3): Finance for Directors
- Thought Leadership Session 2017
- Training by HarbourVest Partners (Asia) Limited
- Training & Test-Drive on New Eclipse Cross SUV on-road circuit course, Tokyo
- Transitioning from traditional to digital - Esplanade case-study
- UBS Indonesia Conference

The Board confirms that all Directors attended training during the financial year ended 31 December 2017.

Re-election and Appointment of Directors
In accordance with the CCB's Constitution, all new Directors who are appointed by the Board are subject to re-election by shareholders at the AGM following their appointment. The CCB's Constitution also provides that at least one-third of the remaining Directors are subject to re-election by rotation at each AGM and all Directors are to offer themselves for re-election once every three years. The Nominating Committee also makes recommendations to the Board on the re-election of the Directors.

In accordance with the CCB's Constitution, Haslam Preeston retires by rotation at the forthcoming AGM and being eligible, offers himself for re-election.

Corporate Governance Overview Statement

Tan Sri Dato' Sulaiman bin Sujak will not be seeking re-election and will retire upon the conclusion of the forthcoming AGM of the Company. His retirement would not affect the Board's composition in accordance to the Listing Requirements of BMSB. Datuk Syed Zaid bin Syed Jaffar Albar has been appointed as an Independent Non-Executive Director with effect from 9 March 2018.

B. DIRECTORS' REMUNERATION

The Group is guided by the objectives as recommended by the Code to determine the remuneration for Directors. Remuneration packages of the Management are structured so as to link rewards to the achievement of corporate and individual performance. In the case of Non-Executive Directors, the level of remuneration reflects the level of responsibilities undertaken by such Directors.

Remuneration Procedure
The Board agrees that a well-designed remuneration policy is critical to attract, retain and motivate Directors and the Management. The Remuneration Committee recommends to the Board the framework of executive remuneration and its cost, including the remuneration package for the CEO. The Remuneration Committee also recommends the framework of fees payable to Non-Executive Directors. The Remuneration Committee may draw on the expertise of consultants before making recommendations to the Board. The final decision on any remuneration package offered to the CEO and the fees payable to Non-Executive Directors is the responsibility of the entire Board.

Remuneration Committee
As at 31 December 2017, the members of the Remuneration Committee are:
- Haslam Preeston – Chairman (Non-Independent Non-Executive Director)
- Tan Sri Dato' Sulaiman bin Sujak (Senior Independent Non-Executive Director)
- Tang Saw Hua (Independent Non-Executive Director)

The Remuneration Committee met twice during the financial year ended 31 December 2017 and details of attendance of members of the Remuneration Committee are as follows:

Directors	Attendance
Haslam Preeston (Chairman)	2/2
Tan Sri Dato' Sulaiman bin Sujak	2/2
Tang Saw Hua	2/2
Vimala Menon*	1/1

* Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

Remuneration Structure
The remuneration structure of Directors and the Management is as follows:

(i) Basic Salary
The Remuneration Committee recommends the annual basic salary of the CEO after having considered his performance. In the evaluation process, consideration is given to the salary scales for similar jobs in the industry.

(ii) Directors' Fees
Directors' fees are only payable to Non-Executive Directors. The Remuneration Committee recommends the framework of Directors' fees to the Board. The fees structure is determined after a study of comparable organisations' practices or available professional studies/surveys as well as the level of responsibilities involved.

Non-Executive Directors receive annual fixed fees based on the tenure of directorship and attendance fees based on attendances at Board and Board Committee meetings. The fees are paid quarterly in arrears.

(iii) Bonus Scheme
The Group operates a bonus scheme for all employees, including the CEO. The qualification and eligibility for the scheme is linked to the performance of the Group's business activities and an assessment of the employee's individual performance and contribution. The CEO's bonus is dependent on the level of profit achieved for the Group's business activities against targets, together with an assessment of his performance during the year. Bonus payable to him is reviewed by the Remuneration Committee and approved by the Board.

(iv) Benefits in Kind
Other customary benefits (such as car, driver, club membership, allowances) are made available as appropriate.

(v) Employees Provident Fund
Contributions are made to the Employees Provident Fund, the national mandatory defined contribution plan. The rate of contribution is above the mandatory requirement in accordance with the Group's employment scheme and is available to all executive employees.

(vi) Service Contract
There is currently no service contract with any Director.

Directors' Remuneration
Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2017 is shown in the following table:

Directors	Directors' fees RM'000
Haslam Preeston	84*
Rossana Annizah binti Ahmad Rashid	43**
Tan Sri Dato' Sulaiman bin Sujak	78
Teng Wei Ann Adrian	57*
Tang Saw Hua	78
Vimala Menon^	40
Total	**380**

* Director's fees paid to Jardine Cycle & Carriage Limited.
** Director's fees paid to Jardine Matheson (Malaysia) Sdn. Bhd.
^ Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

C. SHAREHOLDERS

The Board recognises the importance of maintaining an effective communications policy that enables both the Board and the Management to communicate effectively with investors, stakeholders and the general public.

Dialogue between the Company and Investors
The Company adheres strictly to the disclosure requirements under the Main Market Listing Requirements of BMSB. Results of the Group are announced quarterly to BMSB via BursaLink. Material transactions and events are also announced accordingly.

Investor information of the Company, the Annual Report, Board Charter and Code of Conduct can be accessed on the Company's website at **www.cyclecarriage.com.my**.

AGM
At each AGM, the Board presents to the shareholders the performance of the business for the financial year. The Chairman, the Directors and Senior Management are available to respond to shareholders' questions during the AGM.

Items of special business included in the notice of AGM will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution where appropriate.

In line with the amendments to Main Market Listing Requirement of BMSB, the Company implemented poll voting for all resolutions set out in the Notice of AGM held during the financial year ended 31 December 2017 and appointed a scrutineer to validate the votes cast at the AGM.

D. ACCOUNTABILITY AND AUDIT

Financial Reporting
In presenting the annual financial statements to shareholders and the announcements of quarterly financial results, the Board aims to present a balanced assessment of the Group's position and prospects.

The Audit Committee assists the Board in overseeing the financial statements to ensure that the financial statements give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Act.

The Audit Committee reviews and deliberates on matters and issues pertaining to the annual financial statements prior to recommending the same for approval by the Board and issuance to shareholders.

Risk Management and Internal Control
The Board acknowledges its responsibility for the Group's system of internal controls which covers financial controls, operational and compliance controls as well as risk management.

The Audit Committee reviews the overall scope of the Group's internal audit. The Audit Committee meets with the Group's Internal Auditors to discuss the results of their examinations and their evaluation of the system of internal controls of the Company and its subsidiaries.

The Statement on Risk Management and Internal Control furnished in pages 18 to 20 of the Annual Report provides an overview of the state of internal controls within the Group.

Whistle Blowing Policy
The Group has in place a Whistle Blowing Policy designed to create a positive environment in which employees can raise genuine concerns without fear of recrimination and enable prompt corrective action to be taken where appropriate. The Whistle Blowing Policy can be accessed on the Company's website at **www.cyclecarriage.com.my**.

Corporate Governance Overview Statement

Relationship with External Auditors
Key features underlying the relationship of the Audit Committee with External Auditors are included in the Audit Committee's terms of reference as detailed in Board Charter.

During the financial year ended 31 December 2017, the Audit Committee invited the External Auditors to attend all Audit Committee meetings to update the Audit Committee on the changes in major accounting policies and its subsequent implementation, and to answer the concerns raised by the Audit Committee during their meetings. The Audit Committee met with the External Auditors once during the financial year ended 31 December 2017 without the presence of the Management.

The Audit Committee recommended the re-appointment of Messrs PricewaterhouseCoopers PLT ("PwC") as External Auditors for the financial year ending 31 December 2018 after considering their performance. Subsequently, the Board at its meeting held on 28 February 2018 approved the recommendation by the Audit Committee for the shareholders' approval to be sought at the forthcoming AGM on the re-appointment of PwC as External Auditors of the Group for the financial year ending 31 December 2018.

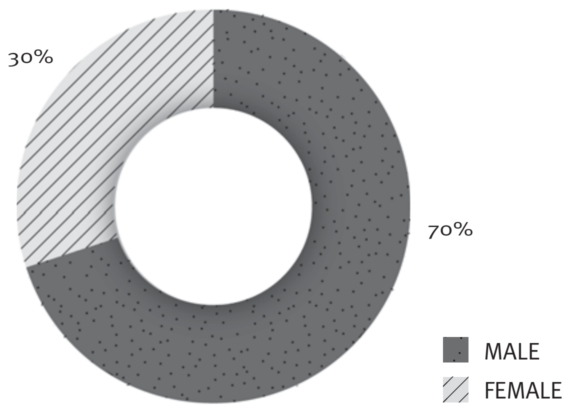
A summary of the activities of the Audit Committee during the year are set out in the Audit Committee Report in pages 21 to 22 of the Annual Report.

E. WORKFORCE DIVERSITY

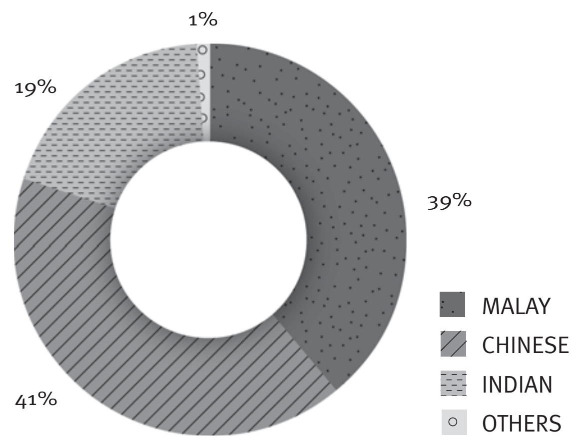
The Group has no immediate plans to implement a workforce diversity policy or target as it is of the view that employment is dependent on each candidate's skills, experience, core competencies and other qualities, regardless of gender, ethnicity, age and nationality. However, we are committed to diversity and have an equal employment opportunity policy and there are no barriers to employment or development in our Group by reason of an individual's gender, ethnicity, age and nationality. We believe that employees with diverse cultural backgrounds bring unique experiences and perceptions to the work team and benefit the Group by strengthening productivity and responsiveness to changing conditions.

The Group's workforce statistics in terms of gender, ethnicity, age and nationality as at 31 December 2017 are disclosed below:

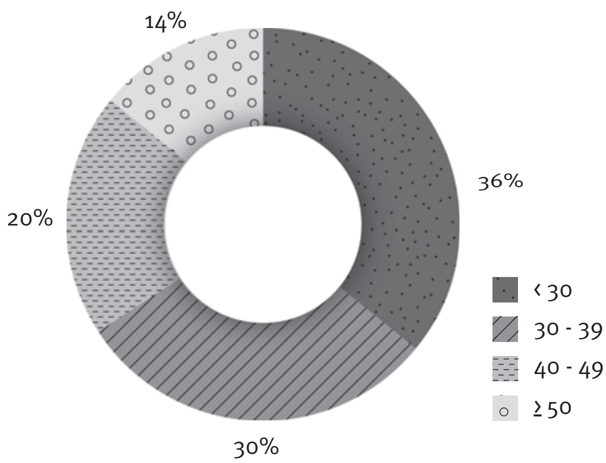
(i) Gender



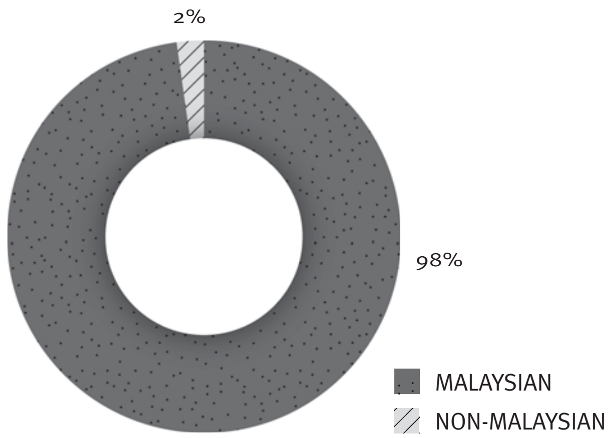
(ii) Ethnicity



(iii) Age



(iv) Nationality



F. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group's CSR efforts in the financial year ended 31 December 2017 focused mainly on the Group's employees' well-being and the community. The CSR activities undertaken in the financial year ended 31 December 2017 were as follows:

(i) Long Service Awards and Academic Excellence Awards

During the year, the Group continued with the Long Service Awards and Academic Excellence Awards presentation. The Long Service Awards presentation recognises the contribution and loyalty of employees within the Group. The Academic Excellence Awards presentation encourages and recognises the academic excellence of the children of the Group's employees.

(ii) Donations

a. National Cancer Society Malaysia

The Group made a cash donation to the National Cancer Society of Malaysia, which aims to raise awareness of early detection and prevention of cancer.

b. The Otomotif College

The Group made a cash donation to The Otomotif College's graduation sponsorship programme. The institution is recognised as a leading approved higher education institution.

c. Kechara Soup Kitchen

A charity activity was organised within the Group for low income families in Klang Valley, Johor Bahru and Penang. The Group made a cash donation to Kechara Soup Kitchen. In addition, the employees also volunteered to pack and deliver food to these families.

Statement on Risk Management and Internal Control

Introduction
The preparation of this statement is in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of BMSB which requires the Board of Directors of public listed companies to include in its Annual Report a "statement about the state of internal control of the listed issuer as a group".

The Board is committed to maintaining sound internal control in the Group and is pleased to present the Statement on Risk Management and Internal Control for the financial year ended 31 December 2017 as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers and taking into consideration the recommendations underlying Principle B of the Malaysian Code on Corporate Governance 2017.

Responsibility
The Board recognises the importance of sound internal control and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's system of internal control and risk management, and for reviewing the adequacy and effectiveness of the internal control and risk management systems. It should however, be noted that such systems of internal control and risk management are only designed to manage rather than totally eliminate the risk of failure to achieve business objectives. Accordingly, such systems can only provide reasonable rather than absolute assurance against material losses, misstatements or other significantly adverse consequences.

Risk Management Framework
The Group has in place a formal risk management process to identify, evaluate and manage significant risks impacting the Group. The process is supported by policies as well as detailed procedures, methodologies, evaluation criteria and documentation requirements with the aim of ensuring clarity and consistency of application across the Group. These procedures and methodologies are regularly reviewed to include new elements that aim at enhancing the reporting process in order to make it more comprehensive, of greater value to the Audit Committee and in line with current best practices.

The Management is required to comprehensively identify and assess significant risks in terms of likelihood of occurrence, magnitude and speed of impact. The Management is also required to identify and evaluate the adequacy and implementation of mechanisms to manage, mitigate, avoid or eliminate these risks. The process encompasses assessments and evaluations at business unit process level before being examined from a Group perspective. Reports are updated on a bi-annual basis and submitted to JC&C.

The Internal Auditors will update the Audit Committee on the Group's internal audit activities by tabling the Internal Audit Report to the Audit Committee on a quarterly basis.

Once a year, a written report is presented to the Audit Committee on the significant risks, measures taken by the Management to address them and residual risk exposure impacting the Group. The Board annually reviews and discusses with the Management at Board meetings the summary of risk tolerance and additional internal control to be implemented, if any.

The following are the major residual risk exposures:

1. <u>Dependence on a single dealership</u>
   The Group has been appointed as a dealer by MBM. There is no assurance that disputes will not arise between the Group and MBM in respect of such appointment. Such disputes could lead to the termination of the relationship between the Group and MBM which may have a catastrophic effect on the Group's business, financial condition, prospects and results of operations. In order to mitigate this risk, the Management works closely with MBM through continuous dialogue to ensure compliance with the dealer standards.

2. <u>Competition, economic cycle and government regulations</u>
   The Group faces intense competition within the automotive industry. If the Group is unable to compete successfully against its existing competitors or new entrants to the automotive industry, its business, financial condition and results of operations will be adversely affected. If the vehicles it retails are less competitive in the market in terms of design, technology and/or price, or there is an intensification in competition, the Group's market share may be diluted. This may lead to price reductions and increased expenses in marketing and distribution. The Group can also be impacted by changes in government regulations, particularly changes to the National Automotive Policy, which could affect the price of the vehicles it retails. Any of these events may have an adverse effect on the Group's business, financial condition, prospects and results of operations.

3. <u>Cyber security</u>
   Cyber security is a growing concern worldwide. Targeted cyber attacks may directly impact the Group's facilities and operations or those of its suppliers and customers, and have an adverse impact to the Group's earnings and reputation. While the Group invests to enhance its cyber securities measures, such risk cannot be totally eliminated.

4. Financial risk
   The Group's activities expose it to a variety of financial risks, including the effects of changes in debt and equity markets and interest rates. It manages its exposure to financial risks by using a variety of techniques and instruments. The Group regularly monitors its liquidity and cash position to ensure its financial obligations are met whenever they are due.

Internal Control System

The embedded control system is designed to facilitate achievement of the Group's business objectives. It comprises the following:

- **Organisation structure with well-defined lines of responsibility and delegated authority**
  The organisation structure includes defined lines of responsibility and delegation of authority to the Committees of the Board, the CEO and operating units through defined sets of terms of references, position descriptions and authorisation levels for all aspects of the business as set out in the Board Charter and Limits of Authority. Besides the predominantly non-executive standing committees such as Audit, Nominating and Remuneration Committees, the Board is supported operationally by the Senior Management which consists of senior members of the organisation including the CEO and Chief Financial Officer ("CFO"). The Senior Management convenes regularly to discuss its strategic business agenda thus channelling appropriate inputs to the Board for its oversight of the Group's operations and maintenance of effective control over the entire operations.

- **Independence of the Audit Committee**
  The Audit Committee comprises non-executive members of the Board, with the majority being Independent Directors. The Committee has full and unrestricted access to any information pertaining to the Group and has direct communication channels with the External and Internal Auditors. The primary objectives of the Audit Committee are to assist the Board in monitoring the Group's management of its business and financial risks and the determination of appropriate internal control to manage these risks.

- **Comprehensive budgeting and monitoring processes**
  Detailed and comprehensive budgets for both business and support units are prepared on an annual basis for approval by the Board together with an indication of future business direction under a two-year operating plan. Actual performance is monitored against the budget on a monthly basis and appropriate explanations on significant variances are documented. Forecasts are periodically revised to reflect significant changes in the business environment. Management reports setting out the performance of the business and support units against the budget, forecast, prior year results and key business indicators are tabled and deliberated at the Senior Management and Board meetings for proper monitoring of performance.

- **Performance Measurement**
  The Group has adopted a performance appraisal for the CEO. The Remuneration Committee and the Board assess the CEO's performance on an annual basis. The Board has delegated authority to the CEO to review and assess the performance of the Management. Senior Management also conducts performance appraisals for the staff on a yearly basis.

Monitoring and Review

The effectiveness of the Group's systems of internal control and risk management are monitored through periodical review of business processes, the state of internal control and business risk profile by operating units. The results of the review will be examined by a team within the organisation and after due process, the Management will identify the significant areas to be reported to the Audit Committee. The Management continuously looks to strengthen and refine its systems of internal control where necessary.

The Management's proposals on the Group's strategic plans are tabled to the Board for approval with the Management providing updates to the Board from time to time. In view that the Management will update the Board from time to time, the Board will only follow up when it is necessary.

Independent appraisals by Internal Auditors also ensure compliance with policies, procedures, standards and legislation and give reasonable assurance on the effectiveness of the Group's systems of internal control and risk management.

Statement on Risk Management and Internal Control

Review of this Statement

As required by Paragraph 15.23 of the Main Market Listing Requirements of BMSB, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Recommended Practice Guide ("RPG") 5 (Revised 2015) issued by the Malaysian Institute of Accountants. Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and integrity of internal control and risk management of the Group. RPG 5 (Revised 2015) does not require the External Auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Conclusion

For the financial year under review and up to the date of issuance of the Financial Statements, the Board has received assurance from the CEO and CFO that the Group's systems of internal control and risk management are operating adequately and effectively in all material aspects. No material losses, contingencies or uncertainties have arisen from any inadequacy or failure of the Group's systems of internal control and risk management that require separate disclosure in the Group's Annual Report.

Audit Committee Report

The Audit Committee was established by the Board in 1977.

As at 31 December 2017, the members of the Committee were:
- Tang Saw Hua – Chairperson (Independent Non-Executive Director)
- Tan Sri Dato' Sulaiman bin Sujak (Senior Independent Non-Executive Director)
- Teng Wei Ann Adrian (Non-Independent Non-Executive Director)

In compliance with Paragraph 15.09(1)(b) of the Main Market Listing Requirements of BMSB, the members of the Audit Committee consist solely of Non-Executive Directors, the majority of whom are independent.

The Audit Committee held four meetings during the financial year ended 31 December 2017 and details of the attendance of members of the Audit Committee are as follows:

Name of Committee Members	Attendance
Tang Saw Hua (Chairperson)	4/4
Tan Sri Dato' Sulaiman bin Sujak	4/4
Teng Wei Ann Adrian	4/4
Vimala Menon*	2/2

* Vimala Menon retired at the conclusion of AGM on 21 April 2017.

Members of Senior Management were invited to attend meetings of the Audit Committee to appropriately brief and furnish members of the Audit Committee with the relevant information and clarification to relevant items on the agenda. The Group's Internal and External Auditors attended all the meetings held during the year. The Audit Committee met with the External Auditors once during the year without presence of the Management.

During the financial year ended 31 December 2017, the Audit Committee carried out its duties as set out in the terms of reference. In particular, the functions of the Audit Committee were to review accounting policies, statutory financial statements and related party transactions of the Company and its subsidiaries, establish effective risk management and internal control framework within the Group and ascertain that the financial statements of the Group are consistent with operational information on behalf of the Board.

To ensure that the financial statements of the Group complied with the requirements of the Act and the applicable financial reporting standards, the Audit Committee invited the External Auditors to attend all Audit Committee meetings to update the Audit Committee on the changes in accounting standards and its subsequent implementation, and to answer the concerns raised by the Audit Committee during their meetings.

The Audit Committee discussed with the External Auditors the audit plan which stated the nature and scope of audit and the results of examination arising from the external audit.

In addition, the Audit Committee reviewed the quarterly announcements to BMSB, the financial statements of the Company, and the consolidated financial statements of the Group as well as the statutory auditors' report thereon. During the Audit Committee meetings, the Audit Committee and Senior Management deliberated on significant matters including financial reporting issues and significant judgement made by the Management. The Audit Committee recommended to the Board, subject to the shareholders' approval, the selection of the Company's and its subsidiaries' statutory auditors.

The Audit Committee had on its meeting held on 28 February 2018 assessed the suitability and independence of External Auditors by obtaining affirmation from the External Auditors that it maintained its independence in accordance with its internal requirements and with the By-Laws (On Professional Ethics, Conduct and Independence) of the Malaysian Institute of Accountants. The Audit Committee recommended the re-appointment of PwC as External Auditors for the financial year ending 31 December 2018 after considering their performance.

It is noted that the audit engagement partner would be required to rotate every five (5) years as per PwC's internal policy, which was in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants. The current audit engagement partner has held the position for five (5) years, and will be rotated in the financial year ending 31 December 2018.

In performing its functions, the Audit Committee also reviewed the overall scope of the Group's internal audit. It met with the Internal Auditors to discuss the results of their examinations and their evaluation of the internal control system of the Company and its subsidiaries.

In its endeavour to fulfill its responsibilities, the Audit Committee focused its attention on key aspects of business operations that have significant impact on profitability. Other main issues discussed by the Audit Committee were as follows:

- Review of the Group's risk management reports;
- The new financial reporting standards issued by the Malaysian Accounting Standards Board, International Financial Reporting Standards and their applicability to the consolidated financial statements for the financial year ended 31 December 2017;
- The disclosure requirements of the Main Market Listing Requirements of BMSB; and
- Key audit matter, in relation to stock write-down, addressed in the audited report for the financial year ended 31 December 2017.

Audit Committee Report

Internal Audit Function
The Group uses the services of the Jardine Matheson Group Internal Auditors to fulfil its internal audit requirements. Jardine Matheson Group Internal Auditors have adequate resources and appropriate standing to undertake their activities independently and objectively to provide reasonable assurance to the Audit Committee regarding the adequacy and effectiveness of the Group's internal control systems, and assist the Board in monitoring and managing risks and internal controls.

The Internal Auditors review internal controls in all key activities of the Group and recommend improvement in controls and procedures. The Internal Auditors are independent of the activities they audit and perform their audit with impartiality and due professional care. Findings of the Internal Auditors are reported regularly to the Audit Committee on quarterly basis.

The Audit Committee approves the internal audit plan of the Internal Auditors each year. The scope of the internal audit covers the audits of significant units and operations, including subsidiaries. In addition, the Internal Auditors also audit the various computer application systems and network of the Group.

During the year, the Management worked hand in hand with the Internal Auditors in identifying risk areas, implementing control measures and monitoring controls. Taking into consideration the issues highlighted to the Audit Committee during the financial year ended 31 December 2017, the Internal Auditors have found that the overall control environment of the Group to be generally effective.

The Internal Auditors updated the Audit Committee on the internal audit plan of the Group on a quarterly basis to ensure that the Audit Committee was kept abreast of the internal control environment of the Group.

The total costs incurred for the internal audit function of the Group for the financial year ended 31 December 2017 was RM304,000.

Statement on Share Issuance Scheme by Audit Committee
There were no Share Issuance Scheme in place during the financial year ended 31 December 2017.

Statement of Nominating Committee

The Nominating Committee has been established by the Board and is made up exclusively of Non-Executive Directors with a majority of them being Independent Directors.

As at 31 December 2017, the members of the Nominating Committee are:
- Tan Sri Dato' Sulaiman bin Sujak – Chairman (Senior Independent Non-Executive Director)
- Haslam Preeston (Non-Independent Non-Executive Director)
- Tang Saw Hua (Independent Non-Executive Director)

The Nominating Committee is responsible for identifying and recommending suitable candidates to the Board for approval and for appointments on the Board of the Company and its subsidiaries, either to fill vacancies or as additions to meet the changing needs of the Group.

The Committee meets at least once a year. Additional meetings are scheduled when considered necessary by the Committee or Chairman. The Committee may establish any procedures from time to time to govern its meetings, keeping of minutes and its administration.

The Secretary of the Committee is appointed by the Committee from time to time. Committee meeting agenda are the responsibility of the Committee Chairman with input from Committee members. The Chairman may also request the Management to participate in this process. The agenda for each meeting including supporting information is circulated at least five (5) days before each meeting to the Committee members and all those who are required to attend the meeting.

The Committee met three times during the financial year ended 31 December 2017 and details of attendance of members of the Nominating Committee are as follows:

Name of Committee Members	Attendance
Tan Sri Dato' Sulaiman bin Sujak (Chairman)	3/3
Haslam Preeston	3/3
Tang Saw Hua	3/3
Vimala Menon*	2/2

* Vimala Menon retired at the conclusion of the AGM on 21 April 2017.

Members of the Senior Management attended these meetings upon invitation by the Chairman of the Committee.

Each year, the Nominating Committee assesses the effectiveness of the Board and Board Committees, contributions and performance of each individual Director, as well as the CEO, and the independence of the Independent Directors. It also ensures an appropriate framework and plan for Board and the Management's succession for the Group.

The Nominating Committee conducts an annual review and recommends to the Board the structure, size, balance and composition of the Board and Board Committees. This requires a review of the required mix of skills and experience, including core competencies, which Non-Executive Directors should bring to the Board and other qualities for the Board to function effectively and efficiently.

The Nominating Committee also considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Committee will consider the calibre, background, skills and experience, and core competencies of the candidate when making a recommendation to the Board. The appointment of any new member to the Board is a formal and transparent process by which a candidate could be identified via a recommendation by a Board member or management, or sourced through the Jardine Matheson Group's extensive network of contacts.

In accordance with the Company's Constitution, all new Directors who are appointed by the Board are subject to re-election by shareholders at the AGM following their appointment. The Company's Constitution also provides that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM and all Directors are to offer themselves for re-election once every three (3) years. The Nominating Committee also makes recommendations to the Board on the re-election of the Directors.

Thereafter, the Board carries out its own assessment based on the recommendations made by the Nominating Committee and determines the appointments to be made. The Company Secretary ensures that all appointments are properly made and that legal and regulatory obligations are met.

The Board takes note of Practice 4.4 of the Code and is committed to ensure that the appointment of the Board and Senior Management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender. The Board is committed to diversity and has an equal opportunity policy where there are no barriers by reason of an individual's gender, ethnicity, age and nationality.

Statement of Nominating Committee

Apart from the above, the Nominating Committee also carries out the evaluation on the following on an annual basis:

(a) the independence of each Independent Director;

(b) each Director's ability to contribute to the effectiveness of the Board and the relevant Board Committees and to provide the necessary feedback to Directors in respect of their performance;

(c) the effectiveness of the Committees of the Board; and

(d) the effectiveness of the Board as a whole.

Other duties of the Nominating Committee include the following:

- Making recommendations to the Board on the re-appointment and re-election of Directors who are subject to retirement at the forthcoming AGM;
- Evaluating and recommending the appointment of senior executive positions, including that of the CEO, their duties and the continuation of their service; and
- Recommending to the Board appropriate training and education programmes including orientating new Directors with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contribution to the Board and Group.

Board Effectiveness Assessment

The Nominating Committee conducted an annual assessment of the Board's effectiveness, as a whole and the contribution of each Director, in respect of the financial year ended 31 December 2017 using a set of customised self-assessment questionnaires completed by the Directors.

The criteria for Board Committees and Board assessment cover areas such as purpose, composition and process, contributions in topics like strategic perspective, governance, integrity, commitment and ethics, judgement and decision making, teamwork and communication. These relate directly to areas in which a Director would be expected to contribute and are designed to encourage the Director to be more effective.

The results of the self-assessment by Directors and the Board's effectiveness as a whole was compiled by the Company Secretary and tabled to the Nominating Committee for review and notation.

The Board was satisfied with the results of the annual assessment and is of the view that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills, comprising individuals of high calibre, credibility and having the necessary skills and qualifications, to enable the Board to discharge its duties and responsibilities effectively.

Additional Compliance Information

In compliance with the Main Market Listing Requirements of BMSB, the following information is provided:

Non-Statutory Audit Fees
The amount of non-statutory audit fees paid and payable to the External Auditors by the Company and its subsidiaries for the financial year ended 31 December 2017 were as follows:

	RM'000
PricewaterhouseCoopers PLT	23
PricewaterhouseCoopers International Assignment Services Sdn. Bhd.	34
PricewaterhouseCoopers Taxation Services Sdn. Bhd.	139
PricewaterhouseCoopers Risk Services Sdn. Bhd.	80
Member firms of PricewaterhouseCoopers International Limited	39
Total	**315**

Material Contracts
Neither the Company nor any of its subsidiaries have entered into any contracts which are or may be material (not being contracts entered into in the ordinary course of business) involving Directors' and major shareholders' interests since the end of the previous financial year.

Recurrent Related Party Transactions
The Company had at the AGM held on 21 April 2017 obtained a shareholders' mandate for the Group to enter into recurrent transactions of a revenue or trading nature, which are necessary for its day-to-day operations and are in the ordinary course of business, with related parties.

The said general mandate has been in effect from 21 April 2017 and will continue to be in effect until the conclusion of the forthcoming AGM of the Company. The Company intends to seek its shareholders' approval for a general mandate for recurrent related party transactions at the forthcoming AGM of the Company.

The details of the new mandate to be sought have been furnished in the Circular to Shareholders dated 23 March 2018 together with this Annual Report.

Details of related party transactions are disclosed in Note 26 to the financial statements, of which none of the actual value of transactions conducted pursuant to the shareholders' mandate during the financial year exceeds the applicable prescribed threshold under paragraph 10.09(2)(e) of the Main Market Listing Requirements of BMSB.

Sanctions and/or Penalties
During the financial year, there were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or the Management by the relevant regulatory bodies.

Others
The Company did not have the following activities during the financial year ended 31 December 2017:
- Utilisation of proceeds raised from any corporate proposal
- Share buy-backs
- Issuance of options or convertible securities
- Depository receipt programme sponsored by the Company
- Announcement of variance in results from any estimated profit, financial forecast or projection
- Receipt or provision of profit guarantee
- Establishment of share issuance scheme

Statement of Directors' Responsibility for Preparing the Financial Statements

The Directors are required by the Companies Act, 2016 to prepare financial statements for each financial year which have been made out in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act, 2016 and the Main Market Listing Requirements of BMSB.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors have:

- adopted suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis as the Directors have a reasonable expectation, having made enquiries, that the Group and the Company have adequate resources to continue operations for the foreseeable future.

The Directors acknowledge the responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Group and of the Company and which enable them to ensure that the financial statements comply with the Companies Act, 2016.

The Directors have overall responsibilities for taking such steps as are reasonably open to them to safeguard the assets of the Group, to prevent and detect fraud and other irregularities.

Sustainability Statement

Sustainability at CCB

This is the Group's first Sustainability Statement which covers the financial period from 1 January to 31 December 2017 for all entities included within this Annual Report. This statement focuses on the Group's material sustainability risks and opportunities, and is prepared in accordance with Part III, Practice Note 9 of the amended Main Market Listing Requirements of BMSB.

The Group strives to balance commercial focus with sustainability factors. To this end, the Group is committed to continuously engage its stakeholders and report on the efforts to address the issues that matter to them.

Feedback on this statement or the practices highlighted can be shared by contacting **sustainability@cyclecarriage.com.my**.

Sustainability management
CCB Board of Directors is ultimately responsible for the Group's sustainability matters. The Board is supported by the CEO and CFO, who oversee and implement the Group's sustainability approach. Please refer to pages 10 to 17 for the full Corporate Governance Overview Statement.

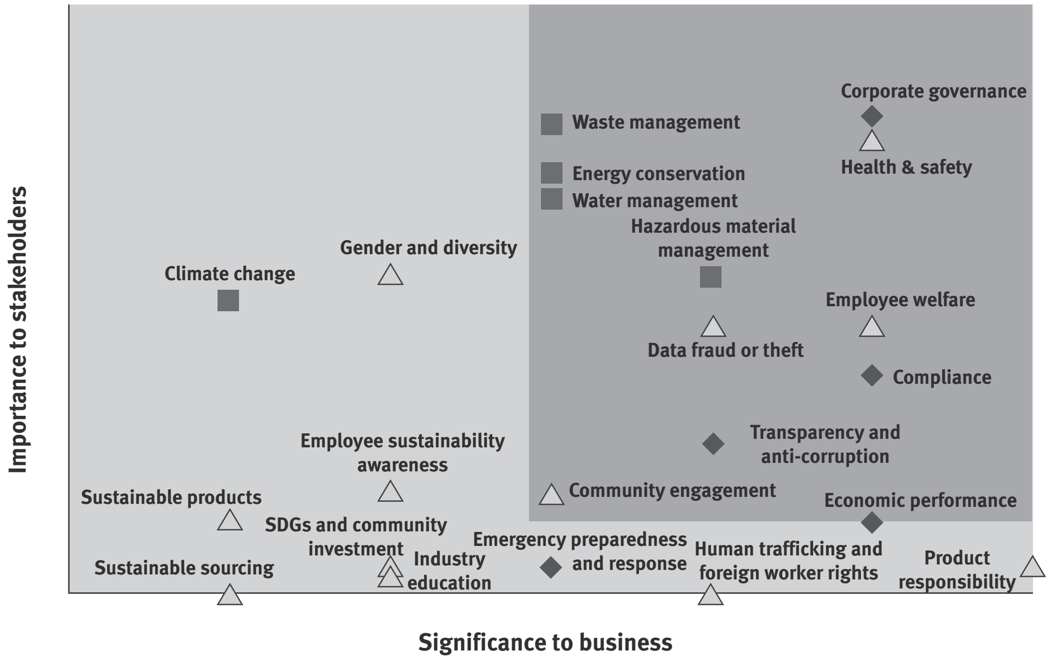
Stakeholder engagement
At CCB, stakeholder engagement aims to be a continuous dialogue. From time to time, the Group engages with the following groups of stakeholders through meetings, reviews, discussions, calls, surveys and focus groups to better identify and understand any sustainability expectations our stakeholders may have:

- Employees
- Business partners and principal
- Investors and shareholders
- Customers
- Government
- Communities
- Industry associations

Employees and executives, being key internal stakeholders, took part in the stakeholder engagement linked to sustainability materiality assessment in 2017. In addition, the Group's motor vehicle principal was also identified as a key external stakeholder and engaged during 2017.

Material topics
Material topics were identified as part of a materiality assessment exercise conducted in 2016 for JC&C, which includes CCB. This process involved a review of the sustainability context for the Group, an engagement with CCB's internal stakeholders and a final review by the JC&C Executive Committee, which comprises the Group's Chairman. Material topics were determined as part of this materiality assessment exercise.

Topics were further reviewed in 2017 following both internal and external stakeholder engagement. The topics were confirmed and signed-off by the Board of Directors.



Material Topics

◆ Governance	■ Environment	△ Social
• Strong corporate governance • Compliance with laws and regulations • Transparency and anti-corruption measures • Economic performance	• Managing energy • Managing water • Managing waste • Managing hazardous materials	• Providing a healthy and safe workplace • Ensuring the welfare of our employees • Preventing data fraud and theft • Engaging communities

Sustainability Statements going forward

For this first statement, CCB seeks to identify the material topics to be focused on and to establish baselines against which to improve the Group's sustainability in the future.

Material sustainability matters: Governance

Code of Conduct

The Group adopts the Jardine Matheson Group Code of Conduct ("CoC") which applies to Jardine Matheson group companies including CCB, which is 59.1% held by JC&C. The CoC requires compliance with all relevant laws, all rules and regulations applicable to the business and with proper standards of conduct. The CoC sets out the standards and values upheld in business operations. All new employees are provided a copy of the CoC and all employees (excluding bargainable employees), existing and new, are required to undergo regular online training on conduct. While bargainable employees do not undergo the online training, they are trained on the broad principles of the CoC.

Corporate governance

The Board of Directors recognises that sound corporate governance is essential for the long-term growth of the Group. Consequently, the Board of Directors, together with the Senior Management team, are responsible for corporate governance. The Board Charter sets out, among other things, the responsibilities, authorities, procedures, evaluations and structures of the Board and Board Committees, as well as the relationship between the Board with the Management and shareholders. The current Board Charter is available online. See pages 10 to 17 for further details and the full Corporate Governance Overview Statement.

Sustainability Statement

Performance rating for corporate governance is provided by BMSB. As part of BMSB's efforts to enhance the corporate governance practices and disclosures of listed issuers, BMSB reviews and determines the adequacy of their disclosures within the Corporate Governance Overview Statement, Audit Committee Report, and Statement on Risk Management and Internal Control in respect of Practices 1-10 and the Recommendations of the Code.

Both external statutory and internal audits are reported to Audit Committee and elevated to Board of Directors if there is any non-compliance to law and regulations or Group policies recorded.

Based on BMSB's most recent review in 2016 of CCB's Annual Report 2015, the Group obtained an average score of 71.1%. As a result of BMSB's findings, the Group's Management, together with advice from the Company Secretary, have incorporated enhancements into the subsequent annual reports.

Compliance
Compliance is crucial for a responsible business. The Group applies its Securities Dealing Rules, Division Standard Operating Procedures, Whistle Blowing Policy, and Occupational Safety and Health Manual in managing compliance matters. The Management team is obliged to ensure full compliance with the law and applicable regulations. All departments are responsible for ensuring compliance management, with periodical internal audit to monitor the process.

Transparency and anti-corruption
The Group is committed to high standards of accountability and responsibility in the conduct of its business. Being transparent and combating corruption are therefore necessary to ensure operations are conducted in a fair and lawful manner.

The CoC sets out policies on illicit payments as well as gifts, favours and entertainment aimed at upholding honesty, integrity and fair dealing. New employees are provided a copy of the CoC during on-boarding, and the CoC is also available on the intranet accessible to all employees.

To evaluate the effectiveness of anti-corruption measures, internal audit is conducted on areas that include illicit payments and favours as well as matters of serious concerns. Audits are reviewed by Audit Committee and elevated to the Board of Directors if there is any non-compliance to law, regulations or Group policy recorded.

It is vital to continue managing the business well and to attract the right people who will uphold the Group's reputation. In 2017, 'Good Compliance Practices' training was conducted for all employees in phases from June to September, being a total of 764 staff at this point in the year. All new hires in 2017 also completed the 'Good Compliance Practices' training to reinforce Group principles within one month of joining.

Transparency and anti-corruption	New hires trained	Total new hires	Percentage trained
Training in 2017			
Senior management employees	5	5	100%
Middle management employees	4	4	100%
Function group (administration, technical, production, etc.)	134	134	100%
Group total	**143**	**143**	**100%**

Economic performance
The importance of the Group's economic performance for shareholders makes this topic material for the business.

The Group's capital structure is regularly reviewed to ensure optimal function and shareholder returns, taking into consideration future capital requirements and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities, before the distribution of economic value to shareholders.

A significant component of the Group's economic performance is also derived from profitability. This is measured regularly against budgets, forecasts, and projections assessed on a periodic basis.

In addition, the Group, which adopts the CoC, has policies and procedures in place to ensure that in the procurement of goods and services, what is being paid represents good value and the terms are fair and competitive. Employees are treated fairly, impartially and with respect, and compliance is ensured with applicable tax laws and regulations. The CoC also sets out policies which prevent illicit payments and governs matters such as gifts, favours and entertainment aimed at upholding honesty, integrity and fair dealing. Further, the Group also believes in making a positive socio-economic contribution by giving back to fundraising and awareness programmes to meet societal needs. In 2017, the Group supported three programmes. See page 31 for details.

A full breakdown of the economic performance in 2017 is given in the Financial Highlights presented on page 2 and the Statutory Financial Statements given in pages 32 to 86 of the Annual Report.

Material sustainability matters: Environment

Environmental factors such as resource usage and waste management are key indicators of efficiency, as well as being indispensable in safeguarding the quality and health of the natural environment. Given the nature of the Group's business, managing environmental factors is material for operations in reducing our environment footprint.

Managing energy

The Group sources electricity from the national grid, and therefore usage figures are based on the utilities bills issued by the national power supplier, Tenaga Nasional Berhad. In 2017, the electricity consumption across the Group was 5,986,484 kWh, equivalent to a total energy consumption of 21,551 GJ.

Managing water

Water is a precious resource in Malaysia and is important to our operations. We seek to ensure the sustainability of our business through careful management of water consumption. In addition, it also reduces costs. Water is supplied to the Group's operations by the national water agencies. Consumption figures are derived from the utilities bills, and show a total water consumption of 84,985m^3 across the Group in 2017.

Managing waste and hazardous materials

The Group ensures continued compliance with the respective national legislation on waste disposal, and engages licenced waste disposal contractors to collect and dispose non-hazardous waste. An estimated 1,440kg general waste was generated in 2017. All general waste was disposed to landfill.

The Group's service centres generate certain materials, such as used engine oil, that could have an environmental impact if disposed irresponsibly or discharged accidentally. The Group's after-sales service managers are responsible for engaging waste disposal contractors licensed by the Department of Environment, Ministry of Natural Resources & Environment to remove, transport and dispose such waste from the service centre workshops. Procedures in the handling and transportation of hazardous materials to the contractors' premises are established and agreed with the waste disposal contractors to ensure that the hazardous waste materials are properly managed. The Group's Occupational Health and Safety Manual further dictates additional requirements and procedures for the waste disposal contractors.

In 2017, contracted vendors collected and disposed 190,180L of used engine oil, with the waste then routed through a recovery process, and the derivatives routed to further treatment systems and disposal.

Material sustainability matters: Social

Health & Safety

The health and safety of the Group's employees is paramount in safeguarding the welfare of our people as well as ensuring that businesses operate with minimal interference.

Health and safety obligations are set out in the Collective Agreement with the trade union. They include personal protective equipment, training or educating employees on health and safety topics such as work injury compensation, providing a feedback mechanism for employees and ensuring compliance with Malaysia's Occupational Safety & Health Act.

The Occupational Safety and Health Manual, which includes the Health and Safety Policy, guides the way in managing operations and sets out procedures for a safe working environment.

Sustainability Statement

Health & Safety figures 2017	Male	Female	Total
Fatalities	–	–	**–**
Major injuries	2	–	**2**
Major injury rate*	–	–	**1.19**
Lost days	55	–	**55**
Lost day rate*	–	–	**32.8**
Absentee days	3,061.5	1,475.5	
Absentee days rate	–	–	**2,705.5**
Occupational disease incidents	–	–	**–**

* Rates are calculated based on per million working hours adopted from the International Labour Organisation (ILO). Figures are based on number of permanent staff working 8-hours day.

Health & Safety Definitions	
Major injuries	Injuries that require beyond first aid treatment
Lost days	Days that could not be counted as work as a consequence of workers being unable to perform their usual work due to an occupational accident or disease
Absentee days	Lost days and absence leave, excluding permitted leave absence such as parental leave and study leave
Occupational disease	Disease arising from a work situation or activity, or from a work-related injury

Employee welfare

The welfare of employees is fundamental for the long-term success of the business. The Group's HR Policy guides practices and procedures for hiring, employment, compensation and benefits as well as training and development of our employees. An employee handbook is also in place covering employment, learning and development aspects. These are reviewed frequently by the respective HR divisions considering feedback from new hire/exit interviews, performance reviews, and stakeholder comments.

In 2017, the Group employed a total of 794 staff in Malaysia, with a good mix of gender diversity (as set out below), especially considering the nature of the Group's business. The workforce is not influenced by seasonal variations, with hiring based on long-term planning and demand.

Employee figures 2017			
Numbers by employment contract		**Numbers by employment type**	
Permanent (Male)	550	Full-time (Male)	552
Permanent (Female)	240	Full-time (Female)	242
Temporary (Male)	2	Part-time (Male)	–
Temporary (Female)	2	Part-time (Female)	–
Proportion of total employees covered by collective bargaining agreements			28%

The Group believes that the welfare of its people is integral to the success of the company. Apart from complying with the statutory requirements in Malaysia including retirement provision (Employee Provident Fund) and social security protection, benefits such as Group life insurance, accident insurance and medical insurance are also provided to all full-time employees.

The Group is also active in supporting mothers-to-be and existing parents by providing them equal opportunity. The Group provides employees with the statutory maternity leave allowance in Malaysia of 60 consecutive days, and also provides a paternity leave entitlement of four consecutive days. All employees are eligible for this parental leave. In 2017, the Group's efforts were rewarded as it recorded a parental leave return to work rate of 100% for male and 90% for female staff. Retention rate following parental leave was 100% across the Group.

Group employees receive an annual performance and career development review. The review also serves to align the learning needs of employees with business objectives. In 2017, all eligible employees (89% of total employees) received a review. Developing employees' capabilities for their current and future roles, as well as giving employees a voice, is essential to employee engagement and retention as well as key to the long-term sustainability of the business.

Staff performance & development reviews in 2017	Employees*		Total reviews		Review rate		Overall rates**
	Male	Female	Male	Female	Male	Female	
Senior management	16	11	15	10	94%	91%	**93%**
Middle management	31	13	24	10	77%	77%	**77%**
Function employees (e.g. technical, admin)	505	218	455	196	90%	90%	**90%**
Total	**552**	**242**	**494**	**216**	**89%**	**89%**	**89%**

* As at 31 December 2017

** The remaining 11% of total employees did not receive a review, as they were undergoing their probation periods at the time of data collection. They will receive a review at the point of their confirmation of their employment with the company.

CCB believes in treating staff well and aims for them to stay and grow with the Group for many years. The average length of stay of employees with the Group is 8.2 years.

		Age group			Gender		Total
		Under 30	30-50	Over 50	Male	Female	
New employee hired in 2017	Number of joiners	81	60	2	103	40	**143**
	New hire rate	0.28	0.15	0.02	0.19	0.17	**0.18**
Employee turnover in 2017	Number of leavers	36	49	7	60	32	**92**
	Turnover rate	0.12	0.12	0.07	0.11	0.13	**0.12**

Preventing data fraud and theft

Given the Group's customer-based operations, preventing data fraud and theft is of vital importance in safeguarding customer information and blocking unauthorised use of information.

CCB adopts the CoC, where employees must comply with all information laws and regulations, including data privacy, data retention and computer security laws. Availability, integrity and confidentiality of information must be safeguarded by following information security policies and procedures applicable to their business.

In 2017, the Group experienced zero digital attack incident or digital security breach incident.

Engaging our communities

Part of being a responsible business is supporting the local community and playing a part in meeting societal needs. The Group's initiatives in the community seek to make a positive social contribution by providing financial assistance and participating in fundraising and awareness programmes.

In 2017, the Group supported three programmes:

National Cancer Society Malaysia ("NCSM")
NCSM aims to raise awareness of early detection and prevention of cancer.
A cash donation was made to the charity.

The Otomotif College ("TOC")
Recognised as a leading approved higher education institution, TOC aims to push the boundaries and shape the future of talents in the automotive industry in Malaysia.
A cash donation was made to TOC's graduation sponsorship programme.

Kechara Soup Kitchen ("KSK")
KSK is a non-religious community action group that distributes food, basic medical aid and counselling to the homeless and urban poor of Malaysia.
A cash donation was made to KSK. In addition, CCB's employees contributed dry provisions as well as their time to pack and deliver household items to low income families Klang Valley, Johor Bahru and Penang.

Statutory Financial Statements

Directors' Report

The Directors of Cycle & Carriage Bintang Berhad present their report to the members together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2017.

Principal Activities
The principal activities of the Company consist of the retailing of motor vehicles, sale of spare parts and servicing of vehicles, whilst the principal activities of the subsidiaries are as stated in Note 25 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

Financial Results

	Group RM'000	Company RM'000
Loss before tax	(17,061)	(599)
Income tax credit	4,591	1,023
Net (loss)/profit for the financial year	(12,470)	424

Dividend
The dividend paid or declared by the Company since 31 December 2016 are as follows:

	RM'000
In respect of the financial year ended 31 December 2016:	
As shown in the Directors' report for the financial year, final single-tier dividend of 5 sen per share on 100,744,500 ordinary shares, paid on 24 May 2017	5,037

The Directors do not recommend the payment of any dividend for the financial year ended 31 December 2017.

Reserves and Provisions
Material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

Directors
The Directors in office during the financial year and during the period from the end of the financial year to the date of the report are:

Haslam Grey Preeston
Rossana Annizah binti Ahmad Rashid
Tan Sri Dato' Sulaiman bin Sujak
Teng Wei Ann Adrian
Tang Saw Hua
Chan Tze Choong Eric
(Alternate Director to Haslam Grey Preeston)
Vimala A/P V.R. Menon (retired on 21 April 2017)

In accordance with the Company's Constitution, Haslam Grey Preeston retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election.

Tan Sri Dato' Sulaiman bin Sujak retires at the forthcoming Annual General Meeting and does not offer himself for re-appointment.

Directors' Report

Directors' Benefits
During and at the end of the financial year, no arrangements subsisted to which the Company is a party being arrangements, with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than those disclosed in Note 5 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a company in which he has a substantial financial interest other than share options.

Directors' Interests in Shares
According to the register of Directors' shareholdings, particulars of interests of Directors who held office at the end of the financial year in the ordinary shares and options over ordinary shares in the Company and its related corporations are as follows:

	Number of ordinary shares			
	At 1.1.2017	**Acquired**	**Sold**	**At 31.12.2017**
Shares in Jardine Cycle & Carriage Limited ("JCCL") held by:				
Chan Tze Choong Eric	11,166	0	0	11,166

	Options over ordinary shares of US$0.25 each			
	At 1.1.2017	**Granted**	**Exercised**	**At 31.12.2017**
Options in Jardine Matheson Holdings Limited held by:				
Haslam Grey Preeston	26,667	0	(13,333)	13,334
Teng Wei Ann Adrian	48,334	0	0	48,334

None of the other Directors who held office at the end of the financial year held any interest in shares or options in the Company or its related corporations during the financial year.

Indemnity and Insurance Costs
During the financial year, the Company maintained Directors' and Officers' Liability Insurance Policy to provide appropriate insurance cover for Directors and Officers of the Group subject to the terms of the Policy. The insurance premium paid during the financial year amounted to RM26,600.

Directors' Remuneration
Details of Directors' remuneration are set out in Note 5 to the financial statements.

Other Statutory Information
Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written-off and that adequate provision had been made for doubtful debts; and

(b) to ensure that any current assets, which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Group and of the Company had been written-down to an amount which the current assets might be expected so to realise.

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

(a) which would render the amounts written-off for bad debts or the amount of the provision for doubtful debts inadequate to any substantial extent; or

(b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

At the date of this report:

(a) there are no charges on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; and

(b) there are no contingent liabilities in the Group and in the Company which have arisen since the end of the financial year.

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

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

In the opinion of the Directors,

(a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, except for the loss of RM12,298,702 suffered by the Group, arising from damages to its motor vehicles caused by an unprecedented flood in Penang, for which the related reimbursements from its insurers are pending finalisation as disclosed in Note 6; and

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

List of Directors of Subsidiaries
The list of Directors of the subsidiaries during the financial year and during the period from the end of the financial year to the date of the report are:

Wilfrid Foo Tsu-Jin	(appointed on 29 January 2018)
Wan Qian-Wen	
Soh Bing Quan	
Tan Tee Yong	
Ramasamy Devaraju	(resigned on 30 January 2018)

Ultimate Holding Company
The Directors regard Jardine Matheson Holdings Limited, a company incorporated in Bermuda, as the Company's ultimate holding company.

Subsidiaries
Details of subsidiaries are set out in Note 25 to the financial statements.

Auditors' Remuneration
Details of auditors' remuneration are set out in Note 6 to the financial statements.

Directors' Report

Auditors

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to accept re-appointment as auditors.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2018.

Haslam Grey Preeston
Director

Tang Saw Hua
Director

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

We, Haslam Grey Preeston and Tang Saw Hua, two of the Directors of Cycle & Carriage Bintang Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 42 to 86 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017 and of the financial performance and cash flows of the Group and of the Company for the financial year ended on that date in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with their resolution dated 28 February 2018.

Haslam Grey Preeston
Director

Tang Saw Hua
Director

Statutory Declaration

Pursuant to Section 251(1) of the Companies Act 2016

I, Wan Qian-Wen, the officer primarily responsible for the financial management of Cycle & Carriage Bintang Berhad, do solemnly and sincerely declare that the financial statements set out on pages 42 to 86 are, in my opinion, correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Wan Qian-Wen

Subscribed and solemnly declared by the abovenamed Wan Qian-Wen.

At: Kuala Lumpur

On: 28 February 2018

Before me:

Mohd Zainal Abiddin Bin Mohd Zainuddin
No. W292

Commissioner for Oaths

Independent Auditors' Report

To the Members of Cycle & Carriage Bintang Berhad (Incorporated in Malaysia) (Company No. 7378-D)

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the financial statements of Cycle & Carriage Bintang Berhad ("the Company") and its subsidiaries ("the Group") give a true and fair view of the financial position of the Group and of the Company as at 31 December 2017, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Group and of the Company, which comprise the statements of financial position as at 31 December 2017 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 42 to 86.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the financial statements section" of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements of the Group and of the Company. In particular, we considered where the Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Group and of the Company, the accounting processes and controls, and the industry in which the Group and the Company operate.

Key audit matters

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

Report on the Audit of the Financial Statements (continued)

Key audit matters (continued)

Key audit matters	How our audit addressed the key audit matters
Inventory write-down The carrying values of the motor vehicles inventories of the Group and Company as at 31 December 2017 amounted to RM278.6 million and RM209.0 million respectively. We focused on the amount of write-down of inventories recognised as an expense in the current financial year as it involves significant management judgement in determining the estimated net realisable value of motor vehicles inventory balance. The estimated net realisable value is subject to high estimation uncertainty, depending on the launching of new models, the general economic conditions of the country, and consumer's demand. Refer to Note H in the summary of significant accounting policies and Notes 3(a), 6 and 15 to the financial statements.	We discussed with management on the basis used to write-down certain models of motor vehicle inventory balance at year end to its net realisable value. For new motor vehicles, the basis used by management to determine the net realisable value was to consider prevailing market conditions and expected promotional cost to be incurred in relation to the new cars to be sold in the following calendar year. We selected a number of new motor vehicle models that were written-down to its net realisable value, and test checked against the transacted price after the financial year end. For used motor vehicles, the basis used by management to determine the net realisable value was based on information gathered from third party e-commerce website that sell used cars. We assessed the reasonableness of the net realisable value of certain models of the inventory balance and the written-down value by test checking the market price of the used cars to the price of used cars published on the third party e-commerce websites. For flood damaged vehicles, management has fully written-off the carrying value of the vehicles. We have sighted the flood damaged vehicles and test checked the carrying value of these vehicles to be written-off. We also sighted to email correspondences between the Group and its insurer on the status of the reimbursable expenditure for the flood damaged vehicles. Based on the above procedures performed, we noted no material exceptions.

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises Directors' Report, Corporate Profile, Financial Highlights, Corporate Information, Chairman's Statement, Penyata Pengerusi, Management Discussion and Analysis, Board of Directors, Corporate Governance Overview Statement, Statement on Risk Management and Internal Control, Audit Committee Report, Statement of Nominating Committee, Additional Compliance Information, Statement of Directors' Responsibility for Preparing the Financial Statements, Sustainability Statement, Five-Year Summary, Financial Charts and Group Properties which we obtained prior to the date of this auditors' report, and the other contents in the Cycle & Carriage Bintang Berhad Annual Report 2017, which is expected to be made available to us after that date. Other information does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Independent Auditors' Report

To the Members of Cycle & Carriage Bintang Berhad (Incorporated in Malaysia) (Company No. 7378-D)

Report on the Audit of the Financial Statements (continued)

Information other than the financial statements and auditors' report thereon (continued)
If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements
The Directors of the Company are responsible for the preparation of the financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

(a) Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

(c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

(d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

(e) Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

(f) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Report on the Audit of the Financial Statements (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PricewaterhouseCoopers PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

Lee Yoke Khai
01589/08/2019 J
Chartered Accountant

Kuala Lumpur
28 February 2018

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000 Restated
REVENUE	4	**1,420,119**	1,486,345
Cost of sales		**(1,324,071)**	(1,355,796)
Gross profit		**96,048**	130,549
Other operating income			
- dividend income from available-for-sale investment		**11,229**	11,229
- interest income		**578**	475
- others		**10,965**	11,879
Selling and distribution costs		**(100,680)**	(80,605)
Administrative expenses		**(28,776)**	(20,494)
OPERATING (LOSS)/PROFIT		**(10,636)**	53,033
FINANCE COST - interest expense on borrowings		**(6,425)**	(4,210)
(LOSS)/PROFIT BEFORE TAX	6	**(17,061)**	48,823
INCOME TAX CREDIT/(EXPENSE)	7	**4,591**	(10,412)
NET (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE FINANCIAL YEAR		**(12,470)**	38,411
NET (LOSS)/PROFIT AND TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY		**(12,470)**	38,411
Attributable to:			
OWNERS OF THE PARENT		**(12,470)**	38,411
		sen	sen
Basic (loss)/earnings per share attributable to shareholders of the Company	9	**(12.38)**	38.13

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2017

	Note	**31.12.2017 RM'000**	31.12.2016 RM'000 Restated	1.1.2016 RM'000 Restated
NON-CURRENT ASSETS				
Intangible assets	10	**9,842**	9,842	9,842
Property, plant and equipment	11	**158,584**	94,907	81,400
Available-for-sale investment	13	**66,003**	66,003	66,003
Deferred tax assets	14	**14,727**	9,103	8,969
		249,156	179,855	166,214
CURRENT ASSETS				
Inventories	15	**302,802**	299,714	184,764
Trade and other receivables	16	**92,634**	75,550	72,395
Tax recoverable		**9,775**	2,857	0
Cash and cash equivalents	17	**32,648**	47,573	35,737
		437,859	425,694	292,896
TOTAL ASSETS		**687,015**	605,549	459,110
NON-CURRENT LIABILITIES				
Deferred tax liabilities	14	**0**	62	396
Borrowings (unsecured)	18	**61,960**	0	0
		61,960	62	396
CURRENT LIABILITIES				
Provisions for liabilities and charges	19	**869**	632	263
Current tax liabilities		**28**	25	6,358
Trade payables and other liabilities	20	**166,170**	168,335	171,972
Borrowings (unsecured)	18	**187,000**	148,000	25,000
		354,067	316,992	203,593
TOTAL LIABILITIES		**416,027**	317,054	203,989
NET ASSETS		**270,988**	288,495	255,121
EQUITY				
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Share capital	22	**124,602**	100,745	100,745
Share premium		**0**	23,857	23,857
Retained profits	23	**146,386**	163,893	130,519
TOTAL EQUITY		**270,988**	288,495	255,121

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2017

		Attributable to shareholders of the Company				
		Issued and fully paid ordinary shares				
	Note	Number of shares '000	Nominal value RM'000	Share premium RM'000	Retained profits RM'000	Total RM'000
At 1 January 2017, as previously stated		**100,745**	**100,745**	**23,857**	**169,994**	**294,596**
Effect of prior year adjustment	30	**0**	**0**	**0**	**(6,101)**	**(6,101)**
At 1 January 2017, as restated		**100,745**	**100,745**	**23,857**	**163,893**	**288,495**
Transition to no-par value regime		**0**	**23,857**	**(23,857)**	**0**	**0**
Net loss and total comprehensive loss for the financial year		**0**	**0**	**0**	**(12,470)**	**(12,470)**
Final dividend paid for the financial year ended 31 December 2016	8	**0**	**0**	**0**	**(5,037)**	**(5,037)**
At 31 December 2017		**100,745**	**124,602**	**0**	**146,386**	**270,988**
At 1 January 2016, as previously stated		100,745	100,745	23,857	135,929	260,531
Effect of prior year adjustment	30	0	0	0	(5,410)	(5,410)
As at 1 January 2016, as restated		100,745	100,745	23,857	130,519	255,121
Net profit and total comprehensive income for the financial year (restated)		0	0	0	38,411	38,411
Final dividend paid for the financial year ended 31 December 2015	8	0	0	0	(5,037)	(5,037)
At 31 December 2016, as restated		100,745	100,745	23,857	163,893	288,495

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000 Restated
OPERATING ACTIVITIES			
Net cash flow used in operations	24	**(37,999)**	(74,102)
Interest paid		**(5,727)**	(4,210)
Interest received		**578**	475
Service and warranty provision utilised		**(13)**	(16)
Income tax paid		**(8,010)**	(20,070)
		(13,172)	(23,821)
Net cash flow used in operating activities		**(51,171)**	(97,923)
INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		**31**	100
Purchase of property, plant and equipment		**(70,937)**	(19,533)
Dividend received from an available-for-sale investment		**11,229**	11,229
Net cash flow used in investing activities		**(59,677)**	(8,204)
FINANCING ACTIVITIES			
Drawdown of:			
- bankers acceptance		**39,000**	123,000
- term loans		**62,500**	0
Transaction cost on borrowings paid		**(540)**	0
Dividend paid		**(5,037)**	(5,037)
Net cash flow from financing activities		**95,923**	117,963
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**(14,925)**	11,836
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**47,573**	35,737
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	17	**32,648**	47,573

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Company Statement of Comprehensive Income

For the financial year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000 Restated
REVENUE	4	**1,054,682**	1,080,110
Cost of sales		**(972,415)**	(980,820)
Gross profit		**82,267**	99,290
Other operating income			
- dividend income from available-for-sale investment		**11,229**	11,229
- interest income		**2,728**	863
- others		**9,892**	10,919
Selling and distribution costs		**(74,271)**	(60,131)
Administrative expenses		**(26,019)**	(18,399)
OPERATING PROFIT		**5,826**	43,771
FINANCE COST - interest expense on borrowings		**(6,425)**	(4,254)
(LOSS)/PROFIT BEFORE TAX	6	**(599)**	39,517
INCOME TAX CREDIT/(EXPENSE)	7	**1,023**	(8,157)
NET PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**424**	31,360

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Company Statement of Financial Position

As at 31 December 2017

	Note	**31.12.2017 RM'000**	31.12.2016 RM'000 Restated	1.1.2016 RM'000 Restated
NON-CURRENT ASSETS				
Property, plant and equipment	11	**151,672**	89,382	76,257
Investments in subsidiaries	12 & 25	**47,704**	47,704	47,704
Available-for-sale investment	13	**66,003**	66,003	66,003
Deferred tax assets	14	**9,903**	8,098	7,968
		275,282	211,187	197,932
CURRENT ASSETS				
Inventories	15	**227,320**	213,362	159,105
Trade and other receivables	16	**144,537**	123,344	62,632
Tax recoverable		**6,566**	1,636	0
Cash and cash equivalents	17	**26,792**	38,393	30,242
		405,215	376,735	251,979
TOTAL ASSETS		**680,497**	587,922	449,911
NON-CURRENT LIABILITY				
Borrowings (unsecured)	18	**61,960**	0	0
		61,960	0	0
CURRENT LIABILITIES				
Provisions for liabilities and charges	19	**850**	600	215
Current tax liabilities		**0**	0	5,500
Trade payables and other liabilities	20	**139,515**	143,528	147,940
Amount due to subsidiaries	21	**26,152**	26,161	27,946
Borrowings (unsecured)	18	**187,000**	148,000	25,000
		353,517	318,289	206,601
TOTAL LIABILITIES		**415,477**	318,289	206,601
NET ASSETS		**265,020**	269,633	243,310
EQUITY				
CAPITAL AND RESERVES ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY				
Share capital	22	**124,602**	100,745	100,745
Share premium		**0**	23,857	23,857
Retained profits	23	**140,418**	145,031	118,708
TOTAL EQUITY		**265,020**	269,633	243,310

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Company Statement of Changes in Equity

For the financial year ended 31 December 2017

		Issued and fully paid ordinary shares		Non-Distributable	Distributable	
	Note	Number of shares	Nominal value	Share premium	Retained profits	Total
		'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2017, as previously stated		**100,745**	**100,745**	**23,857**	**150,175**	**274,777**
Effect of prior year adjustment	30	**0**	**0**	**0**	**(5,144)**	**(5,144)**
At 1 January 2017, as restated		**100,745**	**100,745**	**23,857**	**145,031**	**269,633**
Transition to no-par value regime		**0**	**23,857**	**(23,857)**	**0**	**0**
Net profit and total comprehensive income for the financial year		**0**	**0**	**0**	**424**	**424**
Final dividend paid for the financial year ended 31 December 2016	8	**0**	**0**	**0**	**(5,037)**	**(5,037)**
At 31 December 2017		**100,745**	**124,602**	**0**	**140,418**	**265,020**
At 1 January 2016, as previously stated		100,745	100,745	23,857	123,296	247,898
Effect of prior year adjustment	30	0	0	0	(4,588)	(4,588)
At 1 January 2016, as restated		100,745	100,745	23,857	118,708	243,310
Net profit and total comprehensive income for the financial year (restated)		0	0	0	31,360	31,360
Final dividend paid for the financial year ended 31 December 2015	8	0	0	0	(5,037)	(5,037)
At 31 December 2016, as restated		100,745	100,745	23,857	145,031	269,633

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Company Statement of Cash Flows

For the financial year ended 31 December 2017

	Note	2017 RM'000	2016 RM'000 Restated
OPERATING ACTIVITIES			
Net cash flow used in operations	24	**(41,925)**	(84,477)
Interest paid		**(5,727)**	(4,254)
Interest received		**2,728**	863
Income tax paid		**(5,712)**	(15,423)
		(8,711)	(18,814)
Net cash flow used in operating activities		**(50,636)**	(103,291)
INVESTING ACTIVITIES			
Proceeds from disposal of plant and equipment		**28**	33
Purchase of property, plant and equipment		**(68,625)**	(18,263)
Repayment of loan from a subsidiary		**480**	480
Dividend received from an available-for-sale investment		**11,229**	11,229
Net cash flow used in investing activities		**(56,888)**	(6,521)
FINANCING ACTIVITIES			
Drawdown of:			
- bankers acceptance		**39,000**	123,000
- term loans		**62,500**	0
Transaction cost on borrowings paid		**(540)**	0
Dividend paid		**(5,037)**	(5,037)
Net cash flow from financing activities		**95,923**	117,963
NET CHANGE IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL YEAR		**(11,601)**	8,151
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**38,393**	30,242
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	17	**26,792**	38,393

The accounting policies on pages 50 to 57 and the notes on pages 58 to 86 form an integral part of these financial statements.

Summary of Significant Accounting Policies

For the financial year ended 31 December 2017

Unless otherwise stated, the following accounting policies have been applied consistently in dealing with items that are considered material in relation to the financial statements. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

A Basis of Preparation

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

The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with the MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. It also requires Directors to exercise their judgement in the process of applying the Group's accounting policies. Although these estimates and judgement are based on the Directors' best knowledge of current events and actions, actual results could differ from these estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

(i) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company and are effective.

The following new accounting standards, amendments and improvements to published standards and interpretations that are effective for the Group's and the Company's financial year beginning on or after 1 January 2017 are as follows:

- Amendments to MFRS 107 — Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112 — Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses
- Annual Improvements to MFRS 12 — Disclosures of Interests in Other Entities

The adoption of above Amendments to MFRS did not have a material impact on the financial statements of the Group and the Company.

(ii) Standards early adopted by the Group and the Company.

There were no standards early adopted by the Group and the Company.

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective.

Effective on or after 1 January 2018:

- MFRS 9 — Financial Instruments (IFRS 9 as issued by IASB in July 2014)
- MFRS 15 — Revenue from Contracts with Customer
- Amendments to MFRS 140 — Classification on Change in Use – Assets transferred to, from, Investment Properties
- IC Interpretation 22 — Foreign Currency Transactions and Advance Consideration

Effective on or after 1 January 2019:

- MFRS 16 — Leases
- IC Interpretations 23 — Uncertainty over Income Tax Treatments

A Basis of Preparation (continued)

(iii) Standards, amendments to published standards and interpretations to existing standards that are applicable to the Group and the Company but not yet effective (continued).

Effective date: Deferred

- Amendments to MFRS 10 and MFRS 128 — Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of the above new standards, amendments and interpretations when they become effective are not expected to have any material impact on the Group's and the Company's financial statements, except for MFRS 16. The Group is in the process of assessing the financial impact of adopting MFRS 16.

Overview of assessment activities – MFRS 15 "Revenue from Contracts with Customer"
Work to date has focused on segregating the revenue streams into major components to understand the nature of contractual arrangement with its customers. Comparison has been carried out to compare the current accounting policies and practices and the requirement of MFRS 15 to assess the potential financial impact to the Group.

Preliminary assessment indicates the current accounting policies and practices are consistent with MFRS 15 requirements except for reclassification of receivable balances arising from contracts with customer and segregation of revenue streams. Currently, revenue recognition of performance obligations require to be satisfied over time has been deferred by the Group.

Potential impact on the financial statements
Management expect the impact is minimal except for disclosure to the notes to accounts on revenue streams.

Overview of assessment activities – MFRS 9 "Financial Instruments"
Work to date has focused on available-for-sale investment and impairment model of receivables.

Potential impact on financial statements
To date, key issues for consideration which have been identified include: measurement of available-for-sale investment and development and application of an impairment model for receivables to reflect the expected loss.

At this juncture, the fair value of the available-for-sale investment is approximate its fair value, hence management is of the view that the potential impact is minimal. Management is in the process of assessing the impact of expected loss (if any) on receivables.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

B Consolidation
The consolidated financial statements include the financial statements of the Company and its subsidiaries on the basis set out below.

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has right to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Summary of Significant Accounting Policies
For the financial year ended 31 December 2017

B Consolidation (continued)

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interest issued by the Group. The consideration transferred includes the fair value of any asset of liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with MFRS 139 either in the profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

All intercompany transactions, balances and unrealised surpluses and deficits on transactions between group companies have been eliminated. Where necessary, accounting policies for subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

C Investments in Subsidiaries

In the Company's separate financial statements, investments in subsidiaries are carried at cost less accumulated impairment losses. On the disposal of investment in subsidiaries, the difference between disposal proceeds and the carrying amounts of the investments are recognised in the profit or loss.

D Property, Plant and Equipment

Freehold land is stated at cost less impairment losses where applicable. Freehold buildings, the building component of owner-occupied leasehold properties and all other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses where applicable. The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to location and condition necessary for it to be capable of operating in the manner intended by management.

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

Freehold land is not depreciated as it has an infinite life. Leasehold land is amortised in equal instalment over the periods of the respective leases which range from 45 to 91 years. Buildings are depreciated using the straight-line method over their estimated useful economic lives or the estimated remaining period of the lease, whichever is shorter.

All other property, plant and equipment are depreciated on the straight-line basis to write-off the cost of each asset to their residual values over their estimated useful lives at the following annual rates:

Buildings	$3^1/_3$% - 20%
Plant and machinery	14% - 33%
Motor vehicles, equipment and fixtures	10% - 33%

Depreciation on assets under construction commences when the assets are ready for their intended use.

The residual value, useful lives and depreciation method of property, plant and equipment are reviewed at the end of each reporting period and adjusted, if appropriate.

At the end of the reporting period, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount. See accounting policy F on impairment of non-financial assets.

D Property, Plant and Equipment (continued)

On disposal of property, plant and equipment, the difference between the net disposal proceeds and the carrying amount is included in the profit or loss.

E Intangible Assets

(i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the acquisition date. If the cost of acquisition is less than the fair value of the net assets acquired, the difference is recognised directly in the profit or loss. Goodwill on acquisition of subsidiary is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying value may not be recoverable and are carried at cost less accumulated impairment losses.

Goodwill is allocated to cash-generating units or groups of cash-generating units for the purpose of impairment testing.

(ii) Dealership rights

Dealership rights, which are rights under dealership agreement, are separately identified intangible assets acquired as part of a business combination. This dealership agreement is expected to continue for an indefinite period and, where these agreements do not have indefinite terms, it is believed that renewal of these agreements can be obtained without costs, taking into account the historical renewal and the relationship between the dealer and contracting parties. Dealership rights are not amortised, but tested annually for impairment and carried at cost less accumulated impairment losses.

F Impairment of Non-Financial Assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less cost to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Impairment losses are recognised in the profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. Impairment losses would be allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU on a pro rata basis, based on the carrying value of each asset in the CGU. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

G Financial Assets

Financial assets are initially recognised at fair value plus transaction costs. Subsequent measurement of financial assets depends on the classification of the financial assets.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Summary of Significant Accounting Policies
For the financial year ended 31 December 2017

G Financial Assets (continued)

(i) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest method, less impairment. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans and receivables are classified as "trade and other receivables" and "cash and cash equivalents" in the statement of financial position (Note 16 and Note 17).

(ii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are stated at fair values and are included in non-current assets unless management intends to dispose off the investment within 12 months of the end of the reporting period. Unrealised gains and losses arising from changes in the fair value of these investments are recognised in other comprehensive income and accumulated under equity in the fair value reserve. On disposal of investments or when an investment is determined to be impaired, the cumulative gains and losses previously deferred in equity is recognised in the profit or loss.

All purchases and sale of investments are recognised on the trade date, which is the date that the Group commits to purchase or sell the investment. Investments are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

The Group assesses at the end of each reporting period whether there is an objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the investment below its cost is considered in determining whether the investments are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income) is removed from the fair value reserve within equity and recognised in the profit or loss. Impairment losses recognised in the statement of comprehensive income on equity investments are not reversed through the statement of comprehensive income, until the equity investments are disposed off. Impairment testing of trade and other receivables is described in Note 16.

H Inventories
Inventories are stated at the lower of cost and net realisable value. Cost is generally determined using the specific identification method except for spare parts, where cost is determined on the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

I Cash and Cash Equivalents
Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash in hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

J Financial Liabilities
Financial liabilities are classified according to the substance of the contractual arrangement entered into and definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

The Group's and the Company's financial liabilities include trade payables, other liabilities and borrowings.

Trade payables and other liabilities are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

J Financial Liabilities (continued)

Borrowings are initially recognised based on the proceeds received, net of transaction cost incurred, and subsequently measured at amortised cost using the effective yield method, any difference between proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in the profit or loss when the liabilities are de-recognised, or through the amortisation process.

A financial liability is de-recognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

K Provisions

Provisions for service and warranty and claims are recognised when, the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

L Share Capital

(i) Classification

Ordinary shares are classified as equity.

(ii) Dividends

Interim dividends are accounted for in shareholders' equity as an appropriation of retained profits in the period in which they are declared whilst final dividend is accounted for when approved by shareholders at the Annual General Meeting.

M Revenue/Other Income Recognition

(a) Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the ordinary course of the Group's activities, net of goods and services taxes, excise duties, and is stated net of discounts and after eliminating sales within the Group. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

(i) Revenue from the sale of goods is recognised on the transfer of significant risks and rewards of ownership, which generally coincides with the time when the goods are delivered to customers.
(ii) Revenue from rendering services is recognised when services are rendered.

(b) Other income is recognised on the following basis:

(i) Interest income is recognised on the accruals basis on a time-proportion basis unless collection is in doubt.
(ii) Dividend income is recognised when the right to receive payment is established.
(iii) Insurance agency commissions are recognised on the effective commencement or renewal dates of the related policies.

Summary of Significant Accounting Policies

For the financial year ended 31 December 2017

N Employee Benefits

(i) Short term employee benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Group.

(ii) Defined contribution plan

The Group's contributions to the Employees' Provident Fund, a defined contribution plan regulated and managed by the Government, are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further financial obligations.

O Leases

(i) Finance lease - Accounting by lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property, plant and equipment and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the balance outstanding. The corresponding rental obligations, net of finance charges, are included in non-current borrowings except for those with maturities of less than 12 months which are included in current borrowings. The interest element of the finance is charged to the profit or loss over the lease period so as to produce a constant periodical rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful lives of the asset or the lease term.

Initial direct costs incurred by the Group in negotiating and arranging finance leases are added to the carrying amount of the leased assets and recognised as expense in the profit or loss over the lease term on the same basis as the lease expense.

Leasehold land which is in substance is a finance lease is classified as property, plant and equipment.

(ii) Operating lease - Accounting by lessee

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on the straight-line basis over the lease period.

Initial direct costs incurred by the Group in negotiating and arranging operating leases are recognised in the profit or loss when incurred.

P Income Tax

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

Current income tax is provided based on the tax payable on the taxable profit for the financial year, using income tax rate enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for income tax purposes and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on property, plant and equipment, impairment of assets and unutilised tax losses carried forward; and in relation to acquisitions, on the difference between the fair values of the net assets acquired and their tax bases. Deferred tax is measured at the tax rates that are expected to apply to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for temporary differences which will result in deductible amounts in future periods, carry-forward of unused tax losses and tax credits but only to the extent that it is probable that future taxable profits will be available against which these temporary differences, losses or tax credits can be utilised.

Q Foreign Currencies

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Ringgit Malaysia, which is the Company's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the dates of the transactions. Foreign currency monetary assets and liabilities have been converted into Ringgit Malaysia at the rates of exchange ruling at the end of reporting date. Exchange differences arising from the settlement of foreign currency transactions and from the translation of foreign currency monetary assets and liabilities are recognised in the profit or loss.

R Segment Reporting

Operating segments are reported in the manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Chief Executive Officer, who is primarily responsible for the Group's and the Company's strategic decisions.

Notes to the Financial Statements

For the financial year ended 31 December 2017

1 General Information

Cycle & Carriage Bintang Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The immediate and ultimate holding companies of the Company are Jardine Cycle & Carriage Limited, a company incorporated in Singapore and Jardine Matheson Holdings Limited, a company incorporated in Bermuda respectively.

The principal activities of the Company consist of the retailing of motor vehicles, sale of spare parts and servicing of vehicles, whilst the principal activities of the subsidiaries are as stated in Note 25 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

The address of the registered office of the Company is as follows:

Unit 30-01, Level 30, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

The address of the principal place of business of the Company is as follows:

Lot 19, Jalan 51A/219
46100 Petaling Jaya
Selangor Darul Ehsan

2 Financial Risk Management Objectives and Policies

The Group's activities expose it to a variety of financial risks, including market risk (interest rate risk and foreign currency exchange risk), credit risk and liquidity risk. The Group's overall financial risk management objective is to ensure that the Group creates value for its shareholders. Financial risk management is carried out through risk reviews, internal control systems and adherence to Group financial risk management policies. The Board regularly reviews these risks and approves the treasury policies, which covers the management of these risks.

(a) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the Group's financial instruments will fluctuate due to changes in market rates. As the Group has no significant long term interest bearing financial assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group's interest bearing financial assets are mainly short term in nature and have been placed mostly in overnight placements. The Group's interest on borrowings are issued at variable rates and fixed rates at inception and hence exposes the Group to rate changes.

The following table sets out the carrying amounts of the Group's and the Company's financial instruments that are exposed to interest rate risk:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
				Restated
Fixed rate				
Amounts due from subsidiaries	**0**	0	**67,707**	62,332
Bankers acceptance (unsecured)	**(187,000)**	(148,000)	**(187,000)**	(148,000)
Floating rate				
Deposits with licensed banks	**24,013**	37,611	**24,013**	37,611
Term loans (unsecured)	**(61,960)**	0	**(61,960)**	0
Net exposure	**(224,947)**	(110,389)	**(157,240)**	(48,057)

2 **Financial Risk Management Objectives and Policies** (continued)

(a) **Interest rate risk** (continued)
As interest rate risk arising from the Group's and the Company's operations is not material, sensitivity analysis is hence not presented.

(b) **Foreign currency exchange risk**
The Group and the Company are exposed to foreign currency exchange risk when entering into transactions that are not denominated in their functional currency. The Group manages its exposure to foreign currency exchange risk through the use of foreign currency forward contracts. There is no open foreign currency forward contract as at financial year end.

The Group's and the Company's principal total foreign currency exposure mainly relates to United States Dollars ("USD") as at the reporting date.

The Group's exposure to foreign currencies at the reporting date is as follows:

	Group and Company	
	2017	2016
	RM'000	RM'000
Trade and other payables denominated in:		
– Singapore Dollar ("SGD")	**0**	20
– USD	**39**	0
Total exposure	**39**	20

As foreign currency risk arising from the Group's operations is not material, sensitivity analysis is hence not presented.

(c) **Credit risk**
The Group's credit risk is primarily attributable to deposits with banks and credit exposures to customers. The Group has no significant concentrations of credit risk.

The Group has policies in place to ensure that sales on credit without collateral are made principally to corporate companies with appropriate credit worthiness and where necessary are partially backed by bank guarantees. The Group's bank balances and short term deposits are placed with creditworthy local licensed banks. The credit risks arising thereof are minimised in view of the financial strength of the banks.

The Company provides unsecured loans and advances to its wholly owned subsidiaries and monitors the results of the subsidiaries regularly.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position after deducting any impairment as set out in Note 16 and Note 17.

(d) **Liquidity risk**
The Group adopts prudent liquidity risk management by maintaining sufficient cash and an adequate amount of available committed credit facilities.

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 Financial Risk Management Objectives and Policies (continued)

(d) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on remaining periods at the reporting date to the maturity dates. The amounts disclosed in the table are contractual undiscounted cash flow:

	On Demand/ Less than 3 months RM'000	Between 3 to 6 months RM'000	Between 6 months to 1 year RM'000	Between 1 year to 5 years RM'000	Total RM'000
At 31 December 2017:					
Group					
Trade payables and other liabilities	**147,915**	**1,534**	**16,721**	**0**	**166,170**
Borrowings (unsecured)	**187,000**	**0**	**0**	**76,271**	**263,271**
	334,915	**1,534**	**16,721**	**76,271**	**429,441**
Company					
Trade payables and other liabilities	**122,860**	**0**	**16,655**	**0**	**139,515**
Amount due to subsidiaries	**26,152**	**0**	**0**	**0**	**26,152**
Borrowings (unsecured)	**187,000**	**0**	**0**	**76,271**	**263,271**
	336,012	**0**	**16,655**	**76,271**	**428,938**

	On Demand/ Less than 3 months RM'000 Restated	Between 3 to 6 months RM'000 Restated	Between 6 months to 1 year RM'000 Restated	Between 1 year to 5 years RM'000 Restated	Total RM'000 Restated
At 31 December 2016:					
Group					
Trade payables and other liabilities	158,843	667	8,825	0	168,335
Borrowings (unsecured)	148,000	0	0	0	148,000
	306,843	667	8,825	0	316,335
Company					
Trade payables and other liabilities	136,025	0	7,503	0	143,528
Amount due to subsidiaries	26,161	0	0	0	26,161
Borrowings (unsecured)	148,000	0	0	0	148,000
	310,186	0	7,503	0	317,689

2 Financial Risk Management Objectives and Policies (continued)

(d) Liquidity risk (continued)

	On Demand/ Less than 3 months RM'000 Restated	Between 3 to 6 months RM'000 Restated	Between 6 months to 1 year RM'000 Restated	Between 1 year to 5 years RM'000 Restated	Total RM'000 Restated
At 1 January 2016:					
Group					
Trade payables and other liabilities	163,337	653	7,982	0	171,972
Borrowings (unsecured)	25,000	0	0	0	25,000
	188,337	653	7,982	0	196,972
Company					
Trade payables and other liabilities	141,120	0	6,820	0	147,940
Amounts due to subsidiaries	27,946	0	0	0	27,946
Borrowings (unsecured)	25,000	0	0	0	25,000
	194,066	0	6,820	0	200,886

(e) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern while seeking to maximise benefits to shareholders and other stakeholders. Capital is equity as shown in the consolidated statement of financial position plus net debt.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and shareholder returns, taking into consideration the future capital requirements of the Group and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditure and projected strategic investment opportunities. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. There has been no change in the Group's approach to capital management during the financial year. The Group is not subjected to any externally imposed capital requirements.

The Group monitors capital on the basis of the Group's consolidated gearing ratio and consolidated interest cover. The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings less bank balances and other liquid funds. Interest cover is calculated as underlying business performance divided by net financing charges. The ratios are monitored by corporate management. The Group does not have a defined gearing or interest cover benchmark or range.

The gearing ratios at 31 December were as follows:

	2017	2016 Restated
Gearing ratio	**0.80**	0.35
Interest cover (times)	**nm***	12.6

* nm – not meaningful

Notes to the Financial Statements

For the financial year ended 31 December 2017

2 **Financial Risk Management Objectives and Policies** (continued)

(f) Fair value of financial instruments

Fair value recognised in the statement of financial position is measured using the following fair value hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – Inputs other than quoted price included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, observable inputs)

The carrying amounts approximate fair values in respect of cash and cash equivalents, receivables and payables due to the relative short term nature of these financial instruments.

The fair value of unquoted investment, which is classified as available-for-sale investment is measured based on the present value of future expected cash flow. The input used are categorised as Level 3, taking into consideration the terms of the shares and the call and put option which is exercisable anytime giving 12 months' notice at the initial cost of investment.

(g) Price risk

The Group and the Company are not exposed to significant equity securities price risk in respect of unquoted investments held by the Group and the Company in Mercedes-Benz Malaysia Sdn. Bhd. ("MBM") which it has classified in the consolidated statement of financial position as available-for-sale as set out in Note 13.

3 **Critical Accounting Estimates and Judgement**

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant effect on the carrying amounts of assets and liabilities are discussed below:

(a) Write-down of inventories

The Group reviews its inventories periodically and writes-down its inventories based on assessment of their net realisable value. Inventories are written-down when events or changes in circumstances indicate that the carrying amounts exceed the net realisable value. The identification of the write-down requires the use of estimates. Changes in the estimates would result in revision to the valuation of inventories.

(b) Income taxes

Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due.

Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Recognition of the deferred tax assets, which principally relate to tax losses and provisions, depend on the management's expectation of future taxable profits that will be available against which these tax benefits can be utilised. The outcome of their actual utilisation may be different.

(c) Impairment of intangible assets

Goodwill and dealership rights are tested for impairment annually. This requires an estimation of value-in-use of cash generating units to which goodwill and dealership rights are allocated.

When value-in-use calculation are undertaken, management is required to estimate the expected future cash flows from the asset or cash generating unit and choose a suitable discount rate in order to calculate the present value of the cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and dealership rights and sensitivity analysis to changes in the assumptions are given in Note 10.

3 Critical Accounting Estimates and Judgement (continued)

(d) Dealership rights

Dealership rights, which are rights under dealership agreement, are separately identified intangible assets acquired as part of a business combination. This dealership agreement is expected to continue for an indefinite period and, where these agreements do not have indefinite terms, it is believed that renewal of these agreements can be obtained without costs, taking into account the historical renewal and the relationship between the dealer and contracting parties. Dealership rights are not amortised, but tested annually for impairment and carried at cost less accumulated impairment losses.

4 Revenue

Revenue of the Group and of the Company comprise sale of motor vehicles, spare parts and servicing of motor vehicles, excluding goods and services taxes, excise duties and net of discounts.

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Sale of motor vehicles and spare parts	**1,360,261**	1,437,301	**1,009,303**	1,042,354
Servicing of motor vehicles	**59,858**	49,044	**45,379**	37,756
	1,420,119	1,486,345	**1,054,682**	1,080,110

5 Directors' Remuneration

The emoluments received by Directors of the Company during the financial year are as follows:

	Group and Company	
	2017	2016
	RM'000	RM'000
Non-Executive Directors:		
– fees	**380**	340

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6 (Loss)/Profit Before Tax

(a) (Loss)/profit before tax is arrived at after charging:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		Restated		Restated
Defined contribution pension plan	**8,188**	7,939	**6,506**	6,213
Salaries, bonuses and other employee benefits costs	**70,420**	61,280	**57,898**	48,633
Inventories (Note 24):				
– write-down	**12,726**	6,983	**7,262**	4,882
– write-offs	**10,794**	0	**0**	0
Costs of inventories/materials/consumables	**1,251,780**	1,324,116	**931,076**	963,146
Depreciation of property, plant and equipment (Note 11 & 24)	**7,204**	5,928	**6,281**	5,086
Leasing of equipment	**1,478**	1,432	**1,040**	1,019
Directors' remuneration	**380**	340	**380**	340
Auditors' remuneration @	**668**	553	**458**	451
Rent for land and buildings	**4,738**	4,090	**3,565**	3,097
Write-offs of plant and equipment (Note 24)	**16**	50	**14**	26
Provisions for liabilities and charges (Note 19)	**250**	535	**250**	535
Impairment on receivables, net (Note 16 & 24)	**4,528**	499	**2,184**	373
Interest expenses (Note 24):				
– amount due to subsidiaries	**0**	0	**0**	44
– borrowings	**6,425**	4,210	**6,425**	4,210
Group service fees	**1,137**	585	**1,137**	585
Group internal audit fees (Note 26)	**304**	461	**304**	461
Loss on disposal of plant and equipment (Note 24)	**9**	0	**12**	0
Demonstration car expenses	**15,504**	8,617	**11,280**	5,557
Foreign exchange loss – net	**64**	0	**64**	0

Significant event during the financial year

The Group suffered a total loss of RM12,298,702 arising from damages to its motor vehicles caused by an unprecedented flood in Penang in November 2017. The damages comprise RM10,794,189 of motor vehicles deemed as constructive total loss and motor vehicles with repairable damage of RM1,504,513 (included under inventories write-down). At reporting date, the reimbursements from insurers are pending finalisation and as such have not been recognised in the financial statements.

6 **(Loss)/Profit Before Tax** (continued)

(a) (Loss)/profit before tax is arrived at after charging (continued):

@ The analysis of remuneration paid or payable to PricewaterhouseCoopers PLT and its member firms are:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
PricewaterhouseCoopers PLT				
Statutory audit	**353**	316	**268**	236
Fees for other services:				
– non-statutory audit related services	**23**	23	**23**	23
	376	339	**291**	259
Member firms of PricewaterhouseCoopers PLT				
– tax compliance and other advisory services	**253**	214	**128**	192
Member firms of PricewaterhouseCoopers International Limited				
– tax compliance	**39**	0	**39**	0
Total remuneration	**668**	553	**458**	451

(b) And crediting:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Gain on disposal of plant and equipment (Note 24)	**0**	52	**0**	7
Interest income from (Note 24):				
– subsidiaries	**0**	0	**2,150**	388
– deposits with licensed banks	**578**	475	**578**	475
Insurance agency commissions	**4,663**	4,582	**4,425**	4,333
Management fee income from subsidiaries	**0**	0	**2,734**	1,654
Rental income from:				
– subsidiaries	**0**	0	**550**	568
– external parties	**81**	3	**81**	3
Reversal of:				
– write-down of inventories made previously (Note 15 & 24)	**2,660**	5,163	**2,165**	4,192
– provisions for liabilities and charges (Note 19)	**0**	150	**0**	150
Foreign exchange gain – net	**0**	53	**0**	53

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7 Income Tax Credit/(Expense)

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		Restated		Restated
Current tax	**(1,095)**	(10,880)	**(782)**	(8,287)
Deferred tax (Note 14)	**5,686**	468	**1,805**	130
	4,591	(10,412)	**1,023**	(8,157)
Current tax:				
– profit for the financial year	**(1,032)**	(10,330)	**(730)**	(7,636)
– under accrual in prior financial years (net)	**(63)**	(550)	**(52)**	(651)
Deferred tax:				
– origination and reversal of temporary differences (Note 14)	**5,686**	468	**1,805**	130
	4,591	(10,412)	**1,023**	(8,157)

The effective income tax rates of the Group and of the Company differ from the prevailing statutory income tax rate of 24% (2016: 24%) due to the following:

	Group		Company	
	2017	2016	**2017**	2016
	%	%	**%**	%
		Restated		Restated
Statutory Malaysian income tax rate	**(24)**	24	**(24)**	24
Tax effects of:				
– expenses not deductible for income tax purposes	**13**	2	**295**	2
– income not subject to tax	**(16)**	(6)	**(450)**	(7)
– under accrual in prior financial years	**0**	1	**9**	2
Average effective income tax rate	**(27)**	21	**(170)**	21

8 Dividends

The dividends paid in 2017 and 2016 are as follows:

	Group and Company			
	2017		2016	
	Gross per share	**Amount of dividend**	Gross per share	Amount of dividend
	sen	**RM'000**	sen	RM'000
Final single-tier dividend in respect of the previous financial year ended 31 December 2016, paid on 24 May 2017	**5**	**5,037**	0	0
Final single-tier dividend in respect of the previous financial year ended 31 December 2015, paid on 24 May 2016	**0**	**0**	5	5,037

The Directors do not recommend payment of any dividend for the financial year ended 31 December 2017.

9 (Loss)/Earnings Per Share

Basic (loss)/earnings per share is calculated by dividing the Group's (loss)/profit attributable to shareholders of the Company for the financial year by the weighted average number of ordinary shares in issue during the financial year.

	Group	
	2017	2016 Restated
Net (loss)/profit for the financial year attributable to shareholders of the Company (RM'000)	**(12,470)**	38,411
Weighted average number of ordinary shares in issue ('000)	**100,745**	100,745
Basic (loss)/earnings per share (sen)	**(12.38)**	38.13

No diluted EPS is computed for the Group as there are no dilutive potential ordinary shares in issue.

10 Intangible Assets

	Goodwill on acquisition	**Dealership rights**	**Total**
	RM'000	**RM'000**	**RM'000**
At 1 January/31 December 2017	**4,501**	**5,341**	**9,842**
At 1 January/31 December 2016	4,501	5,341	9,842

The goodwill of RM4,501,000 represents the expected synergies and economies of scales from combining operations of Cycle & Carriage Bintang (Northern) Sdn. Bhd. ("CCBN") with the Group.

Impairment test on intangible assets

Intangible assets relating to CCBN has been allocated to the cash generating unit of CCBN. Management has performed an impairment review of the carrying amount of the intangible assets at 31 December 2017 and concluded that no impairment has occurred.

Notes to the Financial Statements

For the financial year ended 31 December 2017

10 Intangible Assets (continued)

Impairment test on intangible assets (continued)

The impairment review of intangible assets was made by comparing the carrying value of CCBN, including intangible assets, with the recoverable amount of CCBN based on the value-in-use calculations. These calculations use cash flow projections based on financial budget approved by the Directors covering a five-year period. Cash flows beyond the 5-year budget (2016: 3-year budget) period are extrapolated using the following assumptions:

– Gross margin of 9% (2016: 9%) based on business plan
– Long-term growth rate of 3% (2016: 0.5%) which takes into consideration the long-term growth rates of the automobile industry
– Pre-tax discount rate of 9% (2016: 10%) which reflects business specific risks relating to the relevant industries
– The Group will continue to have the right to distribute Mercedes-Benz motor vehicles for the duration of the cash flow projection period.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the cash generating unit, management believes that any reasonably possible change in any of the above key assumptions would not cause the carrying value, including intangible assets, of the unit to materially exceed its recoverable amount.

11 Property, Plant and Equipment

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles, equipment and fixtures RM'000	Construction work-in-progress RM'000	Total RM'000
Group							
2017							
Net book value at 1 January	23,846	9,798	48,312	3,162	9,789	0	94,907
Additions	0	61,696	374	2,876	2,756	3,235	70,937
Disposals	0	0	0	0	(40)	0	(40)
Write-offs	0	0	0	(7)	(9)	0	(16)
Depreciation charge (Note 6 & 24)	0	(456)	(2,940)	(1,311)	(2,497)	0	(7,204)
Net book value at 31 December	23,846	71,038	45,746	4,720	9,999	3,235	158,584
At cost	23,846	75,458	78,240	13,908	37,921	3,235	232,608
Accumulated depreciation	0	(4,420)	(29,702)	(9,188)	(27,922)	0	(71,232)
Accumulated impairment losses	0	0	(2,792)	0	0	0	(2,792)
Net book value at 31 December	23,846	71,038	45,746	4,720	9,999	3,235	158,584

11 Property, Plant and Equipment (continued)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles, equipment and fixtures RM'000	Construction work-in-progress RM'000	Total RM'000
Group							
2016							
Net book value at 1 January	23,846	10,025	37,632	2,417	6,123	1,357	81,400
Additions	0	0	11,984	1,848	5,701	0	19,533
Reclassification	0	0	1,294	0	63	(1,357)	0
Disposals	0	0	0	(18)	(30)	0	(48)
Write-offs	0	0	0	(4)	(46)	0	(50)
Depreciation charge (Note 6 & 24)	0	(227)	(2,598)	(1,081)	(2,022)	0	(5,928)
Net book value at 31 December	23,846	9,798	48,312	3,162	9,789	0	94,907
At cost	23,846	13,762	77,867	11,090	35,593	0	162,158
Accumulated depreciation	0	(3,964)	(26,763)	(7,928)	(25,804)	0	(64,459)
Accumulated impairment losses	0	0	(2,792)	0	0	0	(2,792)
Net book value at 31 December	23,846	9,798	48,312	3,162	9,789	0	94,907

Notes to the Financial Statements

For the financial year ended 31 December 2017

11 Property, Plant and Equipment (continued)

	Freehold land RM'000	Leasehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles, equipment and fixtures RM'000	Construction work-in-progress RM'000	Total RM'000
Company							
2017							
Net book value at 1 January	**23,559**	**11,653**	**43,504**	**2,192**	**8,474**	**0**	**89,382**
Additions	**0**	**61,696**	**374**	**1,797**	**2,221**	**2,537**	**68,625**
Disposals	**0**	**0**	**0**	**0**	**(40)**	**0**	**(40)**
Write-offs	**0**	**0**	**0**	**(7)**	**(7)**	**0**	**(14)**
Depreciation charge (Note 6 & 24)	**0**	**(456)**	**(2,701)**	**(958)**	**(2,166)**	**0**	**(6,281)**
Net book value at 31 December	**23,559**	**72,893**	**41,177**	**3,024**	**8,482**	**2,537**	**151,672**
At cost	**23,929**	**77,249**	**70,818**	**10,317**	**32,452**	**2,537**	**217,302**
Accumulated depreciation	**0**	**(4,356)**	**(26,304)**	**(7,293)**	**(23,970)**	**0**	**(61,923)**
Accumulated impairment losses	**(370)**	**0**	**(3,337)**	**0**	**0**	**0**	**(3,707)**
Net book value at 31 December	**23,559**	**72,893**	**41,177**	**3,024**	**8,482**	**2,537**	**151,672**
2016							
Net book value at 1 January	23,559	11,880	32,719	1,879	4,863	1,357	76,257
Additions	0	0	11,852	1,142	5,269	0	18,263
Reclassification	0	0	1,294	0	63	(1,357)	0
Disposals	0	0	0	(18)	(8)	0	(26)
Write-offs	0	0	0	0	(26)	0	(26)
Depreciation charge (Note 6 & 24)	0	(227)	(2,361)	(811)	(1,687)	0	(5,086)
Net book value at 31 December	23,559	11,653	43,504	2,192	8,474	0	89,382
At cost	23,929	15,554	70,443	8,579	30,610	0	149,115
Accumulated depreciation	0	(3,901)	(23,602)	(6,387)	(22,136)	0	(56,026)
Accumulated impairment losses	(370)	0	(3,337)	0	0	0	(3,707)
Net book value at 31 December	23,559	11,653	43,504	2,192	8,474	0	89,382

12 Investments in Subsidiaries

	Company	
	2017	2016
	RM'000	RM'000
Unquoted investments, at cost	**66,185**	66,185
Less: Allowance for accumulated impairment losses	**(18,481)**	(18,481)
	47,704	47,704

A list of subsidiaries is set out in Note 25.

13 Available-For-Sale Investment

The available-for-sale investment consists of the Company's investment in MBM, a joint-venture company with Daimler AG ("DAG"). The Company has a 49% interest (Class B shares) in MBM while DAG has a 51% interest (Class A shares). MBM is not considered an associate of the Company as the Company's interest in the Class B shares do not carry any voting rights nor any right to share in the equity interest.

Put and call options granted to CCB and MBM, respectively to sell and purchase the Class B shares were not exercisable prior to 31 December 2012. The exercise of either option requires at least 12 months prior written notice on or after 1 January 2013 at the exercise price equal to the par value paid-up in respect of the Class B shares.

On 24 July 2013, the Company entered into an amendment agreement (the "Amendment Agreement") with DAG. The Joint Venture Agreement (the "JV Agreement") previously provided that the Company was entitled to be paid approximately RM11.2 million ("CCB Dividend") every year by way of a fixed annual dividend in respect of its shareholding in MBM. The terms of the Amendment Agreement provide that this will cease to be a fixed annual dividend, but instead the CCB Dividend will only be paid to the Company in a year in which MBM also declares a distribution of dividends to DAG ("DAG Dividend"). If a DAG Dividend is not paid for any given year, the annual dividend will not be paid to the Company for such year (the "Non-Paid Out Annual Dividend"). The Non-Paid Out Annual Dividend will be paid in the next year in which the above requirement for the pay out of the annual dividend is fulfilled. The annual dividend due in the next year to the Company and the Non-Paid Out Annual Dividends for all preceding years will be paid to the Company up to the amount of dividend that MBM declares to DAG.

DAG and the Company currently have no plans to make any change to the structure of the joint-venture arrangement entered into when MBM was incorporated.

The fair value of the investment approximates its carrying value.

During the financial year ended 31 December 2017, the Group and Company recognised a dividend income of RM11.2 million (2016: RM11.2 million).

Notes to the Financial Statements

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14 Deferred Taxation

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		Restated		Restated
At 1 January	**9,041**	8,573	**8,098**	7,968
Credited/(charged) to the profit or loss (Note 7):				
– property, plant and equipment	**68**	(489)	**79**	(483)
– provisions and payables	**3,462**	957	**1,726**	613
– unutilised tax losses and capital allowances	**2,156**	0	**0**	0
	5,686	468	**1,805**	130
At 31 December	**14,727**	9,041	**9,903**	8,098

Subject to income tax:

	31.12.2017	31.12.2016	1.1.2016
	RM'000	RM'000	RM'000
		Restated	Restated
Group			
Deferred tax assets (before offsetting)			
Provisions and payables (Note 30)	**14,991**	11,529	10,572
Unutilised tax losses and capital allowances	**2,156**	0	0
	17,147	11,529	10,572
Offsetting	**(2,420)**	(2,426)	(1,603)
Deferred tax assets (after offsetting)	**14,727**	9,103	8,969
Company			
Deferred tax assets (before offsetting)			
Provisions and payables (Note 30)	**10,827**	9,101	8,488
Offsetting	**(924)**	(1,003)	(520)
Deferred tax assets (after offsetting)	**9,903**	8,098	7,968

14 Deferred Taxation (continued)

	31.12.2017 RM'000	31.12.2016 RM'000 Restated	1.1.2016 RM'000 Restated
Group			
Deferred tax liabilities (before offsetting)			
Intangible assets	**1,335**	1,335	1,335
Property, plant and equipment	**1,085**	1,153	664
	2,420	2,488	1,999
Offsetting	**(2,420)**	(2,426)	(1,603)
Deferred tax liabilities (after offsetting)	**0**	62	396
Company			
Deferred tax liabilities (before offsetting)			
Intangible assets	**0**	0	0
Property, plant and equipment	**924**	1,003	520
	924	1,003	520
Offsetting	**(924)**	(1,003)	(520)
Deferred tax liabilities (after offsetting)	**0**	0	0

Subject to agreement with the Inland Revenue Board, the amount of deductible temporary differences and unutilised tax losses (both of which have no expiry date) for which no deferred tax assets have been recognised in the statement of financial position are as follows:

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Deductible temporary differences	**690**	690	**0**	0
Unutilised tax losses	**3,338**	3,338	**0**	0

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15 Inventories

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
At cost				
Motor vehicles	**89,509**	153,448	**74,888**	111,627
Spare parts	**22,919**	17,843	**17,377**	13,850
	112,428	171,291	**92,265**	125,477
At net realisable value				
Motor vehicles	**189,074**	127,462	**134,086**	87,164
Spare parts	**1,300**	961	**969**	721
	190,374	128,423	**135,055**	87,885
	302,802	299,714	**227,320**	213,362

During the financial year, the Group and the Company reversed provision for inventories written-down in the previous financial years of RM2,660,140 (2016: RM5,163,273) and RM2,164,956 (2016: RM4,191,903) respectively. The reversal was made as the Group and the Company was able to sell those inventories above their carrying amounts.

16 Trade and Other Receivables

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Trade receivables	**72,856**	62,775	**57,821**	50,635
Less: Impairment	**(4,188)**	(25)	**(2,002)**	(25)
	68,668	62,750	**55,819**	50,610
Warranty claims receivables	**18,991**	9,689	**14,717**	7,288
Less: Impairment	**(1,547)**	(1,344)	**(1,185)**	(978)
	17,444	8,345	**13,532**	6,310
Deposits	**2,204**	1,733	**1,784**	1,371
Others	**4,318**	2,722	**5,695**	2,721
Amount due from subsidiaries	**0**	0	**69,781**	64,406
Less: Impairment	**0**	0	**(2,074)**	(2,074)
	0	0	**67,707**	62,332
	92,634	75,550	**144,537**	123,344

Credit terms of trade receivables range from 30 to 90 days.

Concentrations of credit risk with respect to trade receivables are limited as the more significant debts are partially backed up by bank guarantees and payment track records of the customers. The Group and the Company have made adequate amount of impairment based on the estimated irrecoverable amount determined by reference to past collection experience. Due to these factors, management believes that no additional credit risk beyond amounts impaired for collection losses is inherent in the Group's trade receivables.

16 **Trade and Other Receivables** (continued)

The amounts due from subsidiaries are unsecured, bearing interest at 3.8% (2016: 3.8%) per annum and are repayable upon demand except for interest-free portion amounting to RM144,787 (2016: RM124,699).

All trade receivables and other receivables are denominated in Ringgit Malaysia.

The ageing analysis of the trade receivables and warranty receivables is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Neither past due nor impaired	**65,575**	59,597	**52,964**	47,283
Past due but not impaired:				
Below 31 days	**12,648**	4,461	**9,900**	3,340
31 to 60 days	**2,617**	1,116	**1,739**	1,094
61 to 90 days	**1,213**	1,184	**1,186**	1,082
Over 90 days	**4,059**	4,737	**3,562**	4,121
	20,537	11,498	**16,387**	9,637
Receivables subject to impairment:				
Gross	**5,735**	1,369	**3,187**	1,003
Impairment	**(5,735)**	(1,369)	**(3,187)**	(1,003)
	0	0	**0**	0
	86,112	71,095	**69,351**	56,920

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. Most of the Group's trade receivables are arising from financiers in respect of finance provided to end customers, sales to reputable public listed companies and government or semi government institutions.

Trade receivables that are individually determined to be impaired at the reporting date relate to disputed debts or under legal action and debts that have been past due more than 90 days. These receivables are not secured by any collateral or credit enhancement.

Warranty claims receivables are determined to be impaired at the reporting date based on a specified rate applied to unapproved warranty claims and unaudited claims.

Movements in the impairment of trade receivables and other receivables:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
At 1 January	**1,369**	896	**1,003**	630
Impairment during the financial year (Note 6)	**4,553**	511	**2,209**	385
Bad debt written back (Note 6)	**(25)**	(12)	**(25)**	(12)
Written-off during the financial year	**(162)**	(26)	**0**	0
At 31 December	**5,735**	1,369	**3,187**	1,003

The other classes within trade and other receivables do not contain impaired assets.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. Where necessary, the Group would request for bank guarantees as collaterals.

Notes to the Financial Statements

For the financial year ended 31 December 2017

17 Cash and Cash Equivalents

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Deposits with licensed banks	**24,013**	37,611	**24,013**	37,611
Cash and bank balances	**8,635**	9,962	**2,779**	782
	32,648	47,573	**26,792**	38,393

Cash and cash equivalents are denominated in Ringgit Malaysia.

The weighted average annual interest rate that was effective as at the reporting date is as follows:

	Group and Company	
	2017	2016
	%	%
	per annum	per annum
Deposits with licensed banks	**2.75**	2.75

Deposits with licensed banks of the Group and of the Company have an average maturity period of 1 day (2016: 1 day). Bank balances are deposits held at call with banks and earn no interest.

18 Borrowings (Unsecured)

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Non-current				
Term loans	**61,960**	0	**61,960**	0
Current				
Bankers acceptance	**187,000**	148,000	**187,000**	148,000
	248,960	148,000	**248,960**	148,000

The above borrowings are denominated in Ringgit Malaysia and carry an effective interest rate of 4.1% (2016: 3.8%).

19 Provisions for Liabilities and Charges

	Service and warranty RM'000	Claims RM'000	Total RM'000
Group			
At 1 January 2017	**32**	**600**	**632**
Additional provisions during the financial year (Note 6)	**0**	**250**	**250**
Utilised	**(13)**	**0**	**(13)**
At 31 December 2017	**19**	**850**	**869**
At 1 January 2016	198	65	263
Additional provisions during the financial year (Note 6)	0	535	535
Unused amounts reversed and credited to profit or loss (Note 6)	(150)	0	(150)
Utilised	(16)	0	(16)
At 31 December 2016	32	600	632
Company			
At 1 January 2017	**0**	**600**	**600**
Additional provisions during the financial year (Note 6)	**0**	**250**	**250**
At 31 December 2017	**0**	**850**	**850**
At 1 January 2016	150	65	215
Additional provisions during the financial year (Note 6)	0	535	535
Unused amounts reversed and credited to profit or loss (Note 6)	(150)	0	(150)
At 31 December 2016	0	600	600

Claims

The amounts represent a provision for certain legal claims brought against the Group arising from the ordinary course of business. The Directors are of the view that the outcome of these legal claims will not give rise to any significant loss beyond the amounts already provided at 31 December 2017.

20 Trade Payables and Other Liabilities

	31.12.2017 RM'000	31.12.2016 RM'000 Restated	1.1.2016 RM'000 Restated
Group			
Trade payables (Note 30)	**99,097**	82,113	77,263
Other liabilities and accruals	**67,073**	86,222	94,709
	166,170	168,335	171,972
Company			
Trade payables (Note 30)	**79,088**	65,659	64,411
Other liabilities and accruals	**60,427**	77,869	83,529
	139,515	143,528	147,940

Notes to the Financial Statements

For the financial year ended 31 December 2017

20 Trade Payables and Other Liabilities (continued)

Trade payables and other liabilities are denominated as follows:

	31.12.2017 RM'000	31.12.2016 RM'000 Restated	1.1.2016 RM'000 Restated
Group			
Currency			
RM	**166,131**	168,315	171,866
SGD	**0**	20	2
EUR	**0**	0	101
USD	**39**	0	3
	166,170	168,335	171,972
Company			
Currency			
RM	**139,476**	143,508	147,834
SGD	**0**	20	2
EUR	**0**	0	101
USD	**39**	0	3
	139,515	143,528	147,940

Credit terms of trade payables granted to the Group and the Company vary from 30 to 90 days.

Included in other liabilities above is an interest-free amount payable to Mercedes-Benz Services Malaysia Sdn. Bhd. ("MBSM") of RM38,842,661 (2016: RM56,625,182) pertaining to a revolving hire-purchase floorplan facility. A pre-determined interest-free period has been granted by MBSM. Any unpaid amount over the interest-free period shall be disclosed as borrowings in Note 18, if any.

Included in the other liabilities above are amounts payable to the immediate holding company of RM Nil (2016: RM20,351) for transactions as disclosed in Note 26.

21 Amount due to Subsidiaries

The amount due to subsidiaries are denominated in Ringgit Malaysia, unsecured, bearing interest at 3.8% (2016: 3.8%) per annum and are repayable upon demand except for interest-free portion amounting to RM26,152,382 (2016: RM26,160,926).

22 Share Capital

	Group and Company			
	2017		2016	
	Number of shares '000	**Amount RM'000**	Number of shares '000	Amount RM'000
Issued and fully paid-up ordinary shares:				
At 1 January/31 December	**100,745**	**124,602**	100,745	100,745

Pursuant to Section 618(2) of the Companies Act 2016 ("the Act"), any outstanding Share Premium accounts shall become part of Ordinary Share Capital.

22 Share Capital (continued)

Transition to no-par value regime on 31 January 2017 under the Companies Act 2016

The Act which came into effect on 31 January 2017 has repealed the Companies Act, 1965. The Act has abolished the concept of par or nominal value of shares and hence, the share premium and authorised capital have been abolished. In accordance with Section 618(2) of the Act, any amount standing to the credit of the Company's share premium account become part of the Company's share capital upon commencement of the Act. Notwithstanding this provision, the Company may within 24 months from the date of the Act came into effect, use the amount standing to the credit of its share premium accounts of RM23,857,000 for purposes as set out in Section 618(3) of the Act.

23 Retained Profits

Under the single-tier tax system which came into effect from the year of assessment 2008, companies are not required to have tax credits under Section 108 of the Income Tax Act, 1967 for dividend payment purposes. Dividends paid under this system are tax exempt in the hands of shareholders.

24 Net Cash Flow Used in Operations

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
		Restated		Restated
(Loss)/profit before tax	**(17,061)**	48,823	**(599)**	39,517
Adjustments for:				
Property, plant and equipment:				
– depreciation (Note 6 & 11)	**7,204**	5,928	**6,281**	5,086
– loss/(gain) on disposal (Note 6)	**9**	(52)	**12**	(7)
– write-offs (Note 6)	**16**	50	**14**	26
Interest income (Note 6)	**(578)**	(475)	**(2,728)**	(863)
Finance cost (Note 6)	**6,425**	4,210	**6,425**	4,254
Inventories (Note 6):				
– write-down	**12,726**	6,983	**7,262**	4,882
– write-back	**(2,660)**	(5,163)	**(2,165)**	(4,192)
– write-offs	**10,794**	0	**0**	0
Impairment on trade receivables, net (Note 6)	**4,528**	499	**2,184**	373
Provisions (Note 19)	**250**	385	**250**	385
Dividend income	**(11,229)**	(11,229)	**(11,229)**	(11,229)
	27,485	1,136	**6,306**	(1,285)
	10,424	49,959	**5,707**	38,232
Changes in working capital:				
Inventories	**(23,948)**	(116,770)	**(19,055)**	(54,947)
Receivables	**(21,612)**	(3,654)	**(18,002)**	(3,149)
Payables (Note 30)	**(2,863)**	(3,637)	**(4,711)**	(4,412)
Subsidiaries' balances	**0**	0	**(5,864)**	(60,201)
	(48,423)	(124,061)	**(47,632)**	(122,709)
Net cash flow used in operations	**(37,999)**	(74,102)	**(41,925)**	(84,477)

Notes to the Financial Statements
For the financial year ended 31 December 2017

25 Subsidiaries
The subsidiaries, which are all incorporated in Malaysia and directly owned by the Company, are detailed below:

	Issued capital RM'000	Group's share 2017 %	Group's share 2016 %	Principal activities
Cycle & Carriage Bintang (Perak) Sdn. Bhd.	1,710	**100**	100	Retailing of motor vehicles, sale of spare parts and servicing of vehicles.
Srisari Sdn. Bhd.	0*	**100**	100	Dormant.
Selecsama Sdn. Bhd.	5,000	**100**	100	Dormant.
Cycle & Carriage (Malaysia) Sdn. Berhad	31,000	**100**	100	Dormant.
Cycle & Carriage Bintang (Northern) Sdn. Bhd.	4,898	**100**	100	Retailing of motor vehicles, sale of spare parts and servicing of vehicles.
Lowe Properties Sdn. Bhd.	200	**100**	100	Renting of premises.

* Issued share capital of RM2

All subsidiary companies are audited by PricewaterhouseCoopers PLT.

26 Related Party Disclosures
In addition to related party disclosures disclosed elsewhere in the financial statements, set out below are other significant related party transactions and balances.

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

		Company 2017 RM'000	Company 2016 RM'000
(a)	**With subsidiaries:**		
	Income:		
(i)	Transfer of motor vehicles and parts to subsidiaries	**117,414**	102,371
(ii)	Receipt of rental	**550**	568
(iii)	Receipt of management fees	**2,734**	1,654
(iv)	Receipt of interest income, net	**2,150**	344
(v)	Repayment of loan from a subsidiary	**480**	480
	Expense:		
(i)	Transfer of motor vehicles and parts from subsidiaries	**(98,121)**	(79,252)
(ii)	Share of insurance contributions and overhead expenses to subsidiaries	**(693)**	(737)

26 Related Party Disclosures (continued)

	Group and Company	
	2017	2016
	RM'000	RM'000
(b) With the immediate holding company:		
Provision of management services	**(947)**	(493)
Receipt of insurance premium support	**457**	602
(c) With a subsidiary of the immediate holding company:		
Provision of training programme	**(50)**	(106)
Provision of management service	**(190)**	(92)
(d) With subsidiaries of the ultimate holding company:		
Jardine Matheson & Co., Ltd		
– provision of internal audit services (Note 6)	**(304)**	(461)
– provision of executive development program and certificates	**(112)**	(47)
Purchase of computer software, peripherals and copier charges from Innovix Distribution Sdn. Bhd.	**0**	(661)
Purchase of computer software, peripherals and copier charges from JOS Malaysia Sdn. Bhd.	**(1,104)**	(1,196)
(e) With an associate of the ultimate holding company:		
Purchase of insurance from Jardine Lloyd Thompson Sdn. Bhd.	**(428)**	(115)
(f) Remuneration of key management personnel of the Group:		
Short-term employee benefits	**3,201**	8,230
Other long-term benefits	**845**	432
	4,046	8,662

Significant related party balances related to the above transactions are disclosed in Notes 16, 20 and 21.

Relationships with the above related parties are as follows:

Related party	Relationship
Jardine Cycle & Carriage Limited	The immediate holding company of the Company.
Cycle & Carriage Industries Pte Limited	Subsidiary of Jardine Cycle & Carriage Limited, the immediate holding company of the Company.
Jardine Matheson & Co., Ltd Innovix Distribution Sdn. Bhd. JOS Malaysia Sdn. Bhd.	Subsidiaries of Jardine Matheson Holdings Limited, the ultimate holding company of the Company.
Jardine Lloyd Thompson Sdn. Bhd.	Associate of Jardine Matheson Holdings Limited, the ultimate holding company of the Company.

Outstanding balances with the above related parties arose from trade and non-trade transactions during the financial year.

Notes to the Financial Statements
For the financial year ended 31 December 2017

27 Financial Instruments

The carrying amounts of other financial assets and liabilities of the Group and of the Company at the reporting date approximated their fair values.

28 Segment Reporting

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

- Automobile industry – retailing of motor vehicles, sale of spare parts and servicing of vehicles.
- Investment – investment in MBM.

	Automobile industry RM'000	Investment RM'000	Total RM'000
2017			
Revenue	**1,420,119**	**0**	**1,420,119**
Results:			
Segment results	**(22,443)**	**11,229**	**(11,214)**
Interest income	**578**	**0**	**578**
Finance cost	**(6,425)**	**0**	**(6,425)**
			(17,061)
Income tax credit			**4,591**
Net loss			**(12,470)**
Net assets:			
Segment assets	**596,510**	**66,003**	**662,513**
Unallocated assets			**24,502**
			687,015
Segment liabilities	**415,999**	**0**	**415,999**
Unallocated liabilities			**28**
			416,027
Other information:			
Capital expenditure	**70,937**	**0**	**70,937**
Depreciation	**7,204**	**0**	**7,204**
Write-down of inventories	**12,726**	**0**	**12,726**
Inventories written off	**10,794**	**0**	**10,794**
Reversal of write-down of inventories made previously	**(2,660)**	**0**	**(2,660)**
Impairment on receivables (net)	**4,528**	**0**	**4,528**

28 Segment Reporting (continued)

	Automobile industry RM'000 Restated	Investment RM'000 Restated	Total RM'000 Restated
2016			
Revenue	1,486,345	0	1,486,345
Results:			
Segment results	41,329	11,229	52,558
Interest income	475	0	475
Finance cost	(4,210)	0	(4,210)
			48,823
Income tax expense			(10,412)
Net profit			38,411
Net assets:			
Segment assets	527,586	66,003	593,589
Unallocated assets			11,960
			605,549
Segment liabilities	316,967	0	316,967
Unallocated liabilities			87
			317,054
Other information:			
Capital expenditure	19,533	0	19,533
Depreciation	5,928	0	5,928
Write-down of inventories	6,983	0	6,983
Reversal of write-down of inventories made previously	(5,163)	0	(5,163)
Impairment on receivables (net)	499	0	499

Notes to the Financial Statements

For the financial year ended 31 December 2017

29 Commitments

(a) Capital commitments

Capital expenditure not provided for in the financial statements is as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Property, plant and equipment				
– Approved and contracted	**8,260**	1,470	**6,006**	1,143
– Approved but not contracted	**12,458**	5,822	**10,729**	5,822
	20,718	7,292	**16,735**	6,965

(b) Operating lease commitments

The Group leases various properties under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2017	2016	**2017**	2016
	RM'000	RM'000	**RM'000**	RM'000
Within one year	**5,645**	4,488	**4,389**	3,373
Between one and five years	**3,910**	6,826	**1,197**	3,413
	9,555	11,314	**5,586**	6,786

30 Comparative Figures

During the financial year, prior year adjustments ("Adjustments") were made following a review of historic sales support payments received from its principal, MBM.

Following the conclusion of the review with MBM, the Group and the Company established that errors had been made in relation to the required holding periods under the payment terms for a number of demonstration and courtesy vehicles. The excess sales support payments in relation to claims made in financial years 2013, 2014, 2015 and 2016 amounted to RM8,027,000. Subsequently, the Group and the Company has repaid this amount to MBM in January 2018.

30 Comparative Figures (continued)

The impact of the Adjustments on prior financial years is as follows:

(a) Impact of Adjustments on statements of comprehensive income for the financial year ended 31 December 2016:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group			
Cost of sales	(1,354,887)	(909)	(1,355,796)
Income tax expense	(10,630)	218	(10,412)
Net profit	39,102	(691)	38,411

	sen	sen	sen
Basic earnings per share attributable to shareholders of the Company	38.81	(0.68)	38.13

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Company			
Cost of sales	(980,088)	(732)	(980,820)
Income tax expense	(8,333)	176	(8,157)
Net profit	31,916	(556)	31,360

(b) Impact of Adjustments on statements of financial position:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Group			
31.12.2016			
Deferred tax assets on payables (Note 14)	9,603	1,926	11,529
Trade payables (included within trade payables and other liabilities) (Note 20)	74,086	8,027	82,113
Retained profits	169,994	(6,101)	163,893
1.1.2016			
Deferred tax assets on payables (Note 14)	8,864	1,708	10,572
Trade payables (included within trade payables and other liabilities) (Note 20)	70,145	7,118	77,263
Retained profits	135,929	(5,410)	130,519

Notes to the Financial Statements

For the financial year ended 31 December 2017

30 Comparative Figures (continued)

(b) Impact of Adjustments on statements of financial position (continued):

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Company			
31.12.2016			
Deferred tax assets on payables (Note 14)	7,477	1,624	9,101
Trade payables (included within trade payables and other liabilities) (Note 20)	58,891	6,768	65,659
Retained profits	150,175	(5,144)	145,031
1.1.2016			
Deferred tax assets on payables (Note 14)	7,040	1,448	8,488
Trade payables (included within trade payables and other liabilities) (Note 20)	58,375	6,036	64,411
Retained profits	123,296	(4,588)	118,708

(c) Impact of Adjustments on statements of cash flows:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
31.12.2016			
Group			
Profit before tax	49,732	(909)	48,823
Changes in working capital - payables	(4,546)	909	(3,637)
Company			
Profit before tax	40,249	(732)	39,517
Changes in working capital - payables	(5,144)	732	(4,412)

31 Approval of Financial Statements

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 28 February 2018.

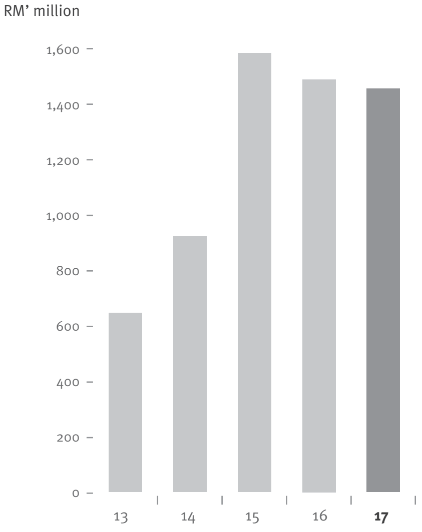
Five-Year Summary

	2013 RM'000 Restated	2014 RM'000 Restated	2015 RM'000 Restated	2016 RM'000 Restated	**2017** **RM'000**
Consolidated Statements of Comprehensive Income					
Revenue	644,976	922,463	1,580,024	1,486,345	**1,420,119**
(Loss)/profit before tax	(3,710)	14,955	67,041	48,823	**(17,061)**
Tax credit/(expense)	4,105	(5,060)	(16,044)	(10,412)	**4,591**
Net profit/(loss) attributable to shareholders	395	9,895	50,997	38,411	**(12,470)**
Earnings/(loss) per share (sen)	0.4	9.8	50.6	38.1	**(12.4)**
Gross dividend per share (sen)	–	–	5.0	5.0	**–**
Consolidated Statements of Financial Position					
Intangible assets	9,842	9,842	9,842	9,842	**9,842**
Property, plant and equipment	84,836	79,908	81,400	94,907	**158,584**
Available-for-sale investment	66,003	66,003	66,003	66,003	**66,003**
Other net non-current assets	5,625	5,621	8,573	9,041	**14,727**
Net current assets, other than net cash/(borrowings)	92,797	6,501	78,566	209,129	**238,144**
Net (borrowings)/cash	(64,874)	36,249	10,737	(100,427)	**(216,312)**
Net assets	194,229	204,124	255,121	288,495	**270,988**
Share capital	100,745	100,745	100,745	100,745	**124,602**
Reserves	93,484	103,379	154,376	187,750	**146,386**
Shareholders' funds and capital employed	194,229	204,124	255,121	288,495	**270,988**
Net assets value per share (RM)	1.9	2.0	2.5	2.9	**2.7**
Consolidated Statements of Cash Flows					
Net cash flow (used in)/from operating activities	(53,367)	91,213	(29,577)	(97,923)	**(51,171)**
Net cash flow from/(used in) investing activities	990	9,910	4,065	(8,204)	**(59,677)**
Net cash flow from/(used in) financing activities	54,498	(87,552)	24,998	117,963	**95,923**
Net cash flow per share from operating activities (RM)	(0.5)	0.9	(0.3)	(1.0)	**(0.5)**
Key Ratios					
Gearing	33%	–	–	35%	**80%**
Interest cover (times)	nm	17	107	13	**nm**
Dividend cover (times)	–	–	10.1	7.6	**–**
Dividend payout	–	–	10%	13%	**–**
Return/(loss) on shareholders' funds	0.2%	5.0%	22.2%	14.1%	**(4.5%)**

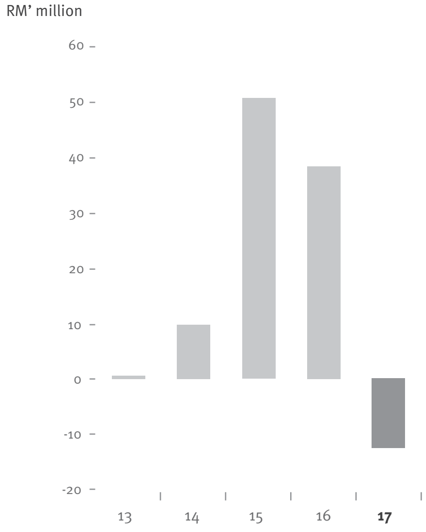
Notes:
1. (Loss)/earnings per share is computed based on the net profit attributable to shareholders divided by the weighted average number of shares in issue.
2. Gross dividend per share represents the dividend declared and dividend proposed per share for the financial year.
3. Net assets value per share is computed based on shareholders' funds divided by the number of shares in issue at the end of the financial year.
4. Net cash flow per share from operating activities is computed based on the net cash flow from operating activities divided by the weighted average number of shares in issue.
5. Gearing is computed based on net borrowings divided by shareholders' funds.
6. Interest cover is computed based on profit before interest expense and tax expense divided by interest expense.
7. Dividend cover is based on the net profit attributable to shareholders divided by net dividend declared and dividend proposed for the financial year.
8. Dividend payout is based on net dividend declared and dividend proposed for the financial year divided by net profit attributable to shareholders.
9. Return/(loss) on shareholders' funds is computed based on net profit attributable to shareholders divided by average shareholders' funds.

nm - not meaningful

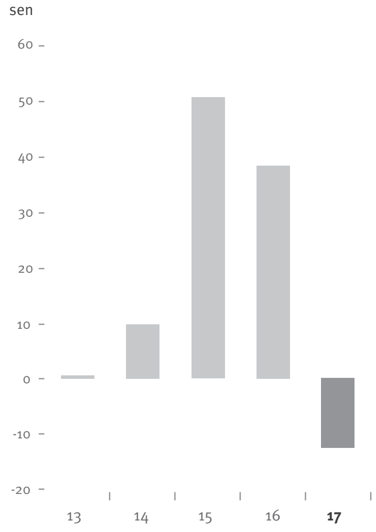
Financial Charts



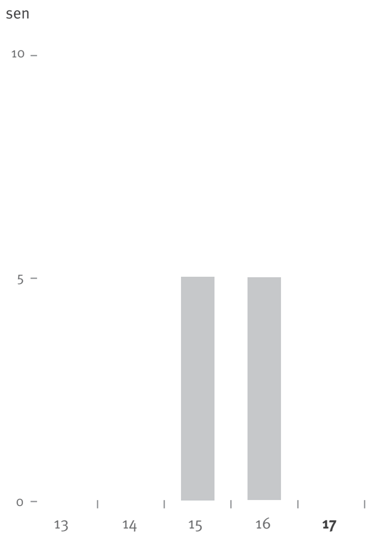
Revenue



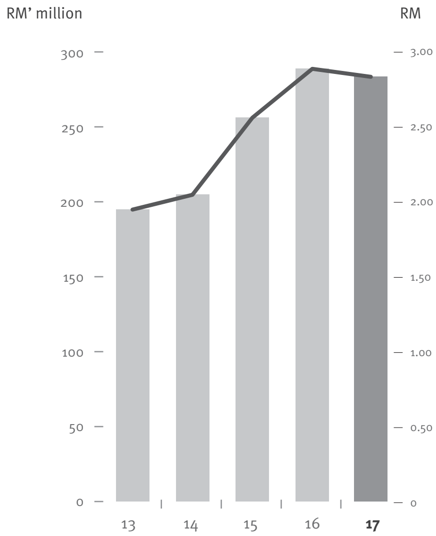
Net profit/(loss) attributable to shareholders



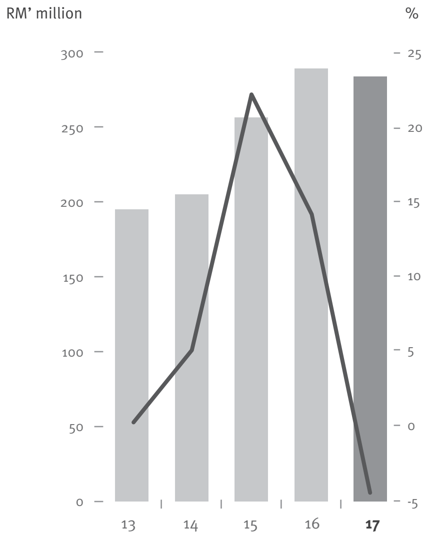
Earnings/(loss) per share



Gross dividend per share



Capital employed
Net assets value per share (RM)



Shareholders' funds
Return/(loss) on shareholders' funds (%)

Group Properties

As at 31 December 2017

	Location of Property	Description	Approximate Age of Building (Years)	Land Area (sq. ft.)	Land Tenure (expiry of lease)	Net Book Value RM'000	Acquisition Date
1.	Lot 5, Jalan Perusahaan Satu, Kawasan Perindustrian PKNS, 68100 Batu Caves, Selangor.	MB Autohaus - service centre, parts retail and office.	21	178,118	Leasehold (5.9.2074)	8,698	14.12.1982
2.	No. 102, Jalan Skudai, 81200 Johor Bahru, Johor.	MB Autohaus - vehicle showroom, service centre, parts retail and office.	26	223,799	Freehold	9,188	30.1.1991
3.	No. 75, Jalan Tunku Abdul Rahman, 30010 Ipoh, Perak.	MB Autohaus - vehicle showroom, service centre, parts retail and office.	14	100,155	Freehold	3,082	24.12.1983
4.	No. 37A, Lot 82, Jalan Kamunting, Tanah Rata, 39007 Cameron Highlands, Pahang.	Holiday bungalow.	41	50,569	Leasehold (30.8.2037)	24	23.11.1977
5.	No. 16, Jalan PJU 7/5, Mutiara Damansara, 47800 Petaling Jaya, Selangor.	MB Autohaus - vehicle showroom, service centre, parts retail and office.	12	63,217	Freehold	17,748	7.4.2005
6.	Lot 19, Jalan 51A/219, 46100 Petaling Jaya, Selangor.	MB Autohaus - vehicle showroom, service centre, parts retail and office.	12	102,997	Leasehold (7.1.2067)	18,444	21.4.2004
7.	No. 1619, Jalan Pengkalan, Bukit Tengah, 14000 Bukit Mertajam, Penang.	MB Autohaus - service centre, parts retail and office.	21	90,018	Freehold	4,206	13.5.2011
8.	Lot 338, Jalan Sungai Besi, 57100 Kuala Lumpur, Wilayah Persekutuan Kuala Lumpur.	Future MB Autohaus - service centre, parts retail and office.	N/A	45,639	Leasehold (17.9.2062)	61,467	3.11.2017

Shareholding Statistics

Analysis of Shareholdings by Range Groups as at 28 February 2018

Size of Shareholdings	No. of Shares	% Over Total Shares	No. of Holders	% Over Total Shareholders
1 - 99	3,387	0.00	277	6.25
100 - 1,000	1,046,555	1.04	1,326	29.93
1,001 - 10,000	9,233,517	9.17	2,330	52.58
10,001 - 100,000	12,254,331	12.16	451	10.18
100,001 - 5,037,224	18,663,710	18.53	46	1.04
5,037,225 and above	59,543,000	59.10	1	0.02
	100,744,500	100.00	4,431	100.00

Thirty Largest Shareholders as at 28 February 2018

No.	Investor Name/Beneficiary Name	No. of Shares	%
1.	Affin Hwang Nominees (Asing) Sdn. Bhd. *DBS Vickers Secs (S) Pte Ltd for Jardine Cycle & Carriage Limited*	59,543,000	59.10
2.	CIMSEC Nominees (Tempatan) Sdn Bhd *Exempt an for CIMB Trustee Berhad (CO1046)*	3,792,000	3.76
3.	Chinchoo Investment Sdn. Berhad	1,909,000	1.89
4.	Key Development Sdn. Berhad	1,183,000	1.17
5.	Gan Teng Siew Realty Sdn. Berhad	1,049,900	1.04
6.	Koperasi Permodalan Felda Malaysia Berhad	1,000,000	0.99
7.	Mikdavid Sdn Bhd	864,900	0.86
8.	UOB Kay Hian Nominees (Asing) Sdn Bhd *Exempt an for UOB Kay Hian Pte Ltd (A/c Clients)*	676,800	0.67
9.	Ramly Bin Abdullah	568,000	0.56
10.	Chai Koon Khow	469,500	0.47
11.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Tan Kian Chuan (MY2204)*	400,000	0.40
12.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chia Siew Fung*	392,200	0.39
13.	Quek See Kui	384,300	0.38
14.	Wong Yu @ Wong Wing Yu	370,800	0.37
15.	Inter-Pacific Equity Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chok Chew Lan (AC0103)*	350,000	0.35
16.	Gemas Bahru Estates Sdn. Bhd.	334,600	0.33
17.	Lee Joo Chew @ Lee Sean Wah	330,000	0.33
18.	Chong Kok Fah	320,000	0.32
19.	Amsec Nominees (Asing) Sdn Bhd *KGI Securities (Singapore) Pte. Ltd. for Chong Chew Lim @ Chong Ah Kau (214028)*	317,500	0.32
20.	RHB Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Chok Chew Lan*	317,200	0.31
21.	Sinjin Pertama Holdings Sdn. Bhd.	200,000	0.20
22.	Yeo Khee Huat	200,000	0.20
23.	Sin Ee Nam	182,300	0.18
24.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. *Pledged Securities Account for Chok Chew Lan*	180,000	0.18
25.	CIMSEC Nominees (Tempatan) Sdn Bhd *CIMB Bank for Wilson Wong Chiong King (MK0115)*	170,900	0.17
26.	Tan Geek Joo	161,100	0.16
27.	Open Road Asia Sdn. Bhd.	157,900	0.16
28.	Lee Chee Mei	140,000	0.14
29.	Ng Choon Sing	133,500	0.13
30.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged Securities Account for Lim Chin Horng*	130,000	0.13
		76,228,400	75.66

Substantial Shareholders as at 28 February 2018

		Direct		Indirect	
No.	**Name**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Jardine Cycle & Carriage Limited	59,543,000	59.10	–	–
2.	Jardine Matheson Holdings Limited	–	–	59,543,000*	59.10
3.	JMH Investments Limited	–	–	59,543,000*	59.10
4.	Jardine Strategic Holdings Limited	–	–	59,543,000*	59.10
5.	JSH Asian Holdings Limited	–	–	59,543,000*	59.10
6.	Jardine Strategic Singapore Pte Ltd	–	–	59,543,000*	59.10

* Deemed interest by virtue of Section 8(4)(c) of the Companies Act, 2016

Directors' Shareholding as at 28 February 2018

None of the Directors hold shares in CCB.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 50th Annual General Meeting of the Company will be held at Concorde Ballroom 1, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 23 April 2018 at 11.30 a.m., for the following purposes:

AGENDA

As Ordinary Business:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2017 together with the Reports of the Directors and the Auditors thereon.	Refer to Explanatory Note 1
2.	To approve the payment of Directors' fees of up to RM384,000 for the financial year ending 31 December 2018 (2017: RM384,000).	Resolution 1
3.	To re-elect Haslam Preeston, who is retiring pursuant to Article 98 of the Constitution of the Company.	Resolution 2
4.	To re-elect Datuk Syed Zaid bin Syed Jaffar Albar who is retiring pursuant to Article 103 of the Constitution of the Company.	Resolution 3
5.	To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors and to authorise the Directors to fix their remuneration.	Resolution 4

As Special Business:

To consider and if thought fit, to pass the following resolutions with or without modifications:

6. Ordinary Resolution — Resolution 5

Authority to issue new ordinary shares pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act")

"THAT, pursuant to Sections 75 and 76 of the Act and the Constitution of the Company and subject to the approvals from Bursa Malaysia Securities Berhad and other relevant government/regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Board of Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued during the preceding 12 months does not exceed 10% of the total number of the issued shares (excluding treasury shares) of the Company for the time being AND THAT the Board of Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad."

7. Ordinary Resolution — Resolution 6

Authority for Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("RRPTs")

(i) "THAT, subject to the Act and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (the "Listing Requirements"), approval be and is hereby given to the Company and its subsidiary companies to enter into RRPTs which are necessary for their day-to-day operations and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders as set out in Paragraphs 2.3.1 and 2.3.2 of the Circular to Shareholders dated 23 March 2018 ("Circular") ("Proposed Shareholders' Mandate") and that the authority conferred by this resolution shall take effect immediately upon the passing of this resolution;

(ii) THAT such Proposed Shareholders' Mandate is subject to annual renewal and such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting of the Company following this Annual General Meeting, at which time it will lapse unless, by a resolution passed at the meeting, the authority is renewed;

(b) the expiration of the period within which the next Annual General Meeting after the date is required to be held pursuant to Section 340(2) of the Act (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders in general meeting;

whichever is the earlier;

(iii) THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the Proposed Shareholders' Mandate;

(iv) THAT the estimates given of the RRPTs specified in Paragraph 2.3.2 of the Circular being provisional in nature be accepted and that, the Directors and/or any of them be and are hereby authorised to agree to the actual amounts thereof provided always that such amount or amounts comply with the procedures set out in Paragraph 2.4 of the Circular; and

(v) THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year be disclosed in the annual report in accordance with the Listing Requirements."

8. To transact any other business of which due notice shall be given.

By Order of the Board

Yeap Kok Leong (MAICSA 0862549)
Lim Hooi Mooi (MAICSA 0799764)
Ong Wai Leng (MAICSA 7065544)
Company Secretaries

Kuala Lumpur

Dated: 23 March 2018

Notice of Annual General Meeting

Notes:

1. A Member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or in the case of a corporation, to appoint a representative to attend and vote in his place. A proxy need not be a Member of the Company and a Member shall appoint not more than two (2) proxies to attend and vote at the same meeting. Where a member appoints more than one proxy the appointments shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy appointed shall exercise all or any of his rights to attend, participate, speak and vote at a meeting of the Company.

2. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under common seal or under the hand of an attorney or an officer duly authorised.

3. In the event the Member duly executes the Proxy Form but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.

4. Any alterations in the Proxy Form must be initialled.

5. To be valid, the Proxy Form duly completed must be deposited at the Company's Administration and Polling Agents's office at Boardroom Corporate Services (KL) Sdn. Bhd., Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the meeting or adjourned meeting.

6. Where a Member is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 ("SICDA"), it may appoint not more than two (2) proxies in respect of each Securities Account it holds with ordinary shares of the Company standing to the credit of the said Securities Account.

7. Where a Member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

8. An exempt authorised nominee refers to an authorised nominee defined under the SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

9. For the purpose of determining a Member who shall be entitled to attend the 50th Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd., in accordance with Article 58(2) of the Constitution of the Company and Section 34(1) of SICDA to issue a General Meeting Record of Depositor as at 16 April 2018. Only a depositor whose name appears therein shall be entitled to attend the said meeting or appoint a proxy to attend and/or vote in his stead.

10. Tan Sri Dato' Sulaiman bin Sujak, who is subject to retire pursuant to the Article 99 of the Constitution of the Company, had indicated to the Company that he does not wish to seek re-election at the 50th Annual General Meeting of the Company.

Explanatory Notes on Ordinary Business:

1. Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2017

   The Audited Financial Statements in Agenda 1 is meant for discussion only as the approval of shareholders is not required pursuant to the provisions of Sections 340(1)(a) of the Act. Hence, this Agenda is not put forward for voting by shareholders of the Company.

2. Item 2 of the Agenda – Proposed Resolution 1 Approval for Directors' Fees

   Directors' fees approved for the financial year ended 31 December 2017 was RM384,000. The actual Directors' fees for Non-Executive Directors paid during the financial year 2017 was RM380,000. The Directors' fees proposed for the financial year ending 31 December 2018 are calculated based on the number of scheduled Board and Committee meetings for 2018 and assuming that all Non-Executive Directors will hold office until the end of the financial year. This resolution is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient (e.g. due to enlarged Board size), approval will be sought at the next Annual General Meeting for additional fees to meet the shortfall.

3. Item 6 of the Agenda – Proposed Resolution 5 Approval for Issuance of New Ordinary Shares pursuant to Sections 75 and 76 of the Act

   The Proposed Resolution 5 is for the purpose of seeking a renewal of the general mandate to empower the Directors to issue new shares in the Company up to a number not exceeding ten per cent (10%) of the total number of issued shares (excluding treasury shares) of the Company for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting.

   The mandate will provide flexibility to the Company to issue new shares for any possible fundraising activities, including but not limited to further placement of shares, for the purpose of funding current or future investment project(s), working capital, acquisition(s), repayment of bank borrowings, issuance of shares as settlement of purchase consideration or such other applications that the Directors may in their absolute discretion deemed fit.

   As at the date of this Notice, the Company did not issue any shares pursuant to the mandate granted to the Directors at the last Annual General Meeting.

4. Item 7 of the Agenda – Proposed Resolution 6 Proposed Mandate for Recurrent Related Party Transactions of a Revenue or Trading

   For further information on Proposed Resolution 6, please refer to the Circular to Shareholders dated 23 March 2018 accompanying the Company's Annual Report for the financial year ended 31 December 2017.

Statement Accompanying Notice of Annual General Meeting

Pursuant to Paragraph 8.27(2) of Bursa Malaysia Securities Berhad Main Market Listing Requirements

There is no Director standing for election at the 50th Annual General Meeting of the Company.

PROXY FORM
Cycle & Carriage Bintang Berhad (7378-D)
(Incorporated in Malaysia)

CDS Account No.	No. of Shares Held

I/We ______________________________ Tel: ______________
[Full name in block, NRIC No./Company No. and telephone number]

of ______________________________

____

being a member/members of **Cycle & Carriage Bintang Berhad**, hereby appoint:

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Full Name (in Block)	NRIC / Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him, the Chairman of the Meeting as my/our proxy to vote for me/us and on my/our behalf at the 50th Annual General Meeting of the Company to be held at Concorde Ballroom 1, Lobby Level, Concorde Hotel, Jalan Sultan Ismail, 50250 Kuala Lumpur on Monday, 23 April 2018 at 11.30 a.m., and to vote as indicated below:-

	RESOLUTIONS		**FOR**	**AGAINST**
1.	Payment of Directors' fees.	Resolution 1		
2.	Re-election of Haslam Preeston who retires pursuant to Article 98 of the Constitution of the Company.	Resolution 2		
3.	Re-election of Datuk Syed Zaid bin Syed Jaffar Albar who retires pursuant to Article 103 of the Constitution of the Company.	Resolution 3		
4.	Re-appointment of Messrs. PricewaterhouseCoopers PLT as Auditors.	Resolution 4		
5.	Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016.	Resolution 5		
6.	Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	Resolution 6		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he thinks fit.

Signed this __________ day of ____________, 2018

____
Signature of Shareholder/Common Seal

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Then Fold Here

Stamp

THE ADMINISTRATION AND POLLING AGENT
Cycle & Carriage Bintang Berhad (7378-D)

Boardroom Corporate Services (KL) Sdn. Bhd.
Lot 6.05, Level 6, KPMG Tower
8 First Avenue, Bandar Utama
47800 Petaling Jaya
Selangor Darul Ehsan
Malaysia

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Notes:

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2. The Proxy Form must be signed by the appointor or his attorney duly authorised in writing or if the appointor is a corporation either under common seal or under the hand of an attorney or an officer duly authorised.
3. In the event the Member duly executes the Proxy Form but does not name any proxy, such Member shall be deemed to have appointed the Chairman of the meeting as his proxy.
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5. To be valid, the Proxy Form duly completed must be deposited at the Company's Administration and Polling Agent's office at Boardroom Corporate Services (KL) Sdn Bhd, Lot 6.05, Level 6, KPMG Tower, 8 First Avenue, Bandar Utama, 47800 Petaling Jaya, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time for holding the meeting or adjourned meeting.
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Personal Data Privacy
By submitting the proxy form, the shareholder or proxy accepts and agrees to the collection, use and disclosure of their personal data by the Company (or its agents or service providers) for the purpose of preparation and compilation of documents relating to the AGM (including any adjournment thereof).