ANNUAL REPORT 2020

TAN CHONG INTERNATIONAL LIMITED

陳唱國際有限公司

(Incorporated in Bermuda with limited liability)

Stock code: 693

COMPANY OVERVIEW

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

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MANAGEMENT DISCUSSION AND ANALYSIS

RESULTS

A year ago, since the beginning of 2020, Covid-19 was already well on its way to becoming the most severe public health emergency faced by the world. In the 11 countries where our Group's business activities and operations are located, governments in Japan, China and ASEAN implemented extreme measures to stem the flow of the health pandemic. When Covid-19 began to sweep through the countries, and with the infection rate accelerating, geopolitical measures introduced included lockdowns and restrictions on social movements and interactions. Together with the almost total suspension of industrial and retail activities, it resulted in weak economic consequences and soft consumer sentiment in the region. Our Group faced unprecedented challenges in its operations. The austere measures by the governments significantly impacted the Group's business and performance for the year ended 2020. The Group's 2020 results, including that of its transportation logistics operations by Zero Co. Ltd. ("Zero") in Japan, registered an overall decline in revenue and vehicle sale units.

The Group recorded revenue of HK$12.3 billion, a 15.2% decrease from that of year 2019. The decline was primarily due to sales volume reduction of 35% in our motor vehicle distribution and retail division. The transportation and logistics business represented by Zero in Japan showed a 4.0% drop in revenue and 11% drop in its net profit contribution to the Group. In view of the Covid-19 pandemic, the Group experienced a drastic slowdown in all its markets except for its Vietnam operations.

Apart from the pandemic of Covid-19 that affected our top-line revenue in all markets, relative strength of Japanese Yen as well as reduction in our other income also resulted in the Group experiencing a material reduction of 52% in our profit from operations.

Profit from operations decreased to HK$274 million.

Operating profit margin decreased to 2.2% from 3.9% recorded in 2019.

Profit of HK$85.17 million for the year 2020 was 72.6% lower when compared to that of year 2019.

Profit attributable to shareholders was HK$9.51 million, a 95.5% decrease over the previous year of 2019.

The Group's return on capital employed (ROCE), computed by dividing earnings before interest and taxes (EBIT) by total equity and non-current liabilities, was 2.4% as compared to 4.5% in year 2019.

The Group's net gearing ratio, computed by dividing the net debt by total equity, was 1.7% as compared to 6.1% recorded in year 2019 (The net debt of HK$205.535 million in year 2020 comprised of borrowings of HK$2,667.138 million plus unsecured overdrafts of HK$78.169 million, less cash and bank balances of HK$2,539.772 million).

Given the introduction of various vaccines to combat and subdue the effects of Covid-19, and the varying degree of successes experienced in the countries where our Group's operations are based, our Group continues to push ahead with on-going cost reduction programs and productivity initiatives. The Group is on track with its programs to evolve into a much leaner and an even more competitive organisation that will put the Group in good stead when business activities return and are poised to take off to another level in the new normalcy of economic cycles. The Group continues to focus on the expected high rate of industrialisation in Vietnam and Thailand, and where prudent and justified, to continue necessary investment to benefit from the vast opportunities for our Group's automotive business in the region.

The Group takes strong cognizant of its social and corporate responsibilities, particularly in pollution and climatic change. In full compliance to the regulatory, environmental and emission standard requirements of the countries where the Group distributes its products and provides its services, we continue with our efforts to be involved in initiatives and programs and participate in the sustainability and conservation of the environment. We intend to maintain playing our part in the minimisation of environment impact in the course of pursuit of our business activities. The Group regards our employees and human resources as key and one of our most valuable assets. It is committed to training, developing and retaining talented employees who will drive the Group forward. As at the end of 2020, the number of employees in the Group was 5,407. Comparing to the employee strength of 5,868 at the year of 2019, this is a decrease of 7.9%. Rationalisation of work processes to increase productivity is a constant endeavor for our Group.

SIGNIFICANT INVESTMENTS

As at 31 December 2020, the Group had investments in listed and unlisted equity securities amounted to HK$1.813 billion designated as at fair value through other comprehensive income. The majority of these investments are equity securities listed on the Tokyo Stock Exchange. These were accumulated over the years as strategic investments. Fair value loss of HK$459.2 million was recognised in other comprehensive income during the year ended 31 December 2020. The loss was primarily due to share price changes of its listed investments, which were marked to market and was therefore unrealised. Such unrealised fair value gain (loss) on its investments is not expected to be reclassified to the Group's consolidated statement of profit or loss.

FINANCE

For year 2020, dividend payment will amount to HK$80.53 million. Final dividend will be HK3.0 cents per share (interim HK1.0 cent per share) totaling HK4.0 cents per share for financial year 2020. Consolidated net assets year-on-year decrease to HK$6.05 per share as compared to HK$6.23 per share in 2019, after factoring in the changes in fair value of the listed equity securities.

SINGAPORE

The Covid-19 pandemic saw mandatory showroom closures and suspension of COE tender process for 3 out of the 12 months in 2020. Total industry new car sales fell by 37%. Our Group's vehicle sales suffered. Nissan sales fell by 33% in 2020 over that of 2019. Subaru sales also dropped in tandem.

With the full resumption of COE tender process, the Group expects total industry new car sales to grow by approximately 10% in 2021. The Group is also cautiously optimistic that both Nissan and Subaru will deliver better sales performance in 2021. Nissan vehicles sales will benefit from its expanded electrified passenger car line up as it rides on the heels of further enhancement to the Vehicle Emission Scheme (VES) as well as the introduction of the new Early EV Adoption Incentive (EEAI) in January 2021. In addition, the Group also expects better performance for its Nissan light commercial vehicles that have transitioned fully to a cleaner emission petrol-driven only lineup that will conform to the new Commercial Vehicle Emission Scheme (CVES) expected to be introduced in April 2021.

However, the tightening of penalties under Vehicle Emission Standards (VES) which is expected to be implemented in July 2021, will pose significant challenges for its Subaru operations in Singapore. Nonetheless, with introduction and availability of new Subaru models, the Group expects this effect to be mitigated, allowing for marginal growth in its Subaru operations for 2021.

The Group's property division was affected and occupancy rate during the year was subdued.

CHINA / HONG KONG

Amid intermittent disruptive social unrest and the pandemic, adding to the grave uncertainties of an economic environment already frayed by Sino-US trade disputes, total new car sales in Hong Kong declined by 19% over that of the preceding year. Despite such difficulties, the Group's Subaru new car sales in Hong Kong perseveres. Workshop after-sales services and revenue for 2020 in Hong Kong increased by 12% over the previous year. Though similar and other new challenges are expected ahead, the Group is nonetheless cautiously optimistic that it will be able to maintain its performance satisfactorily in Hong Kong for year 2021.

China, the first automotive market to be impacted by Covid-19 in 2020, experienced early contraction amid intensified competition, strict movement controls and tightened emissions regulations. Compounded by trade frictions with US, demands for new car sales dampened. Total new car sales fell by 7% over that of 2019. Despite mitigation by supportive government policies and tax incentives, the industry recorded a consecutive third-year contraction in 2020. Our China sales volumes were negatively impacted in 2020 and dropped 26%.

The automotive component manufacturing business in Nanjing and Xiamen though impacted by automakers' sluggish demand, continues to retool and upgrade their production capabilities. We have diversified into new products and models to align with a broadened customer base and automakers' product line ups, and transition towards new energy vehicles. Sales in 2020 were stable though muted. The Group takes a long-term view of the vast potential of the China automotive market and will continue to persevere for the long-term benefits that this prospective market offers.

COMPLETE KNOCK-DOWN ("CKD") MARKETS OF THAILAND, VIETNAM AND MALAYSIA

The Covid-19 pandemic, with its partial and oftentimes full lockdowns imposed on business and social activities shook consumers' confidence in all of the Group's CKD markets. The economic and social fallout took a heavy toll on demands for new vehicles in these markets.

In Thailand, the Group's joint venture car plant with Subaru Corporation Ltd reached the milestone of completing its first full year of production in 2020. Shipments of Thailand produced vehicles to Cambodia commenced in the second half of 2020. The Group is in the early stages of investing to build up the Subaru brand in the nascent Cambodian market.

The Group in Thailand saw a decline in sales from the previous year, as consumer demand was impacted by the poor economic outlook arising from the Covid-19 pandemic, intensified cost competition and perceived unstable political climate. For 2021, the Group is cautiously optimistic of a recovery in sales and profitability on the back of the rollout of Covid-19 vaccinations and a government focus on infrastructure development along the Eastern Economic Corridor. The truck operations in Thailand are continually being scaled down to minimise cost and waste.

Vietnam proved to be one of the better performing economies within Asia in 2020. With successful Covid-19 containment strategies and a beneficiary of global trade tensions, Vietnam recorded positive economic growth in spite of the pandemic. The Group begun the transformation of Vietnam as its CKD market in 2019 and has continued to see market share gains and strong high double-digit sales growth in 2020. A new Subaru operation headquarter in Ho Chi Minh city was established. Sales of the Subaru Forester imported from Thailand registered healthy year on year growth. The Group is optimistic of the prospects of its Vietnam operations and expects to develop its sales network further in tandem with the growth of the Vietnam economy.

In Malaysia, the Group faced tremendous headwinds during the year due to constant lockdowns, resulting in consumer fear that in turn, cascaded into lower sales for year 2020. The Group is continually re-organising itself to be nimble and agile to position itself to seize opportunities that will certainly arise in the future. Market turbulence, volatility and uncertainties are anticipated to persist in 2021.

Despite market disruptions from the pandemic, the Group continues to hold a positive long-term view of the inherent cost advantages of its CKD built vehicles and the business opportunities within ASEAN and the Group's CKD territories.

TAIWAN AND PHILIPPINES

In Taiwan, the Group recorded double-digit sales decline for 2020. There were disruptions to inventory stocking levels and intense competitive market pressure. Despite this, the Group was able to preserve profitability in Taiwan through extensive cost optimisation and reduction in sales and marketing overheads. Streamlining its operations to reduce wastages will continue. Sales and retail infrastructure for improved operational efficiencies will be pursued. With the introduction of its new Subaru Outback model, the Group is optimistic and envisages better contribution to its profitability. The Group expects pressures on global automotive supply chain in 2021 to cause uncertainties and stock imbalances to persist.

The Philippines vehicle market was severely impacted by Covid-19 and contracted approximately 40% in 2020. Accordingly, the Group suffered a significant decline in sales as operations continued to be severely impacted by nationwide lockdown and social distancing measures. Continued waves of resurgence in Covid-19 cases and together with the announcement of new tariffs on imported vehicles in early 2021, there is likely to be further uncertainties for the Philippines vehicle market in the coming periods. The Group took decisive cost control countermeasures in reducing redundancies to create a leaner and more responsive operating structure. We are optimistic of positive results arising from the launch of new models such as the 7-seater Subaru Evoltis and Outback in 2021. The Group expects satisfactory performance of its sales volume in 2021. The Group believes in the long-term future and potential of this market because of its huge population base and relatively high literacy and affluence.

JAPAN

Zero, the Group's vehicle transportation and logistics division that is listed on the Second Section of Tokyo Stock Exchange, recorded revenue decline of 4% to HK$6.34 billion in year 2020. The Covid-19 pandemic in Japan was largely responsible for lower vehicle transportation volumes and its pre-delivery maintenance and inspection business. In the face of revenue decline and impact from consumption tax increase in the previous year, Zero targeted on its profit recovery initiatives which resulted in a year on year increase in operating profit in the second half of 2020. Despite promotion of work style reforms and increasing hiring cost for drivers, Zero remains focused on its effective cost management efforts, systemic vehicle allocation and optimisation of the nationwide distribution network.

The second half 2020 showed a recovery in transportation for both used and new car transportation with profitability improvements in the human resources business and general cargo business. The human resources business was impacted severely by the reduction in the driver dispatch and airport-related personnel business. However, profitability improvements were achieved as a result of efforts to reduce expenses and putting to effective use of employment subsidy support. The general cargo business benefited from the withdrawal from unprofitable business and the acquisition of new customers, with a planned shift towards bio-mass power generation in 2021.

Zero's vehicle transportation business has proven to be a stable component of recurring revenue for the Group, accounting for approximately half of the Group's consolidated revenue. The Group anticipates Zero to perform satisfactorily in the year 2021.

PROSPECTS

The Group believes that the global economic growth will be better this year, after the unprecedented negative events of last year. The multi-faceted problems of world trade, global health issues and repositioning of major world powers will make year 2021 and beyond, not only challenging but unpredictably volatile.

Economies of the countries of the Asian regions in which the Group has its operations are expected to take longer to recover from the Covid-19 pandemic crisis, than they have had in the past in overcoming other economic recessions. As vaccines against Covid-19 viruses are being rolled out in stages across the region, there is little concrete evidence these vaccines will be an effective lasting defense against future attacks by these viruses and other mutating variants of the disease. While China and a small number of countries are showing promising signs of a steady uptick in their economic recovery, other countries in the world are not as robust in their fight against Covid-19. Emerging geopolitical tensions are also rearing their ugly heads between some of the world's largest trading nations that include USA, EU, China, Japan and Australasia. The resolution of these tensions is expected to be long and laborious, and any realignment of global trading patterns will have a material impact on the rate of economic recovery of the countries in which the Group operates. Cyclical changes in the earnings of businesses and gyration in incomes for households will cause added uncertainties, resulting in restrain in spending and investments.

The Group is vigilant against the rapid changes in regional and world economic order and will continue to adapt to the new normalcy of business activities. The Group is keeping a close watch and continues to meet the challenges imposed by the ever-changing automotive emission standards and policies that are shaped by the impact of fossil fuel powered vehicles on atmospheric and climatic environment.

The Group's perseverance in the past in cultivating resilience and cost competitiveness across all areas of our business activities has seen us standing in good stead amidst the sea of changes and turmoil caused by the full impact of Covid-19 during the last year. Although we are uncertain of the lingering effects of the pandemic and while it is still being evaluated, our prudence in investment policies and focus on efficient management of our retail & distribution networks, logistics and other core business activities will continue to guide us toward a sustainable and long-term growth of our Group.

At the moment we are unable to determine the duration and severity of Covid-19 crisis and therefore are unable to assess the full financial impact in 2021. We wish to highlight that a prolonged Covid-19 crisis will have a negative material effect on our 2021 financial results.

CORPORATE GOVERNANCE REPORT

The Board of Directors (the "Board") of Tan Chong International Limited (the "Company") is committed to the observance of good corporate governance to protect the interests and rights of shareholders and the financial performance of the Company and its subsidiaries (collectively the "Group"). The Board has adopted the "Corporate Governance Code and Corporate Governance Report" (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") that form part of the disclosure requirement under the Listing Rules. Throughout the year under review, the Company has complied with most of the code provisions set out in the CG Code. Where applicable various self-regulatory and monitoring measures were adopted for effective corporate governance practice.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted and implemented the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") set out in Appendix 10 of the Listing Rules on dealing in securities. This has been made known to all the directors of the Company and each director has confirmed in writing that he or she has observed the Model Code for year 2020. The Group has its own in-house mechanism to guide its directors and relevant employees regarding dealing in the Company's securities including reminders on the law regarding insider trading.

BOARD OF DIRECTORS

As at the date of this report, the Board consists of four executive directors, one non-executive director and four independent non-executive directors. As the independent non-executive directors made up at least one-third of the Board, the current Board size is considered appropriate with regard to nature and scope of the Group's operations. The Board members bring with them a wealth of knowledge, expertise and experience to contribute valuable direction and insight to the Group. The relationships among the members of the Board are disclosed under Directors Profile on page 14.

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

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

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

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

Each member of the Board participated in continuous professional development in the form of either directors' training sessions, corporate governance conference, accounting standard seminar and/or reading relevant materials, to ensure that their contribution to the Board remains informed and relevant. All directors have provided to the Company their records of training received during year 2020 which include conference, seminar and/or reading materials relevant to the Company's business or to the directors' duties and responsibilities.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

BOARD MEETING

The Board meets at approximately quarterly intervals. Ad hoc meetings are also convened to deliberate on urgent substantive matters. Participation by means of telephone or video conference at board meetings are allowed under the Company's Bye-laws. The number of board meetings held in 2020 as well as the attendance of each Board member at those meetings and meetings of the various Board committees are disclosed below:

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

Denotes:
C-Chairman, M-Member
No.attended/held-Number of meetings attended/held during the financial year from 1 January 2020 to 31 December 2020

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

APPOINTMENT AND RE-ELECTION OF DIRECTORS

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

REMUNERATION COMMITTEE ("RC")

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

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

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

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

NOMINATION COMMITTEE ("NC")

The Board is currently carrying out the responsibilities of the NC. During 2020, the Board carried out the responsibilities of the NC under the following terms of reference:

a. to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;
b. to identify suitable individuals qualified to become Board members and make recommendations to the Board on suitable candidates to be nominated for directorships;
c. to establish a mechanism for formal assessment and to perform periodic assessment on the effectiveness of the Board;
d. to assess the independence of independent non-executive directors on its appointment or when their independence is called into question;
e. to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors and succession planning for directors; and
f. to review the Board Diversity Policy adopted by the Board on a regular basis, make recommendations to the Board on measurable objectives for achieving diversity of the Board and monitor the progress on achieving the objectives.

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

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

CORPORATE GOVERNANCE FUNCTIONS

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

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

AUDIT COMMITTEE ("AC")

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

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

The AC convened three meetings during 2020 for reviewing (1) the Company's annual results and annual report for the year ended 31 December 2019, (2) interim results and interim report for the six months ended 30 June 2020 and (3) external auditors' plans. The AC met up with the external auditors at least twice a year. Details of members and their attendance records are provided in the above table.

During 2020, the AC carried out its functions under the following terms of reference:

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

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

EXTERNAL AUDITORS AND AUDITORS REMUNERATION

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

The external auditors' remuneration (excluding out of pocket and miscellaneous expenses) for audit services and tax services for year 2020 is HK$9,369,000 and HK$749,000 respectively.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING

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

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

RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

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

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

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

COMMUNICATION WITH SHAREHOLDERS

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

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

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

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

DIVIDEND POLICY

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

PUTTING FORWARD ENQUIRIES TO THE BOARD

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

Address: Unit 3001, 30/F Shui On Centre,
6-8 Harbour Road, Wan Chai, Hong Kong
(For the attention of the Company Secretary)

Fax: +852 27875099

Email: tcilhk@tanchong.com.hk

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

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

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

PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

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

1. give to shareholders of the Company entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting; and
2. circulate to shareholders entitled to have notice of any general meeting sent to them any statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

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

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

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

CONVENING A SPECIAL GENERAL MEETING BY SHAREHOLDERS

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. ABOUT THIS REPORT

About our Business

During the reporting year from 1 January 2020 to 31 December 2020 the Group was predominantly engaged in motor vehicle distribution and retail businesses in Singapore, Malaysia, Taiwan, the People's Republic of China (the "PRC"), Philippines, Cambodia, Hong Kong SAR, Vietnam, and Thailand, as well as transportation in Japan.

Scope of This Report

The scope of this report primarily covers the Group's motor vehicle business operations in Singapore and Thailand as well as its transportation business in Japan during the reporting year. The Group operates in Singapore as a principal location of business and core automotive distribution. In Japan, the Group provides vehicle logistics services to vehicle manufacturers.

Reporting Reference

This is the fifth Environment, Social and Governance (ESG) report published by the Group. This report was prepared in accordance with the ESG Reporting Guide (the "ESG Guide") of Appendix 27 of the main board listing rules of the Stock Exchange of Hong Kong Limited (HKEX).

Reporting Period

This report covers the ESG management approach and performance of the Group for the period from 1 January 2020 to 31 December 2020. The ESG report is published annually.

ESG Structure

Since 2016, the Group has introduced various ESG policies as well as strengthened existing policies and guidelines. Accordingly, the Group formed an ESG Committee that reports to the Deputy Chairman and Managing Director.

2. STAKEHOLDER ENGAGEMENT

The ESG committee comprises relevant members of the management team. They plan and formulate the Group's approach and initiatives and work with a diverse set of stakeholders, including customers, suppliers, dealers, local communities, media, and government to better understand their needs and expectations.

3. MATERIALITY ASSESSMENT

The Group has identified the following as material ESG issues.

Environmental	Use of Electricity
	Hazardous Waste Management
Social	Product Responsibility
	Health & Safety

4. ENVIRONMENT

The Group operates in a sustainable manner by utilising resources efficiently and actively monitoring emissions. The Group strives to comply with all applicable environmental laws and regulations.

In-light of the 'Amendments to the Main Board Listing Rules' which was announced by HKEX in December 2019, The Group has restructured its data collection team to accommodate the expanded new regulations.

The Group plans to have a full line up of electrified passenger vehicles under the Nissan brand in Singapore by 2023. The Group officially launched three electrified cars: the Nissan LEAF and Serena e-POWER in 2019, and Kicks e-POWER in 2020. Moving forward, the Group plans to launch two more electrified cars in 2021.

Use of Resources

The Group recognises the scarcity of global resources and believes in the importance of operating in a sustainable manner.

Use of Energy

Electricity

Electricity consumption in 2020 is shown in Table 1.

Table 1 : Consumption of Electricity

	Unit of Measure	2020
Consumption of electricity	kWh	10,860,006.15
Intensity of electricity use	kWh/ m^2	27.29

For the assembly plant in Thailand, the Group has expanded its plan relating to energy saving technologies and initiatives by discussing and collaborating with local industry experts. The next phase will be the installation of larger and more effective solar panels in 2021.

In compliance with the Energy Conservation Promotion Act which is governed by the Ministry of Energy in Thailand, the assembly plant is required to submit an annual report by March 2021 on their strategy, target, and implementation methodology.

Mobile Fuel Use

In Japan, the Group's transportation business consistently promotes eco-friendly driving habits as part of the ongoing driver and crew training programme. The Group also actively monitors the effectiveness of the eco-driving implementation. The amount of fuel used for the Group's transportation business in Japan in 2020 is shown in Table 2.

Table 2 : Consumption of Mobile Fuel

Fuel Type	Unit of Measure	2020
Light diesel oil	Litre	21,301,322
Gasoline	Litre	632,010

Use of Water

The Group places emphasis on water conservation. As water usage requirement varies across our operations in the region, the Group constantly monitors, review and implement initiatives that help improve water usage and efficiencies. For instance, the Group ensure the use of pressure washers for car-washing and conduct regular checks for leaks and water wastage to ensure efficient use of water resources.

Specifically, in Singapore, water efficient equipment, such as auto mechanical or sensor featured faucets are deployed for the dispensing of water for routine activities. The efficiencies of equipment are monitored and review periodically allowing the development of new initiatives that are rolled out locally and regionally from time to time. The Group seeks to further enhance our efforts in water conservation as our business operations evolves moving forward.

Emissions

Waste Management

Hazardous Waste

Hazardous waste in the automotive industry includes batteries, used oils, excess paints and waste lubricants. The Group strives to ensure that hazardous waste is stored, collected, and disposed of in compliance with local laws and regulations. The Group handles hazardous waste in a safe manner by adhering to the following:

- Classify hazardous waste and store in designated sections.
- Keep hazardous waste in solid containers that are acid/solvent-resistant to prevent leakage or corrosion.
- Implement clear work instructions and standard operating procedures (SOP) for staff to handle hazardous waste disposal.
- Dispose waste through government-appointed disposal companies. Hazardous waste, including used sealer, used thinner, phosphate sludge and wastewater sludge found in the assembly plant is separated and intercepted before disposal. The amount of hazardous waste disposed in 2020 is shown in Table 3.

Table 3 : Quantity of Hazardous Waste Disposed

Waste Type	Unit of Measure	2020
Liquid hazardous waste	Litre	240,134
Solid hazardous waste	Kg	242,655
Oil interceptor waste	m^3	166

Non-Hazardous Waste

The Group actively promotes the cultivation of the 3 Rs—reduce, reuse, and recycle to minimize resources wastage. The Group works with government-certified suppliers to comply with relevant laws and regulations. In addition, to minimize harm to the environment, the Group continuously return used tyres and airbags to suppliers so that they could be recycled.

Waste Water Management

Waste water is mainly generated by the car washing process in the workshops. The Group has equipped the workshops with oil interceptors to properly process waste water and has engaged qualified agents to handle the disposal of waste water in compliance with the relevant laws and regulations. In the assembly plant, a water treatment facility has been installed to treat harmful materials before discharging the water to the sewage.

Air Emission

Key pollutants in fossil fuel consumption include nitrogen oxides (NOx), sulphur oxides (SOx) and particulate matter (PM). As a vehicle distributor and retailer, the Group does not have direct control over the driving patterns, fuel consumption and air emission of drivers. As an active member of Singapore's Motor Traders Association (MTA), the Group contributes to MTA meetings on air emission issues and invites the relevant authorities to participate in such discussions.

Amidst the Covid-19 situation, MTA has continuously been in touch with Land Transport Authority (LTA) and The National Environmental Agency (NEA) through virtual meetings on the implementations of more stringent Worldwide harmonized Light vehicles Test procedures (WTLP) methods which the government had set and since announced to be implemented from 2023 onwards. There were also engagements with agencies to encourage further adoption of electric and hybrid vehicles. This is following NEA's announcement in November 2020 providing more incentives for cleaner vehicles under Enhanced Vehicular Emissions. On the other hand, from July 2021 a scheme with higher penalties will be imposed on more pollutive vehicles.

Green House Gas (GHG) Emissions

The Group's source of GHG or carbon emissions is mainly from the use of electricity and fossil fuels. The Group has implemented relevant measures to improve energy efficiency for both electricity consumption and fuel use in automotive. The Group consistently upgrades its facilities and equipment such as the air conditioning and lighting systems of its showrooms for better energy efficiency.

Environment Compliance

To the best of the Group's knowledge during the reporting period, there were no reported incidents of non-compliance with any environmental laws and regulations. For this reporting period, the use of water, packaging materials, non-hazardous waste, wastewater, air emissions and GHG emissions were not identified in the materiality assessment as material to the Group's business operations. Therefore, the data for the issues are not disclosed in this report.

5. SOCIAL

Employees and Labour Standard

The Group promotes equal opportunities, fairness, and respect in our employment policies. Our recruitment, training, career development, compensation, promotion, termination, and other employment-related policies do not discriminate on the grounds of gender, age, marital status, religion, race, nationality, disability, or any status protected by law. In accordance with local laws, employees are entitled to paid holidays, including statutory holidays, annual leave, maternity leave, paternity leave, compassionate leave and sick leave.

The Group respects the basic human rights of individuals and does not tolerate the use of children or forced labour in any of its global operations and facilities. To the best of the Group's knowledge during the reporting period, there were no reported incidents of non-compliance with laws and regulations relating to employment practices and labour standards such as child labour or forced labour.

Development and Training

The Group encourages employees at all levels to further develop their skill sets. Half-yearly reviews are conducted for employees to better understand their progress and areas of improvement. The reviews also recognise achievements and contributions by staff.

Occupational Health and Safety

The Group is committed to ensuring the safety and health of all employees. In Singapore, safety circulars are disseminated via the intranet to remind all employees of the importance of workplace safety. The wide range of topics includes prevention of heat injuries, execution of toolbox meetings and identifying workplace hazards.

In the assembly plant, the Group provides all necessary safety equipment and uniforms. Indoor air quality is also constantly measured to provide a safe environment for the workers, with specialists conducting routine checks. All air circulation systems have high-quality filters which are replaced monthly, and a full-time nurse mans the medical centre. There is a safety reporting system in place, where staff can report safety incidents or provide suggestions to the safety committee, which comprises of staff from various departments. The committee also conducts audits and investigations. The plant organises health and safety awareness initiatives such as 'Safety Week" and other training courses such as safe lifting.

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

Operating Practice

Product Responsibility

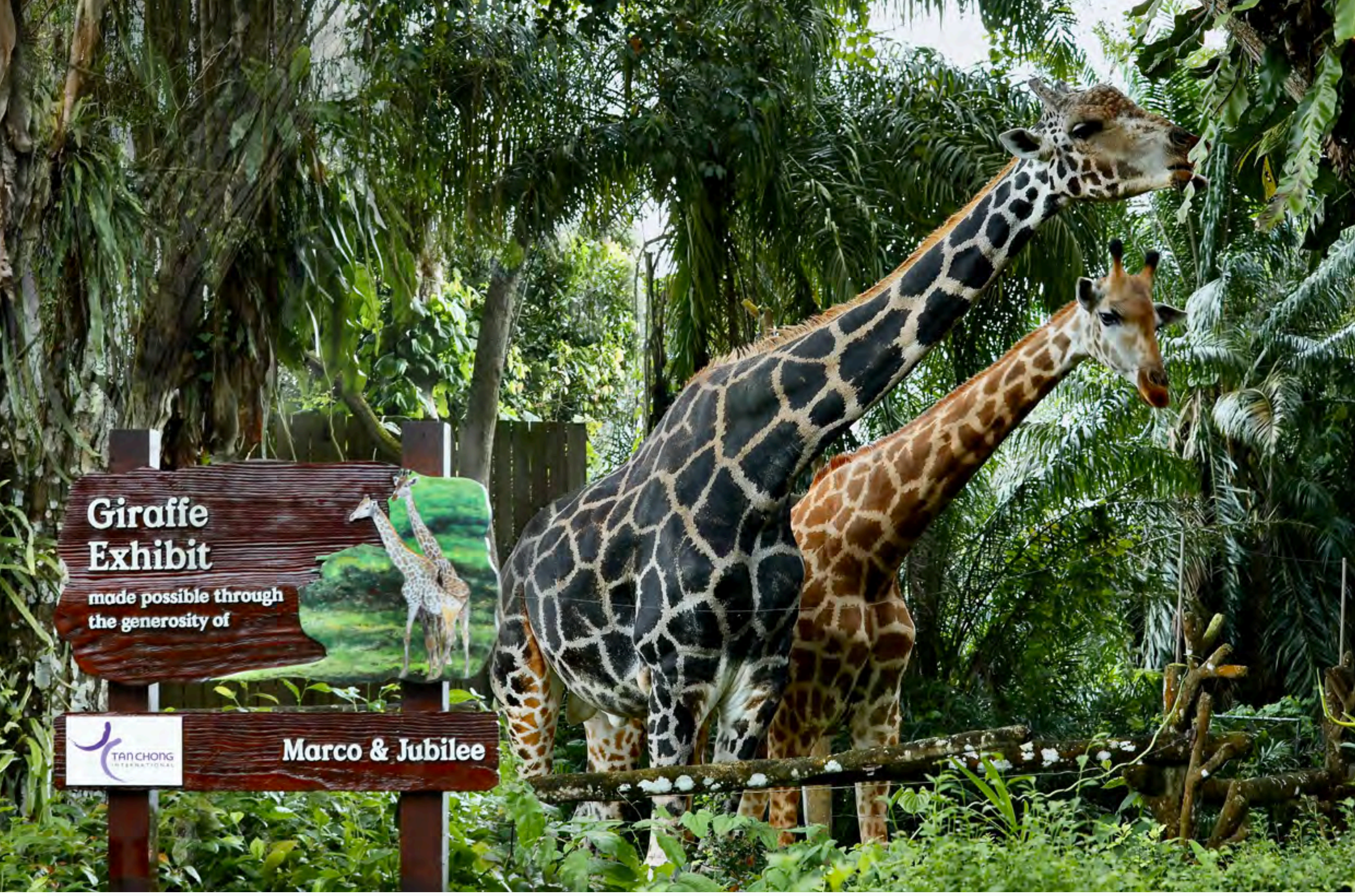
The Group is in constant communication with its manufacturers, dealers, and suppliers. We have processes in place to manage technical issues or recalls that might affect vehicle performance or passenger safety. The assembly plant had attained ISO 9001:2015, which required it to demonstrate its ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements. We aim to enhance customer satisfaction through the effective application of the system, including processes for improvement of the system and the assurance of conformity to customer and applicable statutory and regulatory requirements.

Recall Practice

When the Group receives a recall announcement from a manufacturer, our business units comply with internal recall processes and standard guidelines issued by the manufacturer. Vehicle recalls are reported to relevant authorities. Based on the scope of this report, Table 4 below shows the vehicle recalls conducted in 2020 by the Group in Singapore and Thailand.

Table 4 : Vehicle Recalls Conducted in 2020

Recall Period	Reason for Recall	Countermeasure	Affected Vehicles
January 2020	Inflator module	Change of Airbags Inflator	SG (631) TH (5)
April 2020	Fuel pump Impeller	Replacement of Fuel Pump	SG (694)
July 2020	Pulsar rear door child lock	Install rear child lock switch aperture	SG (582)
October 2020	Serena LED fog Lamp	Inspect fog lamp and conduct optical axis adjustment	SG (214)



Marco (father) and Jubilee (son) at the Singapore Zoo

Supply Chain Management

The Group has a supplier selection and evaluation system in place to ensure that contracting processes are fair and tries to encourage suppliers to reduce any negative social and environmental impacts caused by their businesses.

Anti-Corruption

The Group operates in countries that vary in their respective laws—including Anti-Corruption Laws. The Operation Compliance department from the Group's Loss Avoidance Unit (LAU), set up in 2019, continues to focus on incident investigation, compliance, security, procurement and ensures that business units comply with the Group's policies and local laws (including Anti-Corruption Laws). The group's whistle blowing policy introduced in 2019 allows staff to raise concerns on possible acts of fraud, dishonesty, and misconduct. Anonymity is ensured. All concerns raised would be recorded, investigated, and escalated to the management.

6. COMMUNITY

In Singapore, the Group is working with Halogen Foundation to mentor and provide internship opportunities for young people. Halogen is a not-for-profit Institution of a Public Character (IPC) charity dedicated to transforming the lives of young people through leadership and entrepreneurship development. Youths with challenging family backgrounds are identified for mentorship opportunities. Staff from a wide range of professions in the Group provided career guidance, with a focus on building core values and soft skills in youths using the charity's structured mentorship framework.

"Tan Chong is supporting the Halogen programme because we would like to give these youths the opportunity to experience a different environment from the one they are normally in. This will allow them to have a feel of what a real-world working environment is like, so they will not be at a disadvantage when they enter the workforce full time. We hope that this will give them a better fighting chance for their future and give them an opportunity to make their mark in society." said Mr Glenn Tan, Deputy Chairman and Managing Director of the Group, at the launch of the collaboration.

The Group adopted Marco and Jubilee, the resident father and son giraffes, at the Singapore Zoo in 2020, as the family-oriented attraction resonates with what the Group stands for, creating safe and meaningful experiences for families. Marco was born in the Netherlands in 2004 and arrived in Singapore the following year. Jubilee was the Singapore Zoo's first baby giraffe in 28 years. Born on 31 August 2015, he was given the name in a nod to Singapore's SG50 celebrations.

To commemorate the adoption, the Group partnered The Animal Project, a social enterprise which aims to bring customers beautifully crafted, high-quality lifestyle products showcasing the talents of artists with special needs. Tan Jun-Yi, who loves to draw a myriad of animals in various situations, designed a tumbler featuring a giraffe father and son duo. With just a black marker pen, he draws each animal intuitively without any hesitation, and each carries a different expression. Five hundred limited edition tumblers were sold in the Group's various locations in Singapore, with proceeds going to the artist.

CORPORATE INFORMATION

BOARD OF DIRECTORS

CHAIRMAN
Mr. Tan Eng Soon

DEPUTY CHAIRMAN AND MANAGING DIRECTOR
Mr. Glenn Tan Chun Hong

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR
Mr. Joseph Ong Yong Loke

EXECUTIVE DIRECTOR
Mr. Tan Kheng Leong

EXECUTIVE DIRECTOR - FINANCE
Mdm. Sng Chiew Huat

INDEPENDENT NON-EXECUTIVE DIRECTORS
Mr. Ng Kim Tuck*
Mr. Azman Bin Badrillah*#
Mr. Prechaya Ebrahim
Mr. Teo Ek Kee*#

* Audit Committee Members
# Remuneration Committee Members

JOINT SECRETARIES

Ms. Teo Siok Ghee
Ms. Liew Daphnie Pingyen

AUDITORS

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

REGISTERED OFFICE

Clarendon House
2 Church Street,
Hamilton HM 11, Bermuda

PRINCIPAL PLACES OF BUSINESS

HONG KONG

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

SINGAPORE

Tan Chong Motor Centre
911 Bukit Timah Road Singapore 589622

BERMUDA RESIDENT REPRESENTATIVE

Codan Services Limited

PRINCIPAL BANKERS

Oversea-Chinese Banking Corporation Limited
United Overseas Bank Limited

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

MUFG Fund Services (Bermuda) Limited
4th Floor North, Cedar House, 41 Cedar Avenue,
Hamilton HM12, Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre,
183 Queen's Road East, Wanchai, Hong Kong

STOCK CODE

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DIRECTORS AND SENIOR MANAGEMENT PROFILE

CHAIRMAN

Mr. Tan Eng Soon

Aged 72, is the Chairman of the Company and is a director of certain subsidiaries of the Group. He is also a director of ZERO Company Limited, a listed company on the Tokyo Stock Exchange. Mr. Tan was the director of Tan Chong Motor Holdings Berhad ("TCMH") and APM Automotive Holdings Berhad ("APM"), listed companies on Bursa Malaysia. He ceased to act as the director of TCMH and APM on 30 June 2012 and 22 May 2013 respectively. Mr. Tan joined TCMH after qualifying as an Engineer from the University of New South Wales, Australia, in 1971. He is the father of Mr. Glenn Tan Chun Hong, an executive Director of the Company.

DEPUTY CHAIRMAN AND MANAGING DIRECTOR

Mr. Glenn Tan Chun Hong

Aged 43, is the Deputy Chairman and Managing Director of the Company, and is a director of certain subsidiaries of the Group. He joined the Group in September 2001. He is a director of ZERO Company Limited, a listed company on the Tokyo Stock Exchange effective from 26 September 2014. Mr. Glenn Tan graduated from Santa Clara University, USA with a Bachelor of Science in Commerce, Management, in 1998. He is the son of Mr. Tan Eng Soon, the Chairman of the Group.

DEPUTY CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Joseph Ong Yong Loke

Aged 72, is the Deputy Chairman of the Company. Mr. Ong was re-designated from an Executive Director to a Non-Executive Director on 30 March 2016. He was the Managing Director of the Company at its listing in 1998 until 30 March 2016. He joined the Group in 1981 and has served in a number of senior capacities in Singapore before his posting to Hong Kong in 1992. Mr. Ong, a Chartered Surveyor, graduated with a BSc. (Building Economics) from the University of Reading in the United Kingdom in 1971. His previous work experience includes appointments with the Singapore Ministry of Defence and Straits Steamship Co Limited from 1976 to 1980.

EXECUTIVE DIRECTORS

Mr. Tan Kheng Leong (Tan Hoy Shoi)

Aged 78, is the Deputy Managing Director of the Nissan motor operations in Singapore and a director of several subsidiaries of the Group. Mr. Tan joined TCMH soon after completing his education in 1962. Over the past 50 years, Mr. Tan has worked in all areas of the Group's motor and industrial business.

Mdm. Sng Chiew Huat

Aged 73, is the Finance Director of the Company. Mdm. Sng, who joined the Group in 1977, completed her degree in Accountancy from the University of Singapore in 1970. She commenced her working career in the same year with Chartered Industries Pte Ltd where she rose to the position of Deputy Chief Accountant before leaving to become the Chief Accountant of Singapore Ceramics Limited in 1974. Mdm. Sng obtained a Master of Business Administration degree from the Oklahoma City University in 1993. She is a Lifetime Member of the Institute of Singapore Chartered Accountants, a Fellow of CPA Australia (FCPA), and a Fellow of the Association of Chartered Certified Accountants (FCCA).


FORESTER

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ng Kim Tuck

Aged 66, was appointed as a Non-executive Director of the Company in June 2011 and re-designated as an Independent Non-executive Director of the Company in July 2012. Mr. Ng is currently the Senior Audit Advisor to BDO Malaysia. He is a Council Member of the Malaysian Institute of Certified Public Accountants ("MICPA") and was previously a Council Member of the Malaysian Institute of Accountants ("MIA") and a Member of the Malaysian Institute of Taxation. Mr. Ng also serves on various committees and working groups of the MICPA. He joined KPMG Malaysia in 1974 and was admitted as a partner of the firm in 1985. He had been the partner-in-charge of KPMG Malaysia's Audit Division, Finance as well as Risk Management and Ethics and Independence. He was also formerly the Chairman of KPMG Malaysia's Audit and Accounting Committee and retired from the firm in December 2010.

Mr. Azman Bin Badrillah

Aged 73, was appointed as a Non-executive Director on 1 April 2015 and re-designated as an Independent Non-executive Director of the Company on 14 September 2015. Mr. Azman graduated from the University of Malaya in 1970 with a Bachelor of Economics degree. He joined Bank of America ("BOA") in Malaysia in 1971. In 1974, he was assigned to BOA's Asia Division and underwent training at its World Banking Division in San Francisco, USA. Upon his return to Malaysia in 1975, he worked at the BOA's Credit Department for another 3 years before relocation to its South & East Asia Division, Area Credit Administration, Hong Kong. In 1981, he returned back to Malaysia to take up position at BOA in Kuala Lumpur. His last position with BOA was the officer responsible for its Marketing & Strategic Planning Department. He resigned from BOA in 1982. Mr. Azman joined TCMH group in 1983 as an executive director of its auto parts industry division. He was responsible for the overall performance of one of its key product groups. In April 1994, he was appointed as a director to the board of directors of TCMH. He resigned as a director of TCMH in July 2010. He was a director of APM since its listing in 1999. He resigned as a director of APM on 1 June 2013.

Mr. Prechaya Ebrahim

Aged 59, was appointed as an Independent Non-executive Director of the Company on 12 June 2015. Mr. Prechaya is currently a partner in LS Horizon Limited, a law firm in Thailand. His areas of expertise include commercial litigation, dispute resolution, labor and employment law and employment benefits. Prior to joining LS Horizon Limited, Mr. Prechaya worked for Boonchoo International & Associates starting in 1983 and became partner of the firm in 1987. He joined Baker & McKenzie in 1991 and became a local partner in 1997. Mr. Prechaya has represented multi-national and local corporate clients in large-scale commercial litigation and in various areas including labor construction, banking and finance, intellectual property, and involving international transactions. In addition, he has been very active in the area of employment litigation and in arbitration matters. Mr. Prechaya has advised various foreign and local banks as well as large manufacturing companies in Thailand with respect to labor and employment matters. Mr. Prechaya was conferred a Bachelor of Laws (Honors) degree from Chulalongkorn University in 1983.

Mr. Teo Ek Kee

Aged 68, was appointed as an Independent Non-executive Director of the Company on 1 June 2016. Mr. Teo is currently an associate director of equity sales at Lim & Tan Securities Private Limited, a brokerage firm in Singapore. Mr. Teo has more than 20 years experience in the financial services industry and has been involved mainly in equity sales to both corporate and individual clients. Mr. Teo also has vast experience and expertise in human resource management. Prior to joining Lim & Tan Securities Private Limited in 1993, Mr. Teo was at DBS Bank Limited in its consumer banking department since 1977. His last appointment held with DBS Bank Limited was an Assistant Vice President in the human resource department. Mr. Teo joined the Government of Singapore Investment Corporation in 1987 as a director of its administration and personnel department. He was then responsible for all the administration and human resource functions of this company. Mr. Teo was conferred a Bachelor of Business Administration (Second Class Upper Honours) degree from University of Singapore in 1977.

SENIOR MANAGEMENT

Ms. Teo Siok Ghee

Aged 68, is the Head of Management Affairs of the Group. Ms. Teo was also appointed as a Joint Company Secretary of the Company in August 2011. She joined the Group in 1981. Ms. Teo holds a Bachelor of Commerce (major in Accountancy) from Nanyang University and a non-practicing member of the Institute of Singapore Chartered Accountants.

Mr. Goh Leng Kwang

Aged 70, is the Head of Corporate Affairs of the Group operations. He joined the Group in 1982 and is a director of several subsidiary companies within the Group. He graduated in 1976 from Singapore University with a degree in Bachelor of Accountancy.

Mr. Lee Chow Yoke Samuel

Aged 55, is the Head of the Property Development and Seat Manufacturing division of the Group. Mr. Samuel Lee joined the Group in 1997. He holds a Bachelor of Civil & Structural Engineering (Hons) degree from the University of Sheffield, England.

CORPORATE STRUCTURE

TAN CHONG INTERNATIONAL

BERMUDA

100% MAN Commercial Vehicles (Thailand) Co., Ltd.
Thailand

100% Foton Truck (Thailand) Co., Ltd.
Thailand

100% Fuso Truck (Thailand) Co., Ltd.
Thailand

100% TC Manufacturing and Assembly Co., Ltd
Thailand

100% Hurdle Joy Holdings Limited
British Virgin Islands

74.9% Tan Chong Subaru Automotive (Thailand) Co., Ltd.
Thailand

100% Wilby Estate International Pte Ltd
Singapore

100% Tan Chong Realty (Private) Limited
Singapore

100% Tan Chong Land Company Pte Ltd
Singapore

100% TC Properties Limited
British Virgin Islands

100% Tan Chong (Vietnam) Industrial Machinery Co., Ltd
Vietnam

100% Tan Chong Industrial Machinery (Pte) Ltd
Singapore

100% Metaquip TC Industrial Pte Ltd
Singapore

100% Nissan Diesel (Thailand) Co., Ltd.
Thailand

100% TC Machinery Limited
British Virgin Islands

100% Wuxi Chengchang Seats Manufacturing Co Ltd
PRC

100% Imei Corporation Limited
Japan

100% TC Automotive Limited
British Virgin Islands

100% TC Services @ Wilby Pte Ltd
Singapore

50% Ethoz Group Ltd
Singapore

100% Brizay Property Pte Ltd
Singapore

100% Tan Chong Investments Limited
British Virgin Islands

100% TC Equity Limited
British Virgin Islands

100% Tan Chong Credit Pte Ltd
Singapore

100% TC Connections Pte Ltd
Singapore

100% Tan Chong.Com Pte Ltd
Singapore

54.55% TC Capital (Thailand) Co., Ltd
Thailand

100% Redcliffe Investments Ltd
Hong Kong

100% TC Vehicles Limited
British Virgin Islands

100% TC Autohub (Thailand) Co., Ltd
Thailand

100% AP Sales Limited
Hong Kong

100% AP Sales Pte. Ltd.
Singapore

100% TC Assembly (Thailand) Co., Ltd.
Thailand

100% Changan (Thailand) Company Limited
Thailand

100% TC Industrial Equipment (Vietnam) Company Limited
Vietnam

100% TC Trading Limited
British Virgin Islands

67% Asanoya TC Pte. Ltd.
Singapore

100% TC Motors (S) Limited
British Virgin Islands

100% TC Motor Pacific Limited
British Virgin Islands

100% Auto Business Pte Ltd
Singapore

100% Singapore Automotive Industries Pte Ltd
Singapore

100% TC Autoworld Sdn Bhd
Malaysia

100% PT TC Autoworld
Indonesia

100% Motor Infiniti Enterprises Pte Ltd
Singapore

100% Tan Chong & Sons Motor Co (S) Pte Ltd
Singapore

100% Tan Chong Motor Sales Pte Ltd
Singapore

100% Waste Management Pte Ltd
Singapore

100% STI Motor Pte Ltd
Singapore

100% T8 Gallery Pte Ltd
Singapore

100% Zenith Logistics Pte Ltd
Singapore

100% PT T Eight Gallery
Indonesia

50% TC Zero Company Pte Ltd
Singapore
50%

100% TC Zero (Thailand) Co., Ltd.
Thailand

3.5% Zero Co., Ltd
49.7%
Japan

50% Eight Zero Limited
Hong Kong
50%

20% Zenith Logistics Limited
Hong Kong
80%

100% Advance Pacific Holdings Limited
Hong Kong

100% TC Autoclinic Pte Ltd
Singapore

Changsha Mei Hua Subaru Sales & Service Co., Ltd
PRC
51%
49%
Hengyang Mei Hua Subaru Sales & Service Co., Ltd
PRC

100% Guangzhou Yidu Motor Trading Co., Ltd
PRC

100% Zhuhai Subaru Sales Co., Ltd
PRC

100% Qingyuan Subaru Sales Co., Ltd
PRC

100% Liuzhou Meibo Motor Sales Co., Ltd
PRC

100% Shantou Henghai Motor Sales Co., Ltd
PRC

100% TC International Limited
Bermuda

60% Xiamen Golden Dragon Auto Seat Co Limited
PRC

100% Motor Image China Limited
Hong Kong

100% Autolution Industrial Pte Ltd
Singapore

50% Tyre Pacific (HK) Limited
Hong Kong

100% Tan Chong Investments (HK) Limited
Hong Kong

100% TC Artisan Bakery Pte Ltd
Singapore

100% WRX Pte Ltd
Singapore

100% Motor Image International Pte Ltd
British Virgin Islands

100% Motor Image (Guangzhou) Co. Ltd
PRC

100% Motor Image (Panyu) Company Ltd
PRC

100% Motor Image Kowloon Limited
Hong Kong

50%
50% Everwide Corporation Limited
Hong Kong

100% Downtown Travel Services Pte Ltd
Singapore

100% Real Courage Limited
Hong Kong

100% Orizz (Shanghai) Ltd
PRC

100% Nanjing Tan Chong Engineering & Research Institute Co., Ltd.
PRC

100% Nanjing Tan Chong Automotive Co., Ltd.
PRC

100% Y&L (HK) International Limited
Hong Kong

100% Y&L (Nanjing) Metal Components Co., Ltd.
PRC

100% TC Powertrain Co., Ltd.
Thailand

100% Motor Image (HK) Ltd
Hong Kong

100% Motor Image Manila Inc.
Philippines

100% TC Subaru Sdn Bhd
Malaysia

65% Subaru of Taiwan Co., Ltd
Taiwan

100% Taiwan Motor Image Co., Ltd
Taiwan

100% Taiwan TC Autoworld Co., Ltd
Taiwan

100% Motor Image Vietnam Co., Ltd
Vietnam

100% Motor Image Malaysia Sdn Bhd
Malaysia

100% TC Subaru (Thailand) Co., Ltd
Thailand

100% Motor Image (Thailand) Co., Ltd
Thailand

100% Motor Image Enterprises Pte Ltd
Singapore

100% Motor Image Pilipinas, Inc.
Philippines

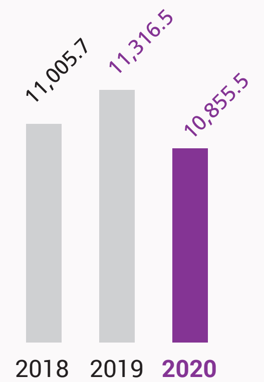
100% Motor Image (Cambodia) Ltd
Cambodia

100% Motor Image Dongguan Limited
PRC

FINANCIAL HIGHLIGHTS

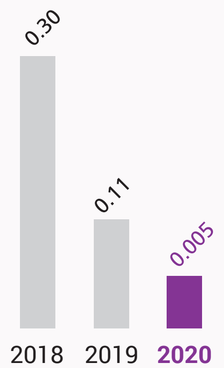
SHAREHOLDERS' FUND

(HK$ Millions)



EARNINGS PER SHARE

(HK$)

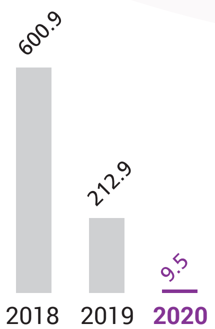


NET ASSET VALUE PER SHARE

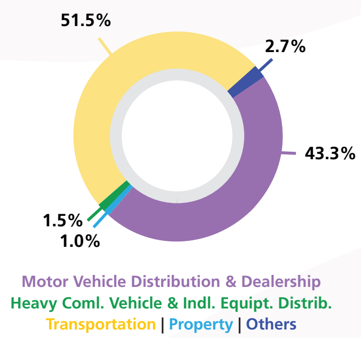
(HK$)

PROFIT ATTRIBUTABLE TO SHAREHOLDERS

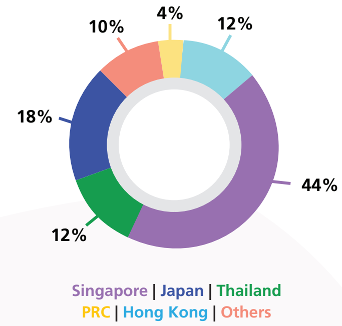
(HK$ Millions)



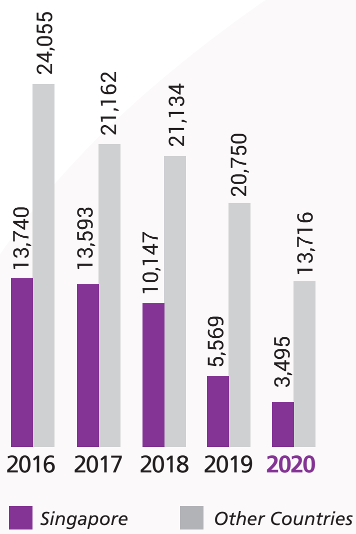
REVENUE BY BUSINESS TYPE



SPECIFIED NON-CURRENT ASSETS BY LOCATION

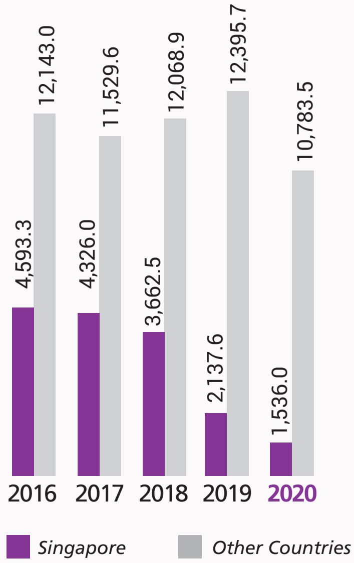


UNITS SOLD



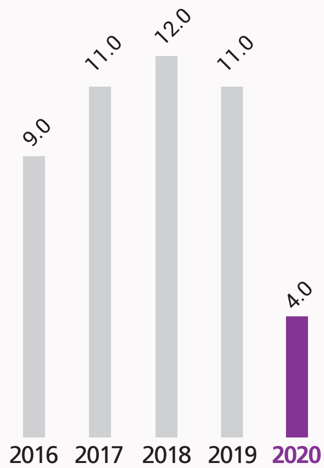
REVENUE

(HK$ Millions)



DIVIDENDS

(HK Cents)



The directors have pleasure in submitting their annual report together with the audited financial statements of the Company and of the Group for the year ended 31 December 2020.

Principal activities and business review

The principal activity of Tan Chong International Limited (the "Company") is investment holding. The principal activities and other particulars of the principal subsidiaries are set out in note 16 to the financial statements. Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, can be found in the Management Discussion and Analysis set out on pages 2 to 3 of this Annual Report. This discussion forms part of this directors' report.

The analysis of the types of businesses and geographical areas of the operations of the Company and its subsidiaries (collectively, the "Group") during the financial year are set out in note 37 to the financial statements.

Financial statements

The profit of the Group for the year ended 31 December 2020 and the financial position of the Company and of the Group as at that date are set out in the financial statements on pages 35 to 118.

Major customers and suppliers

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

	Percentage of the Group's total	
	Sales	Purchases
The largest customer	7%	
Five largest customers in aggregate	15%	
The largest supplier		10%
Five largest suppliers in aggregate		22%

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

Recommended dividend

An interim dividend of HK1.0 cent (2019: HK2.0 cents) per share was paid on 23 September 2020. The directors now recommend the payment of a final dividend of HK3.0 cents (2019: HK9.0 cents) per share in respect of the year ended 31 December 2020.

Share capital

Details of share capital of the Company are set out in note 32(d) to the financial statements. There were no movements during the year.

Directors

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

Executive directors

Tan Eng Soon	(Chairman)
Glenn Tan Chun Hong	(Deputy Chairman and Managing Director)
Tan Kheng Leong	
Sng Chiew Huat	(Finance Director)

Non-executive director

Joseph Ong Yong Loke	(Deputy Chairman)

Independent non-executive directors

Ng Kim Tuck
Azman Bin Badrillah
Prechaya Ebrahim
Teo Ek Kee

In accordance with Bye-law 84(1), Mr. Tan Kheng Leong, Mr. Joseph Ong Yong Loke and Mr. Azman Bin Badrillah will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

Directors' service contracts

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

Connected transactions

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

(i) Assembly Agreement

TC Subaru Sdn. Bhd. ("TC Subaru"), a wholly-owned subsidiary of the Company, and Tan Chong Motor Assemblies Sdn. Bhd. ("TCMA") entered into an assembly agreement on 27 November 2019 (the "Assembly Agreement") in relation to the appointment of TCMA as TC Subaru's assembler to assemble vehicles during the one year period from 1 January 2020 to 31 December 2020.

The prices and terms of the transactions under the Assembly Agreement are on arm's length terms taking into account similar services available from independent third parties in the market.

TCMA is a subsidiary of Tan Chong Motor Holdings Berhad ("TCMH"), and Tan Chong Consolidated Sdn. Bhd. ("TCC") is interested in more than 30% of the equity interests in TCMH. As TCC is a controlling shareholder (as defined in the Listing Rules) of the Company, TCMA is a connected person of the Company and the transactions under the Assembly Agreement constitute continuing connected transactions of the Company under the Listing Rules.

For the year ended 31 December 2020, the aggregate annual transaction amount under the Assembly Agreement amounted to HK$9,853,000 which was within the annual cap of HK$72,000,000.

Details of the Assembly Agreement were disclosed in the announcement of the Company dated 27 November 2019.

(ii) TCMH Agreements

The Group and TCMH and its subsidiaries (the "TCMH Group") entered into three agreements on 27 November 2019 (the "TCMH Agreements") in relation to the sale and purchase of motor parts and accessories during the three year period from 1 January 2020 to 31 December 2022.

Connected transactions (continued)

(ii) TCMH Agreements (continued)

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

In response to the anticipated customers' demand, the Group would need to purchase more parts and accessories from the TCMH Group under one of the TCMH Agreements in order to fulfil its customers' orders. Accordingly, on 28 May 2020, the Board decided to revise upwards the annual caps for the transactions under the TCMH Agreements for each of the three years ending 31 December 2020, 2021 and 2022 from HK$15,860,000, HK$14,960,000 and HK$15,160,000, respectively, to HK$31,860,000, HK$33,960,000 and HK$36,160,000, respectively.

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

For the year ended 31 December 2020, the aggregate annual transaction amount under the TCMH Agreements amounted to HK$19,227,000 which was within the annual cap of HK$31,860,000.

Details of the TCMH Agreements were disclosed in the announcements of the Company dated 27 November 2019 and 28 May 2020 respectively.

(iii) APM Agreements

TC Subaru and the four subsidiaries of APM Automotive Holdings Berhad ("APM"), being APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., APM Coil Spring Sdn. Bhd. and APM Automotive Modules Sdn. Bhd. (collectively, the "APM Subsidiaries") entered into four agreements (the "APM Agreements") respectively on 1 October 2019 for the purchase of certain spare parts from the APM Subsidiaries by TC Subaru during the period from 1 October 2019 to 31 December 2020.

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

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

For the year ended 31 December 2020, the aggregate annual transaction amount under the APM Agreements amounted to HK$224,000 which was within the annual cap of HK$1,000,000.

Details of the APM Agreements were disclosed in the announcement of the Company dated 1 October 2019.

(iv) APM2 Agreements

The Group and APM Group entered into two agreements on 27 November 2019 (the "APM2 Agreements") in relation to the sale and rental of vehicles, material handling equipment, and forklift during the three year period from 1 January 2020 to 31 December 2022.

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

Connected transactions (continued)

(iv) APM2 Agreements (continued)

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

For the year ended 31 December 2020, the aggregate annual transaction amount under the APM2 Agreements amounted to HK$114,000 which was within the annual cap of HK$150,000.

Details of the APM2 Agreements were disclosed in the announcement of the Company dated 27 November 2019.

(v) TCIMSB Agreement

Nanjing Tan Chong Automotive Co., Ltd ("NJTC"), a wholly owned subsidiary of the Company, and TCIM Sdn. Bhd. ("TCIMSB") entered into an agreement on 27 November 2019 (the "TCIMSB Agreement") in relation to sale of motor parts and accessories during the three year period from 1 January 2020 to 31 December 2022.

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

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

For the year ended 31 December 2020, the aggregate annual transaction amount under the TCIMSB Agreement amounted to HK$369,000 which was within the annual cap of HK$790,000.

Details of the TCIMSB Agreement were disclosed in the announcement of the Company dated 27 November 2019.

(vi) TCMH-VN Agreements

Tan Chong Viet Nam Industrial Machinery Co., Ltd ("TCIMVN"), a wholly owned subsidiary of the Company, and TCMH Group entered into two agreements on 28 May 2020 (the "TCMH-VN Agreement") in relation to the sale and rental of forklifts and other material handling equipment, and the sale of forklift parts and accessories by TCIMVN to the TCMH Group during the period from 28 May 2020 to 31 December 2022.

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

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

For the year ended 31 December 2020, the aggregate annual transaction amount under the TCMH-VN Agreements amounted to HK$150,000 which was within the annual cap of HK$320,000.

Details of the TCMH-VN Agreements were disclosed in the announcement of the Company dated 28 May 2020.

Listing Rules Implications

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

The aggregated annual cap (with revised annual cap) for the Transactions for the year ended 31 December 2020 was set at HK$106,120,000.

For the year ended 31 December 2020, the aggregate annual transaction amount under the Transactions amounted to HK$29,937,000 which was within the annual cap of HK$106,120,000.

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

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

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

Save as disclosed above, there was no connected transaction or contract of significance to which the Company, or any of its holding companies, subsidiaries, or fellow subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2020 or at any time during the year ended 31 December 2020.

A summary of the material related party transactions undertaken by the Group during the year is set out in note 36 to the financial statements.

Stock compensation program

On 26 November 2015, a subsidiary set up an independent trust fund by Mizuho Trust & Banking Co., Ltd (the "trustee") for adoption of a performance-based stock compensation program (the "Program"). The Program was set up for the purpose of motivating the corporate officers in the subsidiary to achieve higher corporate performance from middle to long term perspectives of corporate management. Under the Program, points are granted by considering the employee's positions and performance in accordance with the Rules on Distributions of Board Benefit of the subsidiary. Each point granted can be converted into one share when the employees leave their positions. The maximum points to be awarded for the five years period ended 30 June 2020 is 500,000. The Program was extended to another five years by the subsidiary on 30 June 2020 without change in the maximum points to be awarded. The trust fund shall not have a definite expiration date and continue as long as the Program exists. Maximum amount of money to be contributed is JPY500,000,000 (equivalent to $36,486,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

81,200 (2019: 81,200) points were awarded to the employees of the Group during the year ended 31 December 2020.

During the year ended 31 December 2020, the Group recognised a total expense of HK$2,877,000 (2019: HK$3,795,000) as the equitysettled share-based payments in relation to the points awarded under the Program.

Further details of the schemes are set out in Note 33 to the consolidated financial statements.

Indemnity of directors

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

DIRECTORS' REPORT (continued)

Directors' interests and short positions in shares

The directors who held office at 31 December 2020 had the following interests in the issued share capital of the Company at that date as recorded in the register of directors' interests and short positions required to be kept under section 352 of the Securities and Futures Ordinance ("SFO"):

	Ordinary shares of HK$0.50 each					
	Personal interests	Family interests (Note 1)	Corporate interests (Note 2)	Joint interests (Notes 3)	Total number of shares held	Percentage of total issued shares
Executive Directors:						
Tan Eng Soon	152,460,000	-	348,544,700	85,932,972	586,937,672	29.15%
Tan Kheng Leong	2,205,000	210,000	-	-	2,415,000	0.12%
Sng Chiew Huat	900,000	-	-	-	900,000	0.04%
Glenn Tan Chun Hong	99,000	-	-	-	99,000	0.0049%
Non- Executive Director:						
Joseph Ong Yong Loke	684,000	795,000	940,536	-	2,419,536	0.12%
Independent Non- Executive Director:						
Teo Ek Kee	-	300,000	-	-	300,000	0.01%

Notes:

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

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

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

Save as disclosed above, none of the directors or chief executives, or any of their spouses or children under eighteen years of age, had any beneficial or non-beneficial interests or short positions in shares of the Company or any of its subsidiaries or associates (within the meaning of the SFO) as at 31 December 2020, and there was no right granted to or exercised by any directors or chief executives of the Company, or any of their spouses or children under eighteen years of age, during the year to subscribe for shares, as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company pursuant to the Model Code for Securities Transactions by Directors of Listed Companies.

Substantial interests in the share capital of the Company

The Company has been notified of the following interests (other than a director of the Company) in the Company's issued shares as at 31 December 2020 amounting to 5% (2019: 5%) or more of the ordinary shares in issue:

Name	Long/short positions	Note	Ordinary shares held	Percentage of total issued shares
Tan Chong Consolidated Sdn. Bhd.	Long	(1)	705,819,720	35.05%
Promenade Group Limited	Long	(2)	212,067,000	10.53%
Tan Kim Hor	Long	(3)	144,801,495	7.19%
Pang Siew Ha	Long		134,821,032	6.69%
Time Strategy Group Limited	Long	(4)	104,497,700	5.19%
Lee Lang	Long		103,930,622	5.16%

Notes:

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

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

(3) Tan Kim Hor passed away on 21 March 2016. His interest includes his spouses' interests.

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

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

Emolument policy

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

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

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

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

Sufficiency of public float

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

Directors' interests in contracts

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

DIRECTORS' REPORT (continued)

Pre-emptive rights

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

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

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

Bank loans and other borrowings

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2020 are set out in notes 25 and 26 to the financial statements.

Financial summary

A summary of the results of the Group and of the Group's assets and liabilities for the last five financial years is set out on page 119 of the annual report.

Properties

Particulars of the Group's properties are shown on pages 121 to 124 of the annual report.

Retirement schemes

Details of retirement schemes to which the Group contributes are set out in note 28 to the financial statements.

Confirmation of independence

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

For and on behalf of the Board

Tan Eng Soon
Chairman
Hong Kong, 30 March 2021

INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the consolidated financial statements of Tan Chong International Limited ("the Company") and its subsidiaries ("the Group") set out on pages 35 to 118, which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for opinion

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

Key audit matters

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

Key audit matters (continued)

Assessing the net realisable value of inventories

Refer to notes 2(b) and 20 to the consolidated financial statements and the accounting policies in note 1(p).

The Key Audit Matter	How the matter was addressed in our audit
At 31 December 2020, the Group held inventories which comprised several different motor car brands and models in 10 different geographical markets with an aggregate carrying amount of HK$1,826 million. Changes in economic sentiment or consumer preferences and the introduction of newer models with the latest design and technologies by motor car manufacturers to these different markets could result in inventories on hand no longer being sought after or being sold at a discount below their cost. Estimating future demand and related selling prices of motor cars is inherently subjective and uncertain because it involves management estimating the extent of markdown of selling prices necessary to sell older or slow moving models in the period subsequent to the reporting date. We identified the assessment of the net realisable value of inventories as a key audit matter because of the significance of inventories to the consolidated financial statements and because of the significant judgements made by management in assessing net realisable value, which increases the risk of error or potential management bias, particularly given the number of motor car models involved and the diversity of geographical markets in which these motor cars are sold.	Our audit procedures to assess the net realisable value of inventories included the following: • assessing whether the inventory provision at the end of the reporting period was determined on a basis consistent with the Group's inventory provisioning policy by recalculating the inventory provisions based on expected selling prices; • assessing, on a sample basis, whether items in the inventory ageing report were classified within the appropriate ageing brackets by comparing individual items in the inventory ageing report with underlying documentation, including purchase invoices and goods received notes; • evaluating the Group's inventory provision balance for slow moving items as categorised in the inventory ageing report by comparison with management's sales forecasts with reference to historical sales and by considering recent changes in economic conditions, consumer preferences and available alternative motor car models sold by the Group and its competitors; • enquiring of management about any planned launch of new motor car models by the motor car manufacturers and plans for the Group to markdown the selling prices of older and slow moving motor car models; and • comparing, on a sample basis, the carrying value of inventories with sales prices subsequent to the end of the reporting period.

Key audit matters (continued)

Assessing the expected credit loss allowance for trade debtors

Refer to notes 2(a) and 23 to the consolidated financial statements and the accounting policies in notes 1(r) and 1(y)(i).

The Key Audit Matter	How the matter was addressed in our audit
At 31 December 2020, the Group's trade debtors amounted to HK$1,108 million, after making an allowance of HK$66 million for expected credit losses ("ECLs"). The Group's customers operate in a number of different geographical locations. These customers have different credit profiles and the timing of trade debtor settlements can also be influenced by geographical norms and the economic environment in which the customers operate. The Group's loss allowances are based on management's estimate of the lifetime ECL of the trade debtors, which is estimated by taking into account the credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date, all of which involve a significant degree of management judgement. The Group's ECL allowances include a specific element based on individual debtors and a collective element based on historical experience adjusted for geographical norms. We identified assessing the ECL allowances for trade debtors as a key audit matter because of the significance of trade debtors balances to the consolidated financial statements and because the assessment of ECL allowances is inherently subjective and require significant management judgement, which increases the risk of error or potential management bias.	Our audit procedures to assess the ECL allowance for trade debtors included the following: • understanding and evaluating the design, implementation and operating effectiveness of management's key internal controls in respect of the valuation of trade debtors, which included credit control procedures and estimate of ECL under the Group's policy; • evaluating the Group's policy for estimating the credit loss allowance with reference to the requirements of the prevailing accounting standard; • assessing, on a sample basis, whether items in the trade debtor ageing report were classified within the appropriate ageing brackets by comparing individual items in the report with underlying documentation, including sales invoices; • assessing the appropriateness of management's estimates of loss allowance by examining the information used by management to derive such estimates, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current and forecast general economic conditions in different geographical locations; and • evaluating the assumptions and estimates made by management in calculating the loss allowances by examining the utilisation or release of previously recorded allowances during the current year and write-offs of trade debtors not previously provided for, on a sample basis.

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

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

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements

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

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

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

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

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

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

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

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

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
30 March 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
Revenue	3	12,319,495	14,533,351
Cost of sales		(9,967,055)	(11,752,447)
Gross profit		2,352,440	2,780,904
Other net income	4	227,082	328,360
Distribution costs		(1,198,207)	(1,413,194)
Administrative expenses		(1,074,118)	(1,107,517)
Other operating expenses	5	(33,085)	(23,077)
Profit from operations		274,112	565,476
Financing costs	6	(80,179)	(101,262)
Share of profits less losses of associates		73,241	71,709
Profit before taxation	7	267,174	535,923
Income tax expense	10(a)	(182,003)	(224,871)
Profit for the year		85,171	311,052
Attributable to:			
Equity shareholders of the Company		9,507	212,932
Non-controlling interests		75,664	98,120
Profit for the year		85,171	311,052
Earnings per share	11		
Basic and diluted (cents)		0.47	10.58

The notes on pages 44 to 118 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 32(c).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
Profit for the year		85,171	311,052
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that will not be reclassified to profit or loss:			
Remeasurement of net defined benefit liability	28(a)(v)	13,394	(3,989)
Equity investments designated at fair value through other comprehensive income			
– net movement in fair value reserves (non-recycling) during the year		(459,232)	309,836
Revaluation surplus:			
– change in fair value prior to transfer from other property, plant and equipment to investment properties		-	1,821
		(445,838)	307,668
Items that may be or are reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of:			
– subsidiaries outside Hong Kong		145,634	57,799
– associates outside Hong Kong		33,591	(10,310)
Reclassification of translation reserve upon disposal of an associate	17	36,246	-
		215,471	47,489
Other comprehensive income for the year		(230,367)	355,157
Total comprehensive income for the year		(145,196)	666,209
Attributable to:			
Equity shareholders of the Company		(261,182)	540,277
Non-controlling interests		115,986	125,932
Total comprehensive income for the year		(145,196)	666,209

The notes on pages 44 to 118 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
Non-current assets			
Investment properties	12	3,707,785	3,628,592
Other property, plant and equipment	13	5,085,397	5,150,565
Intangible assets	14	77,117	106,057
Goodwill	15	45,772	39,168
Interest in associates	17	868,010	883,828
Other financial assets	18	42,380	65,441
Hire purchase debtors and instalments receivable	24	139,201	206,429
Receivables, deposits and prepayments		135,489	131,390
Deferred tax assets	10(c)	58,586	53,280
		10,159,737	10,264,750
Current assets			
Investments designated as at fair value through other comprehensive income	19	1,771,051	2,211,149
Inventories	20(a)	1,825,709	2,634,350
Properties held for sale	21	-	16,774
Trade debtors	23	1,107,760	1,319,206
Hire purchase debtors and instalments receivable	24	97,515	112,785
Other debtors, deposits and prepayments		436,840	515,544
Amounts due from related companies	30	970	171
Cash and bank balances	25(a)	2,539,772	2,450,254
		7,779,617	9,260,233

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2020
(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
Current liabilities			
Unsecured bank overdrafts	26	78,169	75,780
Bank loans	26	1,769,374	2,825,895
Trade creditors	29	813,235	1,122,535
Other creditors and accruals	22	1,064,385	1,390,460
Amounts due to related companies	30	10,607	14,502
Lease liabilities	27	247,942	277,832
Current taxation		116,156	94,895
Provisions	31	33,621	48,831
		4,133,489	5,850,730
Net current assets		3,646,128	3,409,503
Total assets less current liabilities		13,805,865	13,674,253
Non-current liabilities			
Bank loans	26	897,764	319,975
Lease liabilities	27	501,544	552,707
Net defined benefit retirement obligations	28	76,578	109,115
Deferred tax liabilities	10(c)	99,015	93,315
Provisions	31	49,839	48,264
		1,624,740	1,123,376
NET ASSETS		12,181,125	12,550,877

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2020

(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
CAPITAL AND RESERVES			
Share capital	32(d)	1,006,655	1,006,655
Reserves		9,848,870	10,309,852
Total equity attributable to equity shareholders of the Company		10,855,525	11,316,507
Non-controlling interests		1,325,600	1,234,370
TOTAL EQUITY		12,181,125	12,550,877

Approved and authorised for issue by the board of directors on 30 March 2021.

Tan Eng Soon
Chairman

Sng Chiew Huat
Finance Director

The notes on pages 44 to 118 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	Attributable to equity shareholders of the Company						Attributable to equity shareholders of the Company					
	Share capital	Share premium (note 32(a)(i))	Capital reserve (note 32(a)(ii))	Stock compensation reserve (note 32(a)(iii))	Translation reserve (note 32(a)(iv))	Contributed surplus (note 32(b)(ii))	Fair value reserve (non-recycling) (note 32(a)(v))	Property revaluation reserve (note 32(a)(vi))	Retained profits	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2019	1,006,655	550,547	9,549	6,532	580,578	377,690	1,448,689	331,167	6,694,334	11,005,741	1,142,694	12,148,435
Changes in equity for 2019:												
Profit for the year	-	-	-	-	-	-	-	-	212,932	212,932	98,120	311,052
Other comprehensive income	-	-	-	-	20,433	-	307,213	1,821	(2,122)	327,345	27,812	355,157
Total comprehensive income for the year	-	-	-	-	20,433	-	307,213	1,821	210,810	540,277	125,932	666,209
Non-controlling interests arising from acquisitions of a subsidiary	-	-	-	-	-	-	-	-	-	-	2,091	2,091
Equity-settled share based transactions	-	-	-	2,019	-	-	-	-	-	2,019	1,776	3,795
Dividends declared and approved during the year (note 32(c))	-	-	-	-	-	-	-	-	(231,530)	(231,530)	-	(231,530)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(38,123)	(38,123)
Balance at 31 December 2019	1,006,655	550,547	9,549	8,551	601,011	377,690	1,755,902	332,988	6,673,614	11,316,507	1,234,370	12,550,877
Balance at 1 January 2020	1,006,655	550,547	9,549	8,551	601,011	377,690	1,755,902	332,988	6,673,614	11,316,507	1,234,370	12,550,877
Changes in equity for 2020:												
Profit for the year	-	-	-	-	-	-	-	-	9,507	9,507	75,664	85,171
Other comprehensive income	-	-	-	-	176,590	-	(454,405)	-	7,126	(270,689)	40,322	(230,367)
Total comprehensive income for the year	-	-	-	-	176,590	-	(454,405)	-	16,633	(261,182)	115,986	(145,196)
Equity settled share based transactions	-	-	-	1,531	-	-	-	-	-	1,531	1,346	2,877
Dividends declared and approved during the year (Note 32(c))	-	-	-	-	-	-	-	-	(201,331)	(201,331)	-	(201,331)
Dividends paid by non-wholly owned subsidiaries to non-controlling interests	-	-	-	-	-	-	-	-	-	-	(26,102)	(26,102)
Balance at 31 December 2020	1,006,655	550,547	9,549	10,082	777,601	377,690	1,301,497	332,988	6,488,916	10,855,525	1,325,600	12,181,125

The notes on pages 44 to 118 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
Operating activities			
Profit from operations		274,112	565,476
Adjustments for:			
Depreciation	7	600,163	593,803
Amortisation for intangible assets	7	26,389	25,388
Impairment loss on goodwill	7	-	5,595
Gain on disposal of other property, plant and equipment	4	(5,537)	(10,292)
Valuation gain on investment properties, net	4	(17,755)	(148,765)
Bank and other interest income	4	(15,698)	(27,923)
Dividend income	4	(42,957)	(107,022)
Equity-settled share based payment expenses	8	2,877	3,795
Net foreign exchange gain		(66,754)	(20,688)
Loss on disposal of intangible assets	7	11,446	2,312
Gain on disposal of interest in associates	4	(3,507)	(873)
COVID-19-related rent concessions received	13(b)	(2,680)	-
Operating profit before changes in working capital		760,099	880,806
Decrease/(increase) in inventories		853,157	(386,449)
Decrease/(increase) in trade debtors		379,322	(210,412)
Decrease in hire purchase debtors and instalments receivable		89,347	47,863
Decrease in other debtors, deposits and prepayments		101,195	6,383
Decrease in properties held for sale		17,039	-
Increase in amounts due from related companies		(797)	(26)
(Decrease)/increase in trade creditors		(437,948)	267,852
(Decrease)/increase in other creditors and accruals		(415,699)	54,050
Decrease in amounts due to related companies		(4,193)	(18,649)
Decrease in provisions		(14,125)	(21,506)
Decrease in net defined benefit retirement obligations		(35,655)	(15,372)
Cash generated from operations		1,291,742	604,540
Interest paid		(64,426)	(83,619)
Taxes paid		(172,116)	(288,288)
Net cash generated from operating activities		1,055,200	232,633

CONSOLIDATED CASH FLOW STATEMENT (continued)

for the year ended 31 December 2020
(Expressed in Hong Kong dollars)

	Note	2020 $'000	2019 $'000
Cash flows from investing activities			
Payment for the purchase of property, plant and equipment		(413,020)	(417,508)
Payment for the additions to intangible assets		(6,613)	(15,433)
Payment for purchase of securities investments		(7,811)	(10,165)
Decrease in non-current receivables, deposits and prepayments		12,166	4,503
Withdrawal/(placement) of fixed deposits at banks with maturity over three months		9,821	(10,015)
Proceeds from disposal of other property, plant and equipment		152,341	115,165
Proceeds from disposal of securities investments		10,100	-
Net proceeds from disposal of an associate		129,074	-
Dividends received from associates		33,330	31,459
Dividends received from listed investments		42,957	106,629
Dividends received from unlisted investments		-	393
Interest received		15,698	27,923
Net cash used in investing activities		(21,957)	(167,049)
Cash flows from financing activities			
Repayment of borrowings	25(b)	(2,313,813)	(2,509,023)
Proceeds from new bank loans	25(b)	1,826,910	2,384,836
Dividends paid to shareholders		(201,331)	(231,530)
Dividends paid to non-controlling shareholders of subsidiaries		(26,102)	(38,123)
Interest element of lease rentals paid	25(b)	(15,753)	(17,643)
Capital element of lease rentals paid	25(b)	(289,998)	(339,995)
Net cash used in financing activities		(1,020,087)	(751,478)
Net increase/(decrease) in cash and cash equivalents		13,156	(685,894)
Cash and cash equivalents at 1 January	25(a)	2,363,597	2,992,070
Effect of foreign exchange rate changes		83,794	57,421
Cash and cash equivalents at 31 December	25(a)	2,460,547	2,363,597

The notes on pages 44 to 118 form part of these financial statements.

General information

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

The consolidated financial statements for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The consolidated financial statements were authorised for issue by the directors on 30 March 2021.

1 Significant accounting policies

(a) Statement of compliance

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

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

(b) Basis of preparation of the financial statements

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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

1 Significant accounting policies (continued)

(c) Changes in accounting policies

The following amendments to IFRSs issued by the IASB are first effective for the current accounting period of the Group:

- Amendments to IFRS 3, *Definition of a Business*
- Amendments to IAS 1 and IAS 8, *Definition of Material*

None of these developments have had a material effect on how the Group's results and financial position for the current and prior periods have been prepared or presented. Other than the amendment to IFRS 16, *Covid-19-Related Rent Concessions*, the Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of the amendment to IFRS 16 is discussed below:

Amendment to IFRS 16, *Covid-19-Related Rent Concessions*

The amendment provides a practical expedient that allows a lessee to by-pass the need to evaluate whether certain qualifying rent concessions occurring as a direct consequence of the COVID-19 pandemic ("COVID-19-related rent concessions") are lease modifications and, instead, account for those rent concessions as if they were not lease modifications.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year. Consequently, rent concessions received have been accounted for as negative variable lease payments recognised in profit or loss in the period in which the event or condition that triggers those payments occurred (see note 13(b)). There is no impact on the opening balance of equity at 1 January 2020.

(d) Basis of consolidation

(i) Subsidiaries and non-controlling interests

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

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

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

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

1 Significant accounting policies (continued)

(d) Basis of consolidation (continued)

(i) Subsidiaries and non-controlling interests (continued)

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

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

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

(ii) Associates

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

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

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

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

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

1 Significant accounting policies (continued)

(e) Goodwill

Goodwill represents the excess of

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

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

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

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

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

(f) Translation of foreign currencies

(i) Individual companies

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

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

(ii) On consolidation

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

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

1 Significant accounting policies (continued)

(g) Investment properties

Investment properties are held for their capital appreciation and or to earn rental income. Rental income from investment properties is accounted for as described in note 1(x)(iii). Investment properties are stated in the consolidated statement of financial position at their fair value. It is the Group's policy to undertake valuations at intervals of not more than three years by independent professional valuers on an open market value basis. In the intervening years, investment properties are valued by appropriate qualified persons within the Group on an annual basis. Any gain or loss arising from a change in fair value or from the retirement or disposal of our investment property is recognised in profit or loss.

(h) Properties held for sale

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion, borrowing costs and other costs incurred in bringing the properties to their present condition. Completed properties held for sale is carried at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property. The cost of properties sold is determined by the apportionment of the total development cost of the project.

(i) Other property, plant and equipment

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

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

Freehold land is not amortised.

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

- Buildings situated on freehold land — 2% - 4%
- Leasehold land where the Group is the registered owner of the property interest is depreciated over the unexpired term of the lease.
- The Group's interests in buildings situated on leasehold land where the Group is not the registered owner of the property interest are depreciated over the shorter of the unexpired term of the lease and the building's estimated useful lives, being no more than 50 years after the date of completion.
- Other property, plant and equipment leased for own use are depreciated over the unexpired term of the leases.
- Plant, machinery and equipment
  - engine, construction equipment and forklifts for hire — 20% on cost less residual value
  - other plant, machinery and equipment — $6^2/_3$% - 50%
- Furniture, fixtures, fittings and office equipment — 5% - 50%
- Motor vehicles — 10% - 50%

1 Significant accounting policies (continued)

(i) Other property, plant and equipment (continued)

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

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

Construction in progress

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

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

(j) Intangible assets (other than goodwill)

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

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

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

Both the period and method of amortisation are reviewed annually.

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

(k) Leased assets

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

1 Significant accounting policies (continued)

(k) Leased assets (continued)

(i) As a lessee

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

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

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

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Lease. In such cases, the Group took advantage of the practical expedient set out in paragraph 46A of IFRS 16 and recognised the change in consideration as if it were not a lease modification.

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

1 Significant accounting policies (continued)

(k) Leased assets (continued)

(ii) As a lessor

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

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

(l) Other investments in equity securities

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

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

Equity investments

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

(m) Borrowing costs

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

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

1 Significant accounting policies (continued)

(n) Hire purchase contracts

The amounts due from hire purchase debtors in respect of hire purchase contracts are recorded in the consolidated statement of financial position as hire purchase debtors which represent the total rentals receivable under hire purchase contracts less unearned interest income and impairment losses (see note 1(y)(i)).

(o) Income tax

Income tax expense comprises current and deferred taxes. Current tax and deferred tax are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the consolidated statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future. No temporary differences are recognised on the initial recognition of assets or liabilities that affect neither accounting nor taxable profit.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the properties over time, rather than through sale. In all other cases, the amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses and credits can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on the same taxable entity.

1 Significant accounting policies (continued)

(p) Inventories

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

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

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

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

(q) Contract liabilities

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

(r) Trade debtors and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due.

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(y)(i)).

(s) Cash and cash equivalents

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

(t) Trade and other creditors

Trade and other creditors are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(u) Interest-bearing borrowings

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

1 Significant accounting policies (continued)

(v) Provisions and contingent liabilities

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

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

(w) Warranties

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

(x) Revenue and other income

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

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

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

(i) Sale of motor vehicles

Revenue is recognised at a point in time when the customers obtain control of the motor vehicles. Factors to determine when the customers obtain control of motor vehicles include issuance of registration document and whether the goods have been accepted by the customers.

(ii) Sale of properties

Revenue arising from the sale of properties held for sale in the ordinary course of business is recognised on the basis that control over the ownership of the property has been passed to the customer during the current accounting period, which is the point in time when the customer has the ability to direct the use of the property and obtain substantially all of the remaining benefits of the property. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under forward sales deposits received.

(iii) Rental income from operating leases

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

1 Significant accounting policies (continued)

(x) Revenue and other income (continued)

(iv) Dividends

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

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

(v) Interest income

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

(vi) Government grants

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

(vii) Service fees and other income

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

(y) Credit loss and impairment

(i) Credit losses from financial instrument

The Group recognises a loss allowance for expected credit losses ("ECLs") on the financial assets measured at amortised cost (including cash and cash equivalents, trade and other debtors, hire purchase debtors and instalments receivable and amounts due from related companies).

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

Measurement of ECLs

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

1 Significant accounting policies (continued)

(y) Credit loss and impairment (continued)

(i) Credit losses from financial instrument (continued)

Measurement of ECLs (continued)

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

- fixed-rate financial assets, trade and other debtors, hire purchase debtors and instalment receivables and amounts due from related companies: effective interest rate determined at initial recognition or an approximation thereof; and

- variable-rate financial assets: current effective interest rate;

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

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

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade debtors, hire purchase debtors and instalment receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

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

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held) or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

1 Significant accounting policies (continued)

(y) Credit loss and impairment (continued)

(i) Credit losses from financial instrument (continued)

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

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

Basis of calculation of interest income

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

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

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

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or past due event;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological. market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

1 Significant accounting policies (continued)

(y) Credit loss and impairment (continued)

(i) Credit losses from financial instrument (continued)

Write-off policy

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

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

(ii) Impairment of other non-current assets

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

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

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

- Calculation of recoverable amount

  The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 Significant accounting policies (continued)

(y) Credit loss and impairment (continued)

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

- Recognition of impairment losses

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

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

- Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

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

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

(z) Employee benefits

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

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

1 Significant accounting policies (continued)

(z) Employee benefits (continued)

(ii) Defined benefit retirement plans

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

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

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

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

(iii) Share-based payments

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

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

1 Significant accounting policies (continued)

(aa) Segment reporting

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

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

(ab) Dividends

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

(ac) Related parties

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

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

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

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

2 Significant accounting estimates and judgements

(a) Impairment of trade debtors

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

(b) Allowances for obsolescence of inventories

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

(c) Valuation of investment properties

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

(d) Impairment of other property, plant and equipment

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

3 Revenue

Revenue represents the sales value of goods sold, services provided to customers, hire purchase financing income, rental income, income from sale of properties, management service fees, agency commission and handling fees and warranty income, net of goods and services taxes where applicable, is analysed as follows:

(i) Disaggregation of revenue

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

	2020 $'000	2019 $'000
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or services lines		
- Sale of goods	5,322,628	7,173,058
- Rendering of services	6,760,600	7,108,678
- Gross proceeds from properties sold	42,171	-
- Management service fees	1,000	1,000
- Agency commission and handling fees	66,741	84,577
- Warranty income	6,720	21,600
Revenue from other sources:		
- Gross rental from investment properties that are fixed	85,038	100,390
- Hire purchase financing income	34,597	44,048
	12,319,495	14,533,351

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in note 37(b).

The Group's customer base is diversified and the Group does not have any customer in 2019 and 2020 with whom transactions have exceeded 10% of the Group's revenue.

Further details regarding the Group's principal activities and segment information are disclosed in note 37.

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

As at 31 December 2020, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group's existing contracts is $43,824,000 (2019: $48,398,000). This amount represents revenue expected to be recognised in the future from warranty services which should be distinct as a separate performance obligation in warranty services contracts or stated in a separate service contract entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed.

4 Other net income

	2020 $'000	2019 $'000
Bank and other interest income on financial assets measured at amortised cost	15,698	27,923
Dividend income		
- listed investments	42,957	106,629
- unlisted investments	-	393
Gain on disposal of other property, plant and equipment	5,537	10,292
Valuation gain on investment properties, net	17,755	148,765
Proceeds from sales of scrap materials	2,079	1,921
Marketing subsidies	4,673	5,299
Gain on disposal of interest in associates	3,507	873
Government grants (Note)	93,650	-
Reimbursement for safety recall	11,417	-
Others	29,809	26,265
	227,082	328,360

Note: The amount represents subsidies received from governments in various locations to provide financial support to enterprises.

5 Other operating expenses

	2020 $'000	2019 $'000
Bank charges	10,802	14,118
Impairment losses on trade debtors	13,712	4,858
Reversal of impairment loss of hire purchase debtors and instalments receivable	(1,448)	(1,654)
Others	10,019	5,755
	33,085	23,077

6 Financing costs

	2020 $'000	2019 $'000
Interest expense		
- on bank loans and bank overdrafts	64,426	83,619
- on leases liabilities	15,753	17,643
	80,179	101,262

7 Profit before taxation

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

	2020 $'000	2019 $'000
Cost of goods sold	4,137,170	5,490,482
Cost of properties sold	17,039	-
Depreciation		
- owned property, plant and equipment	207,412	226,587
- right-of-use assets	392,751	367,216
Amortisation of intangible assets	26,389	25,388
Auditors' remuneration		
- audit services	9,369	9,269
- tax services	749	517
- others	180	180
Provision for/(reversal of provision for) warranties	43,112	(2,720)
Net foreign exchange gain	(67,479)	(66,065)
Rentals receivable from investment properties less direct outgoings of $34,815,000 (2019: $41,105,000)	(50,223)	(59,285)
Loss on disposal of intangible assets	11,446	2,312
Impairment loss on goodwill	-	5,595

8 Personnel expenses

	2020 $'000	2019 $'000
Wages and salaries	812,518	817,759
Retirement benefit costs	75,493	82,940
Equity settled share based payment expenses (note 33(c))	2,877	3,795
Others	80,129	97,428
	971,017	1,001,922

The Group makes contributions to defined benefit retirement plans and defined contribution retirement plans pursuant to the rules and regulations applicable to the Group in the countries where the Group operates. The Group's obligation for the payment of retirement benefits are set out in note 28.

9 Directors' and senior executives' remuneration

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

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
2020					
Executive directors					
Tan Eng Soon	1,880	13,957	-	30	15,867
Glenn Tan Chun Hong	980	3,982	-	69	5,031
Tan Kheng Leong	300	3,088	-	30	3,418
Sng Chiew Huat	670	4,057	-	30	4,757
Non-executive director					
Joseph Ong Yong Loke	200	-	-	-	200
Independent non-executive directors					
Ng Kim Tuck	399	-	-	-	399
Azman Bin Badrillah	344	-	-	-	344
Prechaya Ebrahim	200	-	-	-	200
Teo Ek Kee	374	-	-	-	374
	5,347	25,084	-	159	30,590

9 Directors' and senior executives' remuneration (continued)

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

	Directors' fees $'000	Salaries, allowances and benefits in kind $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Total $'000
2019					
Executive directors					
Tan Eng Soon	500	14,242	16,777	44	31,563
Glenn Tan Chun Hong	400	4,063	4,294	100	8,857
Tan Kheng Leong	300	3,151	919	44	4,414
Sng Chiew Huat	300	4,140	3,370	44	7,854
Non-executive director					
Joseph Ong Yong Loke	200	-	-	-	200
Independent non-executive directors					
Ng Kim Tuck	399	-	-	-	399
Azman Bin Badrillah	344	-	-	-	344
Prechaya Ebrahim	200	-	-	-	200
Teo Ek Kee	374	-	-	-	374
	3,017	25,596	25,360	232	54,205

(b) Of the five individuals with the highest emoluments, four (2019: four) are directors whose emoluments are disclosed in note 9(a) above. The emoluments in respect of the other one individual is as follows:

	2020 $'000	2019 $'000
Salaries and other emoluments	5,673	5,364

9 Directors' and senior executives' remuneration (continued)

(b) Of the five individuals with the highest emoluments, four (2019: four) are directors whose emoluments are disclosed in note 9(a) above. The emoluments in respect of the other one individual is as follows: (continued)

The emoluments of the one (2019: one) individual with the highest emoluments is within the following band:

	2020 Number of individuals	2019 Number of individuals
$5,000,001 - $5,500,000	-	1
$5,500,001 - $6,000,000	1	-

10 Taxation

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

	2020 $'000	2019 $'000
Current tax expense		
Provision for the year	177,194	203,696
Under/(over)-provision in respect of prior years	2,568	(3,370)
	179,762	200,326
Deferred tax expense		
Origination and reversal of temporary differences	2,241	24,545
Total income tax expense in the consolidated statement of profit or loss	182,003	224,871

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

The statutory corporate income tax rate for the Group's operations in Singapore, Japan and the People's Republic of China ("PRC") is 17% (2019: 17%), 31% (2019: 31%) and 25% (2019: 25%) respectively. Taxation for other subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant jurisdictions.

10 Taxation (continued)

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

	2020 $'000	2019 $'000
Profit before taxation	267,174	535,923
Notional tax on profit before taxation, calculated at the rates applicable to profits in the jurisdictions concerned	54,520	126,721
Adjustments resulting from:		
Tax effect of non-deductible expenses	16,695	25,730
Tax effect of non-taxable income	(30,441)	(66,723)
Tax effect of tax losses not recognised	114,696	100,780
Tax effect of previously unrecognised tax losses or deductible temporary differences utilised	(7,258)	(24,268)
Withholding tax on dividend income from subsidiaries (note)	31,223	66,001
Under/(over)-provision in respect of prior years	2,568	(3,370)
Actual tax expense	182,003	224,871

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

(c) Deferred tax assets and liabilities

Deferred tax assets and deferred tax liabilities of the Group at 31 December 2020 are attributable to the items detailed in the table below:

	2020			2019		
	Assets $'000	Liabilities $'000	Net $'000	Assets $'000	Liabilities $'000	Net $'000
Property, plant and equipment	640	(88,131)	(87,491)	782	(84,237)	(83,455)
Right-of-use assets	318	-	318	871	-	871
Investment properties	-	(26,173)	(26,173)	-	(22,485)	(22,485)
Investments designated as at fair value through other comprehensive income	-	(4,617)	(4,617)	-	(7,441)	(7,441)
Inventories	2,146	-	2,146	1,956	-	1,956
Trade debtors	5,017	-	5,017	5,481	-	5,481
Creditors and accruals	60,141	(3,815)	56,326	62,656	(3,156)	59,500
Provisions	3,700	-	3,700	1,751	-	1,751
Intangible assets	-	(9,289)	(9,289)	-	(13,515)	(13,515)
Tax losses carried-forward	19,634	-	19,634	17,302	-	17,302
Deferred tax assets/(liabilities)	91,596	(132,025)	(40,429)	90,799	(130,834)	(40,035)
Set–off within legal tax units and jurisdictions	(33,010)	33,010	-	(37,519)	37,519	-
Net deferred tax assets/(liabilities)	58,586	(99,015)	(40,429)	53,280	(93,315)	(40,035)

10 Taxation (continued)

(c) Deferred tax assets and liabilities (continued)

In accordance with the accounting policy set out in note 1(o), the Group has not recognised deferred tax assets in respect of cumulative tax losses and other deductible temporary differences of $3,669,000,000 (2019: $3,156,000,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. Potential deferred tax assets of approximately $839,022,000 (2019: $720,508,000) relating to the future benefits of tax losses and other deductible temporary differences that have not been recognised in the financial statements as it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom before the ability to realise such potential benefits expires. Among these tax losses, $3,148,981,000 (2019: $2,664,724,000) will expire within 3 to 10 years after the end of the reporting period.

At 31 December 2020, temporary differences relating to the undistributed profits of subsidiaries amounted to $2,514,824,000 (2019: $2,334,447,000). Deferred tax liabilities of $374,813,000 (2019: $345,739,000) have not been recognised in respect of the tax that would be payable on distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and the directors are of the opinion that profits will not be distributed in the foreseeable future.

(d) Movement in deferred tax liabilities of the Group during the year:

	Balance at 1 January 2019 $'000	Exchange adjustment $'000	Recognised in other comprehensive income $'000	Recognised in profit or loss $'000	Balance at 31 December 2019 $'000
Property, plant and equipment	(87,939)	(614)	-	5,098	(83,455)
Right-of-use assets	-	-	-	871	871
Investment properties	(19,829)	(246)	-	(2,410)	(22,485)
Investments designated as at fair value through other comprehensive income	(5,709)	(941)	(791)	-	(7,441)
Inventories	240	2	-	1,714	1,956
Trade debtors	8,623	42	-	(3,184)	5,481
Creditors and accruals	75,118	510	245	(16,373)	59,500
Provisions	1,751	-	-	-	1,751
Intangible assets	(13,515)	-	-	-	(13,515)
Tax losses carried-forward	27,563	-	-	(10,261)	17,302
	(13,697)	(1,247)	(546)	(24,545)	(40,035)

10 Taxation (continued)

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

	Balance at 1 January 2020 $'000	Exchange adjustment $'000	Recognised in other comprehensive income $'000	Recognised in profit or loss $'000	Balance at 31 December 2020 $'000
Property, plant and equipment	(83,455)	(2,837)	-	(1,199)	(87,491)
Right-of-use assets	871	-	-	(553)	318
Investment properties	(22,485)	(1,047)	-	(2,641)	(26,173)
Investments designated as at fair value through other comprehensive income	(7,441)	(215)	3,039	-	(4,617)
Inventories	1,956	42	-	148	2,146
Trade debtors	5,481	103	-	(567)	5,017
Creditors and accruals	59,500	2,271	248	(5,693)	56,326
Provisions	1,751	243	-	1,706	3,700
Intangible assets	(13,515)	-	-	4,226	(9,289)
Tax losses carried-forward	17,302	-	-	2,332	19,634
	(40,035)	(1,440)	3,287	(2,241)	(40,429)

11 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $9,507,000 (2019: $212,932,000) and the number of 2,013,309,000 ordinary shares (2019: 2,013,309,000) in issue during the year.

Diluted earnings per share for the years ended 31 December 2020 and 2019 is the same as basic earnings per share as there were no dilutive securities outstanding during the years presented.

12 Investment properties

	Freehold land and buildings $'000	Leasehold land and buildings $'000	Total $'000
At 1 January 2019	2,717,667	725,362	3,443,029
Transfer from other property, plant and equipment	-	12,720	12,720
Fair value adjustment	48,768	99,997	148,765
Exchange adjustments	19,971	4,107	24,078
At 31 December 2019	2,786,406	842,186	3,628,592
At 1 January 2020	2,786,406	842,186	3,628,592
Fair value adjustments	32,127	(14,372)	17,755
Exchange adjustments	52,340	9,098	61,438
At 31 December 2020	2,870,873	836,912	3,707,785

(a) Fair value measurement of properties

(i) Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

12 Investment properties (continued)

(a) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

	Fair value at 31 December 2020	Fair value measurements as at 31 December 2020 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
– Freehold land and buildings				
– Singapore	2,509,535	-	-	2,509,535
– Japan	361,338	-	-	361,338
	2,870,873	-	-	2,870,873
– Leasehold land and buildings				
– Hong Kong	194,872	-	-	194,872
– Singapore	642,040	-	-	642,040
	836,912	-	-	836,912
	3,707,785	-	-	3,707,785

	Fair value at 31 December 2019	Fair value measurements as at 31 December 2019 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
– Freehold land and buildings				
– Singapore	2,446,942	-	-	2,446,942
– Japan	339,464	-	-	339,464
	2,786,406	-	-	2,786,406
– Leasehold land and buildings				
– Hong Kong	215,707	-	-	215,707
– Singapore	626,479	-	-	626,479
	842,186	-	-	842,186
	3,628,592	-	-	3,628,592

(Expressed in Hong Kong dollars unless otherwise indicated)

12 Investment properties (continued)

(a) Fair value measurement of properties (continued)

(i) Fair value hierarchy (continued)

During the year ended 31 December 2020, there were no transfers between levels (2019: nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties were revalued as at 31 December 2020. The valuations were carried out either by a director of the Company or an independent firm of surveyors, Midzuki Real Estate Appraisal Firm Co., Ltd..

The director of the Company who is a member of the Singapore Institute of Surveyors and Values, carried out valuations for certain investment properties in Hong Kong and Singapore by using the market comparison approach and residual approach.

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

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range
– Freehold land and buildings			
– Singapore	Market comparison approach	Discount/premium on quality of the buildings	1% to 35% (2019: -23% to 29%)
– Japan	Discounted cash flow approach	Discount rate	4.8% (2019: 5.0%)
– Leasehold land and buildings			
– Hong Kong	Market comparison approach	Discount/premium on quality of the buildings	-19% to 41% (2019: -48% to 66%)
– Singapore	Market comparison approach	Discount/premium on quality of the buildings	25% to 48% (2019: -38% to 48%)
	Residual approach	Estimated profit margin on redevelopment	10% (2019: 10%)

12 Investment properties (continued)

(a) Fair value measurement of properties (continued)

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

The fair value of investment properties in Singapore is determined by using either the residual approach based on estimated gross redevelopment value, estimated cost for redevelopment and estimated profit margin on redevelopment, or the market comparison approach by reference to recent sales prices of comparable properties, adjusted for a premium or a discount specific to the quality of the Group's investment properties compared to recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

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

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

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

	2020 $'000	2019 $'000
Freehold land and buildings – Singapore		
At 1 January	2,446,942	2,386,334
Exchange adjustments	35,557	16,812
Fair value adjustments	27,036	43,796
At 31 December	2,509,535	2,446,942
Freehold land and buildings – Japan		
At 1 January	339,464	331,333
Exchange adjustments	16,783	3,159
Fair value adjustments	5,091	4,972
At 31 December	361,338	339,464
Leasehold land and buildings – Hong Kong		
At 1 January	215,707	245,891
Fair value adjustments	(20,835)	(30,184)
At 31 December	194,872	215,707
Leasehold land and buildings – Singapore		
At 1 January	626,479	479,471
Exchange adjustments	9,098	4,107
Fair value adjustments	6,463	130,181
Transfer from other property, plant and equipment	-	12,720
At 31 December	642,040	626,479

12 Investment properties (continued)

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

	Freehold land and buildings		Leasehold land and buildings	
	2020 $'000	**2019 $'000**	**2020 $'000**	**2019 $'000**
In Hong Kong				
with remaining lease term of:				
– Medium term lease	-	-	194,872	215,707
Outside Hong Kong				
– Freehold	2,870,873	2,786,406	-	-
with remaining lease term of:				
– Long lease	-	-	642,040	626,479
	2,870,873	2,786,406	836,912	842,186

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

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

	2020 $'000	**2019 $'000**
Within 1 year	8,246	12,236
After 1 year but within 2 years	3,661	5,575
After 2 year but within 3 years	2,289	2,237
After 3 year but within 4 years	1,755	1,914
After 4 year but within 5 years	-	1,755
	15,951	23,717

13 Other property, plant and equipment

(a) Reconciliation of carrying amount

	Freehold land	*Interest in leasehold land*	*Buildings*	*Plant, machinery and equipment*	*Furniture, fixtures, fittings and office equipment*	*Motor vehicles*	*Construction in progress*	*Other properties leased for own use*	*Total*
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost or valuation:									
At 1 January 2020	1,194,691	163,893	2,806,476	843,985	511,925	1,036,419	17,251	938,608	7,513,248
Exchange adjustments	32,609	1,997	56,535	10,718	38,755	40,619	810	21,036	203,079
Additions	-	-	11,908	146,165	24,627	194,701	31,121	171,776	580,298
Disposals	(2,067)	-	(19,271)	(72,185)	(24,764)	(164,541)	-	(130,485)	(413,313)
Transfer from construction in progress	-	-	2,437	2,969	1,299	18,815	(25,520)	-	-
At 31 December 2020	1,225,233	165,890	2,858,085	931,652	551,842	1,126,013	23,662	1,000,935	7,883,312
Representing:									
Cost	994,573	165,890	2,795,218	931,652	551,842	1,126,013	23,662	1,000,935	7,589,785
Valuation – 1984	230,660	-	62,867	-	-	-	-	-	293,527
	1,225,233	165,890	2,858,085	931,652	551,842	1,126,013	23,662	1,000,935	7,883,312
Accumulated amortisation and depreciation:									
At 1 January 2020	-	108,241	873,087	287,758	391,504	457,642	-	244,451	2,362,683
Exchange adjustments	-	1,830	23,638	8,725	21,912	28,827	-	16,646	101,578
Charge for the year	-	7,401	96,417	54,209	41,923	102,967	-	297,246	600,163
Written back on disposals	-	-	(15,024)	(36,606)	(18,214)	(108,006)	-	(88,659)	(266,509)
At 31 December 2020	-	117,472	978,118	314,086	437,125	481,430	-	469,684	2,797,915
Net book value:									
At 31 December 2020	1,225,233	48,418	1,879,967	617,566	114,717	644,583	23,662	531,251	5,085,397

13 Other property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

	Freehold land $'000	*Interest in leasehold land* $'000	*Buildings* $'000	*Plant, machinery and equipment* $'000	*Furniture, fixtures, fittings and office equipment* $'000	*Motor vehicles* $'000	*Construction in progress* $'000	*Other properties leased for own use* $'000	*Total* $'000
Cost or valuation:									
At 1 January 2019	1,165,476	161,431	2,744,334	776,789	475,256	979,848	26,863	835,812	7,165,809
Exchange adjustments	35,270	2,462	41,901	30,469	7,529	8,647	1,093	9,826	137,197
Additions	-	-	41,406	48,170	35,946	218,831	72,122	96,083	512,558
Disposals	(6,055)	-	(35,085)	(35,956)	(10,399)	(199,754)	(14)	(3,113)	(290,376)
Transfer from construction in progress	-	-	25,860	24,513	3,593	28,847	(82,813)	-	-
Transfer to investment property	-	-	(11,940)	-	-	-	-	-	(11,940)
At 31 December 2019	1,194,691	163,893	2,806,476	843,985	511,925	1,036,419	17,251	938,608	7,513,248
Representing:									
Cost	967,232	163,893	2,744,481	843,985	511,925	1,036,419	17,251	938,608	7,223,794
Valuation – 1984	227,459	-	61,995	-	-	-	-	-	289,454
	1,194,691	163,893	2,806,476	843,985	511,925	1,036,419	17,251	938,608	7,513,248
Accumulated amortisation and depreciation:									
At 1 January 2019	-	99,877	772,454	253,271	350,136	447,840	-	-	1,923,578
Exchange adjustments	-	702	17,064	309	4,681	6,233	-	2,857	31,846
Charge for the year	-	7,662	94,103	62,391	46,772	140,036	-	242,839	593,803
Written back on disposals	-	-	(9,493)	(28,213)	(10,085)	(136,467)	-	(1,245)	(185,503)
Transfer to investment property	-	-	(1,041)	-	-	-	-	-	(1,041)
At 31 December 2019	-	108,241	873,087	287,758	391,504	457,642	-	244,451	2,362,683
Net book value:									
At 31 December 2019	1,194,691	55,652	1,933,389	556,227	120,421	578,777	17,251	694,157	5,150,565

13 Other property, plant and equipment (continued)

(a) Reconciliation of carrying amount (continued)

(i) Certain land and buildings were revalued by the directors based on independent professional valuations in 1984. These properties are carried at the respective revalued amounts totalling SGD50,000,000 (equivalent to $293,527,000 (2019: $289,454,000)) as their deemed cost, as the amount of the adjustments relating to prior periods could not be reasonably determined when IFRSs were first adopted for the purpose of preparing financial statements prior to the initial public offering of the Company. The requirements of IAS 16, *Property, plant and equipment* with respect to assets carried at amounts other than cost less accumulated depreciation are therefore not applicable.

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

The cost of motor vehicles and machineries of the Group held for rental amounted to a total of $165,773,000 (2019: $191,232,000), the related accumulated depreciation and depreciation charges for the year amounted to a total of $93,458,000 (2019: $105,697,000) and $22,971,000 (2019: $26,357,000).

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods are $2,977,000 within one year (2019: $7,197,000 within one year). Where practicable, the Group obtains residual value guarantees from the lessee to reduce the residual asset risk.

(b) Right-of-use assets

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

	Note	2020 $'000	2019 $'000
Leasehold land and buildings held for own use, carried at depreciated cost in Hong Kong, with remaining lease term of:	(i)		
- Short-term lease		15,786	17,864
Leasehold land and building held for own use, carried at depreciated cost outside Hong Kong, with remaining lease term of:	(i)		
- Medium-term lease		1,267,641	1,301,325
- Short-term lease		20,645	32,997
		1,304,072	1,352,186
Other properties leased for own use, carried at depreciated cost	(ii)	531,251	694,157
Plant, machinery and equipment, carried at depreciated cost	(iii)	953	2,399
Motor vehicles, carried at depreciated cost	(iii)	114,856	147,369
		1,951,132	2,196,111

13 Other property, plant and equipment (continued)

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

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

	2020 $'000	2019 $'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Leasehold land and buildings	69,718	78,248
Other properties leased for own use	297,246	242,839
Plant, machinery and equipment	1,092	1,382
Motor vehicles	24,695	44,747
	392,751	367,216
Interest on lease liabilities (note 6)	15,753	17,643
Expense relating to short-term leases and other leases with remaining lease term ended on or before 31 December 2020/2019	30,833	25,108
COVID-19-related rent conession received	(2,680)	-

During the year, additions to right-of-use assets were $225,413,000 (2019:$151,785,000). This amount included additions of leasehold properties of $4,498,000 (2019:$23,153,000) and the remainder primarily related to the capitalised lease payments payable under new tenancy agreements.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 25(c) and 27, respectively.

As disclosed in note 1(c), the Group has early adopted the Amendment to IFRS16, *Leases, Covid-19-Related Rental Concessions*, and applies the practical expedient introduced by the Amendment to all eligible rent concessions received by the Group during the year. Further details are disclosed in (ii) below.

(i) Leasehold land and buildings

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

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its offices, warehouses and retail stores through tenancy agreements. The leases typically run for an initial period of one to nineteen years. During 2020, the Group received rent concessions in the form of discount on fixed payment during the period of severe social distancing and travel restriction measures introduced to contain the spread of COVID-19.

(iii) Plant, machinery and equipment and motor vehicles

The Group leases production plant, machinery, equipment and motor vehicles under leases expiring from one to three years. Some leases include an option to renew the lease when all terms are renegotiated. None of the leases includes variable lease payments.

14 Intangible assets

	Customer relationships $'000	Backlog $'000	Computer software $'000	Others $'000	Total $'000
Cost:					
At 1 January 2020	70,226	12,899	90,227	20,514	193,866
Exchange adjustments	3,434	630	3,006	2,061	9,131
Additions	-	-	6,613	-	6,613
Disposals	-	-	(12,258)	(2,772)	(15,030)
At 31 December 2020	73,660	13,529	87,588	19,803	194,580
Accumulated amortisation:					
At 1 January 2020	38,624	-	39,082	10,103	87,809
Exchange adjustments	2,854	-	2,310	1,685	6,849
Charge for the year	7,151	-	15,323	3,915	26,389
Written back on disposals	-	-	(2,012)	(1,572)	(3,584)
At 31 December 2020	48,629	-	54,703	14,131	117,463
Net book value:					
At 31 December 2020	25,031	13,529	32,885	5,672	77,117
Cost:					
At 1 January 2019	66,859	12,777	94,821	19,421	193,878
Exchange adjustments	3,367	122	3,895	1,087	8,471
Additions	-	-	15,419	15	15,434
Disposals	-	-	(23,908)	(9)	(23,917)
At 31 December 2019	70,226	12,899	90,227	20,514	193,866
Accumulated amortisation:					
At 1 January 2019	31,303	-	45,709	6,233	83,245
Exchange adjustments	277	-	445	60	782
Charge for the year	7,044	-	14,525	3,819	25,388
Written back on disposals	-	-	(21,597)	(9)	(21,606)
At 31 December 2019	38,624	-	39,082	10,103	87,809
Net book value:					
At 31 December 2019	31,602	12,899	51,145	10,411	106,057

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

The intangible asset with indefinite useful life is allocated to the Group's transportation activities based in Japan. No impairment loss was recognised during the year (2019: $Nil).

15 Goodwill

	Total $'000
Cost:	
At 1 January 2020	39,168
Exchange adjustments	6,604
At 31 December 2020	45,772
Carrying amount:	
At 31 December 2020	45,772
Cost:	
At 1 January 2019	43,486
Impairment loss	(5,595)
Exchange adjustments	1,277
At 31 December 2019	39,168
Carrying amount:	
At 31 December 2019	39,168

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's transportation activities based in Japan.

Impairment assessment has been performed on the cash-generating units and no impairment loss is considered necessary at 31 December 2020 (2019: HK$5,595,000).

16 Interest in subsidiaries

The following list contains only the particulars of subsidiaries as at 31 December 2020 which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid-up capital	Percentage of equity indirectly held through subsidiaries	Principal activities
Tan Chong & Sons Motor Company (Singapore) Private Limited	Singapore	Ordinary shares of SGD150,000,000 Redeemable preference shares of SGD50,000,000	100%	Treasury management for group entities
Tan Chong Motor Sales Pte Ltd	Singapore	SGD10,000,000	100%	Distribution of motor vehicles
Singapore Automotive Industries Private Limited	Singapore	SGD2,000,000	100%	Distribution of auto spare parts

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Interest in subsidiaries (continued)

Name	Place of incorporation/ establishment and operation	Particulars of issued/ registered and paid-up capital	Percentage of equity indirectly held through subsidiaries	Principal activities
Tan Chong Industrial Machinery (Pte) Ltd	Singapore	Ordinary shares of SGD4,000,000 Redeemable preference shares of SGD25,000,000	100%	Distribution of heavy commercial vehicles and industrial equipment, rental of machinery and provision of workshop services
Motor Image Enterprises Pte Ltd	Singapore	SGD50,000	100%	Distribution of motor vehicles
Tan Chong Credit Private Ltd	Singapore	Ordinary shares of SGD46,600,000 Redeemable preference shares of SGD12,500,000	100%	Hire purchase financing and insurance agency
Tan Chong Realty (Private) Limited	Singapore	Ordinary shares of SGD57,900,000 Redeemable preference shares of SGD25,000,000	100%	Property investment
Brizay Property Pte Ltd	Singapore	SGD2	100%	Property investment
Tan Chong Land Company Pte Ltd	Singapore	SGD1,000,000	100%	Sales of properties and property development
Advance Pacific Holdings Limited	Hong Kong	$8,500,000	100%	Investment holding
Motor Image (HK) Limited	Hong Kong	$8,000,000	100%	Distribution of motor vehicles
Motor Image (Guangzhou) Co., Ltd. #	The People's Republic of China	Registered and paid up capital of $120,000,000	100%	Distribution of motor vehicles
Motor Image Pilipinas, Inc.	Republic of the Philippines	Peso137,625,000	100%	Distribution of motor vehicles
Taiwan Motor Image Co., Ltd.	Taiwan	NTD 5,000,000	100%	Distribution of motor vehicles
Subaru of Taiwan Co., Ltd.	Taiwan	NTD 53,000,000	65%	Distribution of motor vehicles and related products

(Expressed in Hong Kong dollars unless otherwise indicated)

16 Interest in subsidiaries (continued)

Name	Place of incorporation/ establishment and operation	Particulars of issued/registered and paid up capital	Percentage of equity indirectly held through subsidiaries	Principal activities
Nissan Diesel (Thailand) Company Limited	Thailand	Ordinary shares of Baht1,646,456,000 Redeemable preference shares of Baht250,000,000	100%	Distribution of heavy commercial vehicles and related products and provision of workshop services
Fuso Truck (Thailand) Co., Ltd.	Thailand	Baht100,000,000	100%	Distribution of heavy commercial vehicles and related products and provision of workshop services
TC Subaru (Thailand) Co.,Ltd.	Thailand	Baht 103,755,000	100%	Distribution of motor vehicles
Tan Chong Subaru Automotive (Thailand) Co., Ltd.	Thailand	Baht 5,000,000,000	74.9%	Manufacture of motor vehicles
TC Manufacturing and Assembly (Thailand) Co., Ltd.	Thailand	Baht 1,503,300,000	100%	Provision of workshop services and related products
TC Subaru Sdn. Bhd.	Malaysia	MYR 3,000,000	100%	Distribution of motor vehicle and provision of workshop services
Motor Image Vietnam Co., Ltd.	Vietnam	VND 8,901,000,000	100%	Distribution of motor vehicles
Zero Co., Ltd.	Japan	JPY3,390,798,450	53.20%	Investment holding, used-car trading and provision of vehicle transportation and maintenance services
Zero Plus Kanto Co., Ltd.	Japan	JPY15,000,000	53.20%	Provision of vehicle transportation services
Kyuso Co., Ltd.	Japan	JPY39,000,000	53.20%	Provision of cargo logistics services
Japan Relief Co., Ltd.	Japan	JPY83,124,775	53.20%	Provision of human resources services
Zero Plus BHS Co., Ltd.	Japan	JPY10,000,000	53.20%	Provision of vehicle transportation services

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

17 Interest in associates

	2020 $'000	2019 $'000
Share of net assets	868,010	883,828
Representing:		
Associates listed outside Hong Kong	-	92,087
Unlisted associates	868,010	791,741
	868,010	883,828

Details of the associates are as follows:

Name	Place of incorporation/ establishment and operation	Percentage of equity held by the Group	Principal activities
Ethoz Group Limited	Singapore	50%	Car rental
Tyre Pacific (HK) Limited	Hong Kong	50%	Distribution of tyres
Zero SCM Logistics (Beijing) Co., Ltd. *	The People's Republic of China	25%	Provision of transportation services

* Registered under the laws of the PRC as a sino-foreign equity joint venture company

Note: In September 2020, the Group disposed of its 44.48% equity interest of Tifa Finance Tbk PT ("Tifa") to an independent third party, at a net cash consideration of $129,074,000. A gain on disposal of an associate amounting to $3,507,000 (including reclassification of translation reserve of $36,246,000 from equity to profit or loss) was recognised in profit or loss during the year ended 31 December 2020 (see note 4).

All of the above associates are accounted for using the equity method in the consolidated financial statements.

Each individual associate does not have a significant impact on the Group's results of operations and financial position. Aggregate information of associates that are not individually material is as follows:

	2020 $'000	2019 $'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	868,010	883,828
Aggregate amounts of the Group's share of those associates'		
– Profit from continuing operations	69,320	71,709
– Post-tax profit or loss from discontinued operation	3,921	-
– Other comprehensive income	33,591	(10,310)
– Total comprehensive income	106,832	61,399

18 Other financial assets

	2020 $'000	2019 $'000
Equity securities designated as at fair value through other comprehensive income (note 19)		
Listed outside Hong Kong	38,767	49,872
Unlisted equity securities	3,613	15,569
	42,380	65,441

19 Investments designated as at fair value through other comprehensive income

	2020 $'000	2019 $'000
Equity securities		
Listed outside Hong Kong, designated as at fair value through other comprehensive income	1,771,051	2,211,149

Financial assets at fair value through other comprehensive income

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

	Fair value at 31 December		Dividend income recognised	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Investments in Subaru Corporation (Note)	1,768,510	2,207,942	42,093	105,629
Others	44,921	68,648	864	1,393
	1,813,431	2,276,590	42,957	107,022

Note: Fair value loss of $447,848,000 (2019: gain of $303,992,000) was recognised in other comprehensive income during the year ended 31 December 2020.

Subaru Corporation is mainly operating in two businesses, the Automotive business and the Aerospace business. In the area of Automotive, it is in the business of manufacture, repair and sales of passenger cars and their components. In the area of Aerospace, it is in the manufacture, repair and sales of airplanes, aerospace-related machinery and their components. The number of shares and percentage held of this investment are 11,408,000 shares and 1.5% of Subaru Corporation's issued shares respectively. The investment cost is JPY7.5 billion. This investment represents 9.9% of the Groups' total assets.

There were no transfers of any cumulative gain or loss within equity during the year.

20 Inventories

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

	2020 $'000	2019 $'000
Raw materials	36,875	99,928
Work-in-progress	80,160	80,473
Spare parts and others	271,996	295,803
Finished goods	1,398,956	2,076,505
Goods in transit	37,722	81,641
	1,825,709	2,634,350

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

	2020 $'000	2019 $'000
Carrying amount of inventories sold	4,112,407	5,477,847
Provision for write-down of inventories	24,763	12,635
	4,137,170	5,490,482

21 Properties held for sale

	2020 $'000	2019 $'000
Properties held for sale of the Group as at 31 December comprise properties from property development in Singapore on freehold land	-	16,774

The analysis of the amount of completed properties held for sale recognised as an expense and included in profit or loss is as follows:

	2020 $'000	2019 $'000
Completed properties held for sale	17,039	-

22 Other creditors and accruals

At 31 December 2020, deferred revenue of performance in warranty services of $43,824,000 (2019: $48,398,000) is classified as contract liabilities. When the Group receives a consideration before the warranty services are completed, this will give rise to contract liabilities at the start of a contract, until the revenue is recognised on these warranty services when the performance obligation has been fulfilled.

22 Other creditors and accruals (continued)

Movements in contract liabilities

	2020 $'000	2019 $'000
Balance at 1 January	48,398	42,674
Decrease in contract liabilities as a result of recognising revenue from rendering of services during the year that was included in the contract liabilities at the beginning of the year	(24,189)	(23,011)
Increase in contract liabilities as a result of receiving consideration during the year in respect of warranty services not completed as at 31 December	19,141	28,407
Exchange adjustments	474	328
Balance at 31 December	43,824	48,398

The amount of consideration received in advance of completion of warranty services expected to be recognised as income after more than one year is $21,059,000 (2019: $24,209,000).

23 Trade debtors

	2020 $'000	2019 $'000
Trade debtors	1,173,896	1,374,327
Less: Loss allowances	(66,136)	(55,121)
	1,107,760	1,319,206

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

Ageing analysis

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

	2020 $'000	2019 $'000
0 - 30 days	736,097	949,923
31 - 90 days	277,199	320,648
Over 90 days	94,464	48,635
	1,107,760	1,319,206

The Group allows credit periods ranging from seven days to six months. Further details on the Group's credit policy are set out in note 34(b).

23 Trade debtors (continued)

Impairment of trade debtors

Impairment losses in respect of trade debtors are recorded using a loss allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade debtors directly (see note 1(y)(i)).

As at 31 December 2020, loss allowance has been made for trade debtors of $66,136,000 (2019: $55,121,000). The movements in the loss allowance during the year are as follows:

	2020 $'000	2019 $'000
At 1 January	55,121	67,792
Exchange adjustments	283	471
Provision for impairment loss	13,712	4,858
Uncollectible amounts written off	(2,980)	(18,000)
At 31 December	66,136	55,121

24 Hire purchase debtors and instalments receivable

	2020 $'000	2019 $'000
Balance due		
– within one year	110,834	129,837
– between one and five years	158,806	232,586
– after more than five years	5,312	6,984
Hire purchase debtors and instalments receivable	274,952	369,407
Unearned interest charges	(23,560)	(34,058)
	251,392	335,349
Less: Loss allowance	(14,676)	(16,135)
	236,716	319,214
Balance due		
– within one year	97,515	112,785
– between one year and five years	134,191	199,770
– after more than five years	5,010	6,659
	139,201	206,429
	236,716	319,214

24 Hire purchase debtors and instalments receivable (continued)

Impairment of hire purchase debtors and instalments receivable

Impairment losses in respect of hire purchase debtors and instalment receivables are recorded using a loss allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against hire purchase debtors directly (see note 1(y)(i)).

As at 31 December 2020, loss allowance has been made for hire purchase debtors and instalments receivable of $14,676,000 (2019: $16,135,000). The movements in the loss allowance during the year are as follows:

	2020 $'000	2019 $'000
At 1 January	16,135	22,747
Exchange adjustments	(11)	988
Reversal of impairment loss	(1,448)	(1,654)
Uncollectible amounts written off	-	(5,946)
At 31 December	14,676	16,135

25 Cash and bank balances

(a) Cash and bank balances comprise:

	2020 $'000	2019 $'000
Bank deposits	454,519	914,568
Cash at bank	2,082,885	1,530,755
Cash in hand	2,368	4,931
Cash and bank balances in the consolidated statement of financial position	2,539,772	2,450,254
Less: Bank deposits with more than three months to maturity when placed	(1,056)	(10,877)
Unsecured bank overdrafts (note 26)	(78,169)	(75,780)
Cash and cash equivalents in the consolidated cash flow statement	2,460,547	2,363,597

The Group's effective interest rate for bank deposits ranged from 0.11% to 5.20% (2019: 1.09% to 5.00%) per annum. The terms of such deposits placed range from thirty days to six months.

Bank overdrafts bear interest at rates ranging from 0.22% to 0.58% (2019: 0.22% to 0.57%) per annum.

25 Cash and bank balances (continued)

(b) Reconciliation of liabilities arising from financing activities

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

	Bank loans $'000 (Note 26)	Lease liabilities $'000 (Note 27)	Total $'000
At 1 January 2020	3,145,870	830,539	3,976,409
Changes from financing cash flows:			
Proceeds from new bank loans	1,826,910	-	1,826,910
Repayment of borrowings	(2,313,813)	-	(2,313,813)
Capital element of lease rentals paid	-	(289,998)	(289,998)
Interest element of lease rentals paid	-	(15,753)	(15,753)
Total changes from financing cash flows	(486,903)	(305,751)	(792,654)
Exchange adjustments	8,171	37,852	46,023
Other changes:			
Increase in lease liabilities from entering into new leases during the year	-	220,915	220,915
Interest expenses on lease liabilities (note 6)	-	15,753	15,753
Decrease in lease liabilities during the year	-	(47,142)	(47,142)
COVID-19-related rent concessions received (note 13(b))	-	(2,680)	(2,680)
Total other changes	-	186,846	186,846
At 31 December 2020	2,667,138	749,486	3,416,624

25 Cash and bank balances (continued)

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

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

	Bank loans $'000 (Note 26)	Lease liabilities $'000 (Note 27)	Total $'000
At 31 December 2018	3,162,881	158,471	3,321,352
Impact on initial application of IFRS 16	-	855,089	855,089
At 1 January 2019	3,162,881	1,013,560	4,176,441
Changes from financing cash flows:			
Proceeds from new bank loans	2,384,836	-	2,384,836
Repayment of borrowings	(2,509,023)	-	(2,509,023)
Capital element of lease rentals paid	-	(339,995)	(339,995)
Interest element of lease rentals paid	-	(17,643)	(17,643)
Total changes from financing cash flows	(124,187)	(357,638)	(481,825)
Exchange adjustments	107,176	38,123	145,299
Other changes:			
Increase in lease liabilities from entering into new leases during the year	-	128,632	128,632
Interest expenses on lease liabilities (note 6)	-	17,643	17,643
Decrease in lease liabilities during the year	-	(9,781)	(9,781)
Total other changes	-	136,494	136,494
At 31 December 2019	3,145,870	830,539	3,976,409

(c) Total cash outflow for leases

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

	2020 $'000	2019 $'000
Within operating cash flows	30,833	25,108
Within investing cash flows	4,498	23,153
Within financing cash flows	305,751	357,638
	341,082	405,899

25 Cash and bank balances (continued)

(c) Total cash outflow for leases (continued)

These amounts relate to the following:

	2020 $'000	2019 $'000
Lease rentals paid	336,584	382,746
Purchase of leasehold property	4,498	23,153
	341,082	405,899

26 Bank loans and overdrafts

At 31 December 2020, the bank loans and overdrafts were payable as follows:

	2020 $'000	2019 $'000
Within one year		
– bank overdrafts (note 25(a))	78,169	75,780
– bank loans	1,769,374	2,825,895
	1,847,543	2,901,675
Bank loans:		
– After one year but within two years	295,448	316,815
– After two years but within five years	602,316	3,160
	897,764	319,975
	2,745,307	3,221,650

At 31 December 2020, the bank loans and overdrafts were secured as follows:

	2020 $'000	2019 $'000
Unsecured bank overdrafts	78,169	75,780
Bank loans		
– Secured	13,028	16,972
– Unsecured	2,654,110	3,128,898
	2,745,307	3,221,650

26 Bank loans and overdrafts (continued)

At 31 December 2020, the above bank loans bear interest at floating rates ranging from 0.35% to 4.85% (2019: 0.35% to 4.05%) per annum.

At 31 December 2020, certain property, plant and equipment of the Group with carrying values of $39,728,000 (2019: $38,028,000) have been pledged to banks to secure bank loans totalling $13,028,000 (2019: $15,944,000) granted to the Group.

At 31 December 2020, a subsidiary of the Group has bank borrowing amounting to THB3,788,000,000 (equivalent to $979,198,000) (2019: THB3,918,000,000 (equivalent to $1,021,814,000)) with the following financial covenants applied to the subsidiary:

(i) the registered capital of a subsidiary should be no less by THB525,700,000 (equivalent to $135,893,400) (2019: THB525,700,000 (equivalent to $137,102,500));

(ii) the tangible net worth of certain subsidiaries shall not at any time be less than SGD100,000,000 (equivalent to $586,340,000) (2019: SGD100,000,000 (equivalent to $578,200,000)).

If the relevant subsidiaries were to breach the covenants, the outstanding bank borrowings would become payable on demand. As at 31 December 2020, none of the covenants relating to those bank borrowings had been breached (2019: $Nil).

27 Lease liabilities

At 31 December 2020, the lease liabilities were repayable as follows:

	2020 $'000	2019 $'000
Within 1 year	247,942	277,832
After 1 year but within 2 years	152,765	201,288
After 2 years but within 5 years	209,026	205,598
After 5 years	139,753	145,821
	501,544	552,707
	749,486	830,539

28 Employee retirement benefits

(a) Defined benefit retirement plans

The Group, through Zero makes contributions to defined benefit retirement plans registered in Japan, which cover 80% (2019: 72%) of Zero's employees. The plans are administered by trustees, the majority of which are independent, with their assets held separately from those of the Group. The trustees are required by the Trust Deed to act in the best interest of the plan participants and are responsible for setting investment policies of the plans.

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

The plans are funded by contributions from the Group in accordance with independent actuaries' recommendations based on annual actuarial valuations. The latest independent actuarial valuations of the plans were at 30 June 2020 and were prepared by qualified staff of Mizuho Trust & Banking Co., Ltd and Sumitomo Life Insurance Company. The actuarial valuations indicated that the Group's obligations under these defined benefit retirement plans were 80% (2019: 73%) covered by the plan assets held by the trustees.

28 Employee retirement benefits (continued)

(a) Defined benefit retirement plans (continued)

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

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

	2020 $'000	2019 $'000
Present value of defined benefit obligations	(386,637)	(373,962)
Fair value of plan assets	310,059	264,847
	(76,578)	(109,115)

A portion of the above liability is expected to be settled after more than one year. However, it is not practicable to segregate this amount from the amounts payable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Group expects to pay approximately $22,177,000 in contributions to defined benefit retirement plans in 2021.

(ii) Plan assets consist of the following:

	2020 $'000	2019 $'000
Equity securities	73,333	54,752
Government bonds	86,657	85,259
Others	150,069	124,836
	310,059	264,847

All of the equity securities and government bonds have quoted prices in active markets. The government bonds have a credit rating of A.

At the end of each reporting period, an Asset-Liability Matching study is performed by the trustees to analyse the outcome of the strategic investment policies. The investment portfolio targets a mix of 5% - 65% (2019: 5% - 65%) in equity securities across a range of industries, 5% - 70% (2019: 5% - 70%) in government bonds and remaining in other investments. Interest rate risk is managed with the objective of reducing the risk by investing in government bonds.

28 Employee retirement benefits (continued)

(a) Defined benefit retirement plans (continued)

(iii) Movements in the present value of the defined benefit obligations

	2020 $'000	2019 $'000
At 1 January	373,962	346,610
Benefits paid by the plans	(19,158)	(25,835)
Current service cost	20,614	20,366
Interest cost	1,443	1,218
Remeasurement of present value	(12,906)	22,000
Exchange adjustments	22,682	9,603
At 31 December	386,637	373,962

The weighted average duration of the defined benefit obligation is 10.0 years (2019: 10.4 years).

(iv) Movements in plan assets

	2020 $'000	2019 $'000
At 1 January	264,847	223,286
Group's contributions paid to the plan	36,455	36,540
Benefits paid by the plans	(13,030)	(13,724)
Interest income	1,575	370
Return on plan assets, excluding interest income	6,321	16,365
Exchange adjustments	13,891	2,010
At 31 December	310,059	264,847

(v) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows:

	2020 $'000	2019 $'000
Current service cost	20,614	20,366
Net interest on net defined benefit liability	(132)	848
Total amounts recognised in profit or loss	20,482	21,214
Return on plan assets, excluding interest income (after tax adjustment)	(4,450)	(11,263)
Remeasurement of present value of the defined benefit obligation (after tax adjustment)	(8,944)	15,252
Total amounts recognised in other comprehensive income	(13,394)	3,989
Total defined benefit costs	7,088	25,203

28 Employee retirement benefits (continued)

(a) Defined benefit retirement plans (continued)

(v) Amounts recognised in the consolidated statement of profit or loss and other comprehensive income are as follows: (continued)

The current service cost and the net interest on net defined benefit liability are recognised in the following line items in the consolidated statement of profit or loss:

	2020 $'000	2019 $'000
Cost of sales	5,815	6,766
Administrative expenses	14,667	14,448
	20,482	21,214

(vi) Significant actuarial assumption (expressed as weighted averages) and sensitivity analysis are as follows:

	2020	2019
Discount rate	0.44%	0.21%

The below analysis shows how the defined benefit obligation would have (decreased)/increased as a result of 0.5 percent point change in the significant actuarial assumption:

	Increase by 0.5 percent point		Decrease by 0.5 percent point	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Discount rate	(17,404)	(17,899)	17,404	17,899

(b) Defined contribution retirement plans

The Group operates a Mandatory Provident Fund Scheme ("the MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of $30,000. Contributions to the plan vest immediately.

In addition, the Group also operates certain defined contribution retirement plans in accordance with applicable requirements and laws of the countries in which the Group has operations.

29 Trade creditors

As of the end of the reporting period, the ageing analysis of trade creditors, based on the invoice date, is as follows:

	2020 $'000	2019 $'000
0 – 30 days	485,945	686,002
31 – 90 days	126,611	295,549
91 – 180 days	109,098	65,974
Over 180 days	91,581	75,010
	813,235	1,122,535

30 Amounts due from/to related companies

The amounts due from/to related companies are unsecured, interest-free and recoverable/repayable on demand.

31 Provisions

	Note	2020 $'000	2019 $'000
Provisions for warranties	(a)	83,460	85,635
Provisions for custom duties	(b)	-	11,460
		83,460	97,095
Current		33,621	48,831
Non-current		49,839	48,264
		83,460	97,095

(a) Provisions for warranties

	2020 $'000	2019 $'000
At 1 January	85,635	104,279
Provision/(reversal) made	43,112	(2,720)
Provisions utilised	(46,580)	(17,478)
Exchange adjustment	1,293	1,554
At 31 December	83,460	85,635

Provisions for warranties relate mainly to motor vehicles sold and are calculated based on estimates made with reference to historical warranty claim experience associated with similar products.

(b) Provisions for custom duties

	2020 $'000	2019 $'000
At 1 January	11,460	11,030
Exchange adjustment	(198)	430
Reversal made	(11,262)	-
At 31 December	-	11,460

31 Provisions (continued)

(b) Provisions for custom duties (continued)

In July 2014, the Director General Customs and Excise in Indonesia issued a notice to a subsidiary of the Group claiming entitlement to additional import duties, related taxes and penalties for cars imported during 2012 and 2013. The Group does not agree with such claim and has applied to the Indonesian Courts to dispute the claim.

As at 31 December 2020, the dispute has been resolved. The provision for outstanding customs duties in this regard of IDR 20,432 million (equivalent to $11,262,000) was reversed.

32 Capital, reserves and dividends

(a) The Group

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity.

(i) Share premium

The application of the share premium account is governed by sections 150 and 157 of the Company's Bye-Laws and Companies Act 1981 of Bermuda.

(ii) Capital reserve

The capital reserve mainly comprises a revaluation surplus arising on revaluation of land and buildings, other than investment properties, in 1984 and shares repurchased for stock compensation program of the subsidiary.

(iii) Stock compensation reserve

The stock compensation reserve comprises the fair value of points granted in the stock compensation program to employees.

(iv) Translation reserve

The translation reserve comprises foreign exchange differences arising from the translation of the financial statements of subsidiaries and associates outside Hong Kong.

(v) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 1(l)).

(vi) Property revaluation reserve

The property revaluation reserve comprises the difference between the carrying amount and the fair value of the properties at the date of change in use.

32 Capital, reserves and dividends (continued)

(b) The Company

(i) Details of the changes in the Company's individual components of equity between the beginning and the end of the reporting period are set out below:

	Share capital $'000	Share premium $'000	Contributed surplus $'000	Retained profits $'000	Total $'000
Balance at 1 January 2019	1,006,655	550,547	623,313	172,431	2,352,946
Changes in equity in 2019:					
Total comprehensive income for the year	-	-	-	233,272	233,272
Dividends to equity shareholders	-	-	-	(231,530)	(231,530)
Balance at 31 December 2019 and 1 January 2020	1,006,655	550,547	623,313	174,173	2,354,688
Changes in equity in 2020:					
Total comprehensive income for the year	-	-	-	198,072	198,072
Dividends to equity shareholders	-	-	-	(201,331)	(201,331)
Balance at 31 December 2020	1,006,655	550,547	623,313	170,914	2,351,429

(ii) Contributed surplus

The excess of the value of the consolidated net assets represented by the shares acquired over the nominal value of the shares issued by the Company in exchange was credited to the contributed surplus. Under the Companies Act 1981 of Bermuda, the contributed surplus is available for distribution to shareholders, except if there are reasonable grounds for believing that:

(a) the Company is, or would after the payment, be unable to pay its liabilities as they become due; or

(b) the realisable value of the Company's assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium account.

The Company's reserves available for distribution to equity shareholders at 31 December 2020 are as follows:

	2020 $'000	2019 $'000
Contributed surplus	623,313	623,313
Retained profits	170,914	174,173
	794,227	797,486

32 Capital, reserves and dividends (continued)

(c) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

	2020 $'000	2019 $'000
Interim dividend paid of HK1.0 cents per ordinary share (2019: HK2.0 cents per ordinary share)	20,133	40,266
Final dividend proposed after the end of the reporting period of HK3.0 cents per ordinary share (2019: HK9.0 cents per ordinary share)	60,399	181,198
	80,532	221,464

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2020 $'000	2019 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of HK9.0 cents per ordinary share (2019: HK9.5 cents per ordinary share)	181,198	191,264

(d) Share capital

	2020 $'000	2019 $'000
Authorised:		
3,000,000,000 ordinary shares of $0.50 each	1,500,000	1,500,000
Issued and fully paid:		
2,013,309,000 ordinary shares of $0.50 each, at beginning and end of the year	1,006,655	1,006,655

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(Expressed in Hong Kong dollars unless otherwise indicated)

32 Capital, reserves and dividends (continued)

(e) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital, being consolidated total equity, to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors capital with reference to its debt position. The Group's strategy is to maintain the equity and debt in a balanced position and ensure there was adequate working capital to service its debt obligations. The Group's gearing ratio, being the Group's total debt, which includes bank loans and lease liabilities, over its total equity, was 28% (2019: 32%) at 31 December 2020.

33 Equity settled share based transactions

The Group has a stock compensation program (the "Program") which was adopted on 26 November 2015. The Program is operated through a trustee which is independent of the Group. This is a performance-based scheme whereby on 18 December 2015, shares of a listed subsidiary are acquired by the trustee using money contributed as funds by the subsidiary. The shares are distributed by the trustee in accordance with the Rules on Distributions of Board Benefits of the subsidiary based on points given to each of the entitled employees in view of their positions and performance. Incidentally, the shares of the subsidiary shall be distributed to the entitled employees as a general rule when they leave their positions. Each point granted can be converted into one share of the subsidiary at distribution. No vesting condition is required after the points are granted.

The maximum number of points which may be awarded to selected participants under the Program shall not exceed 500,000. The trust fund shall not have a definite expiration date and continue as long as the Program exists. Maximum amount of money to be contributed by the subsidiary is JPY500,000,000 (equivalent to $36,486,000) and further contribution to the trust fund is subject to approval by the board of the subsidiary.

The first grant date is 26 November 2015, in the years after, point is granted to the eligible recipient annually on 30 June. However, if the eligible recipient retires during the fiscal year, the point will be granted on the date of retirement in proportion.

A total of 81,200 (2019: 81,200) points were granted to selected participants during the year ended 31 December 2020.

(a) The terms and conditions of the grants are as follows:

	Number of points
Points granted to employees:	
On 26 November 2015	71,420
On 1 July 2016	60,000
On 1 July 2017	57,500
On 1 July 2018	63,000
On 1 July 2019	81,200
On 1 July 2020	81,200

(Expressed in Hong Kong dollars unless otherwise indicated)

33 Equity settled share based transactions (continued)

(b) The movements of number of points granted are as follows:

	2020 Number of points	2019 Number of points
Outstanding at the beginning of the year	227,200	160,000
Forfeited during the year	(22,200)	(4,000)
Exercised during the year	(1,500)	(10,000)
Granted during the year	81,200	81,200
Outstanding at the end of the year	284,700	227,200
Exercisable at the end of the year	284,700	227,200

(c) Fair value of points and assumptions

The fair value of services received in return for points granted is measured by reference to the fair value of points granted. The estimate of the fair value of the points granted is measured based on the Black-Scholes model.

	1 July 2020	1 July 2019
Fair value of points and assumptions		
Fair value at measurement date	JPY726	JPY654
Share price	JPY868	JPY801
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes model)	32.0%	31.8%
Expected option life (expressed as weighted average life used in the modelling under Black-Scholes model)	5.5 years	6.3 years
Expected dividends	3.3%	3.2%
Risk-free interest rate (based on the yield of Japanese government bonds)	0.1%	0.3%

The expected volatility is based on the historic volatility (calculated based on the historical daily stock price of the period corresponding to the expected remaining period), adjusted for any expected changes to future volatility based on publicly available information. Changes in the subjective input assumptions could materially affect the fair value estimate.

The closing prices of the subsidiary's shares immediately before the grant of the points on 1 July 2019 and 1 July 2020 were JPY801 (equivalent to $57) and JPY868 (equivalent to $65) per share respectively.

During the year ended 31 December 2020, the Group recognised a net expense of $2,877,000 (2019: $3,795,000) as equity settled share based payments in relation to the Program.

34 Financial risk management and fair values of financial instruments

Exposure to interest rate, credit, currency and liquidity risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in other entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk arises primarily from bank borrowings. Borrowings with variable rates expose the Group to cash flow interest rate risk.

Sensitivity analysis

At 31 December 2020, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after taxation and retained profits by approximately $22,501,000 (2019: $18,876,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period. The analysis is performed on the same basis as 2019.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

The Group's credit risk is primarily attributable to trade and other debtors, hire purchases debtors and instalments receivable. The Group's exposure to credit risk arising from cash and bank balances is limited because the counterparties are banks and financial institutions with a high credit rating, for which the director of the Company consider to have low credit risk.

The Group does not provide any guarantees which would expose the Group or the Company to credit risk.

Trade debtors

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and also by the country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within seven days to six months from the date of billing. The Group does not obtain collateral from customers.

34 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Trade debtors (continued)

The Group measures loss allowances for trade debtors and hire purchase debtors and instalment receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31 December 2020:

	2020			
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	0.01%	872,542	103	872,439
1 - 30 days past due	0.09%	133,090	118	132,972
31 - 90 days past due	0.78%	59,127	460	58,667
More than 90 days past due	59.98%	109,137	65,455	43,682
		1,173,896	66,136	1,107,760

	2019			
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	0.02%	950,094	171	949,923
1 - 30 days past due	0.95%	147,035	1,399	145,636
31 - 90 days past due	1.23%	177,812	2,195	175,617
More than 90 days past due	51.67%	99,386	51,356	48,030
		1,374,327	55,121	1,319,206

The following table provides information about the Group's exposure to credit risk and ECLs for hire purchase debtors and instalment receivable as at 31 December 2020:

	2020			
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	5.84%	251,392	14,676	236,716

	2019			
	Expected loss rate %	Gross carrying amount $'000	Loss allowance $'000	Net carrying amount $'000
Current (not past due)	4.81%	335,349	16,135	319,214

34 Financial risk management and fair values of financial instruments (continued)

(b) Credit risk (continued)

Trade debtors (continued)

Expected loss rates are based on historical default rates over the expected life of the receivables and is adjusted for forward-looking estimates. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

No loss allowance was made for other debtors, deposits and prepayments since the Company consider the probability of default is minimal after assessing the counter-parties' financial background and creditability.

(c) Currency risk

The Group is exposed to currency risk primarily through investments, bank loans and other monetary assets and liabilities that are denominated in a currency other than the functional currency of the operations to which they relate, which is the Singapore Dollar ("SGD"), Japanese Yen ("JPY"), United States Dollar ("USD") and Renminbi ("RMB").

The following tables detail the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purpose, the amounts of the exposure are shown in Hong Kong Dollars. Differences resulting from the translation of the financial statements of subsidiaries and associates outside Hong Kong into the Group's presentation currency are excluded.

	Exposure to foreign currencies (expressed in Hong Kong dollars)							
	2020				2019			
	SGD	JPY	USD	RMB	SGD	JPY	USD	RMB
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Investments designated as at fair value through other comprehensive income	-	1,770,217	-	-	-	2,210,081	-	-
Trade debtors	94	42,942	705	-	1,000	73,912	701	-
Cash and cash equivalents	504	338,126	119,047	376,800	295	380,768	33,233	348,450
Trade creditors	-	(66,604)	(41,520)	-	(3,024)	(166,241)	(864)	-
Other debtors	-	-	891	4	-	-	8	3
Other creditors	(164)	(1,895)	(388)	-	(162)	(6,969)	(1,690)	-
Bank loans	(58,692)	-	(169,559)	-	(63,770)	-	(126,728)	-
	(58,258)	2,082,786	(90,824)	376,804	(65,661)	2,491,551	(95,340)	348,453

34 Financial risk management and fair values of financial instruments (continued)

(c) Currency risk (continued)

The Group's operating subsidiaries regularly monitor their foreign exchange exposure and may hedge their position depending on the size of the exposure and the future outlook of the particular currency unit. There were no material forward exchange contracts outstanding as at 31 December 2020 (2019: Nil).

Sensitivity analysis

The following table indicates the instantaneous change on the Group's profit after tax and retained profits that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2020		2019	
	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000	Increase/ (decrease) in foreign exchange rates	Effect on profit after tax and retained profits $'000
JPY	10%	173,802	10%	208,012
	(10)%	(173,802)	(10)%	(208,012)
USD	10%	(6,837)	10%	(7,564)
	(10)%	6,837	(10)%	7,564
RMB	10%	37,657	10%	34,823
	(10)%	(37,657)	(10)%	(34,823)
SGD	10%	(4,835)	10%	(5,397)
	(10)%	4,835	(10)%	5,397

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the group entities' profit after tax and equity measured in the respective functional currencies, translated into Hong Kong dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statements of subsidiaries and associates outside Hong Kong into the Group's presentation currency. The analysis is performed on the same basis for 2019.

(d) Liquidity management

The treasury function of the Group is arranged centrally to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

34 Financial risk management and fair values of financial instruments (continued)

(d) Liquidity management (continued)

The following tables detail the remaining contractual maturities of the Group's financial liabilities at the end of the reporting period, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

2020

	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Bank overdrafts	78,169	-	-	-	78,169	78,169
Bank loans	1,511,572	54,200	1,215,736	-	2,781,508	2,667,138
Trade creditors	813,235	-	-	-	813,235	813,235
Other creditors and accruals	1,064,385	-	-	-	1,064,385	1,064,385
Amounts due to related companies	10,607	-	-	-	10,607	10,607
Lease liabilities	268,490	167,309	234,072	155,591	825,462	749,486
	3,746,458	221,509	1,449,808	155,591	5,573,366	5,383,020

2019

	Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	Over 5 years $'000	Total $'000	Carrying amount at 31 December $'000
Bank overdrafts	75,780	-	-	-	75,780	75,780
Bank loans	2,910,276	326,396	3,176	-	3,239,848	3,145,870
Trade creditors	1,122,535	-	-	-	1,122,535	1,122,535
Other creditors and accruals	1,390,460	-	-	-	1,390,460	1,390,460
Amounts due to related companies	14,502	-	-	-	14,502	14,502
Lease liabilities	378,644	267,392	235,353	144,526	1,025,915	830,539
	5,892,197	593,788	238,529	144,526	6,869,040	6,579,686

34 Financial risk management and fair values of financial instruments (continued)

(e) Equity price risk

The Group is exposed to equity price changes arising from equity investments classified as financial assets designated as at fair value through other comprehensive income (see notes 18 and 19).

Listed investments held as financial assets designated as at fair value through other comprehensive income have been chosen based on their longer term growth potential and are monitored regularly for performance against expectations.

The Group's unquoted investments are all held for strategic purposes. Their performance is assessed at regular time interval, where applicable, against performance of similar entities, together with an assessment of their relevance to the Group's strategic plans.

At 31 December 2020, it is estimated that an increase/(decrease) of 20% (2019: 20%) in the relevant stock price, with all other variables held constant, would have increased/decreased the Group's fair value reserve as follows:

	2020		2019	
		Effect on fair value reserve $'000		Effect on fair value reserve $'000
Change in the relevant equity price risk variable:				
Increase	20%	361,964	20%	452,204
Decrease	(20)%	(361,964)	(20)%	(452,204)

The sensitivity analysis has been determined assuming that the changes in the stock prices had occurred at the end of the reporting period and had been applied to the exposure to equity price risk in existence at that date. It is also assumed that all other variables remain constant. The analysis has been performed on the same basis for 2019.

(f) Fair value

(i) Financial instruments carried at fair value

Fair value hierarchy

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

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

- Level 3 valuations: Fair value measured using significant unobservable inputs

34 Financial risk management and fair values of financial instruments (continued)

(f) Fair value (continued)

(i) Financial instruments carried at fair value (continued)

Fair value hierarchy (continued)

	Fair value at 31 December 2020	Fair value measurement as at 31 December 2020 categorised into			Fair value at 31 December 2019	Fair value measurement as at 31 December 2019 categorised into		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group								
Recurring fair value measurements								
Assets								
Equity securities designated as at fair value through other comprehensive income								
– Listed outside Hong Kong	1,809,818	1,809,818	-	-	2,261,021	2,261,021	-	-
– Unlisted	3,613	-	-	3,613	15,569	-	-	15,569
	1,813,431	1,809,818	-	3,613	2,276,590	2,261,021	-	15,569

During the years ended 31 December 2020 and 2019, there was no transfer among Level 1, Level 2 and Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2020 and 2019.

(iii) Information about Level 3 fair value measurements

The fair value of unlisted equity securities is determined by adjusted net asset value approach. The fair value measurement is positively correlated to the share of net assets of the unlisted equity securities. As at 31 December 2020, it is estimated that with all other variables held constant, an increase/decrease in share of net assets of the unlisted equity securities by 10% would have increased/decreased the Group's consolidated statement of profit or loss and other comprehensive income by $361,000 (2019: $1,557,000).

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

	2020	2019
	$'000	$'000
Unlisted equity securities:		
At 1 January	15,569	17,624
Additions during the year	1,875	-
Disposals during the year	(12,390)	-
Net unrealised losses recognised in other comprehensive income during the year	(1,709)	(2,311)
Exchange adjustments	268	256
At 31 December	3,613	15,569

35 Commitments

Capital commitments outstanding not provided for in the financial statements were as follows:

	2020 $'000	2019 $'000
Authorised and contracted for	18,442	8,257

36 Material related party transactions

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group has entered into the following material related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel represent amounts paid to the Company's directors and is disclosed in note 9.

(b) Transactions with related companies

	Note	2020 $'000	2019 $'000
Transactions with Tan Chong Motor Holdings Berhad ("TCMH") Group:	(i)		
- Sales of goods and services		161	61
- Receiving assembly services		9,853	34,115
- Purchase of inventories		19,216	14,728
- Receiving technical assistance services		-	482
Transactions with APM Automotive Holdings Berhad ("APM") Group:	(ii)		
- Purchase of inventories		224	395
- Sales of goods and services		69	70
- Rental income		45	-
Transactions with Warisan TC Holdings Berhad ("WTCH") Group:	(iii)		
- Sales of goods		369	-

Notes:

(i) Transactions with TCMH Group

- Sales of goods and services and purchase of inventories

  Tan Chong Consolidated Sdn. Bhd. ("TCC"), a substantial shareholder of the Company, is also a substantial shareholder of Tan Chong Motor Holdings Berhad ("TCMH") Group. Various subsidiaries of the Group have been conducting sales and purchases of motor parts and accessories and vehicle servicing transactions with TCMH Group.

- Receiving assembly services

  On 27 November 2019, a subsidiary of the Group entered into an assembly agreement with Tan Chong Motor Assemblies Sdn. Bnd. ("TCMA", being a subsidiary of TCMH), pursuant to which TCMA was appointed as the subsidiary's assembler to assemble vehicles for the period from 1 January 2020 to 31 December 2020. The principal business of TCMA is the assembly of motor vehicles and engines.

36 Material related party transactions (continued)

(b) Transactions with related companies (continued)

Notes: (continued)

(i) Transactions with TCMH Group (continued)

On 7 December 2018, an assembly agreement was entered with TCMA covering the period from 1 January 2019 to 31 December 2019.

- Receiving technical assistance agreement

  On 7 December 2018, a subsidiary of the Group entered into a technical assistance agreement in relation to the provision of technical assistance services by TCMA for a one-year period from 1 January 2019 to 31 December 2019.

(ii) Transactions with APM Group

- Sales of goods and services and purchase of inventories

  On 1 October 2019, a subsidiary of the Group entered into four parts purchase agreements with four subsidiaries of APM, being APM Climate Control Sdn. Bhd., APM Auto Electrics Sdn. Bhd., APM Automotive Modules Sdn. Bhd. and APM Coil Spring Sdn. Bhd. (collectively, the "Four APM Subsidiaries") for the purchase of certain spare parts from the Four APM Subsidiaries for the period from 1 October 2019 to 31 December 2020.

  On 27 November 2019, a subsidiary of the Group entered into an agreement with APM Springs (Vietnam) Company Ltd, a subsidiary of APM in relation to the sales and rental of vehicles, material handling equipment, forklift, parts and accessories for the period from 1 January 2020 to 31 December 2022. The transactions for the period from 1 January 2017 to 31 December 2019 were covered by an agreement entered with APM Springs (Vietnam) Company Ltd on 30 December 2016.

  On 27 November 2019, a subsidiary of the Group entered into an agreement with APM Auto Components (Thailand) Co., Ltd., a subsidiary of APM in relation to the rental forklift for the period from 1 January 2020 to 31 December 2022.

(iii) Transactions with WTCH Group

- Sales of goods and services and purchase of inventories

  TCC is a substantial shareholder of Warisan TC Holdings Berhad ("WTCH"). On 27 November 2019, a subsidiary of the Group entered into an agreement with TCIM Sdn. Bhd. ("TCIMSB", being a subsidiary of WTCH) in relation to the sales motor parts and accessories for the period from 1 January 2020 to 31 December 2022.

All the above transactions have been entered into in the ordinary and usual course of business of the Group and either on normal commercial terms or on terms no less favourable than those available to or from independent third parties.

Amounts due from/to related parties are recorded in the consolidated statement of financial position and disclosed in note 30.

(c) Transaction with an associate

Management service fees received from an associate of the Group during the year ended 31 December 2020 amounted to $1,000,000 (2019: $1,000,000).

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of (b) above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transactions" of the Report of the directors.

37 Segment reporting

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geographical areas. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the reportable segments as set out in note (b). No operating segments have been aggregated to form the reportable segments.

(a) Business lines

(i) Motor vehicle distribution and dealership business

The Group is the distributor for Nissan vehicles in Singapore and distributor or dealer for Subaru vehicles in Singapore, Guangdong Province of the PRC, Hong Kong, Taiwan, Thailand and certain other Southeast Asia countries. The Group distributes various models of Nissan and Subaru passenger cars and Nissan light commercial vehicles.

(ii) Heavy commercial vehicle and industrial equipment distribution business

The Group is the distributor for various brands of forklift trucks. The Group markets and distributes a wide range of heavy commercial vehicles and industrial equipment.

(iii) Property rentals and development

The Group has a number of property interests and is engaged in the development of various investment properties for sale or rental income. At present, the Group's activities in this segment are mainly carried out in Singapore and Hong Kong.

(iv) Transportation

The Group mainly carries out vehicle logistics services to vehicle manufacturers in Japan. The Group also provides human resource management service in relation to transportation business and general cargo business in Japan.

(v) Other operations

Other operations mainly include investment holding, hire purchase financing, provision of workshop services and the manufacturing of vehicle seats.

37 Segment reporting (continued)

(b) Segment results

For the purpose of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measures used for reporting segment profit is "EBITDA" i.e. "earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including bank and other interest income.

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year ended 31 December 2020 is set out below.

	Motor vehicle distribution and dealership business		Heavy commercial vehicle, industrial equipment distribution and dealership business		Property rentals and development		Transportation		Other operations		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Disaggregated by timing of revenue recognition												
Point in time	4,981,400	6,757,203	122,169	135,390	42,171	-	-	-	219,059	280,465	5,364,799	7,173,058
Over time	359,455	429,128	63,345	70,552	75,936	96,239	6,343,451	6,625,694	112,509	138,680	6,954,696	7,360,293
Revenue from external customers:												
- Singapore	1,267,355	1,851,088	49,554	61,307	114,701	92,477	-	-	104,444	132,776	1,536,054	2,137,648
- PRC	393,216	525,398	-	-	-	-	-	-	206,399	263,320	599,615	788,718
- Thailand	1,015,446	1,070,914	104,375	114,608	-	-	-	-	19,725	22,049	1,139,546	1,207,571
- Japan	-	-	-	-	-	-	6,343,451	6,625,694	-	-	6,343,451	6,625,694
- Taiwan	1,215,483	1,847,866	-	-	-	-	-	-	-	-	1,215,483	1,847,866
- Others	1,449,355	1,891,065	31,585	30,027	3,406	3,762	-	-	1,000	1,000	1,485,346	1,925,854
	5,340,855	7,186,331	185,514	205,942	118,107	96,239	6,343,451	6,625,694	331,568	419,145	12,319,495	14,533,351
EBITDA:												
- Singapore	(59,836)	(36,783)	12,583	18,145	79,885	203,830	-	-	106,218	120,198	138,850	305,390
- PRC	1,141	(9,254)	-	-	-	-	-	-	(14,028)	(24,250)	(12,887)	(33,504)
- Thailand	(51,258)	29,663	(91,625)	(45,056)	-	-	-	-	5,028	8,004	(137,855)	(7,389)
- Japan	-	-	-	-	-	-	628,682	637,633	2,535	(2,201)	631,217	635,432
- Taiwan	158,370	171,529	-	-	-	-	-	-	-	-	158,370	171,529
- Others	(52,729)	(4,006)	11,284	12,061	25,190	80,066	-	-	123,526	(2,835)	107,271	85,286
	(4,312)	151,149	(67,758)	(14,850)	105,075	283,896	628,682	637,633	223,279	98,916	884,966	1,156,744
Share of profits less losses of associates:												
- Singapore	55,939	54,518	-	-	-	-	-	-	-	-	55,939	54,518
- Thailand	-	-	-	-	-	-	-	(156)	-	-	-	(156)
- Japan	-	-	-	-	-	-	2,221	4,832	-	-	2,221	4,832
- Others	-	-	-	-	-	-	-	-	15,081	12,515	15,081	12,515
	55,939	54,518	-	-	-	-	2,221	4,676	15,081	12,515	73,241	71,709

37 Segment reporting (continued)

(c) Reconciliation of reportable segment profit or loss

	2020 $'000	2019 $'000
Total segment EBITDA	884,966	1,156,744
Depreciation and amortisation	(626,552)	(619,191)
Interest income	15,698	27,923
Finance costs	(80,179)	(101,262)
Share of profits less losses of associates	73,241	71,709
Consolidated profit before taxation	267,174	535,923

(d) Geographic information

The following table sets out information about the geographical location of the Group's investment properties, other property, plant and equipment and interest in associates ("specified non-current assets"). The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of investment properties, other property, plant and equipment and the location of operations, in the case of interest in associates.

	Singapore		Hong Kong		PRC		Thailand		Japan		Others		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Specified non-current assets	4,252,810	4,280,422	1,114,618	1,081,194	349,432	367,265	1,193,308	1,276,946	1,736,998	1,687,280	1,014,026	969,878	9,661,192	9,662,985

38 Company-level statement of financial position

	2020 $'000	2019 $'000
Non-current assets		
Property, plant and equipment	218	48
Interest in subsidiaries	2,342,961	2,342,961
	2,343,179	2,343,009
Current assets		
Amounts due from subsidiaries	358,897	361,963
Other debtors, deposits and prepayments	304	307
Cash and cash equivalents	14,077	14,751
	373,278	377,021
Current liabilities		
Other creditors and accruals	17,761	18,692
Amounts due to subsidiaries	347,267	346,650
	365,028	365,342
Net current assets	8,250	11,679
NET ASSETS	2,351,429	2,354,688
CAPITAL AND RESERVES		
Share capital	1,006,655	1,006,655
Reserves	1,344,774	1,348,033
TOTAL EQUITY	2,351,429	2,354,688

Approved and authorised for issue by the board of directors on 30 March 2021.

Tan Eng Soon
Chairman

Sng Chiew Huat
Finance Director

(Expressed in Hong Kong dollars unless otherwise indicated)

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2020

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, IFRS 17 which are not yet effective for the year ended 31 December 2020 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform — Phase 2*	1 January 2021
Amendments to IFRS 3, *Reference to the Conceptual Framework*	1 January 2022
Amendments to IAS 16, *Property, Plant and Equipment: Proceeds before Intended Use*	1 January 2022
Amendments to IAS 37, *Onerous Contracts — Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to IFRSs 2018-2020 Cycle	1 January 2022
Amendments to IAS 1, *Classification of Liabilities as Current or Non-current*	1 January 2023

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

FINANCIAL SUMMARY
(Expressed in Hong Kong dollars)

	Note	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
Results						
Revenue		16,736,332	15,855,612	15,731,423	14,533,351	12,319,495
Profit from operations		689,567	952,175	971,750	565,476	274,112
Financing costs		(88,604)	(87,538)	(92,426)	(101,262)	(80,179)
Share of profits less losses of associates		68,197	74,238	71,941	71,709	73,241
Profit before taxation		669,160	938,875	951,265	535,923	267,174
Income tax expense		(335,074)	(308,116)	(320,647)	(224,871)	(182,003)
Profit for the year		334,086	630,759	630,618	311,052	85,171
Attributable to:						
Equity shareholders of the Company		191,073	501,924	600,899	212,932	9,507
Non-controlling interests		143,013	128,835	29,719	98,120	75,664
Profit for the year		334,086	630,759	630,618	311,052	85,171
Assets and liabilities						
Investment properties and other property plant and equipment		6,722,532	7,538,508	7,830,171	8,779,157	8,793,182
Intangible assets		108,315	102,805	110,633	106,057	77,117
Goodwill		23,375	58,043	43,486	39,168	45,772
Interest in associates		752,203	856,331	862,729	883,828	868,010
Other non-current assets		548,179	628,777	499,807	456,540	375,656
Net current assets		4,564,767	4,814,825	4,297,941	3,409,503	3,646,128
Total assets less current liabilities		12,719,371	13,999,289	13,644,767	13,674,253	13,805,865
Non-current liabilities		(430,671)	(1,275,761)	(1,496,332)	(1,123,376)	(1,624,740)
Total equity		12,288,700	12,723,528	12,148,435	12,550,877	12,181,125
Earnings per share	(i)					
– basic		$0.09	$0.25	$0.30	$0.11	$0.005
– diluted		$0.09	$0.25	$0.30	$0.11	$0.005

Note:

(i) The amount of diluted earnings per share is the same as the basic earnings per share as there were no dilutive securities outstanding during the years presented.

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GROUP PROPERTIES

Location	Description	Land area (sq. feet)	Tenure	Expiry date
30/F Shui On Centre 6–8 Harbour Road Wanchai Hong Kong	Offices (own use and investment)	13,770	Leasehold	20 May 2060
911 and 913 Bukit Timah Road Tan Chong Motor Centre Singapore 589622/3	Showroom, workshop and office (own use)	198,606	Freehold	–
700 Woodlands Road Singapore 738664	Workshop and office (own use)	233,188	Freehold	–
8 Kung Chong Road Singapore 159145	Workshop and office (own use)	23,990	Leasehold	15 December 2058
25 Leng Kee Road Singapore 159097	Showroom, workshop and office (own use)	23,998	Leasehold	10 April 2059
15 Queen Street Tan Chong Tower Singapore 188537	Office, restaurant and apartments for rental (investment)	22,193	Freehold	–
798 & 800 Upper Bukit Timah Road Singapore 678138/139	Factory and warehouse (investment)	198,976	Leasehold	6 April 2078
210 New Upper Changi Road #01–703 Singapore 460210	Showroom and office (investment)	4,058	Leasehold	1 July 2078
23 Jalan Buroh Singapore 619479	Showroom, workshop, office and warehouse (own use)	161,631	Leasehold	1 October 2027
The Wilby Residence 25, 27, 29, 31 and 33 Wilby Road Singapore 276300 – 276304	Condominiums for rental (investment)	200,991	Freehold	–
17 Lorong 8, Toa Payoh Singapore 319254	Showroom, workshop and office (own use)	58,737	Leasehold	28 February 2023
19 Lorong 8, Toa Payoh Singapore 319255	Showroom, workshop and office (own use)	58,715	Leasehold	28 February 2023
19 Ubi Road 4 Singapore 408623	Showroom, workshop and office (own use)	59,379	Leasehold	1 October 2030
1 Sixth Lok Yang Road Singapore 628099	Workshop and office (own use)	131,750 92,158	Leasehold Leasehold	15 April 2036 15 April 2036

GROUP PROPERTIES (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date
10 Kung Chong Road Singapore 159145	Workshop and office (own use)	23,990	Leasehold	15 December 2053
816 & 818 Upper Bukit Timah Road Singapore 678149/50	Shophouses (investment)	2,155	Leasehold	15 April 2874
59 Moo 1, Rangsit–Pathumthani Road, Banklang, Muang District, Pathumthani Province, Thailand	Showroom, workshop, office and warehouse (own use)	557,754	Freehold	–
118 Moo 5, T. Bangsamak A, Bangpakong Chachoengsao 24180 Thailand	Showroom, workshop and office (own use)	31,579	Freehold	–
12/17 Moo 2, Seri Thai Road Khlong Kum Sub–District Bueng Kum District Bangkok 10240, Thailand	Showroom, workshop and office (own use)	94,722	Freehold	–
59/3 Moo 10, Nongkrod Muang District, Nakhon Sawan Thailand 60240	Showroom, workshop, office and warehouse (own use)	58,620	Freehold	–
388, Moo 5 Chiangmai–Lampang Road Yangnueng, Sarapee District Chiangmai, Thailand 50140	Showroom, workshop, office and warehouse (own use)	66,936	Freehold	–
122/1-2, Soi Chalongkrung 31 Lumplatiew, Lardkrabang Bangkok 10520 Thailand	Production plant (own use)	1,130,211	Freehold	–
17/1 Liab Klong Lum Kor Phai Road Lumplatiew, Lardkrabang Bangkok 10520 Thailand	Vehicle yard (own use)	1,083,747	Freehold	–
Jalan Sultan Iskandar Muda No 24 Jakarta 12240 Indonesia	Showroom, workshop and office (own use)	36,737	Leasehold	16 November 2041
Jalan Raden Patah Komplek Sumber Jaya B9 - B10 Indonesia	Shophouse (own use)	1,615	Leasehold	21 November 2035
Lembar K-8-4 Kotak F-G/1 Teluk Tering Komplek Bangun Sukses Showroom Sei Panas, Kota Batam Indonesia	Showroom, workshop and office (own use)	24,262	Leasehold	1 April 2028

Location	Description	Land area (sq. feet)	Tenure	Expiry date
Jalan Bypass Ngurah Rai No 643 Desa Pemogan Denpasar, Bali Indonesia	Showroom, workshop and office (own use)	21,043	Leasehold	4 March 2043
Qinyang Town Nam Huan Road 10 Jiangyin Jiangsu Province China	Office, factory and warehouse (own use)	48,753	Leasehold	20 November 2048
639 Jiang Jun Avenue Jiangning District Nanjing China	Factory, office and warehouse (own use)	583,995	Leasehold	30 April 2062
West of Xi Wai Huan Yangliu Town Lianhe Sub-district, Zhengxiang District Hengyang Hunan Province, China	Showroom and workshop (own use)	6,226	Leasehold	16 May 2052
No. 10, Jalan 51A/223 46109 Petaling Jaya Selangor Darul Ehsan Malaysia	Showroom, workshop and office (own use)	43,575	Leasehold	19 January 2062
No. 33, Lane 250, Xinhu 2nd Road, Neihu District, Taipei City, Taiwan	Showroom, workshop and office (own use)	23,290	Freehold	–
No. 38-2, Dong Yuan Road, Zhongli District. Taoyuan City, Taiwan	Showroom, workshop, office and warehouse (own use)	143,622	Freehold	–
187 Edsa North Greenhills San Juan Metro Manila 1503 Philippines	Showroom, workshop, office and warehouse (own use)	18,891	Freehold	–
212 Vietnam-Singapore Industrial Park, Thuan An District Binh Duong Province Vietnam	Workshop and office (own use)	30,145	Leasehold	11 February 2046
Kawasaki-shi, Kanagawa, Japan	Vehicle distribution center (own use)/ Delivery center (investment)	147,112	Freehold	–
Fukuoka-shi, Fukuoka, Japan	Vehicle distribution center (own use)	89,079	Freehold	–
Kasuya-gun, Fukuoka, Japan	Auction venue (own use)/ Vehicle yard (investment)	272,853	Freehold	–

GROUP PROPERTIES (continued)

Location	Description	Land area (sq. feet)	Tenure	Expiry date
Tagazyo-shi, Miyagi, Japan	Vehicle distribution center (own use)	139,055	Freehold	–
Miyako-gun, Fukuoka, Japan	Delivery center (investment)	92,982	Freehold	–
Kitakyusyu-shi, Fukuoka, Japan	Delivery center (investment)	87,767	Freehold	–
Yokosuka-shi, Kanagawa, Japan	Vehicle maintenance shop (own use)	53,254	Freehold	–
Nagoya-shi, Aichi, Japan	Vehicle distribution center (own use)	244,023	Freehold	–
Miyako-gun, Fukuoka, Japan	Vehicle yard (own use & investment)	208,590	Freehold	–
Koza-gun, Kanagawa, Japan	Vehicle maintenance shop (own use)	35,595	Freehold	–
Miyako-gun, Fukuoka, Japan	Vehicle maintenance shop (own use)	142,336	Freehold	–
Kagoshima-shi, Kagoshima, Japan	Vehicle distribution center (own use)	79,074	Freehold	–
Tomakomai-shi, Hokkaido, Japan	Vehicle distribution center (own use)	142,279	Freehold	–
Kitakyusyu-shi, Fukuoka, Japan	Delivery center (investment)	47,391	Freehold	–
Mooka-shi, Tochigi, Japan	Vehicle maintenance shop (own use)	54,167	Freehold	–

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